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Entreprenerial Marketing

Marketing
Finance
Technology
Humanity

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PREFACE

Background

The contemporary business environment is undergoing structural transformation driven by digitalization, artificial intelligence, platform-based competition, and intensifying stakeholder expectations regarding sustainability and social responsibility. These forces have fundamentally altered the conditions under which organizations compete and create value. Markets have become increasingly data-intensive, customer journeys more fluid, and organizational boundaries more permeable. Under such conditions, traditional functionally bounded approaches to marketing and management many of which were developed in relatively stable industrial contexts are progressively less capable of explaining or guiding organizational success.

Entrepreneurial marketing has emerged as an important domain for interpreting these shifts because it integrates opportunity recognition, customer-centric value creation, and adaptive strategic behavior. However, despite substantial scholarly progress, the existing literature remains conceptually fragmented across marketing, entrepreneurship, strategic management, and innovation studies. These parallel streams of inquiry have generated valuable insights but have rarely been synthesized into a coherent capability-based architecture capable of explaining how organizations systematically align resources and processes to sustain competitive advantage in digitally mediated and stakeholder-intensive environments.

This volume is motivated by the need to address this fragmentation. It advances the position that entrepreneurial marketing should be understood not merely as a hybrid functional orientation but as an integrative dynamic capability system that orchestrates competitive positioning, customer engagement, organizational alignment, technological enablement, and stakeholder value creation. By adopting this integrative perspective, the book seeks to contribute to the theoretical advancement of entrepreneurial marketing while maintaining strong relevance for contemporary managerial practice.

Objective

The principal objective of this book is to develop a theoretically grounded and pedagogically structured framework that positions entrepreneurial marketing as a dynamic capability architecture for sustainable value creation. In doing so, the volume aims to extend existing scholarship by demonstrating how organizations can deliberately converge creativity, innovation, productivity, leadership, management discipline, and technological capability in order to navigate increasingly complex and uncertain market environments.

More specifically, the book pursues several interrelated objectives. First, it examines the transformation of competitive dynamics and the implications of digitally empowered customers. Second, it conceptualizes the convergence of key organizational capabilities that have traditionally been treated as trade-offs, including creativity and productivity, innovation and continuous improvement, and leadership and managerial control. Third, it analyzes the strategic importance of cross-functional integration across marketing, finance, technology, and operational systems. Fourth, it evaluates the growing role of technology-based marketing and socio-technical orchestration in shaping firm performance. Finally, the volume situates entrepreneurial marketing within a broader stakeholder and sustainability context, emphasizing long-term organizational resilience and responsible value creation.

Through these objectives, the book aspires to contribute to scholarly discourse, support advanced teaching and curriculum development, and provide actionable insights for practitioners and policymakers.

Target Audience

This volume is designed for an academically sophisticated readership seeking an integrative and analytically rigorous treatment of entrepreneurial marketing. It is particularly appropriate for doctoral candidates, postgraduate students, and researchers in marketing, entrepreneurship, strategic management, and innovation studies who require a comprehensive conceptual framework for understanding capability-driven competition.

At the same time, the book is intended to support executive education, professional development, and practitioner learning. Entrepreneurs, consultants, and policy stakeholders responsible for strategic decision-making in dynamic environments may also find the integrative frameworks and empirical illustrations valuable. While the discussion maintains strong theoretical grounding, it is supported throughout by applied cases and structured learning elements to enhance pedagogical effectiveness.

Scope of the Book

The scope of this volume is intentionally integrative and multi-level. The early chapters establish the environmental and competitive foundations of entrepreneurial marketing, emphasizing ecosystem competition and digitally mediated customer behavior. Building on this external perspective, subsequent chapters examine the internal organizational capabilities required for adaptive performance, including the structured convergence of creativity, innovation, productivity, leadership, and professional management.

The analysis then advances to cross-functional orchestration, highlighting the strategic importance of aligning marketing with finance, technology, and operational systems. Particular attention is given to technology-based marketing, artificial intelligence, and stakeholder-oriented sustainability, reflecting the growing centrality of socio-technical alignment in contemporary business practice. Throughout the book, conceptual arguments are reinforced through empirical case analyses and pedagogical features designed to support advanced learning and research engagement.

Acknowledgement

The development of this book has benefited from the supportive academic environment of the School of Management Technology, Suranaree University of Technology, which has provided an enabling platform for teaching innovation and research development. The author gratefully acknowledges colleagues, research collaborators, and students whose intellectual engagement and constructive feedback have contributed to the refinement of the ideas presented in this volume.

Appreciation is also extended to journal reviewers, conference participants, and the broader scholarly community whose critical insights over the years

have strengthened the author's research trajectory. Finally, the author expresses sincere gratitude to family members for their encouragement, patience, and unwavering support throughout the writing process.

It is the author's hope that this volume will contribute to the continued advancement of entrepreneurial marketing scholarship and support organizations in building resilient, innovative, and stakeholder-responsive capabilities in an increasingly complex global economy.

The author would like to confirm that the AI-based large language model (AI-LLM) was used exclusively for language editing and grammatical refinement. All substantive comments, evaluations, and recommendations reflect my independent academic judgment.

INTRODUCTION

The contemporary business landscape is characterized by accelerating technological change, intensified global competition, and increasingly empowered customers. Organizations today operate in environments marked by uncertainty, interdependence, and rapid market evolution. Under such conditions, traditional functionally oriented approaches to marketing and management many of which were developed for relatively stable industrial contexts are progressively insufficient for explaining how firms create and sustain value. In response to these shifts, entrepreneurial marketing has emerged as an important integrative field that combines opportunity-driven thinking, customer-centric value creation, and adaptive strategic behavior.

This book is designed to lay the foundational knowledge of the core concepts and theoretical perspectives that underpin entrepreneurial marketing. At its essence, entrepreneurial marketing extends beyond the conventional boundaries of marketing practice. Rather than focusing solely on market share, promotion, or incremental efficiency, it emphasizes proactive opportunity recognition, innovative value propositions, calculated risk-taking, and the strategic leveraging of resources under conditions of constraint and uncertainty. This orientation reflects the reality that modern organizations must simultaneously pursue growth, agility, and sustainability.

The conceptual foundation of this book is anchored in several complementary theoretical streams. First, the dynamic capabilities perspective provides a central analytical lens for understanding how organizations sense emerging opportunities, seize strategic positions, and continuously reconfigure their resource base in response to environmental change. Second, the resource-advantage (R-A) theory highlights the role of heterogeneous and imperfectly mobile resources in generating competitive advantage. Third, ecosystem and value co-creation perspectives emphasize that contemporary competition increasingly occurs within interconnected networks of customers, partners, platforms, and institutions rather than within isolated firm boundaries. By synthesizing these perspectives, the book advances an integrative view of

entrepreneurial marketing as a capability-based system for sustained value creation.

The overarching premise of the book is that successful entrepreneurial marketing depends on the deliberate convergence of multiple organizational capabilities. Creativity must be aligned with productivity, innovation must be supported by continuous improvement, leadership must be integrated with disciplined management, and digital technologies must be balanced with human-centered value creation. Firms that excel in only one dimension often achieve short-term gains but struggle to maintain long-term competitiveness. Sustainable performance emerges when these complementary capabilities are orchestrated within a coherent strategic architecture.

To support progressive learning, the structure of the book follows a logical and cumulative sequence. The early chapters establish the environmental and conceptual foundations of entrepreneurial marketing, examining the transformation of competitive ecosystems and the growing power of digitally connected customers. Building on this external perspective, subsequent chapters explore the internal organizational mindsets and capabilities required for adaptive performance, including the convergence of creativity, innovation, productivity, leadership, and managerial discipline. The discussion then advances to cross-functional integration, highlighting how marketing, finance, technology, and operations must be strategically aligned to support integrated value creation.

In the later sections, the book addresses technology-based marketing and stakeholder-oriented sustainability. Particular attention is given to the role of artificial intelligence, marketing technologies (MarTech), and human–technology collaboration in shaping contemporary customer experiences and organizational performance. The analysis extends beyond firm-level outcomes to consider broader societal and ecosystem implications, reflecting the growing importance of responsible and sustainable business practices.

Each chapter is designed to facilitate both conceptual understanding and practical application. The text integrates contemporary research findings, analytical frameworks, and empirical case studies drawn from diverse industry contexts. Learning objectives, review questions, and applied

exercises are included to encourage critical thinking, integrative analysis, and real-world problem solving. This pedagogical design supports advanced undergraduate, postgraduate, and professional learners who seek both theoretical rigor and managerial relevance.

The benefits of studying this book are multifaceted. Academically, readers will gain a systematic and up-to-date framework for understanding entrepreneurial marketing in complex and dynamic environments. Managerially, the book provides actionable insights for entrepreneurs, executives, and policymakers seeking to enhance organizational agility, innovation capacity, and stakeholder responsiveness. More broadly, the integrative perspective developed in this volume supports the cultivation of strategic thinking, systems awareness, and evidence-based decision-making capabilities that are increasingly essential in digitally mediated and sustainability-driven markets.

In sum, this book positions entrepreneurial marketing as a holistic and forward-looking approach to value creation. By bridging marketing, entrepreneurship, strategic management, and technology perspectives, it offers a coherent framework for understanding how organizations can remain adaptive, resilient, and competitive in the face of continuous change. The chapters that follow elaborate this integrative architecture and provide a structured pathway for developing both scholarly insight and practical competence in entrepreneurial marketing.

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Chapter 1: Foundations of Entrepreneurial Marketing: Opportunity, Integration, and Value Creation

Course Learning Outcomes (CLO):

1. Explain the concept of entrepreneurial marketing as an opportunity-driven, resource-leveraging, and customer-focused strategic orientation.
2. Analyze the entrepreneurial marketing perspective by integrating marketing, finance, technology, and humanity as interdependent pillars of value creation.
3. Identify and evaluate common marketing blind spots and propose entrepreneurial strategies to mitigate strategic myopia in dynamic environments.
4. Apply the entrepreneurial approach by demonstrating opportunity recognition, calculated risk-taking, and network-based collaboration.
5. Integrate customer management, product management, and brand management to design entrepreneurial marketing strategies that create sustainable value.

Contents and Concepts of This Chapter:

1.1 What is Entrepreneurial Marketing

1.2 The Entrepreneurial Marketing Perspective

1.3 Overcoming Marketing Blind Spots

1.4 The Entrepreneurial Approach

1.5 The Entrepreneurship for Marketing

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1.1 What is Entrepreneurial Marketing

Entrepreneurial marketing is an agile and opportunity-driven mindset characterized by the proactive identification and exploitation of market opportunities to acquire and retain profitable customers. It emphasizes the pragmatic leveraging of limited resources, the strategic use of networks, and the acceptance of calculated risks to enable innovative value creation, co-creation, and delivery for a broad range of stakeholders, including customers, employees, and platform partners (Alqahtani & Uslay, 2020; Morris et al., 2002).

This chapter advances entrepreneurial marketing by conceptualizing it as an integrative system of value creation spanning economic, technological, and human domains, rather than as a firm-size–specific marketing approach.

As illustrated in Figure 1.1, entrepreneurial marketing represents the conceptual intersection of entrepreneurship and marketing, emphasizing that entrepreneurial marketing emerges from the integration of these two domains rather than from either domain in isolation.

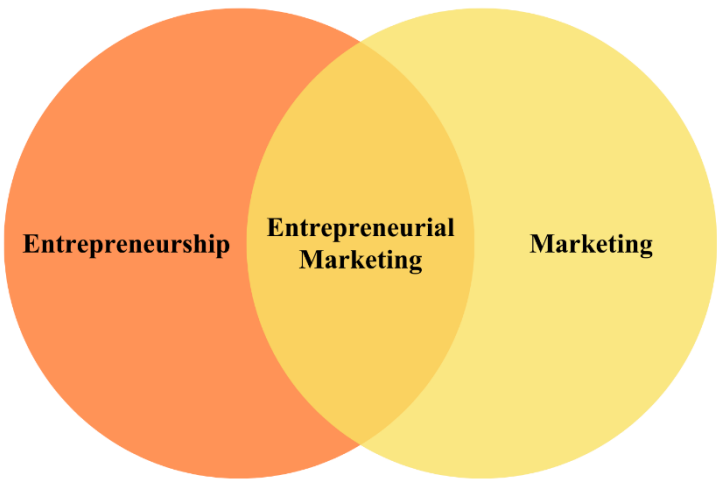

Figure 1.1 Entrepreneurial Marketing

Source: Adapted from Gheezi, A., & Cavallo, A. (2020). Agile Business Model Innovation in Digital Entrepreneurship: Lean Startup Approaches. *Journal of Business Research*, 110, 519-537.

Entrepreneurial marketing can be conceptualized as an overarching marketing paradigm that enables firms to pursue entrepreneurial, market-driving, and customer-focused activities, particularly under conditions of resource constraints. Rather than merely representing a hybrid of entrepreneurship and marketing, entrepreneurial marketing reflects a distinct strategic posture characterized by change-driving behavior, creative bootstrapping, effective resource leveraging, and a willingness to engage in calculated risk-taking. As such, it functions as a higher-order construct that captures the shared underlying logic of innovativeness, proactiveness, customer orientation, market-driving actions, and resource leveraging, which collectively contribute to superior firm performance in dynamic and uncertain environments (Eggers et al., 2020).

Entrepreneurial marketing should therefore not be viewed as a collection of ad hoc marketing practices confined to small firms, but rather as a broader strategic orientation that embeds an entrepreneurial mindset into marketing decision-making across organizational contexts. It emphasizes opportunity recognition, proactive and innovative behavior, and the effective use of limited resources to shape markets, create customer value, and support sustained firm growth (Yadav & Bansal, 2020).

The relevance of entrepreneurial marketing becomes particularly pronounced in crisis situations and highly turbulent environments. During the COVID-19 pandemic, entrepreneurial marketing practices enabled firms to activate dynamic capabilities specifically sensing emerging market needs, seizing viable opportunities under severe uncertainty, and transforming business models through innovation and digitalization. Firms adopting entrepreneurial marketing were better positioned to respond proactively to disruptions, realign their value propositions, and exploit new opportunities despite significant resource constraints and environmental volatility (Elgammal et al., 2022; Rashid & Ratten, 2021).

Entrepreneurial marketing contributes positively to SME performance by strengthening specific organizational capabilities, including innovativeness, resource leveraging, proactiveness, opportunity focus, customer intensity, and value creation. These dimensions jointly enhance both financial and non-financial performance outcomes, although risk-taking does not consistently exhibit a significant direct effect (Hanaysha & Al-

Shaikh, 2022). Extending this perspective, entrepreneurial marketing has been conceptualized as a sustainability-oriented strategic approach that supports long-term business viability by integrating opportunity pursuit, innovation, resource efficiency, and customer value creation, while simultaneously addressing economic, social, and environmental responsibilities (Al-Shaikh & Hanaysha, 2023).

Entrepreneurial marketing also emphasizes networking as a critical mechanism for marketing capability development. Entrepreneurial networks facilitate knowledge exchange and access to complementary resources, thereby strengthening firms' marketing capabilities and enhancing competitive positioning (Gliga & Evers, 2023). In the digital era, entrepreneurial marketing increasingly incorporates digital marketing capabilities as a form of technological agility. By leveraging digital tools to enhance customer interaction, market sensing, and channel bonding, SMEs can significantly improve marketing performance during post-pandemic recovery (Zahara et al., 2023).

Contextual factors further shape the effectiveness of entrepreneurial marketing. Market turbulence has been shown to significantly moderate the entrepreneurial marketing performance relationship, with positive performance effects becoming stronger under conditions of heightened uncertainty and rapid change. Drawing on contingency theory, these findings suggest that entrepreneurial marketing is particularly effective in environments characterized by volatility, where proactiveness, innovativeness, opportunity orientation, and value creation can be leveraged to transform environmental disruption into performance gains (Sulaiman et al., 2024).

Beyond performance outcomes, entrepreneurial marketing enhances brand image and market success in new ventures by operating as a set of interrelated capabilities. The complementarity between entrepreneurial orientation and market orientation functions as a dynamic capability that strengthens brand management processes, enabling adaptive brand image development and improved sales growth and market share (Wijekoon et al., 2024). Recent research further extends the entrepreneurial marketing construct in the digital economy by incorporating network capability and digital literacy. Digital innovation, active engagement within online

communities, and value co-creation with customers and partners enabled by digital technologies are identified as critical drivers of SME competitiveness and long-term success (Chooset & Sukhabot, 2025).

Moreover, entrepreneurial and market orientations jointly enhance SMEs' crisis adaptiveness, which in turn positively influences firm performance, with the effectiveness of this relationship contingent on environmental conditions such as complexity and munificence (Hamzah, 2025). In emerging market contexts, these orientations also serve as strategic antecedents of digital marketing capabilities, which mediate their positive effects on marketing and overall firm performance (Hidayati et al., 2025). Consistent with this multidimensional view, entrepreneurial marketing operationalized through innovation, proactiveness, value creation, resource leveraging, customer intensity, opportunity focus, and risk-taking has been shown to exert a significant positive impact on SME performance, particularly in highly competitive and dynamic markets (Mahfuz et al., 2025).

In summary, entrepreneurial marketing represents a strategic fusion of entrepreneurial orientation and market orientation aimed at opportunity exploitation, adaptive responsiveness, and sustainable competitive advantage. By fostering continuous innovation, creative resource utilization, and value co-creation with customers, entrepreneurial marketing empowers firms especially SMEs to thrive under conditions of uncertainty and persistent environmental change.

1.2 The Entrepreneurial Marketing Perspective

Entrepreneurial marketing constitutes a multidimensional and integrative framework that synthesizes creativity, financial innovation, technological capability, and human-centered values to drive sustainable growth and continuous innovation in an increasingly dynamic global environment. This perspective is structured around four interdependent pillars marketing, finance, technology, and humanity which do not operate in isolation but interact dynamically to shape entrepreneurial value creation. The four-pillar model is necessary because contemporary value creation requires the integration of marketing, finance, technology, and humanity. AI and platform ecosystems blur functional boundaries, ESG-oriented finance

ties performance to social responsibility, and rising legitimacy pressures demand ethical, human-centered decision-making. Together, these forces make a holistic framework essential for sustainable and credible competitiveness. Entrepreneurial success, therefore, is defined not solely by financial performance but by the capacity to innovate responsibly, leverage technology ethically, and generate sustainable human and societal impact. Conceptually, entrepreneurial marketing represents a holistic synthesis of creativity (marketing), capital (finance), capability (technology), and compassion (humanity). As illustrated in Figure 1.2, entrepreneurial marketing transcends traditional functional silos by positioning marketing as a dynamic intersection of these four domains, each contributing a distinct yet mutually reinforcing logic to contemporary entrepreneurial practice.

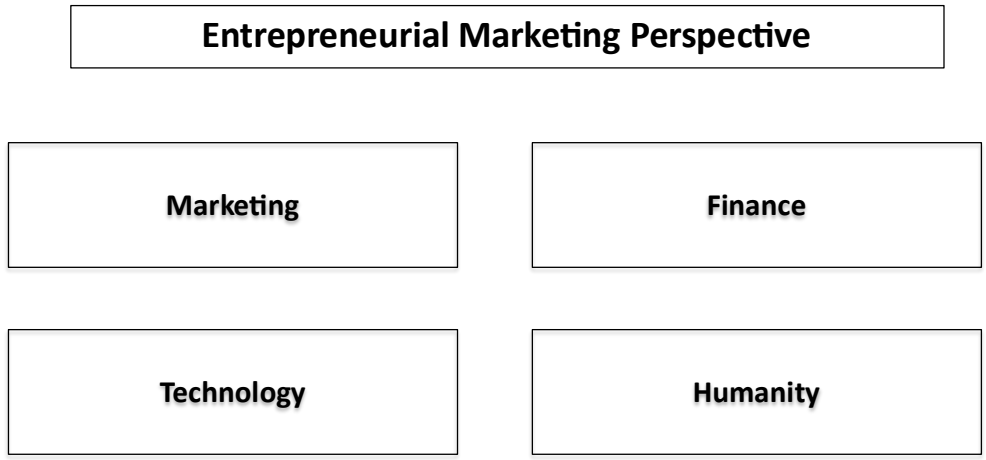

Figure 1.2 Entrepreneurial Marketing Perspective

Source: Created by Author

From an entrepreneurial marketing perspective, the four pillars should be understood not only as complementary capabilities but also as sites of productive tension that require active managerial judgment. In particular, tensions emerge between Technology and Humanity, where the efficiency, scalability, and predictive power of AI-driven tools may conflict with the need for ethical discernment, empathy, and contextual understanding in customer relationships. Similarly, Finance and Marketing often diverge in temporal orientation: financial logics emphasize short-term valuation, cost

discipline, and measurable returns, whereas marketing logic prioritizes long-term customer equity, brand trust, and relational value creation. Entrepreneurial marketing operates precisely at these fault lines, requiring firms to continually balance efficiency with legitimacy, and immediate financial performance with sustainable market relationships.

Marketing

This component represents opportunity recognition, customer-centric value creation, market sensing, and proactive engagement. In an entrepreneurial context, marketing is iterative, adaptive, and experimentation-driven, emphasizing customer feedback, relationship building, and co-creation rather than standardized market research and mass targeting.

Entrepreneurial marketing has evolved beyond traditional boundaries through the integration of artificial intelligence (AI), which enhances both creativity and consumer engagement. AI should not be viewed merely as an analytical or automation tool, but as a complementary enabler of marketing creativity that augments human cognitive and creative capacities. By supporting ideation, insight generation, and strategic decision-making through large-scale data processing, pattern recognition, and scenario simulation, AI enhances rather than replaces human ingenuity. When entrepreneurs integrate AI with human judgment and imagination, they can simultaneously improve creative outcomes and operational efficiency, achieving a synergistic balance between innovation and performance (Ameen et al., 2022).

At the same time, digital transformation has fundamentally reshaped consumer behavior by expanding the role of online shopping and digital platforms across the purchasing journey. Digital marketing analytics should therefore not be understood solely as tools for decoding individual preferences. Consumers increasingly interact with multiple digital touchpoints over time, integrating information search, engagement, and decision-making within complex e-commerce ecosystems. This perspective enables entrepreneurs to design data-driven and adaptive marketing strategies that respond to evolving consumer expectations for personalization, interactivity, and seamless cross-channel experiences, thereby strengthening engagement and purchase intentions (Figueiredo et al., 2025). Overall,

entrepreneurial marketing increasingly thrives on creativity enhanced by AI and guided by sophisticated digital analytics, with innovation emerging from the synergy between technological intelligence and human insight.

Finance

Finance reflects resource leveraging, risk management, and value capture under conditions of scarcity and uncertainty. Entrepreneurial marketing decisions are constrained by limited resources, requiring effectual logic, calculated risk-taking, creative budgeting, and a focus on cash flow sustainability rather than short-term profit maximization.

Entrepreneurial finance has shifted from a predominantly capital-centric orientation toward an approach emphasizing sustainability, Environment, Society and Governance (ESG) integration, and technological enablement. Financing sustainable entrepreneurship depends on robust ESG measurement frameworks that make sustainability orientation transparent to investors and systematically embedded within valuation processes. Evidence from machine-learning–based ESG assessments indicates that stronger ESG orientation is associated with higher startup valuations and funding amounts. However, this relationship also reveals a trade-off, as post-funding financial performance may be weaker, suggesting that ESG-related non-financial utility is capitalized at the funding stage rather than fully reflected in subsequent financial returns (Mansouri & Momtaz, 2022).

In parallel, artificial intelligence is transforming entrepreneurial finance by enabling more structured and data-driven decision-making in fundraising contexts. AI-driven video pitch evaluation, for instance, employs multimodal analysis of textual, vocal, and visual cues to assess entrepreneurial confidence, engagement, and emotional expression. Rather than replacing human evaluators, these tools complement investor judgment by improving efficiency and consistency, structuring the interpretation of communicative signals, and reducing subjective bias in early-stage investment decisions (Giuggioli et al., 2024). Together, these developments redefine entrepreneurial finance as a domain shaped by digital trust, algorithmic insight, and increasingly decentralized mechanisms of capital allocation.

Technology

Technology serves as an enabler of agility, scalability, and innovation. Digital platforms, analytics, automation, and emerging technologies support rapid market experimentation, personalized customer interaction, and low-cost market entry. In entrepreneurial marketing, technology is not merely operational infrastructure but a strategic tool for opportunity exploitation.

Technology constitutes the backbone of entrepreneurial evolution. Digital innovation plays a pivotal role in enabling entrepreneurial firms to remain competitive and resilient under turbulent conditions. Beyond efficiency gains, digital transformation facilitates the adoption, recombination, and development of digital technologies that support business model innovation, platform-based value creation, and ecosystem participation. Through these mechanisms, entrepreneurial firms enhance organizational agility, explore new market opportunities, and sustain customer value creation despite uncertainty and resource constraints (Felicetti et al., 2024).

Digital sustainable entrepreneurship further extends this logic by embedding digital technologies directly into business models to enable the simultaneous creation of economic, social, and environmental value. From a business model perspective, digital platforms and infrastructures support blended value propositions, integrative value creation, and multidimensional value capture. Rather than framing profit and purpose as competing objectives, digital technologies mediate complementarities and tensions between economic, social, and environmental logics, thereby positioning entrepreneurship as a scalable mechanism for inclusive sustainable development (Gregori & Holzmann, 2020). Moreover, technological perception plays a critical role in shaping consumer behavior. Empirical evidence from the electric vehicle context in Thailand demonstrates that accessibility to charging infrastructure and perceived convenience enhance positive technology perceptions, reduce cost concerns, and encourage adoption and usage. These interconnected factors highlight how improvements in accessibility and cost transparency can significantly increase adoption rates of technology-driven products, offering strategic insights for entrepreneurs commercializing advanced technologies (Suvittawat et al., 2025). Collectively, technology functions not only as a

competitive enabler but also as a transformative force driving sustainable and consumer-oriented innovation.

Humanity

Humanity captures the behavioral, social, and ethical dimensions of entrepreneurship, including empathy, trust, relationships, values, and societal impact. This dimension emphasizes human judgment, intuition, stakeholder engagement, and moral responsibility, acknowledging that entrepreneurial marketing is deeply embedded in social contexts.

Entrepreneurial success ultimately extends beyond profit to encompass human and social value creation. Entrepreneurial ecosystems play a critical enabling role for social entrepreneurs by mobilizing coordinated support from public institutions, private organizations, and community actors. Such ecosystems provide access to resources and infrastructure, while also fostering shared cultural norms and policy frameworks that legitimize social entrepreneurship, promote cross-sector collaboration, and embed social responsibility within organizational practices and business models. These conditions enhance the capacity of social ventures to scale and sustain their impact over time (Diaz Gonzalez & Dentchev, 2021).

Social entrepreneurship further contributes to sustainable development by integrating social missions with economically viable business models. Rather than treating profit and impact as mutually exclusive, social entrepreneurship operates at their intersection, employing entrepreneurial processes, innovation, and collaboration to address societal and environmental challenges while maintaining financial viability. In doing so, entrepreneurship functions as a bridge between profitability and societal betterment, demonstrating how value creation can simultaneously support economic resilience, social inclusion, and long-term sustainability in alignment with the Sustainable Development Goals (Nagdev et al., 2025). This human-centered orientation underscores the importance of empathy, ethics, and equity within entrepreneurial marketing, emphasizing that innovation detached from humanity risks undermining its long-term value.

1.3 Overcoming Marketing Blind Spots

From this integrative perspective, entrepreneurial marketing also requires awareness of systematic cognitive and analytical failures commonly referred to as marketing blind spots. Entrepreneurial marketing operates in environments characterized by rapid change, continuous innovation, and pervasive uncertainty. Even highly agile firms, however, remain vulnerable to marketing blind spots systematic biases, entrenched assumptions, or incomplete interpretations of market data that impair strategic judgment. Marketing blind spots thus refer to inherent limitations in how firms perceive, interpret, and act upon market information, often resulting in suboptimal strategic decisions. As illustrated in Figure 1.3, these blind spots can substantially constrain effective marketing decision-making. Addressing them requires an integrative strategic posture that reconciles short- and long-term orientations, aligns marketing objectives with financial logic, leverages advanced analytical capabilities, and acknowledges the inherent complexity of strategic dualities, while sustaining continuous, demand-driven market sensing. Collectively, these blind spots underscore that entrepreneurial marketing depends not only on agility, but also on epistemic discipline in how decisions are framed, evaluated, and justified.

Figure 1.3 Marketing Blind Spots

Source: Adapted from Cook, J., & Fries, F., & Lynes, J. (2020). Checking Our Blind Spots: The Most Common Mistakes Made by Social Marketers. *Social Marketing Quarterly*, 26(1), https://doi.org/10.1177/1524500420903016

One of the most persistent blind spots in contemporary marketing is the excessive reliance on short-term performance indicators and heuristic decision-making. Firms experiencing strategic myopia exhibit a narrowed cognitive focus on proximate actors, immediate events, and short-term outcomes, thereby constraining environmental scanning and diverting managerial attention from broader, long-term considerations. Recent research, however, suggests that managerial myopia should not be viewed solely as a dysfunctional bias. Rather, it functions as a context-dependent heuristic whose performance implications vary across competitive, cooperative, temporal, and learning dimensions (Czakon, Klimas, & Kawa, 2023). The development of a multidimensional strategic myopia scale further demonstrates that myopia extends beyond temporal short-termism to include limited consideration of stakeholder diversity, innovation horizons, and external environmental dynamics (Czakon, Klimas, Kawa, et al., 2023).

In entrepreneurial settings, marketing blind spots frequently emerge from a weak marketing–finance interface, where firms struggle to translate marketing metrics into credible indicators of firm value. This disconnect undermines marketing accountability, reinforces short-term financial orientation, and erodes strategic consistency. Integrating customer-based metrics with financial outcomes such as linking customer lifetime value and customer equity to shareholder value enables firms to better capture marketing's long-term contribution to value creation and mitigates myopic managerial decision-making (Edeling et al., 2021).

A related blind spot arises from the complexity of digital marketing attribution. Conventional linear attribution models are ill-suited to capture the nonlinear, multistage interactions that characterize customer journeys across heterogeneous digital touchpoints. Research on computational advertising measurement systems highlights how fragmented data infrastructures, model bias, and incomplete attribution frameworks

systematically obscure true advertising effects, thereby distorting both tactical optimization and strategic decision-making within digital ecosystems (Yun et al., 2020). Advances in intelligent attribution modeling address these limitations by employing AI- and machine-learning–driven approaches, particularly Bayesian network–based multi-touch attribution. By leveraging large-scale, real-world customer journey data, these models uncover latent causal relationships, address severe class imbalance, and enable real-time prediction of conversion probabilities, thus providing more reliable and actionable insights for campaign optimization and budget allocation (Ben Mrad & Hnich, 2024).

Marketing blind spots also arise when firms oversimplify inherent strategic dualities by treating tensions such as exploration versus exploitation or standardization versus adaptation as binary trade-offs. Such dualities are contradictory yet interdependent, and reductive evaluation approaches often introduce conceptual and empirical blind spots by masking nonlinear, asymmetric, and level-dependent performance effects. Performance implications may be distorted when these tensions are assessed using overly simplistic metrics, leading to inconsistent or misleading conclusions. A multidimensional response surface perspective offers a more robust analytical lens by simultaneously capturing balance, synergy, direction of imbalance, and curvilinear effects, thereby yielding more nuanced insights into the performance consequences of marketing dualities (Kim et al., 2022).

As digitalization intensifies, technological blind spots in sustainable marketing have become increasingly salient. The integration of digital twin technology virtual replicas that enable real-time simulation and scenario analysis allows firms to anticipate the environmental, social, and economic consequences of marketing decisions. By enhancing transparency and the credibility of sustainability claims, digital twins help firms mitigate sustainable marketing myopia and support more informed, holistic, and forward-looking strategic decision-making (Nyquist et al., 2025).

Market-monitoring blind spots further emerge when firms limit their competitive analysis to within-industry rivals and overlook cross-industry threats. From a demand-side perspective, competition arises when consumers perceive offerings from categorically distinct industries as substitutes, irrespective of managerial industry classifications. Consequently, firms must

systematically monitor competitive signals from seemingly unrelated sectors, as shifts in consumer perceptions of substitutability shaped by cultural embeddedness and social salience can generate de facto cross-industry competition that undermines established firms' viability (Li et al., 2025).

Ultimately, overcoming marketing blind spots depends on the development of marketing agility as a dynamic capability that enables firms to respond effectively to environmental volatility. Yet agility alone is insufficient; its performance benefits materialize primarily through customer-facing mechanisms. Marketing agility enhances adaptability and resilience in turbulent markets by strengthening customer service performance and fostering customer co-creation. These mechanisms, in turn, elevate customer satisfaction and support superior long-term firm performance, even when accompanied by short-term profitability trade-offs (Agag et al., 2025).

In sum, overcoming marketing blind spots in entrepreneurial contexts requires an integrative strategic posture that combines analytical sophistication, technological foresight, and cross-domain awareness. By balancing short- and long-term perspectives, adopting intelligent attribution and simulation tools, and maintaining vigilant, demand-driven market monitoring, entrepreneurs can transform blind spots into strategic foresight a critical foundation for sustained innovation and competitive advantage.

1.4 The Entrepreneurial Approach

Building on the principles of entrepreneurial marketing, the entrepreneurial approach represents a distinctive mindset and behavioral orientation characterized by opportunity seeking, calculated risk-taking, and network collaboration, which collectively serve as fundamental drivers of innovation, sustainability, and societal transformation in the contemporary economy. Entrepreneurs adopting this approach engage proactively with uncertainty by continuously scanning their environments for emerging opportunities while leveraging open networks and partnerships to access, integrate, and exploit external knowledge. Through such open innovation practices, opportunity recognition and creation occur via collaborative knowledge exchange rather than isolated firm-level innovation, underscoring the collective and relational nature of entrepreneurial value creation (Flamini et al., 2021).

Innovation can arise despite severe financial, institutional, and infrastructural limitations when public actors embrace entrepreneurial mindsets. By engaging in open innovation and collaborating with start-ups, researchers, and private-sector partners, municipalities can mobilize scarce resources and co-develop context-specific technological solutions, illustrating the adaptability of the entrepreneurial approach beyond conventional market settings (AlAstal, 2023). However, portraying entrepreneurship as a universal remedy for societal and environmental challenges risks obscuring the structural and political roots of inequality. Rather than functioning as a stand-alone solution, entrepreneurial initiatives contribute meaningfully to addressing grand challenges only when embedded within inclusive institutional arrangements that confront structural injustice, distribute responsibility across multiple actors, and empower marginalized groups (Keim et al., 2024). In this respect, multi-stakeholder collaboration is central to entrepreneurship, as network-based value co-creation integrates the resources, knowledge, and capabilities of firms, suppliers, customers, and community actors. Such collaboration enhances business resilience and community sustainability under conditions of disruption and uncertainty, while simultaneously requiring careful alignment of stakeholder objectives to avoid value co-destruction (Brown et al., 2025).

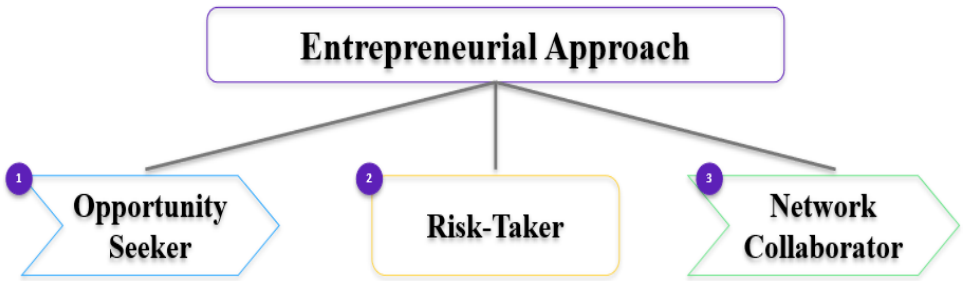

Figure 1.4 Entrepreneurial Approach

Source: Adapted from Fis, A., & Paca, E. (2026). A Jungian psychosocial approach to entrepreneurship: the case of woman entrepreneurs in Turkey. *International Journal of Gender and Entrepreneurship*, 18(1), 129-148.

As illustrated in Figure 1.4, the following sections examine the three core components of the entrepreneurial approach in greater depth: opportunity seeker, risk-taker, and network collaborator.

Unlike trait-based or firm-level entrepreneurial orientation models, this approach conceptualizes entrepreneurship as a relational and enacted process embedded in networks, leadership dynamics, and ethical judgment.

Opportunity Seeker

Opportunity seeker emphasizes proactive identification of market gaps and emerging possibilities. Entrepreneurs are fundamentally opportunity seekers, driven by the identification and exploitation of gaps in existing markets. Entrepreneurial opportunities are best understood as dynamic possibilities for creating future goods and services that emerge through processes of discovery or creation, followed by evaluation and exploitation. Opportunities are neither static nor universally given; rather, they are shaped by the interaction between individual cognition, prior knowledge, and environmental conditions. Consequently, opportunity seeking involves not only recognizing objectively existing market imperfections but also actively constructing new possibilities through entrepreneurial action (Schlichte & Junge, 2025).

Entrepreneurial leadership plays a critical enabling role in this process. Rather than functioning through directive control, effective entrepreneurial leadership operates as a relational and motivational mechanism that cultivates conditions in which opportunities can emerge and be collectively pursued. Through emotional and social competence, entrepreneurial leaders foster autonomy, competence, and relatedness among followers, thereby intrinsically motivating them to engage in opportunity recognition and entrepreneurial behavior. Leadership behaviors such as empowerment, vision articulation, and support for creativity thus transform uncertainty into a shared motivational context, enabling leaders and followers to collaboratively recognize and pursue entrepreneurial opportunities rather than relying solely on unilateral, leader-driven decision-making (Taylor et al., 2025).

Furthermore, entrepreneurial opportunities are cognitively perceived rather than objectively determined, a dynamic that becomes particularly

salient in crisis contexts. Individual entrepreneurial vision and exposure to relevant role models shape how opportunities arising from environmental disruptions such as the COVID-19 pandemic are recognized, interpreted, and evaluated. At the same time, entrepreneurial grit exerts a paradoxical moderating effect, at times amplifying and at other times constraining the translation of vision into perceived opportunity (Zali & Rezaei, 2025). In sum, opportunity-seeking entrepreneurs integrate perceptual acuity, enabling leadership, and learned persistence to identify and act on emergent ventures. Their success stems not from chance, but from structured curiosity and adaptive foresight.

Risk-Taker

Risk-taker reflects the willingness to commit resources under uncertainty through calculated, informed decisions. At the core of entrepreneurship lies a willingness to engage in calculated risk-taking, commonly conceptualized as risk-taking propensity. This construct reflects an entrepreneur's readiness to undertake moderate and manageable risks after carefully weighing potential gains against possible losses. Rather than implying reckless behavior, entrepreneurial risk-taking denotes a deliberate inclination to act under uncertainty when the perceived likelihood of success justifies exposure to risk (Ngo & Vu, 2025).

Within intrapreneurial contexts, risk-taking functions as a critical behavioral driver of innovative action and is shaped by the interaction between decision-making speed and ethical awareness. Managers who exhibit higher risk tolerance and faster decision-making tendencies tend to report stronger entrepreneurial intentions. Importantly, ethical considerations do not uniformly suppress such intentions; instead, specific ethical dimensions—such as attitudes toward bribery condition how risk-taking translates into intrapreneurial behavior (Lajçi et al., 2024).

Risk-taking is also socially embedded. At the individual level, entrepreneurs' social capital influences their willingness to engage in uncertain decisions. Dense, trust-based networks can encourage risk-taking by reducing perceived uncertainty; however, excessive network cohesion may have the opposite effect by fostering conformity, informational redundancy, and heightened risk aversion (Corrêa et al., 2021). Accordingly,

entrepreneurial risk-taking emerges as a multidimensional construct integrating psychological capital, ethical judgment, and social connectedness. Successful risk-takers are not fearless, but strategically prepared to navigate and manage uncertainty.

Network Collaborator

Network collaborator highlights the strategic use of relationships to access resources, knowledge, and legitimacy. Networking constitutes a central mechanism within entrepreneurial marketing by translating effectual logic defined by action-oriented decision-making under uncertainty into enhanced word-of-mouth (WOM) outcomes. Effectuation does not directly generate WOM; instead, it shapes entrepreneurs' networking behaviors, which structure social interactions and relationships that stimulate customer referrals. Through networking, entrepreneurs co-create partnerships, manage uncertainty, and transform unpredictable market conditions into marketing advantages via WOM diffusion (Robledo et al., 2022).

Beyond marketing outcomes, networking behavior serves as a critical link between individual entrepreneurial attributes and venture performance. Entrepreneurs who deliberately cultivate diverse and resource-rich networks are better positioned to access information, mobilize resources, and enhance business success. In this sense, networking functions as a conduit through which personal dispositions are translated into superior entrepreneurial outcomes (Singh & Basri, 2024).

At the organizational level, networking processes play a pivotal role in how firms interpret and respond to turbulent environments. Networks extend beyond resource exchange to function as interpretive infrastructures through which managers scan their environments, reduce equivocality, construct shared strategic meaning, and coordinate adaptive responses. Organizations often mobilize informal and formal interorganizational networks sequentially, thereby strengthening resilience and enabling collective sensemaking during periods of market disruption (Klarin & Sharmelly, 2023). Overall, the network collaborator is the entrepreneur who transforms relationships into strategic assets. Through trust-based collaboration, knowledge exchange, and social adaptability, such entrepreneurs enhance their capacity for innovation and long-term resilience.

1.5 The Entrepreneurship for Marketing

Entrepreneurship for marketing is a multidimensional discipline that requires the strategic integration of customer management, product management, and brand management. In contemporary entrepreneurial contexts, the convergence of artificial intelligence (AI), talent management, and global strategic thinking constitutes a central foundation of effective marketing practice. By aligning these three domains, firms are better positioned to generate sustainable competitive advantage and long-term value creation in increasingly volatile and complex markets.

Figure 1.5 Entrepreneurship for Marketing

Source: Adapted from Elkhoudary, A., Yadav, K., & Alam, D. (2026). Digital marketing capabilities as drivers of SME innovation and performance: a systematic literature review and research agenda for emerging economies. *Humanities and Social Sciences Communications*, 13, 605.

As illustrated in Figure 1.5, the following sections provide an in-depth examination of entrepreneurship for marketing, encompassing customer management, product management, and brand management.

Customer Management

Customer management focuses on understanding, engaging, and retaining customers by conceptualizing engagement journeys as dynamic and multidimensional processes that extend well beyond discrete purchase events.

Customers interact with firms through evolving constellations of firm-owned, customer-owned, and socially embedded touchpoints, within which cognitive, emotional, and behavioral resource investments shape relationship development over time. Consequently, effective customer management requires entrepreneurial firms to systematically map, monitor, and adapt to these non-linear engagement journeys rather than relying on simplified, linear decision-path models. Such an approach enables the cultivation of enduring customer relationships grounded in mutual value creation, influence, and continuous interaction across interconnected service and market ecosystems (Jaakkola & Alexander, 2024).

The effectiveness of customer management is strongly conditioned by internal organizational capabilities, particularly talent management. When talent is embedded within the firm's business model through customer-oriented competencies, performance-aligned motivation systems, and alignment with the firm's value proposition it significantly enhances customer management outcomes. These effects materialize largely through mediated mechanisms, including value proposition design and the effective deployment of enabling technologies, which collectively contribute to improved sales performance and overall business outcomes (Orea et al., 2023). More recently, the integration of generative AI technologies, such as ChatGPT, has transformed customer management strategies by automating routine interactions, enhancing service personalization, and improving the efficiency of customer relationship management processes. ChatGPT-driven applications enhance customer experience and loyalty by delivering scalable, real-time, and personalized interactions, particularly in low- to medium-complexity service contexts, while simultaneously supporting data-driven managerial decision-making (Simetgo et al., 2025).

In summary, entrepreneurial customer management emerges from the strategic combination of human talent, AI-enabled technologies, and relationship-oriented approaches to co-create sustained customer value.

Product Management

Product management represents an entrepreneurial capability to design, manage, and continuously adapt integrated product–service offerings in response to internationalization and market dynamism. This capability

requires the coordination of product and service strategies, sensitivity to local market and cultural conditions, agile operational and supply chain support, and close collaboration with customers to facilitate ongoing value co-creation rather than the one-time exchange of standalone products (Mora Cortez & Lecaros, 2024). Contemporary perspectives on product development emphasize systematic process learning and continuous organizational adaptability. Progress in product management maturity is achieved not through the wholesale adoption of new frameworks, but through the refinement of existing models to improve learning cycles, usability, and context-specific guidance, thereby supporting the gradual accumulation of sustainable product development capabilities (Witkowski & Wodecki, 2025a). Entrepreneurial marketing in night markets emphasizes aligning product preferences with service quality and facility accessibility to enhance customer experience. Using SEM, the study demonstrates that customer-centric innovation, operational excellence, and supportive market infrastructure jointly drive satisfaction, loyalty, and sustainable entrepreneurial performance in dynamic local market environments (Suvittawat, 2024)

AI has become increasingly embedded across the product management and new product development lifecycle, with its most robust and empirically supported applications concentrated in the early stages. Techniques such as sentiment analysis, knowledge extraction, and demand forecasting are widely employed during ideation, concept development, and business analysis to enhance forecasting accuracy, optimize design decisions, and generate richer consumer insights. In contrast, AI adoption remains more fragmented in later stages, including product testing, validation, and post-launch optimization. When deployed in a phase-specific and methodologically aligned manner, AI enables faster learning cycles, more informed decision-making, and closer alignment between product offerings and market needs, thereby strengthening product–market fit rather than functioning as a universal, end-to-end solution (Witkowski & Wodecki, 2025b).

In summary, entrepreneurial product management is sustained through adaptability, selective AI integration, and strategic global alignment to support continuous innovation and market relevance.

Brand Management

Brand management extends beyond the communication of a static brand identity to encompass the strategic orchestration of brand-related resources and capabilities across organizational and market contexts. From a resource-based perspective, brands operate as dynamic systems in which symbolic elements—such as identity, narratives, and meanings—are purposefully structured and combined with organizational capabilities to generate sustained value. Through brand resource orchestration, managers actively align internal resources, brand positioning, and market interactions, allowing brands to evolve as adaptive portfolios of tangible and intangible assets rather than fixed communicative signals (Costa Alves & Rodrigues, 2025).

The integration of machine learning into brand management has further reshaped digital branding practices by enabling systematic content personalization, consumer behavior analysis, and the automation of branding activities. Firms that adopt machine learning–based brand management approaches demonstrate stronger brand performance, manifested in higher levels of social engagement, more positive customer reviews, and enhanced responsiveness to consumer interactions. Machine learning supports more informed managerial decision-making by empirically linking personalization, engagement, and responsiveness to brand performance outcomes, thereby reinforcing data-driven analytics as a foundational mechanism for building brand competitiveness and customer loyalty in digital environments (Iankovets et al., 2025). Beyond analytics and automation, AI also contributes to creative brand voice development through structured human–AI collaboration. When positioned as a creative partner rather than a substitute for managerial judgment, AI supports ideation, refinement, and consistent execution of brand voice across touchpoints. Creative value is realized when AI is embedded within clearly defined individual, organizational, and societal processes, enabling entrepreneurs to enhance brand creativity and coherence without diluting brand identity or strategic control (Kirkby et al., 2025).

In summary, entrepreneurial brand management integrates strategic resource orchestration, machine learning–driven analytics, and human–AI co-creation to develop agile, adaptive, and future-oriented brands.

Case Study of Chapter 1

Electric Mobility in Transition: A Case Study of Consumer Behavior and EV Adoption in Thailand

Adapted Reprint from:
Suvittawat, A., Suvittawat, N., & Khampirat, B. (2025). Examining the Influence of Technological Perception, Cost, and Accessibility on Electric Vehicle Consumer Behavior in Thailand. World Electric Vehicle Journal, 16(9), 543. https://doi.org/10.3390/wevj16090543

1. Introduction

Thailand's transportation sector is experiencing a structural shift as EVs emerge alongside expanding mass rapid transit (MRT) systems, new infrastructure investments, and growing environmental awareness. The country's carbon reduction ambitions and increasing urban congestion have placed the EV transition high on the national agenda. While EV adoption has accelerated in global regions with dense charging networks and strong policy support, Thailand presents a more complex picture: urban areas like Bangkok are moving rapidly toward electric mobility, whereas rural regions face infrastructural constraints that limit widespread uptake.

Understanding consumer behavior within this evolving ecosystem is essential, particularly because EV adoption is shaped not only by economic incentives but by lived experience, technological confidence, and daily travel needs. This chapter examines these dynamics through a case study grounded in empirical data, with the goal of illuminating the behavioral, infrastructural, and perceptual factors influencing EV usage in Thailand.

The case study draws on a large-scale survey and SEM analysis that investigates how convenience and accessibility (CA), technological perception and performance (TP), cost of ownership and usage (CU), and travel patterns and usage behavior (TU) interact to shape consumer decisions. Together, these variables offer a multidimensional understanding of EV adoption, moving beyond simplified assumptions about price sensitivity or environmental motivations.

2. National Context: The Rise of Electric Mobility in Thailand

The policy landscape for EV adoption in Thailand has expanded significantly in recent years. The transportation sector accounts for nearly 29 percent of the country's CO_2 emissions almost 79 million tons in 2023 creating mounting pressure for lower-emission alternatives.

Government interventions include tax incentives, direct purchase subsidies, reduced import duties, and investment in domestic battery manufacturing and EV assembly. At the same time, Bangkok's MRT network has expanded rapidly, offering a clean and efficient mass transit option that directly influences private mobility patterns.

Despite these developments, the spatial distribution of EV charging infrastructure remains uneven. Urban districts benefit from higher charging density, proximity to commercial hubs, and greater early-adopter concentration. By contrast, rural provinces face limited charger availability, fewer fast-charging stations, and lower grid reliability. These geographic disparities create distinct consumer experiences across the country, shaping both perceptions of EV feasibility and day-to-day usage behavior.

In addition, Thailand's built environment presents unique constraints. Many residential areas rely on shared parking or street parking, limiting access to home charging one of the strongest predictors of EV adoption globally. As a result, public charging infrastructure becomes disproportionately influential in shaping consumer adoption decisions and usage confidence.

3. Methodology and Research Framework

The empirical foundation of this case study is a quantitative survey administered to 398 respondents, combined with structural equation modeling for hypothesis testing. The survey consists of measures capturing four key constructs:

Convenience and Accessibility (CA) – availability and ease of access to charging infrastructure, perceived charging convenience, travel-time efficiency.

Technological Perception and Performance (TP) – perceived reliability, technological innovations, range confidence, ease of use.

Cost of Ownership and Usage (CU) – perceptions of purchase price, maintenance costs, electricity/fuel savings, and long-term financial considerations.

Travel Patterns and Usage Behavior (TU) – frequency of EV use, trip purposes, distance traveled, multimodal integration.

Reliability and validity tests show strong factor loadings (0.677–0.865) and Cronbach's alpha values exceeding 0.8, indicating high internal consistency. Model fit indices (RMSEA = 0.026, CFI = 0.993, GFI = 0.972) confirm an excellent fit.

Eight hypotheses explore direct and mediating effects among variables, offering a comprehensive view of how perceptions, behavior, and infrastructural factors interact within Thailand's EV ecosystem.

4. Findings and Discussion

4.1 Convenience and Accessibility as the Cornerstone of EV Acceptance

Among all variables, convenience and accessibility exhibit the strongest and broadest influence. CA significantly affects:

- Technological perception and performance ($\beta = 0.342$)
- Cost of ownership and usage ($\beta = 0.343$)
- Travel patterns and usage behavior ($\beta = 0.179$)

These results reveal that EV adoption begins with infrastructural confidence. Consumers are more likely to embrace EV technology when they perceive chargers to be accessible, predictable, and sufficiently distributed across their routine travel routes. Limited or unreliable charging access amplifies range anxiety, discourages experimentation, and reduces the perceived value of technological innovations.

In Thailand, this relationship is particularly pronounced due to uneven charger distribution and limited access to home charging. The absence of reliable charging in rural or peri-urban regions disproportionately affects

middle-income households, amplifying perceptions of risk and inconvenience.

4.2 Technological Perception and Performance: Confidence as a Catalyst

Technological perception emerges as a powerful driver of both economic expectations and behavioral outcomes. TP significantly influences:

- Cost perceptions ($\beta = 0.213$)
- Travel usage patterns ($\beta = 0.325$)

Consumers who trust in EV performance reliability, battery efficiency, range, ease of use are more willing to modify their driving habits, plan longer trips, and incorporate EVs into multimodal routines. Importantly, technological confidence mediates part of the effect of convenience on usage, indicating that infrastructure influences not only behavior but also the cognitive framing through which consumers interpret EV capabilities.

Driving experience also plays a role. As drivers become familiar with regenerative braking, torque responsiveness, and battery management, their confidence grows. This psychological acclimatization reinforces positive perceptions and encourages more flexible travel patterns.

4.3 Cost of Ownership and Usage: A Dependent Interpretation

Although financial considerations remain important, their influence is more nuanced than often assumed. CU affects usage behavior ($\beta = 0.203$), but its role is mediated by infrastructure and technological confidence.

Consumers interpret cost through their day-to-day experience:

- If charging is convenient and technology feels reliable, EVs are seen as economical.
- If charging is difficult or the technology feels uncertain, perceived costs rise even if objective expenses (electricity vs. gasoline) are lower.

The study also finds that CA influences CU indirectly (mediation effect = 0.059), revealing that perceived affordability depends on access and operational ease.

In Thailand, concerns about battery replacement, uncertain electricity costs at public chargers, and regional disparities in charging availability shape cost interpretations. This demonstrates that affordability cannot be viewed in isolation from infrastructure and psychological readiness.

4.4 Travel Patterns and Usage Behavior: The Result of Interacting Influences

Travel behavior represents the culmination of convenience, perception, and cost considerations. TU is directly shaped by:

- Convenience and accessibility
- Technological perception
- Cost perceptions

EV drivers adapt their mobility patterns in several ways:

- Preferring predictable routes with known charging options
- Charging more frequently than necessary ("comfort charging")
- Using EVs for short, routine trips but reserving ICE vehicles for long-distance travel
- Integrating EV use with MRT or park-and-ride systems in Bangkok

These behavioral adaptations align with international trends yet reflect Thailand's unique mobility environment, where urban congestion coexists with limited suburban charging and diverse household travel needs.

5. Synthesis: An Interdependent Mobility Ecosystem

The case study illustrates that EV adoption in Thailand emerges from a system of interdependent influences rather than a single dominant factor. Infrastructure confidence, technological trust, perceived affordability, and daily routines reinforce one another in a feedback loop.

This interdependence means that interventions must be coordinated: building chargers alone is insufficient without technological education, and financial incentives cannot overcome infrastructural challenges. Similarly, improvements in technology will not translate into adoption unless consumers see the system chargers, maintenance, cost, and driving experience as coherent and reliable.

Thailand's EV transition therefore depends on ecosystem thinking: aligning infrastructure, policy, consumer experience, industry strategy, and urban planning.

6. Conclusion

The EV market in Thailand reflects both global trends and unique national dynamics. Convenience and accessibility stand out as the foundational determinants of adoption shaping technological trust, cost interpretations, and mobility behavior. Technological confidence encourages behavioral experimentation and amplifies the perceived benefits of EV ownership. Cost considerations matter, but primarily through the lens of experience and infrastructure. Ultimately, usage patterns represent a complex synthesis of daily practices, psychological comfort, and system-level conditions.

This case study reveals that the success of Thailand's EV transition requires more than subsidies or technological advancements. It necessitates a well-integrated ecosystem that addresses infrastructural disparities, supports consumer education, and aligns public transit with private mobility. In this developing-market context, EV adoption is not only a technological upgrade but a behavioral transformation shaped by geography, culture, and policy.

Roadmap of the Chapter

The chapter is organized into five main sections. Following this introduction, the background section presents key contextual factors shaping Thailand's EV market, including historical developments, policy frameworks, and infrastructural constraints. The methodology section then outlines the research design, sampling strategy, and analytical procedures used in the underlying empirical study. The discussion and analysis section interprets the findings within both the case context and relevant theoretical frameworks, particularly behavioral economics and the Technology Acceptance Model (TAM). The chapter concludes by identifying key lessons learned, offering policy recommendations, and suggesting avenues for future research on EV adoption.

Linking the Case to Theory

The case draws upon several complementary theoretical frameworks to analyze consumer behavior. Behavioral economics provides insight into the psychological and cognitive processes that shape transportation choices, revealing why consumers do not always act in strictly rational or economically optimized ways. The Technology Acceptance Model (TAM) helps explain how perceived usefulness and ease of use influence the adoption of emerging technologies such as electric vehicles. In addition, concepts from transportation planning—particularly accessibility and mobility behavior shed light on how urban infrastructure and travel constraints affect consumer routines.

By integrating these literatures, the chapter positions Thailand's EV adoption not only as a technological shift but also as a behavioral transformation shaped by perceptions, habits, infrastructure, and context. This framing is essential for understanding why some consumers embrace EVs enthusiastically while others remain hesitant, even when policy incentives are strong.

Case study questions

1. Infrastructure & Behavior

How does the uneven distribution of EV charging infrastructure in Thailand influence consumer perceptions of convenience and accessibility, and how do these perceptions shape EV adoption and usage behavior?

2. Technology Acceptance

Based on the findings, in what ways does technological perception mediate the relationship between infrastructure availability and travel patterns? Apply the Technology Acceptance Model (TAM) to explain these dynamics.

3. Cost Interpretation

The case reveals that cost influences behavior indirectly. Why do consumers' cost perceptions depend on infrastructure quality and technological confidence, and what does this imply for policy interventions focused solely on financial incentives?

4. Behavioral Adaptation

How do Thai EV drivers adjust their driving routines, travel planning, and multimodal mobility practices in response to technological limitations and charging conditions? What does this tell us about EV adoption as a behavioral not just technological transition?

5. Policy Design

If you were advising the Thai government, what specific combination of policies (e.g., infrastructure investment, public education, financial incentives, charging standards, urban planning strategies) would most effectively accelerate EV adoption across both urban and rural regions? Justify your recommendations using evidence from the case.

Chapter Summary

Entrepreneurial marketing is an agile, opportunity-oriented mindset that emphasizes proactive opportunity recognition, innovative value creation, and the strategic use of limited resources. It integrates entrepreneurial orientation and market orientation to enable firms especially SMEs to thrive under uncertainty and turbulence. Rather than a set of ad hoc tactics, entrepreneurial marketing represents a higher-order strategic posture characterized by innovativeness, proactiveness, customer orientation, resource leveraging, and calculated risk-taking. It strengthens dynamic capabilities such as market sensing, opportunity seizing, and business model transformation, thereby enhancing both financial and non-financial performance, resilience, and sustainability in volatile environments.

The entrepreneurial marketing perspective conceptualizes entrepreneurship through four interdependent pillars Marketing, Finance, Technology, and Humanity. Marketing leverages AI and digital analytics to enhance creativity, personalization, and customer engagement. Finance evolves toward sustainability-oriented and AI-enabled decision-making, integrating ESG metrics and reducing investor bias. Technology functions as a catalyst for digital innovation, agility, and sustainable business models that balance profit with purpose. Humanity emphasizes ethical responsibility, social entrepreneurship, and ecosystem support, positioning entrepreneurial success as the creation of economic, social, and environmental value rather than purely financial outcomes.

Marketing blind spots arise from strategic myopia, short-term performance fixation, weak marketing–finance integration, and inadequate digital attribution models. Entrepreneurial firms overcome these limitations by linking customer-based metrics to firm value, adopting AI-driven multi-touch attribution systems, and embracing multidimensional approaches to strategic trade-offs. Advanced tools such as digital twins enhance foresight in sustainable marketing decisions, while demand-side market monitoring helps identify cross-industry competition. Ultimately, marketing agility supported by customer service excellence and co-creation enables firms to convert blind spots into strategic foresight and long-term competitive advantage.

The entrepreneurial approach reflects a mindset centered on opportunity seeking, calculated risk-taking, and collaborative networking. Opportunities are viewed as dynamic and socially constructed, emerging through interaction between individual cognition and environmental conditions. Entrepreneurial leadership enables opportunity recognition by fostering empowerment, motivation, and shared vision. Risk-taking is deliberate rather than reckless, shaped by psychological capital, ethics, and social networks. Networking acts as a strategic mechanism for sensemaking, resource mobilization, and resilience, transforming relationships into assets that support innovation, adaptability, and sustained performance across turbulent contexts.

Entrepreneurship for marketing is a multidimensional discipline that integrates customer management, product management, and brand management. Customer management focuses on dynamic engagement journeys enabled by talent management and AI-driven personalization. Product management emphasizes adaptability, learning-oriented development, selective AI integration, and global market alignment to enhance product–market fit. Brand management evolves into strategic brand resource orchestration, combining machine learning analytics with human–AI co-creation to build agile, coherent, and future-oriented brands. Together, these domains enable entrepreneurial firms to achieve sustainable competitive advantage and long-term value creation in complex and volatile markets.

Chapter Review Questions

Review Question 1:

How does entrepreneurial marketing differ from traditional marketing in terms of opportunity recognition, resource leveraging, and value creation under conditions of uncertainty and resource constraints?

Review Question 2:

Explain how the four interdependent pillars marketing, finance, technology, and humanity collectively shape the entrepreneurial marketing perspective and redefine entrepreneurial success beyond purely financial outcomes.

Review Question 3:

Why do marketing blind spots persist in entrepreneurial firms, and how can integrating advanced analytics, marketing–finance metrics, and strategic agility transform these blind spots into sources of strategic foresight?

Review Question 4:

Discuss how opportunity seeking, calculated risk-taking, and network collaboration function together as core components of the entrepreneurial approach in enabling innovation and resilience in turbulent environments.

Review Question 5:

How does the strategic integration of customer management, product management, and brand management support sustainable competitive advantage in entrepreneurship for marketing, particularly in the context of AI-enabled and globalized markets?

Chapter Exercises

Exercise 1:

Conceptual Mapping Exercise

Select an SME or startup of your choice and develop a brief concept map that illustrates how the firm demonstrates entrepreneurial marketing. Your map should explicitly identify and explain:

- Opportunity recognition
- Resource leveraging under constraints
- Customer value creation
- Calculated risk-taking

Conclude with a short paragraph explaining why entrepreneurial marketing should be viewed as a strategic orientation rather than a set of isolated marketing tactics.

Exercise 2:

Four-Pillar Integration Analysis

Using the four pillars of the entrepreneurial marketing perspective (Marketing, Finance, Technology, Humanity), analyze a real entrepreneurial venture (existing firm or startup idea).

For each pillar:

- Identify one concrete managerial action or practice.
- Explain how this action contributes to sustainable value creation.
- Discuss how at least two pillars interact or reinforce each other.

Exercise 3:

Blind Spot Diagnosis Case

Assume you are advising a growing digital firm experiencing stagnant performance despite heavy marketing investment.

Tasks:

1. Identify two potential marketing blind spots (e.g., short-term metrics, attribution errors, strategic myopia).
2. Explain how each blind spot may distort managerial decision-making.
3. Propose one analytical or technological solution to mitigate each blind spot.

Your answer should emphasize long-term value creation rather than short-term optimization.

Exercise 4:

Behavioral Role Reflection

Reflect on the entrepreneurial approach by addressing the following:

- Which role do you consider most critical in uncertain environments: Opportunity Seeker, Risk-Taker, or Network Collaborator?
- Provide one real or hypothetical example illustrating how this role enables innovation or resilience.

Your response should demonstrate an understanding of entrepreneurship as a relational and contextual process.

Exercise 5:

Strategic Integration Scenario

Design a short strategic proposal for an entrepreneurial firm that integrates:

- Customer Management
- Product Management
- Brand Management

Explain:

- How AI or digital technologies support at least one of these domains.
- How alignment among the three domains creates sustainable competitive advantage.

- One risk the firm must manage when integrating technology into marketing activities.

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Chapter 2: Competing in Dynamic Ecosystems: Drivers, Change, and Capability-Based Strategies

Course Learning Outcomes (CLO):

1. Analyze how technological, political/legal, social/cultural, economic, and market drivers shape competitive conditions and organizational adaptation.
2. Evaluate the implications of environmental change for firm behavior, capabilities, and performance in dynamic and uncertain contexts.
3. Explain how firms strategically balance competition and collaboration (coopetition) to sustain competitiveness within innovation ecosystems.
4. Assess emerging patterns of competition driven by digitalization, accelerated market dynamics, differentiation challenges, and ecosystem interdependency.
5. Apply dynamic and capability-based competitive strategies to design strategic responses suited to turbulent and resource-constrained environments.

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2.1 Five Drivers

2.2 Change

2.3 Competition

2.4 The Future of Competition

2.5 Competitive Strategies

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Chapter Summary

Chapter Review Questions

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2.1 Five Drivers

Extends competition theory beyond a narrow focus on industry rivalry to encompass multi-actor, interdependent systems; synthesizes drivers of change, environmental dynamism, and coopetition into a unified analytical framework; and positions capability orchestration as the core mechanism enabling firms' competitive survival. Business and innovation evolve through the interaction of multiple external and internal forces, commonly referred to as drivers of change. As illustrated in Figure 2.1, five key drivers technological, political/legal, social/cultural, economic, and market shape how organizations adapt, compete, and sustain growth within an increasingly interconnected and uncertain environment. Understanding these drivers provides a structured framework for anticipating disruption, navigating complexity, and identifying opportunities for long-term value creation. The five drivers function as a co-evolving system of forces that jointly amplify uncertainty and complexity. Their interactions convert environmental turbulence into direct competitive consequences, shifting competition away from static positioning toward dynamic capability orchestration, legitimacy management, and adaptive renewal.

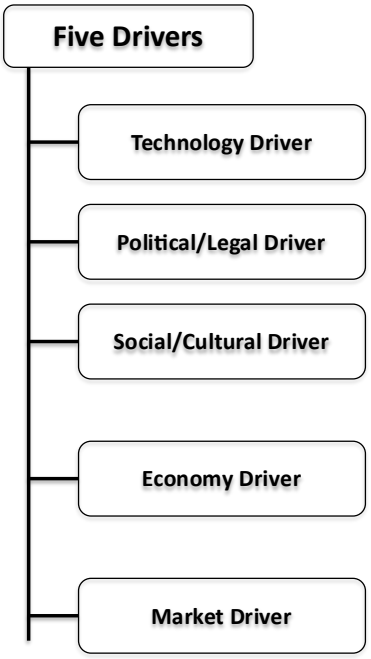

Figure 2.1 Five Drivers

Source: Adapted from Fabrizio, C. M., et al. (2022). Competitive advantage and dynamic capability in small and medium-sized enterprises: a systematic literature review and future research directions. *Review of Managerial Science*, 16(3), 617-648.

Technology Driver

Technological change constitutes one of the most transformative forces shaping entrepreneurship, business models, and competitive strategy. Digital entrepreneurship has fundamentally redefined value creation by embedding digital technologies at the core of entrepreneurial processes and organizational design. Rather than functioning merely as supportive tools, digital technologies including platforms, data infrastructures, and advanced analytics serve as external enablers that reshape opportunity recognition, business model innovation, and ecosystem-level value co-creation. Within digitally enabled entrepreneurial ecosystems, technology operates simultaneously as the medium through which entrepreneurial activities are conducted and as a catalyst that accelerates innovation, scalability, and interaction among entrepreneurs, users, and platform partners (Camps et al., 2026).

Technology entrepreneurship extends beyond the development or commercialization of technological artifacts to encompass the collective processes through which technologies are socially and organizationally embedded as capabilities. This process involves the integration of devices, routines, and practices, as well as institutional work that aligns technological possibilities with existing norms, workflows, and professional logics. Consequently, technology functions not only as a productivity-enhancing resource but also as a catalyst for new forms of organizing, enabling convergence between technological artifacts and their routine use, and thereby shaping novel opportunities for value creation and market differentiation (Swanson, 2024).

Overall, the technology driver reflects the convergence of innovation, digital transformation, and entrepreneurial agility that underpins the evolution of contemporary economies.

Political/Legal Driver

Political and legal environments play a decisive role in shaping entrepreneurship, market entry, and innovation ecosystems. From an entrepreneurial ecosystem perspective, political entrepreneurship is not primarily a supportive policy mechanism but often emerges as a form of rent-seeking behavior in contexts characterized by weak institutions and limited rule of law. In such environments, political entrepreneurship reflects the alignment between unproductive or destructive entrepreneurial actors and political authorities, granting privileged access to resources and distorting competitive conditions. As a result, adaptive, transparent, and effectively enforced regulatory frameworks are essential not only for enabling productive entrepreneurship but also for constraining political entrepreneurship that undermines ecosystem quality and long-term development (Belitski et al., 2021).

Regulatory interventions particularly consumer data protection regulations such as the GDPR and CCPA exert substantial influence on technology-oriented business models. These regulations require firms to modify data governance practices, invest in compliance infrastructures, and reconsider data-driven value creation strategies. Rather than serving solely as constraints, such regulatory pressures frequently reshape business models by compelling strategic adaptation, altering operational and financial structures, and in some cases fostering privacy-centered innovation and competitive differentiation (Farhad, 2024).

Accordingly, the political/legal driver embodies a fundamental duality, whereby governance frameworks can either enable or inhibit business growth depending on their design, clarity, and enforcement.

Social/Cultural Driver

Social norms and cultural values significantly shape consumer behavior, entrepreneurial intentions, and market demand. Social commerce platforms exemplify culturally embedded patterns of trust, reciprocity, and community-oriented interaction that influence consumer behavior beyond functional considerations. From a sociocultural perspective, consumer engagement in social commerce is driven by shared values, identity expression, and a sense of social belonging, such that purchasing decisions

function simultaneously as economic exchanges and symbolic practices within digital communities (Nouri Dehnavi & Sioofy, 2025).

Similarly, outcomes in social entrepreneurship depend on the alignment between societal cultural values and enacted cultural practices. When discrepancies arise between proclaimed values and actual practices referred to as cultural dissonance uncertainty emerges regarding the legitimacy of entrepreneurial behavior. This uncertainty can weaken the perceived feasibility of social ventures and discourage engagement in social entrepreneurship, even when such initiatives pursue socially beneficial objectives (Brownell et al., 2025).

Thus, the social/cultural driver captures how evolving values, social relationships, and cultural narratives redefine both the meaning and practice of entrepreneurship within society.

Economy Driver

Macroeconomic conditions and policy stability exert a profound influence on innovation and entrepreneurial activity. Economic policy uncertainty in emerging economies significantly inhibits innovation by discouraging long-term investments in research and development and reducing firms' engagement in innovation-related outputs, such as trademark registration. Unpredictable policy environments undermine strategic planning, disrupt resource allocation, and weaken sustained commitment to innovation initiatives, thereby constraining national innovation performance (Tabash et al., 2023).

At the global level, heightened economic volatility often reflected in increased global economic policy uncertainty further discourages firms from undertaking innovation-related activities and introducing new products. As uncertainty intensifies, firms adopt more risk-averse strategies, delaying or scaling back irreversible investments in R&D and product development. These effects are particularly pronounced among SMEs, which face tighter financial constraints and limited access to external financing. Consequently, periods of elevated uncertainty are associated with reduced innovation investment, contracted product pipelines, and a strategic shift toward short-term survival and liquidity preservation (Shankar, 2020).

The economic driver therefore reflects the systemic influence of fiscal policy, investment conditions, and macroeconomic stability on firms' risk-taking behavior and innovation capacity.

Market Driver

Market dynamics including competition, turbulence, and customer orientation are central to strategic adaptation and entrepreneurial performance. The effectiveness of entrepreneurial marketing is highly contingent on the level of market turbulence. In volatile markets characterized by rapid and unpredictable changes in customer preferences, competitive intensity, and market structures, market turbulence significantly strengthens the positive relationship between entrepreneurial marketing practices and firm performance. Under such conditions, firms that emphasize proactiveness, opportunity orientation, innovativeness, value creation, customer intensity, and calculated risk-taking are better positioned to convert uncertainty into strategic advantage and achieve superior performance outcomes (Sulaiman et al., 2024).

Within this context, entrepreneurial marketing functions as a market-facing strategic capability that directly links proactive opportunity recognition and innovative value creation to firm performance. Importantly, entrepreneurial marketing contributes to performance outcomes beyond the effects of established strategic orientations, such as market orientation and entrepreneurial orientation. Moreover, its impact becomes more pronounced under conditions of heightened competition and market turbulence, highlighting the role of entrepreneurial marketing capabilities in enhancing organizational resilience and effectiveness in dynamic environments (Alqahtani et al., 2022).

In sum, the market driver captures the competitive and customer-centric forces that compel organizations to innovate, adapt, and sustain long-term growth.

2.2 Change

Change affects how companies operate, compete, and interact with customers because it reconfigures the problem space firms must continuously sense, interpret, and respond to across (1) *Change* in the external

environment, (2) *Competitor* pressures, (3) *Customer* expectations and behaviors, and (4) *Company* capabilities and governance choices, as illustrated in Figure 2.2.

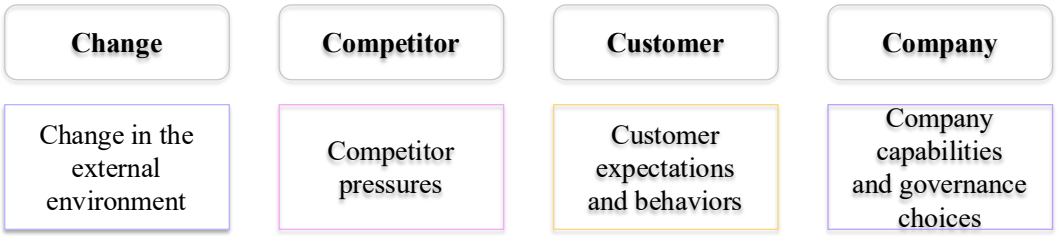

Figure 2.2 Effects of Change

Source: Created by Author

Environmental change operates as a selective force that amplifies strategic capability differences, meaning competitive outcomes depend less on exposure to turbulence and more on firms' ability to orchestrate and reconfigure capabilities in response to it.

Change is most accurately conceptualized as environmental dynamism, referring to the speed and unpredictability of changes in markets, technologies, and institutional contexts. Environmental dynamism extends beyond background turbulence; it represents a measurable contextual condition that systematically influences outcomes such as innovation and growth by amplifying the importance of internal adaptive mechanisms. In highly dynamic environments, firm performance increasingly depends on strategic flexibility and leadership capabilities that enable timely strategic reorientation and resource reallocation (Dong, 2024). Such environments also heighten the value of organizational conditions that support continuous learning and knowledge renewal. Firms benefit from engaging in exploratory learning, maintaining strong absorptive capacity, and refining exploitative learning routines capabilities that collectively constitute dynamic capabilities. These mechanisms allow organizations to sense environmental changes, assimilate external knowledge, and reconfigure existing competencies, thereby enabling effective responses through the integration of new and existing knowledge in support of innovation (Kim et al., 2025).

Within this broader context, competitor dynamics operationalize environmental change through intensified price competition, rapid imitation, and escalating pressures for differentiation. These forces compel firms particularly SMEs to enhance efficiency, responsiveness, and innovation in order to sustain performance. While heightened competition can stimulate strategic focus and operational discipline, it simultaneously functions as a selective mechanism that increases the risk of market exit for firms lacking sufficient resources, capabilities, or resilience. As a result, competition acts both as a driver of performance improvement and as a filter that reallocates market participation toward more adaptive firms, especially in emerging market contexts (Keelson et al., 2024).

Customer change represents the demand-side expression of environmental dynamism and requires firms to move beyond static segmentation and linear purchase-funnel models toward a dynamic, capability-based view of customer orientation. From this perspective, customer orientation is not merely a stated commitment but a higher-order organizational capability embedded in routinized market-sensing, customer-relating, and customer-response processes. These processes operate as composite operant resources that systematically transform customer information into innovation capability. Firms with stronger customer orientation demonstrate superior innovation capability across strategic contexts, with performance advantages emerging only when customer knowledge is actively converted into innovative outcomes rather than passively accumulated. Consequently, customer-oriented firms outperform not because they listen to customers per se, but because they institutionalize sensing-and-response routines that translate evolving customer needs into sustained innovation and financial performance (Thoumrungroje & Racela, 2022).

Finally, the company dimension determines whether firms can translate environmental turbulence into competitive performance through the deployment of strategic capabilities rather than relying on strategic orientations alone. Market and technology orientations do not exert direct effects on performance; instead, their influence is mediated through specific capability sets namely marketing and market-linking capabilities for market orientation, and technology and information technology capabilities for

technology orientation. These capabilities function as internal alignment mechanisms that mobilize and configure firm resources in response to external change. Crucially, the strength of these mediated effects is contingent upon the level of environmental dynamism. As market, technological, and competitive conditions become more unpredictable, the indirect effects of strategic orientations on performance through corresponding capabilities intensify. This implies that identical strategic orientations can produce markedly different performance outcomes depending on environmental conditions and the firm's ability to develop, balance, and deploy its internal capability portfolio effectively (Melesse & Knatko, 2024).

2.3 Competition

Companies must understand not only the nature of current competition but also how competitive and collaborative dynamics are likely to evolve. In rapidly changing markets, firms increasingly confront the challenge of balancing rivalry with cooperation, particularly within complex innovation ecosystems. As interdependencies among actors intensify, competition and collaboration are no longer mutually exclusive logics but coexist as intertwined strategic imperatives. The concept of *coopetition* the simultaneous pursuit of cooperation and competition has evolved from a strategic choice into a strategic capability critical for sustaining advantage in environments marked by uncertainty, technological turbulence, and ecosystem embeddedness. Rather than a static strategy, coopetition reflects a firm's ability to continuously manage and orchestrate relational tensions, balancing joint value creation with competitive value capture. As a capability, coopetition enhances innovation by enabling access to complementary resources, shared learning, and faster experimentation across firm boundaries, particularly under conditions of distributed knowledge and rapid technological change. However, when governance is weak or power asymmetries persist, coopetition can increase dependency, facilitate knowledge leakage, and heighten strategic vulnerability, constraining long-term flexibility. Thus, coopetition is best understood as a learned organizational competence, embedded in governance structures, relational experience, and absorptive capacity, through which firms institutionalize paradox management and sustain agility in evolving competitive ecosystems.

The growing prominence of open innovation underscores the need for start-ups to manage tensions between collaboration and competition within innovation ecosystems. Within this context, peer innovation represents a distinctive open innovation strategy in which technology start-ups engage in cooptative relationships with other start-ups rather than relying exclusively on partnerships with large incumbents. Peer innovation enables firms to collectively generate and recombine knowledge, access complementary resources, and pursue joint opportunities while maintaining strategic autonomy and competitive differentiation. Such arrangements are particularly effective when orchestrated by incubators or other keystone organizations that provide governance structures, facilitate coordination, and establish shared norms for knowledge exchange. Through formal agreements and coordinated practices, start-ups can accelerate innovation cycles and mitigate risks associated with opportunism and knowledge leakage. Consequently, peer-innovation-based open innovation strategies allow young firms to overcome liabilities of newness and resource scarcity, fostering resilience and adaptive competitiveness within dynamic ecosystems (Primario et al., 2024).

The platform economy constitutes another salient arena in which coopetition unfolds, as firms increasingly depend on digital platforms that function simultaneously as indispensable intermediaries and powerful competitors. Platform-based relationships generate persistent cooptative tensions rooted in platforms' dual characteristics: strong network effects that incentivize cooperation through expanded market access, and structural centrality that amplifies bargaining power, commission setting, and control over customer interfaces. Rather than resolving these tensions by privileging either cooperation or competition, firms pursue a balance between the two logics. This balance is achieved through nuanced governance and managerial practices, such as selectively sharing non-sensitive information, partially complying with platform rules, and dynamically adjusting inventory and distribution strategies. Because power asymmetries are structurally embedded in platform-mediated markets, effective coopetition requires strategic foresight and ongoing tension management; otherwise, excessive dependence can erode firm autonomy and profitability. Thus, platform-based coopetition hinges on continuously governing the interaction between cooperation and rivalry rather than attempting to eliminate either (Bahar et al., 2022).

In the venture capital (VC) domain, syndication represents an institutionalized form of coopetition in which investors collaborate with direct rivals to share risk and information while simultaneously competing for deal access, influence, and financial returns. The performance implications of this duality depend not on coopetition per se, but on how cooperation and competition are configured within relational and network structures. Prior cooperative experience manifested through relational and structural embeddedness enhances coordination, trust, and information exchange, thereby improving syndicate outcomes. Competition exhibits a nonlinear effect: moderate rivalry can sustain strategic discipline and motivation, whereas excessive competition undermines trust and collective action. Importantly, cordial competition is maintained through embedded relational histories and reputational mechanisms that constrain opportunism and enable investors to manage the paradox of simultaneous cooperation and competition. Coopetition in VC syndication thus operates as a context-dependent capability shaped by network positioning rather than as a static equilibrium between rivalry and collaboration (Zhong et al., 2025).

Service innovation within business ecosystems is similarly contingent on how firms manage collaborative competitive relationships under conditions of interfirm power. Coopetition, rather than shared goals alone, serves as the primary direct driver of service innovation, while its effectiveness depends on the type of power exercised within the ecosystem. Reward-mediated power weakens the innovation benefits of coopetition, whereas non-mediated power strengthens the positive effects of shared goals by fostering voluntary alignment and mutual commitment. Sustainable service innovation therefore emerges not from simple power symmetry, but from the careful alignment of competitive arrangements with appropriate power configurations, particularly those exercised by hub firms (Liu et al., 2023).

At the ecosystem level, shared value creation arises not merely from the coexistence of competition and collaboration but from how ecosystems are structured and governed. Diverse innovation ecosystems organize actor aggregation around different drivers such as spatial proximity or dominant issues that shape coordination, specialization, and complementarities among participants. Ecosystems built around shared competences or challenges can

leverage interdependence to stimulate collective innovation and technological advancement. However, sustainable outcomes depend on resolving coordination and alignment challenges stemming from dispersion or power concentration. Effective ecosystem design therefore requires coherent alignment among governance mechanisms, actor complementarities, and collective value-creation objectives to support long-term socio-economic benefits (Piantoni et al., 2023).

As a result, coopetition management has evolved into an increasingly formalized strategic discipline. Firms can deliberately design, monitor, and evaluate competitive relationships across sectors and organizational levels by integrating insights from innovation management, competitive intelligence, governance, and knowledge management. This process-oriented perspective moves beyond ad hoc collaboration toward a coherent managerial framework that enables organizations to manage tensions, align incentives, and balance cooperation and competition over time (Benitez-Nuñez et al., 2025).

The integration of competitive intelligence with strategic foresight further strengthens firms' ability to navigate uncertain competitive environments. Foresight-informed intelligence systems extend beyond short-term competitor monitoring by linking present decisions to multiple plausible futures. Such integration enhances the identification of weak signals, emerging rivals, and technological trajectories, thereby reducing the risk of strategic surprise. By transforming uncertainty into structured insight, firms can align immediate competitive actions with longer-term collaborative strategies, enabling a more coherent balance between rivalry and cooperation across ecosystems (Calof, 2025).

Finally, business ecosystems themselves can be intentionally designed as core elements of business models to activate lock-in mechanisms that transcend traditional bilateral relationships. Ecosystem-based business models create multilateral interdependencies through modular architectures,

differentiated roles, and strong complementarities among actors. Within such structures, coopetition is foundational rather than incidental: firms jointly co-create value while maintaining competitive distinctiveness. Ecosystem-level lock-in arises through sunk investments, indirect network effects, data-driven learning, and cumulative collaboration, which together

increase switching costs and raise barriers to imitation. Importantly, this form of lock-in emerges from the alignment of complementary business models across firms rather than unilateral control, preserving competitive differentiation while reinforcing collective value creation (Haftor et al., 2025).

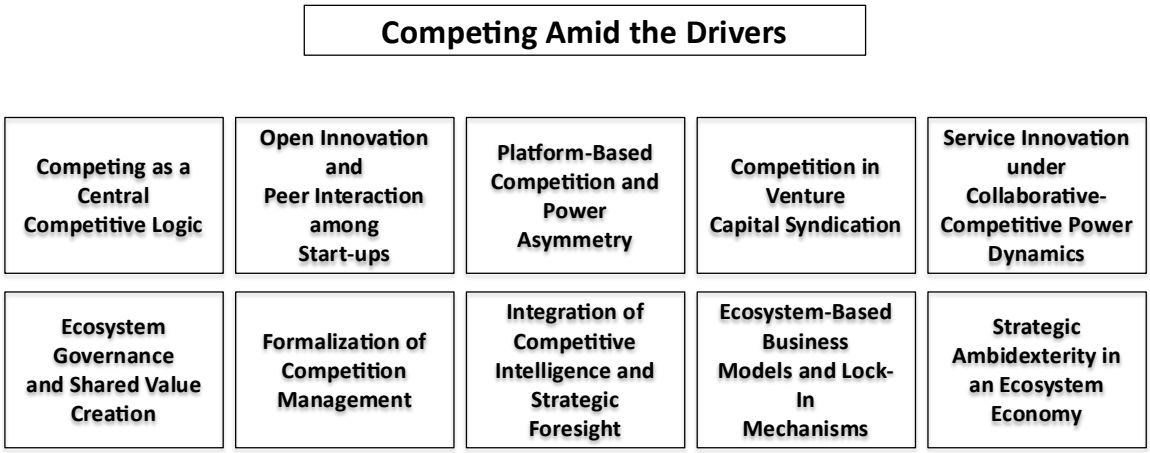

Figure 2.3 Competing Amid the Drivers

Source: Adapted from Iftikhar, A., et al. 2025. Firms' strategic responses to rising uncertainty amid ongoing geopolitical tensions: The synergistic mediating role of network capability and innovation ambidexterity. *Transportation Research Part E: Logistics and Transportation Review*, 199, 104-146.

As illustrated in Figure 2.3, competing amid contemporary drivers requires a shift from isolated, firm-centric competitive strategies toward ecosystem-oriented, foresight-informed, and systematically managed approaches to coopetition. Firms that successfully master this balance are better positioned to navigate the enduring paradox of collaborative rivalry that increasingly shapes the future of competition.

In sum, balancing competition and collaboration is no longer optional but essential in an ecosystem-driven economy. Firms must develop strategic ambidexterity the capacity to compete effectively in the short term while cultivating cooperative networks that sustain long-term innovation and

resilience. Organizations that successfully integrate open innovation, platform-based coopetition, foresight-enabled intelligence, and ecosystem-oriented business models will be best positioned to navigate the enduring paradox of collaborative rivalry that defines the future of competition.

2.4 The Future of Competition

Contemporary competition is being fundamentally reconfigured by digital technologies that accelerate market dynamics, erode traditional differentiation mechanisms, and intensify interorganizational interdependencies. Rather than competing within clearly bounded industries, firms increasingly operate within fluid ecosystems shaped by digital platforms, data infrastructures, and networked forms of collaboration. These transformations redefine not only how firms compete, but also what constitutes sustainable competitive advantage in the digital era. As illustrated in Figure 2.4, the following sections analyze the future landscape of competition.

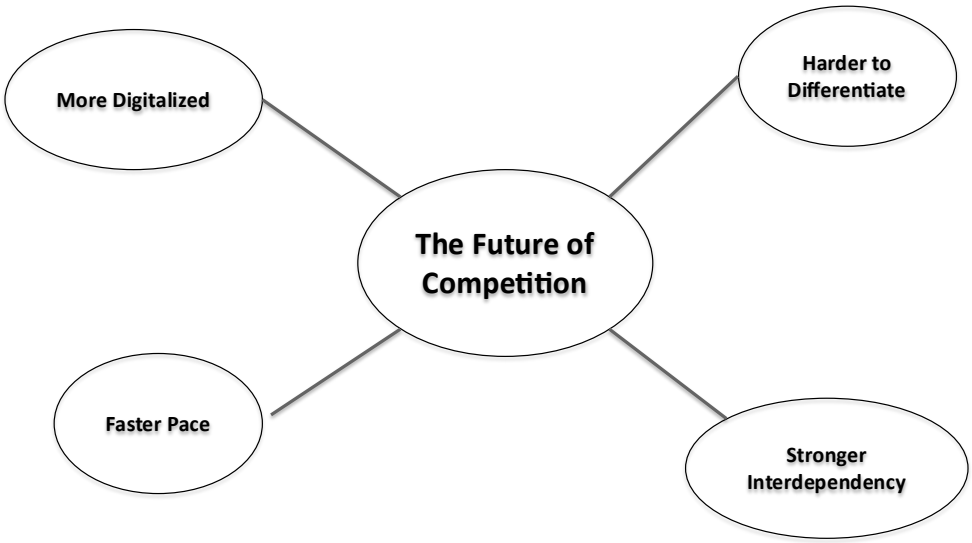

Figure 2.4 The Future of Competition

Source: Adapted from Gracia-Laborda, M., López-Nicolás, C., & Meroño-Cerdán, A. (2026). Competition intensity and business model innovation: The distinctive role of strategic innovation readiness in European family and non-family SMEs. *Technovation*, 156, 103651.

These futures of competition are mutually reinforcing rather than independent forces: deeper digitalization accelerates the competitive pace, faster cycles intensify interdependence, and heightened interdependence makes differentiation increasingly difficult to sustain through products or positions alone. Collectively, these dynamics redefine the meaning of competitive advantage. In this emerging competitive landscape, advantage is less positional and less product-centric and instead becomes more relational, more temporal, and more deeply rooted in dynamic capabilities specifically, the ability to orchestrate partnerships, rapidly reconfigure resources, and continually adapt to shifting competitive configurations.

More Digitalized

The future of competition is being profoundly reshaped by digital transformation, which has moved from a peripheral support function to the core architecture of competitiveness. Digitalization now defines how firms create, deliver, and sustain value across industries.

Digital transformation functions as a dynamic capability that enables firms particularly in the service sector to reconfigure value creation processes, operational routines, and business models. It exerts a direct positive effect on competitive advantage while also indirectly enhancing performance by strengthening entrepreneurial orientation. Rather than improving outcomes solely through technological adoption, digital transformation fosters organizational behaviors such as innovativeness, proactiveness, and calculated risk-taking, which are essential for competing under conditions of turbulence. Importantly, the competitive benefits of digital transformation are contingent upon complementary organizational capabilities, especially innovation capabilities, which reinforce the links between digital initiatives, entrepreneurial orientation, and superior competitive outcomes. Thus, the strategic value of digital transformation lies not in technology deployment alone, but in its integration with organizational capabilities that enable firms to sense opportunities, reconfigure resources, and sustain advantage in dynamic markets (Shehadeh et al., 2023).

Organizational digitalization should be understood as an evolutionary continuum rather than a discrete shift. This process progresses from

digitization the technical conversion of analog information into digital form through the digitalization of processes and offerings, and ultimately toward digital transformation, which entails a fundamental strategic and organizational reconfiguration around digitally enabled value creation. True digital transformation extends beyond the adoption of digital tools to encompass deep changes in business models, decision-making logics, and organizational culture. Future competitive advantage increasingly depends on the extent to which firms institutionalize data-driven decision-making, automation, and artificial intelligence as core elements of their operating logic. This shift signals a systemic reorientation of organizational identity, structure, and strategy toward a digital-first paradigm (Omol, 2023).

Consequently, digitalized competition increasingly resembles a race of adaptive intelligence, where success depends on continuous learning, ecosystem connectivity, and the integration of human and technological capabilities.

Harder to Differentiate

In increasingly digital markets, traditional sources of differentiation such as product features and brand positioning are weakening under conditions of information symmetry and commoditization. Digital technologies reduce asymmetries between firms and customers, making offerings easier to compare and substitute.

Product digitization undermines firms' ability to sustain differentiation based on physical attributes, as digital formats dematerialize features such as design, material quality, and presentation that previously supported distinct market positioning. As a result, firms particularly those that historically relied on physical differentiation are compelled to reorient their strategies toward nonphysical attributes to preserve competitive advantage. This strategic shift primarily manifests as an increased emphasis on content-related differentiation rather than experiential or ecosystem-based mechanisms. However, this repositioning is neither uniform nor unconstrained. Firms' ability to pursue nonphysical differentiation is shaped by internal cost structures and external demand conditions within specific product categories. Accordingly, product digitization induces a selective and cost-sensitive

reallocation of differentiation efforts rather than a universal shift toward platform- or ecosystem-based strategies (Miller & Wang, 2024).

Heightened price transparency further intensifies these challenges. The proliferation of online price comparison platforms substantially reduces consumers' willingness to tolerate price premiums, thereby compressing margins and weakening brand-based differentiation. Customers who rely on comparison platforms exhibit significantly lower price tolerance than those who arrive through non-comparison channels, indicating that transparency amplifies price sensitivity. Although repeat purchasing has traditionally been associated with loyalty and greater price tolerance, this effect is modest in digital contexts and diminishes further when purchases are mediated by comparison sites. In such environments, relative price rank dominates purchase decisions. Consequently, repeat purchasing increasingly reflects pragmatic considerations such as convenience, trust, and perceptions of fair pricing rather than emotional attachment or perceived uniqueness. These dynamics imply that firms can no longer rely primarily on intrinsic product features or brand loyalty to sustain competitive advantage. Instead, competitiveness increasingly depends on reducing perceived risk, ensuring transparent and fair pricing, and leveraging data-driven personalization and relationship management to maintain customer trust in highly transparent markets (Berends & Gerpott, 2025). Differentiation thus becomes a continuous, data-mediated process of relationship management rather than a static outcome of product variation.

Faster Pace

The acceleration of technological change and market volatility compels organizations to treat strategic agility as a survival imperative rather than an optional capability. Competitive advantage increasingly depends on firms' ability to adapt continuously to shifting conditions.

High-growth international ventures face a persistent tension between sustaining rapid expansion and maintaining organizational coherence and operational reliability. Agility in this context should not be understood as speed alone, but as a multidimensional capability encompassing flexibility, responsiveness, stability, continuity, and the management of time and pace. This broader conception of agility enables firms to address competing

strategic demands such as local versus global coordination, short-term responsiveness versus long-term scalability, and change versus stability without privileging one dimension at the expense of others. Superior performance in dynamic international environments derives from ventures' ability to sense emerging changes, make timely decisions, and iteratively recalibrate strategies in real time. Crucially, such agility is sustained through deliberate organizational design and routines that combine fast decision-making with selective responsiveness and stabilizing mechanisms, allowing firms to outperform rivals that rely on static planning and linear growth logics (Hagen et al., 2024).

Strategic agility is also increasingly recognized as a foundational capability for business model innovation. Rather than denoting reactive speed, strategic agility represents an integrated, processual capability grounded in strategic sensitivity, leadership unity, and resource fluidity. These interdependent meta-capabilities enable firms to align opportunity recognition, coherent decision-making, and flexible resource reallocation across the stages of business model innovation. Agility in this sense reflects continuous strategic synchronization, in which firms align innovation cycles with the intensity and volatility of environmental change (Mueller-Saegebrecht & Walter, 2025).

Consequently, future competition will reward organizations that institutionalize agility as a systemic process, enabling them to renew business models proactively rather than responding belatedly to external disruption.

Stronger Interdependency

Competition in the digital age is increasingly defined by interdependency rather than isolation. Firms operate within interconnected ecosystems where value creation depends on managing simultaneous competition and cooperation—a strategic condition commonly described as coopetition.

Within such ecosystems, firms' absorptive capacity their ability to acquire, assimilate, transform, and exploit external knowledge emerges as a critical mechanism for realizing the benefits of coopetition. Coopetition does not directly improve performance; instead, it facilitates access to valuable knowledge from competitors, which enhances absorptive capacity. This

strengthened absorptive capacity enables firms to translate shared knowledge into greater supply chain agility, supporting faster reconfiguration of relationships, more effective responses to market changes, and superior operational adaptation. Supply chain agility thus functions as the operational conduit through which knowledge advantages are converted into performance gains. Value creation in contemporary ecosystems therefore depends not on rivalry or collaboration in isolation, but on firms' ability to absorb externally sourced knowledge and leverage it to balance shared innovation with competitive positioning (Riquelme-Medina et al., 2022).

Interdependency is also evident in investor networks, where competition and cooperation coexist through embedded relational and structural mechanisms. Relational embeddedness, developed through repeated interactions and trust-based ties, facilitates open communication, reduces opportunism, and sustains cooperation under competitive pressure. Structural embeddedness, created through indirect and network-spanning connections, provides access to diverse information and strategic flexibility, allowing actors to balance knowledge sharing with vigilance toward rivals. Ecosystem stability and performance are maximized not by eliminating competition, but by calibrating it appropriately. Moderate rivalry can be productive when trust is limited, while lower levels of competition are more effective when relational embeddedness is high. Interdependency thus represents not a source of vulnerability, but a deliberately structured architecture that enhances resilience and performance in uncertain, networked environments (Zhong et al., 2025).

Overall, the future of competition will be less defined by zero-sum rivalry and more by firms' ability to orchestrate networks of interdependence. Competitive success increasingly hinges on managing collaborative ecosystems in which advantage arises from the strategic coordination of relationships rather than isolated firm-level positioning.

2.5 Competitive Strategies

Contemporary competitive strategies increasingly shift from static positioning toward dynamic, capability-driven approaches suited to uncertainty and rapid change. Strategy remains a matter of intent and positioning, defining where and how the firm seeks to compete. Capabilities

function as execution and renewal mechanisms, enabling those strategic choices to be implemented, adapted, and recombined over time. Dynamic capabilities do not replace strategy; rather, they condition when and how strategy produces performance by enabling ongoing alignment between strategic intent and evolving environmental conditions.

Dynamic strategic planning conceptualized as a flexible and routinized planning process integrating clarity of strategic intent, shared responsibility, and adaptive action does not directly enhance financial performance. Its competitive value is realized indirectly through the development and reconfiguration of operational capabilities. Although continuous environmental scanning and iterative strategic adjustment strengthen a firm's capacity to sense and respond to change, these planning activities translate into superior competitive performance only when enacted through enhanced operational routines, such as flexibility, reliability, innovation, and cost efficiency. Accordingly, dynamic strategic planning serves as a coordinating mechanism that aligns strategy with operational execution, while performance gains arise primarily from capability renewal rather than from planning flexibility alone (Ojha et al., 2020).

Building on this foundation, dynamic capabilities emerge as the central mechanism through which firms particularly small and medium-sized enterprises build and sustain competitive advantage in dynamic and resource-constrained environments. By enabling firms to continuously align, renew, and reconfigure their resource bases in response to environmental change, dynamic capabilities help overcome the limitations of static resources. Importantly, these capabilities do not constitute a direct source of competitive advantage; instead, their effects are largely mediated through innovation capacity, managerial competence, and organizational performance. In this sense, the strategic value of sensing, seizing, and reconfiguring lies not merely in responsiveness, but in their ability to support sustained innovation and performance under conditions of turbulence and uncertainty (Fabrizio et al., 2022).

The effectiveness of competitive strategies is further contingent upon environmental conditions. Coopetition the simultaneous pursuit of competition and selective collaboration with rivals tends to be particularly advantageous in contexts characterized by intense rivalry and rapid

technological change. In such settings, collaboration enables firms to access complementary resources, share risks, and accelerate innovation. Conversely, in relatively stable environments with lower levels of uncertainty, predominantly competitive strategies are generally more effective, as extensive collaboration with competitors may offer limited incremental benefits (Crick et al., 2024).

From a demand-side perspective, customer-centric competitive strategies increasingly emphasize experience design as a core basis for differentiation, especially in experiential and service-oriented markets. Customer value emerges not solely from product attributes, but from holistic consumption experiences shaped by service quality, accessibility, and contextual interactions. In settings such as night markets, value is co-created through interactive encounters, atmospheric conditions, and service environments that align with customer expectations and preferences, underscoring the experiential nature of competitive differentiation (Suvittawat, 2024).

Digitalization further reconfigures competitive strategy by enabling platform-based business models that support rapid cross-border scalability while transforming how firms organize and coordinate economic activity. Digital platforms function as strategic infrastructures that orchestrate ecosystems of users, complementors, and partners by leveraging network effects, data-driven learning, and modular digital architectures. As a result, competition increasingly shifts from individual firms or industries toward platform-centric ecosystems, where competitive advantage is shaped by interdependence, governance structures, and the geographic reach of network effects (Logue et al., 2025).

To remain competitive within these complex and interdependent ecosystems, firms increasingly adopt open innovation as a structured strategic approach to extending dynamic capabilities beyond organizational boundaries. Rather than treating openness as ad hoc collaboration, open innovation enables the systematic integration and recombination of external knowledge, technologies, and resources across the sensing, seizing, and transforming phases of dynamic capabilities. Through permeable boundaries, collaborative ecosystems, and deliberate resource orchestration, firms enhance their ability to identify emerging opportunities, mobilize

complementary assets, and continuously reconfigure internal and external competencies. Crucially, this boundary-spanning orientation does not undermine strategic coherence; instead, it necessitates intentional governance and knowledge management practices to ensure alignment between externally sourced innovation and strategic objectives (Stoeber & Kanbach, 2025).

Competition within digital platform ecosystems is increasingly shaped by cross-category innovation, whereby platforms leverage existing technological architectures, data assets, and user bases to expand into adjacent domains. Such expansion does not merely extend product scope but enables the transfer and amplification of network effects across markets, reshaping competitive structures and reinforcing ecosystem dependence. Consequently, competitive advantage in platform ecosystems derives not only from rivalry within individual categories, but from the dynamic orchestration of network effects and the strategic reallocation of value across interconnected markets (Sun et al., 2025). Competitive strategy in EV charging station entrepreneurship emphasizes integrating technical capability, infrastructure readiness, geographic demand, and financial viability to achieve sustainable advantage. Strategic site selection enhances cost efficiency, market reach, and user convenience, enabling entrepreneurs to strengthen competitiveness, profitability, and long-term positioning in emerging electric mobility markets **(Suvittawat & Suvittawat, 2024).**

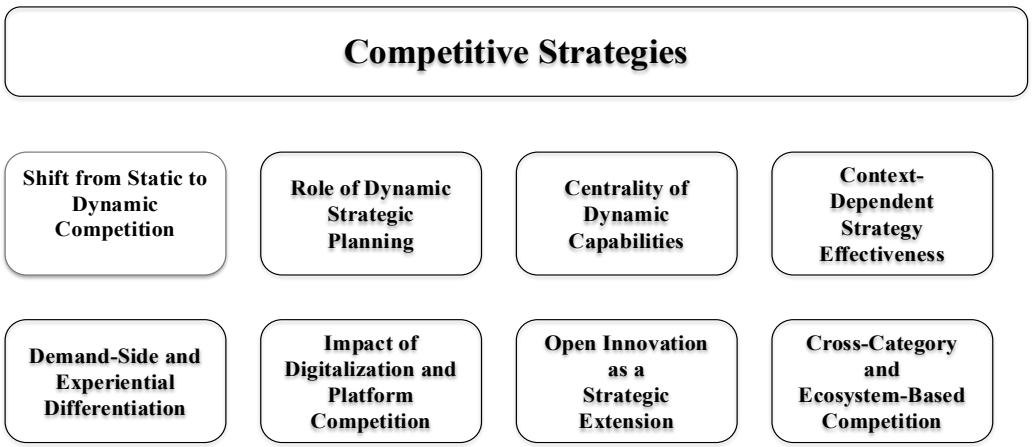

Figure 2.5 Competitive Strategies

Source: Adapted from Melesse, H. S., & Knatko, D. M. (2024). The contingent effects of strategic orientations and strategic capabilities on competitive performance: Evidence from Ethiopian manufacturing enterprises. *Heliyon*, 10(15), e35497

As illustrated in Figure 2.5, competitive strategies are increasingly dynamic, ecosystem-oriented, and capability-based, emphasizing adaptability, innovation, collaboration, and experience-driven value creation within digitally enabled and interdependent competitive environments.

Case Study of Chapter 2

The Drivers of Customer Experience in Thailand's Night Markets

Adapted Reprint from:

Suvittawat, A. (2024). Exploring Customer Experience Drivers in Night Markets: Examining the Roles of Product Preference, Service Quality, and Facility Accessibility. Tourism and Hospitality, 5(4), 1477-1492. https://doi.org/10.3390/tourhosp5040082

1. Introduction

Night markets play a significant role in promoting local economic development by supporting commodity trading, entrepreneurship, and small-scale manufacturing, while also serving as social and cultural hubs and tourist attractions. They provide affordable products, diverse cultural experiences, and a relaxed nighttime atmosphere that encourages consumer participation. Each night market has distinct characteristics shaped by its location, consumer preferences, and ambiance, particularly the cooler and more enjoyable nighttime environment, which differentiates them from daytime markets and influences consumer behavior.

In addition to offering a wide range of products, night markets emphasize creativity and uniqueness, as vendors must differentiate their goods to remain competitive. Products range from food and beverages to clothing, handicrafts, vintage items, and other specialty goods, often sold through innovative setups such as ground displays or modified vehicles. Teenagers represent a major customer group, viewing night markets as both shopping destinations and social gathering spaces. Overall, night markets have evolved into multifunctional spaces that combine commerce, culture, and leisure to meet increasingly diverse consumer needs.

This case study employs survey data and structural equation modeling (SEM) to examine the effects of product preference (PP), service quality (SQ), and facilities (FA) on customer experience (CE) in night markets. Collectively, these variables provide a comprehensive understanding of customer behavior, satisfaction, and engagement within night market environments, and yield actionable insights for enhancing overall customer experience.

2. National Context: Drivers of Customer Experience in Thailand's Night Markets

Thailand's night markets represent a distinctive retail and social environment that integrates commerce, culture, and leisure within local communities. These markets function not only as spaces for buying affordable and diverse products but also as vibrant social hubs and tourist attractions that reflect local identity and lifestyle. Their nighttime setting, informal atmosphere, and variety of offerings ranging from food and beverages to clothing, handicrafts, and creative goods create a unique consumption context that differentiates night markets from conventional retail venues.

Customer experience in Thailand's night markets is shaped by multiple interconnected drivers rooted in consumption value and service encounters. Product-related factors such as variety, uniqueness, pricing, and perceived value play a central role in attracting customers and sustaining interest. Night market products are often evaluated not only on functional attributes but also on symbolic and experiential value, including novelty, creativity, and alignment with consumers' personal styles. These attributes contribute to emotional engagement and enjoyment, which are integral to the overall market experience.

Beyond products, the experiential quality of night markets is reinforced by service interactions and the physical environment. Friendly, responsive, and trustworthy vendor behavior enhances comfort and confidence during the purchasing process, while physical facilities such as location accessibility, parking, cleanliness, lighting, and ambience support convenience and prolonged visits. Together, product appeal, service encounters, and facility conditions interact to create a holistic customer experience that underpins satisfaction, repeat visitation, and the enduring popularity of night markets within Thailand's urban and local economies

3. Methodology and Research Framework

The empirical foundation of this case study is a quantitative survey administered to 201 respondents, complemented by structural equation

modeling (SEM) for hypothesis testing. The survey includes measures capturing four key constructs:

Product Preference (PP) – price discount, value-added, brand preference, and product packaging.

Service Quality (SQ) – image, responsiveness, reliability, and technology excellence.

Facilities (FA) – parking area, location, toilets, and ambience.

Customer Experience (CE) – sale utilization, customer regain, customer personalization, and customer retention.

Reliability and validity assessments reveal strong factor loadings ranging from 0.707 to 0.925 and Cronbach's alpha coefficients exceeding 0.80, indicating high internal consistency. The model fit indices (RMSEA = 0.000, GFI = 0.951, CFI = 1.000) further confirm an excellent model fit.

Eight hypotheses examine the direct and mediating effects among the variables, providing a comprehensive understanding of how product preference, service quality, facilities, and customer experience interact within Thailand's night market context.

4. Findings and Discussion

4.1 Product Preference (PP): price discount, value-added, brand preference, and product packaging

Among all variables, Product Preference (PP) exhibits the strongest and broadest influence. Product Preference (PP) significantly affects:

- Customer Experience (CE) ($\beta = 0.465$)
- Service Quality (SQ) ($\beta = 0.209$)
- Facilities (FA) ($\beta = 0.585$)

These results reveal that the central role of product preference in shaping customer outcomes within Thailand's night markets. Product preference has a strong and positive effect on customer experience, indicating factors such as price discounts, perceived value, brand preference, and product packaging directly enhances customers' emotional responses, satisfaction, and overall shopping experiences. Product preference is shown

to positively influence service quality, suggesting that when customers perceive products as attractive and aligned with their needs, they also evaluate service interactions such as responsiveness, reliability, and technological support more favorably. Product preference positively affects facility perceptions, implying that favorable product evaluations extend to customers' judgments of supporting facilities, including parking, location, toilets, and ambience. Collectively, these results demonstrate that product preference functions as a foundational driver that not only directly enhances customer experience but also indirectly shapes perceptions of service quality and facilities in night market settings.

4.2 Service Quality (SQ): image, responsiveness, reliability, and technology excellence

Service Quality (SQ) significantly influences Customer Experience (CE) ($\beta = 0.180$)

This result reveals that service quality has a positive and significant influence on customer experience in night markets, indicating that high-quality service particularly as reflected in effective service outcomes and positive interactions between vendors and customers directly enhances customers' overall experiences and fosters satisfaction and loyalty. In service-oriented environments such as night markets, consistent responsiveness, trustworthiness, and the quality of relational exchanges between service providers and customers are essential in shaping favorable experiential perceptions. Consequently, improving service quality should be viewed not merely as an operational concern but as a strategic mechanism for strengthening customer experience, sustaining repeat patronage, and promoting long-term business growth in night market contexts.

4.3 Facilities (FA): parking area, location, toilets, and ambience

Facilities (FA) significantly influence:

- Service Quality (SQ) ($\beta = 0.581$)
- Customer Experience (CE) ($\beta = 0.261$)

These results reveal that facilities play a critical foundational role in shaping both service quality and customer experience in night markets. Well-maintained and accessible facilities such as adequate parking, clean

restrooms, clear layouts, and a pleasant ambience significantly enhance perceived service quality by improving convenience, comfort, and operational effectiveness for both vendors and customers. In addition, facilities exert a direct and positive influence on customer experience, reinforcing the notion that tangible environmental factors are integral to how customers evaluate and emotionally respond to night market visits. Facilities not only support effective service delivery but also function as experiential cues that shape satisfaction, enjoyment, and overall perceptions of value, thereby underscoring their strategic importance in creating favorable and memorable night market experiences.

4.4 The Mediating Roles of Service Quality (SQ) and Facilities (FA) in the Relationship between Product Preference (PP) and Customer Experience (CE)

The mediating roles of service quality and facilities in the relationship between product preference and customer experience in night markets. The findings indicate that service quality fully mediates this relationship, suggesting that customers' product preferences enhance customer experience primarily through improved service interactions, responsiveness, and reliability rather than through a direct pathway alone. In contrast, facilities serve as a partial mediator, meaning that while product preference continues to have a direct influence on customer experience, well-maintained and accessible facilities such as parking, restrooms, location convenience, and ambience significantly strengthen this effect. Collectively, these results underscore that customer experience in night markets is not driven solely by attractive products; instead, it is co-created through supportive service quality and enabling physical environments, with service quality playing a more dominant mediating role than facilities.

4.5 Customer Experience (CE): sale utilization, customer regain, customer personalization, and customer retention.

Customer Experience (CE) is directly shaped by:

- Product Preference (PP)
- Service Quality (SQ)
- Facilities (FA)

Customer experience (CE) in night markets is directly shaped by product preference (PP), facilities (FA), and service quality (SQ), highlighting their complementary and reinforcing roles. Product preference exerts a strong and positive influence on customer experience, as customers derive greater experiential value when products align with their tastes in terms of price discounts, perceived value, branding, and packaging, thereby enhancing satisfaction and repeat purchasing intentions. Facilities such as adequate parking, convenient location, clean restrooms, and a pleasant ambience significantly enhance customer experience by providing comfort, convenience, and a supportive physical environment that facilitates consumption and enjoyment. Furthermore, service quality has a positive and significant effect on customer experience, indicating that responsiveness, reliability, technological excellence, and a positive service image directly contribute to favorable interactions and emotional responses among customers. Taken together, customer experience in night markets is a multidimensional construct that emerges from the simultaneous influence of attractive products, well-maintained facilities, and high-quality service delivery.

5. Synthesis

The case study illustrates that customer experience in Thailand's night markets is shaped by the integrated effects of product preference, service quality, and facility accessibility, with product preference emerging as the most influential driver both directly and indirectly. Customers' perceptions of value, pricing, branding, and product presentation strongly condition their overall experiences, while service quality and facilities function as critical mechanisms that reinforce and transmit these effects. Well-managed facilities such as parking, restrooms, location, and ambience not only enhance convenience and comfort but also strengthen perceived service quality, thereby amplifying customer satisfaction and engagement. Collectively, customer experience in night markets is not determined by isolated factors, but rather by a synergistic system in which tangible and intangible elements jointly contribute to satisfaction, loyalty, and sustained market attractiveness.

Thailand's night markets exemplify micro-level competition under strong social and cultural embeddedness, where vendors operate with limited resources and minimal technological leverage. In this context, differentiation

is achieved not through scale or innovation intensity, but through experience design specifically the capability to align products, service interactions, and physical settings with localized customer expectations.

- Market driver: Intensified experiential competition in dense, informal retail environments, shifting advantage toward experiential quality rather than price or scale.
- Customer change: Customers evaluate value holistically, integrating product appeal, pricing cues, service responsiveness, and facility convenience into a unified experience judgment.
- Experience-based differentiation: Product preference functions as the primary experiential driver, while service quality and facilities act as reinforcing mechanisms that translate product appeal into satisfaction, loyalty, and sustained market attractiveness.

6. Conclusion

This case study applies customer service theory to examine how product preference, service quality, and facilities shape customer experience in night markets, with the ultimate goal of fostering customer satisfaction and loyalty. The findings contribute to both theoretical and practical understanding by confirming that customer experience is influenced by multiple, context-specific factors. Product preferences significantly affect purchasing decisions and emotional satisfaction, while service quality dimensions vary in importance across business types, emphasizing the need for sector-specific service strategies. Facilities, when combined with service quality, also play a crucial role in enhancing customer experience.

Practically, the case study provides actionable guidance for night market vendors. Entrepreneurs should differentiate products through creative offerings, value addition, competitive pricing, and attractive packaging. Service quality can be improved by building trust, responsiveness, and professionalism, supported by technologies such as digital payment systems. Well-managed facilities including convenient parking, clean restrooms, adequate lighting, and clear signage are essential for comfort and accessibility. Additionally, effective offline and online marketing, data-driven understanding of customer preferences, and sustainability practices can collectively enhance market image, strengthen customer engagement, and encourage repeat visitation.

Case Study Questions

1. How do product preferences (e.g., price discounts, value-added features, branding) influence overall customer experience in night markets?
2. In what ways does service quality mediate the relationship between product preference and customer experience?
3. Which facility factors (parking, location, restrooms, ambience) most strongly affect customer experience, and why?
4. How can night market vendors prioritize investments between service quality improvements and facility enhancements under limited resources?
5. What strategic actions should night market operators take to enhance customer loyalty based on the interaction of product preference, service quality, and facilities?

Chapter Summary

Competition and innovation are shaped by five interrelated drivers technology, political/legal, social/cultural, economic, and market forces that collectively define the conditions under which firms operate. Technological change acts as a foundational enabler, embedding digital platforms, data infrastructures, and analytics into value creation and entrepreneurial processes. Political and legal environments introduce a dual logic: while adaptive regulation can enable productive entrepreneurship and innovation, weak governance may foster rent-seeking behavior and distort competition. Social and cultural forces influence consumption patterns, legitimacy, and entrepreneurial engagement through shared values, identity, and trust mechanisms. Economic drivers, particularly policy uncertainty and macroeconomic volatility, constrain long-term investment and innovation, disproportionately affecting SMEs. Finally, market drivers such as competition intensity and turbulence heighten the importance of entrepreneurial marketing and customer-centric capabilities, compelling firms to transform uncertainty into opportunity through proactive and innovative strategies.

Change is conceptualized as environmental dynamism, defined by the speed and unpredictability of shifts in markets, technologies, competition, and institutions. Such dynamism amplifies the strategic value of flexibility, learning, and dynamic capabilities. Firms must continuously sense and interpret changes across four dimensions: the external environment, competitor behavior, evolving customer expectations, and internal organizational capabilities. Competitive pressure functions both as a catalyst for efficiency and innovation and as a selection mechanism that disadvantages less adaptive firms. On the demand side, customer change necessitates a capability-based view of customer orientation, where systematic sensing-and-response routines transform customer knowledge into innovation and performance. Ultimately, organizational outcomes under change depend less on declared strategic orientations and more on firms' ability to deploy and reconfigure complementary capability portfolios aligned with environmental conditions.

In environments characterized by technological turbulence and ecosystem interdependence, firms increasingly compete through a blend of

rivalry and collaboration, known as coopetition. Competition and cooperation are no longer mutually exclusive but coexist as intertwined strategic logics. Open innovation, peer innovation among start-ups, and platform-based ecosystems exemplify how firms access complementary resources while preserving strategic autonomy. Effective competition under these conditions requires deliberate governance of relationships, power asymmetries, and knowledge flows to manage tensions and prevent opportunism. At the ecosystem level, competitive advantage emerges from structured interdependence, where coordination mechanisms, shared value creation, and ecosystem design shape long-term outcomes. Consequently, competing amid the drivers demands strategic ambidexterity the capability to balance short-term rivalry with long-term collaborative positioning within evolving ecosystems.

The future of competition is defined by four structural shifts: deeper digitalization, increasing difficulty of differentiation, accelerated competitive pace, and stronger interdependency. Digital transformation becomes the core architecture of competitiveness, functioning as a dynamic capability that reshapes business models and organizational logic. As digital markets reduce information asymmetries and increase transparency, traditional differentiation based on products and brands erodes, pushing firms toward experience-based, relational, and data-driven differentiation. The accelerated pace of change elevates strategic agility from an optional attribute to a survival requirement, emphasizing continuous sensing, iterative decision-making, and resource fluidity. Finally, competition increasingly unfolds within ecosystems characterized by interdependence, where value creation depends on managing coopetition, absorptive capacity, and network relationships. Competitive advantage thus shifts from isolated positioning toward the orchestration of interconnected actors and capabilities.

Contemporary competitive strategies reflect a transition from static positioning toward dynamic, capability-driven approaches suited to uncertainty and complexity. Dynamic strategic planning enhances competitiveness indirectly by enabling the development and renewal of operational capabilities rather than directly improving performance. Dynamic capabilities particularly sensing, seizing, and reconfiguring form the core mechanism through which firms sustain advantage, especially in resource-

constrained and turbulent environments. The effectiveness of competitive strategies is contingent on contextual conditions: coopetition is most beneficial under high competitive intensity and technological turbulence, whereas purely competitive strategies perform better in stable markets. On the demand side, customer-centric strategies increasingly emphasize experience design and value co-creation rather than product attributes alone. Digital platforms, open innovation, and cross-category expansion further redefine competition, shifting strategic focus toward ecosystem governance, network effects, and boundary-spanning capability orchestration.

Chapter Review Questions

Review Question 1:

How do the five drivers technological, political/legal, social/cultural, economic, and market interact to reshape competitive conditions, and why is it insufficient for firms to analyze these drivers in isolation when anticipating disruption and identifying long-term value creation opportunities?

Review Question 2:

Why should change be conceptualized as environmental dynamism rather than as discrete external shocks, and how does this perspective alter firms' understanding of the role of capabilities, learning, and leadership in sustaining competitive performance?

Review Question 3:

In environments characterized by uncertainty and ecosystem interdependence, how does coopetition function as a strategic capability rather than a tactical choice, and what managerial challenges arise in balancing rivalry and collaboration over time?

Review Question 4:

How do digitalization, weakened differentiation, accelerated competitive pace, and stronger interdependency collectively redefine the nature of competitive advantage, and what strategic implications do these shifts hold for firms operating within digital ecosystems?

Review Question 5:

Why do contemporary competitive strategies emphasize dynamic capabilities and capability renewal over static positioning, and how do mechanisms such as dynamic strategic planning, open innovation, and platform-based competition jointly shape sustained competitive advantage?

Chapter Exercises

Exercise 1:

Select one industry of your choice (e.g., retail, healthcare, agriculture, digital services).

1. Identify how each of the five drivers technology, political/legal, social/cultural, economic, and market has influenced competitive conditions in the industry over the past five years.
2. Explain which two drivers currently exert the strongest impact on firm strategy and justify your reasoning.
3. Discuss how interactions among these drivers may create strategic opportunities or constraints for firms operating in the industry.

Exercise 2:

Consider a firm operating in a highly dynamic market.

1. Analyze how change manifests across the four dimensions discussed in the chapter:
   - External environment
   - Competitors
   - Customers
   - Company capabilities and governance
2. Explain why strategic orientations alone are insufficient under high environmental dynamism.
3. Propose two organizational capabilities that would enable the firm to translate environmental change into sustained competitive performance.

Exercise 3:

Assume you are advising a technology-based SME embedded in an innovation ecosystem.

1. Explain why pure competition or pure collaboration is inadequate in highly interdependent markets.

2. Analyze one situation in which coopetition would enhance the firm's competitive position and one situation in which it could increase strategic risk.
3. Recommend governance mechanisms that would allow the firm to manage competitive tensions while preserving strategic autonomy.

Exercise 4:

Using the four dimensions of future competition greater digitalization, harder differentiation, faster pace, and stronger interdependency:

1. Identify which dimension poses the greatest strategic challenge for firms in the next decade and explain why.
2. Discuss how this dimension changes the meaning of sustainable competitive advantage.
3. Evaluate how firms must redesign their strategies and capabilities to remain competitive under this future competitive logic.

Exercise 5:

You are tasked with redesigning the competitive strategy of an SME facing rapid market and technological change.

1. Explain why static positioning strategies are insufficient in this context.
2. Analyze how dynamic strategic planning contributes indirectly to competitive performance through capability development.
3. Propose a coherent competitive strategy that integrates dynamic capabilities, selective coopetition, and customer-centric value creation.

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Chapter 3: Managing and Engaging Empowered Customers in Digital and Platform-Based Markets

Course Learning Outcomes (CLO):

1. Analyze how progressive organizational approaches support sustained competitive advantage in dynamic market environments.
2. Evaluate the implications of increased customer connectedness, information access, and bargaining power for contemporary marketing and value creation strategies.
3. Apply digital marketing capabilities and business model adaptability to design effective customer management strategies in digitally mediated markets.
4. Design integrated customer engagement strategies that leverage platforms, partnerships, solution-oriented offerings, support services, and value-based communication.
5. Assess the role of proactive strategies in anticipating change, enhancing resilience, and driving long-term organizational and entrepreneurial performance.

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3.2 The Connected Customers

3.3 Customer Management

3.4 Navigating Customers

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3.1 Progressive Approach

This section establishes the progressive approach as a foundational shift in organizational logic, emphasizing continuous adaptation and value co-creation, which ultimately reshapes how firms relate to and are evaluated by customers.

The progressive approach is best understood as an integrated market navigation logic that orchestrates strategic orientation and capability configuration rather than belonging to either in isolation. It specifies how firms continuously interpret market signals, prioritize opportunities, and sequence actions over time by pragmatically combining adaptive learning, forward-looking intent, and disciplined execution. Unlike dynamic capabilities alone, which focus primarily on sensing, seizing, and reconfiguring internal resources, the progressive approach embeds these capabilities within an explicit logic of market progression and competitive path-shaping. Unlike ambidexterity alone, which emphasizes structural or temporal balance between exploration and exploitation, the progressive approach explains the directional logic that guides when, why, and toward what ends exploration and exploitation are pursued. Finally, unlike digital transformation alone, which centers on technology-enabled change, the progressive approach treats digital tools as contingent enablers within a broader logic of market navigation, not as the primary driver of strategic progression.

In an era characterized by digital disruption and rapidly evolving consumer expectations, organizations must adopt a progressive approach to secure and sustain a strong market position. This approach is grounded in adaptability, innovation, and the strategic integration of digital and organizational capabilities, enabling firms to respond proactively to increasingly complex and dynamic competitive environments.

Digital transformation platforms constitute a foundational mechanism for enhancing firm competitiveness by reconfiguring operational processes, improving supply chain coordination, and deepening customer engagement, particularly in emerging market contexts. Rather than representing a discrete technological upgrade, digitalization reflects a strategic reorientation in which firms integrate e-commerce platforms, customer relationship

management systems, and digital marketing tools into a cohesive ecosystem that reshapes value creation, organizational routines, and stakeholder interactions. Through this integrative process, firms can reduce operational inefficiencies, expand market reach, and deliver personalized, data-driven offerings, thereby reinforcing market position and supporting sustainable growth within complex business-to-business environments (Fatorachian & Ramesh, 2025).

The pace of digital transformation further exerts a decisive influence on firms' competitive positions in product markets. Accelerated digital transformation enhances competitiveness by strengthening information-processing capabilities, reducing customer and supplier concentration, and improving total factor productivity. Although rapid transformation may introduce coordination and governance challenges, empirical evidence does not support the notion that speed inherently undermines organizational coherence. Instead, firms that move swiftly while aligning transformation speed, resource allocation, and contextual fit are better positioned to secure and sustain competitive advantage over time (M. Wang et al., 2025).

Beyond technological advancement, organizational adaptability plays a critical role in market positioning. A multidimensional perspective on balancing exploration and exploitation emphasizes that firms must simultaneously pursue innovation and experimentation while maintaining efficiency and operational consistency. Rather than framing exploration and exploitation as a simple trade-off, this approach highlights how competitive intensity, organizational capabilities, and environmental conditions jointly shape firms' ability to integrate both logics in practice. By reinforcing complementary elements such as leadership, knowledge management, and strategic alignment, firms can develop ambidextrous configurations that support continuous innovation without compromising operational stability, thereby strengthening market position in highly competitive environments (Ilahiyyah et al., 2025).

Agility capabilities operationalized through competence, flexibility, responsiveness, and speed represent a key mechanism through which SMEs enhance their competitive position. These capabilities systematically increase the likelihood of market share growth and profit improvement, albeit with differentiated effects. Flexibility exerts the strongest influence on market

share expansion, whereas responsiveness and competence contribute more directly to profitability enhancement. Accordingly, agility functions not merely as a short-term response mechanism but as a structural capability that enables SMEs to withstand environmental turbulence and resource constraints while reinforcing competitiveness over time (Zastempowski & Cyfert, 2023).

Internal organizational culture and leadership orientation further reinforce this progressive paradigm. An internal marketing philosophy shapes a firm's strategic orientation by fostering shared values, a supportive working environment, and people-oriented management practices that enhance employee commitment and desired organizational behaviors. By emphasizing open communication, employee development, teamwork, and value alignment, internal marketing strengthens internal capabilities that underpin market position and organizational development, extending beyond its traditional role as a motivational or engagement tool (Arfara & Samanta, 2022).

Design-led innovation (DLI) represents a forward-looking, problem-centric approach through which firms can generate competitive advantage ex ante by embedding design thinking into strategic management processes. Rather than treating design as primarily aesthetic or product-focused, DLI emphasizes the identification, formulation, and reframing of strategic problems as the central mechanism for uncovering new value-creation opportunities. By engaging diverse stakeholders and iteratively exploring both explicit and latent customer needs, DLI facilitates the generation of new knowledge that informs novel solutions, business models, and organizational capabilities. Competitive advantage thus emerges not from isolated design outputs, but from the firm's ability to institutionalize design-led practices within strategic routines, align people, processes, culture, and technology, and continuously address increasingly complex problems. When effectively embedded, DLI functions as a generative capability that enables firms to move beyond incremental improvements, mitigate obsolescence risk, and establish distinctive positions in turbulent and saturated markets (Ward & Osiyevskyy, 2025).

Within platform-dominated ecosystems, firms must also strategically address product positioning under conditions of platform encroachment. Independent sellers are not passive victims of platform self-entry; rather, they

can sustain competitiveness through deliberate vertical and horizontal positioning decisions. By selecting product quality ex ante (high-end versus low-end positioning) and investing in horizontal differentiation ex post, sellers can soften direct competition with platform-owned products. When consumer preference for platform brands is relatively weak, independent sellers optimally position themselves in higher-quality segments, whereas strong platform preference pressures sellers toward lower-end positioning accompanied by greater differentiation. This strategic logic underscores the importance of foresight and differentiation in mitigating commoditization risks and preserving brand autonomy. More broadly, effective responses to platform encroachment are inherently systemic: successful firms integrate digital awareness of platform dynamics, organizational agility in repositioning, and innovation-driven differentiation. Consequently, a progressive market strategy emerges as an integrative approach that enables firms to move beyond reactive competition and continuously recalibrate strategic relevance and control within evolving platform ecosystems (Wang & Yang, 2024).

As illustrated in Figure 3.1, the progressive approach represents an integrative strategic orientation through which organizations continuously realign digital transformation, organizational capabilities, and market engagement to navigate dynamic and uncertain environments. It encompasses interrelated dimensions digital transformation as strategic reorientation, speed and alignment of transformation, organizational adaptability and ambidexterity, agility as a structural capability, internal culture and leadership orientation, design-led innovation and problem framing, strategic positioning in platform ecosystems, and continuous learning and market shaping which collectively enable firms to sense, seize, and reconfigure resources to sustain competitive advantage over time.

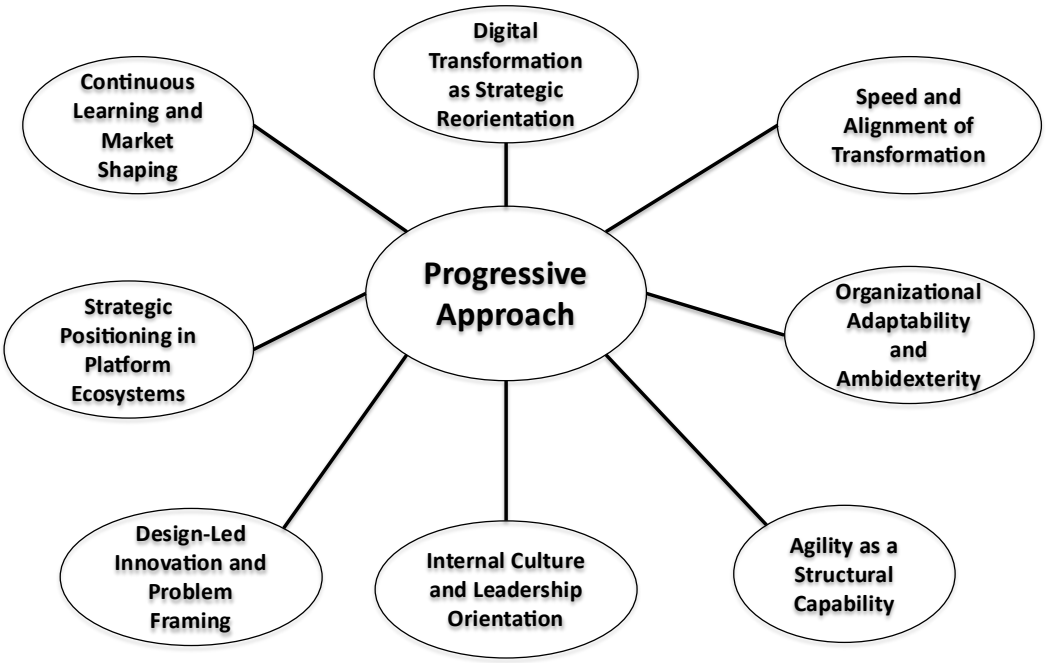

Figure 3.1 Progressive Approach

Source: Adapted from Zastempowski, M., & Cyfert, S. (2023). A new angle on SMEs' competitiveness. How do agility capabilities affect a firm's competitive position? Journal of Organizational Change Management, 36(4), 635-662

In sum, the progressive approach to achieving a strong market position is not a static strategic choice but a dynamic process of continuous learning, technological adaptation, and organizational renewal. By harmonizing digital transformation, internal cultural alignment, agility, and innovation, firms establish a resilient foundation for sustainable competitive advantage. Through this synthesis, organizations transition from passive market participants to active market shapers, capable of redefining competitive boundaries and setting new standards of excellence in an increasingly volatile global economy.

3.2 The Connected Customers

As a demand-side consequence of the progressive approach, connected customers emerge as more informed, empowered, and networked actors whose expectations and behaviors fundamentally alter market dynamics.

Connected customers should be understood as reflecting a structural reconfiguration of market systems rather than a surface-level technological effect: first, they embody a redistribution of informational advantage as access to real-time information, peer knowledge, and algorithmic transparency erodes firms' traditional asymmetries; second, they drive a rebalancing of bargaining power by enhancing customers' ability to compare, coordinate, voice, and exit across platforms and networks; and third, they induce a shift in market governance in which value creation, control, and legitimacy are increasingly negotiated through ecosystems, platforms, and communities rather than dictated unilaterally by firms. In this sense, customer empowerment is systemic and enduring, embedded in the institutional, technological, and social architecture of contemporary markets, and should not be interpreted as a temporary digital trend or a passing consequence of specific technologies.

The emergence of connected customers represents a fundamental transformation in contemporary market dynamics. This transformation is characterized by expanded informational access, heightened evaluative sophistication, and a consequential shift in bargaining power that collectively reshapes how value is assessed, negotiated, and appropriated in digital markets.

As illustrated in Figure 3.2, the following sections analyze connected customers, focusing on increased customer information, heightened customer sophistication, and shifts in bargaining power.

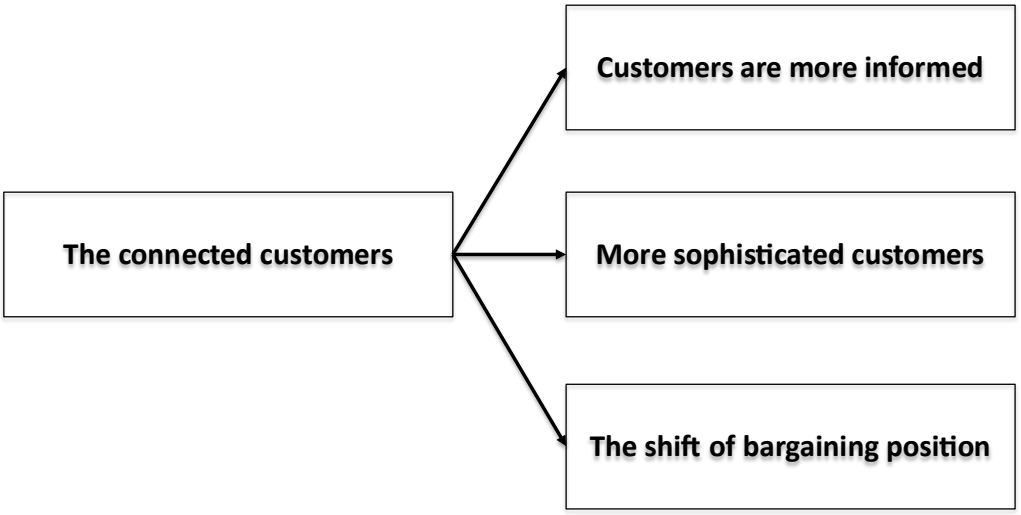

Figure 3.2 The Connected Customers

Source:Adapted from MIT Technology Review Insight (2025). The connected customer. https://www.technologyreview.com/2025/09/03/1121441/the-connected-customer/

Customers are more informed.

Connected customers are increasingly more informed because digital infrastructures have dramatically expanded both the availability of market intelligence and the mechanisms through which information is generated, verified, and disseminated. At the point of purchase, consumers no longer rely primarily on firm-generated claims; instead, they engage in information-intensive evaluation processes that integrate electronic word-of-mouth (eWOM), ratings, and peer-generated commentary to reduce uncertainty, calibrate quality expectations, and justify trade-offs among competing alternatives.

Online reviews serve as particularly salient informational cues that actively shape consumer decision-making in digital environments. Rather than processing review information passively, consumers allocate visual attention selectively especially toward negative reviews, which are perceived

as more diagnostic of potential risk and product shortcomings. This attentional bias transforms browsing behavior into a cognitively effortful screening process, wherein consumers systematically evaluate review content to infer product performance and reduce uncertainty prior to purchase. Visual indicators such as fixation dwell time and fixation count are strongly associated with purchase intentions, indicating that online reviews function as quasi-analytical inputs guiding judgment and choice rather than as peripheral marketing stimuli (Chen et al., 2022).

Beyond peer-generated content, platform-level transparency mechanisms such as clearer disclosure of search-ranking criteria, contractual identities, consumer rights implications, and information provenance also exert a systematic influence on consumer choice. When decision-relevant information is made more explicit and salient, consumers display greater confidence in online transactions and an increased likelihood of product selection. Importantly, transparency does not merely simplify decision-making; it reshapes evaluative processes by enabling more reflective and informed judgments while reinforcing trust in the platform itself (Veltri et al., 2023).

Crucially, the "more informed customer" should not be understood as a passive recipient of market information but as an active participant in its production and circulation. Digital environments enable consumers to share experiential knowledge, usage insights, and cautionary advice at scale, thereby collectively shaping the informational landscape. Consumer-to-consumer digital information and knowledge sharing has consolidated into a distinct multidisciplinary research domain with identifiable antecedents, processes, and outcomes. As a result, customer informedness increasingly emerges from networked, peer-based knowledge creation rather than from unidirectional firm communication (Cruz-Cárdenas et al., 2025).

Collectively, these dynamics shift informational advantage away from sellers toward buyers, raising the baseline for credibility, evidentiary support, and transparency in contemporary marketing communication.

More sophisticated customers.

In digitally interconnected markets, customers have evolved into highly sophisticated and empowered actors. This sophistication is driven by

the diffusion of digital technologies, artificial intelligence (AI), and interactive platforms that provide consumers with unprecedented access to information, alternatives, and personalized experiences.

Contemporary marketing now unfolds within turbulent macro- and micro-environments shaped by economic shocks, rapid digitalization, societal expectations, and evolving consumer behavior. In this context, consumers have become more informed, connected, and engaged, exercising heightened scrutiny over firm actions and brand conduct. Firms that thrive under such conditions are those that develop adaptive and agile marketing capabilities, enabling them to sense environmental change continuously and respond proactively rather than reactively. Marketing effectiveness therefore depends not only on technological sophistication but also on the integration of customer-centric innovation with organizational adaptability, transparency across the customer journey, and alignment with broader social and ethical responsibilities (Hoekstra & Leeflang, 2023).

Customer sophistication is further reinforced by digital engagement ecosystems that reposition consumers as active participants in value creation. Digitalized interactive platforms function as networked environments in which customers invest cognitive, affective, and behavioral resources through ongoing interaction with platform interfaces and processes. This engagement enables value co-creation within a shared interactional space and is expressed through feedback, content-related actions, and continued participation, as well as through the sense of autonomy and competence these platforms afford. Consequently, digital platforms act as sites of empowerment and self-expression, where customers exercise greater control over interactions and meaning-making processes, influencing engagement intensity and downstream outcomes such as satisfaction and well-being (Roy et al., 2023).

In emerging markets, customer sophistication manifests in distinct ways. Loyalty in digital services is no longer driven primarily by price competition or basic convenience; rather, it is increasingly anchored in the overall quality of the digital service experience, particularly perceptions of trustworthiness, service reliability, and convenience. Trust especially regarding data privacy, transaction security, and fulfillment reliability plays a central role in shaping satisfaction, which in turn drives repurchase intentions. Alongside trust, consistent service quality and ease of use structure customer

evaluations of digital platforms, making satisfaction a critical mechanism linking experiential attributes to loyalty outcomes. As a result, firms must prioritize trustworthy, high-quality, and seamless digital service designs to sustain loyalty, as confidence-enhancing experiences increasingly outweigh transactional incentives (Ly, 2025).

Artificial intelligence has further reshaped the customer journey by enabling data-driven personalization, predictive analytics, and real-time interaction across multiple touchpoints. AI allows firms to anticipate customer needs, tailor content and services, and dynamically adapt interactions across pre-purchase, purchase, and post-purchase stages. However, heightened personalization simultaneously increases consumer sensitivity to data privacy, algorithmic opacity, and ethical data use. As customers become more knowledgeable and technologically sophisticated, trust depends not only on personalization relevance but also on transparent data practices, perceived control, and responsible AI governance. Accordingly, the ability to balance personalized value creation with ethical transparency has become a critical determinant of trust, acceptance, and sustained engagement in AI-mediated environments (Gouveia & Santos, 2025).

The shift of bargaining position.

Connected customers also drive a structural shift in bargaining power within digital markets. Connectivity transforms previously dispersed individual demand into a coordinated, information-rich, and reputationally consequential force capable of disciplining firms and platforms. This shift is intensified by platform competition and the feasibility of switching to alternative providers. When users perceive switching as relatively easy and credible, the threat of exit becomes tangible, increasing user bargaining power.

Stronger inter-platform rivalry is associated with greater ease of switching, more negotiable contractual terms, and more balanced implementation of those terms from users' perspectives. These conditions enable users to appropriate a larger share of the platform's value proposition while simultaneously constraining platforms' ability to extract rents, as user mobility converts dissatisfaction into a direct revenue threat (Peneder et al.,

2025). Bargaining power in digital markets is further shaped by institutional design, as recent regulatory trajectories increasingly target gatekeeper behavior and information asymmetries through contestability and fairness principles. These interventions aim to rebalance bargaining conditions among platforms, business users, and end users, although they introduce potential trade-offs between regulation, innovation incentives, and competitive intensity (Simone & Laudando, 2025).

More broadly, the shift in bargaining position reflects digitally enabled consumer empowerment rather than isolated tactical advantages. Expanded access to information, amplified eWOM, and immediate feedback channels increase the visibility and impact of consumer evaluations and complaints, constraining unilateral managerial discretion. As reputational sanctions become faster and more consequential, bargaining dynamics increasingly favor negotiated, transparent, and accountability-oriented exchanges. In this sense, connected customers play a central role in reshaping market governance and redistributing influence within digital and social media ecosystems (Dwivedi et al., 2021).

3.3 Customer Management

In response to the complexity and empowerment of connected customers, customer management represents the operational mechanism through which firms systematically sense, engage, and respond to evolving customer needs and interactions.

Customer management can be explicitly conceptualized as a capability configuration in which distinct but complementary organizational capabilities are structurally aligned to manage customers under conditions of environmental turbulence. Within this configuration, digital marketing capabilities function as enabling mechanisms for customer sensing and engagement by facilitating real-time data acquisition, market intelligence interpretation, and interactive relationship-building across digital touchpoints. These capabilities feed into business model adaptability, which governs how the firm reconfigures value propositions, revenue mechanisms, and delivery logics to ensure effective value capture and scalable growth. The causal direction is therefore sequential and asymmetric: foundational capabilities (digital marketing and business model adaptability) enable adaptive

responses, and this adaptive capacity, in turn, sustains and strengthens customer relationships by maintaining relevance, continuity, and trust amid market volatility.

In an era characterized by rapid technological disruption and pervasive digitalization, effective customer management rests on two interrelated pillars: digital marketing capabilities (DMCs) and business model adaptability. Together, these dimensions shape an organization's capacity to sustain competitive advantage, deepen customer engagement, and maintain strategic alignment with evolving market conditions. This topic examines both constructs by emphasizing the strategic importance of developing advanced digital marketing capabilities alongside the ongoing review and adaptation of business models in response to dynamic market environments.

As illustrated in Figure 3.3, the following sections examine customer management, with particular emphasis on digital marketing capabilities and the business model.

Figure 3.3 Customer Management

Source: Created by Author

Digital Marketing Capabilities

In digital markets, customer management increasingly depends on the development of advanced digital marketing capabilities that enable firms to sense, engage, and respond to customers across multiple online touchpoints.

Digital marketing capabilities extend beyond the mere adoption of digital tools; they reflect an organization's ability to systematically deploy data-driven technologies, digital platforms, and analytics to design, execute, and continuously refine marketing activities. For SMEs in emerging markets, these capabilities are particularly critical, as they mitigate resource constraints by enabling scalable customer reach, real-time interaction, and more precise targeting. The convenience and accessibility significantly shape consumer usage behavior through their effects on technology perception and ownership costs. Using SEM evidence from Thailand, it highlights the mediating role of digital infrastructure and perceived value in influencing travel patterns and adoption decisions **(Suvittawat, Suvittawat, & Khampirat, 2025).**

Digital marketing capabilities emerge from firms' strategic orientations, especially entrepreneurial and market-oriented mindsets that emphasize innovativeness, proactiveness, and responsiveness to customer needs. These orientations influence how firms explore and exploit digital channels, customize communications for specific customer segments, and dynamically adjust promotional activities in response to changing market conditions. Accordingly, digital marketing capabilities can be understood as an operational manifestation of strategic intent, translating opportunity-seeking and customer-centric orientations into concrete digital marketing practices that enhance responsiveness and engagement in turbulent environments (Hidayati et al., 2025).

IT-related resources constitute a foundational infrastructure for the development of digital marketing capabilities, particularly through sustained investments in advanced and well-aligned information technologies. However, the effectiveness of these capabilities is strongly shaped by contextual conditions. In technologically turbulent environments—characterized by rapid innovation cycles and frequent obsolescence—digital marketing capabilities enable firms to continuously sense technological change, process real-time market and customer information, and reconfigure marketing activities accordingly. Such adaptive capacity supports timely campaign adjustments, more informed use of customer data, and the maintenance of customer engagement under conditions of heightened uncertainty (Ranjan, 2023). This perspective highlights that digital marketing

capabilities are not static assets, but adaptive competencies that must evolve alongside technological and market dynamics.

More broadly, digital marketing capabilities enhance firms' ability to operationalize digital technologies across marketing processes in ways that support systematic customer understanding and engagement. These capabilities allow firms to integrate customer data from multiple digital touchpoints, translate insights into personalized interactions, and manage ongoing engagement more effectively across channels. When embedded within customer-focused marketing practices, digital tools facilitate richer insight generation, scalable personalization, and more efficient coordination of long-term interactions. Consequently, effective customer management in the digital era depends on the coordinated use of digital marketing capabilities to transform dispersed customer information into actionable knowledge and sustained relational value, strengthening firms' capacity to manage customer relationships in dynamic digital environments (Hazzam et al., 2025).

Business Model

Alongside digitalized marketing capabilities, effective customer management increasingly requires a critical reassessment of the firm's business model. Digitalization, platformization, and ecosystem-based competition have reshaped how value is created, delivered, and captured, rendering static business models insufficient for sustaining customer relationships over time. Business models are therefore best conceptualized as evolving architectures of value creation and appropriation that require continual reconfiguration in response to changes in markets, technologies, and inter-organizational relationships. Rather than remaining fixed, business models must adapt to shifting customer expectations, advancements in digital infrastructures, and changing patterns of interdependence among customers, suppliers, partners, and complementors. This evolutionary perspective reflects the systemic and boundary-spanning nature of business models, whereby firms continuously adjust their configurations to sustain value creation and protect against imitation within increasingly complex ecosystems (Haftor et al., 2025).

Business model review and innovation are thus best understood as ongoing, capability-driven managerial processes rather than one-time acts of

redesign. Business model innovation unfolds as an iterative sequence in which firms sense emerging changes in customer preferences, technologies, and competitive conditions; seize these opportunities by deliberately redesigning value propositions and value capture mechanisms; and reconfigure organizational resources, activities, and routines to maintain alignment with a shifting environment. Dynamic capabilities underpin this process by enabling firms to repeatedly adapt and renew their business models over time. Through this mechanism, business model innovation translates dynamic capabilities into improved organizational outcomes, particularly by facilitating continuous realignment among customer interfaces, revenue logic, and activity systems as market conditions evolve (Cruz-Sánchez et al., 2026).

In digital platform markets, business model design plays a decisive role in shaping firms' incentives to invest in quality service. The distinction between user-funded and ad-funded models fundamentally alters how platforms internalize the value of quality improvements. User-funded platforms link quality investment directly to users' willingness to pay, anchoring investment decisions to the valuation of marginal often multi-homing users. In contrast, ad-funded platforms base quality investment on the advertising value generated by marginal users, which depends on advertisers' returns and the extent to which repeated user exposure is discounted. Importantly, competition under digital business models does not inherently erode quality. Instead, quality investment can be sustained or even strengthened when revenue mechanisms align with the marginal value created by higher quality, particularly in asymmetric settings where ad-funded platforms face limited competition on the advertising side. Accordingly, well-designed digital business models can preserve incentives for quality investment while supporting scalable participation and sustained user engagement, even in competitive platform environments (Allain et al., 2025).

3.4 Navigating Customers

Building upon customer management capabilities, navigating customers functions as a strategic orchestration layer that integrates platforms, partners, solutions, and value propositions across the customer journey.

Navigating customers is an integrative strategic process through which firms orchestrate ecosystems, relationships, and meanings across the customer journey, rather than a linear sequence of discrete marketing actions. All five dimensions are jointly necessary because each performs a distinct but interdependent systemic function: ecosystem orchestration structures the context of value exchange; relationship management sustains trust and continuity; meaning-making aligns firm offerings with evolving customer interpretations; capability deployment enables execution under complexity; and adaptive governance ensures coherence across touchpoints and partners. Neglecting any single dimension weakens the entire system for example, strong engagement without ecosystem alignment leads to fragmentation, while robust capabilities without relational depth erode loyalty and legitimacy. Consequently, customer navigation is inherently ongoing, adaptive, and non-linear, as firms must continuously recalibrate across dimensions in response to shifting customer expectations, competitive moves, and environmental turbulence rather than "progressing" through a fixed journey logic.

In an era of pervasive digital transformation, firms must move beyond product-centric logics and instead navigate customer journeys through interconnected platform ecosystems, collaborative partner networks, solution-oriented offerings, continuous support services, and authentic communication of value and values. Collectively, these mechanisms redefine how firms engage customers, create value, and sustain long-term relationships in digitally mediated markets.

As illustrated in Figure 3.4, the following sections examine how firms navigate customers by providing platforms, engaging partners, focusing on solutions, offering support services, and communicating both value and values.

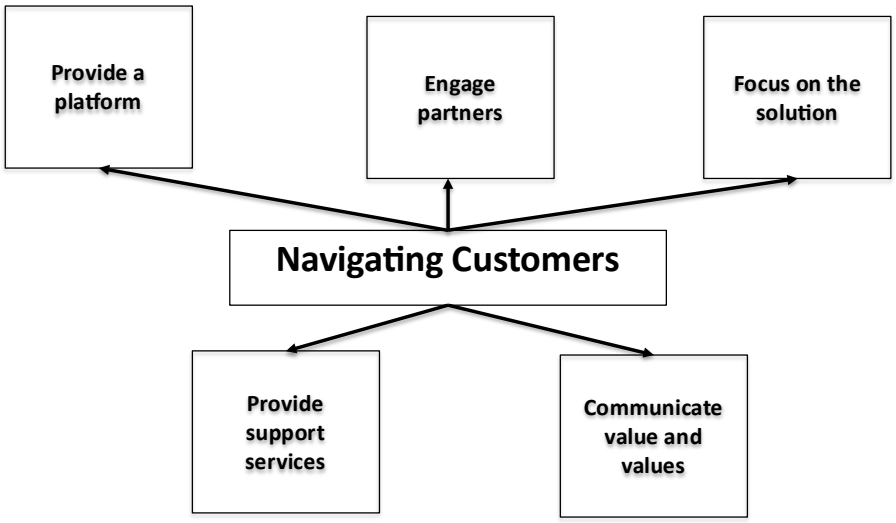

Figure 3.4 Navigating Customers

Source: Adapted from Ronny, V., Bard, T., & Rolf, F. (2026). Navigating digital servitization in manufacturing SMEs through value propositions. *Journal of Service Management*, 37(3), 511-532.

Provide a platform

Contemporary business success increasingly depends on the development of digital platform ecosystems that enable value co-creation, innovation, and scalability. These ecosystems function as multi-sided organizational architectures that orchestrate interactions among diverse actors such as customers, partners, suppliers, and complementors through shared digital infrastructures, standardized interfaces, and coordinated governance mechanisms. Platforms therefore extend beyond their technological foundations to serve as ecosystem-level design frameworks that structure activities, define actor roles, and manage interdependencies around a focal value proposition. By enabling coordinated participation and resource integration across organizational boundaries, platform ecosystems reconfigure traditional firm boundaries and competitive dynamics, shifting

competition from isolated firms to interdependent constellations of actors engaged in collaborative value creation (Goertler et al., 2025).

Within private digital platforms, governance mechanisms play a central role in orchestrating ecosystem participation by balancing control and openness rather than relying on hierarchical authority. Effective governance combines formal and informal mechanisms including boundary resources, access rules, and coordination protocols to influence users, complementors, and third-party contributors in ways that safeguard platform integrity while preserving sufficient autonomy for experimentation and innovation. Striking this balance is essential, as excessive control can suppress innovation, whereas excessive openness may undermine quality, coordination, and trust (Costabile, 2024).

Platforms can therefore be conceptualized as ecosystems of systemic value co-creation in which small and medium-sized enterprises (SMEs) participate as interdependent actors rather than isolated entities. Value emerges through the coordinated integration of heterogeneous resources, complementary capabilities, and distributed innovations across the ecosystem. Central to this process is the role of the platform orchestrator, who establishes engagement conditions, facilitates actor-to-actor interactions, designs governance structures, and cultivates trust among participants. Through orchestration, platforms transform traditional linear supply chains into dynamic, networked arrangements characterized by co-evolution and mutual value creation (Mbanefo & Grobbelaar, 2025).

In sum, a successful platform should be understood not as a product, but as a living ecosystem designed for adaptability, co-creation, and strategic governance.

Engage partners

Partner engagement transforms isolated innovation efforts into sources of collaborative advantage. Innovation intermediaries, in particular, are increasingly required to adapt their business models to support the development of digital and data-enabled services. This adaptation involves reconfiguring internal resources, activities, and partnerships rather than relying exclusively on established collaborators. Given constraints in in-house digital capabilities, intermediaries often depend on system integrators

or commercial providers to access critical technological competencies. As a result, sustained collaboration hinges less on stable co-development relationships and more on organizational adaptability, selective outsourcing, and cumulative learning through experimentation with digital service provision (Sala-Vilar et al., 2024).

Effective partner engagement further depends on a firm's ability to actively manage organizational boundaries rather than treating them as fixed demarcations. In digitally interconnected contexts, firms must redesign business processes, coordination routines, and negotiation practices that operate at the interface between internal and external actors. Boundary management thus emerges as a dynamic managerial capability through which resources, knowledge flows, and responsibilities are continuously negotiated, aligned, and recombined across organizational borders. This capability enables firms to integrate diverse partners while maintaining strategic coherence, flexibility, and control (Caputo et al., 2018).

The evolution of professional roles particularly within accounting illustrates the implications of digital transformation for partner engagement. As routine and compliance-based tasks become increasingly automated, professional value shifts toward advisory capabilities grounded in the integration of accounting expertise with digital, analytical, and relational competencies. Leveraging shared data, analytics, and digital platforms, accountants increasingly act as trusted advisors who co-develop forward-looking insights and support clients' strategic and transformational initiatives. These developments reinforce mutual value creation within digitally enabled partnerships (Yigitbasioglu et al., 2022).

Overall, partner engagement is best understood as a process of co-evolution, in which organizations dynamically manage boundaries to foster innovation, learning, and shared value.

Focus on the solution

Navigating customers in digital markets requires a solution-oriented approach that shifts emphasis from selling discrete products to delivering integrated, outcome-based offerings. Leveraging the installed customer base enables firms to systematically identify cross-selling opportunities by analyzing post-deployment insights from existing solutions. Such insights

reveal unmet needs, performance improvement opportunities, and viable extensions or upgrades that enhance customer value and deepen relationships over time (van der Borgh et al., 2023).

Successful servitization depends on aligning sales management practices with service-based business models, as selling evolves from transactional exchanges toward relational, solution-oriented processes. Firms must therefore develop sales capabilities that emphasize value articulation, customer engagement, and value realization throughout the customer journey. This involves educating customers on how integrated solutions address underlying problems and generate value-in-use, rather than focusing narrowly on product features. By supporting customers before, during, and after the sale often through cross-functional collaboration and customer success management sales organizations enable customers to experience and sustain the benefits of solution offerings (Kowalkowski et al., 2025).

The integration of digital solution selling and value-based selling further depends on salespeople's motivation to implement digital tools, the opportunities created through managerial control systems, and the development of critical abilities such as internal coordination and customer networking. Digital platforms enhance this process by facilitating collaboration across functions, enabling engagement with multiple customer stakeholders, and supporting the demonstration of economic value. Consequently, digital solution selling strengthens firms' capacity to identify, articulate, and deliver customer value in a systematic and scalable manner (Guenzi & Nijssen, 2022).

In essence, a solution-oriented strategy transforms customer relationships from transactional exchanges into long-term partnerships centered on co-created value.

Provide support services

Continuous support services are fundamental to sustaining customer trust and loyalty. An integrated service recovery process is particularly important, as it reframes recovery as a multi-phase journey encompassing pre-recovery, recovery, and post-recovery activities rather than a single corrective action. By combining timely responsiveness, empathetic employee behavior, and proactive recovery mechanisms such as early failure detection,

transparent communication, and systematic follow-up firms can not only resolve service failures but also strengthen trust, satisfaction, and long-term relationships (Anwar & Ozuem, 2022).

Digital technologies further enhance support services by enabling providers to systematically elicit and represent customer preferences. IT-enabled customer service systems create structured interfaces and digital representations that improve firms' ability to learn about individual needs and translate this knowledge into personalized service delivery. Rather than merely reacting to explicit requests, such technologies allow firms to anticipate customer preferences and customize services proactively based on data-driven insights (Bonaretti et al., 2020).

In logistics, service innovation is reflected in practices such as customer satisfaction guarantees, clearly defined service blueprints, and the provision of supplementary services that enhance reliability, responsiveness, and customer experience. These practices signal a broader shift toward a service-oriented mindset in which responsibility and customer-centricity serve as foundations for sustained growth and competitive distinctiveness (Suvittawat, 2020).

Thus, support services should evolve from reactive problem-solving mechanisms into value-adding experiences that reinforce personalization, recovery effectiveness, and trust.

Communicate value and values

In digital environments, communication extends beyond conveying economic value to articulating the ethical and social values that define organizational identity. Investments in research and development (R&D) and patent portfolios contribute to market value by generating knowledge-based assets; however, the extent to which these assets are capitalized depends critically on CEO characteristics. Attributes such as CEO age, power, and compensation structure shape strategic risk-taking, governance effectiveness, and long-term orientation, thereby influencing the firm's ability to translate innovation investments into higher market valuation. Clear communication of innovation leadership supported by visible R&D commitment, patent activity, and credible executive stewardship therefore strengthens investor

and stakeholder confidence in the firm's future value creation potential (L. Wang et al., 2025).

Similarly, strong environmental, social, and governance (ESG) performance enhances firm value as customers respond positively to responsible corporate practices and incorporate such perceptions into their overall evaluations of firms. Communicating sustainability-oriented values reinforces legitimacy, customer confidence, and a long-term strategic orientation, underscoring the economic relevance of values-based communication (Seok et al., 2024).

Transparency in the disclosure of enterprise risk management practices and intellectual capital further constitutes strategically significant information for capital market participants. Clear communication of risk management signals a firm's capacity to manage uncertainty and sustain operational stability, while disclosure of intellectual capital highlights the firm's human, structural, and relational assets. Together, these disclosures reduce information asymmetry, strengthen investor confidence, and enhance financial performance and investment attractiveness. As such, communicating risk management capabilities and intangible assets represents a strategic mechanism for value communication rather than a mere compliance exercise (Hermawan et al., 2025).

In conclusion, firms must communicate both value and values, aligning performance with purpose to build trust, legitimacy, and sustainable success.

3.5 Proactive Strategies

Under conditions of uncertainty and continuous change, proactive strategies provide the temporal logic that enables firms to anticipate shifts, align prior mechanisms, and sustain competitiveness over time.

Proactive strategies operate as a temporal mechanism through which firms navigate evolving markets by acting ahead of disruption rather than reacting to it, thereby transforming uncertainty into a structured source of opportunity. By deliberately scanning for weak signals, experimenting in advance, and committing resources before pressures fully materialize, proactivity synchronizes leadership intent, organizational capabilities, and

ecosystem relationships across time, ensuring that strategic actions unfold coherently rather than episodically. Crucially, this temporal orientation directly anchors customer navigation: proactive firms anticipate latent customer needs, preempt sources of dissatisfaction, and actively shape customer expectations through early engagement, adaptive offerings, and credible signaling. In doing so, proactivity does not merely accelerate response speed; it stabilizes customer relationships under turbulence by guiding customers through change, reinforcing trust, and positioning the firm as a reliable orchestrator of value in uncertain environments.

Proactive strategies embody a forward-looking managerial and organizational philosophy that emphasizes anticipation, strategic foresight, and adaptability rather than reactive adjustment. Across diverse contexts including service management, sustainability governance, entrepreneurship, digital transformation, and Industry 4.0 proactive strategies enable organizations and individuals to identify emerging challenges and opportunities early, intervene preemptively, and shape outcomes through intentional strategic action.

In service contexts, proactive service recovery fundamentally redefines traditional recovery logic by shifting managerial attention from post-failure reaction toward anticipatory and preventive intervention. Rather than waiting for customer complaints to trigger corrective actions, proactive service recovery emphasizes the early detection of potential service failures and the deployment of preemptive responses designed to mitigate negative experiences before they fully materialize. Conceptualized as a core organizational capability, proactive service recovery integrates predictive analytics, employee empowerment, and service flexibility into routine service design. Through mechanisms such as trust reinforcement, perceived justice, and cognitive appraisal, proactive recovery reduces emotional distress, strengthens customer–firm relationships, and enhances perceptions of organizational care and competence. Importantly, its impact extends beyond immediate satisfaction to longer-term outcomes, including customer well-being, loyalty, reduced negative word-of-mouth, and improved operational efficiency. By embedding fairness, transparency, and empathy ex ante, service recovery is transformed from a reactive, damage-control function into

a relationship-building and value co-creation process that supports resilience for both customers and employees (Nazifi et al., 2025).

At the corporate governance level, proactive strategies are shaped by the personality traits of top management, which serve as critical microfoundations for proactive sustainability initiatives and environmental, social, and governance (ESG) performance. Executives' psychological dispositions particularly proactiveness, openness to experience, and conscientiousness influence how sustainability challenges are perceived, prioritized, and translated into strategic action. Leaders with proactive cognitive orientations tend to move beyond compliance-driven responses by formulating sustainability strategies that exceed regulatory requirements, integrate environmental and social concerns into core operations, and institutionalize governance standards within organizational routines. These strategies operate as the mechanism through which top management personality affects ESG outcomes, demonstrating that leadership traits influence performance only when channeled through concrete strategic initiatives. This leadership-driven proactivity is especially salient in contexts characterized by weak institutional enforcement and resource constraints, where internal strategic commitment compensates for limited external pressure. Consequently, proactive sustainability strategies function not as symbolic gestures but as strategic enablers that align ethical responsibility with long-term value creation, thereby reinforcing ESG performance, competitiveness, and organizational resilience (Ledi et al., 2025).

From an entrepreneurial perspective, proactive strategies constitute a foundational element of sustained entrepreneurial success when examined through a person-centered lens. Entrepreneurs operate across interconnected life domains rather than confining proactive behavior solely to the business sphere. Proactive engagement spans the business domain (e.g., resource acquisition, demand optimization, and idea generation), the business-environment domain (e.g., environmental scanning and network development), and the personal domain (e.g., self-regulation and boundary management). Entrepreneurs who proactively integrate behaviors across these domains are better positioned to mobilize resources, sustain motivation, implement opportunities effectively, and protect psychological well-being. Cross-domain proactivity forms stable behavioral profiles, indicating that

proactive self-regulation, networking, and resource orchestration are interdependent rather than isolated actions. As such, proactive strategies operate as multidimensional assets that enhance adaptability, resilience, and sustained entrepreneurial performance under conditions of uncertainty (Boesten et al., 2025).

In the context of Industry 4.0, organizational competitiveness in rapidly digitalizing economies depends on the strategic alignment between organizational agility and proactive market orientation. Rather than relying on reactive adaptation, firms must cultivate agility as a dynamic capability that enables continuous process reconfiguration, the overcoming of structural inertia, and the sensing of emerging technological and market developments. Organizational agility supports a proactive posture by facilitating the identification of latent customer needs and proactive engagement with technological advances. Proactive market orientation, in turn, functions as the strategic mechanism through which agile organizations systematically scan their environments, anticipate future demand, and translate real-time data and digital intelligence into informed strategic decisions. By shifting from lagged responses to continuous data logging and analysis, firms enhance their readiness for Industry 4.0 and strengthen their capacity to navigate digital transformation through anticipatory rather than reactive strategic behavior (Cubillas-Para et al., 2025).

Within the financial sector, proactive strategy is reflected in the configurational alignment between strategic orientation and dynamic capabilities in driving digital transformation. Digital transformation outcomes do not emerge from isolated strategic choices or capabilities but from synergistic combinations of market and technology orientations with sensing, integrating, and reconfiguring capabilities. Proactive digital strategies establish a forward-looking strategic intent, while dynamic capabilities provide the organizational mechanisms required to identify digital opportunities, integrate new technologies with existing processes, and reconfigure organizational structures accordingly. These elements interact in non-linear and asymmetric ways, meaning that different configurations can lead to similarly high levels of digital transformation, whereas misaligned configurations may result in stagnation. This configurational perspective highlights that effective adaptation to technological disruption and regulatory

volatility depends on proactive strategic alignment rather than reactive adjustment (Cheng et al., 2023).

At the firm level, proactive digital transformation is closely associated with more aggressive corporate strategies. Digital initiatives strengthen firms' dynamic capabilities particularly sensing, integrating, and reconfiguring resources which, in turn, encourage strategic offensiveness. Through data-driven decision-making and more efficient resource allocation, firms are better positioned to leverage technological advancements, capture emerging opportunities proactively, and respond to market uncertainty with decisive strategic action. As a result, proactive digital transformation enables firms to achieve superior competitive positioning rather than relying on incremental or defensive adaptation (Zhou & Kuang, 2025).

As illustrated in Figure 3.5, proactive strategies represent a forward-looking strategic orientation centered on anticipation, early intervention, and adaptability rather than reactive adjustment. Across contexts, they function as mechanisms through which actors intentionally shape outcomes under uncertainty. Proactive strategies function as strategic catalysts that convert uncertainty into opportunity, supporting resilience, sustainability, and long-term value creation at individual, organizational, and systemic levels.

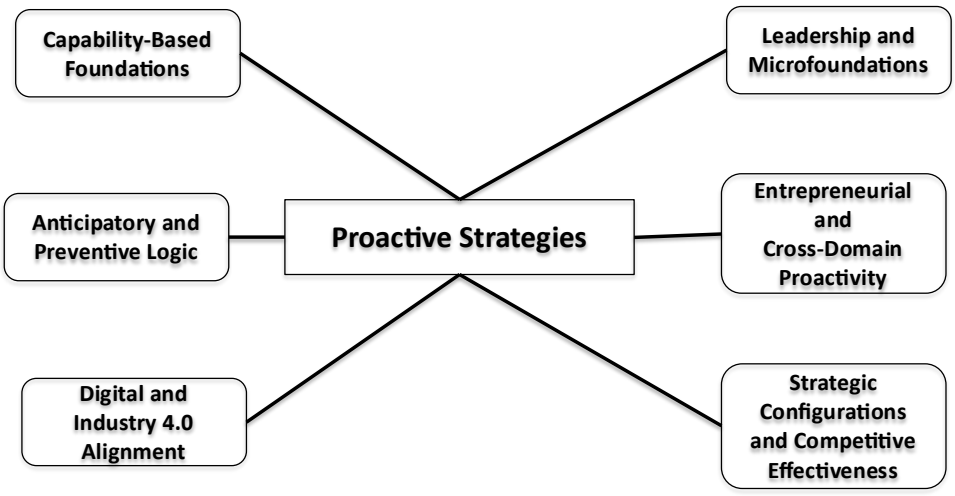

Figure 3.5 Proactive Strategies

Source: Adapted from Chughtai, M. S., Syed, F., Naseer, S., & Chinchilla, N. (2023). Role of adaptive leadership in learning organizations to boost organizational innovations with change self-efficacy. *Current Psychology*, 43 7262–27281.

Collectively, proactive strategies extend beyond preventive mechanisms to function as strategic catalysts for transformation, sustainability, inclusion, and long-term competitiveness. Whether enacted at the individual, organizational, or systemic level, proactive strategies enable actors to anticipate change, orchestrate innovation, and shape future trajectories with intentionality and resilience. Grounded in anticipation, empowerment, and adaptability, proactive strategies redefine success across industries by converting uncertainty and disruption into opportunities for sustained value creation and growth.

Case Study of Chapter 3

The Role of Logistics Service Innovation in Enhancing Business Growth

Adapted Reprint from:

Suvittawat, A. (2020). Logistics service innovation for business growth: A case study of logistics service entrepreneurs. Polish Journal of Management Studies, 21(1), 394-407. https://doi.org/10.17512/pjms.2020.21.1.29

1. Introduction

Entrepreneurship plays a critical role in economic development by driving innovation, improving resource utilization, and generating wealth and employment. Rapid changes in the global economy have compelled entrepreneurs and business organizations to redesign their strategies, with increasing emphasis on service innovation. Expanding market accessibility, internationalization of products and services, and the rapid growth of e-commerce have intensified demand for efficient logistics services. As customer expectations shift toward on-demand delivery and low-cost operations, traditional logistics models are no longer sufficient, making service innovation essential for logistics providers.

Innovation is widely recognized as a key source of competitive advantage that directly and indirectly influences business growth. For logistics entrepreneurs, service innovation is particularly important because their performance depends heavily on service quality. Service innovation enhances service performance, adds customer value, and introduces new service concepts, processes, and technologies. As the service sector continues to expand, service innovation has become a major driver of economic development and a catalyst for sustainable growth.

2. National Context: Logistics Service Entrepreneurs in Thailand

Thai logistics service entrepreneurs face significant challenges due to limited service innovation capabilities, with innovation efforts traditionally concentrated on product development rather than service-oriented solutions.

However, as the service sector increasingly drives economic growth, service innovation has become essential for competitiveness. The rapid expansion of outsourced logistics and information technology services, along with rising globalization, digitalization, and changing customer demands, has intensified competition. Consequently, logistics firms must enhance resource management, innovation capabilities, and service quality to improve business performance, customer satisfaction, and long-term relationships.

Service innovation plays a critical role in creating customer value by improving service experiences through additional and supporting services, such as product handling, transportation, information services, warranties, and after-sales support. Tools such as service design and service blueprinting help organizations understand customer journeys, reduce service failures, and improve efficiency and quality. Effective service design balances service quality, cost, and organizational image, ensuring that logistics services align with customer needs while remaining profitable.

In the context of growing e-commerce and high industry competition, Thai logistics entrepreneurs must continuously adapt their business models to provide fast, convenient, and reliable services. Customer satisfaction is a key determinant of business growth, survival, and sustainability; failure to meet expectations risks customer switching to competitors. Strategies such as service guarantees, differentiation, and digital transformation support service innovation and long-term competitiveness. Ultimately, service innovation functions as a core driver of organizational performance, customer retention, and sustainable economic growth in the Thai logistics sector.

3. Methodology and Research Framework

The empirical foundation of this exploratory case study focuses on identifying new factors influencing service innovation among Thai logistics entrepreneurs and examining the extent to which each service innovation factor impacts business growth; the study employs a quantitative approach using randomly distributed questionnaires, incorporates qualitative contextual tools as an initial parameter for factor identification, utilizes secondary data from bibliographical reviews and prior research for result confirmation, and is based on face-to-face surveys conducted with 44 logistics service entrepreneurs located in the north-east and central regions of Thailand.

Descriptive statistical methods, specifically the mean and standard deviation (SD), were employed for data analysis. The conclusions were derived based on the results of the research analysis.

The survey consists of measures capturing key constructs:

- Service Innovation – customer satisfaction guarantee, service blueprint, service guarantee, additional service, pay by installment, and product testing trial.
- Business Growth

Based on the research framework, the independent variables—customer satisfaction guarantee, service blueprint, service guarantee, additional service, pay by installment, and product testing trial—have direct effects on service innovation. In turn, service innovation has a direct influence on business growth.

4. Findings and Discussion

4.1 Service Innovation Dimensions

Among independent variables—customer satisfaction guarantee, service blueprint, service guarantee, additional service, pay by installment, and product testing trial—have direct effects on service innovation.

The results indicate that logistics service entrepreneurs demonstrate a high level of agreement, with a mean score of 4.10 and a standard deviation of 0.86.

The means and standard deviations (SD) of the following independent variables:

- Customer Satisfaction Guarantee (mean = 4.42, SD = 0.66)
- Service Guarantee (mean = 4.26, SD = 0.76)
- Service Blueprint (mean = 4.20, SD = 0.76)
- Pay By Installment (mean = 3.98, SD = 0.97)
- Additional Service (mean = 3.97, SD = 0.84)
- Product Testing Trial (mean = 3.79, SD = 0.99)

These variables influence service innovation.

Logistics service customers place greater emphasis on fundamental logistics activities while increasingly expecting meaningful service

innovations. Consequently, logistics service providers must develop attractive service innovations grounded in a clear and accurate understanding of customer expectations.

Each independent variable contributes directly to service innovation. Customer satisfaction guarantees encourage firms to enhance service quality and innovate in response to competitive pressures. Service guarantees function as formal commitments that compel providers to align operations with customer needs, with effectiveness dependent on customer understanding, interaction, and reliable service delivery. Service blueprints and service design play a critical role in value creation by improving service quality, cost efficiency, and customer perceptions, thereby strengthening competitive advantage.

In addition, financial flexibility through pay-by-installment options supports customers' cash flow management and enhances service attractiveness. Additional services, although outside core service agreements, significantly support logistics processes and improve overall customer satisfaction. Product testing trials further contribute by enhancing customer experience, enabling comparison with competitors, and increasing the likelihood of successful service or product adoption.

Overall, customer satisfaction guarantees, service blueprints, service guarantees, additional services, pay-by-installment options, and product testing trials each exert a direct and positive influence on service innovation, reinforcing their importance as strategic drivers of competitiveness in the logistics service industry.

4.2 The Integration of Service Innovation to Drive Business Growth

Service innovation contributes to business growth through several interrelated dimensions, namely customer satisfaction guarantee, service blueprint, service guarantee, additional service, pay by installment, and product testing trial. Logistics service entrepreneurs indicate that these dimensions enhance service innovation by improving service quality, reducing service failure, and better aligning service processes with customer expectations. Customer satisfaction guarantee emerges as the most influential factor, underscoring the centrality of customer-oriented strategies. Service blueprint and service guarantee further support value creation by

standardizing service processes and reinforcing trust, while additional services, pay by installment, and product testing trials add differentiated value and improve customer experience. Collectively, these service innovation practices exert a direct and positive effect on business growth by strengthening competitive advantage and sustaining customer relationships.

5. Synthesis

This case illustrates how logistics service entrepreneurs in Thailand operate within an emerging-market context by actively navigating customers through complex service processes while simultaneously deploying proactive strategies to anticipate and shape evolving demand. Logistics service innovation is a critical driver of business growth among logistics service entrepreneurs in Thailand. Service innovation operationalized through customer satisfaction guarantees, service guarantees, service blueprints, pay-by-installment options, product testing trials, and additional services exerts a direct and positive influence on business growth. Among these dimensions, customer satisfaction guarantees emerge as the most influential factor, reflecting the centrality of customer-oriented strategies in a highly competitive and service-intensive logistics market.

Thai logistics entrepreneurs who proactively adapt their service models to evolving customer expectations particularly in response to e-commerce expansion are more likely to achieve competitive advantage and sustainable growth. Service blueprints and service guarantees enhance service reliability, transparency, and perceived value, while flexible payment options, product trials, and additional services complement core logistics activities and strengthen customer relationships. Conversely, entrepreneurs who fail to innovate and align their services with market demands risk being displaced by more agile competitors.

Overall, logistics service innovation functions not only as an operational improvement mechanism but also as a strategic tool that enables differentiation, customer retention, and long-term business growth in the Thai logistics sector.

6. Conclusion

The critical role of new logistics business models and service innovation in enhancing the competitiveness, business growth, and long-term sustainability of Thai logistics service entrepreneurs. Logistics innovation defined as the development and implementation of new technologies, processes, and creative service concepts enables entrepreneurs to operate e-fulfilment depots effectively and improve customer satisfaction. Innovation strategies driven by opportunity optimization and a deep understanding of customer needs contribute directly to sustainable business growth.

From a service innovation perspective, the key variables influencing service innovation and business growth. Customer satisfaction guarantee emerges as the most important factor, as both logistics entrepreneurs and customers prefer services that assure satisfaction. Other service innovation components service guarantee, service blueprint, pay by instalment, product testing trial, and additional services are also found to be significant contributors to service innovation.

Finally, increasing competition in the logistics market requires service providers to continuously enhance their services. Service innovation exerts both direct and indirect effects on business growth, strengthens competitive advantage, and delivers greater customer value. Logistics entrepreneurs who shift from traditional service practices toward service innovation are better positioned to improve resource management, innovation capabilities, and overall market competitiveness.

Case Study Questions

1. Based on the case study, which logistics service innovation dimensions (e.g., customer satisfaction guarantee, service blueprint, service guarantee, additional service, pay by installment, and product testing trial) appear to have the strongest influence on business growth, and why are these dimensions particularly critical in the Thai logistics context?
2. How does the use of a service blueprint help logistics service entrepreneurs improve service quality, reduce operational failures, and enhance customer experience?
3. How should logistics service entrepreneurs balance the provision of additional services with cost control to achieve sustainable business growth?
4. What challenges might logistics service entrepreneurs face in implementing product testing trials, and how can this innovation be leveraged to build customer trust and competitive advantage?
5. How can logistics service entrepreneurs strategically integrate customer satisfaction guarantee, service guarantee, service blueprint, pay-by-installment, product testing trial, and additional services into a coherent service innovation strategy to enhance long-term business growth?

Chapter Summary

The progressive approach conceptualizes competitiveness as a dynamic and continuous process grounded in adaptability, digital transformation, organizational agility, and innovation. Rather than treating digitalization as a discrete technological upgrade, this approach emphasizes its role as a strategic reorientation that reshapes value creation, internal routines, and stakeholder interactions. Firms strengthen their market position by integrating digital platforms, cultivating ambidexterity between exploration and exploitation, embedding internal marketing philosophies, and institutionalizing design-led innovation. Collectively, these mechanisms enable organizations to proactively recalibrate their strategic positioning, mitigate environmental turbulence, and move from reactive market participation toward actively shaping competitive landscapes.

Connected customers represent a structural shift in market dynamics, characterized by heightened information access, evaluative sophistication, and increased bargaining power. Digital infrastructures enable consumers to actively generate, share, and interpret market information through reviews, peer communication, and platform transparency mechanisms, thereby reducing information asymmetry. As empowered participants in value creation, connected customers exert greater scrutiny over firm behavior, demand trust, transparency, and ethical data practices, and leverage switching possibilities to discipline firms and platforms. This transformation redistributes influence within digital markets, requiring firms to engage customers through credibility, responsiveness, and accountability rather than unilateral control.

Customer management in the digital era rests on the integration of digital marketing capabilities and business model adaptability. Digital marketing capabilities enable firms to systematically sense, engage, and respond to customers across multiple digital touchpoints through data-driven technologies, analytics, and platforms. Complementing this, business models are no longer static structures but evolving architectures that require continuous review and reconfiguration in response to shifting customer expectations, technological change, and ecosystem dynamics. Effective customer management therefore depends on aligning digital capabilities with

adaptive business models to transform customer data into actionable knowledge and sustain relational value over time.

Navigating customers requires firms to move beyond product-centric logics toward ecosystem-based engagement across platforms, partners, solutions, support services, and value communication. Digital platform ecosystems facilitate value co-creation through coordinated governance and resource integration, while partner engagement enables collaborative innovation across organizational boundaries. A solution-oriented mindset shifts emphasis toward outcome-based offerings and long-term relationships, supported by integrated sales and servitization practices. Continuous support services and transparent communication of value and values further reinforce trust, legitimacy, and loyalty, positioning customer navigation as an ongoing, multi-dimensional strategic process rather than a linear transaction.

Proactive strategies embody a forward-looking philosophy centered on anticipation, strategic foresight, and intentional action across service, sustainability, entrepreneurship, and digital transformation contexts. By emphasizing early detection of risks and opportunities, proactive strategies transform organizational behavior from reactive adjustment to preemptive intervention. Examples include proactive service recovery, leadership-driven sustainability strategies, entrepreneurial cross-domain proactivity, and proactive digital transformation aligned with dynamic capabilities. Collectively, these strategies function as catalysts for resilience and long-term competitiveness by enabling organizations to shape future trajectories and convert uncertainty into sustained value creation.

Chapter Review Questions

Review Question 1:

How does a progressive approach enable firms to sustain competitive advantage through the integration of digital transformation, organizational agility, and innovation under conditions of market turbulence?

Review Question 2:

In what ways do increased customer connectedness and informational access reshape consumer decision-making, sophistication, and bargaining power in digital markets?

Review Question 3:

Why are digital marketing capabilities and continuous business model adaptation considered foundational pillars of effective customer management in digitally mediated environments?

Review Question 4:

How do platform ecosystems, partner engagement, solution-oriented offerings, support services, and value-based communication collectively enable firms to navigate complex customer journeys?

Review Question 5:

How do proactive strategies differ from reactive approaches in anticipating customer needs and environmental change, and why are they critical for long-term organizational resilience and value creation?

Chapter Exercises

Exercise 1:

Select a firm operating in a digitally intensive or platform-based industry.

1. Identify the key elements of its progressive approach (e.g., digital transformation speed, agility, ambidexterity, design-led innovation).
2. Analyze how these elements contribute to strengthening the firm's market position.
3. Critically assess potential risks or coordination challenges associated with pursuing a progressive strategy.

Exercise 2:

Using an online platform of your choice (e.g., e-commerce, food delivery, or digital services):

1. Examine how customer reviews, ratings, and transparency mechanisms influence customer decision-making.
2. Explain how increased customer sophistication affects trust, expectations, and loyalty.
3. Discuss how connectivity shifts bargaining power between customers and firms or platforms.

Exercise 3:

Assume the role of a consultant advising an SME in an emerging market.

1. Diagnose the firm's current digital marketing capabilities and limitations.
2. Propose specific initiatives to enhance customer management through data-driven marketing and adaptive business model design.
3. Justify how these initiatives improve long-term customer engagement and competitive advantage.

Exercise 4:

Choose a company that operates within a platform or ecosystem context.

1. Map how the firm navigates customers across the five dimensions:
   - Providing a platform
   - Engaging partners
   - Focusing on solutions
   - Providing support services
   - Communicating value and values
2. Evaluate the coherence of these dimensions in shaping long-term customer relationships.

Exercise 5:

Select one organizational context (e.g., service recovery, sustainability governance, entrepreneurship, digital transformation, or Industry 4.0).

1. Identify specific proactive strategies applied in that context.
2. Analyze how anticipation, foresight, and adaptability are operationalized.
3. Assess the strategic benefits of proactivity compared with reactive approaches.

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Chapter 4: Integrating Organizational Mindsets to Build Adaptive and Innovative Capabilities

Course Learning Outcomes (CLO):

1. Analyze how the convergence of individual, managerial, and organizational mindsets enables strategic alignment, adaptive learning, and organizational resilience.
2. Evaluate the role of creative and innovation mindsets in generating, refining, and implementing novel ideas into sustainable organizational and entrepreneurial value.
3. Explain how entrepreneurial and leadership mindsets interact to support opportunity recognition, and collective action.
4. Assess how productivity and improvement mindsets enhance organizational performance through learning, technological integration, and adaptive work practices.
5. Critically examine the integration of professionalism and management mindsets in balancing ethical responsibility, professional autonomy, and performance-oriented organizational control.

Contents and Concepts of This Chapter:

4.1 The Convergence of Mindsets Within an Organization

4.2 Creativity and Innovation Mindset

4.3 Entrepreneurship and Leadership Mindset

4.4 Productivity and Improvement Mindset

4.5 Professionalism and Management Mindset

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Chapter Summary

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4.1 The Convergence of Mindsets Within an Organization

The convergence of mindsets within an organization refers to the integrative alignment of diverse cognitive, cultural, and behavioral orientations that collectively support strategic coherence, innovation, and adaptive learning. In contemporary organizational environments characterized by volatility, complexity, and rapid change, competitive advantage no longer derives solely from skill diversity or structural differentiation. Rather, it increasingly depends on the organization's ability to integrate mindsets across hierarchical levels and functional boundaries. Mindset convergence thus entails the development of shared beliefs, openness to change, and a collective growth-oriented identity that sustains innovation, resilience, and long-term adaptability.

At the foundation of this process lies leadership's capacity to model and institutionalize a culture of learning and transformation. Leadership plays a pivotal role in fostering lifelong learning by deliberately shaping organizational environments in which learning is embedded within everyday work practices rather than treated as a peripheral or episodic activity. Effective leaders actively model continuous learning, promote growth-oriented beliefs, and establish formal and informal mechanisms for reflection, experimentation, and knowledge sharing. Through consistent role modeling, the cultivation of psychological safety, and strategic investment in learning resources and digital technologies, leaders normalize feedback, trial-and-error, and adaptive sensemaking as routine organizational behaviors. Consequently, learning orientation becomes embedded as a shared cultural norm, integrated into organizational values, structures, and routines. This alignment enables employees to interpret challenges and failures as developmental opportunities, thereby positioning the organization to remain agile, innovative, and resilient in dynamic environments (Ahsan, 2024).

Complementing this leadership role, the manager-as-coach perspective further strengthens mindset convergence by enhancing employee engagement through learning-oriented managerial practices. When managers act as coaches rather than controllers, they emphasize ongoing feedback, performance dialogue, and relational support to reinforce adaptability, self-regulated learning, and continuous improvement. This approach shifts managerial emphasis away from evaluative oversight toward developmental

facilitation. As a result, leaders contribute not only to individual capability development but also to the formation of a shared organizational climate in which diverse employee mindsets converge around collective growth, capability building, and sustained engagement (Lyons & Bandura, 2020).

Beyond leadership and managerial practices, organizational mindset convergence also depends on fostering achievement-oriented and innovation-supportive cultures. Achievement-oriented mindsets reflect deeply held beliefs regarding the value of effort, personal development, and goal attainment. Individuals who endorse such mindsets tend to exhibit persistence, tolerance for complexity, and a willingness to experiment attributes consistently associated with creativity, innovative behavior, and idea implementation. These psychological orientations reinforce proactive engagement and collective learning, indicating that mindset convergence is not merely structural or cultural but fundamentally psychological in nature. Shared beliefs about growth and potential thus function as reinforcing mechanisms that align individual motivation with organizational innovation imperatives (Abualbasal & Alfaez, 2025).

As organizations undergo digital transformation, mindset alignment becomes an operational necessity rather than a purely cultural aspiration. Digital business transformation requires the adoption of a fundamentally new mindset, particularly among business analysts, characterized by systems thinking, adaptability, and technological fluency. Transformation extends beyond the acquisition of technical skills to involve a cognitive reframing of professional roles from narrowly defined, requirements-focused functions toward active participation in data-driven decision-making and process innovation. In digitally enabled organizations, business analysts increasingly serve as integrative actors who bridge technological capabilities, analytics, and strategic intent. This role reconfiguration supports organizational sensemaking in complex data environments and enables the continuous redesign of business processes in response to evolving digital conditions (Evans & Fernando, 2025). Effective mindset convergence in digital contexts therefore requires cross-functional understanding and psychological readiness to embrace ambiguity and ongoing change.

The importance of mindset convergence becomes particularly salient in the context of crisis readiness. Crisis preparedness is increasingly

understood as a multilevel, mindset-driven construct that emerges from the interaction of individual, team, and organizational capacities rather than from technical planning alone. Effective crisis management depends on the alignment of cognitive preparedness such as self-efficacy, risk awareness, and adaptive decision-making with emotional preparedness, including resilience, trust, optimism, and emotionally intelligent leadership. Individual readiness reflects confidence in performing under pressure, while collective readiness manifests as shared beliefs in the organization's ability to coordinate action, manage uncertainty, and sustain commitment. This convergence of cognitive and emotional mindsets acts as a stabilizing mechanism during crises, integrating rational judgment with emotional regulation and reducing the risk of fragmented responses or rigid adherence to pre-existing plans. Readiness thus operates as both an evolving process shaped by learning and experience and as an outcome that enables timely, coherent, and proportionate crisis responses. Organizational effectiveness in crisis situations is therefore contingent not only on formal plans and resources but also on the cultivation and activation of shared cognitive and emotional readiness across levels (Jin et al., 2024).

Cultural transformation constitutes another critical dimension of mindset convergence. Cultural change during organizational transformation unfolds as a dynamic process in which shifts in underlying values, assumptions, and shared mental frameworks precede and accompany observable behavioral change. Rather than emerging solely as a downstream consequence of structural transformation, culture can evolve proactively as a coping mechanism in anticipation of change and uncertainty. This process involves the deconstruction of existing value systems followed by the gradual reconstruction of a new, potentially more aligned collective mindset. Sustainable behavioral change depends less on managerial proclamation of new norms and more on the extent to which revised values become collectively internalized over time. Mindset convergence, in this sense, reflects a deep cultural recalibration rather than surface-level compliance (Smit, 2021).

Mindset convergence also extends into international and entrepreneurial contexts. An internationalization mindset may be cognitively embedded even before venture formation. Defined by both the willingness

and perceived ability to engage in cross-border activities, this mindset shapes entrepreneurial intentions and behaviors well before actual market entry. Such early-formed orientations predispose certain entrepreneurs to pursue international opportunities and engage in boundary-spanning collaboration, thereby facilitating mindset alignment in multicultural and transnational contexts without implying universal or innate global orientation (Costa et al., 2023).

At the employee level, engagement outcomes further underscore the importance of mindset alignment. Employee engagement is shaped by the interplay between proactive personality, transformational leadership, and growth mindset. Although proactive personality and transformational leadership independently contribute to engagement, their combined effectiveness depends on employees' implicit beliefs about ability and development. Transformational leadership amplifies the engagement of proactive employees primarily when they hold a growth mindset, enabling inspirational motivation and intellectual stimulation to translate into sustained involvement. Conversely, when employees hold fixed mindsets, the benefits of transformational leadership are attenuated. The importance of leadership–mindset fit and mindset convergence enhances engagement not through uniform leadership application but through alignment between leadership behaviors and individual belief systems (Caniëls et al., 2018).

Finally, mindset convergence at the executive level is reflected in the evolving role of accountability partners within governance structures. Management accountants increasingly function as proactive strategic partners embedded within executive decision-making rather than as ex-post controllers. Accountability at the organizational apex is reinforced through close cognitive and functional alignment between executives and management accountants, grounded in shared responsibility for decision preparation, risk awareness, and adherence to governance principles such as the Business Judgment Rule. Through this alignment, management accountants co-create transparency by ensuring that decisions are informed by comprehensive, forward-looking, and verifiable information. This convergence of growth-oriented, anticipatory mindsets at the top of the organization translates accountability expectations into coherent governance routines and risk-aware decision processes. As accountability becomes

collectively enacted rather than hierarchically enforced, shared mental models cascade throughout the organization, strengthening consistency, legitimacy, and organizational coherence (Stein et al., 2025).

As illustrated in Figure 4.1, the convergence of mindsets within an organization emerges from the interaction of multiple, interrelated factors, including leadership as the primary enabler, a manager-as-coach approach, achievement-oriented and innovation-supportive mindsets, digital transformation and role reconfiguration, crisis readiness and psychological alignment, cultural transformation and deep internalization, employee engagement and leadership mindset fit, executive-level alignment and governance, and a dynamic, continuous process of adaptation. Collectively, these elements reinforce one another to align individual and organizational cognition, thereby fostering coherence, resilience, and sustained organizational performance.

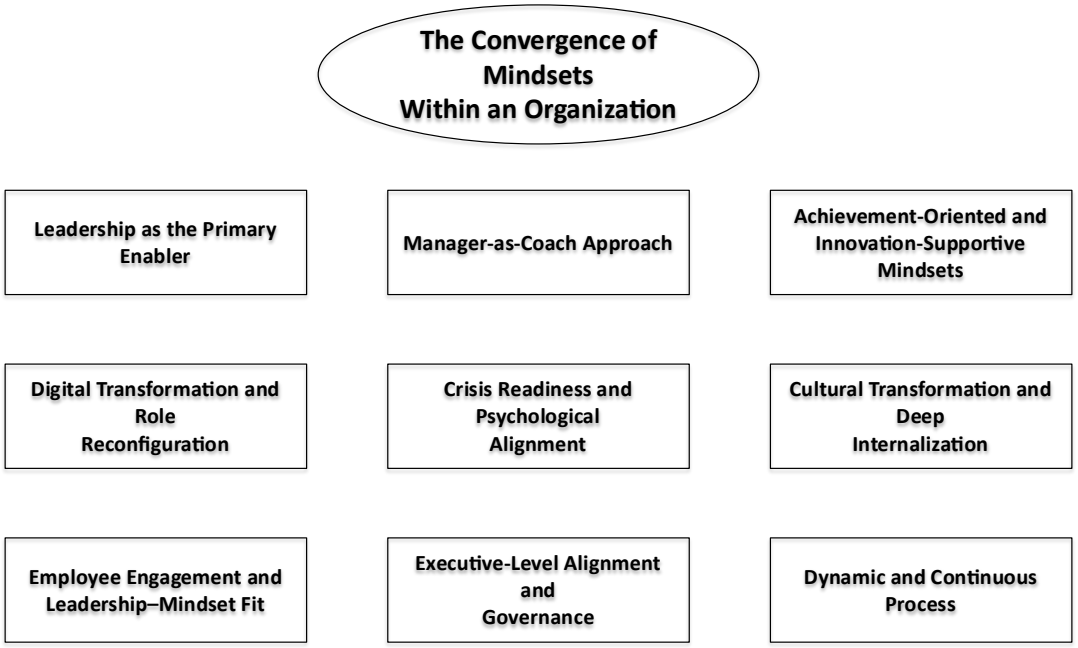

Figure 4.1 The Convergence of Mindsets Within an Organization

Source: Adapted from Malik, A., & Khan, M. (2025). The transformational leadership style and managing change in the modern organization. *American Journal of Management*, 26(1), 1–18.

it is a continuous, dynamic process shaped by leadership practices, psychological readiness, cultural evolution, and structural alignment. When effectively cultivated, convergent mindsets enable organizations not only to innovate and transform but also to develop a shared organizational consciousness that sustains adaptability, trust, and long-term strategic viability.

4.2 Creativity and Innovation Mindset

Creativity and innovation constitute closely related yet analytically distinct dimensions of human cognition and organizational behavior that underpin advancement across all fields, extending far beyond artistic domains. The marketing function is grounded in a creativity and innovation mindset, which includes the generation of creative ideas and the development of innovative solutions, as shown in Figure 4.2.

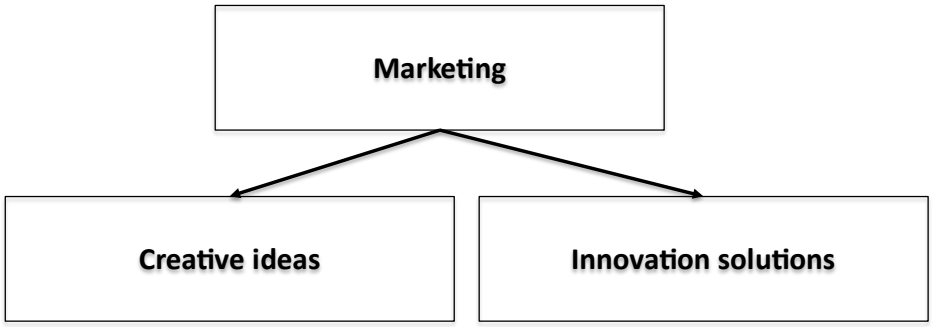

Figure 4.2 Creativity and Innovation Mindset

Source: Adapted from He, W., & Chiang, T. (2024) From growth and fixed creative mindsets to creative thinking: an investigation of the mediating role of creativity motivation. *Frontiers Psychology*, 15:1353271.

Creativity refers to the cognitive capability to generate ideas that are both novel and valuable, whereas innovation denotes the systematic and disciplined realization of those ideas into tangible outcomes, such as new products, processes, or strategic solutions. While creativity emphasizes

ideation and problem framing, innovation reflects execution, scaling, and institutionalization.

Innovation can be understood as a process driven by a constellation of interrelated mindsets curiosity, creativity, and clarity that sequentially enable ideas to emerge, evolve, and be implemented. Curiosity initiates the innovation process by motivating exploratory learning, environmental scanning, and deep engagement with emerging problems and opportunities. Through curiosity, individuals and organizations develop both intuitive and analytical insight into what may be strategically significant. Creativity subsequently becomes the dominant mindset through which these insights are transformed into multiple novel and useful alternatives via synthesis, experimentation, and iterative testing. This stage emphasizes divergent thinking, exploration of possibilities, and validation of emerging ideas rather than premature convergence. Finally, clarity provides the cognitive focus necessary to move from ideation to implementation by supporting prioritization, resource allocation, stakeholder alignment, and execution. Within this framework, creativity functions as the generative root of innovation by supplying original insights and problem-solving approaches, while innovation represents the realized outcome the fruit manifested through the disciplined application and scaling of those insights into practice (Walsh et al., 2021).

A creative mindset is not merely an innate individual trait but a capability that can be deliberately cultivated at both individual and organizational levels. Creativity is conceptualized as a multifaceted capability emerging from the synergistic integration of three core components: domain-relevant skills, creativity-relevant cognitive processes, and intrinsic task motivation. Domain-relevant skills provide the foundational knowledge and expertise required to evaluate, refine, and develop ideas. Creativity-relevant processes enable flexible, divergent, and risk-tolerant approaches to problem solving, allowing individuals to reframe challenges and explore unconventional pathways. Intrinsic task motivation supplies the internal drive to persist in cognitively demanding, uncertain, and exploratory work. When these components converge, individuals and teams are more likely to generate ideas that are not only novel but also appropriate and feasible within a given

context, thereby enhancing creative performance and innovation potential (Emami et al., 2022).

At the team level, particularly in entrepreneurial settings, creativity is shaped by collective orientations toward initiative, experimentation, and opportunity exploration. Teams that perceive diversity in knowledge, experience, and perspectives as a resource rather than a source of friction are more likely to engage in systematic idea development. When supported by psychologically safe climates that tolerate risk-taking and encourage open exchange, teams can collaboratively refine ideas through shared sensemaking, constructive critique, and iterative experimentation. As a result, idea generation tends to emphasize feasibility, relevance, and clarity alongside novelty, increasing the likelihood that creative outputs can be translated into viable business solutions during the entrepreneurial process (Tkacz et al., 2023).

Within organizational contexts, a creative mindset functions as an underlying cognitive resource that supports entrepreneurial achievement by enabling the translation of novel ideas into viable outcomes. Innovation capability, in turn, reflects the organization's capacity to operationalize creativity through the development of new services, processes, managerial practices, and technologies. This capability ensures that creative ideas are systematically transformed into implemented outcomes rather than remaining abstract or underutilized. Accordingly, creativity exerts its greatest impact when embedded within organizational mechanisms that support experimentation, learning, and execution, highlighting the central role of innovation capability in sustaining entrepreneurial performance (Yodchai et al., 2021).

Innovation management tools including agile methodologies, creative problem-solving techniques, strategic planning instruments, and digital knowledge-sharing systems serve as structured mechanisms that organize and institutionalize innovation activities across different stages of the innovation process. Rather than acting as direct drivers of market success, these tools function as enabling infrastructures that provide procedural clarity, coordination, and consistency. Their primary value lies in supporting the effective mobilization and deployment of existing resources and capabilities within a broader innovation management system grounded in strategic

orientation, organizational mindset, and deliberate resource allocation (Hafkesbrink & Schaff, 2024).

A sustainable innovation mindset also depends on transformative learning and openness to new perspectives. Innovation-oriented education is most effective when learners are immersed in experiential learning environments that deliberately integrate challenge, reflection, and meaning-making. Such environments encourage learners to critically examine assumptions, engage constructively with ambiguity, and reinterpret experience through reflection. Over time, these processes cultivate self-awareness, adaptability, and confidence in one's capacity to innovate. Consequently, learners develop an innovation mindset characterized not only by creative capability but also by a disposition toward continuous learning and value creation in uncertain and complex contexts (Kulturel-Konak et al., 2025). This chapter conceptualizes organizational adaptability as a function of convergent mindsets integrating creativity, entrepreneurship, leadership, productivity, professionalism, and management. It demonstrates that leadership-driven learning cultures and mindset alignment enable innovation, resilience, and sustained performance in dynamic and digitally transforming organizational environments **(Ruangsriroj & Suvittawat, 2021).**

An open innovation mindset is especially salient for entrepreneurs operating in emerging markets, where innovation frequently depends on collaboration, learning from external actors, and boundary-spanning thinking. This mindset emphasizes active engagement with customers, partners, and networks beyond organizational boundaries, enabling entrepreneurs to access and integrate diverse knowledge and resources. In transitional and resource-constrained environments, openness expands the opportunity horizon and facilitates creative recombination of internal and external knowledge, thereby enabling new pathways for value creation that are difficult to achieve through closed, internally focused approaches alone (Gomezel & Rangus, 2018).

Psychological resources such as workplace spirituality and mindfulness further support the development of an innovation mindset by enhancing employees' sense of purpose, present-moment awareness, and inner coherence. By fostering meaningful work experiences and connectedness, these resources strengthen confidence in personal capabilities and deepen organizational attachment. Such conditions contribute to a

supportive psychological climate that sustains creative effort and encourages openness to learning, collaboration, and knowledge exchange—key foundations of open innovation (Jehanzeb et al., 2025).

To sustain innovation in dynamic environments, organizations are encouraged to systematically diagnose and purposefully cultivate their innovation competency profiles. These profiles comprise bundles of skills, mindsets, and observable behaviors that collectively enable effective innovation, including opportunity-seeking, collaborative capability, scientific reasoning, future-oriented sensemaking, and reflective capacity. By making these competencies explicit and measurable, organizations can align learning investments, design complementary teams, and build environments that support innovation under conditions of uncertainty and rapid change (Liedtka et al., 2022).

In summary, creativity and innovation operate as a dynamic and mutually reinforcing cycle in which creativity provides imaginative vision and exploratory insight, while innovation translates this vision into realized value. Within the marketing function, this cycle is embedded in a creativity- and innovation-oriented mindset that encompasses both the generation of novel ideas and the development of innovative solutions. Consequently, the most effective individuals and organizations are those that successfully integrate creative mindsets with structured innovation systems, thereby cultivating environments in which new ideas can be systematically conceived, developed, and brought to fruition.

4.3 Entrepreneurship and Leadership Mindset

An entrepreneurial mindset refers to an individual's cognitive and psychological capacity to recognize and interpret problems as opportunities, make adaptive decisions under conditions of uncertainty, and engage in calculated risk-taking and strategic collaboration to generate value for both customers and organizations. This mindset is increasingly understood not merely as a driver of venture creation, but as a mechanism through which individuals and organizations address complex societal challenges such as sustainability, digital transformation, social inclusion, and community development through innovation, adaptability, and cross-boundary thinking. From this perspective, entrepreneurship represents a systemic and context-

sensitive force, characterized by opportunity recognition with incomplete information, resilience in the face of complexity, and the ability to reframe persistent problems into pathways for meaningful economic and societal value creation. Consequently, entrepreneurial activity is increasingly aligned with public policy, education, and social development agendas, reinforcing its role in fostering long-term societal progress rather than short-term commercial outcomes (Liguori et al., 2024).

Building on this view, an entrepreneurial mindset is conceptualized as a dynamic and malleable orientation that shapes individuals' willingness to engage proactively in opportunity pursuit, venture creation, and business growth. It extends beyond technical business competencies to encompass attitudinal and cognitive attributes such as innovativeness, achievement orientation, tolerance for risk, and sustained commitment to entrepreneurial action. Importantly, this mindset is not static; it can be cultivated and strengthened through structured entrepreneurship education, experiential learning, and targeted training interventions. Such interventions have been shown to enhance confidence, opportunity recognition, and readiness for self-employment, particularly in contexts marked by unemployment and resource constraints. Through these processes, individuals develop the capacity to persist amid uncertainty, align personal aspirations with entrepreneurial outcomes, and translate intention into sustained entrepreneurial engagement (Shetty G et al., 2024).

Within the digital economy, the entrepreneurial mindset acquires additional significance as individuals must navigate rapid technological change and digitally mediated business environments characteristic of Industry 4.0. In this context, the mindset is shaped by creativity, digital literacy, and an innovation-oriented outlook that enables individuals to perceive technological disruption as a source of opportunity rather than threat. Emphasis is placed on proactive problem-solving, adaptability, and the effective use of digital tools to generate value in emerging and highly dynamic digital markets (Ganefri et al., 2025).

Leadership, while conceptually distinct from entrepreneurship, is inherently complementary to the entrepreneurial mindset. A leadership mindset is grounded in an individual's capacity to inspire, influence, and mobilize others toward shared objectives through the integration of

intellectual, emotional, and spiritual intelligence. In organizational contexts particularly within the public sector leadership is shaped by leaders' cognitive orientations, emotional awareness, and ethical responsibility, especially in relation to talent attraction, development, and retention. Effective leadership thus transcends formal authority, manifesting instead through values-driven decision-making, accountability for organizational outcomes, and a sustained commitment to human capital development. Leaders' mindsets directly influence how organizational challenges are interpreted, how decisions are enacted, and how work environments are shaped to support learning, collaboration, and long-term capability building (Shingenge & Saurombe, 2022).

At the intersection of entrepreneurship and leadership lies entrepreneurial leadership, a relational and team-centered form of leadership in which entrepreneurial action and leadership practice are integrally combined. Entrepreneurial leadership is enacted not through isolated visionary authority, but through social interaction, shared learning, and collective sensemaking within teams. Entrepreneurial leaders create enabling conditions such as experiential learning, peer observation, self-regulated learning, and collaborative opportunity recognition—that empower team members to innovate autonomously while maintaining coherence, alignment, and commitment toward shared goals (Ahmed & Harrison, 2025). This form of leadership operates at the nexus of innovation and influence, translating opportunity perceptions into coordinated and adaptive action. By fostering high-quality relationships and satisfying followers' psychological needs for autonomy, competence, and relatedness, entrepreneurial leaders cultivate intrinsic motivation, encourage proactive and innovative behavior, and align individual initiative with strategic intent. In doing so, they enable organizational adaptability and sustained competitive advantage in uncertain and rapidly evolving environments (Taylor et al., 2025).

Increasingly, both entrepreneurial and leadership mindsets are required to internalize corporate social responsibility (CSR) and environmental sustainability as core strategic orientations rather than peripheral considerations. In the context of Sustainable Industry 4.0, this integration entails aligning innovation, digital transformation, and managerial decision-making with long-term environmental stewardship and societal

value creation. Responsible leadership and organizational commitment play a critical role in ensuring that technological advancement enhances environmental decision-making effectiveness and contributes meaningfully to sustainable development outcomes beyond short-term economic performance (Raissi et al., 2025).

Underlying these mindsets, passion and enthusiasm function as fundamental psychological drivers embedded within the entrepreneurial experience. These affective forces reflect deep emotional engagement, commitment, and identification with entrepreneurial activities such as opportunity recognition, venture creation, and business development. By sustaining effort, perseverance, and willingness to confront uncertainty and ongoing operational demands, entrepreneurial passion enables individuals to remain actively engaged in their entrepreneurial pursuits despite adversity and changing environmental conditions (Suvittawat, 2019).

The entrepreneurship and leadership mindset is fundamentally grounded in humanity and jointly shaped by entrepreneurship value and leadership values, as illustrated in Figure 4.3. Humanity represents core human qualities such as empathy, ethical awareness, social responsibility, and respect for stakeholders and serves as the foundational layer guiding how individuals perceive opportunities, make decisions, and exercise influence within organizational and societal contexts.

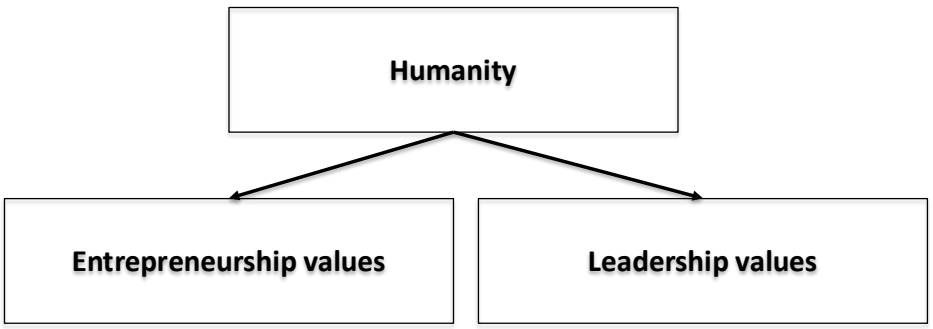

Figure 4.3 Entrepreneurship and Leadership Mindset

Source: Adapted from Awotunde, M. O., & Aregbeshola, R. A. (2025). Effect of leadership styles on entrepreneurship success: a comparative analysis. *Cogent Business & Management*, 12(1), 2516176.

Taken together, these perspectives converge on a unified understanding that entrepreneurial and leadership mindsets are not isolated constructs but mutually reinforcing orientations grounded in humanity and jointly shaped by entrepreneurship value and leadership values. The entrepreneurial mindset promotes opportunity recognition, innovation, and adaptive action, while the leadership mindset integrates these initiatives into cohesive, ethically grounded, and value-driven organizational processes. Collectively, they form a cognitive, emotional, and normative foundation that enables individuals and organizations to thrive within complex, dynamic, and socially responsible environments.

4.4 Productivity and Improvement Mindset

The productivity mindset reflects a strategic orientation in which individuals and organizations pursue enhanced output through efficiency, technological integration, and adaptive skill development. Rather than viewing productivity solely as a performance metric, this mindset conceptualizes it as an outcome of cognitive agility, innovation, and a strong learning orientation. Employer-supported soft-skills training can yield measurable productivity gains. Specifically, training programs focused on communication, emotional intelligence, self-management, problem-solving, and teamwork have been enhancing worker productivity, largely through improvements in psychological well-being. Emotional resilience and effective workplace coordination function as key mechanisms through which soft-skills development translates into higher productivity (Petreski et al., 2025). Consequently, a productivity mindset extends beyond quantitative efficiency by integrating interpersonal competence and adaptive intelligence as critical drivers of performance.

Building on this foundation, the improvement mindset closely associated with continuous learning and innovation frames productivity as a dynamic and evolving construct. From this perspective, productivity gains emerge through systematic reflection, feedback, and iterative adaptation. Such gains are reinforced by the implementation of integrated human resource management (HRM) and quality management practices that emphasize workforce capability development, employee involvement, standardized processes, and a culture of continuous improvement. These organizational practices collectively support sustained productivity

enhancement over time (Tran et al., 2025). Accordingly, the improvement mindset represents a cyclical process in which learning and refinement underpin long-term performance sustainability.

At the organizational level, technological advancement and innovation act as catalysts for both productivity and improvement mindsets. Firms adopting Industry 4.0 technologies such as automation and data analytics are better positioned to operate within broadly distributed global value chains. These technologies facilitate the coordination of geographically dispersed production activities and the management of complex international operations, conditions that are associated with higher productivity outcomes (Opazo-Basáez et al., 2021). This integration of technological breadth and operational depth illustrates how productivity transcends traditional managerial models, aligning closely with the improvement mindset through continual technological upgrading.

In parallel, research and development (R&D) plays a central role in driving productivity growth. Innovation, imitation, and technology spillovers particularly those transmitted through international trade in intermediate inputs serve as critical mechanisms supporting productivity improvements across countries and industries (Lee, 2020). This underscores the improvement mindset as inherently linked to curiosity, experimentation, and openness to external knowledge sources.

The growing adoption of agile methodologies further reflects an evolving conception of productivity. An agile mindset characterized by collaboration, responsiveness to change, self-governance, and delivery focus enables teams, particularly in software development contexts, to sustain or enhance productivity under disruptive conditions. Agile teams are better equipped to manage behavioral challenges associated with remote and uncertain work environments, thereby maintaining key productivity outcomes such as delivery velocity, task completion, and output quality (Sathe & Panse, 2022). In this regard, agile practices operationalize both productivity and improvement mindsets by prioritizing adaptability over rigidity, learning over perfection, and progress over procedural compliance.

More recently, effortlessness has been proposed as a novel analytical dimension for assessing the impact of artificial intelligence (AI) adoption.

This perspective argues that AI's primary contribution lies not merely in increasing labor productivity, but in reducing, assisting, or replacing human effort in task execution. Productivity gains thus represent only a partial account of AI's value, whereas effortlessness more comprehensively captures the cognitive, operational, and innovative ease generated through AI-enabled automation and augmentation particularly in contexts where traditional productivity metrics become less informative (Sohn, 2025). This view aligns closely with the improvement mindset, emphasizing efficiency through innovation and the reallocation of human cognitive resources toward higher-order creative and strategic activities.

As illustrated in Figure 4.4, technology functions as a central enabler of a productivity and improvement mindset within organizations. Through the adoption and effective utilization of technology, firms are able to enhance capital productivity by optimizing the use of physical, financial, and human resources, thereby generating greater output from existing capital investments. Simultaneously, technology contributes to margin improvement by reducing operational costs, increasing process efficiency, and supporting value-added activities. Together, improvements in capital productivity and operating margins reflect an organizational orientation toward continuous improvement, efficiency enhancement, and long-term performance sustainability.

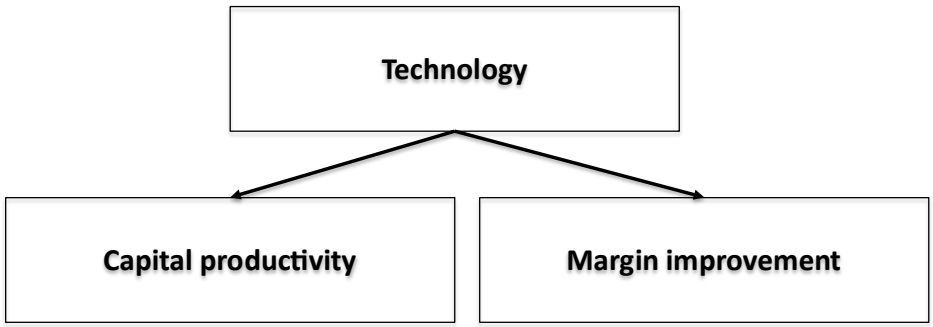

Figure 4.4 Productivity and Improvement Mindset

Source: Adapted from Vărzaru, A. A., & Bocean, C. G. (2024). Digital Transformation and Innovation: The Influence of Digital Technologies on Turnover from Innovation Activities and Types of Innovation. *Systems*, 12(9), 359.

In summary, the cultivation of productivity and improvement mindsets necessitates the integration of human adaptability, organizational learning, and technological advancement, with technology serving as a critical driver that enhances capital productivity and supports margin improvement. Productivity is no longer defined solely by speed or output volume; rather, it reflects an organization's capacity to evolve efficiently through critical thinking, dynamic adaptation, and sustainable innovation. When jointly enacted, these mindsets transform organizations into adaptive systems capable of continuous growth, resilience, and intelligent performance.

4.5 Professionalism and Management Mindset

The interplay between professionalism and management mindsets is a critical determinant of contemporary organizational performance, leadership practice, and adaptive capacity across sectors. The professionalism mindset emphasizes ethical responsibility, professional autonomy, and specialized expertise, whereas the management mindset prioritizes efficiency, coordination, and performance optimization through formal structures and strategic control. Although these paradigms often coexist in tension within organizations, their alignment forms the foundation of sustainable and resilient organizational systems.

As illustrated in Figure 4.5, professionalism and a management mindset jointly form the foundational pillars of financial capability within the organizational context. Professionalism is reflected in monetization professionalism, which refers to the organization's ability to systematically transform products, services, and activities into sustainable revenue streams through disciplined pricing, cost control, and value-based financial decision-making. In parallel, a management mindset is manifested through result management, emphasizing the planning, monitoring, and evaluation of financial outcomes to ensure efficiency, accountability, and long-term performance. Together, these dimensions highlight that financial capability extends beyond resource availability, encompassing structured financial practices and a results-oriented managerial orientation that supports organizational sustainability and competitive performance.

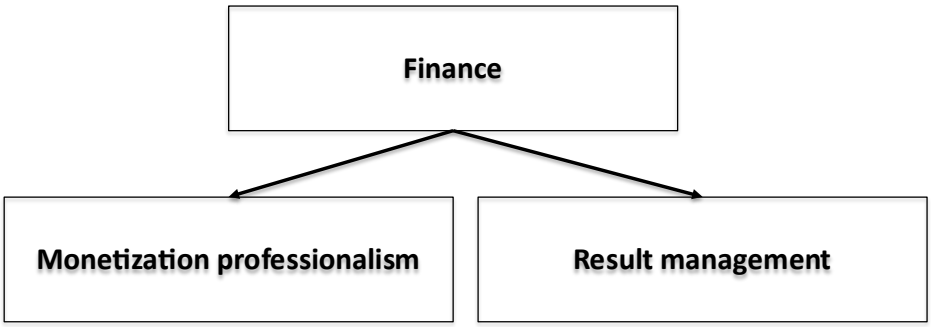

Figure 4.5 Professionalism and Management Mindset

Source: Adapted from Chuquimia-Rivero, W., Culebro-Martínez, A., & Ramos-García, M. (2025). Dynamics of financial decisions for 21st-century economic environments: The link between business performance, inclusion, and financial literacy of entrepreneurs. *Journal of Risk and Financial Management*, 18(5), 110.

The professionalism mindset refers to a cognitive–behavioral orientation grounded in specialized knowledge, ethical commitment, self-regulation, and service to society. In professional service contexts, particularly within small and medium audit practices in developing economies, professionalism manifests through adherence to ethical standards, continuous professional development, and a strong sense of accountability. Such orientations strengthen the effective utilization and protection of organizational knowledge resources, reinforce service quality, and support sustained operational effectiveness and firm performance (Kaawaase et al., 2019). Beyond technical competence, professionalism cultivates trust, legitimacy, and reputational capital at both individual and organizational levels.

Professional identity, however, is not static; it is continuously negotiated within organizational and institutional structures. In public service organizations, this negotiation becomes particularly salient during the implementation of quality management systems (QMS). Rather than uniformly constraining professional work, standardization processes are actively interpreted and adapted by organizational actors in ways that reflect

competing logics of professionalism. At senior organizational levels, QMS often embodies organizational professionalism, emphasizing formal accountability, control, and compliance to secure external legitimacy. At the frontline, professionals reinterpret standardized tools to preserve occupational professionalism grounded in discretion, experiential knowledge, and value-based judgment. This dynamic produces hybrid configurations in which managerial instruments coexist with professional autonomy through processes of participation, selective decoupling, and local translation. Consequently, QMS function not merely as technical control mechanisms but as negotiated frameworks balancing procedural conformity with professional integrity and meaningful practice (Nordesjö, 2020).

Professionalization further operates as a form of institutional work through which non-elite actors actively reshape professional roles, boundaries, and legitimacy within hierarchical systems. Rather than simply defending established authority, professionalization strategies are used to redefine norms, redistribute responsibilities, and influence organizational arrangements by embedding new practices and identities into everyday routines (van Bochove & Oldenhof, 2020). This perspective underscores professionalism as a dynamic, relational construct that emerges at the intersection of expertise, ethics, and organizational context.

By contrast, the management mindset is oriented toward achieving coordination, predictability, and measurable outcomes through structured processes and leadership systems. Formal managerial mechanisms such as project management certifications enhance project performance by reinforcing standardized planning, risk management, and communication practices. However, their effectiveness depends on whether such certifications cultivate professional judgment and reflective competence beyond procedural compliance (Aslam & Bilal, 2021). This highlights the management mindset's cognitive emphasis on structure, discipline, and control.

Contemporary management thinking increasingly moves beyond mechanistic efficiency toward service orientation, sustainability, and systemic awareness. The shift from product-based to service-based management requires a transformative managerial mindset that prioritizes customer experience, relational quality, and organizational adaptability. Quality is redefined not as conformance to static specifications but as a dynamic, co-

created process shaped through ongoing interaction with customers. This transition demands learning-oriented, collaborative, and flexible managerial attitudes that support continuous improvement and innovation (Liao et al., 2023). Extending this evolution, management mindset has also been conceptualized as an ecocentric paradigm that reorients managerial reasoning from firm-centric optimization toward recognition of social and ecological interconnectedness. This perspective integrates environmental and social considerations into decision-making and supports authentic corporate sustainability practices (Araujo et al., 2021).

At the strategic level, managerial mindset plays a formative role in shaping organizational trajectory and leadership behavior. Managers in born-global SMEs exhibit internationalization-oriented mindsets characterized by innovation, proactive risk-taking, and global learning, enabling rapid international expansion under conditions of uncertainty (Chishty et al., 2025). Similarly, growth-oriented managerial mindsets are associated with transformational leadership behaviors that foster employee engagement, trust, and positive organizational climates (Kouzes & Posner, 2019).

While professionalism and management mindsets serve distinct yet complementary functions, their integration ultimately determines organizational resilience and effectiveness. Professionalism safeguards ethical judgment, knowledge integrity, and public value, whereas management provides coordination, scalability, and performance discipline. When professionalism informs managerial practice, organizations benefit from enhanced intellectual and relational capital; when managerialism dominates without ethical grounding, professional autonomy and intrinsic motivation may be eroded. The challenge, therefore, lies not in privileging one mindset over the other but in cultivating a hybrid meta-mindset that integrates ethical depth with operational rigor. Such alignment enables organizations to balance efficiency with integrity, adaptability with accountability, and performance with purpose hallmarks of sustainable leadership and organizational excellence.

Case Study of Chapter 4

The Role of Passion and Enthusiasm in Small and Medium Enterprises (SMEs)

Adapted Reprint from:

Suvittawat, A. (2019). Passions and enthusiams of small and medium enterprises (SMES): A case study of Nakorn Ratchasima province, Thailand. Entrepreneurship and Sustainability Issues, 6(3), 1369-1379. https://doi.org/10.9770/jesi.2019.6.3(22)

1. Introduction

Entrepreneurs are a significant driver of economic development, particularly through the creation and growth of small and medium enterprises (SMEs). Entrepreneurial passion and enthusiasm play a crucial role in motivating effort, opportunity recognition, and sustained engagement in entrepreneurial activities. These emotional and cognitive factors enhance self-efficacy, work engagement, and commitment to business goals, thereby influencing overall enterprise performance. In Thailand, SMEs follow a distinctive performance management process comprising preparation, planning, implementation, evaluation, revision, and application. Given their unique capital, personal, and organizational requirements, Thai SMEs must establish clear strategic direction and effective operational management to achieve sustainable competitiveness. The contribution of SMEs to the Thai economy is substantial, as reflected in their positive impact on GDP growth.

At the macro level, environmental conditions, government policies, and globalization significantly affect entrepreneurial behavior and SME performance. Government plays a critical role in economic stability and disaster recovery; however, inefficiencies such as inter-departmental miscommunication and resource mismanagement can hinder sectoral performance. At the same time, rapid technological change and the widespread use of the internet have transformed business models, particularly through social commerce and social media marketing, creating both

challenges and opportunities for SMEs. While existing literature recognizes the importance of passion and enthusiasm in entrepreneurship, there remains limited in-depth understanding of how these factors influence entrepreneurial processes and outcomes. Consequently, cultivating entrepreneurial passion and enthusiasm is increasingly important in a dynamic, globalized business environment that continuously reshapes opportunities and competitive conditions for SMEs.

This case study draws on entrepreneurial passion and enthusiasm to enhance understanding of entrepreneurship and entrepreneur development. In doing so, it contributes to both entrepreneurial academic knowledge and managerial practice, while providing empirical insights into entrepreneurship at the provincial level, which constitutes a critical backbone of Thailand's economic development.

2. National Context: Passion and Enthusiasm Driving Entrepreneurship in Small and Medium Enterprises (SMEs) in Thailand

Entrepreneurial passion and commitment are central drivers of performance and growth among Thai SMEs. Commitment manifested through endurance, perseverance, passion, and self-determination shapes entrepreneurial behavior and differentiates successful ventures from less effective ones. High commitment strengthens the entrepreneurial mindset, supports persistence in challenging conditions, and guides strategic decision-making.

Enthusiasm for competition is equally critical in Thailand's highly competitive SME environment. Entrepreneurs must possess intrinsic excitement for their work, develop comprehensive business plans, and demonstrate strong understanding of products, markets, and competitors. Enthusiasm fuels sustained effort and adaptability, enabling SMEs to respond to rapid environmental changes. In the Thai context, entrepreneurship, corporate brand management, and competitive intensity jointly influence firm performance, reflecting cultural and structural characteristics unique to Thai SMEs.

Passion for entrepreneurship relates to intense emotional engagement in opportunity recognition, venture creation, and innovation. Although

entrepreneurial passion tends to be strongest at the early stages of a venture, it remains a key determinant of entrepreneurial intensity, encompassing autonomy, innovativeness, proactiveness, risk-taking, and competitive aggressiveness. For Thai SMEs, entrepreneurial intensity enhances firm performance through superior customer responsiveness, market reaction, competitor learning, and business advantage. Entrepreneurial passion also positively affects entrepreneurial intentions and funding decisions, often mediated by self-efficacy and creativity.

Finally, enthusiasm for opportunity identification and development underpins sustainable growth. Entrepreneurs who effectively recognize and exploit opportunities transform environmental uncertainty into innovation and new market creation. Continuous development through process innovation, human resource development, and technological integration has become a primary source of competitive advantage. Despite the crucial economic role of SMEs, particularly in Thailand's service sector, there remains limited empirical understanding of how passion and enthusiasm shape entrepreneurial success. This gap underscores the need to examine entrepreneurial passion and enthusiasm within the specific context of Thai SMEs.

3. Methodology and Research Framework

This exploratory case study empirically examines emerging factors influencing entrepreneurial enthusiasm and business persistence among small and medium enterprises (SMEs) in Thailand. Specifically, it investigates the extent to which each factor affects both entrepreneurial enthusiasm and the persistence of business operations. The study adopts a quantitative research design, employing structured questionnaires as the primary data collection instrument, while qualitative contextual methods are used for initial factor identification. Secondary data are derived from a systematic review of relevant literature and are utilized to support and validate the research findings. Data collected from 335 SME entrepreneurs operating in the service, manufacturing, and trading sectors in Nakhon Ratchasima Province were analyzed using descriptive statistics, specifically mean values and standard deviations (SD).

The survey consists of measures capturing key constructs:

- Enthusiasm for Entrepreneurship Variables – commitment to the product or service, enthusiasm for competition, passion for entrepreneurship, enthusiasm for opportunity, and enthusiasm for development.
- Persistence of Business

Based on the research framework, to investigate the relationship between enthusiasm for entrepreneurship and persistence of business, this study advances five hypotheses, positing that entrepreneurs' commitment to the product or service, enthusiasm for competition, passion for entrepreneurship, enthusiasm for opportunity, and enthusiasm for development are all positively associated with the persistence of business.

4. Findings and Discussion

4.1 Enthusiasm for Entrepreneurship Variables

The results indicate that entrepreneurs' responses to the enthusiasm for entrepreneurship variables are at an agreed level, with a mean score of 3.54 and a standard deviation (SD) of 0.85.

The means and standard deviations (SD) of the following independent variables:

- Commitment to the product or service (mean = 3.54, SD = 0.97)
- Enthusiasm for competition (mean = 3.36, SD = 0.81)
- Passion for entrepreneurship (mean = 3.63, SD = 0.80)
- Enthusiasm for opportunity (mean = 3.54, SD = 0.79)
- Enthusiasm for development (mean = 3.64, SD = 0.91)

Enthusiasm for entrepreneurship comprises five interrelated dimensions that collectively enhance entrepreneurial behavior and business performance. Commitment to the product or service strengthens customer trust and satisfaction, as entrepreneurs and salespeople who demonstrate innovativeness, proactiveness, and calculated risk-taking are more likely to deliver superior customer value. Enthusiasm for competition enables firms to compete more effectively in global markets by fostering entrepreneurial employees who are supported and motivated to enhance competitiveness.

Passion for entrepreneurship represents the emotional and cognitive engagement with work, driving deeper information processing, greater effort, persistence, and ultimately improved entrepreneurial performance. Enthusiasm for opportunity reflects motivation and preparedness to recognize and exploit opportunities, which directly influences entrepreneurial success. Finally, enthusiasm for development emphasizes learning from diverse experiences and cultivating entrepreneurial talent, as continuous development supported by enthusiasm contributes to long-term entrepreneurial success.

4.2 The Impact of Enthusiasm for Entrepreneurship Variables on the Persistence of Business

The results indicate a significant correlation between enthusiasm for entrepreneurship variables and the persistence of business. Specifically, commitment to the product or service shows a positive and statistically significant relationship with business persistence. Similarly, enthusiasm for competition, passion for entrepreneurship, and enthusiasm for opportunity are each positively and significantly associated with the persistence of business. In contrast, enthusiasm for development, while positively related, does not demonstrate a statistically significant effect on business persistence.

5. Synthesis

The case study illustrates that integrating the five dimensions of entrepreneurial passion and enthusiasm commitment to the product or service, enthusiasm for competition, passion for entrepreneurship, enthusiasm for opportunity, and enthusiasm for development and examining their collective influence on business persistence among SMEs in Nakhon Ratchasima Province. Entrepreneurial enthusiasm is a multidimensional construct that operates as a critical behavioral and motivational mechanism sustaining SMEs in a competitive and dynamic environment.

Overall, the case study demonstrates that four dimensionscommitment to the product or service, enthusiasm for competition, passion for entrepreneurship, and enthusiasm for opportunity exhibit significant relationships with business persistence, indicating that entrepreneurs who are emotionally and cognitively engaged with their ventures are more likely to sustain operations over time. While enthusiasm for development reflects strategic investment in innovation, quality, and human resources, its

relationship with persistence is comparatively weaker, suggesting that developmental efforts alone may be insufficient without strong entrepreneurial commitment and opportunity-oriented passion.

Entrepreneurial passion and enthusiasm function not merely as individual traits but as strategic resources that enhance resilience and continuity in SMEs. Consequently, fostering entrepreneurial enthusiasm is essential for strengthening business persistence and supporting the long-term sustainability of SMEs within the Thai economic context.

6. Conclusion

Entrepreneurial passion and enthusiasm play a critical role in sustaining business persistence among small and medium enterprises. Key factors driving enthusiasm for entrepreneurship include commitment to the product or service, enthusiasm for competition, passion for entrepreneurship, enthusiasm for opportunity, and enthusiasm for development. Commitment to product or service emphasizes ongoing development and differentiation to achieve competitive advantage, with social media serving as an essential channel for customer engagement and communication. Enthusiasm for competition enables entrepreneurs to focus on niche markets and continuously innovate, while passion for entrepreneurship reflects a strong orientation toward challenges, goal achievement, and resilience in dynamic business environments. Enthusiasm for opportunity supports proactive adaptation to changing customer needs and market information, and enthusiasm for development highlights investment in innovation and the recruitment of high-potential employees to enhance efficiency and quality.

Overall, these entrepreneurial passion and enthusiasm dimensions are positively and significantly related to business persistence, indicating that entrepreneurs who exhibit higher enthusiasm for entrepreneurship are more likely to sustain and persist in their business operations.

Case Study Questions

1. How does an SME entrepreneur's commitment to product or service development (e.g., differentiation, customer-oriented design, and use of social media) influence long-term business persistence in a highly competitive provincial market such as Nakhon Ratchasima?
2. In what ways does enthusiasm for competition such as focusing on niche markets, setting sales targets, and continuous product innovation affect the strategic decisions and survival of SMEs operating in Thailand's dynamic business environment?
3. The study finds passion for entrepreneurship to have a significant relationship with persistence of business. How do personal characteristics such as love for challenges, resilience, and goal orientation translate into sustained entrepreneurial performance in SMEs?
4. How does an entrepreneur's enthusiasm for identifying and exploiting new opportunities (e.g., market analysis, responsiveness to change, leadership in innovation) contribute to adaptability and persistence of SMEs amid environmental uncertainty?
5. Despite its importance, enthusiasm for development was not found to have a statistically significant relationship with business persistence. What contextual or managerial factors might explain this result, and how can SMEs better translate development efforts into sustainable business outcomes?

Chapter Summary

The convergence of mindsets within an organization is the strategic alignment of diverse cognitive, cultural, and behavioral orientations into a shared growth-oriented identity that supports innovation, learning, and resilience. Rather than relying on structural differentiation alone, contemporary organizations achieve adaptability through leadership-driven learning cultures, psychological safety, and shared interpretations of change. This convergence emerges through leadership role-modeling, coaching-oriented management, cultural recalibration, and multilevel readiness cognitive and emotional particularly in digital transformation and crisis contexts. As a continuous and dynamic process, mindset convergence enables coordinated sensemaking, strengthens governance and accountability, and sustains long-term organizational coherence in volatile environments.

The creativity and innovation mindset represents a dual yet reinforcing cognitive orientation in which creativity generates novel and valuable ideas while innovation systematically transforms those ideas into implemented outcomes. Creativity arises from the interaction of domain-relevant skills, creativity-relevant processes, and intrinsic motivation, whereas innovation depends on structured execution, prioritization, and scaling. At individual, team, and organizational levels, psychologically safe environments, experiential learning, openness to external knowledge, and innovation management systems enable this transition from ideation to value creation. When embedded in organizational routines and supported by learning-oriented cultures, creativity becomes a renewable cognitive resource and innovation a sustainable organizational capability.

The entrepreneurship and leadership mindset reflects an integrated cognitive–behavioral orientation that combines opportunity recognition, adaptive decision-making, and calculated risk-taking with the capacity to mobilize others through ethical, relational, and value-driven leadership. Entrepreneurship is increasingly understood as a systemic and socially embedded force addressing economic, technological, and societal challenges, while leadership channels entrepreneurial initiative into coordinated collective action. Entrepreneurial leadership emerges at the intersection of these mindsets, fostering autonomy, learning, and shared sensemaking within

teams. Together, they enable organizations to navigate uncertainty, embed sustainability and social responsibility, and translate individual initiative into long-term strategic and societal value.

The productivity and improvement mindset conceptualizes productivity as an evolving outcome of cognitive agility, learning orientation, and technological integration rather than mere output efficiency. Productivity gains are driven by soft-skill development, psychological well-being, agile work practices, and continuous learning systems that support adaptation and refinement over time. The improvement mindset reinforces this orientation through iterative feedback, integrated HRM and quality management practices, and openness to innovation, R&D, and external knowledge spillovers. In the context of Industry 4.0 and artificial intelligence, productivity is increasingly associated with effortlessness reducing cognitive and operational burden thereby reallocating human capacity toward higher-order strategic and creative activities.

The professionalism and management mindset reflects the interaction between ethical expertise, professional autonomy, and service orientation on one hand, and coordination, control, and performance optimization on the other. Professionalism safeguards knowledge integrity, accountability, and public trust, while management provides structure, scalability, and strategic discipline. Tensions between these paradigms are negotiated through hybrid configurations, particularly in contexts such as quality management systems and public service organizations. Sustainable organizational performance emerges not from privileging one mindset, but from integrating ethical depth with managerial rigor forming a hybrid meta-mindset that balances efficiency with integrity, adaptability with accountability, and performance with purpose.

Chapter Review Questions

Review Question 1:

How does the convergence of diverse individual, managerial, and leadership mindsets contribute to organizational adaptability and resilience in volatile environments, and what role do leadership practices play in institutionalizing this convergence across hierarchical levels?

Review Question 2:

In what ways do creativity and innovation represent distinct yet interdependent mindsets, and how do curiosity, creativity, and clarity collectively enable the transformation of novel ideas into sustainable organizational value?

Review Question 3:

How do entrepreneurial and leadership mindsets reinforce one another in enabling opportunity recognition, collective action, and responsible value creation, particularly in contexts characterized by uncertainty, digital transformation, and societal challenges?

Review Question 4:

Why is productivity increasingly conceptualized as a dynamic learning-oriented capability rather than a static performance metric, and how do improvement-oriented practices, technology adoption, and agile thinking reshape contemporary understandings of organizational productivity?

Review Question 5:

How can organizations balance the inherent tensions between professionalism and management mindsets to achieve ethical integrity, operational efficiency, and long-term sustainability, and why is the

development of a hybrid or integrative mindset critical for modern organizational governance?

Chapter Exercises

Exercise 1:

Select an organization (real or hypothetical) operating in a volatile or rapidly changing environment (e.g., digital transformation, crisis recovery, or international expansion).

1. Identify at least three distinct mindsets present within the organization (e.g., growth mindset, risk-awareness mindset, learning mindset).
2. Analyze how leadership and managerial practices either facilitate or hinder convergence among these mindsets.
3. Evaluate the organizational consequences of mindset convergence or misalignment for innovation, employee engagement, and crisis readiness.

Exercise 2:

Consider a product, service, or process innovation introduced by an organization of your choice.

1. Explain how a creative mindset contributed to the generation of novel ideas.
2. Analyze the role of an innovation mindset in translating those ideas into implemented outcomes.
3. Assess the organizational conditions (e.g., psychological safety, learning mechanisms, innovation tools) that enabled or constrained this process.

Exercise 3:

Imagine you are advising a startup founder or public-sector leader facing uncertainty and resource constraints.

1. Identify key elements of an entrepreneurial mindset relevant to this context.
2. Explain how a leadership mindset is required to mobilize others and sustain commitment.

3. Propose concrete leadership behaviors that integrate entrepreneurial initiative with ethical responsibility and long-term value creation.

Exercise 4:

Examine a team or organization that has recently adopted new technologies, agile practices, or continuous improvement systems.

1. Describe how a productivity mindset shapes attitudes toward efficiency, skills, and performance.
2. Analyze how an improvement mindset supports continuous learning and iterative refinement.
3. Critically assess whether productivity gains are driven more by human adaptability, technology adoption, or their interaction.

Exercise 5:

Consider a professional organization (e.g., audit firm, hospital, public agency, or consultancy).

1. Identify characteristics of the professionalism mindset and the management mindset present in the organization.
2. Analyze a situation in which these mindsets either conflict or complement one another (e.g., standardization vs. professional discretion).
3. Propose strategies for cultivating a hybrid mindset that balances ethical integrity with operational performance.

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Chapter 5: Strategic Unification of Organizational Functions for Integrated Value Creation and Sustainability

Course Learning Outcomes (CLO):

1. Analyze the causes and consequences of departmental silos and evaluate mechanisms for achieving effective cross-functional convergence within organizations.
2. Evaluate how integrating marketing decisions with financial metrics enhances accountability, resource allocation, and long-term value creation.
3. Assess the strategic and ethical implications of integrating intelligent technologies with human capabilities in organizational and service contexts.
4. Explain how strategic unification across structures, systems, and cultures supports alignment, agility, and organizational performance.
5. Justify organizational unification as a strategic necessity for achieving relevancy, survivability, and sustainability in dynamic environments.

Contents and Concepts of This Chapter:

5.1 The Convergence of Departments Within an Organization

5.2 Connecting Marketing and Finance

5.3 Coupling Technology and Humanity

5.4 The Importance of Unification in Organizational Strategy

5.5 Strategic Reasons for Unification

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5.1 The Convergence of Departments Within an Organization

This section establishes the structural and cognitive conditions under which organizational silos emerge, thereby clarifying why convergence across functional boundaries becomes a strategic necessity rather than an optional choice.

Departmental convergence fundamentally reshapes organizations by redistributing decision rights toward more collective and cross-functional authority, restructuring information flows to enable faster and more transparent knowledge exchange, and redefining organizational identity around shared goals that transcend functional boundaries. Organizations are commonly structured to facilitate the effective execution of core activities through the differentiation of functions into specialized divisions or departments, which may operate either independently or interdependently. However, when certain units are unwilling to engage in open communication, information flows across the organization become constrained, undermining coordination and impeding the achievement of collective organizational goals. This condition reflects a silo mentality, which is inherently counterproductive and often emerges from unhealthy competition among senior managers, as well as from self-interested behavior and hidden agendas across multiple hierarchical levels. A defining feature of siloed organizations is the deliberate reluctance to share information that is highly valuable or even essential—to other departments, ultimately weakening cross-functional collaboration and overall organizational effectiveness.

Integration should be understood not merely as operational alignment among functions, but as a strategic necessity in environments characterized by heightened complexity, rapid digital acceleration, and mounting sustainability pressures. Under these conditions, marketing assumes a boundary-spanning and integrative role, connecting financial discipline, technological capability, and governance mechanisms by translating market intelligence and stakeholder expectations into coordinated strategic action, thereby ensuring organizational coherence, adaptive responsiveness, and long-term value creation.

The convergence of departments represents a critical transition from fragmented, silo-based operations toward an integrated and collaborative

organizational configuration that enhances efficiency, innovation, and adaptability. This process is frequently driven by the need to address complex challenges that transcend individual functional boundaries, thereby underscoring the growing interdependence among departments such as marketing, operations, finance, and research and development. Departmental alignment and convergence are shaped by the degree of fit between organizational structures and contextual contingencies. Convergent change is driven primarily by internal structural adjustments particularly increases in differentiation and formalization rather than by heightened centralization. These incremental structural modifications strengthen coordination, efficiency, and coherence across organizational units, enabling unified performance instead of fragmented departmental action (Marín-Idárraga & Hurtado González, 2021).

Despite the strategic importance of convergence, the persistence of organizational silos continues to represent a major barrier, contributing to inefficiencies, duplicated efforts, and misaligned objectives. Organizational silos are increasingly conceptualized not merely as structural problems but as emergent behavioral and systemic phenomena arising from the interaction of cognitive frames, cultural norms, and environmental conditions that shape patterns of interaction within organizations. Silos are sustained through reciprocal reinforcement between individual cognition, social dynamics, and organizational contingencies. Consequently, efforts to dismantle silos require more than formal structural reconfiguration; they must also involve interventions that realign behavioral incentives and social norms, embedding collaboration as a culturally reinforced pattern of everyday practice rather than as a purely top-down managerial directive (Bento et al., 2020).

At the team level, silo mentality frequently arises from organizational and communication-related conditions such as unclear role ownership, limited cross-team interaction, competitive dynamics, and uncertainty associated with change. Its persistence is associated with negative outcomes, including constrained information exchange, coordination inefficiencies, perceived isolation, and reduced openness to organizational change. Addressing these challenges requires deliberate organizational and team-level interventions that enhance communication practices, increase the visibility and recognition of teams, foster organizational identification, and

promote leadership behaviors that model collaboration and shared ownership rather than territorial or defensive conduct (Jeske & Olson, 2024).

Organizational communication plays a central role in enabling departmental convergence. Effective communication systems facilitate cross-functional collaboration, particularly in contexts such as product development, where success depends heavily on interdepartmental coordination. Open communication channels and shared knowledge platforms help dismantle barriers between teams, ensuring seamless information flow and fostering participative and transparent decision-making processes (Kolling et al., 2022). Conversely, poorly managed collaboration can give rise to a collaboration trap, wherein entrenched silos reinforced by imbalanced goals, perceived inequities, and intergroup rivalries erode trust, inhibit knowledge sharing, and weaken strategic alignment. Overcoming this trap requires leadership-driven interventions that promote transparent communication, cross-functional engagement, shared physical and digital workspaces, and temporary team reassignments. Aligning divergent interests through a unified vision, equitable recognition, and trust-building practices enables organizations to integrate legacy and innovation efforts and to sustain adaptive innovation over time (Carreno, 2024).

From a managerial and governance perspective, departmental convergence also depends on the establishment of formal coordination mechanisms and operational frameworks that enable sustained collaboration across organizational boundaries. Effective coordination in addressing complex problems relies on structured management mechanisms that integrate information sharing, interest coordination, and shared responsibility. Convergence is thus maintained not through ad hoc interaction, but through governance arrangements that clarify roles, align incentives, and promote collective ownership of outcomes. Within this framework, leadership plays a facilitative and integrative role by articulating shared visions, mediating conflicts of interest, and fostering trust among participating actors. Continuous feedback loops supported by ongoing communication, performance evaluation, and organizational learning further enable collaborative arrangements to adapt dynamically to changing conditions and escalating problem complexity (Hong, 2024).

Intentional silo-busting strategies such as embedding collaboration as a core organizational value, defining clearly structured joint objectives, facilitating cross-functional interaction through dedicated forums, and reinforcing trust via collaborative leadership and reward systems can significantly enhance interdepartmental cohesion. However, the effectiveness of these interventions is strongly influenced by contextual factors, including leadership behavior, organizational culture, and pre-existing interdepartmental tensions (de Waal & van den Berg, 2025). Within this evolving landscape, marketing traditionally viewed as a distinct functional silo has increasingly been reframed as a strategic boundary-spanning function. Rather than relying on formal authority, marketing operates as an integrative interface that mobilizes customer and market insights to align diverse internal functions and external stakeholders around shared growth objectives. In doing so, it transforms structural constraints into opportunities for cross-functional learning, coordination, and innovation (Buder et al., 2025).

As illustrated in Figure 5.1, the convergence of departments within an organization is conceptualized as a multidimensional and strategic organizational transformation rather than a purely structural adjustment. The framework positions silo mentality as a core organizational barrier, rooted in both behavioral and systemic conditions that inhibit information sharing, coordination, and collective goal achievement. At the team level, silo mentality is reinforced through localized incentives, competitive norms, and limited cross-functional interaction, resulting in fragmented decision-making and suboptimal organizational performance. Departmental convergence is therefore framed as a deliberate strategic transition, enabled by intentional silo-busting strategies, robust governance mechanisms, and leadership commitment to shared objectives. Central to this transition is the role of organizational communication, which functions as the connective infrastructure facilitating alignment, transparency, and interdepartmental learning. Marketing is highlighted as a boundary-spanning function that naturally bridges functional domains by integrating customer insights, market intelligence, and value creation processes across departments. Collectively, these elements underscore convergence as a holistic organizational transformation that reshapes structures, behaviors, and mindsets to support sustained collaboration, adaptability, and strategic coherence.

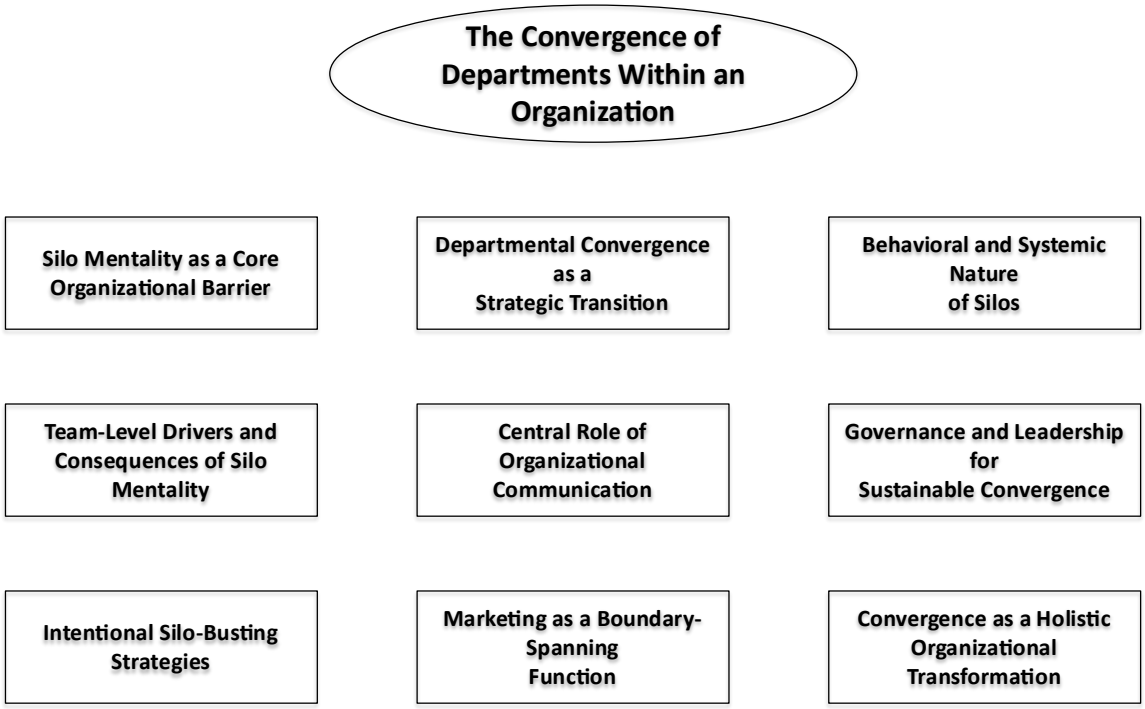

Figure 5.1 The Convergence of Departments Within an Organization

Source: Adapted from Stanikzai, M. E. & Mittal, E. (2025). Strategic alignment of organizational structure based on decisions for sustainable organizational performance: A bibliometric-systematic literature review. *Cogent Business & Management*, 12(1), 2560650

In sum, departmental convergence constitutes not merely an operational adjustment, but a holistic organizational transformation encompassing structural, behavioral, and communicative dimensions. By dismantling silo mentality, strengthening open communication, and embedding collaboration within organizational culture and processes, convergence enhances efficiency, innovation capacity, and resilience. Organizations capable of achieving such convergence are better positioned to navigate complexity, adapt to change, and sustain long-term performance.

5.2 Connecting Marketing and Finance

Building on the need for convergence, this section demonstrates how the integration of marketing and finance renders value logic explicit, measurable, and actionable within organizational decision-making.

The intersection of marketing and finance has emerged as a critical domain in strategic business management, underscoring the necessity for organizations to align marketing initiatives with financial objectives to achieve sustainable performance. Marketing decisions, once regarded primarily as creative and intangible, are increasingly recognized for their measurable financial consequences, which can be evaluated through advanced metrics and integrative analytical frameworks.

Marketing–finance integration reflects a shift from treating marketing as a discretionary cost to managing it as an asset-based investment. The causal logic runs from marketing capabilities, which enable effective market sensing, branding, and relationship management, to the creation of customer assets such as brand equity, loyalty, and customer lifetime value; these assets then drive financial outcomes through higher revenues, improved margins, and more stable cash flows, which in turn support strategic reinvestment in further capability development and growth. However, this logic breaks down when marketing activities are poorly aligned with strategy or financial objectives, when capabilities are weak or easily imitated, in highly commoditized markets where differentiation is limited, under extreme environmental uncertainty, or when firms emphasize short-term financial controls that prevent customer assets from fully materializing.

Specific marketing investment decisions particularly those related to brand building and pricing strategies exhibit statistically significant and increasingly strong associations with key financial performance indicators, including profitability ratios, market capitalization, and shareholder value over time. Importantly, marketing expenditures are more accurately conceptualized as long-term investments in intangible assets rather than short-term operating costs, as sustained brand-building and strategic pricing initiatives tend to yield more durable and superior financial returns than short-term, promotion-oriented tactics (Sydney-Hilton & Vila-Lopez, 2019).

The marketing–finance interface further highlights the role of integrative metrics such as customer equity, brand-related valuations, and returns on marketing investment in making marketing's contribution to firm value transparent to financial stakeholders. These metrics enable marketing actions and assets to be translated into financially meaningful outcomes, including firm value, stock returns, and risk profiles, while also recognizing feedback mechanisms through which financial market responses influence subsequent marketing decision-making. Consequently, marketing and finance function as mutually reinforcing disciplines, jointly shaping accountability, resource allocation, and long-term value creation (Edeling et al., 2021).

In the contemporary digital environment, digital marketing serves as a strategic driver of corporate financial performance by enhancing cost efficiency, improving customer-targeting precision through data-driven digital channels, and enabling systematic performance evaluation using measurable metrics such as customer acquisition cost, return on investment, and customer lifetime value (Yendra, 2023). Moreover, sustainable marketing strategies are positively associated with improved financial outcomes including cost efficiency, revenue growth, and financial stability while digital transformation strengthens these effects by amplifying the impact of sustainability-oriented marketing initiatives on firm performance (Akude et al., 2025).

The growing emphasis on interdisciplinary integration underscores the need to translate marketing activities into financially meaningful outcomes through robust, performance-based metrics such as activity-based costing (ABC) and customer lifetime (lifecycle) value (CLV). These tools enhance accountability, comparability, and strategic decision-making across organizational functions (Dimitropoulos et al., 2025). Across industries, marketing expenditures allocated and monitored through ABC systems are positively associated with financial performance indicators such as return on investment, gross margins, and CLV. By enabling granular attribution of indirect marketing costs to specific activities, campaigns, and customer segments, ABC improves cost visibility and resource allocation efficiency, thereby establishing a more empirically traceable link between marketing investments and profitability (Ullah Khan et al., 2025).

Furthermore, increased marketing expenditure contributes to financial growth primarily through its effects on firm-level outcomes such as earnings per share and return on equity, rather than through uniform improvements across all profitability measures. Higher marketing spending enhances shareholder value and reduces the cost of capital, although its direct effects on profit margins and return on investment remain contingent on firm efficiency and brand strength (Jerold, 2025).

Integrating strategic financial management with marketing decision-making enables firms to improve the profitability of digital campaigns by systematically aligning marketing expenditures with financial performance metrics. The application of indicators such as Return on Marketing Investment, Customer Lifetime Value, and Customer Acquisition Cost allows organizations to identify high-performing digital channels and allocate capital more efficiently. Rather than treating marketing as a discretionary expense, this integration embeds marketing investments within a disciplined financial framework that supports accountability, forecasting accuracy, and value creation. Through close collaboration, shared analytics, joint planning, and real-time performance monitoring, marketing and finance functions enhance firms' ability to optimize resource utilization and maximize return on investment while ensuring alignment with broader strategic objectives (Ng'olua et al., 2025).

As illustrated in Figure 5.2, connecting marketing and finance represents an integrative managerial framework in which marketing activities are systematically aligned with financial logic and performance objectives. The figure highlights key interrelated components strategic alignment, marketing as investment, integrative metrics, digital marketing impact, cost attribution and control, financial outcomes and shareholder value, interdisciplinary collaboration, and the strategic imperative that collectively underscore how marketing decisions generate measurable financial consequences. Rather than treating marketing as a discretionary expense, this perspective reframes it as a value-creating investment whose effectiveness can be evaluated through financially grounded metrics and cross-functional coordination. Consequently, the integration of marketing and finance enhances accountability, supports informed resource allocation, and

strengthens an organization's ability to translate market-based actions into sustainable financial performance and long-term value creation.

Figure 5.2 Connecting Marketing and Finance

Source: Adapted from Edeling, A., Srinivasan, S., & Hanssens, D. M. (2021). The marketing–finance interface: A new integrative review of metrics, methods, and findings and an agenda for future research. *International Journal of Research in Marketing*, 38(4), 857–876.

In summary, connecting marketing and finance has evolved from a conceptual aspiration into a strategic imperative. The convergence of financial analytics, marketing metrics, and digital integration provides firms with a comprehensive framework for measuring, justifying, and optimizing marketing investments. Collectively, effective marketing–finance integration strengthens strategic alignment, enhances organizational resilience, and drives sustainable value creation across diverse industries.

5.3 Coupling Technology and Humanity

Extending beyond operational and financial efficiency, this section broadens the scope of integration to encompass ethical responsibility and societal value creation.

Technology–humanity coupling should be conceptualized as a normative and ethical organizational capability, rather than merely a design principle, reflecting an organization's sustained ability to align technological systems with human values and societal responsibility. From this perspective, sustainability emerges through the dynamic interaction of human–machine symbiosis, where technology augments human agency and judgment; governance choices, which determine how technologies are ethically steered, regulated, and held accountable; and value-driven design, in which long-term social, environmental, and human considerations are embedded into technological decisions. Accordingly, sustainability is not a direct outcome of technological adoption, but an emergent property of ethically governed, value-aligned human–technology integration.

In contemporary organizational contexts, the integration of intelligent machines reflects a paradigmatic shift from a purely tool-oriented logic toward a symbiotic relationship between humans and technology. Intelligent systems are no longer implemented solely to enhance operational efficiency; rather, they are embedded within organizational processes as collaborative partners that augment human cognition, judgment, and learning. From an internal perspective, these technologies support employees by complementing their skills, improving decision-making through data-driven insights, and enabling adaptive human–machine interactions. Such symbiosis is sustained through continuous mutual adjustment, wherein intelligent systems evolve in response to human input, while employees develop new competencies and mental models through organizational learning. This reciprocal dynamic fosters sustainable, value-generating collaboration within increasingly complex and dynamic work environments (Yang & Jiang, 2024). As a result, organizations can cultivate knowledge-sharing cultures and strengthen internal service quality.

Externally, intelligent service technologies are fundamentally reshaping customer interactions by mediating how services are experienced.

Their influence extends beyond efficiency and convenience to encompass social interaction, emotional engagement, and overall well-being. When service technologies intersect with human experiences, they redefine value creation by emphasizing the need to balance technological productivity with humanity-centered outcomes. Digital, robotic, and AI-enabled services must therefore enhance social connection, support human well-being, and contribute positively to societal prosperity rather than prioritizing automation alone (Rosenbaum & Russell-Bennett, 2021). This convergence enables organizations to respond to growing consumer expectations for service encounters that combine efficiency with emotional resonance.

At the societal level, technology functions as a powerful catalyst for cultural transformation, reshaping social norms, identities, and patterns of interaction. Technological advancement facilitates unprecedented global connectivity and cultural exchange, while simultaneously redefining how individuals and communities participate in contemporary society. However, these developments also raise critical concerns related to cultural homogenization, ethical governance, and social inequality (Alsaleh, 2024). More broadly, scientific and technological progress plays a central role in reconstructing human social history by continuously transforming patterns of social organization, communication, economic activity, and cultural values, thereby influencing how societies function and evolve across historical periods (Alemayehu Tegegn, 2024).

From an ethical and philosophical standpoint, the human–technology relationship in the 21st century should be understood as an evolving and interdependent process, given the deep integration of technology into nearly all aspects of human life. This reality underscores the need for a balanced, human-centered approach that simultaneously harnesses technological innovation and safeguards human dignity, values, and well-being (Ibanga, 2024). While technological advancements enhance efficiency, connectivity, and quality of life, they also generate significant existential challenges, including technological dependency, social dislocation, and employment displacement. These tensions highlight the importance of ethically informed innovation that anticipates and manages its socio-cultural, economic, and psychological implications (Vernyuy, 2024).

At the organizational level, the effective coupling of technology and humanity is integral to corporate sustainability and broader societal contribution. Sustainable performance emerges from an organization's ability to integrate social responsibility, human development, and innovation into its core operations and managerial practices. Rather than focusing narrowly on financial outcomes, sustainability-oriented organizations adopt a holistic perspective that balances economic viability with social well-being and environmental stewardship. Corporate sustainability is reflected in responsible employment practices, ethical conduct, community engagement, environmental protection, and the continuous development of organizational capabilities. For small and medium-sized enterprises and community-based organizations in particular, sustainability is strengthened through learning-oriented cultures, investment in human skills, and the application of appropriate technologies that enhance efficiency while maintaining social accountability (Nakruang et al., 2020). In this regard, intelligent systems act as catalysts for sustainable growth not merely by generating economic value, but by fostering inclusive and ethical engagement with employees, customers, and society.

Consistent with the principles of Society 5.0, the evolution of human–technology interaction signals a transition from viewing technology as a neutral instrument to recognizing its profound influence on human behavior and societal dynamics. This perspective underscores the importance of human-centric strategies in governing technological integration (Magliocca et al., 2024). Intelligent machines should therefore not replace human intuition or empathy but amplify them, creating environments in which technology serves as a supportive collaborator rather than a dominant force.

As illustrated in Figure 5.3, coupling technology and humanity emphasizes an integrative perspective in which technological development is deliberately aligned with human and societal considerations. Rather than treating technology as a purely technical or efficiency-driven instrument, the framework positions people, customers, and society at large as interconnected stakeholders within a unified system. Technology functions as an enabler that supports human capabilities (people), enhances value creation and experience (customers), and contributes to broader social well-being and ethical outcomes (society at large). This coupling underscores that sustainable and

responsible technological innovation emerges not from technological advancement alone, but from its alignment with human needs, values, and societal impacts.

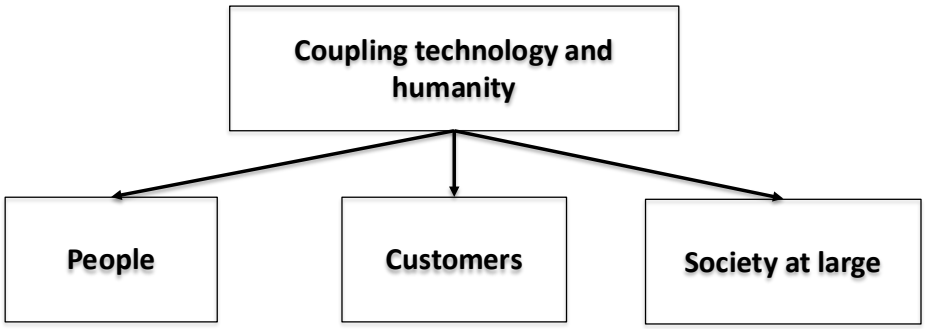

Figure 5.3 Coupling Technology and Humanity

Source: Adapted from Ikenga, G. U., & van der Sijde, P. (2024). Twenty-first century competencies; about competencies for Industry 5.0 and the opportunities for emerging economies. *Sustainability*, 16(16), 7166.

In conclusion, coupling technology with humanity requires a balanced framework in which intelligent systems serve employees, customers, and society alike. Through ethical integration, sustainable design, and empathetic application, organizations can ensure that digital intelligence enhances rather than diminishes the human essence embedded in every interaction.

5.4 The Importance of Unification in Organizational Strategy

At this stage, integration is elevated from a coordinating mechanism to a form of strategic unification that aligns purpose, resources, and long-term direction.

Unification in organizational strategy refers to the alignment of organizational structures, systems, and sub-strategies around a shared strategic direction. Strategic unification across organizational elements such as structure, information technology (IT), culture, and planning is widely recognized as a necessary, albeit challenging, driver of enhanced

performance, organizational agility, and long-term success. Importantly, effective unification must preserve essential local responsiveness and be supported by strong leadership and systematic change management.

Unification in organizational strategy does not inherently reduce flexibility; rather, it enables adaptive responsiveness by providing shared architectures that coordinate action while preserving local discretion. Through structural and process unification, organizations standardize core processes and interfaces to improve efficiency and cross-unit integration without constraining contextual execution. Strategic and cultural unification aligns vision, values, and strategic logic, allowing decentralized units to exercise consistent judgment under uncertainty. Meanwhile, planning and governance unification integrates decision frameworks, performance criteria, and accountability mechanisms, ensuring coherence over time while permitting adaptive re-prioritization. Collectively, these forms of unification institutionalize flexibility by shifting adaptation from improvised responses to structured, scalable, and strategically aligned action.

Why Unification and Strategic Alignment Matter

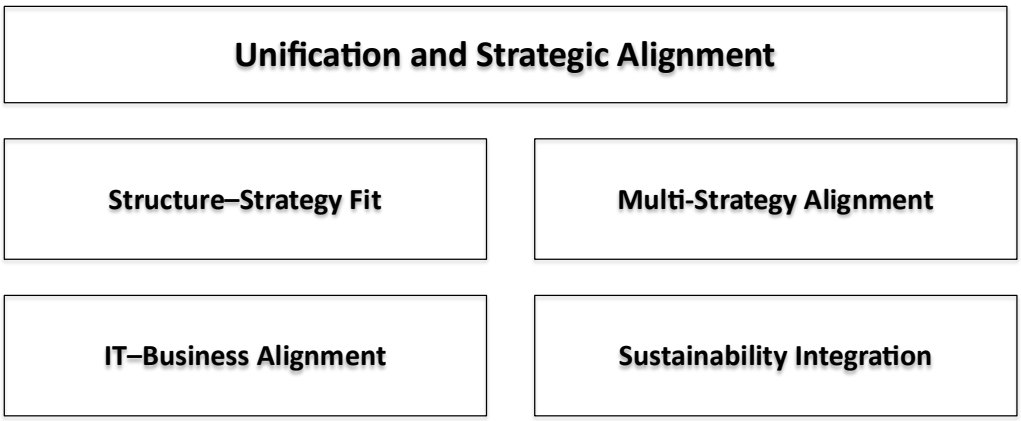

Figure 5.4 Unification and Strategic Alignment

Source: Adapted from Zabukovšek, U.; Tominc, P.; Bobek, S. (2023). Business IT Alignment Impact on Corporate Sustainability. *Sustainability*,15,12519.

Unification and strategic alignment, as illustrated in Figure 5.4, emphasize the coherent integration of organizational structure, multiple strategic orientations, IT–business alignment, and sustainability considerations, ensuring that all functional and strategic elements operate synergistically toward shared organizational objectives.

- **Structure–strategy fit:** Aligning organizational structure with business strategy has been shown to improve overall, financial, strategic, and employee performance, while misalignment remains both prevalent and detrimental (Aldilami & Al-Murhadi, 2025).
- **Multi-strategy alignment:** Coherent alignment among business, IT, and marketing strategies significantly enhances firm performance. Prior research identifies "ideal" alignment configurations that vary according to strategic orientation, such as prospector versus defender strategies (Al-Surmi et al., 2020).
- **IT–business alignment:** Positioning IT as a strategic partner rather than a purely operational support function—and aligning IT strategy with business objectives strengthens competitiveness and supports value creation (Adama et al., 2024).
- **Sustainability integration:** Embedding sustainability objectives into corporate strategy and performance measurement systems across organizational units is consistently identified as a critical success factor for effective strategic sustainability initiatives (Butolen et al., 2025).

Forms of Unification

1) Structural and Process Unification

Structural and process unification, particularly through the implementation of a globally unified Enterprise Resource Planning (ERP) system, enables organizations to standardize organizational structures, core processes, and strategic execution across geographically dispersed units. ERP unification enhances managerial transparency, facilitates consistent performance monitoring through harmonized key performance indicators (KPIs), and generates substantial cost efficiencies by reducing system fragmentation, administrative complexity, and operational redundancy. Beyond operational benefits, ERP unification represents a strategic investment that supports long-term organizational sustainability by improving

coordination, enabling scalability, and strengthening the organization's capacity for growth and post-acquisition integration (Pohludka et al., 2018).

From a complementary perspective, process unification within large, federated IT organizations requires more than technological consolidation. Strong executive sponsorship and deliberate change management are essential to achieving meaningful organizational alignment. When tools and workflows are consolidated around a clearly articulated, leadership-backed strategy and supported by sustained communication that explains the underlying rationale for change process standardization can become transformational. Through consistent messaging, stakeholder engagement, and disciplined scope control, standardization evolves from a technical initiative into a mechanism for cultural integration, organizational alignment, and enterprise-wide service consistency (Friedrichsen et al., 2025).

2) Strategic and Cultural Unification

Strategic and cultural unification demands a nuanced approach to aligning corporate- and business-level strategies, particularly in diversified organizations. Rather than enforcing uniformity, effective alignment balances corporate-level integration aimed at capturing synergies with business-level differentiation that preserves local responsiveness. Alignment may take multiple forms vertical and horizontal, numerical and non-numerical each serving distinct strategic purposes. Overreliance on tightly controlled, metric-driven (numerical) and vertically imposed alignment can introduce rigidity and constrain business units' adaptive capacity. In contrast, incorporating horizontal and non-numerical alignment mechanisms allows business strategies to contribute meaningfully to corporate objectives such as competitiveness, sustainability, or customer orientation without requiring identical goals or direct aggregation across organizational levels (Wadström, 2018).

Extending beyond formal alignment mechanisms, synergistic alignment emphasizes the coherent harmonization of strategic objectives, initiatives, and actions across organizational levels and units. When organizational actors share a clear understanding of how their initiatives collectively support overarching strategic intent, alignment improves the efficiency of resource allocation, enhances managerial decision quality, and

strengthens organizational agility. Such alignment does not imply strategic homogeneity; rather, it ensures that diverse initiatives are mutually reinforcing and oriented toward common strategic outcomes, thereby supporting superior performance in dynamic environments (Boateng & Yamoah, 2023).

In merger and acquisition contexts, strategic and cultural unification becomes particularly critical. Strategic leadership plays a central role in shaping a shared organizational culture by articulating a unifying vision, embedding common values, and guiding structured change management processes. Establishing a coherent cultural framework helps mitigate conflicts arising from divergent norms and practices, reduces employee resistance and turnover, and fosters trust and collaboration across merged entities. Over time, this culturally grounded unification supports smoother integration processes and contributes to sustainable post-merger performance and long-term strategic success (Ongesa, 2025).

3) Planning and Governance

Formal strategic planning functions as an important governance mechanism that integrates organizational goals, analytical processes, and coordinated actions, thereby contributing positively to organizational performance. Formalized strategic planning practices characterized by systematic environmental analysis, explicit goal setting, and articulated action plans have a moderate yet statistically significant positive effect on organizational performance across both public and private sectors and across national contexts. Notably, the strongest effects are observed for organizational effectiveness rather than efficiency outcomes (George et al., 2019).

Within this governance framework, corporate strategy execution tools such as strategy maps and the Balanced Scorecard play a critical role in enabling alignment. When deliberately designed to cascade strategic objectives, clarify cause–effect relationships, and synchronize performance measures across organizational units, these tools facilitate collective value creation that exceeds the performance achievable by individual units operating in isolation (Kumar et al., 2024). Moreover, the evolution of the Balanced Scorecard into an integrated strategic management system

particularly through the use of strategy maps supports both vertical and horizontal alignment, reduces sub-optimization, and sustains corporate synergies by ensuring that unit-level actions remain coherently linked to overarching strategic priorities (Madsen, 2025).

5.5 Strategic Reasons for Unification

This final section justifies strategic unification as a prerequisite for organizational relevancy, survivability, and sustainability in an increasingly complex and uncertain environment.

Unification refers to the deliberate integration of organizational strategies, structures, processes, data, and performance metrics around a shared strategic intent. In contemporary business environments characterized by volatility, heightened regulatory pressure, and rapid digital acceleration, unification is not merely a cosmetic alignment exercise; it is a structural necessity. Its strategic value is most clearly expressed through three interrelated outcomes: relevancy, survivability, and sustainability. Organizations pursue unification to remain strategically meaningful, resilient in the face of shocks, and viable over the long term.

Relevancy, survivability, and sustainability form an inseparable strategic logic because each addresses a distinct yet interdependent dimension of organizational viability. Relevancy is externally oriented, anchoring the organization to evolving markets, customers, and societal expectations; survivability is system-resilience oriented, enabling the organization to absorb shocks, adapt, and continue functioning under uncertainty; and sustainability is temporally and ethically oriented, ensuring long-term value creation without eroding the economic, social, and ecological foundations of future performance. Fragmenting these dimensions treating them as isolated objectives undermines all three simultaneously: relevance without resilience is fragile, survival without relevance is purposeless, and sustainability without present viability is performative rather than strategic. Only their integration enables enduring legitimacy, adaptive continuity, and sustained competitive value.

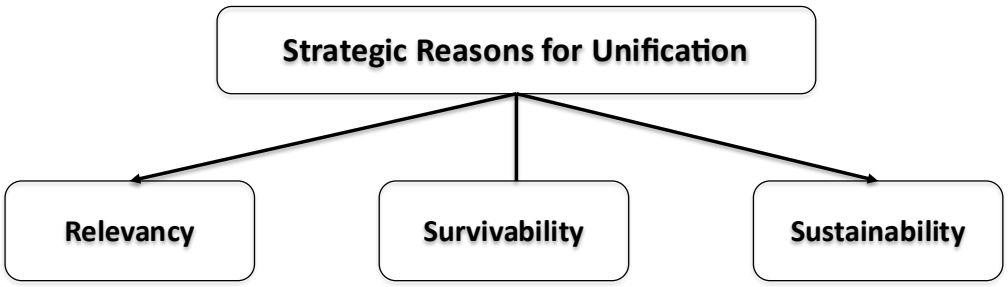

Figure 5.5 Strategic Reasons for Unification
Source: Created by Author

As illustrated in Figure 5.5, strategic unification is driven by three core objectives: relevancy, survivability, and sustainability. Unification enables organizations to remain aligned with market and customer changes (relevancy), strengthen resilience against environmental and competitive pressures (survivability), and support long-term value creation through integrated and coherent operations (sustainability).

How Unification Supports Relevancy, Survivability, and Sustainability

Relevancy

Unifying the organization through strategic convergence helps ensure relevance within a given competitive context. Relevancy, however, represents a necessary but not sufficient condition for competitive success: it grants firms the "right to participate" in competition but does not guarantee superior performance. To achieve relevance, organizations must ensure strong alignment between their strategic intent and the people who enact it, particularly with respect to values, culture, and core competencies.

More broadly, relevancy reflects an organization's ability to remain strategically meaningful to key stakeholders customers, regulators, investors, employees, and partners over time. Unification enhances relevancy by ensuring that strategic intent is consistently translated across business units, functions, and digital systems. When market signals, regulatory requirements,

and sustainability pressures are interpreted through fragmented strategies, organizations risk delayed, inconsistent, or contradictory responses.

In multinational firms, the implementation of a unified enterprise resource planning (ERP) system enhances organizational transparency by integrating financial, operational, and commercial data across countries. This enables consistent monitoring and comparison of standardized key performance indicators (KPIs) and customer metrics, thereby strengthening managerial oversight and investor confidence despite high implementation costs and complexity (Pohludka et al., 2018). Similarly, integrated reporting that combines financial and sustainability information improves transparency, builds stakeholder trust, and enhances decision-making by clarifying long-term value creation and ESG-related risks (Nwangele, 2025). When green innovation is embedded within an integrated sustainability–business strategy, firms are better able to align competitive activities with environmental objectives, respond proactively to regulatory and stakeholder pressures, and reinforce long-term strategic relevance rather than treating sustainability as a peripheral concern (Manninen & Huiskonen, 2022; Rifa'I et al., 2025).

Survivability

Survivability refers to an organization's capacity to withstand and adapt to political, economic, technological, and environmental shocks. Maintaining organizational cohesiveness at a consistently higher level than competitors strengthens a firm's market position and increases its likelihood of survival. To achieve this, the internal organizational ecosystem must be compatible with the broader business ecosystem in which the firm operates.

Fragmentation undermines survivability by weakening crisis response: siloed systems, disconnected risk assessments, and misaligned incentives delay decision-making and amplify vulnerabilities. In contrast, unification enables the development of dynamic capabilities, which underpin organizational agility and support rapid adaptation to continuously evolving business environments.

A unified ERP platform is therefore often regarded as a strategic and in many cases unavoidable choice for globally operating firms seeking sustainable growth. Such systems enhance transparency, reduce operational risk, enable consistent performance monitoring across countries, and improve

managerial capacity to respond to acquisitions, market disruptions, and long-term strategic challenges (Pohludka et al., 2018). Survivability is not achieved solely through shock absorption, but through the embedding of strategically agile and digitally enabled processes that allow firms to sense, respond to, and capitalize on change (Miceli et al., 2021). Enterprise models that integrate resilience and sustainability argue that aligning economic performance with social and environmental considerations strengthens firms' ability to anticipate, absorb, and adapt to systemic disruptions over time (Ciasullo et al., 2024).

Sustainability

Sustainability encompasses not only environmental responsibility but also long-term economic viability, social legitimacy, and institutional continuity. In environments shaped by volatile macro - and micro-level forces, organizations must continuously transform in coordination with other actors in the business ecosystem. When organizational elements are fully unified, such transformation requires only incremental adjustment, as integrated structures enable rapid communication and coordinated action.

Unification is central to sustainability because it embeds sustainability objectives within core business strategy rather than treating them as symbolic or auxiliary initiatives. By unifying business and sustainability strategies into a single integrated framework, firms can advance sustainable development through their primary value-creating activities (Manninen & Huiskonen, 2022). Similarly, integrating sustainability and resilience assessments particularly in infrastructure and long-lived systems is increasingly recognized as essential, as treating these dimensions separately can obscure trade-offs and result in decisions that strengthen one aspect while undermining another across the system life cycle (Kays, 2022).

Integrated Perspective

Relevancy, survivability, and sustainability are mutually reinforcing dimensions of long-term organizational success. Strategic unification provides the connective tissue that links these outcomes by coordinating action while preserving adaptive responsiveness. Rather than constraining flexibility, unification functions as an enabling architecture that allows

organizations to remain meaningful, resilient, and viable over time through integrated strategies, systems, and reporting structure

Case Study of Chapter 5

Causal Drivers of Corporate Sustainability Performance

Adapted Reprint from:

Nakruang, D., Donkwa, K., & Suvittawat, A. (2020). The causal factors influencing corporate sustainability performance: Case of community smes in three Southern Border Provinces, Thailand. Entrepreneurship and Sustainability Issues, 7(3), 1459-1471.
https://doi.org/10.9770/jesi.2020.7.3(2)

1. Introduction

Sustainability performance is a critical foundation for business success in the 21st century, particularly for small and community-based enterprises operating under resource constraints. In the Thai economic context, sustainability is viewed as a strategic pathway to competitiveness, grounded in the Triple Bottom Line (TBL) framework of economic, social, and environmental responsibility. By integrating the principles of People, Planet, and Profit, businesses can achieve long-term viability while addressing broader societal and environmental challenges.

Prior research consistently demonstrates that entrepreneurial orientation positively influences organizational performance through innovation, proactiveness, and risk-taking. However, limited empirical attention has been given to the mechanisms through which entrepreneurial orientation contributes to corporate sustainability performance. This case study identifies knowledge integration capability as a critical mediating variable, reflecting an organization's ability to acquire, integrate, and apply internal and external knowledge. Knowledge integration capability enhances innovation capacity and supports sustainable competitive advantage, thereby strengthening the impact of entrepreneurial orientation on sustainability outcomes.

The case study focuses on community enterprises in Thailand's three southern border provinces Narathiwat, Yala, and Pattani regions characterized by low gross provincial product and structural economic challenges.

Community enterprises in these areas play a vital role in grassroots economic development but face persistent constraints in marketing, finance, information technology, and production costs. Accordingly, this study aims to empirically examine both the direct effect of entrepreneurial orientation on corporate sustainability performance and the indirect effect mediated by knowledge integration capability, contributing new insights into sustainable development strategies for community enterprises in economically disadvantaged regions.

2. National Context: Causal Drivers of Corporate Sustainability Performance in Thailand

Corporate Sustainability Performance (CSP) has become increasingly central to organizational theory and practice, particularly in balancing financial and non-financial performance outcomes. CSP is commonly conceptualized through environmental and social performance dimensions aligned with economic responsibility, reflecting the principles of the Triple Bottom Line (people, profit, planet). Firms especially those led by sustainability- and environment-oriented entrepreneurs tend to exhibit stronger environmental and, in some cases, financial performance. Measurement frameworks such as the Balanced Scorecard (BSC) and the Sustainable Balanced Scorecard (SBSC) are widely recognized as effective tools for integrating financial and non-financial indicators into long-term strategic management.

Knowledge Integration Capability (KIC) is a critical organizational capability that enables firms to transform dispersed internal and external knowledge into valuable innovations, especially in service-oriented and project-based operations. Effective knowledge creation, sharing, conversion, and integration supported by information technology and a collaborative organizational climate positively influence organizational, environmental, and financial performance. KIC enhances service innovation and contributes to sustainable competitive advantage by allowing firms to recombine existing and new knowledge to meet evolving customer needs. Employee skills, technological competencies, and the alignment of knowledge management processes with entrepreneurial efficiency further strengthen the link between integrated knowledge and sustainability-oriented performance outcomes.

Entrepreneurial Orientation (EO), encompassing autonomy, risk-taking, proactiveness, and competitive aggressiveness, plays a significant role in shaping firm performance and sustainability outcomes. While risk-taking and proactiveness generally support innovation and performance, their effects vary across firm size, context, and environmental turbulence. EO provides a behavioral and strategic lens through which firms exploit opportunities while navigating economic, ecological, and social constraints. Different configurations of EO interact with sustainability orientation, influencing how firms balance growth and responsibility. EO, particularly when combined with market orientation and knowledge management orientation, enhances cleaner production outcomes, innovation success, and sustainable competitive advantage, especially among small and medium-sized enterprises in emerging and developing economies.

3. Methodology and Research Framework

The empirical foundation of this case study is a quantitative survey administered to 384 respondents, with data collected through structured questionnaires and analyzed using structural equation modeling (SEM) for hypothesis testing. The study population comprised 1,036 community enterprise groups operating in the three southern border provinces Yala, Pattani, and Narathiwat with a specific focus on group leaders, committee members, or managerial personnel from enterprises that had demonstrated organizational strength and at least three years of continuous operation. A minimum sample size of 300 was recommended to ensure statistical accuracy; therefore, a total of 384 community enterprise groups were selected, with one questionnaire collected per group and responses provided by two to three members or committee representatives. A multistage sampling approach was employed, combining purposive sampling, stratified random sampling, and quota sampling, with proportional allocation based on the number of community enterprise groups in each province.

The survey consists of measures capturing key constructs:

Entrepreneurial Orientation (EO) – Innovativeness, Risk Taking, Competitive Aggressiveness, Proactiveness, and Autonomy.

Knowledge Integration Capability (KIC) – Learning Culture, Knowledge Management Process Capability, and Information Technology Capability.

Corporate Sustainability Performance (CSP) – Social Performance, Environmental Performance, and Economic Performance.

Reliability and validity tests show strong factor loadings (0.73 – 0.89) and Cronbach's alpha values exceeding 0.8, indicating high internal consistency. Model fit indices (RMSEA = 0.067, CFI = 0.978) confirm an excellent fit.

Based on the research framework, this case study proposes that entrepreneurial orientation exerts a positive direct influence on the corporate sustainability performance of community enterprises and on their knowledge integration capability, and also has an indirect influence on corporate sustainability performance through knowledge integration capability.

4. Findings and Discussion

4.1 Entrepreneurial Orientation (EO): innovativeness, risk taking, competitive aggressiveness, proactiveness, and autonomy

From the results, entrepreneurial orientation (EO) has a strong and statistically significant effect on Knowledge Integration Capability (KIC) ($\beta = 0.91$), while its direct effect on Corporate Sustainability Performance (CSP) is not statistically significant ($\beta = 0.20$). These findings provide important theoretical and contextual insights into how entrepreneurial behaviors translate into sustainability outcomes in community-based SMEs.

First, the insignificant direct relationship between EO and CSP suggests that entrepreneurial tendencies such as innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy do not automatically or immediately lead to improved sustainability performance. In the context of community enterprises, particularly in resource-constrained and socially sensitive environments, sustainability outcomes appear to depend less on the orientation or vision of key entrepreneurial actors alone and more on collective organizational processes. Community SMEs often rely heavily on cooperation, shared norms, and group-based decision-making rather than on individual entrepreneurial leadership. As a result, EO by itself

may be insufficient to generate tangible improvements in social, environmental, and economic performance without supportive internal mechanisms that enable its effective implementation. Second, the very strong positive effect of EO on KIC indicates that EO plays a critical enabling role in shaping organizational capabilities. Entrepreneurially oriented enterprises tend to foster learning cultures, encourage experimentation, and remain open to new ideas, which collectively enhance their ability to acquire, share, integrate, and apply knowledge from both internal and external sources. This finding reinforces the argument that EO is more appropriately understood as a capability-building antecedent rather than a direct driver of performance outcomes. In community enterprises, EO appears to stimulate members' willingness to learn, collaborate, and adopt new practices, thereby strengthening KIC as a dynamic organizational capability.

4.2 The Mediating Roles of Knowledge Integration Capability (KIC): learning culture, knowledge management process capability, and information technology capability

Based on the results, entrepreneurial orientation (EO) exerts an indirect influence on corporate sustainability performance (CSP) through knowledge integration capability (KIC), with an indirect effect of 0.72.

The findings indicate that entrepreneurial orientation (EO) does not directly enhance corporate sustainability performance (CSP) in community enterprises; rather, its impact is fully mediated by knowledge integration capability (KIC). The substantial indirect effect (0.72) suggests that EO contributes to sustainability outcomes only when entrepreneurial behaviors such as innovativeness, risk taking, competitive aggressiveness, proactiveness, and autonomy are translated into effective processes of knowledge creation, sharing, integration, and application. In the context of community enterprises, which depend heavily on collective action rather than individual leadership, EO alone is insufficient to generate sustainable economic, social, and environmental performance. Instead, KIC serves as the critical mechanism that converts entrepreneurial intent into coordinated learning, improved decision-making, and operational practices aligned with sustainability goals. This result underscores the importance of strengthening organizational learning cultures, knowledge management processes, and

information technology capabilities to leverage EO for long-term sustainability in community-based enterprises.

5. Synthesis

The case study illustrates that entrepreneurial orientation (EO) contributes to corporate sustainability performance (CSP) primarily through its capacity to enhance knowledge integration capability (KIC), rather than through a direct effect. Although EO does not exert a statistically significant direct influence on CSP, it strongly and positively affects KIC, which in turn serves as a critical mediating mechanism translating entrepreneurial behaviors into sustainable outcomes. This finding underscores that, within community enterprises particularly in resource-constrained and socio-economically sensitive contexts sustainability performance depends less on entrepreneurial intent alone and more on the organization's ability to systematically create, share, integrate, and apply knowledge. Collectively, the results emphasize that strengthening KIC is essential for leveraging EO toward long-term economic, social, and environmental performance, thereby positioning knowledge integration as a strategic pathway to sustainability for community-based SMEs in Thailand.

This case is grounded in the premise that knowledge integration capability functions as a mechanism of functional unification, enabling organizations to coordinate dispersed expertise, processes, and information across departmental boundaries into a coherent strategic system. Rather than exerting a direct effect on performance outcomes, entrepreneurial orientation (EO) operates primarily through this integrative capability, shaping how innovative, proactive, and risk-oriented behaviors are translated into organizational results via cross-functional knowledge flows and collective sense-making. The findings thus reinforce the idea that performance emerges from convergence among departments, not from isolated entrepreneurial actions. From a strategic perspective, organizational unification is essential because it aligns entrepreneurial intent with execution, reduces fragmentation between functions, and transforms individual initiatives into system-level capabilities. Consequently, unification is not merely a structural choice but a strategic necessity, justified by its role in enabling coordination, sustaining adaptive capacity, and ensuring that entrepreneurial efforts contribute meaningfully to long-term organizational performance.

6. Conclusion

This case study provides empirical evidence on the causal mechanisms influencing corporate sustainability performance (CSP) of community enterprises in Thailand's three southern border provinces. The findings confirm that entrepreneurial orientation (EO) does not exert a significant direct effect on CSP; however, EO plays a critical indirect role by strongly enhancing knowledge integration capability (KIC), which in turn significantly improves CSP. This underscores KIC as a key mediating capability that translates entrepreneurial behaviors into sustainable economic, social, and environmental outcomes.

The structural equation modeling results demonstrate strong model fit and explanatory power, with EO and KIC jointly accounting for a substantial proportion of the variance in CSP. Among the constructs, KIC through learning culture, knowledge management processes, and information technology capability emerges as the primary driver of sustainability performance. Practically, this suggests that community enterprises should prioritize systematic knowledge creation, sharing, transfer, and application, rather than relying solely on entrepreneurial traits at the leadership level.

Overall, the study advances the sustainability and entrepreneurship literature by clarifying the indirect pathway through which EO contributes to CSP in community-based SMEs, particularly within resource-constrained and socioeconomically sensitive contexts. For policymakers and practitioners, the results highlight the importance of capacity-building initiatives that strengthen knowledge integration infrastructures to achieve sustained corporate sustainability.

Case Study Questions

1. Why does entrepreneurial orientation fail to exert a significant direct effect on corporate sustainability performance in community enterprises?
2. How does knowledge integration capability function as a critical mediating mechanism between entrepreneurial orientation and corporate sustainability performance in community SMEs?

3. Which dimensions of entrepreneurial orientation (e.g., innovativeness, risk taking, competitive aggressiveness, proactiveness, and autonomy) are most likely to strengthen knowledge integration capability in a community enterprise context, and why?
4. What practical strategies can community enterprise leaders adopt to enhance knowledge integration capability in order to improve sustainability outcomes?
5. How do contextual factors in the three southern border provinces influence the entrepreneurial orientation–knowledge integration capability–corporate sustainability performance relationship, and what implications does this have for policy and enterprise development?

Chapter Summary

Departmental convergence represents a strategic shift from silo-based structures toward integrated and collaborative organizational systems. Silos rooted not only in structure but also in cognition, culture, and incentives impede information flow, coordination, and collective performance. Effective convergence requires more than formal restructuring; it demands aligned incentives, collaborative leadership, open communication systems, and governance mechanisms that institutionalize cross-functional coordination. By embedding collaboration into everyday practices and cultural norms, organizations enhance efficiency, innovation, adaptability, and resilience in complex environments.

The strategic imperative to integrate marketing and finance in order to enhance accountability and long-term firm value. Marketing expenditures are reframed as investments in intangible assets such as brand equity and customer relationships rather than discretionary costs. Through integrative metrics (e.g., customer lifetime value, return on marketing investment, activity-based costing), marketing outcomes become financially transparent and comparable. Digital transformation further strengthens this linkage by enabling data-driven targeting, cost efficiency, and performance monitoring. Close collaboration between marketing and finance improves resource allocation, forecasting accuracy, and sustainable financial growth.

Technology is viewed not merely as a tool, but as a collaborative partner that augments human cognition, learning, and judgment. Internally, intelligent systems support employee capabilities and foster adaptive human–machine symbiosis. Externally, service technologies reshape customer experiences by combining efficiency with emotional and social value. At the societal level, technological advancement transforms cultural norms while raising ethical concerns related to inequality and dependency. Sustainable organizational performance thus depends on ethically informed, human-centered technology integration that enhances well-being, preserves human dignity, and aligns innovation with social responsibility.

Unification represents the coherent and systematic alignment of organizational elements toward a shared strategic direction. Strategic

alignment between structure, business strategy, IT, marketing, and sustainability is shown to improve performance, agility, and long-term success. Unification takes multiple forms, including structural and process standardization (e.g., ERP systems), strategic and cultural alignment, and formal planning and governance mechanisms. Effective unification balances standardization with local responsiveness, relying on leadership, change management, and shared understanding to ensure that diverse initiatives remain mutually reinforcing rather than fragmented.

The necessity of unification as a structural mechanism in volatile, digitally accelerated environments. Strategically unified organizations are better positioned to maintain relevancy with stakeholders, withstand external shocks, and achieve long-term sustainability. Unification enhances transparency, enables consistent decision-making, and embeds sustainability within core strategy rather than treating it as a peripheral concern. By integrating economic, social, environmental, and resilience considerations into a single strategic architecture, unification functions as an enabling mechanism that supports organizational continuity, adaptive capacity, and enduring value creation.

Chapter Review Questions

Review Question 1:

How does the convergence of organizational departments help overcome silo mentality, and why is this convergence increasingly necessary for coordination, innovation, and adaptability in complex organizational environments?

Review Question 2:

Why is the integration of marketing and finance considered a strategic imperative, and how do shared metrics and financial analytics enable organizations to evaluate marketing activities as long-term value-creating investments rather than discretionary costs?

Review Question 3:

In what ways does coupling technology with humanity redefine value creation within organizations, and why is a human-centered and ethically informed approach essential for sustainable performance in digitally enabled environments?

Review Question 4:

Why is unification across organizational structure, culture, strategy, and information systems critical for strategic alignment, and how can organizations balance global integration with local responsiveness?

Review Question 5:

How does strategic unification support organizational relevancy, survivability, and sustainability in volatile business environments, and why is fragmentation increasingly viewed as a threat to long-term organizational success?

Chapter Exercises

Exercise 1:

You are given a hypothetical organization where marketing, operations, and finance operate independently with minimal information sharing.

1. Identify three structural or behavioral factors that commonly reinforce silo mentality within organizations.
2. Analyze how these silos negatively affect organizational coordination, innovation, and goal alignment.
3. Propose two managerial interventions (structural, cultural, or communicative) that could realistically support departmental convergence.
4. Explain how these interventions would improve cross-functional collaboration and unified performance.

Exercise 2:

Assume a firm plans to increase its annual marketing budget to strengthen brand equity and customer acquisition.

1. Explain why marketing expenditures should be treated as long-term investments rather than short-term costs.
2. Identify two financial or integrative marketing metrics (e.g., CLV, ROI, customer equity) and explain how they link marketing actions to firm value.
3. Discuss how closer collaboration between marketing and finance could improve resource allocation and accountability.

Exercise 3:

Select a service organization that uses digital, AI, or automated technologies (e.g., self-service systems, chatbots, data analytics).

1. Describe how technology is used to augment human capabilities, not merely replace them.
2. Analyze potential ethical, social, or psychological risks arising from excessive reliance on technology.

3. Propose human-centered design principles that would ensure technology enhances employee and customer well-being.

Exercise 4:

Consider an organization undergoing digital transformation and strategic realignment.

1. Explain why strategy–structure–IT alignment is critical for organizational performance.
2. Compare structural/process unification and strategic/cultural unification, highlighting their respective benefits and risks.
3. Discuss how tools such as ERP systems or the Balanced Scorecard can facilitate strategic unification.

Exercise 5:

Using the concepts of relevancy, survivability, and sustainability:

1. Define each concept in the context of organizational strategy.
2. Analyze how fragmented strategies undermine one or more of these dimensions.
3. Explain how strategic unification acts as an enabling architecture that supports long-term organizational success rather than limiting flexibility.

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Chapter 6: Integrating Creativity and Productivity for Innovation, Capital Efficiency, and Market Value Creation

Course Learning Outcomes (CLO):

1. Explain how idea generation connects with capital optimization to create strategic value.
2. Analyze key organizational barriers that reduce the effectiveness of creativity.
3. Assess how productivity-focused systems constrain creativity and innovation.
4. Analyze how creativity and innovation attract and retain modern customers.
5. Evaluate how creative business ideas influence investor interest and investment decisions.

Contents and Concepts of This Chapter:

6.1 From Idea Generation to Capital Optimization

6.2 The Problem with Creativity

6.3 The Problem with Productivity

6.4 The Attraction of Customers

6.5 The Attraction of Investors

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6.1 From Idea Generation to Capital Optimization

To frame the overall argument, this section establishes the structural pipeline through which ideas are transformed into investable and scalable forms of capital.

Opportunity-led ideation serves as the input logic of the innovation process by framing idea generation around clearly identified market needs and strategic opportunities, whereas capital optimization functions as the selection logic, guiding which ideas are prioritized and scaled based on their financial feasibility and resource efficiency. Importantly, the early integration of financial evaluation does not suppress creativity; rather, it disciplines creative thinking by channeling it toward solutions that are not only novel but also economically viable and strategically coherent. This contrasts with "creativity-first, finance-later" models, where ideas are initially generated without financial constraints and evaluated ex post, often resulting in high attrition rates and misalignment with organizational resources. By embedding capital considerations early in the process, firms can reduce wasteful experimentation, accelerate decision-making, and ensure that innovation outcomes are both opportunity-driven and value-accretive.

Creativity and productivity should be reconceptualized as interdependent strategic capabilities, rather than as competing organizational logics. Creativity without productivity results in symbolic innovation ideas that are novel and expressive but lack scalability, market impact, or value realization. Conversely, productivity without creativity drives commoditization and organizational burnout, as efficiency-focused routines erode differentiation, adaptability, and employee engagement. In the context of sustainable entrepreneurial marketing, long-term competitive advantage emerges from the deliberate convergence of creativity and productivity, where imaginative opportunity recognition is systematically transformed into repeatable, value-creating market actions.

The innovation pipeline from opportunity conception to the optimization of capital allocation represents a multi-stage organizational process that integrates creativity, strategic alignment, and financial discipline. In dynamic and uncertain environments, firms are required not only to generate novel ideas but also to subject them to rigorous evaluation using

quantitative financial criteria. By embedding considerations of risk, return, and cost of capital within innovation management processes, organizations enhance their capacity to identify high-potential ventures, manage uncertainty, and sustain long-term value creation.

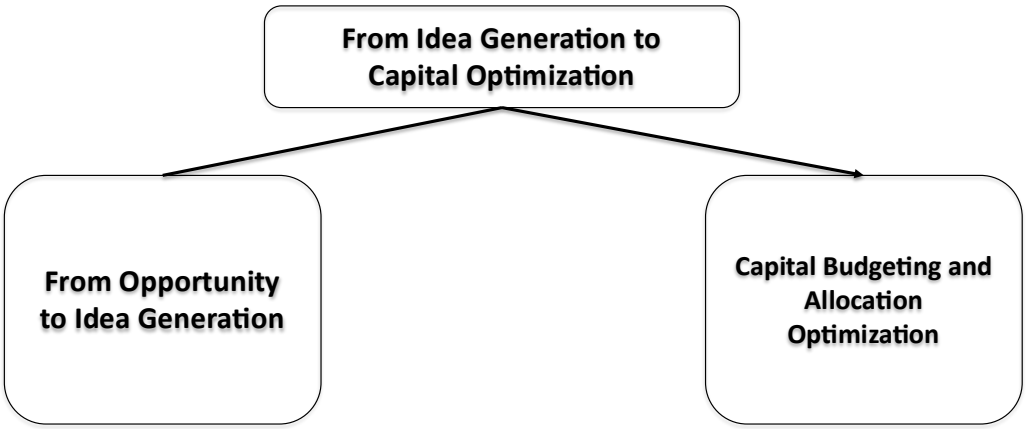

Figure 6.1 From Idea Generation to Capital Optimization
Source: Created by Author

Figure 6.1 illustrates the conceptual pathway from opportunity recognition and idea generation to capital budgeting and allocation optimization.

From Opportunity to Idea Generation

The front end of innovation, commonly understood as the creativity-intensive and relatively unstructured early stage of the innovation process, focuses on systematically sensing and transforming opportunities into viable ideas. Opportunities are broadly defined as actionable possibilities for developing new business models, products, services, or processes. Opportunity-led ideation has been conceptualized as a structured process consisting of four interrelated activities initiation, immersion, investigation, and integration designed to balance creativity with formalization in organizational contexts (Wyrtki et al., 2021). Within this framework, firms

initially scan the environment to sense emerging opportunities, immerse themselves in contextual and market understanding, investigate the feasibility and novelty of potential ideas, and subsequently integrate validated concepts into strategic innovation pipelines. Such structuring ensures that creativity is systematic rather than ad hoc and remains aligned with organizational objectives and market needs.

Human capital plays a pivotal role in this ideation stage of entrepreneurial opportunity identification. Both general human capital such as formal education and diverse work experience and specific human capital such as industry-specific and entrepreneurial experience positively influence individuals' ability to generate new venture ideas. However, the ability to evaluate opportunity attractiveness and feasibility depends primarily on specific human capital rather than general human capital (Canavati et al., 2021). Experience in related domains enhances judgment, enabling individuals to distinguish promising opportunities from less viable ideas. This interaction between human capital and opportunity recognition forms the cognitive foundation of entrepreneurial ideation.

Moreover, opportunity-driven ideation is increasingly aligned with sustainable business practices, as it encourages firms to pursue innovation pathways that balance economic performance with environmental and social value creation. Effective idea generation is therefore best understood as a structured and iterative process involving the acquisition of diverse information, market research, integration of existing knowledge with new insights, and continuous evaluation and refinement of ideas to improve feasibility and sustainability (Ahmad et al., 2022). Within the broader organizational context, idea generation does not function in isolation but constitutes the initial stage of capital investment appraisal. It provides the conceptual inputs for subsequent phases of strategic analysis, feasibility assessment, and capital allocation. Early integration of ideation with financial appraisal mechanisms thus creates a closed-loop system linking innovation activities with financial performance outcomes.

Capital Budgeting and Allocation Optimization

As ideas progress beyond conceptualization, firms rely on capital budgeting techniques to assess their financial feasibility and long-term viability. Methods such as Net Present Value (NPV), the Profitability Index (PI), and Discounted Cash Flow (DCF) analysis serve as core decision-support tools for evaluating expected cash flows, accounting for the time value of money, and comparing alternative investment proposals. These techniques facilitate optimized resource allocation by identifying value-creating projects, assessing risk–return trade-offs, and supporting strategic investment decisions aimed at long-term value maximization and sustainable competitiveness (Lavanya et al., 2024).

Beyond traditional financial evaluation, capital allocation has evolved into a complex managerial challenge shaped by both quantitative modeling and behavioral factors. Three dominant corporate capital allocation logics winner-picking, risk mitigation, and synergy exploitation each reflecting distinct strategic rationales, risk tolerances, and managerial preferences regarding uncertainty. However, capital allocation decisions are frequently affected by behavioral biases, including overconfidence, escalation of commitment, and political bargaining, which may distort optimal outcomes (Kremer, 2023). Consequently, structured and transparent allocation frameworks are essential for improving decision quality and ensuring alignment between capital deployment and corporate strategy.

Capital structure optimization constitutes a complementary dimension of financial strategy at the firm level. The adoption of a stabilization-flexible capital structure balancing equity with both long-term and short-term debt is critical for minimizing financial risk, maintaining liquidity, and preserving organizational adaptability in volatile and crisis-prone environments (Filatova et al., 2024). Firms that optimize their capital mix based on risk minimization principles tend to exhibit greater financial resilience and strategic agility.

In parallel, cost-oriented management approaches emphasize the integration of intellectual and financial business processes. Supported by business process modeling and value-based management principles, these approaches aim to determine and continuously optimize capital structure and capital costs, thereby enhancing capital efficiency and decision quality under

conditions of environmental uncertainty (Aleksieienko et al., 2021). Such frameworks highlight the dynamic interaction between tangible and intangible assets, recognizing intellectual capital encompassing knowledge, skills, and organizational culture as a multiplier of financial capital effectiveness.

More recently, advancements in Artificial Intelligence (AI) and machine learning have begun to reshape capital budgeting and investment decision-making. AI enhances traditional valuation techniques such as NPV, Internal Rate of Return (IRR), scenario analysis, and real options by improving cash-flow forecasting accuracy, enabling dynamic risk and scenario simulations, and integrating real-time financial and non-financial data, including ESG indicators (Roy et al., 2025). Through the analysis of large and complex datasets, AI-driven systems support more adaptive and informed capital allocation decisions under uncertainty, marking a transition toward intelligent capital management in which data-driven analytics augment managerial judgment.

Overall, the progression from idea generation to capital optimization represents an integrated continuum that connects creative exploration with disciplined financial execution. Opportunity-led ideation translates environmental sensing into structured innovation concepts, while capital budgeting and allocation mechanisms evaluate and operationalize those concepts in alignment with strategic objectives and risk considerations. Supported by optimized capital structures and increasingly augmented by AI-enabled analytics, modern financial strategy enables firms not only to innovate effectively but also to allocate capital intelligently in pursuit of sustainable, long-term value creation.

6.2 The Problem with Creativity

Building on this structure, this section explains why creativity, despite its strategic importance, frequently fails to generate value at the organizational level.

Creativity challenges in organizations should be explicitly framed as failures of organizational governance rather than deficiencies in individual talent or capability. Creativity tends to decline not because employees lack ideas, but because governance structures fail to support and channel creative

effort effectively. Misaligned incentives discourage experimentation and risk-taking, unclear organizational purpose weakens strategic direction for creative initiatives, and the absence of clear execution ownership results in ideas failing to translate into actionable outcomes. Furthermore, inappropriate evaluation and performance measurement systems often prioritize short-term efficiency and compliance over learning, iteration, and innovation, thereby systematically constraining creative behaviors across the organization.

Creativity is widely understood as the ability to generate novel and useful ideas; however, embedding creativity into organizational systems and sustaining it over time remain persistent challenges. Multiple structural, strategic, and behavioral factors often undermine creative effectiveness. The following subsections examine the most prevalent organizational problems associated with creativity, as illustrated in Figure 6.2.

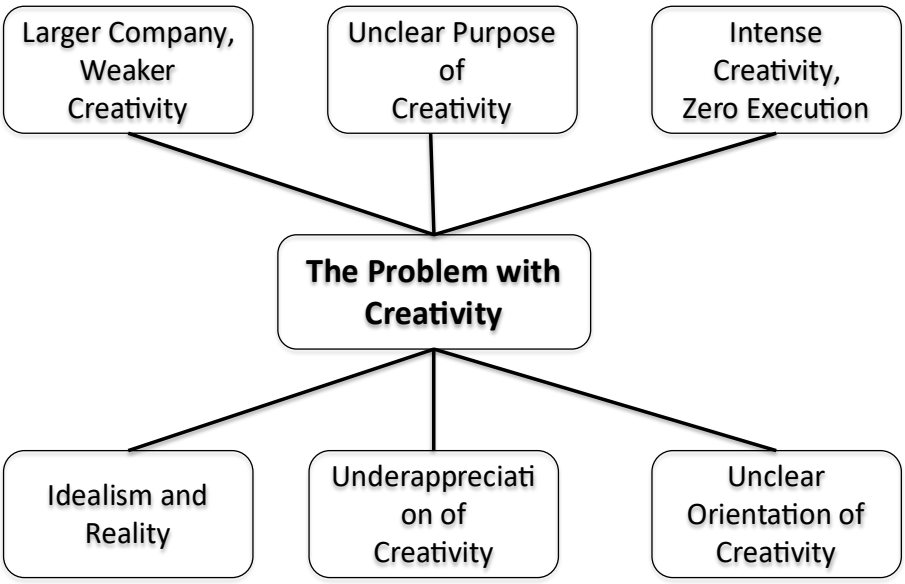

Figure 6.2 The Problem with Creativity

Source: Adapted from Vasconcellos, S. L., Parente, R., Schotter, A. Garrido, I. L., & Gonçalo, C. (2024). Organizational creativity: A microfoundation of the international business competence and performance link. *Journal of International Management*, 30, 101203.

Larger Company, Weaker Creativity

In small firms, owners often display high levels of creativity, yet their creative potential is frequently constrained by limited resources and lower productivity. As firms grow, managerial attention increasingly shifts toward operational complexity, coordination costs, and efficiency-oriented productivity calculations. When creativity is not deliberately cultivated, it gradually erodes, becoming constrained or, in some cases, entirely suppressed.

Large organizations are particularly vulnerable to a commoditization mindset, characterized by a dominant commercial or transactional orientation. Under commoditization, products become standardized and easily substitutable, reducing reliance on creativity and positioning firms as price takers with limited market power. Intense competition among similar offerings leads to customer indifference, price wars, and persistently thin profit margins. By contrast, creative firms achieve meaningful differentiation, assume the role of price makers, and secure superior margins.

Importantly, the creativity problem in large organizations is not a lack of creative inputs but a decline in creative effectiveness caused by organizational complexity, routinization, and fragmented knowledge systems. Although large firms may generate numerous ideas, they often struggle to convert them into innovation due to hierarchical filtering, rigid R&D routines, and risk-averse governance structures. Small firms, by contrast, tend to achieve superior innovation outcomes when they engage in persistent rather than sporadic R&D, as sustained investment enables cumulative learning and the development of distinctive knowledge bases. However, increasing R&D diversity generally weakens innovation performance, with this negative effect more pronounced in larger firms (Ipinnaiye et al., 2025).

In large organizations, creative outcomes are thus constrained less by firm size per se than by the extent of employee empowerment. Creativity flourishes when individuals experience psychological empowerment particularly autonomy, competence, meaningfulness, and perceived impact whereas rigid control structures and limited decision authority suppress intrinsic motivation and idea implementation (Barua et al., 2024).

Accordingly, creativity in large firms should be reframed as a design and governance challenge that requires structural simplification, empowered subunits, and sustained knowledge pathways rather than episodic ideation efforts.

Unclear Purpose of Creativity

Organizations may exhibit high levels of creativity, yet the strategic purpose of such creativity is often ambiguous, resulting in inefficient and costly resource utilization. Creative activities that lack alignment with a firm's vision and mission rarely contribute to value creation. Even when highly capable individuals are involved, management must ensure that their values and behavioral orientations align with the organization's core principles. Creativity without a clear purpose becomes symbolic rather than productive, depleting organizational capital while failing to support economic or social objectives.

In response to escalating global, social, and environmental challenges, many firms now adopt purpose-driven approaches that require strong creative capabilities for effective stakeholder collaboration and problem-solving. Under these conditions, close alignment between creativity and business objectives becomes critical. Nevertheless, many organizations struggle to define what creativity is intended to achieve, how it differs from innovation, and how it should be evaluated. When creativity is treated as a vague cultural ideal rather than a measurable construct, it is celebrated rhetorically but disconnected from outcomes.

Recent research conceptualizes creativity particularly in the public sector as an aggregate, multidimensional construct that varies in idea magnitude (incremental versus radical), triggers (reactive versus proactive), and evaluative perspectives (realism versus idealism), rather than limiting creativity to novelty and usefulness alone (Houtgraaf et al., 2025). Conflating creativity with innovation distorts incentive systems by encouraging idea generation without sufficient emphasis on evaluation, implementation, and strategic alignment (de Barros et al., 2025). Organizations must therefore define creativity explicitly as a means to specific goals, embed it within performance frameworks, and clearly distinguish it from innovation execution.

Intense Creativity, Zero Execution

Regardless of their originality, creative ideas that lack execution feasibility result in inefficient use of both tangible and intangible organizational capital. Such ideas often disrupt established routines, leading managers to perceive creativity as an operational burden rather than a strategic asset. Consequently, ideas that require abandoning entrenched practices or reallocating managerial attention are frequently deferred or rejected, remaining unrealized.

Empirical evidence consistently shows that creativity enhances performance only when supported by execution-oriented processes, leadership behaviors, and organizational capabilities. Although creativity contributes positively to firm performance, its effects are largely indirect and mediated through innovation particularly product innovation with this relationship further strengthened by contextual factors such as social network ties that facilitate market conversion and performance gains (Agyapong et al., 2025).

At the team level, leaders' performance-prove goal orientation strengthens the link between idea generation and implementation by motivating leaders to engage in boundary-spanning behaviors especially ambassadorial activities that secure external support and resources (Qu & Liu, 2021). Effective creativity systems must therefore incorporate clear ownership of execution, cross-boundary coordination, and accountability mechanisms rather than focusing exclusively on ideation intensity.

Idealism and Reality

Managers occasionally develop creative ideas based on idealized assumptions about internal capabilities and external conditions, which become problematic when reality diverges from expectations. In some cases, organizations persist in pursuing creative concepts that are insufficiently grounded in operational or environmental constraints. Effective teams therefore require a balance between idealism and pragmatism.

Visionary thinking plays a crucial role in inspiring engagement and motivating stakeholders; however, it must be coupled with realistic assessments of constraints and execution challenges. Employees need leaders

who not only articulate aspirational goals but also remain grounded, actively involved, and committed to implementation. Excessive rigidity in pursuing idealized goals can constrain adaptive creativity, whereas pragmatism facilitates the translation of creative potential into sustainable outcomes.

Although creativity is often idealized as universally beneficial, empirical research reveals persistent institutional, temporal, and emotional constraints that limit creative expression. Creativity among public servants, for example, fluctuates over time and is constrained by routinized tasks, bureaucratic rigidity, accountability pressures, and imbalanced workloads that discourage risk-taking (Houtgraaf et al., 2024). Moreover, creativity generates heterogeneous outcomes across levels, producing both positive and negative effects. When creative efforts are poorly integrated with roles, coordination mechanisms, or implementation structures, they may generate conflict, inefficiencies, and symbolic failure rather than innovation (Lua et al., 2024). Creativity must therefore be managed as a context-sensitive capability with realistic expectations and safeguards against overload and misalignment.

Underappreciation of Creativity

Creativity is often implicitly assumed to be freely available rather than requiring deliberate investment. This perception discourages firms from allocating resources to creativity-related initiatives, particularly because outcomes are uncertain, intangible, and difficult to monetize. As a result, organizations tend to prioritize investment in tangible assets such as equipment and facilities which allow clearer input–output calculations and more immediate return assessments. Requests for creativity-supporting resources consequently face greater skepticism from senior management.

Historically, during Industry 1.0, organizational performance depended largely on tangible assets such as land, factories, and natural resources. In contrast, under Industry 4.0, performance increasingly depends on intangible assets including brand equity, intellectual property, and knowledge-based problem-solving capabilities. Although intangible, these assets exert a substantial influence on profitability. Creativity is underappreciated because its effects are indirect, delayed, and mediated through innovation processes, rendering them difficult to capture in short-

term metrics. When creativity is inadequately recognized or institutionalized, it constrains the generation of diverse and original ideas, weakening firms' innovation capacity and, indirectly, performance outcomes (Rahman, 2024). Organizations must therefore formalize recognition mechanisms, allocate dedicated resources, and establish feedback loops to prevent the systematic marginalization of creativity.

Unclear Orientation of Creativity

Customer problems constitute a critical starting point for creative effort; however, articulating these problems with precision is often difficult. Organizational meetings frequently emphasize idea generation without sufficient attention to problem definition. Creativity grounded in clearly articulated problems enhances managerial evaluation and justification, particularly when aligned with strategic objectives. Productive creativity thus depends fundamentally on rigorous problem framing.

Pressure also plays a complex role in shaping creative capacity. While excessive pressure can inhibit creativity, high pressure does not necessarily undermine creative output when individuals possess strong intrinsic motivation and shared commitment. Under such conditions, pressure may stimulate novel idea generation that leads to innovation. Creativity loses effectiveness, however, when it lacks strategic orientation. Without clarity regarding where and why creativity is needed, teams generate ideas that are novel but irrelevant.

Creative outcomes depend on coherence among antecedent conditions, mediating mechanisms, and organizational objectives. When these elements are misaligned, creativity is more likely to generate frustration, inefficiency, and reduced effectiveness rather than value creation (Matjie & Longweni, 2025). Creativity must therefore be strategically oriented through clear problem statements, boundary conditions, and evaluative criteria to ensure that creative effort contributes meaningfully to organizational performance.

6.3 The Problem with Productivity

Extending this discussion, this section shows how dominant productivity logics within organizations can unintentionally suppress creative processes.

The core problem with productivity is not productivity itself, but its dominance as a single evaluative lens that governs organizational logic. When productivity operates as a control logic, it prioritizes efficiency, predictability, standardization, and measurable outputs, reinforcing optimization of existing processes and minimizing variance. In contrast, creativity follows an exploration logic, emphasizing experimentation, uncertainty, learning, and the generation of novel possibilities outcomes that are inherently difficult to predefine or measure ex ante. When control logic overwhelms exploration logic, creative work is either prematurely evaluated, constrained, or displaced, leading to short-term efficiency gains at the expense of long-term adaptability and innovation capacity. A next-generation perspective therefore reframes productivity in outcome- and impact-based terms, shifting the focus from input–output ratios and activity metrics toward value creation, learning effects, societal relevance, and long-term strategic impact. Under this framework, productivity becomes an enabling condition for creativity rather than its suppressor, allowing organizations to balance disciplined execution with sustained exploration.

It would be remiss to conclude a discussion of organizational challenges by focusing solely on creativity. Productivity-related issues also pose significant constraints, particularly in shaping the effective linkage between creativity and productive outcomes. This section outlines key productivity-related challenges that frequently emerge in organizations and hinder the translation of creative potential into sustainable performance.

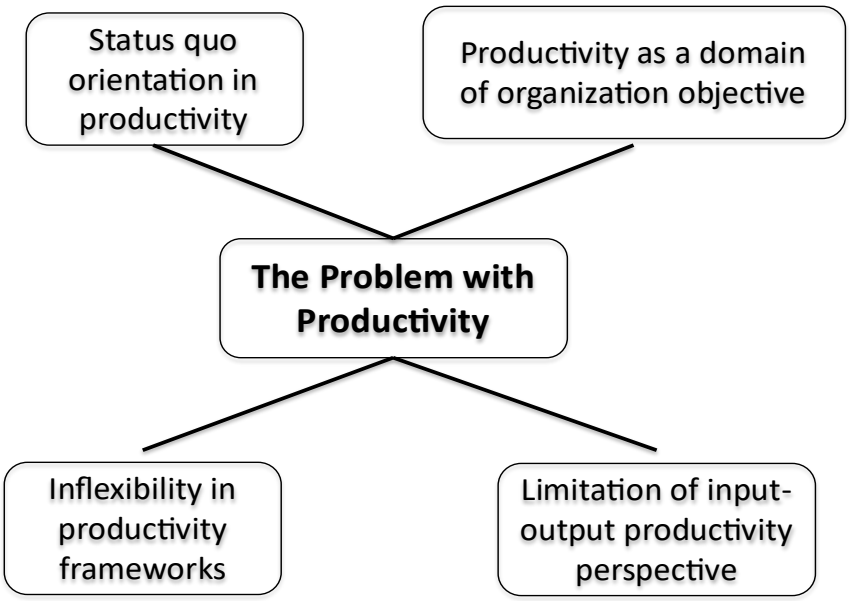

Figure 6.3 The Problem with Productivity

Source: Adapted from Smollan, R. K., & Mooney, S. K. (2024). The bright side and dark side of performance expectations: the role of organizational culture and the impact on employee performance and wellbeing. *International Studies of Management & Organization*, 54(3), 218–237.

From Figure 6.3 illustrates the fundamental problems associated with a productivity-centered organizational logic.

Status Quo Orientation in Productivity

Productivity is commonly associated with routine, standardized activities, encouraging management to operate within a business-as-usual mindset. Such a status quo orientation is often detrimental to creativity, as activities perceived as disruptive or unconventional are viewed as misaligned with established organizational norms. As a result, organizational cultures tend to privilege stability, consistency, and rigid standardization over experimentation and exploration. Productivity calculations grounded in this mindset leave little conceptual or operational space for creative thinking.

Paradoxically, creativity when effectively transformed into innovation can directly or indirectly enhance productivity. Nevertheless, management frequently avoids engaging with non-mainstream ideas because they are perceived as risky or problematic. When such ideas are dismissed under a "not-invented-here" mentality, organizations risk suppressing innovation and triggering internal crises. Failure to overcome these internal constraints ultimately limits the firm's ability to respond meaningfully to customer needs and external challenges.

The contemporary productivity paradigm is further characterized by a reliance on narrow efficiency metrics that assume outputs are easily measurable, comparable, and monetizable. This approach treats productivity as a neutral technical calculation, despite the fact that it is shaped by institutional choices, pricing distortions, and incomplete definitions of output. Volume-based or single-output productivity measures are particularly ill-suited for capturing the multidimensional, team-based, and quality-oriented outputs of knowledge-intensive service systems such as primary care, healthcare, and public administration because they overlook interprofessional labor, non-procedural activities, contextual complexity, and value-based outcomes (Rubenstein et al., 2025). Consequently, what is easiest to measure is privileged over what is most valuable, leading to the systematic undervaluation of care work, coordination, prevention, quality, and long-term outcomes.

Productivity as the Dominant Organizational Objective

An excessive organizational focus on productivity can impose disproportionate demands on employees, resulting in feelings of underappreciation, insufficient rewards, and burnout. Initiatives centered on time optimization often intended to alleviate stress can paradoxically intensify it by increasing performance pressure and reducing autonomy. Accordingly, productivity-oriented strategies must allow space for complementary activities, including rest, recovery, and the promotion of employee well-being.

In broader economic and organizational discourse, productivity has increasingly become a dominant proxy for success, frequently substituting for more holistic concepts such as sustainability, resilience, and human well-

being. Evidence from advanced economies, particularly within the European Union, indicates that modest productivity growth has been driven primarily by technological change, while technical efficiency has declined due to stagnation in human resource performance, limited scale efficiency, and persistent environmental pressures from undesirable outputs such as greenhouse gas emissions (Borozan, 2021). Treating productivity as an end in itself encourages output maximization without regard to context, often masking inefficiencies that arise at systemic, environmental, or societal levels.

Inflexibility in Productivity Frameworks

Productivity assessment typically relies on consistency achieved through standard operating procedures. While such procedures are intended to enhance efficiency and ensure baseline productivity, they often become overly complex, creating operational strain for employees. An excessive efficiency orientation can thus undermine creativity, as productivity frameworks frequently prioritize cost reduction and waste minimization at the expense of experimentation and alternative approaches.

Moreover, the prevailing managerial belief that effective management depends on measurement has fostered an overreliance on quantifiable indicators. As a result, productivity measurement tends to emphasize tangible assets such as machinery, equipment, and financial capital while neglecting intangible resources that are difficult to assess using mechanistic evaluation tools. Standard productivity systems assume stable inputs, linear outputs, and homogeneous labor, rendering them ill-suited for adaptive, cultural, or human-centered forms of work.

Empirical evidence underscores the importance of qualitative factors in shaping productivity outcomes. Organizational culture and policy clarity have been shown to exert positive and statistically significant effects on non-financial productivity measures in public institutions (Yamoah et al., 2024). Similarly, education and training enhance productivity in traditional cultural industries by improving skills, work processes, and output quality; however, these gains are primarily reflected in human-capacity and process-level improvements rather than in narrowly defined quantitative efficiency metrics (Setiorini et al., 2025). Inflexible productivity frameworks therefore penalize

experimentation, learning, and adaptation precisely the capabilities required for long-term innovation and organizational resilience.

Limitations of the Input–Output Perspective

In many organizations, productivity measurement is confined to an input–process–output framework. Although analytically straightforward, this approach often fails to capture intangible, indirect, and long-term effects. By emphasizing output rather than outcome, such frameworks help explain organizational reluctance to invest in creative initiatives, as evaluation criteria prioritize immediately quantifiable elements while abstract contributions remain undervalued. Creative ideas, by nature, resist precise quantification, and their value often becomes apparent only after implementation and evaluation.

While the input–output perspective remains necessary, it is insufficient on its own. Productivity assessment should incorporate outcomes and long-term impacts in addition to outputs. Outputs refer to the immediate goods or services produced, outcomes capture the short- to medium-term benefits for stakeholders, and impacts reflect the longer-term effects that unfold over time.

The dominant input–output view assumes that increased output per unit of input necessarily represents progress. This simplification obscures interdependencies, unintended consequences, and non-market values. Conventional productivity residuals derived from aggregate production functions fail to account for the reproducibility of capital and the systemic interdependence of production activities, motivating alternative approaches based on multisectoral input–output analysis and vertically integrated sectors (Garbellini & Wirkierman, 2023). Input–output analysis reveals that changes in productivity or demand in one sector generate both direct and indirect effects across interconnected industries (Skender & Elona, 2024). However, when based on fixed technical coefficients and limited supply constraints, such models may inadequately capture environmental or climate-related limitations unless explicitly extended. A narrow input–output lens therefore risks conflating localized efficiency with system-wide improvement, leading to managerial and policy misjudgments.

6.4 The Attraction of Customers

Shifting the focus to the market, this section demonstrates how customers reward firms that successfully converge creativity with operational execution.

Customers function as external validators of the convergence between creativity and productivity, as their market responses directly reflect the effectiveness with which novel ideas are transformed into reliable value offerings. Customer impatience acts as a disciplining mechanism, penalizing slow innovation that signals creative inertia as well as low reliability that reveals productivity failure, thereby reinforcing the need for simultaneous experimentation and operational execution. At the same time, customer curiosity stimulates opportunity-led ideation by encouraging firms to explore unmet needs and emerging preferences, linking earlier discussions of opportunity recognition with the practical necessity of delivering innovative solutions efficiently and consistently.

Organizations can generate novel ideas and leverage them to attract customers through creative processes. Customers often anticipate the launch of new products with impatience, particularly when innovation promises superior value or differentiation. In many cases, they are willing to place preorders for appealing product concepts even before a tangible prototype exists, reflecting heightened expectations for innovation and early access.

Impatient Customers

Customers remain the central drivers of organizational survival and growth; however, their expectations have intensified considerably in today's digitally connected environment. Technological advances, social media, and widespread access to information have fundamentally reshaped how customers interact with firms, evaluate offerings, and develop loyalty. As a result, organizations face mounting challenges in managing creativity, responsiveness, and productivity to meet evolving customer demands. The following sections outline key challenges associated with contemporary customer behavior, as illustrated in Figure 6.4

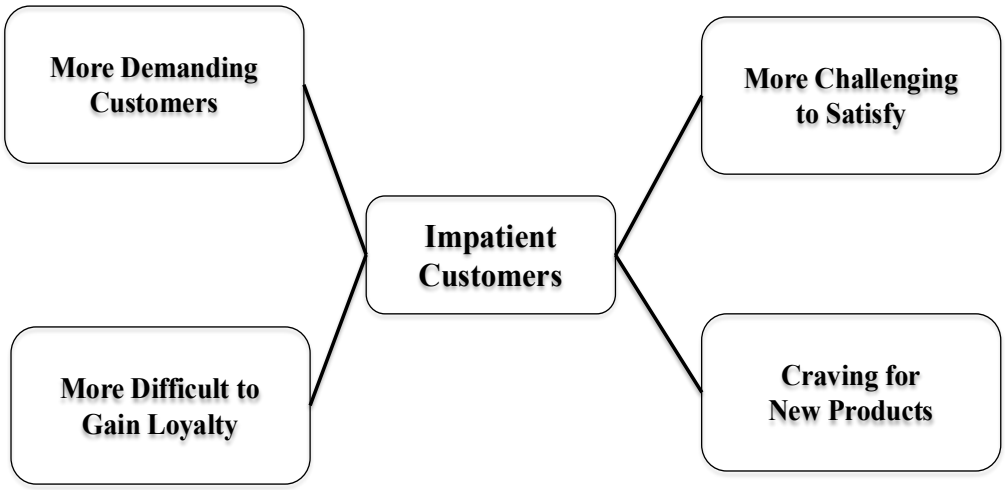

Figure 6.4 Impatient Customers

Source: Adapted from Nie, W. (2000). Waiting: integrating social and psychological perspectives in operations management. *Omega*, 28(6), 611-629.

More Demanding Customers

Modern consumers, empowered by digital technologies and omnichannel platforms, increasingly control when, where, and how they engage with brands. This shift in power has significantly elevated expectations for personalized, seamless, and responsive service across all touchpoints. Consequently, organizations must ensure that customer experiences are consistently integrated across physical and digital channels. Products and services are expected to be reasonably priced, accompanied by fast, convenient, and hassle-free delivery.

Omnichannel innovation enhances customer empowerment by integrating channels to provide coordinated and consistent experiences. Through features such as system flexibility, channel integration, and service

personalization, customers can move seamlessly between channels, access relevant information, and tailor interactions to their individual needs. These capabilities not only reshape customer expectations but also strengthen perceived control and deepen brand relationships (Zhang et al., 2025).

Moreover, the expansion of social and digital media has amplified consumers' voices, enabling real-time feedback, public evaluations, and co-creation with firms in both B2C and B2B contexts. Digital environments increase the visibility and impact of electronic word-of-mouth (eWOM), intensifying pressure on organizations to actively listen and respond to customer feedback. Failure to do so can quickly lead to dissatisfaction, negative eWOM, and adverse consequences for brand attitudes and loyalty (Dwivedi et al., 2021).

More Challenging to Satisfy

The extensive connectivity among consumers across digital platforms has made satisfaction more difficult to achieve and sustain. Customers are no longer dependent solely on firm-generated information; instead, they actively seek, exchange, and evaluate peer-generated content such as online reviews, ratings, and discussion forums. Consumer-to-consumer (C2C) digital information and knowledge sharing plays a critical role in shaping purchase decisions and post-purchase behaviors by facilitating peer-based learning, community building, and collective knowledge accumulation (Cruz-Cárdenas et al., 2025).

This widespread access to comparative information increases consumers' ability to critically evaluate alternatives and raises their expectations for value. Even minor shortcomings in products or services can trigger dissatisfaction. Perceived product quality and perceived value strongly influence adoption decisions, as consumers form attitudes based on how well product attributes such as precision, durability, and ease of use deliver functional, economic, and emotional benefits (Suvittawat, 2024). Accordingly, organizations must continuously align product performance, pricing, and service quality with increasingly sophisticated and well-informed consumer expectations.

More Difficult to Gain Loyalty

Achieving customer satisfaction no longer guarantees long-term loyalty. Evidence suggests that customer loyalty and retention have declined across industries. For example, a global study by Verint® Systems Inc. indicates that approximately two-thirds of consumers are willing to switch to competitors offering superior service or exceptional customer experiences. Increased competition, low switching costs, and abundant alternatives have weakened traditional loyalty mechanisms.

Consumer churn is often driven by deficiencies in digital experience, service quality, customer interaction, pricing, and promotional offerings particularly in highly competitive service sectors such as telecommunications. Weaknesses in areas such as digital care, complaint resolution, network performance, and perceived monetary benefits significantly increase switching intentions (Bhale & Bedi, 2020). Furthermore, customers increasingly benchmark experiences not only within an industry but across sectors, comparing firms to the best-performing brands they encounter. Consequently, loyalty has shifted from being relationship-based to experience-based, requiring organizations to deliver continuous and superior value rather than relying on one-time satisfaction.

Craving for New Products

Rapid changes in consumers' functional and emotional needs, preferences, and contemporary trends further intensify customer impatience. Consumers increasingly seek novelty, improvement, and higher perceived value, which motivates them to search for new or upgraded products as quickly as possible. Many are willing to pay in advance or participate in pre-order programs to obtain early adopter status and gain access to innovations ahead of the broader market.

This behavior is driven in part by consumer curiosity, which functions as an intrinsic motivational force encouraging information seeking, exploration, and experimentation with novel offerings. Rather than emerging only after product adoption, curiosity plays a role early in the decision-making process by reducing uncertainty, fostering openness to innovation, and supporting exploratory behaviors (Strzelecki et al., 2024). As a result, customers increasingly expect frequent product updates and accelerated

innovation cycles. Organizations must therefore balance speed, quality, and relevance in product development to satisfy consumers' desire for novelty while sustaining long-term value creation.

6.5 The Attraction of Investors

Finally, this section explains why investors prioritize credible convergence mechanisms over creativity alone when allocating capital.

Investors should be explicitly positioned as arbiters of credibility rather than suppressors of creativity. Their skepticism toward innovative ventures does not arise from resistance to novelty, but from rational concerns surrounding valuation opacity, execution uncertainty, and governance and alignment risks. In this sense, investor scrutiny functions as a disciplining mechanism that filters imaginative ideas through commercially and institutionally viable criteria. Consequently, investors tend to reward disciplined creativity—innovation grounded in clear value logic, scalable execution pathways, and transparent governance structures—rather than speculative ideation detached from operational feasibility and strategic coherence.

Companies can leverage creativity to generate novel ideas that attract investors, particularly when such ideas translate into distinctive and scalable business opportunities. Investors are generally drawn to firms that demonstrate uniqueness and long-term growth potential; however, creativity-driven organizations often face heightened scrutiny because of the uncertainty inherent in creative initiatives.

Highly Cautious Investors

Investors play a critical role in enabling organizational growth and innovation, yet they tend to approach creativity-oriented firms with considerable caution. This skepticism stems from the inherent uncertainty associated with creative initiatives, which typically require substantial upfront investment, yield intangible outputs, and involve elevated levels of risk. Since investors usually prioritize predictable returns and measurable performance indicators, creativity-based strategies may appear misaligned with traditional financial evaluation frameworks.

Although investors are a vital source of funding, convincing them to invest solely on the basis of a firm's creative capability is challenging. Investors are primarily interested in a firm's potential to generate an acceptable rate of return on invested capital. When returns cannot be convincingly estimated or clearly demonstrated, investors are likely to hesitate. Several factors explain why creativity often triggers investor skepticism. The following sections describe the characteristics of highly cautious investors, as illustrated in Figure 6.5.

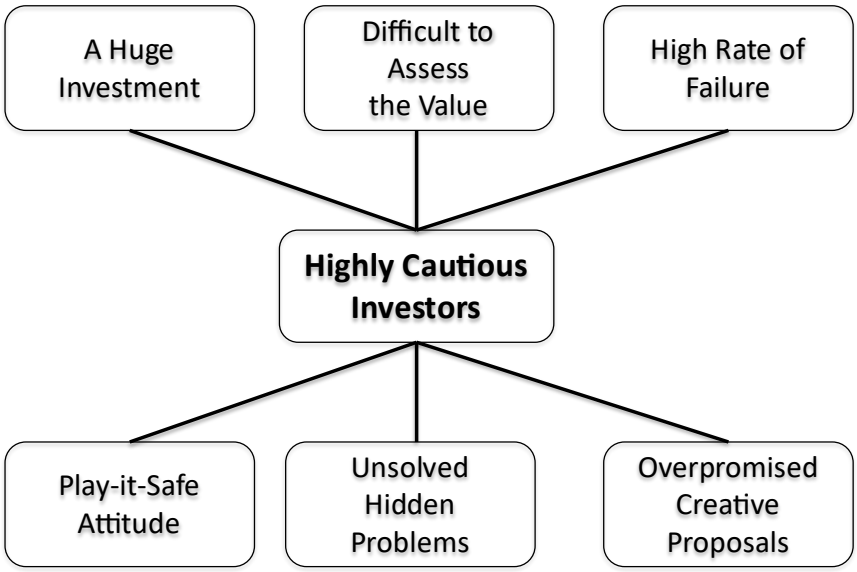

Figure 6.5 Highly Cautious Investors

Source: Created by Author

A Huge Investment

Creativity-driven initiatives require significant effort and resources, yet they rarely deliver immediate results. As a result, firms may experience underinvestment in creativity due to the reluctance of internal and external stakeholders to commit substantial financial resources. Creativity and innovation demand sustained investment in technology, human capital, and

organizational practices, which are seldom incremental and often require coordinated reconfiguration of resources over an extended period.

Innovation success depends on managers' ability to deliberately configure and deploy bundles of technological resources together with complementary organizational practices, rather than investing in technologies in isolation. This process requires continuous managerial coordination, and innovation outcomes emerge only after technologies are effectively integrated into everyday operations. Consequently, returns are uncertain and often temporally distant from the initial investment, making creativity-based initiatives less attractive to risk-averse investors (Knudsen et al., 2024).

Difficult to Assess the Value

Investor hesitancy increases when investment proposals are complex or difficult to understand. Creativity is inherently abstract, and its outcomes are not immediately observable. Unlike physical assets, creative outputs such as organizational knowledge, brand equity, and innovative capabilities are intangible and often not fully reflected in financial statements.

Although intangible assets are widely recognized as key drivers of firm performance, accounting standards capture only a limited subset of these assets, primarily those that are acquired and meet strict recognition criteria. Consequently, a substantial portion of value-creating intangibles, including managerial expertise, organizational capabilities, and customer relationships, remains invisible to external stakeholders. This lack of accounting visibility constrains investors' ability to accurately assess a firm's intangible capital base and future growth potential, despite empirical evidence demonstrating the critical role of both recognized and unrecognized intangibles in enhancing sales growth and competitiveness (Bagna et al., 2024).

High Rate of Failure

The perceived risk of creativity-driven investments is further reinforced by assumptions regarding high new product failure rates. Although investors often believe that creative initiatives fail at extremely high rates, empirical evidence suggests otherwise. Studies indicate that the failure rate of commercially launched products typically ranges from approximately 30% to 49%, rather than the frequently cited 80% to 90%. Nevertheless, from an

investor's perspective, uncertainty remains pronounced when creative projects lack validated market demand, clearly articulated value propositions, or credible commercialization pathways. In such cases, perceived financial risk remains high despite lower empirically observed failure rates (Rutkowski, 2022).

Play-it-Safe Attitude

Both investors and management teams often respond to uncertainty by adopting conservative, risk-averse strategies. Management may allocate only minimal budgets to creativity initiatives, treating them as experimental expenditures that can be written off if unsuccessful. Investors frequently mirror this behavior, as the financial benefits of creativity are difficult to quantify ex ante.

Under conditions of uncertainty, decision makers may engage in defensive decision making by favoring personally safer options that minimize blame rather than pursuing alternatives that could benefit the organization in the long run. Such behavior is particularly pronounced in environments characterized by low psychological safety and the absence of authentic leadership. In contrast, psychologically safe environments and authentic leadership can mitigate defensive decision making, enabling organizations to cope constructively with uncertainty rather than defaulting to self-protective choices (Artinger et al., 2025).

Unsolved Hidden Problems

Beyond financial considerations, investors are attentive to latent organizational risks. Misalignment between a firm's culture and the values that support creativity, limited employee commitment to creative work, or insufficient managerial support in terms of time and resources can raise significant concerns.

Entrepreneurial culture and financial support influence venture performance primarily through their indirect effects on organizational creativity and innovation, with innovation exerting the strongest direct impact on outcomes. Importantly, financial support alone does not enhance performance unless it is effectively translated into creative and innovative capabilities (Thai & Mai, 2024). Furthermore, a strong knowledge-sharing

culture particularly tacit knowledge exchange is essential for organizational creativity. When managerial practices, trust-based cultural alignment, or mechanisms for tacit knowledge sharing are weak, creative potential is undermined, signaling hidden organizational vulnerabilities that investors may reasonably interpret as elevated risk (Yıldız et al., 2025).

Overpromised Creative Proposals

Investors are also cautious of creative proposals that appear overly optimistic, excessively complex, or disconnected from execution realities. Many investors have encountered ideas that were compelling on paper but failed during implementation, leading to heightened sensitivity toward entrepreneurial overpromising.

Misaligned temporal expectations between entrepreneurs and investors further erode trust. When ambitious future projections are not supported by credible short-term evidence or clearly defined milestones, delays are often perceived as violations of implicit promises. This erosion of temporal credibility increases investor skepticism and negative sentiment, prompting resource providers to withdraw support or reallocate capital toward opportunities perceived as more realistic and executionally grounded (Wood et al., 2024).

Case Study of Chapter 6

Farmers' Perceptions of Drone Technology for Agricultural Use in Thailand

Adapted Reprint from:

Suvittawat, A. (2024). Investigating Farmers' Perceptions of Drone Technology in Thailand: Exploring Expectations, Product Quality, Perceived Value, and Adoption in Agriculture. Agriculture, 14(12), 2183. https://doi.org/10.3390/agriculture14122183

1. Introduction

The agricultural sector is increasingly shaped by technological innovation as it confronts challenges such as labor shortages, rising production costs, and sustainability pressures. Among precision agriculture technologies, drones have emerged as a transformative tool, offering applications including crop monitoring, pesticide spraying, and yield estimation. However, the successful integration of drones depends not only on their technical capabilities but also on farmers' perceptions, expectations, and readiness to adopt them. Existing research highlights that both internal factors (e.g., age, education, perceived usefulness, ease of use) and external factors (e.g., policy support, pricing mechanisms, land consolidation) influence adoption behavior, yet studies specifically examining farmers' subjective perceptions remain limited, particularly in developing agricultural contexts.

In Thailand, where agriculture remains labor-intensive despite declining rural labor availability, drones present an opportunity to modernize farming practices and enhance efficiency. Nevertheless, adoption faces significant barriers, including high initial investment costs, limited technical expertise, and uncertainty regarding benefits. Prior studies on precision agriculture adoption emphasize the importance of government support, financial incentives, and training programs to mitigate these constraints. At the same time, much of the literature has focused on technological and economic dimensions, paying insufficient attention to psychological drivers

such as expectations, perceived product quality, and perceived value, which are critical in shaping farmers' attitudes and acceptance of drone technology.

Addressing this gap, the study centers on key psychological variables grounded in Expectation-Confirmation Theory and Perceived Value Theory, examining how expectations, product quality perception, and perceived value influence farmers' willingness to adopt agricultural drones. By employing Structural Equation Modeling (SEM) within the Thai context, the research advances understanding of the socio-psychological mechanisms underlying technology adoption in agriculture. The study contributes theoretically by extending technology acceptance frameworks to drone usage in farming and offers practical implications for policymakers and service providers in designing targeted interventions such as quality enhancement, financial incentives, and education programs to support sustainable and inclusive adoption of drone technology.

2. National Context: Farmers' Perceptions of Drone Technology for Agricultural Use in Thailand

The national context of this case study emphasizes the growing importance of agricultural drone technology in Thailand as a means to enhance production efficiency and modernize farming practices. Farmers' perceptions are central to the adoption of drones, particularly perceptions related to expected product quality, anticipated benefits, and overall usefulness. Understanding these perceptions provides a theoretical foundation for analyzing how and why farmers decide to adopt drone technology within the Thai agricultural context.

Customer Perception Theory explains that farmers evaluate drone technology based on their expectations, prior experiences, and perceived value derived from its use. Factors such as usefulness, durability, and effectiveness shape farmers' attitudes toward drones. When the performance of drone technology meets or exceeds expectations, positive perceptions are formed, leading to higher adoption intentions and greater satisfaction with the technology.

Perceived Value Theory and the Technology Acceptance Model (TAM) further clarify the adoption process. Farmers assess drone technology by weighing its costs against perceived benefits such as precision,

convenience, safety, and productivity gains. TAM underscores the critical roles of perceived usefulness and perceived ease of use in shaping attitudes, behavioral intentions, and actual usage. Extensions of TAM suggest that contextual factors, including social influence and facilitating conditions, are also important in understanding technology adoption in agricultural settings.

The concept of smart villages provides a broader developmental framework linking drone adoption to rural sustainability and resilience. By integrating information and communication technologies (ICTs) with community-driven innovation, smart villages aim to improve agricultural efficiency, quality of life, and environmental sustainability. Although challenges such as limited infrastructure, connectivity, and financial resources remain, smart village initiatives demonstrate strong potential to support climate-resilient agriculture, promote rural development, and enhance farmers' capacity to adopt advanced technologies such as drones.

3. Methodology and Research Framework

The empirical foundation of this case study was based on a quantitative survey administered to 410 farmers in Thailand who had prior experience with drone usage, complemented by structural equation modeling (SEM) for hypothesis testing. The survey included measures capturing four key constructs:

Farmer Expectation – effort–results alignment, expected outcomes, value anticipation, and satisfaction.

Product Quality – product durability, efficiency, usefulness, and price.

Perceived Value – functional value, quality value, price value, and cost savings.

Farmer Perception – advertising, public relations, social media, and personal experience.

Reliability and validity assessments revealed strong factor loadings ranging from 0.706 to 0.845 and Cronbach's alpha coefficients exceeding 0.80, indicating high internal consistency. The model fit indices (RMSEA = 0.027, GFI = 0.961, CFI = 0.991) further confirmed an excellent model fit.

Eight hypotheses examined the direct and mediating effects among the variables, providing a comprehensive understanding of how farmer expectation, product quality, perceived value, and farmer perception interacted within the context of Thailand's agricultural sector.

4. Findings and Discussion

4.1 Farmer Expectation: effort–results alignment, expected outcomes, value anticipation, and satisfaction

Among all variables, Farmer Expectation exhibits the strongest and broadest influence.

Farmer Expectation significantly affects:

- Product Quality ($\beta = 0.510$)
- Perceived Value ($\beta = 0.323$)
- Farmer Perception ($\beta = 0.539$)

These results demonstrate that farmer expectations play a central and systematic role in shaping evaluations of drone technology adoption. First, farmer expectations significantly enhance perceived product quality, as farmers with higher expectations regarding efficiency, precision, and performance are more likely to assess drones favorably when these expectations are met, thereby increasing trust and confidence in the technology. Second, farmer expectations exert a substantial influence on perceived value, as farmers' cost–benefit evaluations such as expectations of cost reduction, time savings, yield improvement, and resource efficiency directly shape whether drones are viewed as worthwhile investments under production uncertainty. Third, farmer expectations positively affect overall farmer perception, as fulfilled expectations regarding operational efficiency, labor reduction, and environmental benefits foster favorable attitudes and stronger adoption intentions. Collectively, these findings align with expectation-confirmation theory, perceived value theory, and technology adoption models, underscoring that expectations act as a foundational cognitive mechanism through which product quality, value assessment, and overall perception of agricultural drone technology are formed.

4.2 Product Quality: product durability, efficiency, usefulness, and price

Product Quality significantly influences Farmer Perception ($\beta = 0.339$).

Product quality has a significant and positive influence on farmer perception, indicating that farmers are more likely to perceive agricultural drones favorably when they demonstrate high precision, durability, and ease of use. Product quality shapes trust in the technology, particularly among younger farmers and small agricultural enterprises. Beyond technical performance, perceptions are also affected by economic considerations, including acquisition costs, required equipment, and the need for skilled operators. Key functional attributes such as payload capacity, flight range, and cost-effectiveness further condition adoption decisions. Overall, the findings reinforce that product quality is a critical determinant of satisfaction, which translates directly into positive farmer perceptions of agricultural drones.

4.3 Perceived Value: functional value, quality value, price value, and cost savings

Perceived Value significantly influences:

- Product Quality ($\beta = 0.161$)
- Farmer Perception ($\beta = 0.306$)

The findings demonstrate that perceived value significantly and positively influences both product quality and farmer perception. Perceived value plays a central role in shaping how farmers evaluate drone technology in agriculture, as perceptions of usefulness, efficiency, and performance directly enhance assessments of product quality. Drones improve application accuracy, reduce labor intensity, and support precision farming practices, leading farmers to associate higher value with higher quality particularly when drones are easy to use, reliable, and capable of delivering accurate data. Furthermore, perceived value strongly shapes farmers' overall perceptions by encompassing economic, social, personal, and safety benefits, such as cost and time savings and reduced exposure to hazardous chemicals. The results also suggest that education and advanced digital systems (e.g., smart farming and blockchain-enabled drone operations) further enhance perceived value by increasing trust, data integrity, and operational efficiency. Overall, the discussion highlights perceived value as a key mechanism through which drone technologies improve both quality evaluations and farmers' readiness to adopt smart agricultural innovations, reinforcing their role in sustainable and efficient agricultural value chains.

4.4 The Mediating Roles of Product Quality and Perceived Value in the Relationship between Farmer Expectation and Farmer Perception

The mediating roles of product quality (indirect effect = 0.041) and perceived value (indirect effect = 0.072) in the relationship between farmer expectation and farmer perception in Thailand's agricultural sector.

The findings confirm that product quality and perceived value play significant mediating roles in linking farmer expectations with farmer perceptions in Thailand's agricultural sector. Product quality functions as a critical mechanism through which expectations are validated or revised, as high-quality drone technology characterized by advanced features, reliability, and efficiency strengthens farmers' perceptions by delivering tangible productivity and cost benefits. This mediating role is especially important for small-scale agricultural businesses, where improvements in product quality enhance competitiveness despite limited resources. In parallel, product quality indirectly elevates perceived value, increasing farmers' assessments of cost efficiency, usability, risk reduction, and overall return on investment. As drone quality improves, farmers perceive greater value, reinforcing positive expectations and encouraging technology adoption. Overall, the results highlight that aligning farmer expectations with consistent quality standards is essential for improving productivity, competitiveness, and sustained adoption in agricultural technology markets, while also recognizing that complementary factors such as service quality and regional branding further shape perceived value and satisfaction.

5. Synthesis

The case study illustrates that farmers' perceptions of agricultural drone technology in Thailand are shaped by a dynamic and interdependent process in which expectations play a central initiating role, while product quality and perceived value function as critical transmission mechanisms. Farmers' expectations exert both direct and indirect effects on overall perception, with product quality and perceived value acting as partial mediators that translate anticipated benefits into tangible evaluations of the technology. High levels of product quality particularly in terms of precision, durability, efficiency, and ease of use reinforce trust and validate farmers' expectations, thereby strengthening positive perceptions. Simultaneously,

perceived value, encompassing economic, functional, and safety-related benefits, enhances farmers' assessments of both product quality and the overall usefulness of drone applications. Collectively, the findings demonstrate that successful adoption of drone technology depends not solely on technical capability, but on the alignment between farmers' expectations, delivered product performance, and clearly perceived value. This synthesis underscores the importance of an integrated approach in technology diffusion, whereby service providers and policymakers must simultaneously manage expectations, improve product quality, and communicate value to foster sustainable adoption of agricultural innovations in the Thai context.

This case illustrates how creative technological potential embodied in agricultural drone applications only becomes consequential when translated into measurable productivity and efficiency gains that are legible to external evaluators. Empirically, the findings show that farmers' opportunity-driven interest in drone technology is filtered through assessments of product quality, operational reliability, and perceived value, which together function as the evaluation mechanisms of both customers and investors. Customer evaluation occurs through perceived value creation (cost savings, precision, labor reduction), linking ideas to customer utility, while investor evaluation is implicitly reflected in the requirement that technological creativity demonstrate disciplined execution, scalability, and return justification. In this sense, the case maps a clear idea–capital linkage (creative drone applications validated through quality and value metrics), clarifies customer value as the primary validation of innovation adoption, and establishes investment credibility as emerging not from novelty itself but from verified performance, trust, and economically defensible outcomes.

6. Conclusion

This case study advances the agricultural technology adoption literature by integrating Expectation-Confirmation Theory, Perceived Value Theory, and technology acceptance perspectives to explain farmers' perceptions of drone technology. The findings demonstrate that farmers' expectations significantly shape perceived product quality and perceived value, both of which serve as critical mediators influencing overall perceptions and adoption intentions. By emphasizing the psychological mechanisms underlying technology adoption particularly the mediating roles

of product quality and perceived value this research offers a novel theoretical contribution beyond prior studies that focused mainly on structural or technical determinants. In doing so, it establishes a robust analytical framework that also aligns agricultural technology adoption with broader sustainable development discourse, highlighting the relevance of historical, interdisciplinary, and socioeconomic perspectives.

From a managerial and practical standpoint, the results underscore the importance of improving drone product quality, enhancing financial and technical accessibility, and strengthening education and awareness among farmers. Policy measures such as subsidies, training programs, and integration of drones into smart village initiatives can accelerate adoption while addressing socioeconomic disparities. Aligning drone applications with environmental objectives further positions this technology as a driver of sustainable agriculture, supporting multiple Sustainable Development Goals related to food security, innovation, climate action, and inequality reduction. Overall, the study demonstrates that a farmer-centric, quality-focused, and policy-supported approach to drone adoption can contribute meaningfully to resilient agricultural systems and global sustainability outcomes.

Case Study Questions

1. How do farmers' initial expectations influence their evaluation of drone product quality, and why might unmet expectations weaken perceived product quality even when the technology is objectively advanced?
2. In what ways do farmer expectations shape perceived value when adopting drone technology, and how might differing cost–benefit expectations lead to contrasting value perceptions among farmers using the same service?
3. Why does perceived product quality play a critical role in shaping farmers' overall perceptions of drone technology, and which quality dimensions (e.g., durability, efficiency, ease of use) are likely to be most influential in the agricultural context?
4. How does perceived value beyond purely economic gains affect farmers' perceptions of drone technology, and why are emotional and safety-related values particularly important in agricultural technology adoption?

5. Explain how product quality and perceived value function as mediating variables between farmer expectations and farmer perceptions. Why is it theoretically important to consider mediation rather than only direct relationships when analyzing technology adoption in agriculture?

Chapter Summary

Innovation is conceptualized as a continuous pipeline that links opportunity sensing, structured idea generation, and rigorous financial evaluation. Creativity at the front end must be systematically aligned with strategy and market needs through opportunity-led ideation. As ideas mature, they are assessed using capital budgeting tools (e.g., NPV, DCF) and allocation logics that balance risk, return, and capital efficiency. Optimized capital structures and AI-supported analytics further enhance firms' ability to translate creative ideas into sustainable long-term value.

Creativity often underperforms due to organizational size, unclear purpose, weak execution, unrealistic idealism, and underappreciation of intangible value. Large firms struggle not because of fewer ideas but because of rigid structures, low empowerment, and misalignment between creativity and strategy. When creativity lacks clear goals, evaluation criteria, and execution ownership, it becomes symbolic rather than productive. Effective creativity requires strategic orientation, empowerment, realistic constraints, and institutional support.

Traditional productivity frameworks emphasize efficiency, standardization, and measurable outputs, often reinforcing a status quo mindset that crowds out experimentation. Overreliance on narrow input–output metrics neglects intangible, collaborative, and long-term outcomes, particularly in knowledge-intensive work. Excessive productivity pressure leads to burnout, rigidity, and undervaluation of learning and innovation. Broader productivity perspectives that incorporate outcomes, impacts, human factors, and system-level effects.

Digitally empowered customers are more demanding, harder to satisfy, less loyal, and eager for novelty. Omnichannel experiences, personalization, fast delivery, and responsiveness have become baseline expectations. Customers rely heavily on peer-generated information and electronic word-of-mouth, raising reputational risks for firms. Satisfaction alone no longer ensures loyalty; instead, continuous innovation and superior experiences are required. Customer curiosity and impatience accelerate

product cycles and intensify pressure on firms to innovate rapidly without sacrificing quality.

While creativity can signal growth potential, investors are typically cautious due to uncertainty, high upfront investment, intangible value, perceived failure risk, and execution gaps. Creativity is difficult to evaluate using traditional financial metrics, and many value-creating intangibles remain invisible in accounting reports. Risk-averse "play-it-safe" behavior, hidden organizational weaknesses, and overpromised projections further reduce investor confidence. To attract investment, firms must translate creativity into credible business models, realistic milestones, execution capability, and transparent value logic.

Chapter Review Questions

Review Question 1:

How can organizations systematically integrate opportunity-led idea generation with capital budgeting and capital structure optimization to ensure that creative ideas translate into financially viable and strategically aligned investments under conditions of uncertainty?

Review Question 2:

Why does creativity often decline in large organizations despite abundant resources, and how do issues such as unclear purpose, lack of execution, underappreciation, and misalignment between idealism and operational reality undermine creative effectiveness?

Review Question 3:

In what ways can rigid productivity frameworks and an excessive focus on efficiency metrics suppress creativity, and why is a purely input–output perspective insufficient for capturing the value of knowledge-intensive and innovation-driven work?

Review Question 4:

How have digitally empowered, impatient customers reshaped organizational requirements for creativity, responsiveness, and productivity, and why do customer satisfaction and innovation speed no longer guarantee long-term loyalty?

Review Question 5:

Why do investors tend to be highly cautious toward creativity-driven firms, and how do issues related to uncertainty, intangible asset valuation, perceived failure rates, and overpromising affect investors' willingness to commit capital?

Chapter Exercises

Exercise 1:

Select a hypothetical or real organization operating in a dynamic market environment.

1. Describe one opportunity the organization has identified and explain how it was transformed into a viable idea.
2. Map the idea along an innovation pipeline, from opportunity sensing to capital optimization.
3. Propose at least two capital budgeting tools (e.g., NPV, DCF, Profitability Index) that could be used to evaluate the idea's financial feasibility.
4. Discuss how behavioral biases or strategic logics (e.g., winner-picking, risk mitigation) might influence capital allocation decisions.

Exercise 2:

Analyze an organization (public or private) where creativity exists but outcomes remain limited.

1. Identify two creativity-related problems (e.g., unclear purpose, underappreciation, lack of execution).
2. Explain how organizational structure, leadership, or culture contributes to these problems.
3. Propose two managerial interventions that could realign creativity with strategic and performance objectives.

Exercise 3:

Consider an organization with strong productivity controls (e.g., standardized procedures, efficiency metrics).

1. Explain how a status quo orientation in productivity measurement may suppress creativity.

2. Critically assess the limitations of the input–output perspective for measuring productivity in knowledge-intensive or service-based work.
3. Suggest an alternative productivity framework that better integrates creativity, learning, or long-term outcomes.

Exercise 4:

Choose a company that competes in a highly digitalized or omnichannel market.

1. Analyze how changing customer expectations (e.g., speed, personalization, omnichannel access) affect the firm's creative and productive capabilities.
2. Discuss why customer satisfaction no longer guarantees loyalty.
3. Propose a creative strategy that balances rapid innovation with quality and long-term customer value.

Exercise 5:

Assume you are advising a creativity-intensive startup seeking external investment.

1. Identify three investor concerns related to creativity-based ventures (e.g., uncertainty, intangibility, execution risk).
2. Explain how overpromising and unclear valuation of intangibles can erode investor trust.
3. Design a communication strategy that presents creativity as a credible, investable capability supported by evidence and milestones.

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Chapter 7: Aligning Innovation and Continuous Improvement for Solution-Centric Strategy and Sustainable Profitability

Course Learning Outcomes (CLO):

1. Apply a solution-centric approach to address customer problems holistically.
2. Analyze customers, competitors, and internal capabilities to guide innovation.
3. Evaluate innovative solutions that improve operational efficiency and profit margins.
4. Assess strategic suitability through problem–solution fit, product–market fit, and get–give fit.
5. Analyze how aligned innovation and improvement enhance sustainable profitability.

Contents and Concepts of This Chapter:

7.1 The Solution-Centric Approach

7.2 Customer, Competitor, and Company Analysis

7.3 Innovative Solutions for Improved Margins

7.4 The Concept of Strategic Suitability

7.5 Innovation and Improvement for Profitability

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Chapter Summary

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7.1 The Solution-Centric Approach

At this stage of the argument, we begin with the firm's overarching strategic posture. The analysis first establishes that value creation originates from a solution-centric orientation, in which the accommodation redefines itself not merely as a lodging provider but as a provider of integrated experiential solutions. This orientation guides resource allocation and shapes the firm's responsiveness to guest needs, thereby setting the directional logic for subsequent analytical and operational decisions.

Entrepreneurial marketing conceptualizes innovation and improvement as jointly necessary, capability-based mechanisms for converting customer solutions into sustainable profitability. Innovation, in isolation, does not guarantee profitability; novel offerings may attract attention without generating repeat purchase, operational efficiency, or scalable returns. Conversely, improvement alone does not secure differentiation; incremental refinements without meaningful novelty risk strategic convergence and commoditization. Strategic viability therefore emerges from the convergence of innovation and improvement—where firms simultaneously create distinctive customer value and systematically refine processes, structures, and delivery mechanisms to capture that value efficiently and repeatedly. This convergence framing positions entrepreneurial marketing not merely as opportunity pursuit, but as a dynamic capability configuration that integrates value creation and value appropriation into a sustainable competitive logic.

The solution-centric approach is best defined as a value-creation logic. It represents a strategic orientation in which firms organize their activities around diagnosing, integrating, and resolving customers' contextual problems rather than selling discrete products or standardized services. Under this logic, value is co-created through customized bundles of products, services, knowledge, and relational processes that are configured to deliver measurable outcomes aligned with the customer's specific use situation. This differs from product-centric marketing, which prioritizes product features, efficiency, and volume-based transactions; from service-dominant logic, which broadly conceptualizes value as co-created through service exchange but does not necessarily emphasize problem-specific solution architecture; and from traditional CRM, which focuses primarily on managing customer

data, segmentation, and relationship maintenance rather than orchestrating integrated offerings designed to solve complex, situational customer problems.

The solution-centric approach is a strategic and managerial orientation that prioritizes solving customer problems holistically rather than emphasizing products, services, or technologies in isolation. Under this approach, organizations define their value proposition around the customer's job-to-be-done, integrating offerings, processes, and relationships into a coherent solution that delivers tangible outcomes.

Adopting a solution-centric approach has become a critical strategy for enhancing profitability in contemporary business environments, particularly within small and medium-sized enterprises (SMEs) and business-to-business (B2B) markets. In contrast to traditional product-centric strategies, solution-centric approaches emphasize value co-creation through the integration of products and services into customized solutions that address customers' underlying business challenges rather than isolated transactional needs. Within the framework of value-based selling, this approach is inherently process-oriented and depends on close collaboration between providers and customers to systematically identify, quantify, communicate, and verify value-in-use. As a result, profitability improvements are driven not only by product margins but also by stronger long-term customer relationships, higher perceived customer value, and deeper value co-creation at both organizational and ecosystem levels (Liu & Zhao, 2021).

Despite the strategic advantages of solution-oriented models, SMEs frequently encounter significant barriers to digital and information and communication technology (ICT) adoption. These barriers primarily stem from limited financial resources, inadequate technical expertise, workforce skill shortages, and difficulties associated with organizational change. Such constraints often materialize as high implementation and maintenance costs, insufficient employee training, resistance to change, and challenges in system integration, collectively constraining effective ICT utilization. However, evidence suggests that when SMEs adopt well-structured and targeted technology integration strategies such as phased implementation, alignment with existing business processes, and sustained investment in human capital development ICT adoption can substantially improve operational efficiency,

streamline workflows, reduce process complexity, and strengthen long-term competitiveness. These outcomes facilitate the transition toward more solution-oriented and value-driven business models, even under resource limitations (Vargas & Fontoura, 2024).

Complementing this perspective, recent studies on SMEs in developing economies indicate that digitalization and automation, despite challenges such as cybersecurity risks, regulatory complexity, cultural resistance, and high upfront investment requirements, enable firms to reallocate labor from routine activities toward higher-value tasks. When supported by employee training, collaboration with technology providers, and proactive risk management practices, digital and automation technologies contribute to productivity improvements, cost optimization, and enhanced decision-making quality. Consequently, these technologies reinforce solution-driven business models and strengthen the adaptive capabilities of SMEs (Hasanova & Najafova, 2025).

In B2B markets, sales performance within a solution-centric paradigm cannot be explained solely by individual salesperson competencies. Instead, it arises from specific configurations of organizational processes, service elements, and sales activities. Effective solution selling requires strategic alignment among solution design, internal sales processes, and customer engagement mechanisms, as different combinations of these components may yield comparable levels of sales success (Bongers et al., 2025). This logic is closely aligned with the concept of servitization, which describes the shift from product-centric offerings toward integrated product–service business models. Under servitization, firms must orchestrate dynamic capabilities, leverage deep customer insights, and adopt value-based selling practices to co-create customer value and secure stable, long-term revenue streams, rather than relying solely on transactional product sales (Kowalkowski et al., 2025).

Moreover, the strategic integration of product innovation and customer centricity functions as a key mechanism through which both tacit and explicit knowledge are transformed into firm-level profitability. These capabilities partially mediate the relationship between knowledge assets and financial performance, indicating that sustainable competitive advantage emerges not merely from knowledge possession but from its effective

application in developing innovative solutions and strengthening customer-focused relationships (López-Cabarcos et al., 2020). In practical terms, the systematic incorporation of consumer insights into strategic planning enables firms to align market relevance with financial performance. By embedding customer understanding into cross-functional decision-making encompassing innovation, pricing, portfolio configuration, and go-to-market execution organizations can ensure that solution offerings are responsive to evolving customer needs while remaining commercially viable, scalable, and margin-enhancing. This strategic alignment provides a structured pathway for sustaining revenue growth and profitability in complex, fragmented, and highly competitive markets (Balogun et al., 2025).

As illustrated in Figure 7.1, the solution-centric approach represents an integrative strategic orientation in which firms shift their focus from offering discrete products or services toward delivering comprehensive solutions that address customers' underlying problems. This approach emphasizes customer problem orientation, value co-creation, and value-based selling as core principles, while viewing profitability as an outcome that extends beyond traditional product margins. Digitalization, automation, and ICT adoption function as key enablers albeit subject to organizational and resource constraints by supporting capability building and scalability. Furthermore, the approach requires strong organizational alignment to support solution selling, the development of dynamic capabilities through servitization, and continuous innovation grounded in customer centricity. Taken together, these elements form a holistic strategic framework that links customer value creation directly to sustainable profitability and long-term competitive advantage.

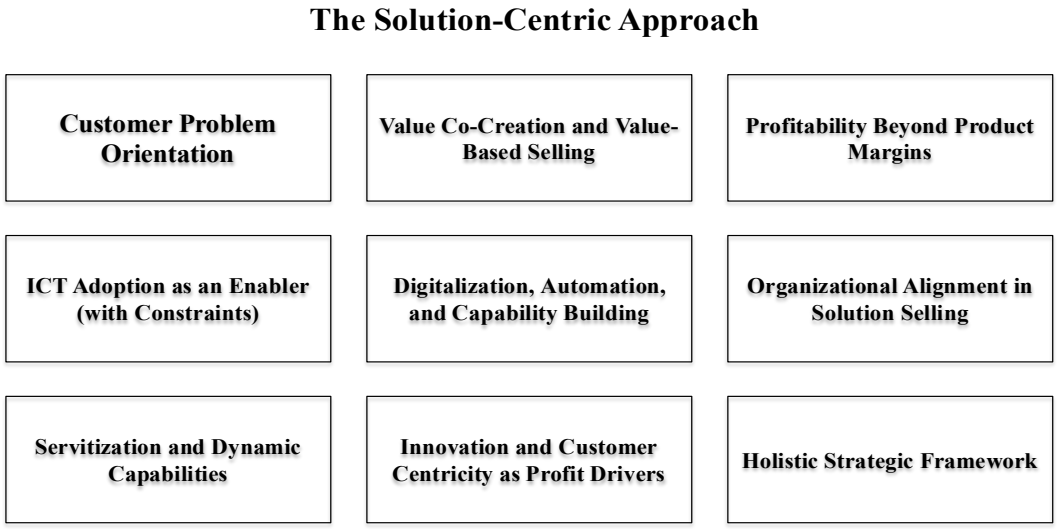

Figure 7.1 The Solution-Centric Approach

Source: Adapted from Sjödin, D., Parida, V., Jovanovic, M., & Visnjic, I. (2020). Value creation and value capture alignment in business model innovation: A process model for outcome-based contracts. *Journal of Product Innovation Management*, 37(2), 158–183.

Overall, the solution-centric approach constitutes a holistic strategic framework in which technology adoption, innovation, customer engagement, and value-based selling converge to maximize value creation and long-term profitability.

7.2 Customer, Competitor, and Company Analysis

Having clarified the strategic orientation, the argument moves to the analytical foundation that informs strategic choice. At this stage, the customer–competitor–company (3C) framework structures managerial sensemaking by aligning internal capabilities with customer expectations and competitive positioning. This triadic analysis reduces strategic ambiguity and ensures that the solution-centric orientation is grounded in contextual market intelligence.

Customer, competitor, and company analysis can be reframed not as a descriptive market checklist, but as an entrepreneurial decision architecture that systematically aligns opportunity recognition with feasibility and defensibility. Within this architecture, Customer analysis determines desirability whether a clearly articulated value proposition solves a meaningful problem or fulfills a compelling aspiration in a defined segment. Company analysis evaluates feasibility the degree to which the venture's resources, capabilities, routines, and dynamic competencies enable credible execution of that opportunity under existing constraints. Competitor analysis, in turn, assesses defensibility whether the proposed position can be protected through differentiation, cost structure, relational assets, locational advantages, or capability asymmetries that limit imitation and rivalry intensity. Together, these three analytical dimensions transform opportunity assessment into a coherent strategic logic: an entrepreneurial initiative becomes viable only when it is simultaneously desirable to customers, feasible for the firm to deliver, and defensible against competitive erosion.

Environmental change drivers including technological, political/legal, social/cultural, economic, and market forces act as critical triggers for innovation. These drivers stimulate creative thinking that, when combined with a firm's internal resources, leads to solution-oriented innovations. Individuals with an entrepreneurial marketing mindset are able to interpret ongoing changes as meaningful signals, transforming emerging phenomena into opportunities from the customer perspective and challenges from the competitor perspective. This mindset emphasizes the development of innovative solutions that simultaneously deliver superior customer value and enhance firm profitability. At this stage, the effectiveness of entrepreneurial marketing can be assessed through the firm's foresight in understanding customers, competitors, and internal capabilities. Such analysis ensures that resulting innovations remain strongly solution-oriented. Accordingly, this section outlines the core analytical components required: customer analysis, competitor analysis, and company analysis.

Figure 7.2 Customer, Competitor, and Company Analysis

Source: Adapted from Nuryakin, N., & Qamari, I. (2026). The mediating role of innovation capability and technological capability in the relationship between absorptive capacity and SMEs' business performance. *International Journal of Innovation Studies*, 10(1), 65-79.

As illustrated in Figure 7.2, customer, competitor, and company analyses collectively guide innovation by aligning customer problem identification, competitive market positioning, and internal capability and cost considerations.

Customer Analysis

Customer analysis requires a systematic, data-driven understanding of customers, drawing on qualitative and quantitative data from both primary and secondary sources, depending on the nature of the proposed solutions. The objective is to capture insights into customer preferences, perceptions, suggestions, and unmet needs. A deep understanding of customer behavior forms the foundation of effective marketing strategy and long-term business success.

Contemporary customer analysis increasingly integrates advanced data analytics to identify behavioral patterns, predict purchasing decisions, and enhance strategic responsiveness. Data analytics enables firms to uncover customer preferences, improve market segmentation, and strengthen organizational responsiveness to marketing initiatives. By interpreting

customer data rigorously, firms can transform customer insights into optimized market strategies, thereby improving decision accuracy and strategic alignment with evolving consumer behavior (Nusrat Fatima, 2025).

Building on this foundation, counterfactual analysis allows firms to evaluate "what-if" scenarios at the individual customer level by examining how changes in behavioral attributes such as recency, frequency, monetary value, and customer lifespan affect customer status and segment migration. Through the simulation of alternative behavioral trajectories, firms can anticipate the potential outcomes of specific marketing interventions, enabling more precise targeting and more effective retention strategies (Ebadi Jalal & Elmaghraby, 2024).

Moreover, the development of customer analytics capability varies systematically across firms at different stages of organizational maturity. Such capability is most effectively cultivated when firms integrate outside-in resources particularly customer-oriented and market-facing cultural orientations with inside-out resources, such as a data-driven organizational culture. This complementarity enhances firms' ability to anticipate customer needs and adapt strategically, with especially pronounced benefits observed in more established firms (Mehrabi et al., 2024). Collectively, the necessity of adopting a dynamic, data-driven approach that integrates external customer insights with internal analytical capabilities to maximize customer engagement and retention.

Competitor Analysis

Competitor analysis involves a comprehensive understanding of both direct competitors and substitute offerings to ensure that proposed solutions deliver a clear competitive advantage. The primary objective is to create superior perceived value relative to existing alternatives in the market.

Effective competitor analysis is essential for identifying strategic opportunities and mitigating competitive risks. The Competitor Intelligence and Analysis (CIA) model integrates big data–driven text mining techniques with network analysis to facilitate firm-level competitive assessment. By analyzing unstructured data from online reviews and social media platforms, this approach enables firms to identify key competitors, extract perceived strengths and weaknesses, and uncover functional relationships among

competitive attributes through centrality-based network metrics. Consequently, managers are better equipped to convert dispersed user-generated content into actionable intelligence that supports informed strategic and operational decision-making (Köseoglu et al., 2020).

The nature of competitor analysis is also highly context-dependent, particularly for start-up firms operating under conditions of uncertainty. Such firms often rely on rapid intelligence gathering, informal information channels, and adaptive strategic responses to identify opportunities and establish competitive advantage (Hatzijordanou et al., 2019). In parallel, structured strategic planning tools provide systematic mechanisms for evaluating competitors' strengths, weaknesses, and strategic positioning. These tools enhance organizations' ability to assess competitive behavior accurately and align strategic decisions with evolving industry conditions and competitive dynamics (Altwaijri & Alhomedan, 2025). Overall, effective competitor analysis is best understood as an iterative process that integrates qualitative insights, big data analytics, and formal strategic planning.

Company Analysis

Company analysis focuses on understanding internal resources, capabilities, and competencies to determine what innovations the firm can realistically develop and commercialize. A central objective of this analysis is the identification of core competencies, ensuring that innovation initiatives remain aligned with the firm's strategic strengths and do not deviate excessively from its foundational capabilities.

The relationship between corporate sustainability and firm performance is contingent upon business strategy rather than being uniformly positive. Sustainability initiatives enhance firm performance primarily when aligned with a differentiation strategy, as strong environmental and social practices support value creation and product differentiation. Conversely, when misaligned, sustainability efforts may undermine performance, underscoring the importance of integrating sustainability into competitive positioning rather than treating it as an isolated practice (Park, 2023).

Benchmarking and competitiveness assessment tools further provide systematic and evidence-based frameworks for evaluating firm performance relative to industry leaders. Benchmarking functions most effectively as part

of an integrated set of strategic analysis tools including SWOT analysis, Porter's Five Forces, the BCG matrix, PEST analysis, the Balanced Scorecard, Value Chain Analysis, VRIO analysis, and GAP analysis which collectively enable a comprehensive assessment of competitive positioning. Through structured comparisons of key performance indicators, processes, and resource configurations, firms can identify performance gaps, inefficiencies, and underutilized capabilities, while also recognizing areas of relative strength (Zhylinska & Gitko, 2025).

Importantly, the effectiveness of benchmarking is enhanced through the integration of digital technologies such as big data analytics, artificial intelligence, and automation. These technologies enable more precise, dynamic, and forward-looking assessments, thereby improving adaptability and innovation in volatile market environments. Additionally, organizational performance improves when performance appraisal systems are aligned with competitive strategy, as such alignment translates strategic priorities into employee behaviors and evaluation criteria; however, performance outcomes depend on the specific configuration of strategy and appraisal systems rather than alignment alone (Bayo-Moriones et al., 2020). Taken together, comprehensive company analysis integrates internal resource evaluation, strategic alignment, and sustainability considerations as core drivers of long-term firm performance.

7.3 Innovative Solutions for Improved Margins

Building on the analytical foundation, the discussion now turns to the mechanism through which strategy is operationalized. Innovation functions as the execution lever, enabling differentiation, cost optimization, and revenue enhancement to protect and expand margins. Through service design, experiential customization, and process improvements, firms translate strategic intent into tangible economic outcomes.

Innovation improves margins in small–medium-size hospitality enterprises through three interrelated mechanisms. First, innovation enhances productivity by streamlining operational processes, optimizing resource utilization, and leveraging digital tools to reduce transaction costs, labor inefficiencies, and waste, thereby increasing output per unit of input and improving cost margins. Second, innovation fosters differentiation and

increases customers' willingness to pay by creating distinctive value propositions such as authentic experiential offerings, culturally embedded services, or sustainability-oriented accommodations that reduce price competition and allow firms to command premium pricing. Third, innovation strengthens risk reduction and organizational resilience by diversifying revenue streams, enhancing adaptive capacity, and embedding flexibility into business models, which mitigates exposure to market volatility, seasonality, and external shocks. Collectively, these mechanisms demonstrate that innovation does not merely stimulate growth but systematically reinforces profitability through efficiency gains, value creation, and strategic risk management.

For organizations guided by an entrepreneurial mindset, success cannot be evaluated solely through non-financial outcomes. When non-financial performance appears strong but financial results remain unsatisfactory, underlying issues often lie in execution and operational effectiveness. Consequently, innovative solutions must ultimately translate into measurable improvements in profitability. These improvements are reflected across key financial indicators, including gross margin, operating margin, net profit margin, and EBITDA (earnings before interest, taxes, depreciation, and amortization). Assessing innovation outcomes therefore requires close examination of profit-and-loss statements and income reports to ensure that strategic initiatives generate tangible financial returns.

Innovative solutions play a critical role in margin enhancement by improving productivity, strengthening value creation, and supporting long-term organizational sustainability across sectors. Contemporary margin improvement is no longer driven solely by cost reduction; rather, it increasingly relies on human-centric, technology-enabled, and system-wide innovation strategies. For example, adopting a human-centric approach to global talent management characterized by flexible work arrangements, effective use of digital collaboration platforms, and sustained investment in skill development enhances operational efficiency while reinforcing employee engagement and organizational commitment. By reducing voluntary turnover and minimizing inefficiencies associated with underutilized human capital, such practices help lower hidden organizational

costs and contribute to sustainable performance and margin growth (Shvetsova, 2025).

Within value-chain contexts, particularly food value chains, information-based innovations such as data-sharing platforms and product traceability systems generate additional value by improving transparency and coordination among stakeholders. Enhanced information flows enable firms to respond more rapidly and accurately to market signals and consumer preferences, while increased traceability strengthens consumer trust in product quality and origin. These information-driven innovations therefore support operational efficiency, service differentiation, and, ultimately, stronger profit margins across the value chain (Liczmańska-Kopcewicz et al., 2024).

At the sectoral level, margin improvement is further reinforced through interdisciplinary and technology-driven innovation. In healthcare, the coordinated integration of digital technologies, organizational innovation, and clinical expertise enables the redesign of care delivery processes, improves resource allocation, and reduces operational waste. This alignment between technological capabilities and clinical decision-making enhances value creation while supporting sustainable gains in cost efficiency and service quality (Lepore et al., 2023).

Similarly, in logistics, effective alignment between innovation solutions and key resource dimensions including physical infrastructure, advanced technologies, information-sharing mechanisms, relational capabilities, and organizational knowledge significantly enhances value creation. In particular, logistics firms that apply innovation to support halal integrity through improved process and service design can reduce inefficiencies, mitigate contamination risks, and strengthen service differentiation. Importantly, innovation solutions partially mediate the relationship between resource deployment and value creation, indicating that resources alone are insufficient unless transformed through innovation into superior service quality, customer trust, and competitive advantage (Ruangsriroj & Suvittawat, 2021).

Looking ahead, emerging technologies are reshaping margin structures at scale. Artificial intelligence (AI), especially generative AI,

enhances decision-making in urban planning by enabling advanced simulations, scenario modeling, and data-driven analysis of complex urban systems. These capabilities allow planners to evaluate alternative design options, anticipate system interdependencies, and allocate resources more effectively, thereby reducing planning errors and lowering long-term development and operational costs. However, such benefits must be balanced against emerging challenges related to ethics, transparency, and governance (Çipi et al., 2026). In urban healthcare logistics, drone-based blood delivery systems represent another margin-enhancing innovation by optimizing routing and response times for time-critical medical supplies. Through the integration of mathematical modeling and heuristic optimization, these systems reduce delivery delays, improve service reliability, and lower operational costs relative to traditional ground transportation, particularly in congested urban environments (Lakhwani et al., 2026).

In the financial sector, AI-driven financial technologies contribute to margin improvement by advancing financial inclusion while simultaneously enhancing institutional efficiency. By leveraging data analytics, automation, and scalable digital infrastructures, these technologies reduce transaction costs, improve credit risk assessment, and enable financial service delivery to underserved populations at scale. As a result, financial institutions can achieve cost optimization, strengthen risk management, and expand market reach, all of which support improved profitability (Tian et al., 2026).

As illustrated in Figure 7.3, innovative solutions for improved margins encompass a multidimensional set of strategic orientations that extend beyond cost reduction alone. These orientations emphasize profitability as the ultimate test of innovation, the importance of execution and operational effectiveness, and the role of human-centric and information-based innovation across value chains. Collectively, they highlight how innovation, when strategically aligned and effectively implemented, transforms resources into value and enables structural improvements in profit margins, thereby supporting sustainable firm performance.

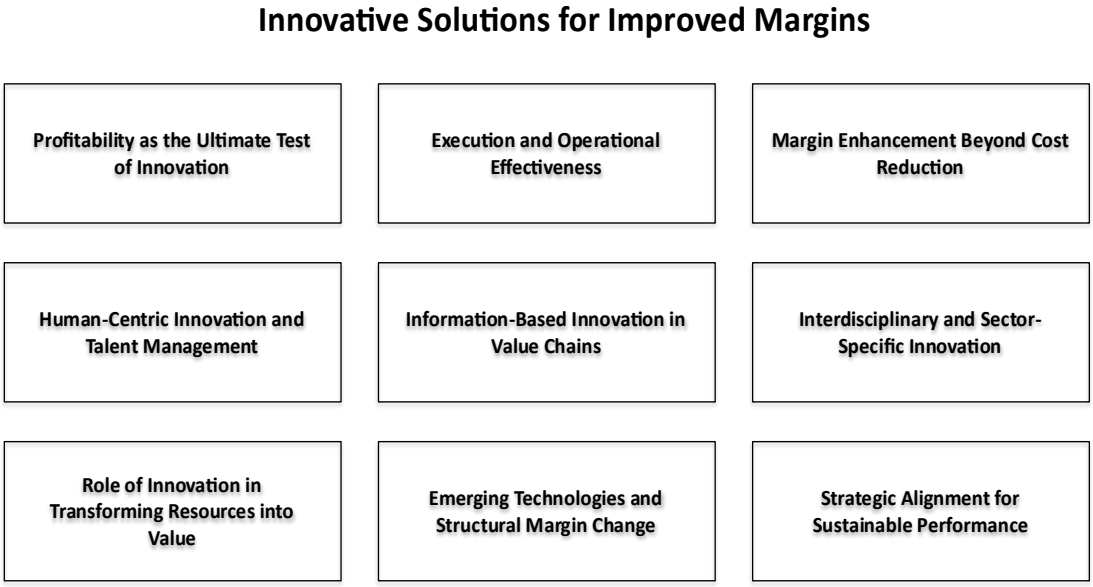

Figure 7.3 Innovative Solutions for Improved Margins

Source: Adapted from Verdonck, M., et al. (2026). Cultivating an evidence-based innovation mindset in allied health professions. *Education + Training*, 68,10, 103-123.

Overall, when strategically aligned with human capital, data resources, and advanced technologies, innovative solutions function as powerful mechanisms for margin enhancement. They enable organizations to simultaneously improve efficiency, strengthen value creation, and enhance resilience, thereby supporting sustainable financial performance in increasingly complex and competitive environments.

7.4 The Concept of Strategic Suitability

After examining execution, the argument advances to the evaluative stage. Strategic suitability provides the logical filter through which innovations are assessed in terms of environmental fit, resource coherence, and long-term viability. This evaluative lens ensures that innovation

initiatives are not merely novel, but strategically consistent and sustainable within the firm's contextual constraints.

The concept of strategic suitability can be explicitly framed as a set of sequential filters that progressively test the viability of an idea before substantial commitment of resources. First, does it solve a real problem? this filter assesses problem–solution fit by examining whether the proposed offering addresses a clearly identified, non-trivial customer pain point or unmet need. Second, does the market want it? this evaluates product–market fit, focusing on demand validation, target segment attractiveness, willingness to pay, and competitive positioning within the industry structure. Third, can we capture value sustainably? this final filter tests business model robustness, ensuring the firm possesses the capabilities, cost structure, differentiation logic, and defensible advantages necessary to appropriate economic value over time rather than merely create it. Only when an opportunity passes all three filters can it be considered strategically suitable and aligned with long-term competitive advantage.

The application of an entrepreneurial marketing mindset requires careful consideration of three conformity requirements to ensure the development and implementation of effective innovative solutions. Strategic suitability refers to the degree of alignment between an organization's internal capabilities, strategic choices, and external environment, ensuring that what the firm offers, how it delivers value, and what it exchanges with stakeholders are mutually reinforcing. This concept can be systematically understood through three interrelated dimensions problem solution fit, product–market fit, and get–give fit each addressing a distinct yet complementary aspect of strategic alignment.

As illustrated in Figure 7.4, the concept of strategic suitability refers to the degree of alignment between a firm's value proposition and its external and internal conditions, as reflected through three interrelated dimensions: problem–solution fit, product–market fit, and get–give fit. Together, these dimensions indicate whether the firm is addressing a meaningful customer problem with an appropriate solution, delivering that solution to a well-defined and responsive market, and achieving a balanced exchange in which the value created for customers is matched by value captured by the firm. Strategic suitability therefore emphasizes coherence and consistency across

customer needs, market demand, and economic viability as a foundation for sustainable competitive advantage.

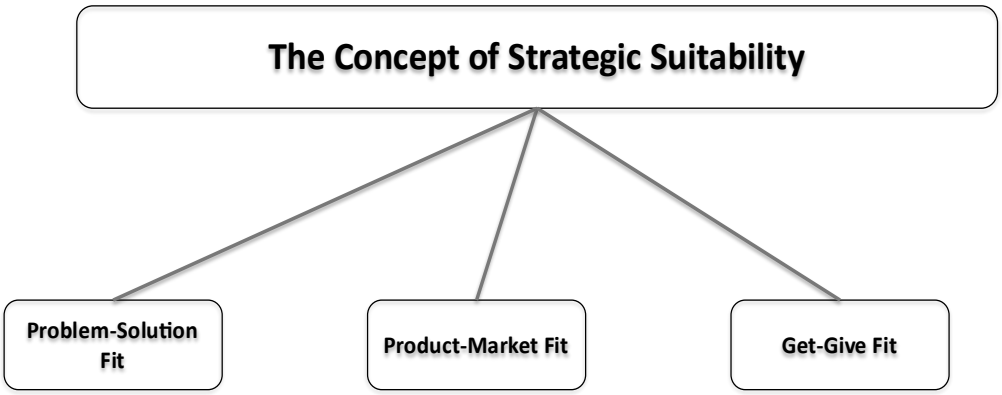

Figure 7.4 The Concept of Strategic Suitability

Source: Adapted from Kotler, P., Kartajaya, H., Hooi, D. H., & Mussry, J. (2023). Entrepreneurial Marketing: Beyond Professionalism to Creativity, Leadership, and Sustainability. Wiley. ISBN: 978-1-119-83520-2.

Problem-Solution Fit

Problem–solution fit represents the foundational layer of strategic suitability, emphasizing a customer-centric and solution-oriented approach to strategy formulation. It requires firms to develop a deep and accurate understanding of real customer problems from the customer's perspective and to design solutions that directly address these issues. When a strong alignment exists between identified problems and proposed solutions, products and services are more likely to be perceived as meaningful and relevant answers to customer needs.

From a strategic management perspective, such alignment strengthens firm competitiveness by ensuring coherence between organizational resources, operational processes, core capabilities, and external environmental conditions. In manufacturing contexts, for instance, strategic

fit enables firms to develop context-specific strategies rather than generic responses, allowing strategic initiatives to directly target operational inefficiencies and market-driven challenges within dynamic competitive environments (Rahman & Rahman, 2020). Moreover, market orientation contributes to small business performance only when customer insights and competitive intelligence are effectively translated into solutions that are consistent with internal capabilities. Without such alignment, market-oriented behaviors alone are insufficient to generate superior performance outcomes (Ngo, 2021). Accordingly, problem–solution fit goes beyond problem identification; it entails crafting feasible, capability-consistent, and contextually relevant solutions that reduce strategic misalignment and operational inefficiencies.

Product-Market Fit

Product–market fit focuses on aligning a firm's offerings with the needs, preferences, and expectations of clearly defined target market segments. In increasingly crowded and competitive markets, firms must ensure that their products deliver superior perceived value through appropriate differentiation, quality, customer experience, and pricing strategies.

Achieving product–market fit is not a one-time event but a dynamic and iterative process that requires continuous market sensing, learning, and strategic adaptation. As consumer preferences and competitive conditions evolve, firms must regularly adjust product features, pricing structures, and distribution mechanisms to maintain alignment with market expectations (Preethy & Suneetha, 2024). Extending this perspective, recent research highlights the role of content as an integral component of the value proposition. Through the Product–Content–Market Fit (PCMF) framework, content marketing is embedded within the Minimum Viable Product (MVP) development process, positioning content not merely as a promotional tool but as a mechanism for educating users, shaping usage experiences, and generating early feedback. This integrated approach enables startups to refine both products and value propositions more effectively, thereby accelerating validation and enhancing the likelihood of achieving sustainable product–market fit in digital environments (Oztabak, 2024). Collectively, these insights suggest that product–market fit encompasses not only functional

alignment but also symbolic, communicative, and experiential dimensions that strengthen customer resonance and market acceptance.

Get-Give Fit

Get–give fit captures the exchange-oriented and relational dimension of strategic suitability, focusing on the balance between the benefits customers and stakeholders receive and the costs or resources they contribute. From the customer perspective, products that deliver superior functional and emotional benefits at a lower total cost of ownership are more likely to be preferred. However, these preferences must also support firm-level value creation. Firms therefore need to understand the levels of sales volume and cost structures required to sustain profitability while delivering compelling value propositions.

Beyond customers, get–give fit extends to relationships with suppliers, partners, and international markets. Supplier involvement enhances firm financial performance when there is a strategic alignment between a firm's objectives and its suppliers' capabilities, highlighting the importance of value co-creation rather than unilateral value appropriation (Zhao et al., 2024). Similarly, export performance depends on the degree of strategic fit between a firm's dynamic marketing capabilities and the heterogeneous conditions of target markets. Investments in marketing capabilities yield differential performance outcomes across contexts, underscoring the need for deliberate, market-specific resource allocation decisions that align capability deployment with expected returns (Hoque et al., 2022). Through such balanced and context-sensitive exchange relationships, get–give fit supports sustainability by reducing opportunism, strengthening long-term partnerships, and enhancing overall performance.

7.5 Innovation and Improvement for Profitability

Finally, the progression culminates in measurable performance outcomes. Profitability represents the aggregated result of coherent strategic orientation, informed analysis, effective execution, and rigorous evaluation. In this framework, financial performance is not treated as an isolated metric but as the systemic consequence of strategic alignment across all preceding stages.

Innovation contributes to profitability only when it is embedded within coherent resource configurations and supported by disciplined improvement processes. Novelty alone is insufficient; without systematic execution, continuous performance monitoring, and operational rigor, innovative ideas rarely translate into sustainable financial returns. Execution discipline ensures that innovation initiatives are refined, standardized, and scaled effectively, preventing resource dissipation and strategic drift. Most decisively, strategic alignment determines whether innovation reinforces the firm's competitive positioning and long-term value creation logic. Therefore, profitability does not emerge from innovation per se, but from structured innovation where creativity is integrated with governance, resource orchestration, and strategic coherence.

Innovation generates solutions that are relevant to customers while simultaneously being expected to improve a firm's profitability margins. Innovation that genuinely improves profitability is not defined by novelty alone; rather, it involves the strategic deployment of new products, processes, services, or business models that create superior customer value while reinforcing competitive positioning and margin sustainability.

From the resource-advantage (R-A) perspective, innovativeness contributes to firm performance only when it operates as a valuable operant resource that is transformed into positional advantages specifically customer-focused and competitor-focused advantages which subsequently lead to differentiated outcomes such as sales growth and profitability. Innovativeness does not automatically generate financial returns; instead, its profitability effects materialize when it is embedded within complex, difficult-to-imitate resource configurations and translated into market-relevant advantages, particularly under conditions of intense competitive rivalry or strong buyer power (Miočević et al., 2021).

Customer-oriented innovation represents a core strategic practice whereby firms systematically integrate customer needs, expectations, and feedback into the development and refinement of their offerings. By cultivating a deep understanding of customers and translating this insight into innovative service designs and delivery processes, firms can improve operational efficiency, stimulate revenue growth, and enhance perceived customer value. Such innovation-oriented practices contribute to superior

financial performance by enabling meaningful service improvements, the adoption of advanced techniques, and effective differentiation in competitive markets (Islam & Zhe, 2022). However, the profitability effects of innovation are temporally heterogeneous rather than immediate. In the early stages of the innovation cycle, firms often face elevated costs, uncertainty, and adjustment burdens arising from experimentation, learning inefficiencies, and limited scale economies, which may suppress short-term financial returns. Over time, as innovations mature, firms accumulate experiential knowledge, refine operational processes, and exploit scale and scope economies, resulting in productivity gains and expanding profit margins. Consequently, the financial benefits of innovation emerge progressively through a dynamic process of learning and optimization rather than through linear or instantaneous payoffs (Baláž et al., 2023).

Beyond product and service innovation, business model innovation plays a critical role in enhancing profitability by reconfiguring value creation, value proposition, and value capture mechanisms. This enables manufacturing SMEs to convert innovative practices into tangible performance outcomes through revised revenue models and cost structures, even in the absence of substantial product or service changes (Salfore et al., 2023). Firms simultaneously pursuing product and process innovation while complementing these efforts with digital service innovation referred to as treble innovation firms achieve significantly higher profit margins than those adopting dual innovation strategies. The synergistic interaction among these innovations enhances operational efficiency through exploitative improvements while simultaneously fostering differentiation via exploratory digital service innovation (Vendrell-Herrero et al., 2023).

Strategic choice is therefore central to determining the performance outcomes of innovation. Innovation strategies characterized by internal coherence and a deliberate balance between exploratory and exploitative activities are associated with superior productivity and profitability. In contrast, innovation pursued in an ad hoc manner or misaligned with organizational capabilities and strategic objectives tends to yield weaker performance outcomes (Bogetoft et al., 2024). Within this context, ambidextrous innovation emerges as a critical organizational capability that integrates exploratory initiatives aimed at generating novel ideas with

exploitative activities focused on refining existing products, services, and processes. By sustaining this balance, firms strengthen their innovation outcomes, enhance competitiveness, and improve long-term profitability and market positioning. Ultimately, innovation contributes to profitability when it is customer-centered, strategically aligned, and supported by complementary organizational structures and business model adjustments that transform creative solutions into enduring economic value (Liu et al., 2024).

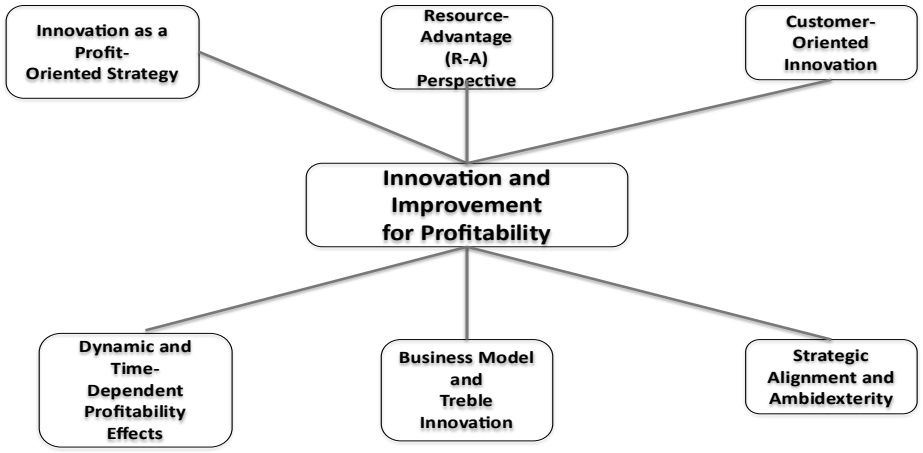

Figure 7.5 Innovation and Improvement for Profitability

Source: Adapted from Kotler, P., Kartajaya, H., Hooi, D. H., & Mussry, J. (2023). Entrepreneurial Marketing: Beyond Professionalism to Creativity, Leadership, and Sustainability. Wiley. ISBN: 978-1-119-83520-2.

As illustrated in Figure 7.5, innovation and improvement for profitability are conceptualized as an integrated strategic construct comprising six mutually reinforcing dimensions. Innovation is positioned not merely as a source of novelty but as a profit-oriented strategy that deliberately targets margin enhancement. From the resource-advantage (R-A) perspective, innovation contributes to superior performance only when it is embedded in valuable, rare, and difficult-to-imitate resource configurations. Customer-oriented innovation emphasizes the development of solutions that directly address customer problems and willingness to pay, ensuring value creation translates into economic returns. The framework further recognizes dynamic

and time-dependent profitability effects, acknowledging that innovation outcomes often materialize unevenly over time. In addition, business model and treble innovation highlight the need to align product, process, and business model changes to capture value effectively. Finally, strategic alignment and ambidexterity underscore the importance of balancing exploration and exploitation so that innovation efforts remain coherent with firm strategy and operational capabilities, thereby sustaining profitability over the long term.

Case Study of Chapter 7

How Resource Dimensions and Innovation Solutions Drive Value Creation in Thailand's Halal Logistics Services

Adapted Reprint from:

Ruangsriroj, T., & Suvittawat, A. (2021). The influence of resources dimensions and innovation solution on value creation: A case study of halal logistics service in Thailand. Acta Logistica, 8(4), 445-453. https://doi.org/10.22306/al.v8i4.252

1. Introduction

The COVID-19 pandemic has severely disrupted global economies, particularly affecting agricultural production, consumption, and exports. In Thailand, whose economy relies heavily on agricultural and processed food exports, the crisis led to a 3.2% decline in agricultural export volume between 2019 and 2020. In response, the Ministry of Agriculture and Cooperatives has emphasized stringent quality and safety control across the entire food supply chain, including prevention of viral contamination, while encouraging entrepreneurs to explore new market opportunities and replacement value in export markets.

Despite the overall downturn in agricultural consumption, demand for certain food categories especially halal products has remained strong and even increased during the pandemic. Evidence from the Export-Import Bank of Thailand indicates steady growth in global demand for halal food, particularly in high-income Gulf Cooperation Council (GCC) countries. This growth is driven by strong purchasing power, strict halal compliance requirements, and enhanced food safety and hygiene standards, which have also attracted non-Muslim consumers.

These shifting demand patterns require logistics service providers (LSPs) to adapt strategically by efficiently allocating and utilizing both tangible and intangible resources to manage supply chain volatility. Effective

resource utilization, combined with service innovation and process improvement, can enhance service quality and enable value creation across the supply chain. However, many Thai LSPs remain focused on cost efficiency and mass-market services, limiting differentiation. This case study therefore highlights how innovation solution can mediate the relationship between organizational resources and value creation, contributing to the development and competitiveness of LSPs in Thailand.

2. National Context: Halal Logistics Service in Thailand

Thailand's national context for halal logistics is shaped by its strong dependence on agricultural and food exports and its role in global supply chains. As a major exporter of agricultural and processed food products to Asia, Europe, and North America, Thailand places increasing emphasis on food safety, quality control, and supply chain reliability. Within this context, halal logistics has emerged as a critical service, ensuring that products comply with Islamic requirements throughout upstream and downstream logistics activities, including transportation, storage, and handling.

The growth of halal logistics in Thailand is also driven by rising global demand for halal products, particularly from Gulf Cooperation Council (GCC) countries with high purchasing power and strict halal standards. Importantly, halal products are no longer demanded solely by Muslim consumers; non-Muslim consumers increasingly associate halal certification with superior food safety, hygiene, and quality. This trend has positioned halal logistics as a strategic opportunity for Thailand to access premium international markets and sustain export performance, even during periods of economic disruption such as the COVID-19 pandemic.

Despite this potential, halal logistics service development in Thailand faces structural and operational challenges. Many logistics service providers (LSPs) traditionally focus on cost efficiency, speed, and mass-market basic services rather than specialized, value-added logistics solutions. Limited knowledge of halal principles, insufficient segregation of halal and non-halal operations, and a lack of standardized halal logistics practices constrain the ability of Thai LSPs to fully guarantee halal integrity across the supply chain.

Consequently, the national context highlights the need for greater integration of resources, innovation, and policy support to strengthen halal

logistics services in Thailand. Effective utilization of tangible resources (infrastructure and technology), intangible resources (information, relationships, and knowledge), and service innovation is essential for enhancing value creation and competitiveness. Strengthening halal logistics capabilities would not only improve compliance and customer trust but also enable Thailand's logistics sector to move beyond price-based competition toward differentiated, higher-value services aligned with global halal market requirements.

3. Methodology and Research Framework

The empirical foundation of this case study was based on quantitative data collected through a structured questionnaire, which was administered to 200 logistics service providers (LSPs) using a purposive sampling approach. The sampling targeted executive-level informants such as chief executive officers, directors, or freight managers from LSPs registered as juristic persons in the transportation and storage service sector with the Department of Business Development, Ministry of Commerce. The sample comprised LSPs with operational experience in handling halal products, agricultural products, or food products. The collected data were analyzed using structural equation modeling (SEM) for hypothesis testing. The survey included measures that captured the key constructs of resources dimensions, innovation solution, and value creation.

The questionnaires demonstrated validity values ranging from 0.67 to 1.00, exceeding the accepted criterion of 0.50. Reliability was also confirmed, with Cronbach's alpha coefficients ranging from 0.76 to 0.90, surpassing the recommended threshold of 0.70 and indicating high internal consistency. In addition, the model fit indices (RMSEA = 0.076, GFI = 0.905) confirmed an excellent model fit.

Four hypotheses examine both direct and mediating effects among the variables, providing a comprehensive understanding of how resources dimensions, innovation solution, and value creation interact within the halal logistics service sector in Thailand.

4. Findings and Discussion

4.1 Resources Dimensions

Among all variables, Resources Dimensions exhibits the strongest and broadest influence.

Resources Dimensions significantly affect:

- Value Creation (β = 0.308)
- Innovation Solution (β = 0.707)

The findings demonstrate that resource dimensions exert a significant positive influence on both value creation and innovation solutions. Consistent with resource-based theory, the effective utilization of organizational and supply chain resources both tangible and intangible enhances value creation through shared goals, joint development, and collaborative problem-solving, which ultimately improve customer satisfaction and firm performance. In the context of the halal industry, resources such as halal knowledge, integrated supply chain systems, and the segregation of facilities and equipment are particularly critical for ensuring compliance and building customer trust.

Moreover, resource dimensions strongly drive innovation solutions, especially under conditions of heightened hygiene and safety awareness during the global pandemic. Logistics service providers (LSPs) respond to changing consumer behavior by leveraging resources through strategic management, information sharing, and creative inputs to develop new products, services, and processes. For halal logistics, technological resources play a pivotal role in monitoring compliance across the supply chain, thereby facilitating service innovation while maintaining halal integrity.

4.2 Innovation Solution

Innovation Solution significantly influences Value Creation (β = 0.355).

The findings indicate that innovation solutions exert a significant positive influence on value creation within halal logistics. Innovation-oriented logistics services create greater value than basic logistics services by moving beyond standardized, mass-market operations toward process development and the application of advanced technologies. While basic logistics primarily generate value through efficiency and the management of

redundant activities, innovative logistics solutions enhance value by delivering integrated, customer-focused services that address complex industry requirements. In the context of halal logistics, innovation solutions contribute to value creation by ensuring the consistent quality and integrity of halal products and services across upstream and downstream supply chains. The enhanced service levels provided by logistics service providers (LSPs) reflect higher expertise and capability, which in turn strengthen customer satisfaction, trust, and confidence. Consequently, innovation solutions function as a critical mechanism for reinforcing value creation and competitive differentiation in the halal logistics sector.

4.3 The Mediating Role of Innovation Solution in the Relationship between Resources Dimensions and Value Creation

The mediating role of Innovation Solution (indirect effect = 0.255) in the relationship between Resources Dimensions and Value Creation in the halal logistics service sector in Thailand.

The findings demonstrate that innovation solutions play a partial mediating role in the relationship between resource dimensions and value creation in Thailand's halal logistics service sector. Specifically, the positive and significant indirect effect indicates that resources contribute to value creation not only directly but also indirectly through the implementation of innovative solutions. The results suggest that the effective utilization of resources including basic resources, advanced technology, information sharing, relationship management, and knowledge management enhances service innovation, which in turn strengthens value creation in halal logistics. Innovation solutions enable logistics service providers (LSPs) to translate resource capabilities into higher service value by improving compliance, service differentiation, and operational integrity. In particular, innovations related to halal compliance such as segregation of halal and non-halal products, contamination-free cleaning procedures, and rigorous halal documentation serve as critical mechanisms through which resources are transformed into value. These innovations enhance service reliability, expand service choices, and reinforce trust and integrity across the halal food supply chain, thereby increasing overall value creation for firms operating in the halal logistics sector in Thailand.

5. Synthesis

The case study illustrates that effective utilization of multidimensional organizational resources encompassing tangible resources, intangible resources, and organizational capabilities plays a critical role in enhancing value creation among halal logistics service providers in Thailand, particularly under conditions of environmental uncertainty such as the COVID-19 crisis. The findings demonstrate that resource dimensions exert both a direct influence on value creation and an indirect influence through innovation solutions, indicating a partial mediating effect of innovation. This suggests that resources alone are insufficient to maximize value unless they are strategically transformed into innovative service solutions that comply with halal standards and address evolving customer expectations. Consequently, the integration of resource-based capabilities with innovation-oriented practices enables logistics service providers to strengthen service differentiation, improve operational flexibility, and achieve superior financial and market performance within the halal logistics context.

The study demonstrates solution-centric orientation by positioning halal logistics not merely as a standard transportation function but as an innovation solution designed to address specific customer problems namely contamination risk, religious compliance, hygiene concerns, and crisis-induced uncertainty. Rather than competing solely on speed or cost, LSPs reconfigure operations (segregated facilities, traceability systems, halal documentation, monitoring technologies) to solve integrity and trust issues across the supply chain. It reflects resource-based capability development through the structured integration of five resource dimensions basic resources, advanced technology, information sharing, relationship management, and knowledge to build difficult-to-imitate capabilities grounded in RBV logic, with empirical support showing strong effects of resources on innovation and value creation. The model further evidences innovation–improvement convergence, as innovation solutions partially mediate the resource value relationship, meaning operational improvements (process control, compliance systems, collaborative integration) and innovation are not separate activities but mutually reinforcing mechanisms enhancing service levels. Finally, it illustrates margin/value creation by shifting from price-based competition in mass logistics to differentiated halal

services that enhance customer trust, reputation, flexibility, and allow fair value-based pricing improving financial and market performance while strengthening competitive advantage.

6. Conclusion

This case study advances theoretical understanding by applying resource-based theory to halal logistics service providers (LSPs) in Thailand, highlighting how effective resource utilization enables service innovation and value creation. It extends prior definitions of innovation by demonstrating that innovation in halal logistics enhances competitive advantage through faster, more valuable service development that responds to dynamic market and crisis conditions. Overall, the findings integrate three key concepts resource dimensions, innovative solutions, and value creation thereby enriching the logistics service literature.

Practically, the case study underscores that five resource dimensions basic resources, advanced technology, information, relationship management, and knowledge are pivotal for LSPs to create financial and market value. Strategic resource utilization supports halal logistics as a differentiated, value-added service that reduces price competition, improves service quality, strengthens trust, and minimizes halal contamination risks. Addressing knowledge gaps in Islamic practices through organizational learning is critical to operational efficiency and standards compliance. The study also emphasizes the need for government support via clear halal logistics standards and promotion to unlock market potential. Ultimately, LSPs should prioritize innovation driven by resource utilization to enhance performance and value creation, particularly under crisis conditions such as COVID-19.

Case Study Questions

1. How do resources dimensions (basic resources, advanced resources, information, relationship management, and knowledge) influence value creation among halal logistics service providers (LSPs) in Thailand during periods of economic disruption?
2. To what extent do resources dimensions enable the development of innovation solutions (organizational, technological, environmental, and assurance-related innovations) in halal logistics services?

3. How do innovation solutions in halal logistics contribute to value creation in terms of differentiation, reputation, process flexibility, and cost leadership?
4. Does innovation solution act as a mediating mechanism through which resources dimensions enhance value creation in halal logistics service providers?
5. How does the strategic utilization of resources through innovation solutions help halal logistics service providers sustain competitive advantage and customer trust during crisis conditions such as the COVID-19 pandemic?

Chapter Summary

The solution-centric approach reframes strategy from selling discrete products or services to solving customers' underlying problems holistically. Value propositions are defined around customers' jobs-to-be-done and delivered through integrated combinations of offerings, processes, relationships, and technologies. Profitability under this approach arises not only from product margins but also from value co-creation, long-term relationships, and value-in-use. Digitalization, ICT adoption, and servitization act as key enablers, while organizational alignment and customer centricity ensure that innovation is scalable and commercially viable.

Innovation is guided by a triadic analysis of customers, competitors, and the company. Customer analysis identifies unmet needs and behavioral insights using data-driven and analytical tools. Competitor analysis evaluates rivals and substitutes to ensure superior perceived value and defensible positioning. Company analysis assesses internal resources, capabilities, cost structures, and strategic alignment. Together, these analyses ensure that innovations are solution-oriented, competitively differentiated, and feasible within organizational constraints.

Innovative solutions must ultimately translate into measurable financial outcomes, particularly margin improvement. Profitability is treated as the ultimate test of innovation, assessed through indicators such as gross margin, operating margin, and EBITDA. Margin enhancement increasingly depends on human-centric, information-based, and technology-enabled innovations rather than cost reduction alone. When effectively executed, innovation transforms resources into value, improves operational effectiveness, and enables structural improvements in profit margins across value chains and industries.

Strategic suitability refers to the alignment between a firm's internal capabilities, strategic choices, and external environment. It is operationalized through three interrelated dimensions: problem–solution fit (solving real customer problems), product–market fit (aligning offerings with target market needs), and get–give fit (balancing value delivered and value captured). Strategic suitability ensures coherence across customer relevance,

market demand, and economic viability, forming the foundation for sustainable competitive advantage.

Innovation improves profitability only when it is strategically aligned and embedded within valuable, difficult-to-imitate resource configurations. From the resource-advantage perspective, innovativeness generates financial returns by creating customer- and competitor-focused positional advantages. Profitability effects are dynamic and time-dependent, often emerging gradually as learning, scale, and process refinement occur. Business model innovation, treble innovation (product, process, and service), and ambidextrous strategies that balance exploration and exploitation are critical for converting innovation into sustained economic value.

Chapter Review Questions

Review Question 1:

How does the solution-centric approach differ from traditional product-centric strategies, and in what ways does it enable firms particularly SMEs to enhance long-term profitability through value co-creation and customer problem orientation?

Review Question 2:

Why is the integrated analysis of customers, competitors, and company capabilities essential for developing solution-oriented innovations, and how does this triadic analysis reduce the risk of strategic misalignment?

Review Question 3:

Explain why innovation outcomes must ultimately be evaluated through financial performance indicators, and discuss how human-centric, information-based, and technology-driven innovations contribute to sustainable margin improvement beyond cost reduction.

Review Question 4:

Critically discuss how problem–solution fit, product–market fit, and get–give fit jointly determine strategic suitability, and why failure in any one dimension can undermine innovation effectiveness and firm performance.

Review Question 5:

From the resource-advantage (R-A) perspective, under what conditions does innovation translate into sustained profitability, and why are strategic alignment, ambidexterity, and business model innovation critical in converting innovativeness into financial returns?

Chapter Exercises

Exercise 1:

Select an SME or B2B firm (real or hypothetical). Identify one core customer problem that cannot be solved effectively by a standalone product or service.

1. Describe the customer's job-to-be-done and underlying pain points.
2. Design an integrated solution that combines products, services, processes, and relationships.
3. Explain how value is co-created between the firm and the customer.
4. Discuss how this solution can generate profitability beyond traditional product margins (e.g., recurring revenue, switching costs, lifecycle value).

Exercise 2:

Choose a proposed innovation or improvement initiative and conduct the following analyses:

1. Customer Analysis – Identify unmet needs, behavioral patterns, and value expectations using qualitative or quantitative indicators.
2. Competitor Analysis – Identify key competitors or substitutes and evaluate their strengths, weaknesses, and positioning.
3. Company Analysis – Assess internal capabilities, cost structure, and resource constraints relevant to the proposed innovation.

Finally, synthesize the three analyses to explain why the proposed solution is strategically viable and solution-oriented rather than technology-driven.

Exercise 3:

Identify a business process, value-chain activity, or service system that currently underperforms financially.

1. Propose an innovative solution (process, digital, human-centric, or system-wide).
2. Specify which margins are expected to improve (gross, operating, net, or EBITDA).

3. Explain the mechanism through which innovation transforms resources into higher profitability (e.g., productivity gains, cost avoidance, differentiation).
4. Identify execution risks that could prevent margin improvement.

Exercise 4:

Evaluate a new product, service, or business model using the three dimensions of strategic suitability:

1. Problem–Solution Fit – Does the solution address a real and important customer problem?
2. Product–Market Fit – Is the target market well-defined and responsive?
3. Get–Give Fit – Is value creation balanced with value capture for the firm and stakeholders?

For each dimension:

- Identify one strength
- Identify one potential misalignment
- Propose one adjustment to improve strategic fit

Exercise 5:

Analyze an innovation initiative that initially reduced profits but was expected to improve long-term performance.

1. Explain why short-term profitability declined (e.g., learning costs, scale inefficiencies).
2. Identify how innovation functions as an operant resource under the resource-advantage (R-A) perspective.
3. Evaluate whether the firm's innovation strategy balances exploration and exploitation.
4. Recommend managerial actions to accelerate the transition from innovation costs to sustained profitability.

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Chapter 8: Integrating Leadership and Management for Entrepreneurial Marketing Effectiveness and Market Value Creation

Course Learning Outcomes (CLO):

1. Analyze how leadership drives entrepreneurial marketing effectiveness.
2. Evaluate the relationship between leadership and entrepreneurial success.
3. Assess how leadership shapes marketing strategy and innovation.
4. Examine the integration of leadership and management for organizational effectiveness.
5. Evaluate how leadership influences firm market value.

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8.1 Leadership and Entrepreneurial Marketing

This chapter advances entrepreneurial marketing scholarship by conceptualizing leadership not as a contextual moderator, but as the integrative strategic mechanism that connects opportunity recognition, marketing capability development, governance systems, and capital market valuation. This shifts leadership from "important variable" to central organizing architecture.

This section begins by conceptualizing leadership capability as the foundational enabler upon which subsequent organizational capabilities are constructed.

Leadership is conceptualized as a higher-order organizational capability that performs three integrative functions within the firm. First, leadership constitutes a dynamic capability insofar as it enables the sensing of environmental shifts, the strategic interpretation of market signals, and the reconfiguration of organizational resources to sustain entrepreneurial marketing under conditions of uncertainty and turbulence. Second, leadership operates as a governance mechanism, structuring decision rights, accountability systems, and behavioral norms that regulate opportunity pursuit, risk-taking, and stakeholder engagement. Through this governance function, leadership shapes the boundary conditions of entrepreneurial marketing by defining strategic intent, acceptable risk thresholds, and resource allocation parameters. Third, leadership serves as a value-creation architecture, aligning organizational purpose, stakeholder value propositions, and internal coordination mechanisms to ensure that entrepreneurial initiatives generate sustainable economic and relational value. In this integrative role, leadership determines the firm's ethical climate by embedding normative standards into marketing practices, cultivating responsible opportunity exploitation, and reinforcing trust-based stakeholder relationships. Simultaneously, leadership calibrates the exploration–exploitation balance by orchestrating the tension between experimentation and operational discipline, thereby ensuring that entrepreneurial marketing remains adaptive without compromising strategic coherence or organizational integrity.

Leadership plays a foundational role in shaping how entrepreneurial marketing is conceptualized, enacted, and sustained within organizations, particularly under conditions of uncertainty, resource constraints, and rapid market change. Entrepreneurial marketing is inherently characterized by opportunity-driven behavior, experimentation, proactiveness, and calculated risk-taking; consequently, its effectiveness is highly contingent on leadership orientation, governance mechanisms, and strategic vision.

Leadership is a critical integrative force that aligns opportunity-seeking marketing behaviors with ethical responsibility, agility, and market-driven innovation. Responsible leadership functions not merely as a governance mechanism but as a strategic enabler of entrepreneurial marketing effectiveness. By cultivating an ethical climate and facilitating effective knowledge transfer, responsible leaders enhance innovative, opportunity-oriented, and customer-centric marketing practices. These effects are further strengthened when person–organization fit is high, as alignment between individual and organizational values reinforces employees' commitment to ethically grounded and innovation-oriented marketing behaviors (Khasmafkan-Nezam, 2025).

Leadership also plays a pivotal role in reconciling entrepreneurial marketing's inherent adaptability with evolving control mechanisms. As ventures transition from opportunity exploration to evaluation and exploitation, effective leaders enable the dynamic adjustment of formal and informal controls. This balance allows entrepreneurial marketing processes to remain flexible and responsive while simultaneously supporting scalability, strategic alignment, accountability, and sustained performance over time (Neill & Dang, 2025).

In digitally intensive SME contexts, leadership shapes entrepreneurial marketing bricolage through the ways marketers engage with and enact technology-in-practice. Rather than being primarily driven by formal leadership legitimation, bricolage emerges as a sociomaterial process in which marketers iteratively test, learn, and creatively recombine available digital tools under resource constraints. Through proactive experimentation and deep familiarity with technologies, marketers continuously adapt their practices to market uncertainty and evolving customer needs. Leadership contributes indirectly by enabling an environment in which such

experimentation can transform technology-in-practice into competitive marketing capabilities rather than mere digital adoption (Alford & Jones, 2024).

From a dynamic capability perspective, SME performance in emerging markets is closely associated with strategic and marketing agility rooted in managerial vision and timely decision-making. Leadership-driven agility supports market-driving orientations, enabling entrepreneurial firms to actively shape market structures and customer preferences rather than relying solely on reactive adaptation in volatile environments (Wilopo et al., 2026).

At the individual and micro-enterprise level, entrepreneurial leadership is reflected in the possession and deployment of specific entrepreneurial competencies. Leadership-related entrepreneurial skills contribute to improved business performance primarily through their effects on particular performance dimensions, such as stock growth. In contrast, other competencies including financial, industry-specific, and general entrepreneurial skills exert differentiated effects on outcomes such as overall performance and net profit. Performance gains from entrepreneurial leadership depend on the strategic deployment of specific competencies rather than a uniform influence across opportunity recognition, customer orientation, or innovative marketing practices (Asieba & Nmadu, 2018).

As illustrated in Figure 8.1, leadership functions as the central enabling mechanism that shapes and directs entrepreneurial marketing within SMEs. Effective leadership establishes the foundational vision and strategic intent, ensures ethical alignment and responsible decision-making, and balances adaptability with managerial control in uncertain environments. In digitally driven and resource-constrained contexts, leaders must orchestrate limited assets while fostering innovation and responsiveness. Moreover, by cultivating entrepreneurial leadership competencies such as opportunity recognition, risk management, strategic flexibility, and value creation leaders strengthen the firm's dynamic capabilities, enabling continuous sensing, seizing, and reconfiguring of resources to sustain competitive advantage.

Figure 8.1 Leadership and Entrepreneurial Marketing

Source: Adapted from Kotler, P., Kartajaya, H., Hooi, D. H., & Mussry, J. (2023). Entrepreneurial Marketing: Beyond Professionalism to Creativity, Leadership, and Sustainability. Wiley. ISBN: 978-1-119-83520-2.

Collectively, leadership and entrepreneurial marketing are deeply interdependent. Leadership provides the ethical foundation, structural balance, and strategic agility necessary for entrepreneurial marketing to generate sustainable value, while entrepreneurial marketing represents the practical manifestation of leadership in action within dynamic and uncertain market environments.

8.2 Leadership and Entrepreneurship

Building on this foundation, this section situates leadership within the context of venture formation, highlighting its role in opportunity recognition, resource mobilization, and early organizational structuring.

Entrepreneurship and leadership represent conceptually distinct yet complementary organizational capabilities. Entrepreneurship refers to the process of opportunity creation and exploitation under conditions of

uncertainty, ambiguity, and resource constraint. It involves alertness to emerging possibilities, creative recombination of resources, experimentation, and calculated risk-taking to generate new value. By contrast, leadership concerns the coordination, alignment, and institutionalization of those opportunities within an organizational system. Leadership transforms entrepreneurial initiatives into structured strategies, mobilizes collective commitment, establishes governance mechanisms, and embeds new directions into routines, culture, and operational processes. In this sense, entrepreneurship initiates and shapes opportunity under uncertainty, whereas leadership stabilizes, scales, and sustains that opportunity through organized action and institutional integration.

Leadership and entrepreneurship are deeply interconnected constructs that jointly explain how opportunities are identified, mobilized, and transformed into sustainable organizational outcomes. Entrepreneurship primarily involves the recognition and exploitation of opportunities under conditions of uncertainty, emphasizing innovation, risk-taking, and value creation. Leadership, by contrast, centers on influencing and coordinating individuals and groups toward shared goals. When integrated, leadership and entrepreneurship form a dynamic process through which entrepreneurial ideas are converted into collective action and sustained organizational performance.

Effective entrepreneurial activity increasingly depends on the quality, style, and orientation of leadership exercised by entrepreneurs and top executives. In entrepreneurial and highly competitive environments, transformational leadership plays a particularly critical role in shaping organizational outcomes. Evidence indicates that CEOs who exhibit transformational leadership significantly contribute to the development of a strong organizational ethical culture through role modeling, clear ethical guidance, and supportive institutional practices. This ethical culture, in turn, functions as a key mechanism linking leadership behavior to enhanced firm performance. However, the strength of this relationship is contingent upon the external environment. Under conditions of high competitive intensity, the positive effect of ethical culture on firm performance tends to be attenuated, even though ethical leadership and values continue to generate overall organizational benefits (Lamsam & Charoensukmongkol, 2022).

As ventures grow and their stakeholder networks expand, entrepreneurship cannot remain confined to opportunity recognition and exploitation. Instead, it must progressively evolve into leadership. Leadership thus represents an inherent developmental extension of entrepreneurship rather than a separate or subsequent managerial function. While entrepreneurs initially operate as opportunity-focused agents driving innovation and venture creation, organizational growth necessitates broader leadership responsibilities, including coordinating human resources, managing increasing complexity, and aligning organizational activities with the expectations of diverse internal and external stakeholders. This transition reflects the broader societal and institutional context in which entrepreneurship unfolds, where success is increasingly evaluated not only in economic terms but also in relation to responsible leadership, sustained innovation, trust building, and the creation of societal value beyond firm boundaries (Audretsch & Tamvada, 2023).

Leadership within entrepreneurship is also shaped by cultural context. Cultural leadership ideals influence entrepreneurial activity primarily by shaping perceptions of legitimate and desirable leadership behaviors, rather than by directly determining entrepreneurial risk-taking, innovation, or growth strategies across regions. Cultural values such as uncertainty avoidance and in-group collectivism are associated with individual entrepreneurship. Instead, specific leadership ideals particularly charismatic orientations (e.g., vision, inspiration, and integrity) and self-protective orientations (e.g., face-saving) are linked to entrepreneurial intentions and early-stage entrepreneurial engagement, with their relevance varying across different stages of the entrepreneurial process. In this way, cultural leadership ideals function as contextual lenses that legitimize particular entrepreneurial behaviors, rather than as universal drivers of innovation or growth trajectories (Aziz & Salloum, 2023).

Beyond cultural and organizational considerations, leadership in entrepreneurship also assumes an inclusive and creative role. Creative leadership characterized by vision, empathy, adaptability, and hands-on support has been shown to enable the participation of individuals with physical and intellectual disabilities in entrepreneurial activities. By tailoring training, resources, and business opportunities to participants' specific

capabilities and contextual constraints, creative leaders foster confidence, skill development, and innovative problem-solving. Such leadership not only enhances economic independence but also promotes social inclusion, even under crisis conditions such as the COVID-19 pandemic (Kholis & Ali Arifin, 2023).

More broadly, leadership approaches that emphasize participation and transformation are more strongly associated with entrepreneurial success than authoritarian styles. Participative and transformational leadership enhances employee motivation, stimulates creativity, and supports strategic adaptability in dynamic and competitive environments. In contrast, rigid and authoritarian leadership structures tend to suppress innovation and undermine long-term entrepreneurial performance (Awotunde & Aregbeshola, 2025).

At the individual level, self-leadership constitutes a foundational internal capacity that enables entrepreneurs to regulate their own cognition, emotions, and behavior in the absence of formal structures and external supervision. Self-leadership encompasses self-directed processes such as goal setting, vision development, self-organization, and intrinsic motivation, all of which are essential for navigating the autonomy, uncertainty, and psychological demands inherent in entrepreneurial contexts. Through self-influencing strategies including self-regulation, self-reflection, and cognitive control entrepreneurs are better equipped to maintain discipline, sustain focus over extended periods, and persist despite ambiguity and setbacks. In this sense, self-leadership serves as a critical personal mechanism that supports continuous self-guidance and purposeful action throughout the venture creation and development journey (Furtner et al., 2025).

As illustrated in Figure 8.2, leadership and entrepreneurship are conceptually and developmentally intertwined, with leadership functioning both as a driver and an outcome of entrepreneurial processes. Transformational leadership and the cultivation of an ethical culture shape opportunity recognition, innovation, and value creation, while entrepreneurship itself serves as a developmental pathway through which individuals acquire strategic vision, resilience, and influence. Cultural context further moderates leadership ideals, affecting how entrepreneurial actors mobilize resources and legitimize their ventures. Creative and inclusive leadership strengthens entrepreneurial ecosystems by fostering

collaboration and diversity of thought, whereas specific leadership styles directly influence entrepreneurial performance through strategic alignment and team engagement. Ultimately, self-leadership constitutes the foundational entrepreneurial capability, enabling disciplined execution, adaptive learning, and proactive opportunity pursuit, thereby integrating personal agency with organizational growth.

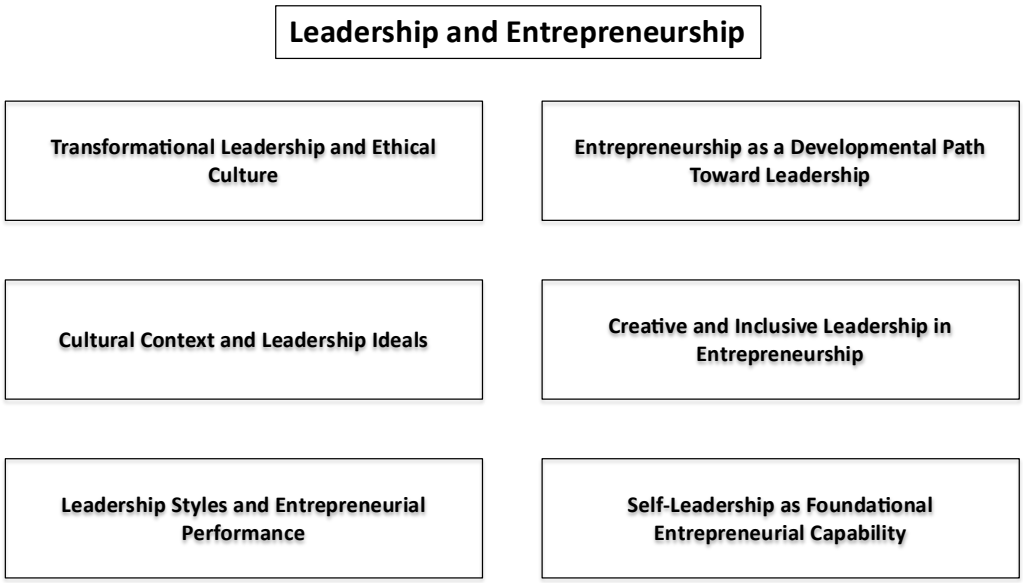

Figure 8.2 Leadership and Entrepreneurship

Source: Adapted from Akbari, M., Bagheri, A., Imani., S., & Asadnezhad, M. (2021). *European Journal of Innovation Management*, 24 (1): 1–22.

In sum, leadership and entrepreneurship are inherently interdependent, jointly shaping how entrepreneurial opportunities are transformed into sustained organizational and societal value. Entrepreneurship initiates innovation and value creation under uncertainty, while leadership enables ethical guidance, collective coordination, and strategic adaptability as ventures grow. Transformational, participative, inclusive, and self-leadership approaches are particularly critical in dynamic and competitive contexts, as they foster ethical culture, motivation, creativity, and resilience. Together,

these perspectives highlight that sustainable entrepreneurial success is not solely opportunity-driven but fundamentally contingent upon effective leadership across individual, organizational, and contextual levels.

8.3 Leadership and Marketing

Extending beyond venture initiation, this section demonstrates how leadership capability shapes the development of marketing capability through strategic alignment, customer orientation, and adaptive decision-making.

Leadership–market learning alignment theory posits that organizational innovation outcomes are contingent upon the congruence between leadership style and the firm's market learning orientation. Specifically, transformational leadership aligns with explorative learning by fostering vision-driven experimentation, strategic renewal, and opportunity discovery, thereby enabling radical innovation pathways. Green entrepreneurial leadership similarly aligns with explorative learning but emphasizes sustainability-oriented opportunity recognition and eco-innovation, promoting transformative green innovation trajectories. In contrast, shared leadership aligns more closely with exploitative learning, as distributed decision-making and collaborative knowledge integration enhance refinement, efficiency, and incremental innovation. Thus, distinct leadership configurations shape marketing and innovation pathways through their differential alignment with explorative versus exploitative market learning orientations, producing either radical or incremental innovation outcomes depending on the strategic fit.

Leadership plays a pivotal role in shaping marketing strategy, capability development, and innovation outcomes, particularly in contexts characterized by digital transformation, sustainability imperatives, and collaborative value creation. Creative and market-oriented leadership enhances marketing effectiveness by fostering intrapreneurial behavior, organizational learning, and the adaptive use of technology. Within marketing departments, creative leadership functions as a direct catalyst for intrapreneurship by cultivating an environment that supports creativity, experimentation, and initiative-taking. Leaders with a transformational orientation, in particular, encourage employees to challenge conventional marketing practices, explore novel ideas, and engage in calculated risk-taking

behaviors that are central to intrapreneurial activity. In this context, e-marketing operates not merely as a functional tool but as a critical enabling mechanism that amplifies the influence of creative leadership by providing technological platforms through which innovative ideas can be transformed into actionable marketing practices. By leveraging e-marketing technologies, creative leaders facilitate experimentation, accelerate responsiveness to market changes, and reinforce the dynamism and effectiveness of marketing functions (Hashem & Alhumeisat, 2023).

At the strategic leadership level, CEOs' prior marketing experience significantly shapes firms' green innovation strategies. Executives with marketing backgrounds are more inclined to promote green innovation because such experience fosters strong market orientation, heightened sensitivity to stakeholder expectations, and greater concern for corporate reputation. These attributes enable leaders to more effectively interpret market signals, media scrutiny, and regulatory pressures, thereby motivating firms to integrate environmental considerations into innovation activities and to pursue environmentally sustainable products and processes, particularly under conditions of intense media attention and stringent environmental regulation (Huang et al., 2023).

Leadership also exerts an indirect yet consequential influence on how marketing strategies shape consumer adoption of sustainable consumption models by determining managerial priorities within the marketing mix. Evidence from collaborative consumption in the apparel sector indicates that promotional emphasis and consumers' perceived behavioral control exert the strongest effects on intentions to engage in clothing rental and swapping, while price and place play more limited but still relevant roles. Managerial focus on clear promotional communication, accessibility, and consumer confidence thus proves more decisive for adoption than pricing strategies alone, especially in the context of circular economy–oriented apparel consumption (Ramtiyal et al., 2023).

Beyond individual leadership, shared leadership emerges as a critical governance mechanism in project-based and cross-functional marketing environments characterized by fluid team boundaries and task interdependence. In experiential marketing agencies, trust serves not merely as an outcome but as a foundational antecedent enabling shared leadership

across organizational levels. Intragroup trust among project team members fosters a willingness to assume leadership roles based on task-specific expertise, thereby enhancing coordination and reducing friction. Concurrently, intergroup trust between project teams and senior leadership creates a psychologically safe context in which authority can be distributed without fear of blame, facilitating consistent strategic, brand, and market responses across projects (Abson et al., 2024).

Leadership styles aligned with market learning orientations further shape firms' green innovation trajectories. Green entrepreneurial leadership, when coupled with explorative market learning, is particularly effective in fostering radical green innovation by encouraging experimentation, risk-taking, and the pursuit of novel sustainability opportunities. In contrast, green transformational leadership reinforced by exploitative market learning is more conducive to incremental green innovation through the refinement of existing knowledge and the systematic integration of sustainability into established processes. Importantly, this configuration does not imply a direct trade-off between short-term competitiveness and long-term environmental objectives; rather, it demonstrates that distinct leadership–learning combinations correspond to different green innovation pathways, enabling firms to align their innovation strategies with specific strategic intents (Ali et al., 2025).

Finally, the adoption of artificial intelligence–driven marketing and innovation in small and medium-sized enterprises is highly contingent on leadership support and organizational readiness. Leaders play a central role in aligning AI initiatives with technological, organizational, and environmental conditions. When leaders actively champion AI adoption, allocate resources, and cultivate a supportive organizational culture, they enhance perceptions of usefulness and ease of use, thereby strengthening technology acceptance and amplifying both product and process innovation particularly in resource-constrained SMEs operating in emerging market contexts (Haq & Suki, 2025). Collectively, these perspectives underscore that effective leadership is inseparable from marketing success, as it shapes strategic orientation, innovation pathways, technology adoption, and the capacity of marketing functions to generate sustainable competitive value.

Figure 8.3 Leadership and Marketing

Source: Adapted from Baker, W.E., Sinkula, J.M. (2002). Market Orientation, Learning Orientation and Product Innovation: Delving into the Organization's Black Box. *Journal of Market-Focused Management*, 5, 5–23.

As illustrated in Figure 8.3, leadership plays a central and multifaceted role in shaping marketing strategy, capability development, and innovation outcomes. Leadership acts as a key driver of marketing strategy formulation and organizational capability building, while creative and transformational leadership enhances effectiveness within marketing functions. Executive marketing experience further contributes to strategic directions such as green innovation, reinforcing the link between managerial expertise and sustainable performance. In cross-functional and project-based contexts, shared leadership facilitates collaboration and integration across units, strengthening marketing execution. Moreover, the alignment between leadership and market learning supports green innovation pathways, highlighting the importance of strategic coherence. Finally, leadership is increasingly critical in enabling AI-driven marketing innovation, ensuring that technological

adoption is strategically guided, ethically grounded, and capability-enhancing.

8.4 Leadership and Management

As the organization grows in complexity, this section broadens the focus by examining how leadership capability institutionalizes governance structures and managerial systems that sustain operational coherence and accountability.

Leadership and management converge as governance architecture under complexity, functioning as an integrated system that structures authority, coordinates resources, and sustains organizational coherence amid uncertainty and turbulence. Within this architecture, governance and accountability establish formal control mechanisms, ethical oversight, strategic direction-setting, and performance monitoring to ensure transparency, responsibility, and alignment with stakeholder expectations. Complementing this structural foundation, technological and strategic adaptation reflects leadership's capacity to interpret environmental signals, integrate digital technologies, recalibrate business models, and orchestrate strategic renewal in response to dynamic competitive conditions. At the micro level, human and emotional micro-foundations underscore the role of relational trust, psychological safety, emotional intelligence, and sensemaking processes in enabling collective commitment and adaptive coordination. Together, these three clusters illustrate that leadership and management are not discrete functions but mutually reinforcing dimensions of governance that align institutional control, strategic agility, and human capability to sustain organizational resilience and long-term performance under conditions of complexity.

Leadership and management play a decisive role in shaping organizational effectiveness, particularly in contexts of governance, digital transformation, sustainability, and strategic decision-making. Effective leadership extends beyond positional authority to encompass accountability, ethical conduct, emotional regulation, and adaptive capability.

Rule-following and accountability-oriented leadership enhance internal control effectiveness by promoting compliance, transparency, and responsibility within organizational processes. Although both leadership

approaches are positively associated with stronger internal control systems, the influence of accountability-oriented leadership is comparatively weaker. In contrast, top management support exhibits a significant negative direct relationship with internal control effectiveness, suggesting that excessive or poorly aligned managerial involvement may undermine formal control mechanisms. Organizational culture plays a critical moderating role in this relationship by shaping how leadership behaviors and management support translate into control outcomes. Specifically, a strong organizational culture can attenuate the positive effects of rule-following and accountability leadership while amplifying the negative impact of top management support (Qaiser & Hassan, 2024).

The role of top management teams is further evolving as artificial intelligence becomes embedded in strategic decision-making processes. Rather than replacing managerial judgment, AI contributes to a hybrid decision-making model in which data-driven analytics complement human intuition, enabling deeper analysis, faster strategic responsiveness, and improved organizational performance. However, the effectiveness of this integration depends on leaders' cognitive openness to AI, digital and ethical awareness, and the presence of robust governance frameworks that ensure transparency, accountability, and responsible AI use (Bevilacqua et al., 2025).

Leadership is also increasingly recognized as a key antecedent of sustainability outcomes. Environmentally specific servant leadership at the CEO level directly enhances corporate environmental responsibility by shaping both the cognitive and affective foundations of the top management team. This occurs through the parallel development of shared proenvironmental values and proenvironmental passion, which translate the CEO's environmental orientation into organizational action. These mechanisms are further strengthened when top management teams exhibit a strong long-term orientation that prioritizes future environmental and strategic benefits over short-term gains (Feng et al., 2025).

During digital transformation, transformational leadership plays a pivotal role by articulating vision, empowering employees, and fostering an adaptive organizational climate that supports learning, innovation, and readiness for change. Such leadership enables organizations particularly

those operating under resource constraints to navigate digital initiatives more effectively in dynamic environments (Mahroof et al., 2025).

In the context of SME internationalization, foreign market entry decisions are strongly shaped by owner-managers' individual leadership competencies rather than by firm-level or environmental factors alone. Leadership self-efficacy increases confidence in managing uncertainty and complexity, thereby encouraging preference for equity-based entry modes that involve higher levels of resource commitment and control. This effect is reinforced by cultural intelligence and emotional intelligence, which enhance leaders' ability to navigate cross-cultural differences, manage stakeholder relationships, and regulate the emotional demands of international expansion. Together, these capabilities function as critical micro-foundations of strategic decision-making in SMEs, shaping risk perceptions and preferences for high-commitment internationalization strategies (Mammadov & Wald, 2025).

However, evidence from corporate director biography disclosures suggests that references to leadership do not always reflect verifiable capability. Leadership is frequently invoked as a legitimizing attribute despite the absence of standardized definitions or objective validation. Firms retain considerable discretion in how leadership is portrayed, with some introducing leadership language symbolically without substantive changes to directors' qualifications. This pattern indicates that leadership claims may serve impression management purposes rather than act as reliable signals of board competence, raising concerns for corporate governance stakeholders who rely on such disclosures to assess oversight quality (Bunea et al., 2026).

Beyond structural and strategic functions, leaders' deliberate engagement in interpersonal emotion management defined as behavioral processes through which leaders regulate stakeholders' emotions plays a fundamental role in shaping affective dynamics and organizational outcomes. By influencing how emotional inputs are transformed into immediate and longer-term outputs, emotion management becomes an essential leadership function within an input–process–output framework (Shao, 2026).

In small and medium-sized hospitality enterprises, leadership and management are predominantly family-centered, characterized by owner-managers who maintain direct operational control and embed personal

passion into business practices. Strategic decisions are often grounded in family values, local traditions, and close community relationships, emphasizing hands-on leadership, customer intimacy, and adaptive decision-making rather than formalized managerial systems. This approach allows firms to sustain competitiveness through authenticity and incremental innovation rooted in tradition (Suvittawat, 2020).

As illustrated in Figure 8.4, leadership and management encompass multifaceted dimensions that collectively shape organizational effectiveness and strategic direction. The framework highlights governance, accountability, and internal control effectiveness as foundational mechanisms ensuring transparency and responsible oversight, while emphasizing AI integration and hybrid strategic decision-making as critical capabilities in data-driven environments. It further positions leadership as a central driver of sustainability outcomes, linking strategic intent with long-term value creation, and underscores the role of transformational leadership in navigating digital transformation. Additionally, the model recognizes the micro-foundations of SME internationalization, focusing on managerial cognition and firm-level capabilities, alongside the importance of symbolic leadership, emotion management, and contextually grounded management practices in shaping organizational culture and stakeholder engagement.

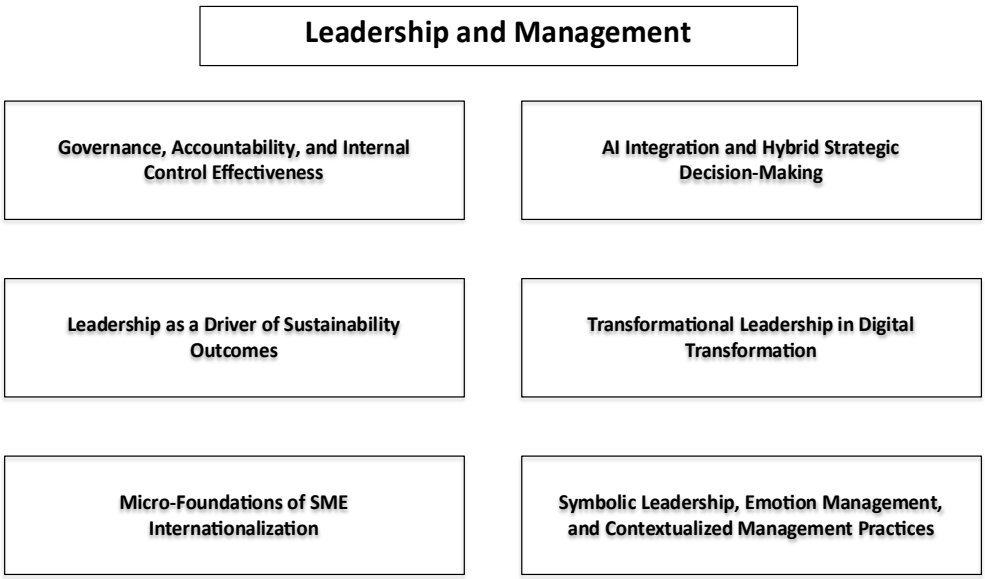

Figure 8.4 Leadership and Management

Source: Adapted from Raisch, S., & Krakowski, S. (2021). Artificial Intelligence and Management: The Automation–Augmentation Paradox. *Academy of Management Review*, 46(1), 1-32.

Collectively, leadership and management are multidimensional constructs that integrate ethical governance, technological adaptability, emotional intelligence, and strategic vision, enabling organizations to sustain performance in increasingly complex and dynamic environments.

8.5 Leadership and Market Value

Finally, this section advances the discussion to the capital market level, illustrating how external investors ultimately interpret and evaluate leadership quality through observable governance, strategic consistency, and performance credibility.

Leadership quality enhances market value through a clearly traceable governance and signaling mechanism. High-quality leadership characterized by strategic clarity, disciplined decision-making, transparent communication, and consistent execution produces strategic coherence across organizational levels, aligning corporate objectives, resource allocation, and performance metrics into an integrated strategic architecture. This coherence improves the credibility and consistency of corporate disclosures, reduces ambiguity in forward-looking guidance, and limits managerial opportunism, thereby mitigating information asymmetry between managers and external stakeholders. Lower information asymmetry reduces perceived agency risk and uncertainty in capital markets, strengthens the reliability of firm-level signals, and enhances investor confidence in the firm's long-term value creation capacity. As investor confidence increases, required risk premiums decline, cost of capital decreases, and market participants assign higher valuation multiples to expected future cash flows, ultimately resulting in a higher market valuation.

Leadership plays a pivotal role in shaping firm market value by influencing strategic decision-making, governance quality, innovation outcomes, and external perceptions in capital markets. Beyond its impact on

operational performance, leadership effectiveness affects how firms are assessed and valued by investors.

Supply chain integration particularly through strategic supplier partnerships and information sharing contributes to higher sales growth and enhanced market value. This suggests that effective managerial coordination across supply chain activities supports value creation primarily through improvements in operational efficiency (Al-Hussaini, 2019).

At the governance level, board attributes and ownership structures exert differentiated effects on firm valuation. While several board characteristics such as the presence of outside directors, gender diversity, board meeting frequency, and audit committee size are associated with lower market value, ownership concentration and CEO duality demonstrate positive associations. Specific governance configurations, rather than board attributes uniformly, shape investor perceptions and valuation outcomes (Bunyaminu et al., 2025).

Leadership visibility also emerges as a salient value-relevant factor. Higher media exposure of CEOs and CFOs is associated with increased firm market value, as it enhances information dissemination, reduces information asymmetry, and positively influences investor perceptions of managerial credibility and governance quality. Moreover, leadership visibility helps mitigate adverse market reactions to negative news by providing investors with interpretive cues regarding firms' strategic direction and financial stability (Ginesti et al., 2025).

Capital markets further assess strategic leadership through firms' management of complex inter-organizational strategies. Investors do not evaluate coopetition merely as the simultaneous pursuit of cooperation and competition; rather, they value strategically aligned coopetitor portfolios. Firms that adopt an appropriate degree of technological and/or market overlap consistent with their competitive orientation such as cost leadership or differentiation receive higher market valuations, as this alignment signals effective management of knowledge synergies, appropriation risks, and resource deployment (Hwang, 2025b). Similarly, harmonious organizational ambidexterity defined as the strategic alignment of exploration and exploitation across internal activities and external alliances—is positively

valued when these activities reinforce a firm's comparative advantages. This effect is particularly pronounced among younger, differentiation-oriented firms operating in innovation-intensive ICT industries, whereas rigid structural separation offers limited valuation benefits for mature or cost-focused firms (Hwang, 2025a).

Innovation-oriented managerial practices further strengthen firm market value. Practices emphasizing human resource innovation, organizational flexibility, and adaptive leadership are associated with higher market capitalization, reflecting enhanced investor confidence and perceived long-term value. These practices signal managerial competence, strategic renewal, and organizational readiness for change, positioning leadership quality as a critical intangible asset in capital market valuation (Lamrhary & Hammoumi, 2025).

Finally, CEO characteristics play an important role in the knowledge capitalization process by shaping how effectively firms translate R&D investment and patent-based knowledge into market value. Firms led by younger CEOs, more powerful CEOs (e.g., those holding dual CEO–chair roles), and CEOs with a higher proportion of long-term compensation demonstrate stronger valuation returns from innovation inputs. Leadership human capital and incentive structures thus influence strategic risk-taking, governance alignment, and managerial discretion, amplifying the market value impact of innovation activities (Wang et al., 2025).

As illustrated in Figure 8.5, leadership plays a multidimensional role in shaping market value through both strategic and operational mechanisms. At the strategic level, leadership influences firm valuation by defining long-term direction, resource allocation, and competitive positioning, while effective operational coordination enhances value creation through efficiency and cross-functional integration. Governance structure and investor perception further mediate this relationship, as transparent oversight and credible leadership signals reduce agency concerns and strengthen market confidence. Leadership visibility also mitigates information asymmetry, enabling more accurate external assessments of firm prospects. Moreover, strategic alignment across inter-organizational relationships and innovation-oriented managerial practices reinforce dynamic capabilities, ultimately translating leadership effectiveness into sustained market valuation.

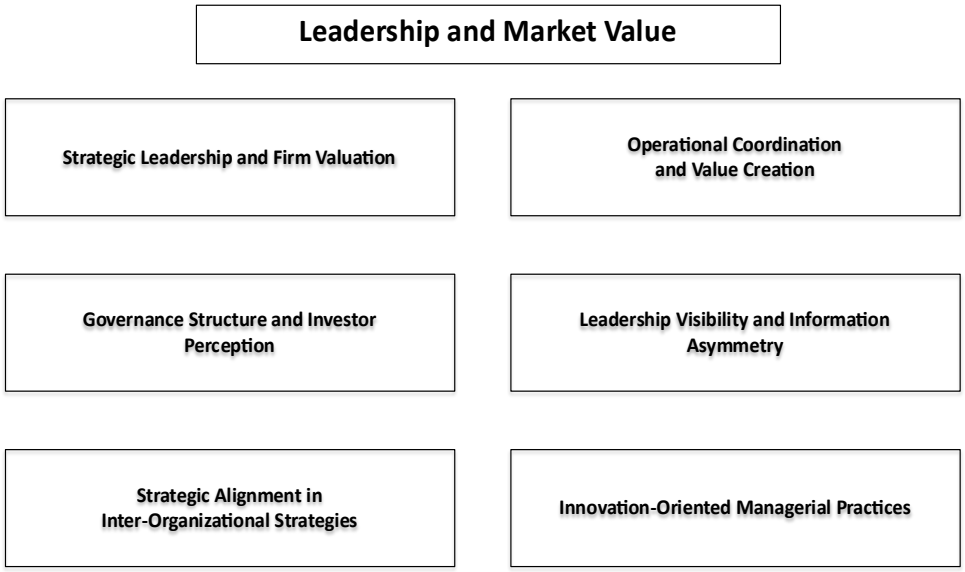

Figure 8.5 Leadership and Market Value

Source: Adapted from Hafiz, S., & Dóra, Ő. (2026). Resilience and digital transformation: a small to medium enterprise resilience framework. *Management Decision*, 64(13), 126-161.

Collectively, leadership influences firm market value through multiple, interrelated mechanisms including governance structures, visibility, strategic alignment, innovation management, and human capital—underscoring leadership as a central determinant of firm valuation in contemporary capital markets.

Case Study of Chapter 8

Economic Innovation Rooted in Tradition: SMEs in the Hospitality Industry of Northeastern Thailand

Adapted Reprint from:

Suvittawat, A. (2020). Hospitality industry economic innovation out of tradition small–medium-size enterprises in North-Eastern Thailand. Australian Economic Papers, 59(4), 319-335. https://doi.org/10.1111/1467-8454.12188

1. Introduction

This case study examines how tradition can serve as a foundation for innovation, focusing on small and medium-sized enterprises (SMEs) in the hospitality sector of northeastern Thailand. It explores how businesses generate economic innovation from their traditional roots, particularly through Business Model Innovations (BMIs), in addition to product, process, and service innovations.

While large hotel chains such as asset-light operators (e.g., shifting from owning properties to managing or franchising them) rely on flexible ownership structures, SMEs typically maintain direct ownership. The study argues that SMEs often originate from diverse traditional backgrounds such as former farmhouses, guesthouses, restaurants, fishermen's homes, or even converted hospitals and these origins may shape their operational strategies and market reputation.

The central research question investigates whether a business's traditional roots influence its development, operations, and long-term success, or whether other factors such as time or especially location (e.g., seaside, mountaintop, or historic sites) play a more dominant role.

In essence, the study explores the dynamic relationship between tradition, business model evolution, and competitive success in small hospitality enterprises.

2. National Context: Innovation Emerging from Tradition in Northeastern Thailand

In the national context of Northeastern Thailand, innovation in the hospitality service industry particularly in accommodations can emerge not through abandoning tradition but through reinterpreting and leveraging it. Traditions, both tangible (architecture, local materials, culinary heritage, rituals) and intangible (stories, craftsmanship, community values, service ethos), are socially constructed, transmitted across generations, and reconfigured over time. These sources create multiple pathways for innovation through tradition (ITT), where historical and cultural assets become foundations for new service concepts and business models. Managing hospitality innovation remains relevant when examining accommodations broadly, especially through a holistic sustainability-oriented innovation framework grounded in the triple bottom line: social (community engagement, cultural preservation), environmental (resource efficiency, ecological design), and economic (long-term viability, value creation). However, measuring innovation success in knowledge-intensive hospitality services is complex due to intangible outputs, service co-creation, and difficulty in quantifying productivity. Knowledge management becomes central to quality improvement, particularly in small and medium-sized hotels, where structured learning, standardization, cooperation, and strategic thinking support innovation paths. Business Model Innovation (BMI), as seen in haute cuisine, is driven by motivations such as creative freedom, reputation building, legitimation, and growth needs, and shaped by mechanisms including internationalization and collaboration. Sustainability-focused BMIs further reinforce competitive positioning, though perceptions of success by customers and operators remain subjective and culturally contingent. The relationship between haute cuisine and country of origin illustrates how legitimacy and symbolic capital affect innovation outcomes, even as global examples (e.g., Michelin-starred Thai restaurants) challenge such biases. Overall, contemporary hospitality innovation increasingly recognizes tradition not as a constraint but as a strategic resource embedded within the business model, redefining innovation as renewal rather than rupture from the past.

3. Methodology and Research Framework

This case study employed a qualitative research design to explore perceptions of tradition and innovation among accommodation providers in rural Northeast Thailand. Although qualitative in orientation, the research instrument incorporated quantitative measurement scales. A structured, paper-based questionnaire was developed by the principal investigator (PI) and research partners, pretested to ensure alignment with relevant ontological and epistemological foundations. Data were collected through face-to-face interviews, with responses recorded using the standardized survey instrument.

Population:

The research focused on accommodations located in rural areas of Northeast Thailand (Isaan). Although geographically limited, the study suggests that findings may be cautiously generalized to similar rural guesthouses and homestays in other parts of Thailand due to comparable characteristics in tradition and innovation practices.

Sample:

The study included 100 participants, of whom 67% were female and 33% male. Key characteristics include:

- Positions: 53% owners, 11% general managers, 2% corporate leadership (chairman/deputy chairman), and 34% other hospitality roles.
- Education: 21% bachelor's degree, 8% graduate degree, 71% without university education.
- Firm Size: 94% had fewer than 10 employees, indicating predominantly micro-enterprises.
- Business Type: 88% provided accommodation only; others combined accommodation with tourism or food services.
- Years in Operation: 56% had operated for 5–10 years; 27% less than 5 years; 17% more than 10 years.
- Geographic Distribution: 45% in Nakhon Ratchasima (Korat), 21% Buriram, 22% Chaiyaphum, and 12% Surin.

The sampled enterprises primarily consist of small, family-run homestays, guesthouses, and local resorts typical of the Isaan region—distinct from Thailand's major international tourist destinations such as

Bangkok, Chiang Mai, Phuket, or Pattaya, which feature more corporate and franchised hospitality structures.

Overall, the research captures innovation emerging from tradition within predominantly rural, micro-sized hospitality SMEs.

4. Findings and Discussion

4.1 Family-Based Accommodations: From Homestay to Hotel

The strongest determinant shaping accommodation businesses was family background (high overall agreement, Mean = 3.89). Respondents strongly agreed that establishments are:

- Family-run (Mean = 4.74)
- Designed by family members (Mean = 4.53)
- Driven by owner passion (Mean = 4.25)

Moderate agreement was found for managerial expertise and community integration.

Family roots form a core traditional foundation that shapes identity, design, and service orientation. Passion and embedded family values create differentiation and perceived authenticity. Tradition here functions as an intangible strategic asset contributing to innovation and customer satisfaction.

4.2 Tradition from Pre-existing Businesses

Overall agreement that innovation stems from prior business legacy was low (Mean = 2.36).

- Strongest agreement: cultural significance of location (Mean = 4.05)
- Very low agreement: development from historical/innovative buildings or historical narratives (Means ≈ 1.5–1.7)

Physical historical heritage or adaptive reuse of old structures was not widely perceived as a key driver of innovation, except when linked to culturally meaningful surroundings.

4.3 The accommodation tradition developed over time

Respondents largely rejected the notion that innovation evolves gradually over time (Mean = 1.47). Minimal agreement that accommodations reflect historical periods.

Innovation was perceived more as disruptive or revolutionary rather than evolutionary. Incremental, time-based development was not strongly recognized as an innovation source.

4.4 Tradition stems from the destination

Low overall agreement that innovation originates from the destination itself (Mean = 2.23).

- Moderate agreement: design aligned with local way of life (Mean = 2.51)
- Low agreement: use of cultural products or explicit heritage representation

Although destination-based authenticity exists conceptually, respondents did not strongly identify destination heritage alone as a primary innovation driver.

4.5 Innovation Developed from Guest Needs

Moderate agreement that innovation arises from serving specific guest needs (Mean = 3.49).

- High agreement: innovation increases customer satisfaction
- Moderate agreement: innovation creates differentiation

Innovation is recognized primarily as customer-driven rather than tradition-driven. However, respondents appeared somewhat conservative, potentially due to family-business structures limiting rapid modernization.

4.6 Family Tradition & Innovation

Significant positive correlations:

- Family business → differentiation ($p < 0.01$)
- Family business → increased satisfaction ($p < 0.05$)

Family tradition is statistically associated with effective innovation outcomes.

4.7 Past Industry Tradition & Innovation

Adaptive reuse and renovation showed strong correlations ($p < 0.01$) with:

- Differentiation
- Innovation implementation

Renovation and historical storytelling function as innovation mechanisms.

4.8 Time Period & Innovation

Significant relationships ($p < 0.01$):

- Reflecting past periods → differentiation
- Ongoing renovation → customer satisfaction

Time-based adaptation statistically supports innovation when operationalized as renovation aligned with evolving guest demands.

4.9 Destination & Innovation

All destination-related variables showed strong relationships with innovation.

Authenticity, local resource utilization, and cultural reflection were key elements.

Destination-based embeddedness strengthens innovation, particularly through authentic experiences that standardized hotels cannot replicate.

5. Synthesis

The case study illustrates that economic innovation in small–medium-size hospitality enterprises in North-Eastern Thailand is not detached from tradition but rather embedded within it. The empirical results demonstrate that the strongest traditional dimension influencing innovation is the family-based foundation of the accommodation business. High mean scores for family ownership, family design involvement, and entrepreneurial passion indicate that tradition rooted in family values serves as a strategic resource. Moreover, correlation analysis shows significant relationships between family business characteristics and innovation outcomes particularly

differentiation and customer satisfaction confirming that tradition functions as a driver of competitive positioning rather than a constraint.

In contrast, traditions derived solely from historical buildings or time-period preservation were not perceived as primary innovation sources at the perceptual level. However, correlation results reveal that when historical elements are actively integrated through renovation and adaptive development, they significantly contribute to differentiation. This suggests that innovation does not emerge from passive heritage retention but from strategic reinterpretation and modernization of traditional assets. Innovation in this context is evolutionary rather than revolutionary an incremental adaptation aligning historical identity with contemporary market expectations.

The synthesis underscores the importance of destination-based tradition. While descriptive statistics initially show moderate agreement, correlation analysis indicates strong and significant relationships between local cultural integration and innovation performance outcomes. Accommodations reflecting local culture, community participation, and authentic lifestyle experiences demonstrate strong associations with both differentiation and customer satisfaction. Collectively, the findings validate the conceptual model in which multiple sources of tradition accommodation roots, past industry, time period, and destination converge to generate innovation. Thus, innovation through tradition (ITT) in SMEs operates as a contextualized, resource-leveraging mechanism that enhances authenticity, market distinctiveness, and customer value creation.

Family-based leadership represents embedded, passion-driven governance in which ownership, control, and strategic direction are intertwined with kinship structures, shared values, and long-term socio-emotional commitment. Tradition-based innovation illustrates leadership as a contextual capability, whereby leaders leverage cultural heritage, local identity, and historical roots as strategic resources to shape differentiated service offerings and authentic customer experiences. The owner–manager structure, prevalent among these SMEs, demonstrates the micro-foundations of leadership–management convergence, as strategic intent, operational decision-making, and day-to-day coordination are concentrated in a single

actor, enabling rapid adaptation while embedding innovation within tradition-driven routines.

6. Conclusion

The case study concludes that various dimensions of tradition significantly shape the development of small–medium-sized accommodation businesses. Many of these establishments evolve from traditional roots such as family restaurants, local trades, historic buildings, or homestays and transform over time while preserving their heritage. Guests value authentic, historically grounded experiences that offer emotional connection, family atmosphere, and a sense of belonging rather than standardized, impersonal hospitality.

Innovation in these businesses emerges gradually from tradition rather than through radical change. Instead of replacing the old with the new, innovation develops as an adaptive response to changing contexts, maintaining visible cultural roots while enhancing service offerings. This reinforces the relevance of Innovation Through Tradition (ITT), particularly in the hospitality sector and among SMEs.

Case Study Questions

1. How does the transformation from a family-run homestay to a small hotel influence the firm's innovation strategy, customer satisfaction, and competitive positioning, particularly when family ownership and passion are central to the business model?
2. If an accommodation business evolves from a pre-existing structure or industry (e.g., a restaurant, farmhouse, or traditional building), how can managers strategically leverage this legacy to create differentiated innovation without being constrained by historical identity?
3. To what extent does gradual development over different time periods contribute to meaningful innovation in accommodation businesses, and how should operators balance preservation of historical identity with modernization to meet evolving guest expectations?
4. How can accommodation providers integrate local culture, community resources, and destination identity into their business model to generate authentic innovation and enhance perceived uniqueness in a competitive tourism market?

5. When innovations arise primarily in response to guest needs rather than strategic planning, how can small–medium hospitality enterprises institutionalize need-driven innovation to improve customer satisfaction and long-term sustainability?

Chapter Summary

Leadership enables entrepreneurial marketing by aligning opportunity-seeking behavior with ethical governance, strategic vision, and adaptive control. In uncertain and resource-constrained environments, leaders balance experimentation with accountability, foster digital and technological adaptability, and build dynamic capabilities that sustain competitive advantage.

Entrepreneurship focuses on opportunity recognition and innovation, while leadership transforms these opportunities into coordinated, sustainable outcomes. Transformational and participative leadership strengthen ethical culture, adaptability, and performance, and as ventures grow, entrepreneurship evolves into broader leadership responsibilities supported by self-leadership and contextual sensitivity.

Leadership shapes marketing strategy, innovation, and technological adoption. Creative and transformational leaders stimulate intrapreneurship, support green and AI-driven innovation, and align leadership style with market learning to enhance marketing effectiveness and sustainable competitive performance.

Leadership and management converge in governance, digital transformation, sustainability, and strategic decision-making. Effective leaders strengthen internal controls, integrate AI into hybrid decision models, guide internationalization and sustainability initiatives, and leverage emotional and contextual intelligence to enhance organizational effectiveness.

Leadership influences market value through strategic alignment, governance structure, innovation management, operational coordination, and investor signaling. Visible, strategically coherent, and innovation-oriented leadership enhances firm valuation by reducing information asymmetry and strengthening long-term competitive positioning.

Chapter Review Questions

Review Question 1:

How does leadership function as a foundational enabler of entrepreneurial marketing in SMEs, particularly in balancing adaptability and control while strengthening dynamic capabilities in digitally intensive and resource-constrained environments?

Review Question 2:

Critically evaluate how transformational, participative, and self-leadership collectively influence opportunity recognition, ethical culture formation, and sustainable entrepreneurial performance across different stages of venture development.

Review Question 3:

In what ways does leadership shape marketing strategy, green innovation pathways, and AI-driven marketing adoption, and how does alignment between leadership style and market learning orientation affect marketing effectiveness?

Review Question 4:

Analyze how leadership and management interact to influence governance effectiveness, digital transformation, sustainability outcomes, and strategic decision-making in SMEs and larger organizations.

Review Question 5:

Discuss the mechanisms through which leadership influences firm market value, including governance structure, strategic alignment, leadership visibility, innovation management, and investor perception.

Chapter Exercises

Exercise 1:

Select an SME operating in a digitally intensive and resource-constrained environment. Analyze how leadership functions as:

1. a foundational enabler,
2. a mechanism for ethical alignment, and
3. a driver of dynamic capabilities.

Evaluate how the leader balances adaptability and control while fostering opportunity recognition and market agility. Conclude by proposing two leadership interventions to strengthen entrepreneurial marketing effectiveness.

Exercise 2:

Compare transformational, participative, and self-leadership in the context of venture creation.

1. Explain how each leadership approach influences opportunity recognition, innovation, and ethical culture.
2. Assess how cultural context moderates entrepreneurial leadership effectiveness.
3. Develop a conceptual model showing leadership as both a driver and developmental outcome of entrepreneurship.

Exercise 3:

Assume you are a CEO with prior marketing experience leading a firm pursuing green innovation and AI-driven marketing transformation.

1. Design a leadership strategy that aligns market learning (explorative vs. exploitative) with innovation pathways (radical vs. incremental).
2. Explain how shared leadership and e-marketing capabilities enhance marketing performance.
3. Identify potential governance or ethical risks in AI-driven marketing adoption.

Exercise 4:

Analyze how leadership and management interact in strengthening organizational effectiveness.

1. Critically evaluate rule-following leadership, accountability orientation, and top management support in internal control systems.
2. Explain how AI integration creates hybrid strategic decision-making models.
3. Discuss how emotion management and sustainability-oriented leadership contribute to long-term organizational performance.

Exercise 5:

From an investor's viewpoint, assess how leadership influences firm market value.

1. Examine the effects of governance structure, CEO characteristics, and leadership visibility on valuation.
2. Analyze how strategic alignment (e.g., coopetition, ambidexterity, supply chain integration) signals value to capital markets.
3. Recommend three leadership-driven strategies to enhance firm market capitalization through innovation and governance credibility.

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Chapter 9: Orchestrating Dynamic Organizational Capabilities and Strategy-Driven Talent Systems

Course Learning Outcomes (CLO):

1. Design systems to build creativity and innovation capabilities.
2. Formulate strategies to strengthen entrepreneurial and leadership capabilities.
3. Evaluate and improve productivity and continuous improvement systems.
4. Develop frameworks to institutionalize professionalism and managerial capabilities.
5. Design a strategy-aligned talent management system.

Contents and Concepts of This Chapter:

9.1 Building Creativity and Innovation Capabilities

9.2 Building Entrepreneurship and Leadership Capabilities

9.3 Building Productivity and Improvement Capabilities

9.4 Building Professionalism and Management Capabilities

9.5 Strategy-Driven Talent Management

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9.1 Building Creativity and Innovation Capabilities

This chapter advances entrepreneurial marketing scholarships by conceptualizing capability building as a multilevel orchestration process that integrates creativity, entrepreneurship, productivity, professionalism, and talent architecture into a unified dynamic capability system.

This section establishes the foundation of organizational capability generation. Creativity and innovation represent the origin of value creation, where novel ideas, knowledge recombination, and problem reframing emerge. Before opportunities can be mobilized or systems executed effectively, organizations must first cultivate the capacity to generate differentiated solutions. Section 9.1 therefore focuses on how creative cognition and structured innovation processes create the initial strategic momentum.

Creativity and innovation capabilities are an organization's structured capacity to generate novel ideas (creativity) and systematically transform those ideas into value-generating products, services, processes, or business models (innovation).

Building Creative Capability

Building creative capability requires deliberate alignment between individual dispositions and organizational architecture. At the individual level, creativity is fostered through strong curiosity, intellectual openness, and cognitive flexibility, which enable divergent thinking and unconventional problem framing; being enjoyable to collaborate with further enhances social exchange and idea recombination, while the willingness to accept challenges strengthens risk tolerance and creative confidence. At the corporate level, creative capability becomes scalable when structural barriers such as functional silos are dismantled to promote cross-boundary knowledge integration; when autonomy is granted to empower experimentation; when failure is treated as a learning mechanism rather than a liability; and when resources time, funding, and expertise are strategically allocated to exploratory initiatives. Additionally, organizational flexibility enables rapid iteration, and clarity of strategic intent ensures that creative efforts are directionally coherent rather than randomly distributed. Together, these individual and corporate conditions form a mutually reinforcing system that

transforms isolated creative acts into sustained organizational creative capability, as illustrated in Figure 9.1.

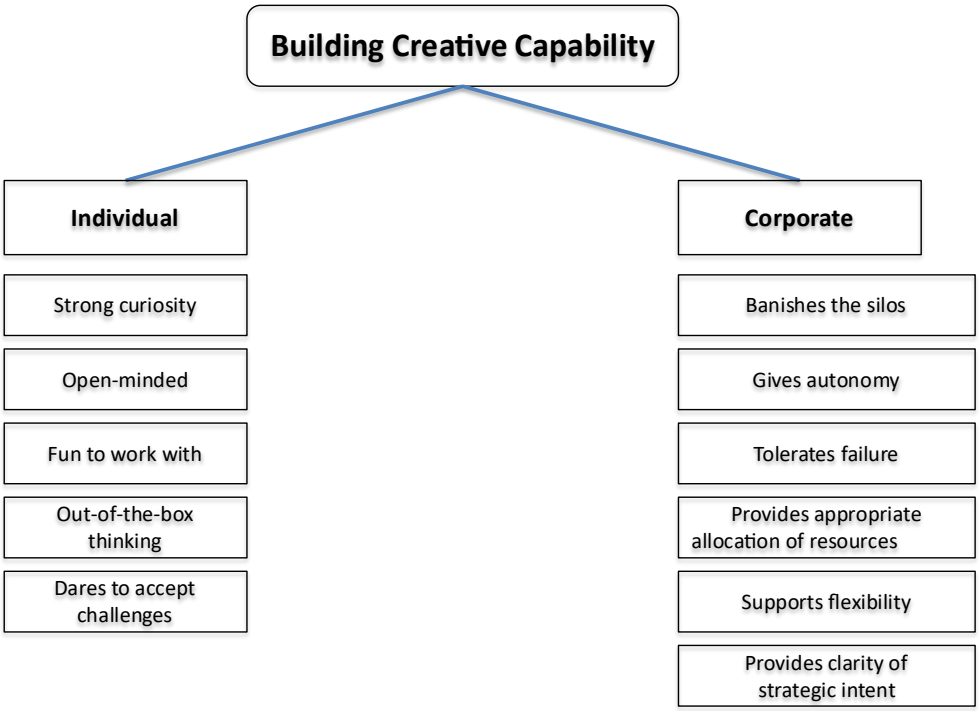

Figure 9.1 Building Creative Capability

Source: Adapted from Yu-Ling, C., & Beomseok, S. (2026). Using explainable artificial intelligence to envision the future of work and the workforce – from prediction to explanation. *Technology in Society*, 84, 103139.

Individual creativity scales into organizational routines through a structured process that transforms personal insight into institutionalized practice. Creative individuals generate novel ideas through curiosity, openness, and challenge-seeking behavior, but these ideas gain organizational relevance only when they are socially shared, refined across functions, and aligned with strategic intent. Through mechanisms such as cross-functional collaboration, autonomy, tolerance for failure, and disciplined resource allocation, promising ideas are selected, validated, and formalized into processes, standard operating procedures, and performance systems. Over

time, repeated enactment and feedback loops embed these innovations into stable yet adaptable routines, converting episodic individual creativity into a dynamic organizational capability.

Creative capability is not a vague cultural attribute; rather, it is a structured and multidimensional organizational competence that can be intentionally developed, assessed, and strengthened. Organizational creative capability comprises five interrelated dimensions: internal idea socialization routines, idea management routines, external openness routines, creative equipment routines, and internal agility routines. These dimensions reflect systematic and repeatable organizational patterns that support idea generation, collective refinement, integration of external knowledge, provision of methodological and physical resources, and rapid adaptation to environmental change. From this perspective, creativity is embedded in organizational mechanisms routines, processes, and resource configurations that sustain creative behaviors and outputs over time. Accordingly, creative capability should be conceptualized as an organizational-level dynamic capability grounded in coordinated routines rather than as an outcome of individual personality traits (Parmentier et al., 2024).

At the systemic level, creative potential emerges from the deliberate alignment of process, people, and place within structured problem-solving frameworks. Creative problem solving plays a central role as a dynamic and balanced process integrating divergent thinking (idea generation) and convergent thinking (idea evaluation and selection). However, methodological structure alone is insufficient. Creativity is also shaped by individual differences in problem-solving style and by contextual factors, including elements of creative climate such as challenge, autonomy, trust, idea support, and risk tolerance. Consequently, creativity is best understood as a function of systemic alignment among structured processes, individual dispositions and motivations, and a supportive organizational environment (Isaksen, 2023).

At the individual level, creative thinking skills constitute trainable cognitive competencies that enable the production of ideas and solutions that are both novel and useful. From a cognitive perspective, these skills include divergent thinking, convergent thinking, and the capacity to overcome perceptual and functional fixedness during problem solving. Creativity is

rooted in core cognitive mechanisms particularly cognitive flexibility and can be enhanced through structured interventions such as silent idea generation, associative thinking techniques, evolutionary transformation of ideas, and forced modification strategies (Ritter & Mostert, 2017).

Taken together, building creative capability requires three mutually reinforcing components: structured organizational systems and routines, alignment among processes, individuals, and contextual conditions, and deliberate development of cognitive skills. Creative capability should therefore be conceptualized as a multilayered construct integrating structural, social, and cognitive dimensions into a coherent and systematically managed organizational competence.

Building Innovation Capability

Building innovation capability requires alignment between individual-level competencies and corporate-level architecture. At the individual level, innovation capability is grounded in a solution-oriented mindset, continuous experimentation, iterative problem-solving, and psychological resilience that enables individuals to navigate uncertainty and failure. Attention to detail strengthens execution quality, while the ability to spread positive energy enhances team motivation and collective efficacy both critical for sustaining iterative learning cycles. At the corporate level, innovation capability becomes institutionalized through innovation-based strategic intent that clearly prioritizes renewal and value creation, a consistent culture that legitimizes experimentation, and broad opportunity structures that empower employees to initiate and test ideas. Cross-functional collaboration enhances recombination of diverse knowledge domains, while robust knowledge management systems capture, codify, and disseminate learning to prevent knowledge loss and accelerate cumulative innovation. When individual cognitive and behavioral strengths are structurally reinforced by strategic alignment, cultural support, collaborative mechanisms, and knowledge architecture, innovation capability evolves from sporadic creativity into a sustainable, organization-wide dynamic capability, as illustrated in Figure 9.2.

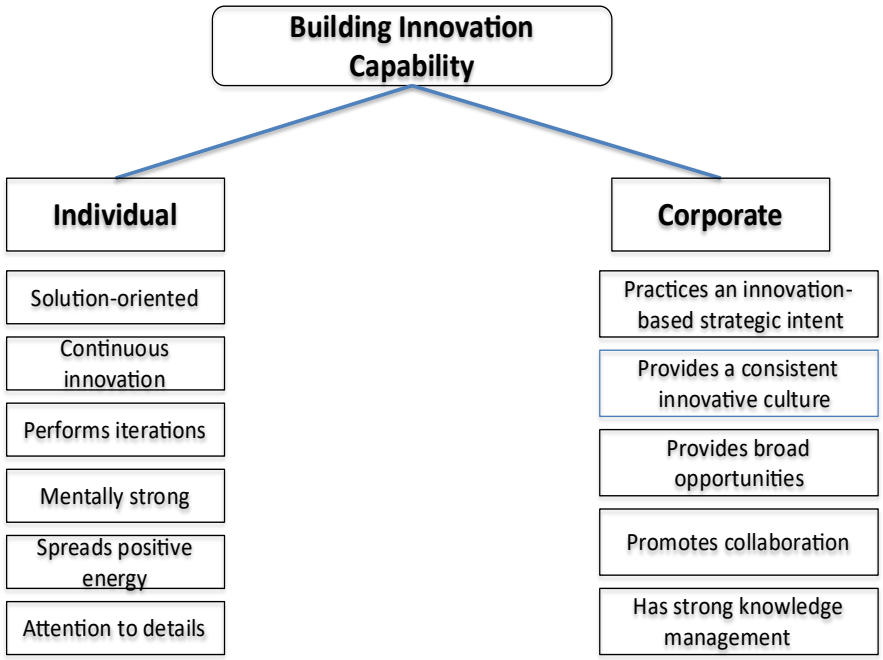

Figure 9.2 Building Innovation Capability

Source: Adapted from Amoa-Gyarteng, K., Dhliwayo, S., Onyin-Emi, E., & Sisay, S. (2026). The role of innovation strategy in entrepreneurial venture survival: a moderated mediation analysis of organizational adaptability and environmental influences. *Journal of Small Business and Enterprise Development*, 33(8), 32-62.

While creative capability primarily concerns idea generation, innovation capability centers on transforming those ideas into tangible market, technological, or strategic outcomes. In particular, innovation capability in collaboration is conceptualized as an internal organizational capacity rooted in the resource-based view, emphasizing the firm's ability to mobilize, integrate, and reconfigure resources to achieve strategic renewal and adaptability.

Innovation capability refers to the firm's competence in establishing and sustaining cooperative relationships with dealers, customers, and other

external stakeholders to acquire and assimilate information and knowledge that support service innovation, new product development, and market exploration. This capability involves structured collaboration mechanisms, effective knowledge absorption processes, coordination of new ideas, and the continuous generation of innovative outputs. It functions as a strategic mechanism that enables firms to respond to environmental dynamism and competitive pressures by refining products, enhancing distribution services, and pursuing new opportunities (Farida & Prabawani, 2021).

From an intellectual capital perspective, innovation capability is defined as the organization's capacity to transform knowledge-based resources into new products, processes, and systems. This capability is shaped by three key dimensions: human capital (employees' skills, expertise, experience, and creativity), structural capital (organizational processes, systems, routines, and technological infrastructure), and relational capital (networks and relationships with customers, suppliers, and other stakeholders). Each component exerts a significant direct effect on innovation capability, underscoring the importance of developing and strategically reconfiguring intangible resources to sustain innovation activities (Taleb & Pheniqi, 2023).

Beyond resource configuration, sustainability competencies further expand the scope of innovation capability. These competencies conceptualized as individual-level cognitive and affective capacities include systems thinking, future orientation, perspective-taking (cognitive empathy), connectedness to nature, empathic concern, and a sense of transcendence. Such competencies enhance innovation by strengthening stakeholder integration and organizational learning capabilities. Within this framework, innovation is not confined to technological advancement; rather, it emerges from managerial capacity to embed environmental and social considerations into strategic decision-making and organizational processes (Nair & Bhattacharyya, 2022).

Collectively, building innovation capability requires the integration of collaborative networks, intellectual capital development, and sustainability-oriented competencies. Innovation capability therefore represents a dynamic organizational competence that synthesizes knowledge management, external

engagement, and strategic foresight to convert creative potential into competitive and sustainable performance outcomes.

9.2 Building Entrepreneurship and Leadership Capabilities

Building upon capability generation, this section addresses opportunity mobilization. Entrepreneurial orientation and leadership translate innovative potential into actionable strategic initiatives. While Section 9.1 concerns idea creation, Section 9.2 examines how leaders recognize, frame, and champion opportunities aligning resources and stakeholders to move from conceptual innovation to market engagement. The emphasis shifts from ideation to activation.

Entrepreneurship and leadership capabilities constitute foundational dynamic capabilities that enable organizations to sense opportunities, mobilize resources, and reconfigure strategic assets under conditions of uncertainty and rapid environmental change.

Building Entrepreneurial Capability

Building entrepreneurial capability requires simultaneous development at both the individual and corporate levels to ensure behavioral alignment and structural reinforcement. At the individual level, entrepreneurial capability is reflected in the ability to allocate resources strategically under constraints, proactively identify and pursue emerging opportunities, engage in calculated risk-taking, initiate actions without excessive dependence on formal directives, and leverage networks for collaboration and resource mobilization. These attributes represent dynamic behavioral competencies that enable opportunity recognition and value creation in uncertain environments. At the corporate level, entrepreneurial capability becomes embedded when the organization institutionalizes mechanisms that facilitate experimentation, cultivate a learning-oriented culture, strengthen psychological ownership among employees, provide meaningful autonomy in decision-making, and promote cross-functional collaboration to integrate diverse knowledge bases. When individual entrepreneurial behaviors are supported by organizational systems that legitimize experimentation, learning, and shared accountability, entrepreneurial capability evolves from isolated personal traits into a scalable and sustainable organizational competence, as illustrated in Figure 9.3.

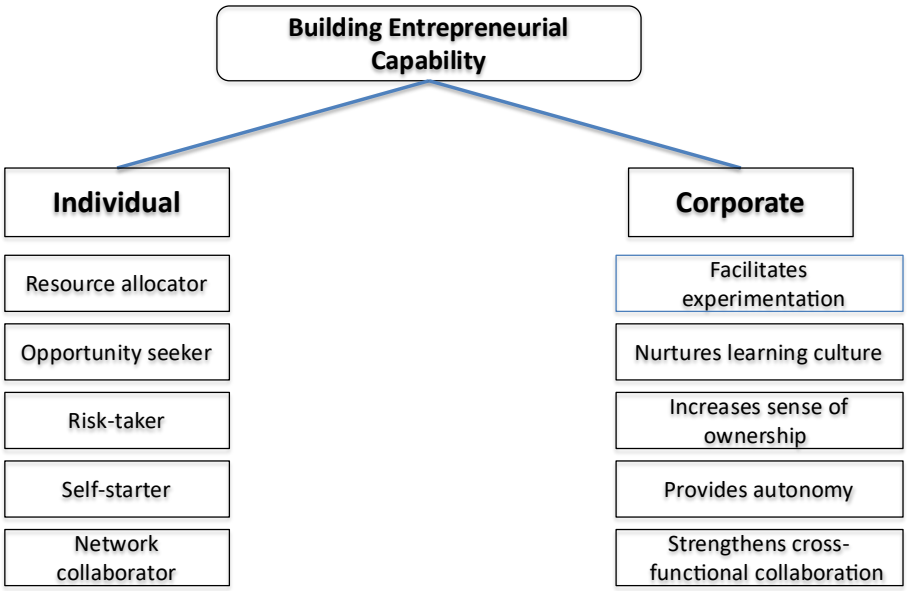

Figure 9.3 Building Entrepreneurial Capability

Source: Adapted from Wang, S., & Zhang, H. (2026). Artificial intelligence for information-driven resilience: Enhancing strategic adaptation and entrepreneurial success. *International Journal of Information Management*, 89, 103057.

Building entrepreneurial capability is a strategic process through which firms develop the skills, organizational routines, and adaptive capacities required to identify, evaluate, and exploit opportunities in dynamic environments.

Entrepreneurial capability comprises four interrelated dimensions sensing, selecting, shaping, and synchronizing opportunities that enable firms to recognize market and technological changes, orchestrate internal and external resources, and align strategic actions with environmental dynamics. Entrepreneurial capability is conceptualized as a distinct construct operating alongside dynamic capabilities (integration, reconfiguration, and adaptive capability) and innovation capabilities (product, process, and marketing innovation capability). While dynamic capabilities focus on resource

transformation and innovation capabilities emphasize output realization, entrepreneurial capability centers on coordinated managerial actions and opportunity-oriented heuristics that directly enhance financial and strategic performance (Vu, 2020). It extends beyond opportunity recognition to include strategic resource allocation and timely exploitation of emerging opportunities to strengthen competitiveness.

In technology-intensive sectors, particularly financial technology (FinTech) start-ups, entrepreneurial capability is critical for sustaining innovativeness and performance. In this context, it encompasses innovativeness, proactiveness, and risk-taking orientations that enable firms to respond to rapid technological shifts, regulatory complexity, and evolving customer demands. These orientations support innovation processes, reinforce competitive positioning, and enhance organizational adaptability. By aligning internal resources with digital transformation imperatives, FinTech firms can improve market responsiveness, operational efficiency, and long-term sustainability (Sardiana & Sawmong, 2025).

Furthermore, entrepreneurial capability contributes to organizational resilience and crisis management. It strengthens a firm's capacity to detect emerging threats, flexibly reallocate resources, and respond effectively to environmental disruptions. Consequently, entrepreneurial capability enhances both business resilience and performance, which are essential in turbulent contexts (Salamzadeh et al., 2023).

Overall, building entrepreneurial capability requires deliberate investment in an innovation-oriented culture, strategic flexibility, opportunity recognition competencies, and resource reconfiguration mechanisms. Firms that systematically cultivate these elements enhance innovativeness, resilience, and sustained performance in uncertain and rapidly changing markets.

Building Leadership Capability

Building leadership capability requires deliberate development at both the individual and corporate levels to ensure sustainability and strategic continuity. At the individual level, effective leaders act strategically by aligning decisions with long-term organizational objectives, communicate clearly to build shared understanding, articulate a compelling vision that

guides direction, delegate and empower others to enhance collective performance, and demonstrate integrity and responsibility as the ethical foundation of leadership legitimacy. At the corporate level, organizations institutionalize leadership development by systematically identifying high-potential candidates, providing structured coaching and mentoring to accelerate experiential learning, assigning stretch roles and cross-functional challenges to expand managerial competence, implementing rigorous performance metrics to track developmental progress, and facilitating continuous personal and pr7fessional growth through formal training and reflective practice. Together, these interconnected mechanisms transform leadership from a personality trait into an organizational capability embedded within governance systems, talent management processes, and strategic planning frameworks, as illustrated in Figure 9.4.

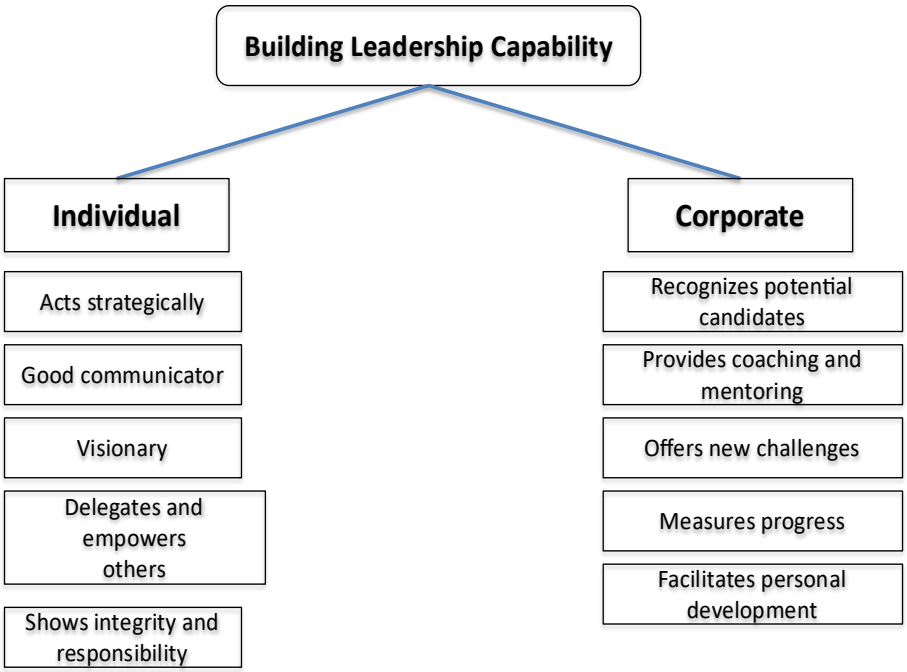

Figure 9.4 Building Leadership Capability

Source: Adapted from Soomro, A., Khan, N. (2026). Strategic foresight meets digital infrastructure: Building resilient and innovative organizations in the construction industrv. *Technology in Societv*. 88. 103430.

conditions of uncertainty, mobilize collective commitment, and sustain long-

term performance. Leadership capability extends beyond individual traits and represents an organizational-level capacity that integrates strategic vision, sound decision-making, communication effectiveness, and the ability to foster collaboration.

Leadership capability refers to an organization's capacity to guide, coordinate, and mobilize resources effectively, particularly during disruptive crises such as COVID-19. It encompasses leaders' ability to provide strategic direction, maintain workforce engagement, encourage collaboration, and implement adaptive managerial practices in uncertain environments. Within supply chain contexts, leadership capability supports strategic alignment, enhances operational responsiveness, and facilitates the adoption of innovative approaches necessary to sustain performance during large-scale disruptions (Basit et al., 2024).

At the individual level, leadership capability reflects leaders' competence in inspiring others, prioritizing objectives, exercising sound judgment, and providing clear direction. It includes the ability to coach subordinates, assume responsibility for strategic and policy decisions, and ensure that organizational goals are achieved efficiently and effectively. In cooperative organizations, leadership capability particularly emphasizes the chairman's professional management capacity, adaptability to environmental change, integrity, and the execution of managerial functions that enhance organizational effectiveness (Titin et al., 2022).

Conceptually, leadership capability can be understood as a multidimensional construct comprising strategic direction, innovative skills, and management skills. Strategic direction refers to the leader's ability to articulate vision and mission, establish long-term goals, and formulate coherent strategic plans. Innovative skills capture the leader's capacity to generate new ideas, promote adaptability, and encourage creative responses to organizational challenges. Management skills encompass personal, interpersonal, and group-level competencies, including communication, problem-solving, coordination, and effective resource management (Dada et al., 2021).

In sum, building leadership capability involves cultivating integrated strategic, innovative, and managerial competencies that enable leaders to

provide direction, make informed decisions, mobilize resources, foster collaboration, and sustain organizational performance, particularly in volatile and disruptive environments.

9.3 Building Productivity and Improvement Capabilities

Once opportunities are mobilized, sustained performance depends on disciplined execution. Section 9.3 transitions from strategic activation to operational realization. Productivity systems, performance metrics, and continuous improvement mechanisms institutionalize value delivery. Here, innovation and entrepreneurial energy are stabilized through process optimization and learning loops, ensuring that opportunity pursuit translates into measurable outcomes.

Building productivity and improvement capabilities requires the strategic integration of training intensity, incentive systems, and AI skill development to drive sustained productivity gains and enable organizational upgrading. Intensive and continuous training deepens domain expertise and operational competencies, forming the basis for process optimization and innovation. Well-designed incentives create motivational alignment by linking individual performance with organizational productivity targets, thereby reinforcing discretionary effort and continuous improvement behaviors. Concurrently, AI skill development facilitates digital augmentation, enabling employees to leverage data analytics, automation, and intelligent systems to enhance efficiency and decision quality. The interaction among these elements produces a virtuous cycle: human capital deepening enhances absorptive capacity for advanced technologies; motivational alignment ensures effective utilization of newly acquired skills; and digital augmentation amplifies workforce productivity, collectively supporting structural upgrading and competitive repositioning.

In an increasingly competitive and volatile business environment, organizations must systematically build productivity and improvement capabilities to sustain performance and long-term competitiveness.

Building Productivity Capability

Building productivity capability requires aligned mechanisms at both the individual and organizational levels. At the individual level, productivity

is strengthened through disciplined goal orientation, systematic prioritization, effective time scheduling, intentional planning of rest for cognitive recovery, and the practice of monotasking to minimize attentional fragmentation and task-switching costs. These behaviors enhance execution efficiency and reduce cognitive overload, thereby improving output quality and consistency. At the corporate level, productivity capability is institutionalized through deliberate time allocation governance, structured regulation of meetings to prevent coordination inefficiencies, clear goal cascading to ensure strategic alignment, streamlined communication flows to reduce ambiguity and redundancy, and the provision of enabling tools that support workflow automation and collaboration. When personal execution discipline converges with organizational systems that reinforce focus and operational clarity, productivity becomes a sustainable capability rather than a short-term performance outcome, as illustrated in Figure 9.5.

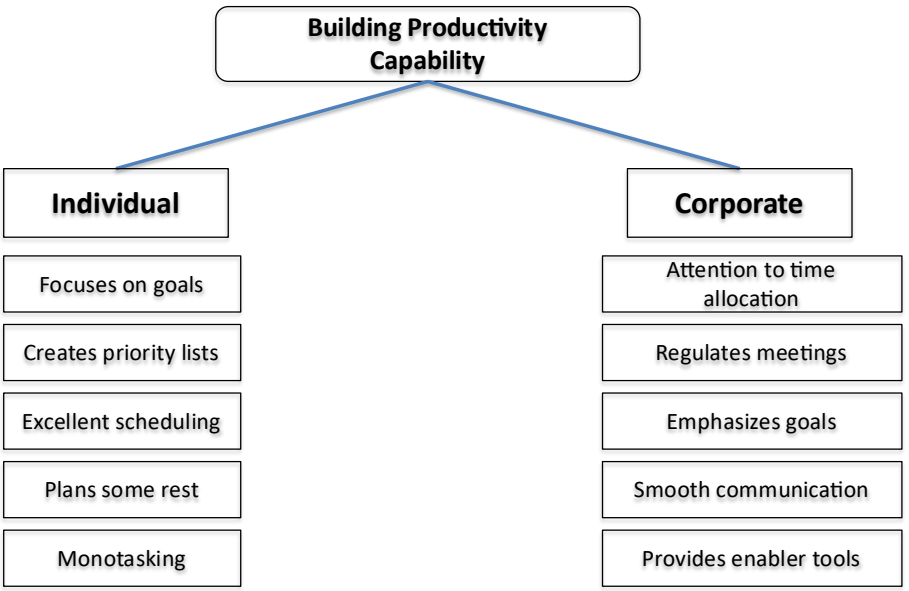

Figure 9.5 Building Productivity Capability

Source: Adapted from Trequattrini, R., Cuozzo, B., Manzari, A., & Schimperna, M. (2026). Measuring digital-sustainability readiness in industrial SMEs: a composite index and empirical evidence. *Journal of Global Responsibility*, 17(2), 293-321.

Building productivity capability refers to a firm's systematic capacity to generate greater output, quality, and value from its available resources, particularly human capital, leadership systems, and digital competencies. Productivity capability extends beyond capital intensity or technological investment alone; it emerges from the coordinated interaction among skills development, incentive alignment, and strategic leadership practices embedded within the organization.

Both staff training and managerial training are positively associated with firm-level labor productivity. Importantly, the distinction between training coverage (the proportion of employees trained) and training intensity (expenditure per trainee) reveals that productivity gains are more strongly driven by training intensity than by broad coverage alone. Moreover, complementarities between employee and managerial training generate additional productivity improvements, emphasizing the importance of developing aligned capabilities across hierarchical levels. Firms that invest strategically in both operational and managerial competencies achieve stronger productivity outcomes than those concentrating on a single occupational group (Schwarz et al., 2026).

Compensation structures also play a critical role in shaping productivity capability through embedded incentive mechanisms. Evidence shows that the CEO–employee pay ratio is positively associated with employee productivity and overall firm performance. Pay differentials may function as tournament-based incentives that stimulate employee effort and upward mobility aspirations. However, the magnitude of this effect varies according to organizational characteristics, including firm size and the degree of overall pay dispersion. Consequently, incentive-based compensation structures can enhance productivity capability, but their effectiveness remains contingent upon contextual and structural factors (Hussien Alsohagy et al., 2025).

From a production-theoretic perspective, firm productivity is conceptualized within a total factor productivity (TFP) framework, where output is generated by capital and labor inputs, augmented by labor-quality effects associated with artificial intelligence (AI) competencies. Productivity is measured as the residual after accounting for observable input contributions. The increasing integration of AI-skilled labor reflects an

enhancement of workforce quality, which operates as an intangible efficiency component within the production function. Notably, the productivity contribution of AI-skilled employees materializes with a short-term lag, underscoring the strategic significance of digital human capital accumulation (Bounfour et al., 2025).

In sum, building productivity capability requires an integrated organizational approach that combines intensive skills development, coordinated leadership capability, strategically designed incentive systems, and sustained investment in advanced digital competencies. Firms that institutionalize these complementary elements within their organizational architecture are better positioned to achieve sustained efficiency gains and long-term competitive performance.

Building Improvement Capability

Building improvement capability requires deliberate development at both the individual and corporate levels. At the individual level, improvement capability is characterized by a persistent inquiry mindset, where employees continuously ask critical questions, identify root causes, and engage in systematic problem-solving rather than superficial fixes. Such individuals seek process clarity, understand workflows, and know where to initiate corrective or enhancement actions, demonstrating both analytical competence and proactive learning orientation. They treat learning as an ongoing discipline, accumulating experiential knowledge and refining practices over time. At the corporate level, improvement capability becomes institutionalized through structures and routines that create a stable foundation for continuous enhancement. Organizations must establish formal mechanisms to generate, capture, and evaluate ideas, ensure an uninterrupted flow of feedback across functions, and embed improvement into daily habits rather than episodic initiatives. Leadership encouragement, psychological safety, and dedicated learning spaces—such as experimentation platforms, reflection sessions, and cross-functional forums further reinforce a culture where improvement is normalized, scalable, and strategically aligned with long-term performance objectives, as illustrated in Figure 9.6.

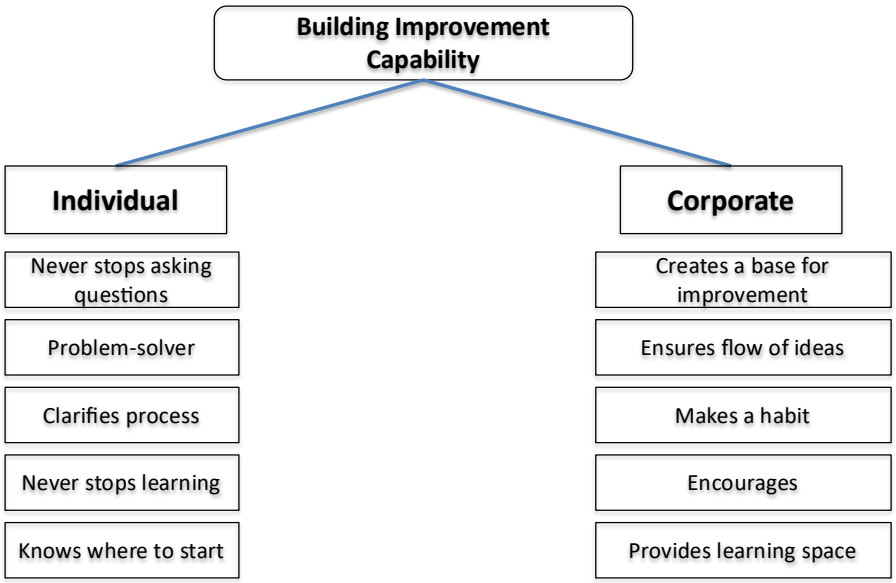

Figure 9.6 Building Improvement Capability

Source: Adapted from Alabduljabbar, S. (2026). Dual transformation pathways in supply chains: linking national reforms to efficiency gains and capability development. *Supply Chain Management*, 11(7), 100-117.

Improvement capability refers to an organization's enduring capacity to systematically identify, implement, and sustain performance enhancements across processes, services, and systems. It denotes the intentional and structured application of improvement approaches, methods, and practices to modify organizational processes in ways that enhance efficiency, effectiveness, and value creation.

Drawing on the dynamic capabilities perspective, improvement capability can be conceptualized as a bundle of interrelated organizational routines that enable firms to sense opportunities for enhancement, seize them through strategic commitment and decision-making, and reconfigure processes, structures, and resources to enact change. Improvement capability is conceptualized as a multidimensional construct encompassing service-user and stakeholder focus, organizational culture, leadership and employee commitment, process improvement and organizational learning, data and performance systems, and strategy and governance (Furnival et al., 2019). These dimensions collectively shape how organizations identify, prioritize,

and execute improvement initiatives. Rather than consisting of isolated tools or techniques, improvement capability reflects an integrated system of mutually reinforcing routines embedded within the organizational infrastructure.

At the operational level, building improvement capability involves developing plant-level proficiency in maintaining and elevating performance standards through a synergistic bundle of continuous improvement (CI) practices. In this view, improvement capability comprises two constitutive dimensions: (1) *maintenance*, which emphasizes preserving existing technological and managerial standards through structured task-related training and performance feedback; and (2) *improvement*, which focuses on raising standards through continuous learning, experimentation, and the structured implementation of employee suggestions (Anh et al., 2025). These dimensions function as complementary routines, particularly within worker-led CI activities at the shopfloor level, fostering collective problem-solving and systematic feedback processes aimed at long-term operational enhancement.

More recently, improvement capability has been extended to incorporate digitally enabled, performance-driven systems. From this perspective, process improvement capability is institutionalized through the integration of structured methodologies, such as Lean improvement cycles, and digital infrastructures, such as enterprise resource planning (ERP) systems. Lean methodologies provide formal improvement logic—through standardized procedures, performance measurement, and iterative cycles while ERP systems enhance process transparency, data accuracy, and real-time performance visibility (Liutkevičienė et al., 2022). By digitalizing workflows, enforcing standardized routines, and integrating key performance indicators into monitoring systems, ERP platforms support data-driven coordination, control, and continuous refinement.

Taken together, improvement capability can be understood as a multidimensional dynamic capability that integrates structured maintenance, continuous learning, employee-driven problem-solving, and digitally enabled process management into embedded organizational routines. Through institutionalized cycles of standardization, monitoring, feedback, and iterative refinement, organizations develop a sustained capacity to systematically

maintain and elevate operational performance, productivity, and service quality over time.

9.4 Building Professionalism and Management Capabilities

Execution discipline requires governance reliability to ensure consistency, ethical conduct, and organizational coherence. Section 9.4 expands the focus from operational efficiency to managerial integrity and institutional credibility. Professional standards, managerial systems, and accountability frameworks safeguard organizational trust while sustaining strategic continuity. Governance thus functions as the stabilizing architecture of prior sections.

Professionalism and management capabilities constitute foundational organizational competencies that enable sustained performance, credibility, and strategic execution. While creativity and innovation drive new value creation, professionalism and management capability ensure discipline, alignment, and scalability within complex organizational systems.

Building Professionalism Capability

Building professionalism capability requires aligned development at both the individual and corporate levels. At the individual level, professionalism is demonstrated through disciplined preparation and punctuality, effective and respectful communication, appropriate and context-sensitive appearance, consistent accountability for assigned responsibilities, and the enactment of integrity in decision-making and interpersonal conduct. These behavioral competencies reflect self-regulation, ethical standards, and reliability, which collectively strengthen individual credibility and trustworthiness within the organization. At the corporate level, professionalism capability becomes institutionalized through the establishment of clear workplace rules, codes of conduct, and a values-driven organizational culture; the implementation of transparent performance management systems that set expectations, monitor outcomes, and reinforce standards; and the systematic encouragement of continuous professional development through training programs and seminars. When individual discipline is reinforced by structured organizational systems, professionalism evolves from a personal trait into an embedded organizational capability that

enhances operational consistency, stakeholder confidence, and long-term sustainability, as illustrated in Figure 9.7.

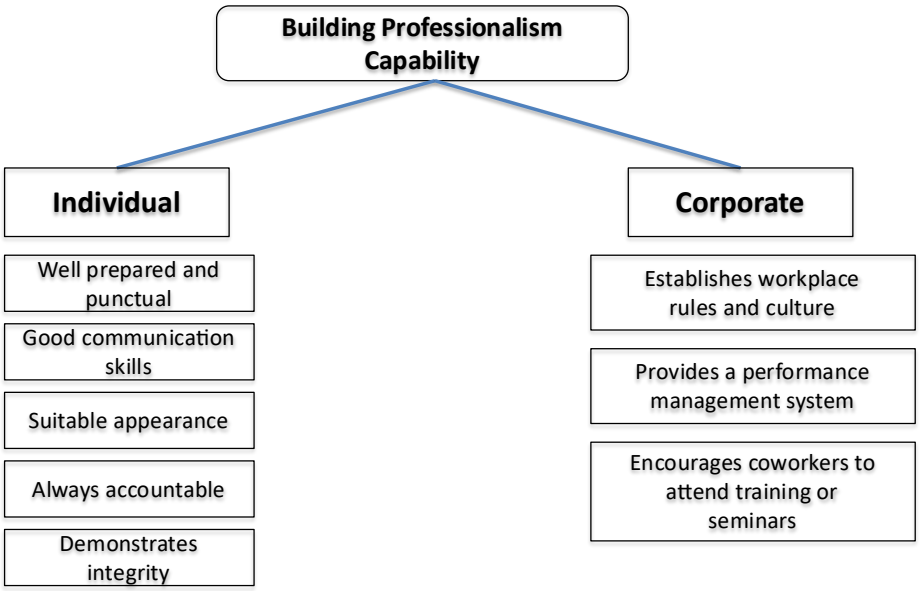

Figure 9.7 Building Professionalism Capability

Source: Created by Author

Building professionalism capability requires organizations to move beyond abstract ethical ideals and institutionalize measurable standards, structured self-assessment systems, and supportive infrastructures that enable continuous professional development. Organizational professionalism should not be reduced to the aggregation of individual virtues; rather, it constitutes a collective belief system that guides coordinated action within professional communities. As a foundational ethos, professionalism enables the establishment of shared standards, mutual accountability, and structured self-regulation at the organizational level.

Professionalism becomes institutionalized through systematic self-assessment mechanisms grounded in transparency, competence verification, peer review, and stakeholder involvement. Continuous and dynamic self-assessment initiated by individual professionals and embedded within teams

functions not only as an evaluative instrument but also as a mechanism for safeguarding public trust. By reinforcing professional autonomy while subjecting practice to evidence-based monitoring, such systems integrate accountability with self-governance. Through explicit standards, internal quality assurance processes, and structured oversight mechanisms, organizations can detect performance gaps, address unprofessional conduct, and align professional practice with societal expectations. In this sense, professionalism is sustained structurally embedded within governance and regulatory frameworks that ensure accountability and ongoing quality improvement (Mashayekhi et al., 2023).

Within mission-oriented innovation contexts, professionalism is conceptualized not as a purely normative ideal but as a situated, practice-based capability mobilized through balanced empowerment. In complex societal transformations such as digitalization in education professional capability entails grounding technological innovation in established pedagogical reasoning, shared ethical commitments, and collective professional identities. Effective implementation requires the integration of top-down strategic direction with bottom-up anchoring processes, wherein professionals engage in co-exploration, experimentation, and iterative refinement. Empowerment, therefore, extends beyond autonomy to include structured arenas for joint learning, feedback loops, and cross-boundary collaboration. Professional capability emerges from the interaction between individual agency and organizational support, enabling practitioners to contribute to mission attainment while ensuring alignment with socio-cultural and disciplinary standards (Bugge & Siddiq, 2021).

In digital healthcare contexts, building professionalism capability extends beyond individual training to encompass organizational readiness and governance structures that legitimize and sustain the integration of digital technologies. Digital professionalism emerges when the professional environment supports capability development through the integrated presence of equipment, electronic access, engagement, and education (the 4E elements). These elements collectively facilitate progression from preparedness to proficiency and advanced professional practice. Rather than defining digital professionalism narrowly as behavioral compliance, it is better understood as a developmental continuum embedded within

professional identity formation, emphasizing the safe, effective, and appropriate use of technology. Technological and information literacy thus constitute foundational competencies of professional practice, sustained through alignment among infrastructure, leadership support, and regulatory frameworks that model and reinforce digitally professional conduct (Mather & Cummings, 2019).

In conclusion, building professionalism capability requires institutionalizing shared standards, systematic self-assessment, and governance mechanisms that embed accountability and continuous improvement within organizational systems. In mission-oriented and digital environments, professionalism is strengthened through balanced empowerment integrating strategic direction with collaborative practice-based engagement and through infrastructures that sustain digital competence, safe technology integration, and professional identity development.

Building Managerial Capability

Building managerial capability requires systematic development at both the individual and corporate levels to ensure strategic coherence and sustained organizational performance. At the individual level, managerial capability is reflected in the ability to adopt a helicopter-view perspective integrating macro-environmental analysis with internal operational insights to inform evidence-based decision-making. Effective managers demonstrate analytical rigor, timely and accountable decision-making, and structured project management competence, ensuring alignment among scope, time, cost, and quality dimensions. They also exhibit strong team-building capacity by fostering collaboration, psychological safety, and shared accountability, while maintaining adaptability to respond proactively to environmental uncertainty and organizational change. At the corporate level, managerial capability is institutionalized through governance mechanisms and human resource architectures that support leadership continuity and performance excellence. This includes establishing a clear succession plan to ensure leadership pipeline sustainability, implementing systematic performance feedback processes that facilitate continuous improvement and capability development, and cultivating open communication systems that enable transparency, knowledge flow, and cross-functional alignment. Collectively, these individual competencies and organizational infrastructures form a

dynamic capability that strengthens managerial effectiveness and long-term competitiveness, as illustrated in Figure 9.8.

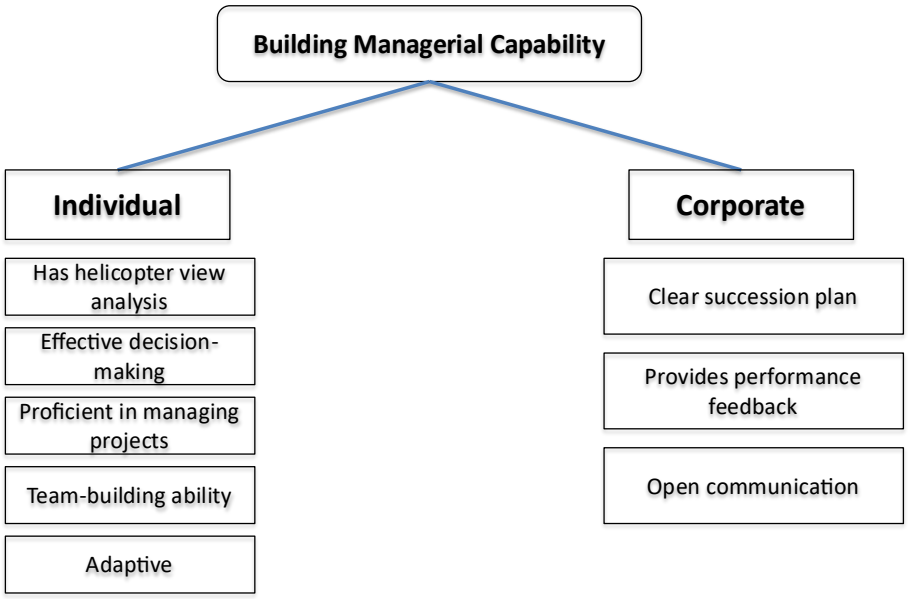

Figure 9.8 Building Managerial Capability

Source: Created by Author

Building managerial capability entails strengthening leaders' capacity to orchestrate resources, adapt strategically, and integrate technological, relational, and learning processes to enhance innovation and organizational performance. Managerial capability is conceptualized as a firm-level strategic competence that enables leaders to plan, coordinate, and allocate resources in ways that generate innovation-oriented outcomes. It encompasses strategic planning, leadership effectiveness, resource mobilization, and the cultivation of a vision-driven, risk-tolerant organizational culture that supports experimentation and innovation implementation. Rather than viewing managerial capability merely as interaction effects among various organizational capabilities, it should be understood as a central organizational driver that directly enhances innovation performance and indirectly strengthens it through the formulation and execution of a coherent innovation

strategy aligning resources, decisions, and initiatives toward firm-level objectives (Xing et al., 2025).

From a dynamic perspective, managerial capability reflects higher-order competencies embedded in top managers' human capital, social capital, and managerial cognition. These micro-foundations enable managers to sense and interpret environmental changes, seize opportunities through strategic investment decisions, and reconfigure organizational resources to maintain long-term competitiveness. In this framework, managerial capability is not static expertise but an adaptive, action-oriented capacity to mobilize, recombine, and strategically deploy resources in response to evolving market conditions. Its performance implications often unfold indirectly through innovation-related investment decisions, such as R&D intensity (Heubeck, 2024).

Managerial capability also manifests in leadership practices that organize resources, motivate employees, delegate responsibilities, and supervise innovation initiatives. Within an adhocracy culture characterized by entrepreneurship, creativity, risk-taking, and continuous change, managers play a pivotal role in embedding innovation-oriented values into strategic priorities and daily operations. Knowledge sharing functions as a structured managerial mechanism through which information and expertise are disseminated across organizational boundaries, supported by reciprocal communication and learning processes. Effective managerial capability therefore involves cultivating cultural norms that legitimize experimentation, institutionalizing knowledge exchange systems, and sustaining conditions that promote creativity, innovation implementation, and organizational renewal (Santoso et al., 2024).

In technology-intensive industries such as electric vehicles, managerial capability must extend beyond internal coordination to encompass supply chain agility and ecosystem alignment. In the Thai electric vehicle context, supply chain agility involves flexibility, rapid innovation, infrastructure readiness, and responsiveness across production, delivery, and pre- and post-sales services. Managers must integrate operational readiness, technological adaptation particularly in battery development and customer-oriented responsiveness to ensure alignment with evolving market expectations. Consequently, managerial capability in this sector includes

ecosystem-level oversight, infrastructure coordination, and strategic responsiveness within the broader industry landscape (Suvittawat, 2024).

Overall, building managerial capability requires strengthening leaders' strategic foresight, cognitive flexibility, resource orchestration, cultural stewardship, and ecosystem integration. This multidimensional capability enables firms to align strategy, innovation, and operational agility into a coherent system that sustains competitive advantage and long-term performance.

9.5 Strategy-Driven Talent Management

The progression culminates in human capital alignment. All preceding dimensions capability generation, opportunity mobilization, disciplined execution, and governance reliability depend on strategically aligned talent systems. Section 9.5 integrates workforce planning, capability development, and performance alignment to ensure long-term organizational resilience. Talent management is positioned not as a separate function but as the integrative mechanism that sustains the entire strategic architecture.

Strategy-driven talent management represents a governance-oriented paradigm in which talent architectures, leadership pipelines, and workforce capabilities are deliberately aligned with long-term corporate strategy, competitive positioning, and institutional sustainability. Rather than functioning as an operational human resource activity, talent management is embedded at the strategic core of the organization, ensuring that recruitment, development, retention, and succession planning systematically contribute to value creation and long-term organizational resilience.

In this context, talent management functions as an integrator by synchronizing individual competencies with strategic priorities across business units; as a multiplier by amplifying organizational performance through capability building, leadership development, and knowledge diffusion; and as a stabilizer by ensuring continuity, resilience, and succession readiness in dynamic and uncertain environments. Thus, talent management is not merely an HR function but a strategic mechanism that orchestrates, enhances, and sustains long-term organizational performance.

Strategic talent management is defined as a structured and systematic approach to identifying, attracting, developing, motivating, engaging, and retaining employees who possess high potential or occupy strategically critical roles. It encompasses integrated human resource practices that are explicitly aligned with organizational objectives, including performance and engagement management, collaborative and communicative processes, initiatives extending beyond formal role boundaries, and broader organizational and market-level outcomes. The construct is operationalized through five interrelated components: (1) performance and engagement of talented employees; (2) collaboration and communication; (3) measurable impact on business results; (4) initiative and contribution beyond prescribed responsibilities; and (5) the overall influence of talent management on productivity, competitiveness, reputation, and customer retention (Cania & Prendi, 2024).

Data-driven talent management extends this strategic orientation through the application of big data analytics and Industry 4.0 technologies within a comprehensive people analytics framework. By systematically collecting and analyzing internal and external workforce-related data such as HR information systems, social media analytics, and labor market intelligence organizations enhance candidate screening accuracy, personalize recruitment communication, forecast skill requirements and performance trajectories, and support evidence-based decision-making in talent acquisition and retention (Conte & Siano, 2023).

Within the Society 5.0 paradigm, talent management in the digital age is conceptualized as a human-centered and ethically grounded strategic process. Advanced technologies including artificial intelligence, big data, the Internet of Things, and digital platforms are integrated into HR practices not merely for efficiency but to promote employee well-being, ethical governance, inclusiveness, and sustainable development. This approach positions talent management as a driver of organizational and societal transformation through the continuous development of qualified human capital (Atay et al., 2025).

Talent management has also been conceptualized as an integrated organizational system comprising talent identification, attraction, development, promotion, and retention. Emphasis is placed on aligning

workforce capabilities with organizational requirements through strategic human resource management and emerging technologies, particularly AI-driven analytics, which enhance workforce planning, recruitment precision, personalized training, and proactive retention strategies. In this formulation, talent management strengthens organizational performance, reinforces employer branding, and supports long-term competitive advantage (Shafiee & Goodarzi, 2025).

In the context of small and medium-sized enterprises (SMEs), strategic talent management extends beyond attraction and retention to institutionalized talent development through structured intrapreneurial practices. Rather than concentrating solely on high-potential employees, SMEs adopt an inclusive developmental approach in which all employees are regarded as potential intrapreneurs. Talent development is operationalized through a tripartite competency framework cognitive, functional, and behavioral competencies supporting both idea generation and implementation phases. Organizations cultivate creative and critical thinking, domain-specific expertise, project management and networking capabilities, as well as resilience, leadership, and calculated risk-taking. Responsibility for competency development is frequently embedded in line management practices, integrating intrapreneurial learning into routine operations and aligning individual growth with strategic expansion under resource constraints (Abid & Polo, 2025).

Complementing these perspectives, a skills-first HR approach restructures organizational people architecture by placing skills rather than job titles at the center of workforce strategy. Traditional job descriptions are replaced with dynamic skills profiles supported by shared taxonomies, validated skills audits, and analytics-enabled demand modeling. This architecture enables continuous alignment between internal capabilities and evolving strategic priorities, enhances internal mobility, reduces reliance on external labor markets, and facilitates agile talent redeployment across functions and geographies. In volatile environments, such alignment strengthens strategic agility and organizational sustainability (Collings & McMackin, 2025).

Finally, talent management is increasingly examined as part of an integrated framework linking human capital governance, organizational

commitment, and performance outcomes. Through differentiated practices including identification, development, performance management, succession planning, reward systems, and retention mechanisms organizations strengthen workforce capacity and foster employees' psychological attachment across affective, continuance, and normative dimensions. These mechanisms collectively enhance productivity, innovation, competitiveness, and overall organizational effectiveness (Gemedu et al., 2025).

As illustrated in Figure 9.9, strategy-driven talent management functions as an integrative architecture that synchronizes strategic intent with workforce capability development. At its core, it aligns strategic alignment and governance integration, structured and integrated talent systems, and data-driven, analytics-enabled decision architecture as upstream enablers that ensure coherence, accountability, and evidence-based workforce planning. These foundations translate into downstream capability outcomes, including human-centered and ethical digital transformation, skills-first and capability-based workforce design, and intrapreneurial and commitment-building capability development. Collectively, the framework positions talent management not as an isolated HR function but as a systemic, strategy-embedded mechanism that converts organizational direction into adaptive human capital configurations and sustained competitive advantage.

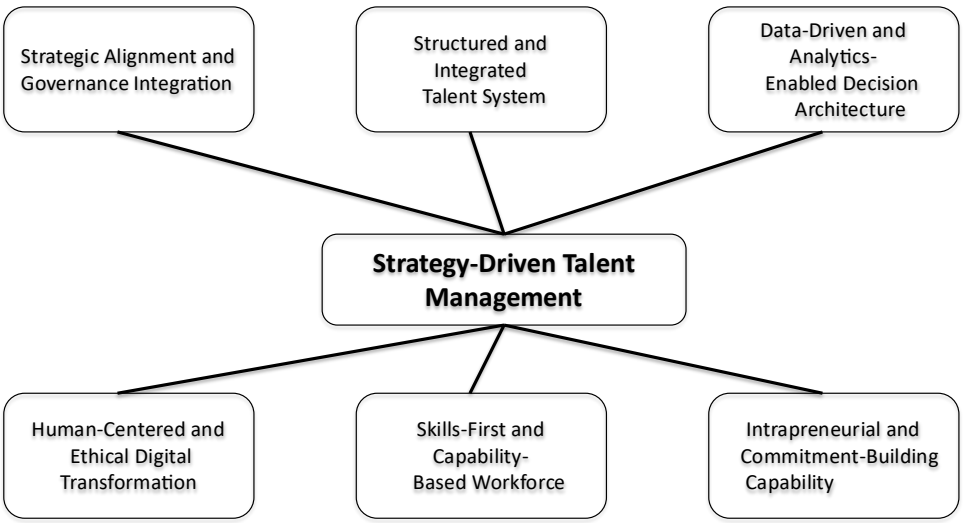

Figure 9.9 Strategy-Driven Talent Management

Source: Adapted from Arguelles, I., Miranda, I., Fernández, R., & Comas Rodríguez. (2024). Human talent as a driving force in the management of ethics in the sustainable university. *Salud, Ciencia y Tecnologia - Serie de Conferencias*, 3. https://doi.org/10.56294/sctconf2024.672

As illustrated in Figure 9.10, the entrepreneurial marketing capability architecture in strategy-driven talent management depicts a systemic, capability-based progression. Individual creativity is transformed into innovation, which is commercialized through entrepreneurship, while leadership institutionalizes direction and strategic coherence. These drivers enhance productivity and continuous improvement, forming the operational backbone of the organization. Sustained professionalism and managerial capability embed governance, discipline, and execution quality, culminating in a robust talent system that integrates, multiplies, and stabilizes strategic capabilities. Ultimately, the architecture links human capital development to measurable performance, demonstrating how strategy-aligned talent management orchestrates creativity, innovation, and operational excellence into competitive advantage.

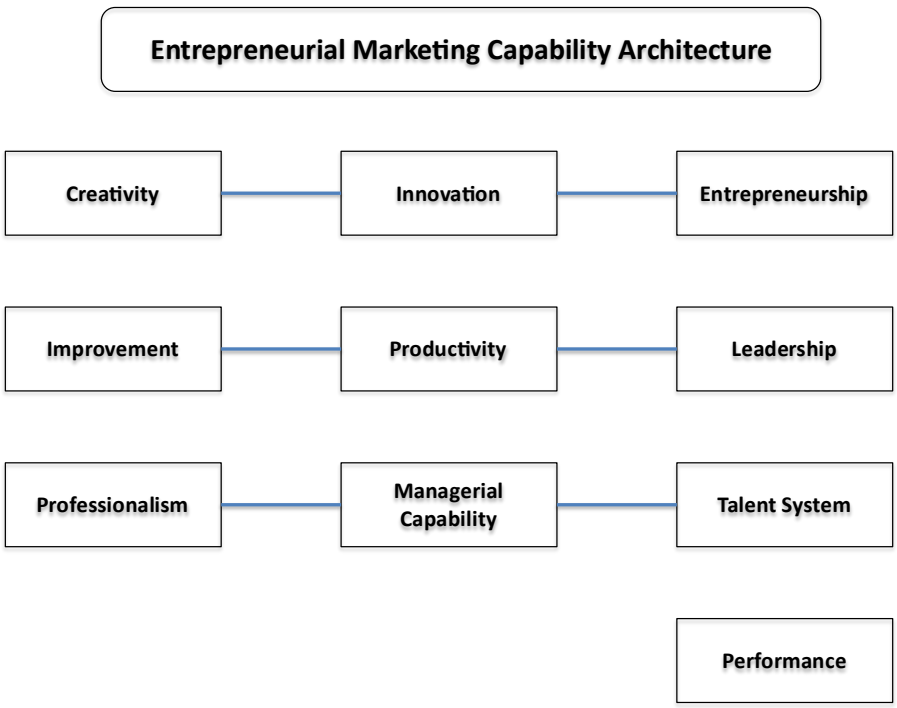

Figure 9.10 Entrepreneurial Marketing Capability Architecture

Source: Adapted from Siregar, Y., Lubis, N., Absah, Y., & Gultom, P. (2024). Increasing the competitive advantage and the performance of SMEs using entrepreneurial marketing architectural innovation capability in North Sumatera, Indonesia. *Uncertain Supply Chain Management*, 12, 956-976.

In sum, strategy-driven talent management constitutes a multidimensional governance and performance architecture that integrates corporate strategy, data analytics, digital transformation, employer branding, intrapreneurial development, skills-based workforce design, and commitment-building mechanisms into a coherent system. By embedding talent management within strategic decision-making structures, organizations cultivate adaptive, innovative, and sustainable human capital ecosystems capable of navigating complex and rapidly evolving global environments.

Case Study of Chapter 9

Determinants of Electric Vehicle Purchase Intentions in Thailand: The Role of Supply Chain Agility, Consumer Characteristics, and Electric Vehicles Characteristics

Adapted Reprint from:

Suvittawat, A. (2024). Exploring the Relationship between Supply Chain Agility, Consumer and Electric Vehicle Characteristics, and Purchase Intentions in Thailand: A Structural Equation Modeling Approach. World Electric Vehicle Journal, 15(7), 294. https://doi.org/10.3390/wevj15070294

1. Introduction

Primary production activities generate substantial environmental externalities, including natural resource depletion and ecosystem waste, prompting industries to prioritize sustainability. The automotive sector, in particular, has responded to climate change concerns by advancing renewable energy adoption and promoting electric vehicles (EVs) as an alternative to internal combustion engines. In Thailand, road transport dominates mobility patterns, yet contributes significantly to carbon emissions. With approximately 42 million registered vehicles nationwide and projected growth in EV sales, the transition toward electrification represents both an environmental imperative and a structural shift in the automotive market.

Globally, the EV market has expanded rapidly, with a 65% increase in sales in 2022 and a projected 17 million units sold in 2024. In Thailand, heavy reliance on gasoline subject to price volatility driven by macroeconomic and geopolitical factors creates economic pressure and reinforces the attractiveness of alternative energy vehicles. The development of battery efficiency, cost competitiveness, and supportive government policies (e.g., tax incentives and domestic production promotion) are critical enablers. Consumer attitudes, environmental awareness, perceived risks and

benefits, and technological acceptance significantly influence purchasing decisions.

Despite increasing global adoption, research on EV purchasing intention in Thailand remains limited, particularly regarding the interplay between consumer characteristics, EV attributes, and supply chain agility. This study develops a conceptual framework grounded in behavioral theory and technology acceptance to examine factors affecting Thai consumers' purchasing intentions. Consumer characteristics include social, demographic, psychological, and personal variables; EV-related factors cover economic considerations, technical specifications, and risk–benefit perceptions; and supply chain agility encompasses infrastructure readiness, operational preparedness, and pre- and post-sales service capabilities. The study seeks to identify which variables most strongly influence EV purchasing intention within the Thai context.

2. National Context: Electric Vehicle Purchase Intentions in Thailand

Electric vehicle (EV) purchase intentions in Thailand can be understood through the Theory of Planned Behavior (TPB) and the Technology Acceptance Model (TAM). TPB explains that behavioral intention is shaped by attitudes, subjective norms, and perceived behavioral control, making intention the most immediate predictor of actual behavior. In the EV context, consumers' environmental attitudes and social influences significantly shape their willingness to adopt EVs. TAM complements this perspective by emphasizing perceived usefulness and perceived ease of use as primary determinants of technology acceptance. When Thai consumers perceive EVs as convenient, beneficial, and easy to operate, their intention to purchase increases, particularly as EVs are considered both technological and environmental innovations.

Consumer characteristics also play a critical role in shaping EV adoption and interact closely with supply chain agility. Personality traits, environmental perception, and subjective norms influence consumers' readiness to adopt EVs. Simultaneously, supply chain agility enables firms to respond rapidly to evolving consumer preferences through internal collaboration, digitalization, and operational flexibility. As seen in other industries such as food production, shifts in consumer behavior require

adaptive and responsive value chains. In the EV sector, agility helps firms align product availability, charging solutions, and market communication with diverse consumer segments in Thailand.

The characteristics of electric vehicles themselves further affect both supply chain agility and purchasing intention. EV production depends heavily on critical raw materials such as lithium, nickel, cobalt, and manganese, making resilience, risk management, and sustainability central to supply chain strategy. Battery degradation, safety concerns, seasonal performance, and charging accessibility significantly influence consumer psychology. In Thailand, middle-income urban consumers are primary EV charging station users, and their perceptions are shaped by technological familiarity and convenience. Experiences with home charging, self-identity, and personal usage patterns further mediate attitudes toward EV ownership.

Finally, supply chain agility and EV characteristics jointly influence consumer purchasing intention. Transparent, efficient, and responsive supply chains supported by digital technologies enhance perceived value and trust, similar to how blockchain improves food traceability. Environmental awareness and EV pricing are the most decisive factors influencing purchase intention, whereas charging infrastructure and government policy show limited direct impact. Therefore, strengthening environmental consciousness, reducing vehicle costs, improving technological reliability, and enhancing supply chain responsiveness are essential strategies for stimulating EV adoption in the Thai market.

3. Methodology and Research Framework

The empirical foundation of this case study is based on a quantitative survey administered to 350 randomly selected respondents who are car users, hold a valid driver's license, reside in Thailand, and intend to purchase an electric vehicle. Data were collected through structured questionnaires and analyzed using structural equation modeling (SEM) to test the proposed hypotheses.

The survey includes measures capturing four key constructs: Consumer Characteristics, Electric Vehicle Characteristics, Supply Chain Agility, and Consumer Purchasing Intention.

Reliability and validity assessments indicate strong factor loadings ranging from 0.559 to 0.773. Cronbach's alpha coefficients ranged from 0.93 to 0.96, exceeding the recommended threshold of 0.70 and demonstrating high internal consistency. Furthermore, the model fit indices confirm an excellent overall model fit.

Six hypotheses are proposed to examine the direct effects among the variables, thereby providing a comprehensive understanding of how consumer characteristics, electric vehicle characteristics, and supply chain agility influence consumer purchase intention within the context of Thailand.

4. Findings and Discussion

4.1 Consumer Characteristics

Among all variables, Consumer Characteristics exhibits the strongest and broadest influence. Consumer Characteristics significantly affects:

- Supply Chain Agility ($\beta = 0.21$)
- Electric Vehicles Characteristics ($\beta = 0.43$)
- Consumer Purchasing Intention ($\beta = 0.19$)

These results suggest that consumers' environmental awareness, risk perceptions, and value evaluations play a critical role in shaping both upstream supply chain adaptations and downstream market outcomes within the electric vehicle context. Specifically, heightened environmental concern and innovation expectations drive manufacturers to enhance supply chain responsiveness and technological development. Moreover, understanding consumers' perceived financial, environmental, and psychological benefits is essential for designing electric vehicle features that align with customer value perceptions. In addition, digital platform quality and customer-centric design further reinforce purchase intentions, emphasizing that firms must integrate consumer insights into supply chain configuration, product development, and online engagement strategies to strengthen competitive positioning in the evolving electric vehicle market.

4.2 Electric Vehicles Characteristics

Electric Vehicles Characteristics significantly influence:

- Supply Chain Agility ($\beta = 0.30$)

- Consumer Purchasing Intention (β = 0.57)

These results suggest that consumers' perceptions of the functional benefits, value, and technological attributes of electric vehicles such as battery longevity and performance efficiency enhance not only their intention to purchase but also stimulate improvements in production efficiency and supply chain responsiveness. Consistent with technology adoption, perceived usefulness, risk considerations, and practical suitability play critical roles in shaping consumer attitudes and behavioral intentions in contexts such as Internet banking, smart speakers, and COVID-19 tracking applications. Collectively, when electric vehicle features are perceived as beneficial, reliable, and aligned with consumer needs, they foster stronger purchase intentions while simultaneously encouraging greater agility within the electric vehicle supply chain ecosystem.

4.3 Supply Chain Agility

Supply Chain Agility significantly influences Consumer Purchasing Intention (β = 0.25).

This result indicates that agile supply chain capabilities enhance firms' ability to respond to market changes, align products with evolving customer needs, and strengthen competitive positioning. Entrepreneurial capability plays a critical role in leveraging agility to foster innovation and sustainable business operations among SMEs. By effectively analyzing the business environment and adopting forward-looking strategies such as integrating circular economy principles and blockchain technology firms can improve operational efficiency, reduce production costs, enhance transparency and communication across the supply chain, and ultimately reinforce consumer purchase intention while promoting long-term sustainability.

5. Synthesis

The case study demonstrates that consumer purchase intention toward electric vehicles (EVs) in Thailand is shaped by an integrated system comprising consumer characteristics, EV characteristics, and supply chain agility. These constructs are positively and significantly interrelated, forming a coherent structural framework. Consumer characteristics including social

influence, environmental concern, and innovation orientation directly affect both EV characteristics and supply chain agility. In the Thai context, consumers' perceptions, values, and normative beliefs function as upstream drivers that influence how manufacturers configure product attributes and develop operational responsiveness. This finding underscores the role of demand-side factors in shaping strategic and operational decisions within the EV industry. Among the examined variables, EV characteristics particularly perceived benefits, battery longevity, and overall value exert the strongest direct effect on purchase intention. Functional performance and economic value emerge as the most decisive predictors of EV adoption in Thailand, indicating that consumers prioritize tangible product attributes when forming purchase decisions. Supply chain agility performs reinforcing functions within the model. Agile supply chain systems characterized by flexibility, rapid innovation, and responsiveness enhance consumer confidence and strengthen purchase intention. Thus, operational excellence extends beyond internal efficiency; it serves as a strategic mechanism that shapes market demand and competitive positioning. Overall, EV purchase intention in Thailand is not determined by isolated variables but by the systemic alignment among consumer psychology, product attributes, and agile supply chain capabilities. Strategic efforts to enhance EV design, improve battery performance, and strengthen supply chain responsiveness are likely to simultaneously increase consumer trust and accelerate market adoption. In essence, advancing EV adoption in Thailand requires a consumer-driven, technology-aligned, and agility-enabled strategic orientation, rather than an exclusive emphasis on price incentives or policy interventions alone.

The case study demonstrates that supply chain agility (SCA) functions as a dynamic capability, as it reflects the firm's ability to reconfigure resources flexibility, speed in innovation, and responsiveness to address shifts in consumer preferences and electric vehicle (EV) characteristics. Simultaneously, consumer alignment operationalized through consumer characteristics influencing EV features and purchasing intention—constitutes a market-sensing capability, enabling firms to detect evolving environmental awareness, value perceptions, and innovation preferences within the Thai context. Collectively, an integrated capability-building architecture where dynamic and market-sensing capabilities systematically reinforce creativity capability (innovation responsiveness), innovation capability (EV feature

enhancement), entrepreneurship capability (opportunity recognition in emerging EV markets), leadership capability (strategic alignment of supply chain and customer value), productivity capability (cost and efficiency optimization), improvement capability (continuous adaptation), professionalism capability (validated measurement rigor), and management capability (coordinated cross-functional execution).

6. Conclusion

Within the Thai context, supply chain agility plays a pivotal role in shaping consumers' intentions to purchase electric vehicles (EVs). Consumer purchase intention is positively influenced by three primary factors: consumer characteristics, electric vehicle characteristics, and supply chain agility. Consumers who value innovation demonstrate stronger intentions to adopt electric vehicles. In addition, the perceived utility and convenience of EV features such as longer battery range and user-friendly design significantly enhance purchasing intentions. Addressing practical concerns, especially battery longevity and driving range, is therefore essential for increasing consumer confidence and adoption. Furthermore, supply chain agility defined as the ability to rapidly respond to market demand through flexible production, delivery, and customization reinforces purchase intention by ensuring that EV attributes align with consumer expectations. Overall, EV manufacturers operating in Thailand should prioritize innovation, consumer-centric product development, agile supply chain management, and consumer education to strengthen market adoption and enhance purchase intentions.

Case Study Questions

1. How do Thai consumer characteristics influence supply chain agility in the electric vehicle industry?
2. To what extent do electric vehicle characteristics drive improvements in supply chain agility?
3. How do consumer characteristics shape perceptions of electric vehicle attributes?
4. Does supply chain agility enhance Thai consumers' intention to purchase electric vehicles?
5. Which factor exerts the strongest direct effect on consumer purchasing intention: consumer characteristics, EV characteristics, or supply chain agility?

Chapter Summary

Creativity and innovation capabilities constitute dynamic organizational competencies that transform novel ideas into sustainable value creation. Creative capability emphasizes structured idea generation through aligned processes, cognitive skills, and supportive culture, while innovation capability focuses on mobilizing intellectual capital, collaboration networks, and knowledge systems to convert ideas into market, technological, and strategic outcomes.

Entrepreneurship and leadership capabilities enable opportunity sensing, strategic resource allocation, and adaptive coordination in uncertain environments. Entrepreneurial capability centers on proactive opportunity exploitation and risk management, whereas leadership capability institutionalizes strategic direction, decision quality, empowerment, and governance mechanisms to sustain performance and resilience.

Productivity and improvement capabilities strengthen efficiency and continuous enhancement through aligned individual discipline and organizational systems. Productivity derives from skill development, incentive alignment, and digital competence, while improvement capability institutionalizes structured routines for maintenance, learning, feedback, and iterative performance refinement.

Professionalism and management capabilities ensure disciplined execution, credibility, and strategic coherence. Professionalism embeds shared standards, accountability, and ethical governance, whereas managerial capability integrates strategic foresight, resource orchestration, knowledge alignment, and ecosystem coordination to drive innovation and long-term competitiveness.

Strategy-driven talent management aligns talent systems with corporate strategy and long-term value creation. It integrates structured identification, development, analytics-enabled workforce planning, skills-based architecture, and commitment mechanisms to build adaptive, innovative, and sustainable human capital.

Chapter Review Questions

Review Question 1:

How can organizations systematically transform individual creative thinking skills into a sustainable innovation capability through structured routines, intellectual capital development, and external collaboration mechanisms?

Review Question 2:

In dynamic and uncertain environments, how do entrepreneurial capability (sensing, selecting, shaping, and synchronizing opportunities) and leadership capability (strategic direction, innovation skills, and management skills) jointly function as higher-order dynamic capabilities that enhance organizational resilience and performance?

Review Question 3:

How do training intensity, incentive structures, digital competencies (e.g., AI skills), and continuous improvement routines interact to build an integrated productivity and improvement capability that sustains long-term operational excellence?

Review Question 4:

Why must professionalism and managerial capability be institutionalized through governance systems, self-assessment mechanisms, cultural stewardship, and strategic resource orchestration to ensure credibility, innovation alignment, and long-term organizational sustainability?

Review Question 5:

How does strategy-driven talent management—integrating skills-first architecture, data-driven analytics, intrapreneurial development, and commitment-building mechanisms—create a human capital ecosystem that strengthens strategic agility and competitive advantage?

Chapter Exercises

Exercise 1:

Select an organization (real or hypothetical).

1. Diagnose its current creative capability across three levels:
   - Cognitive skills (divergent & convergent thinking)
   - Organizational routines (idea socialization, idea management, agility)
   - Innovation architecture (human, structural, relational capital)
2. Design a Capability Development Blueprint that includes:
   - Two interventions to enhance structured creativity routines
   - Two mechanisms to institutionalize innovation capability
   - One KPI to measure creative output
   - One KPI to measure innovation conversion (idea-to-market ratio)
3. Explain how alignment between process, people, and place enhances sustainability of innovation capability.

Exercise 2:

Assume your organization faces rapid market disruption.

1. Analyze entrepreneurial capability using four dimensions:
   - Sensing
   - Selecting
   - Shaping
   - Synchronizing opportunities
2. Evaluate leadership capability across:
   - Strategic direction
   - Innovative skills
   - Management skills
3. Develop a 90-day action plan specifying:
   - One structural intervention to increase opportunity responsiveness
   - One leadership development mechanism (e.g., stretch assignments, mentoring)
   - One governance adjustment to improve crisis adaptability

Conclude by explaining how entrepreneurial and leadership capabilities function as complementary dynamic capabilities.

Exercise 3:

A firm is experiencing stagnating labor productivity despite increased investment in technology.

1. Diagnose gaps in:
   - Training intensity vs. training coverage
   - Incentive alignment
   - AI/digital skill integration
   - Continuous improvement routines
2. Propose:
   - One intervention at the individual level (execution discipline)
   - Two organizational mechanisms for institutionalizing improvement routines
   - One digital tool integration for performance transparency
3. Design a performance dashboard with 4 KPIs reflecting:
   - Productivity
   - Improvement effectiveness
   - Learning rate
   - Standard maintenance stability

Exercise 4:

You are tasked with strengthening organizational credibility before international expansion.

1. Develop a Professionalism Architecture Framework including:
   - Code of conduct system
   - Self-assessment mechanism
   - Digital professionalism infrastructure
   - Governance oversight structure
2. Assess managerial capability in terms of:
   - Strategic foresight
   - Resource orchestration
   - Cultural stewardship

- Ecosystem coordination

3. Recommend:
   - One succession planning mechanism
   - One knowledge-sharing system
   - One innovation-aligned managerial KPI

Explain how professionalism and managerial capability together ensure disciplined scalability.

Exercise 5:

Assume the organization adopts a long-term digital transformation strategy.

1. Map the required strategic capabilities and translate them into:
   - Core skill clusters
   - Critical roles
   - Leadership pipeline requirements
2. Design a strategy-driven talent system incorporating:
   - Performance and engagement metrics
   - People analytics utilization
   - AI-driven recruitment precision
   - Succession planning
3. Develop a Skills-First Workforce Model:
   - Replace job titles with dynamic skills taxonomy
   - Identify 5 priority future skills
   - Create internal mobility pathways

Conclude by explaining how talent management transitions from operational HR to a governance-level strategic architecture.

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Chapter 10: Humanity-Centered Technology-Based Marketing for Stakeholder Value and Sustainable Ecosystems

Course Learning Outcomes (CLO):

1. Analyze the integration of high-tech and high-touch strategies to create human-centered value.
2. Apply digital and AI-enabled tools to enhance customer, product, and brand management.
3. Evaluate technology's role in augmenting human capability and organizational effectiveness.
4. Design technology-enabled customer experiences that enhance personalization and trust.
5. Formulate sustainability strategies through green materials and green manufacturing.

Contents and Concepts of This Chapter:

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10.2 Technology-Based Marketing in Marketing Management

10.3 Technology for People

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10.1 Technology for Humanity: From High Tech to Higher Touch

This section establishes the normative and epistemological grounding of the framework. It articulates the underlying assumptions about value creation, capability development, and sustainability that anchor all subsequent managerial and strategic mechanisms.

This chapter advances entrepreneurial marketing by conceptualizing technology-based marketing as a humanity-centered orchestration capability that integrates digital intelligence, relational value, and stakeholder sustainability.

The evolution of service systems in the digital era underscores a foundational principle: technology alone does not create value; value emerges when technology enhances human meaning. "High tech" becomes transformative only when it enables "higher touch," reinforcing personalization, emotional connection, and co-creation rather than replacing them.

Within hospitality and tourism, the integration of smart technologies including artificial intelligence, robotics, and IoT-enabled systems has extended traditional service quality frameworks to include a distinct smart service dimension. Rather than substituting core service elements, smart service quality comprising automation, personalization, precision, and efficiency functions as a complementary dimension within an expanded service quality model. Although consumers acknowledge the relevance of smart service features, traditional dimensions particularly reliability remain the primary determinants of overall service quality evaluations. Smart service attributes are generally perceived as supportive rather than central. Technological systems are expected to deliver efficiency and accuracy; however, they do not displace the foundational importance of reliability and human-centered service in shaping quality perceptions (Ayvaz-Çavdaroğlu et al., 2024).

Achieving an optimal balance between technology and human interaction is therefore critical. When automated service technologies are supplemented by visible human support, customers report higher satisfaction, greater trust, and more favorable behavioral intentions compared to technology-only encounters. While technology enhances convenience and

operational efficiency, human interaction reduces uncertainty and strengthens relational perceptions. Integrating high-tech and high-touch elements thus produces synergistic effects on overall service evaluations (Wu et al., 2022).

In omni-channel retail logistics, logistics service quality is conceptualized as comprising two second-order orientations: a high-tech orientation (e.g., timeliness, physical facilities, ease of return) and a high-touch orientation (e.g., employee knowledge, flexibility, responsiveness to delivery discrepancies). Both orientations exert significant positive effects on consumer satisfaction, although the high-tech orientation demonstrates a stronger effect particularly among younger, digitally literate consumers. Importantly, technology-enabled performance and human-centered relational attributes operate as complementary rather than substitutive drivers of satisfaction. High-tech capabilities enhance efficiency, reliability, and process transparency, whereas high-touch elements reinforce emotional assurance and personalized problem resolution (Xie et al., 2025).

In hotel settings, personalization-supporting technologies primarily function as enablers of individualized service throughout the guest journey. Rather than replacing frontline employees, digital tools facilitate data collection, storage, and analytics that inform personalized interactions. High-touch technologies where human interaction remains central but is augmented by information and communication technologies are more prevalent than fully automated high-tech solutions. Effective personalization emerges from a deliberate balance: complete automation cannot replicate relational depth, yet purely human delivery without technological support limits scalability and data-informed precision (Hiezl & Gyurácz-Németh, 2025).

Similarly, in heritage landscapes, high-tech interventions do not inherently enhance engagement with the past. Meaningful heritage experiences arise from embodied, multisensory interaction and a felt sense of presence. Although digital technologies can assist interpretation particularly in museum contexts excessive or intrusive use risks disrupting immersion. When applied judiciously, technology should guide attention back to the physical environment, reinforcing rather than replacing in-situ engagement. In this context, effective design prioritizes subtle augmentation over technological saturation (Burlingame, 2022).

The humanizing potential of technology is further nuanced in innovation and co-creation contexts. In new product development, consumer participation is driven primarily by intrinsic motivations (e.g., enjoyment, self-expression) and internalized extrinsic motivations (e.g., knowledge acquisition, value alignment). Perceived barriers both economic and non-economic can diminish participation, particularly in high-tech product categories. Personality traits, including mavenism, quality consciousness, and shopping enjoyment, shape how individuals evaluate motivations and barriers, ultimately influencing their willingness to engage in co-creation. Thus, meaningful co-creation depends less on the technological platform itself and more on the alignment between psychographic characteristics, product typology (high-tech versus high-touch), and motivational structures (Mandolfo et al., 2020).

As illustrated in Figure 10.1, technology for humanity: from high tech to higher touch conceptualizes technology not as an end in itself but as a strategic enabler of human-centered value creation. The framework emphasizes the integration of high-tech capabilities such as data analytics, AI-driven systems, automation, and smart services with high-touch dimensions that preserve empathy, relational depth, and experiential authenticity. Central pillars include technology-enabled personalization, which leverages digital intelligence to tailor offerings without eroding trust; dual orientation in omni-channel systems, balancing efficiency (high-tech orientation) with human engagement (high-touch orientation); and augmented, rather than saturated, experience design, where technology enhances but does not overwhelm the customer journey. Furthermore, the model underscores motivated co-creation and innovation, positioning stakeholders as active contributors to value development, while advocating strategic orchestration over mere technology adoption ensuring alignment among digital infrastructure, service systems, and human interaction. Collectively, the framework advances a transition from technology-centric deployment toward humanity-centered integration, where technological sophistication ultimately deepens meaningful human connection.

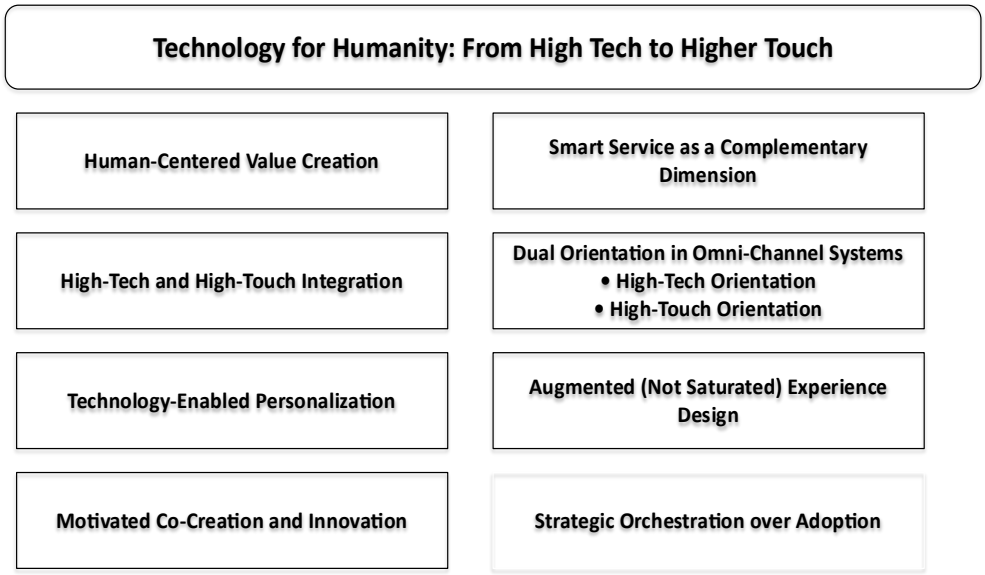

Figure 10.1 Technology for Humanity: From High Tech to Higher Touch

Source: Adapted from Fan, A., Lu, Z., & Mao, Z. (2022). To talk or to touch: Unraveling consumer responses to two types of hotel in-room technology. *International Journal of Hospitality Management*, 101, 103112.

Technology for Humanity : From High Tech to Higher Touch

Problem it solves:

The framework addresses the structural imbalance in digital marketing whereby firms over-invest in technological sophistication (automation, AI, analytics) while under-designing human meaning, relational depth, and stakeholder alignment. This produces efficiency gains without proportional trust, loyalty, or societal legitimacy. The model resolves this paradox by repositioning technology as an augmentation mechanism integrated with human-centered value creation, co-creation, personalization, and smart service design so that high-tech capability systematically translates into higher-touch outcomes (empathy, relevance, trust, resilience).

How it differs from prior digital marketing views:

Traditional digital marketing perspectives emphasize adoption, channel optimization, data-driven targeting, and performance metrics (CTR, conversion, engagement velocity). In contrast, this framework advances a socio-technical orchestration logic: technology is not an endpoint or efficiency tool but a complement to human experience systems. It explicitly integrates dual orientation (high-tech and high-touch), augmented not saturated experience design, and strategic orchestration over mere implementation. The shift is from technology utilization to technology-human convergence, and from transactional optimization to stakeholder value creation.

Conditions under which it applies:

The model is most applicable in digitally mature, data-intensive, omni-channel environments where firms possess baseline technological infrastructure (AI, analytics, automation platforms) but face diminishing returns from pure digitization. It is particularly relevant in experience-centric sectors (services, festivals, healthcare, retail, education) where relational depth, trust, and societal accountability shape performance. The framework presumes organizational readiness for cross-functional integration, cultural commitment to human-centricity, and leadership capable of orchestrating ecosystems rather than managing isolated tools.

As illustrated in Figure 10.2, the humanity-centered technology-based marketing architecture conceptualizes value creation as a sequential yet mutually reinforcing socio-technical system in which technology infrastructure serves as the foundational enabler, but human capability operates as the central transformation mechanism. Rather than allowing digital tools to dominate marketing logic, the architecture positions technology as an augmentative layer that enhances employee skills, decision quality, and adaptive capacity, which in turn elevates customer experience through more precise personalization, responsiveness, and relational engagement. These improved customer outcomes translate into strengthened organizational performance manifested in productivity, competitiveness, and resilience ultimately extending beyond firm-level gains to societal sustainability. The model therefore reframes technology-based marketing from a purely efficiency-driven paradigm to a humanity-centered orchestration logic where technological inputs are mediated through human

agency to generate customer value, organizational viability, and long-term socio-economic impact.

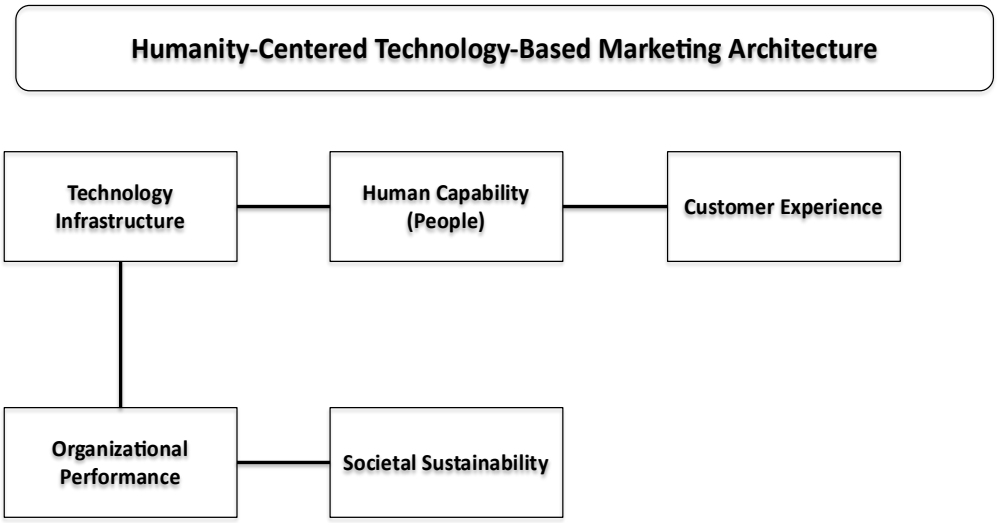

Figure 10.2 Humanity-Centered Technology-Based Marketing Architecture

Source: Adapted from Piccarozzi, M., Caboni, F., Bruni, R. (2026). Fostering well-being in Industry 5.0 through managerial behaviours and enabling technologies. *Technological Forecasting and Social Change*, 226, 124600.

Collectively, service excellence does not emerge from choosing between automation and empathy but from architecting integrated ecosystems in which digital intelligence strengthens human connection. High tech enhances speed, consistency, and data-driven personalization; higher touch cultivates trust, emotional security, authenticity, and relational meaning. The most resilient organizations treat technology as an enabler of humanity rather than its replacement. As service systems become increasingly digitized, the strategic imperative shifts from technological adoption to technological orchestration ensuring that innovation elevates, rather than erodes, the human experience.

Viewed through this lens, "Technology for Humanity" represents not a rhetorical aspiration but an operational blueprint. It calls for re-centering service design on relational value creation, embedding intelligent systems that empower employees, support co-creation, and deepen experiential

authenticity. The progression from high tech to higher touch reflects the maturation of digital transformation: efficiency becomes foundational, but empathy becomes the decisive differentiator.

10.2 Technology-Based Marketing in Marketing Management

Building upon this philosophical foundation, this section operationalizes core principles within the marketing function. It translates abstract commitments into integrative marketing architectures that align strategy, data, and value propositions across the firm.

Technology-based marketing enhances organizational performance through four interlocking mechanisms. First, it reduces information asymmetry by generating real-time market intelligence (e.g., behavioral data, demand signals, sentiment analytics), thereby narrowing gaps between firms and customers and improving price, promotion, and product decisions. Second, it accelerates the decision cycle by automating data processing and enabling rapid experimentation, which shortens sensing–seizing–reconfiguring loops and strengthens dynamic capability deployment. Third, it increases personalization precision via algorithmic segmentation, predictive modeling, and recommendation systems that optimize customer-level value propositions and conversion efficiency. Finally, it strengthens ecosystem connectivity by integrating platforms, supply chain actors, and complementary partners through digital interfaces and shared data infrastructures, enhancing coordination, network effects, and co-creation. Collectively, these mechanisms transform marketing from a reactive function into a data-driven, adaptive system that systematically converts market intelligence into superior firm performance.

Technology-based marketing has fundamentally reshaped marketing management by embedding digital platforms, artificial intelligence (AI), data analytics, and marketing technologies (MarTech) into customer, product, and brand decision-making processes. The integration of these technologies enhances managerial efficiency, deepens customer insights, and strengthens competitive advantage.

As illustrated in Figure 10.3, technology-based marketing in marketing management is structured around three interrelated domains:

customer management, product management, and brand management, each redefined through digital and technological capabilities. In customer management, technology enables greater attention to community building through digital platforms and social ecosystems, fosters more contextualized engagement via data analytics and personalization algorithms, and supports more realistic positioning grounded in real-time customer insights and behavioral data. In product management, digital tools assist firms in codifying authentic differentiation by embedding data-driven insights into product development, reinventing the marketing mix through digitally enhanced value propositions, and redesigning sales channels via omnichannel integration and platform-based distribution models. In brand management, technology facilitates the building of strong brand character through consistent digital narratives, instills a sense of caring through responsive and transparent communication systems, and opens collaborative engagement by enabling co-creation, user-generated content, and interactive brand communities. Collectively, technology does not operate as a peripheral tool but as a strategic infrastructure reshaping core marketing management functions.

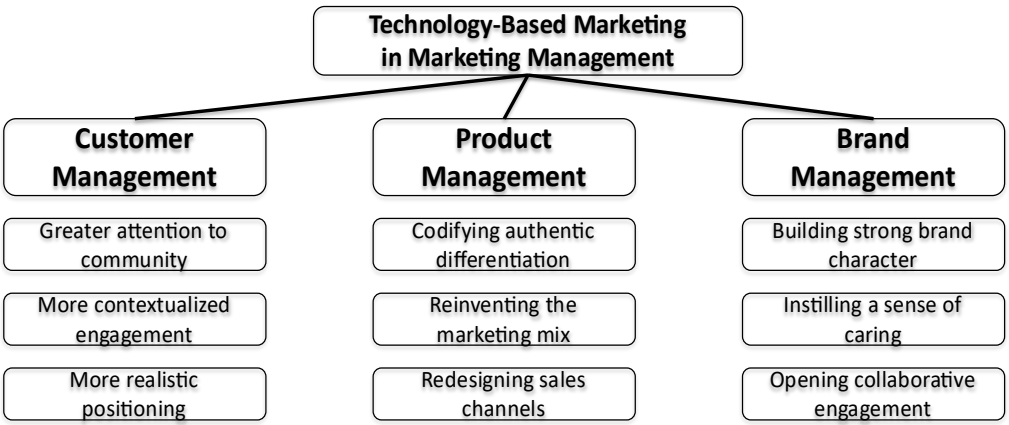

Figure 10.3 Technology-Based Marketing in Marketing Management

Source: Adapted from Othman, A., & Maarek, Y. (2026). A social media-based framework for marketing architectural design firms in Egypt during global economic downturn. *Archnet-IJAR: International Journal of Architectural Research*, 20(3), 681-689.

Customer management has evolved from a transactional orientation toward a relational, context-sensitive, and authenticity-driven paradigm. Greater attention to community reflects a strategic shift from managing discrete customers to cultivating interconnected ecosystems in which individuals co-create value, share experiences, and collectively reinforce brand meaning. A more contextualized approach emphasizes the importance of situational variables such as cultural background, usage context, lifecycle stage, and digital behavior to deliver interactions aligned with customers' lived realities. Meanwhile, realistic positioning requires aligning brand promises with operational capabilities and authentic value propositions, thereby minimizing expectation gaps and strengthening trust. Collectively, these orientations reposition customer management as a dynamic process centered on community engagement, contextual relevance, and credible brand alignment to sustain long-term relational equity.

Technology-based customer management positions Customer Relationship Management (CRM) as a core MarTech platform integrating digital tools to support customer attraction, engagement, and retention. MarTech, conceptualized as the convergence of marketing and technology, encompasses digital systems that enhance relationship management through electronic CRM (e-CRM), mobile CRM, and related innovations. In the banking sector, MarTech-enabled CRM spans pre-service, in-service, and post-service stages, embedding technological capabilities throughout the customer journey rather than limiting them to data collection and analytics (Sangarathas, 2025).

CRM is increasingly recognized as both a customer-centric management philosophy and a technological solution supporting entrepreneurial marketing and firm performance. It enables systematic management of customer information, strengthens relationship marketing practices, and aligns strategic policies with customer knowledge. CRM contributes to organizational outcomes by improving customer identification, acquisition, retention, and development processes, particularly through loyalty programs and customer lifetime value optimization. Rather than merely automating marketing activities, CRM facilitates comprehensive relationship management and supports the implementation of relationship-based entrepreneurial marketing strategies (Guerola-Navarro et al., 2024).

Product Management

Contemporary product management requires firms to codify authentic differentiation by translating distinctive resources and capabilities into defensible market positioning. This involves articulating unique functional and symbolic benefits and embedding them systematically into product architecture, branding, and customer experience design. Simultaneously, managers must reinvent the marketing mix by reconfiguring product attributes, pricing structures, distribution systems, and promotional strategies to align with digital ecosystems and evolving consumer expectations. Redesigning sales channels further requires the integration of omni-channel pathways, data-driven coordination, and strategic alignment among channel partners to enhance accessibility, personalization, and conversion efficiency. Together, these initiatives ensure coherence between value creation, communication, and capture.

Artificial Intelligence (AI) serves as a transformative enabler across the entire product lifecycle from ideation to post-launch evaluation. Rather than solely reducing uncertainty in feature optimization, AI functions as an integrative framework supporting innovation, strategic decision-making, and operational efficiency. During ideation, AI enhances creativity through data-driven insights and trend forecasting. In market research and validation, machine learning and natural language processing analyze consumer preferences, sentiment, and behavioral patterns to inform strategic direction. AI accelerates prototyping via generative design and simulation tools, improves user experience through personalization and recommendation systems, automates testing and quality assurance processes, and optimizes launch strategies using predictive analytics and targeted marketing. Thus, AI-driven analytics facilitate continuous iteration, strategic alignment, and performance optimization throughout the product lifecycle (Ogundipe et al., 2024).

Digital marketing technologies further strengthen product marketing effectiveness through the integration of websites, search engine marketing (SEO and PPC), social media marketing, and advanced analytics. Core tools include search engine optimization (SEO), pay-per-click (PPC) advertising, social media marketing (SMM), email marketing, and content marketing. Data-driven techniques such as descriptive and predictive analytics,

sentiment analysis, A/B testing, customer segmentation, marketing attribution modeling, and real-time performance monitoring optimize campaign effectiveness and return on investment (ROI). Artificial intelligence and automation enhance personalization, consumer behavior prediction, and decision-making quality. Collectively, the integration of digital marketing technologies enables evidence-based product marketing decisions, expands market reach, strengthens retention, and sustains competitiveness in digitally mediated environments (Susanti, 2025).

Brand Management

Brand management involves cultivating a coherent and distinctive brand character that reflects the firm's core values, strategic positioning, and long-term vision. A well-defined character functions as an identity anchor, ensuring consistency across communication and experiential touchpoints while generating cognitive clarity and emotional resonance. Beyond identity construction, effective brand management fosters a genuine sense of caring through ethical conduct, responsiveness, and social responsibility thereby strengthening trust, relational commitment, and brand attachment. Contemporary brand management also extends beyond unilateral communication by encouraging collaborative engagement, inviting customers and partners into co-creation processes that enhance empowerment and shared ownership. Accordingly, brand management centers on orchestrating meaningful relationships and participatory value creation within dynamic market ecosystems.

Technology-based brand management relies on information and communication technologies (ICT), artificial intelligence, and behavioral analytics to understand and shape consumer perceptions. ICT enables real-time data collection and large-scale analysis through social media monitoring, web analytics, email tracking, and mobile data systems. These technologies facilitate the identification of cognitive, emotional, behavioral, and attitudinal dimensions of brand perception and inform positioning and promotional strategies throughout the brand lifecycle (Yahelska et al., 2023).

The application of AI in brand management represents a multidimensional and evolving phenomenon rather than a uniformly positive causal mechanism. AI intersects with key components of customer-based

brand equity including brand awareness, brand image, judgments and feelings, and brand resonance through applications such as machine learning, social media analytics, chatbots, neural networks, and augmented reality. By enabling large-scale data analysis, sentiment mining, personalization, and automated engagement, AI strengthens awareness, associations, perceived quality, and loyalty. However, its implementation also introduces increasing complexity, anthropomorphism effects, trust and transparency challenges, and the need to balance short-term performance metrics with long-term brand equity development (Dong, 2025).

10.3 Technology for People

Once marketing integration is established at the functional level, attention shifts inward to capability amplification. This section examines how human capital, digital augmentation, and organizational learning interact to enhance adaptive and creative capacity.

Technology for people reframes technological advancement through a human-centered paradigm. Rather than privileging efficiency, scale, or technical sophistication alone, this perspective emphasizes human well-being, agency, inclusivity, and ethical responsibility. Technology is valued not merely for operational functionality but for its capacity to enhance dignity, strengthen trust, and generate meaningful societal impact.

A human-capital augmentation framework under digital transformation conceptualizes technology not as labor substitution but as a capability-enhancing infrastructure that amplifies employees' cognitive, analytical, and collaborative capacities. Within this logic, digital technologies (e.g., AI systems, data analytics platforms, automation tools) function as enablers that expand task variety, decision accuracy, learning velocity, and adaptive responsiveness. This technological infusion leads to capability augmentation deepening domain expertise, strengthening problem-solving routines, and accelerating knowledge recombination. Enhanced capabilities subsequently generate psychological fulfillment by increasing perceived competence, autonomy, meaningfulness, and growth opportunities, consistent with motivational and self-determination perspectives. In turn, heightened psychological fulfillment drives discretionary effort, innovation behaviors, and coordinated execution, culminating in improved organizational

performance manifested through productivity gains, innovation outputs, strategic agility, and sustained competitive advantage.

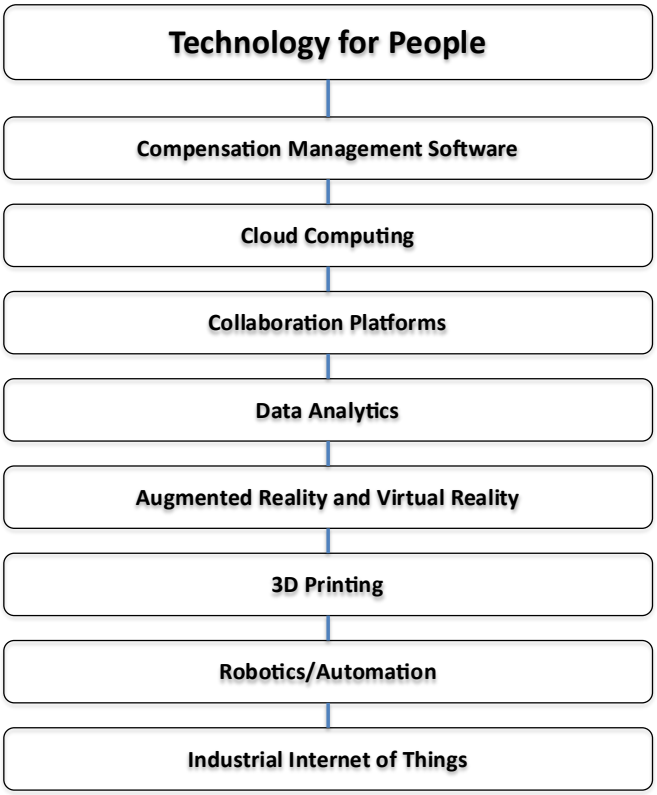

Figure 10.4 Technology for People

Source: Adapted from Fitri, H., & Utaberta, N. (2026). What matters most in inclusive smart green spaces: Accessibility and smart technology needs of people with disabilities in technology-enhanced urban green spaces. *City and Environment Interactions*, 31, 100424.

As illustrated in Figure 10.4, technology for people encompasses a portfolio of digital and intelligent systems designed to augment human capability, improve organizational performance, and support experiential value creation. For example, compensation management systems enhance transparency, equity, and data-informed decision-making in human resource

management. Cloud computing democratizes access to scalable computational infrastructure, while collaboration platforms facilitate both synchronous and asynchronous coordination across geographically dispersed teams. Data analytics transforms raw data into actionable insights, strengthening strategic planning and enabling advanced personalization. Immersive technologies, including augmented reality (AR) and virtual reality (VR), enrich training, simulation, and customer engagement experiences. Advanced production technologies such as 3D printing, robotics and automation, and the Industrial Internet of Things (IIoT) optimize operational performance, enable mass customization, and support predictive maintenance through real-time connectivity. Collectively, these technologies do not simply automate tasks; they reconfigure how individuals and organizations work, collaborate, learn, and innovate within digitally mediated ecosystems.

Digital transformation, however, should be guided by a humanity-centered compass grounded in psychological theory and sustainability principles. Technology may be conceptualized as a mechanism for resource regulation, enabling access to time, health, mobility, and other valued resources. Its effectiveness should therefore be assessed according to its capacity to satisfy fundamental psychological needs particularly autonomy, competence, relatedness, and self-esteem. Rather than allowing innovation to be driven exclusively by technological feasibility, a needs-driven paradigm is required one supported by models, metrics, and performance indicators that evaluate both individual well-being and long-term societal sustainability. In this framework, responsible digitalization aligns technological development with human psychological functioning, user diversity, and intergenerational resource preservation (Franke & Zoubir, 2020).

In healthcare contexts, technology functions not only as a clinical instrument but also as a relational bridge. In diabetes care, digital tools such as blood glucose monitoring systems, virtual consultations, and data-sharing platforms connect patients and educators across time and space while translating clinical knowledge into individualized lived experience. When implemented respectfully and in a patient-centered manner, these technologies deepen partnership, strengthen trust, and support personalized disease management rather than replacing human interaction (Godley, 2023).

At the organizational level, generative AI introduces more complex implications. Generative AI increasingly encapsulates organizational functions and relational dynamics within opaque, evolving technological systems. By internalizing tasks and coordination processes, it can reduce the visibility and controllability of organizing mechanisms while simultaneously reshaping coordination patterns, power structures, and divisions of labor. In team settings, generative AI may progressively absorb both formal and informal coordination practices by learning from communication patterns, work rhythms, and interdependencies. As its capabilities expand, it should therefore be theorized not merely as a support tool but as a dynamically evolving relational agent that transforms the fabric of teamwork and organizing over time (Hinds & von Krogh, 2024).

The transition toward Industry 5.0 represents a further evolution from technology-driven optimization toward explicit human-centered integration. Rather than replacing Industry 4.0, Lean Industry 5.0 integrates lean management practices, advanced digital technologies, and human-centric principles within a unified framework. Digital tools can be systematically aligned with established lean routines such as Just-in-Time (JIT), Total Productive Maintenance (TPM), and Plan–Do–Check–Act (PDCA) while fostering autonomy, competence development, and collaborative engagement. Successful implementation requires attention to leadership involvement, structured routines, technological readiness, and workforce training. Within this model, digital technologies do not displace human roles; instead, they digitize and reinforce lean processes, enhance real-time transparency, and create conditions for more autonomous and competence-enhancing work (Hines et al., 2026).

Similarly, the concept of Construction 5.0 reframes digital transformation in the built environment by emphasizing structured integration between human expertise and artificial intelligence through continuous learning systems. Rather than positioning AI as a substitute for professional judgment, this framework conceptualizes technological systems as augmentative instruments that enhance decision-making, knowledge transfer, and collaborative problem-solving. Effective integration depends on adaptive training infrastructures, participatory implementation strategies, and organizational learning mechanisms capable of evolving alongside

technological complexity. The transformation thus lies not primarily in technical advancement itself but in institutional redesign cultivating governance structures, competencies, and learning ecosystems that preserve human agency, creativity, and resilience within AI-enabled construction environments (Kjellmark et al., 2026).

More broadly, technology should reinforce rather than erode the human dimension of organizations. In talent management, digital tools can be integrated with lean leadership principles to align individual aspirations, skill development, and organizational objectives. Such integration fosters self-reliance, protean career orientations, and sustained employee engagement. Technology thereby becomes an enabler of human capital development, bridging the traditional lean tension between operational efficiency and respect for people. When strategically embedded within talent management systems, digital solutions support retention, long-term commitment, and organizational resilience (Salvadorinho et al., 2024).

In sum, Technology for people advances a normative and practical reorientation of digital transformation: technology should not be an end in itself, but a means of enhancing human flourishing, relational integrity, and sustainable organizational development.

10.4 Technology for Customers

With internal capabilities strengthened, the transformation extends to the market boundary. This section analyzes how firms redesign customer interfaces, engagement systems, and value co-creation processes to reflect augmented organizational intelligence.

Customer-facing technologies create value only when technical efficiency and human governance are jointly optimized. In contemporary markets, technology has evolved from a backstage operational mechanism into a primary interface between firms and customers. Technology for customers refers to digital systems, intelligent platforms, and interactive tools intentionally designed to enhance customer experience, facilitate value co-creation, and optimize relational exchanges throughout the customer journey. Rather than merely automating internal processes, these technologies directly influence how customers search, evaluate, purchase, consume, and interact with brands.

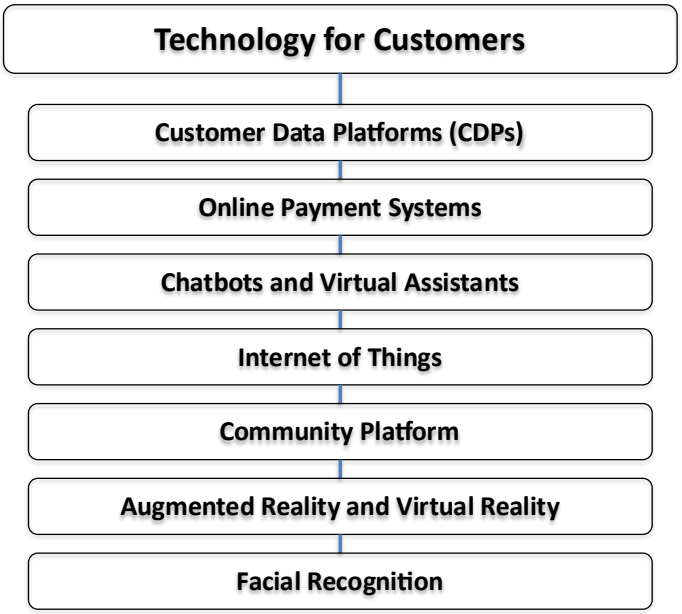

Figure 10.5 Technology for Customers

Source: Adapted by Author

As illustrated in Figure 10.5, technology for customers constitutes a strategic infrastructure that strengthens personalization, convenience, and relational engagement. Customer Data Platforms (CDPs) integrate first-party data to generate unified, real-time customer profiles that support precision targeting and predictive analytics. Secure online payment systems enable seamless transactions, reduce checkout friction, and enhance trust. AI-driven chatbots and virtual assistants provide continuous service responsiveness through natural language processing, improving accessibility and operational efficiency. Internet of Things (IoT) applications collect behavioral and contextual data via connected devices, enabling anticipatory service and proactive value delivery. Digital community platforms foster peer interaction, brand co-creation, and relational embeddedness, thereby increasing loyalty and customer lifetime value. Augmented Reality (AR) and Virtual Reality (VR) technologies enhance experiential engagement through immersive visualization and virtual product trials, reducing perceived risk and

strengthening decision confidence. Facial recognition systems further enable identity verification and hyper-personalized service, particularly in high-technology retail and hospitality contexts. Collectively, these technologies shift customer management from transactional exchange toward data-driven, interactive, and experience-centric engagement models.

Recent advances in artificial intelligence (AI) have further transformed customer-facing operations, positioning AI-enabled service systems as central components of contemporary customer experience strategies. AI-powered chatbots, hybrid human–AI agents, and AI-based self-service technologies (SSTs) have become critical mechanisms for enhancing responsiveness, personalization, engagement, and operational performance. When strategically aligned with customer expectations, these systems can strengthen satisfaction, loyalty, and service outcomes.

Several determinants of effective AI-powered chatbot performance. In logistics services, perceived effectiveness depends on issue-resolution capability, product knowledge, independence from human transfer, grammatical accuracy, and overall recommend ability (De Santis, 2024). Chatbot value emerges from functional competence rather than mere technological presence. Similarly, in e-commerce identifies response time, information quality, perceived usefulness, and ease of use as key drivers of customer satisfaction, which subsequently enhances loyalty (Vebrianti et al., 2025). In both contexts, technology strengthens relational outcomes only when it delivers efficient, accurate, and user-friendly interactions.

Importantly, AI in customer service does not operate in isolation but within integrated human–AI configurations. In hybrid service environments, disclosure of human involvement significantly influences customer communication behavior. When customers are informed that employees collaborate behind the scenes with chatbots, they adopt more elaborate and linguistically complex communication styles. This impression-management dynamic increases the likelihood of message delegation to human agents, thereby elevating employee workload (Gnewuch et al., 2024). Customer-oriented technology functions within socio-technical systems rather than as a full substitute for human labor.

From a broader technological perspective, contemporary service systems predominantly operate through Human–Robot Interaction and Collaboration (HRI-C), in which automated agents perform standardized tasks while human supervisors provide oversight, contextual judgment, and personalization. Technology therefore enhances scalability and precision but remains embedded in human governance structures. Although future developments may advance toward AI-augmented HRI-C or even Robot–Robot Interaction and Collaboration (RRI-C), full automation remains constrained by technological maturity and societal acceptance (Reis, 2024).

In financial services, AI-driven self-service technologies (AI-based SSTs) including ATMs, mobile banking applications, internet banking platforms, chatbots, and interactive kiosks enable customers to independently conduct transactions without direct employee involvement. These systems leverage machine learning and personalization algorithms to enhance service experience. Personalization, convenience, and time efficiency significantly shape customer experience, while positive AI-based SST experiences strengthen system-based trust, which subsequently fosters brand love in the banking sector (Zungu et al., 2025). Thus, customer-facing technologies extend beyond operational automation to function as strategic value-creation mechanisms that enhance experiential quality, build trust, and deepen relational engagement.

Overall, technology for customers represents a paradigm shift from efficiency-centered automation to experience-centered, data-enabled relational management. Its strategic value lies not in technological sophistication alone, but in its capacity to integrate intelligence, usability, and human oversight into cohesive socio-technical systems that co-create customer value.

10.5 Technology for Society

Finally, the framework expands beyond firm-level performance toward systemic influence. This section evaluates how transformed customer interfaces and integrated capabilities generate broader economic, social, and environmental sustainability outcomes.

Having examined firm-level and customer-level impacts, the final dimension of technology-based marketing extends beyond dyadic exchange

toward systemic value creation. At this level, technology orchestration the strategic integration of AI, data analytics, digital platforms, and ecosystem partnerships functions as a coordination mechanism that aligns multi-actor resources across firms, customers, suppliers, regulators, and communities. Effective orchestration enhances stakeholder value by simultaneously improving transparency, trust, inclusivity, and shared economic returns while reducing inefficiencies and negative externalities. When stakeholder value creation is embedded into platform design and governance structures, it accumulates into societal resilience: adaptive capacity, institutional robustness, environmental sustainability, and socio-economic stability. Thus, technology-based marketing evolves from firm competitiveness to ecosystem optimization and ultimately to sustainability transformation through a causal chain of orchestration → stakeholder alignment → systemic resilience.

Technology for society emphasizes sustainable industrial transformation through two interrelated pillars: green materials and green manufacturing. Green materials reduce life-cycle environmental impact by prioritizing renewable, recyclable, low-toxicity, and low-carbon inputs. Green manufacturing complements this approach by integrating energy-efficient processes, waste minimization, emission control, and resource optimization into production systems. Together, these elements align material selection and industrial operations with environmental stewardship, climate mitigation, and long-term societal resilience, as illustrated in Figure 10.6.

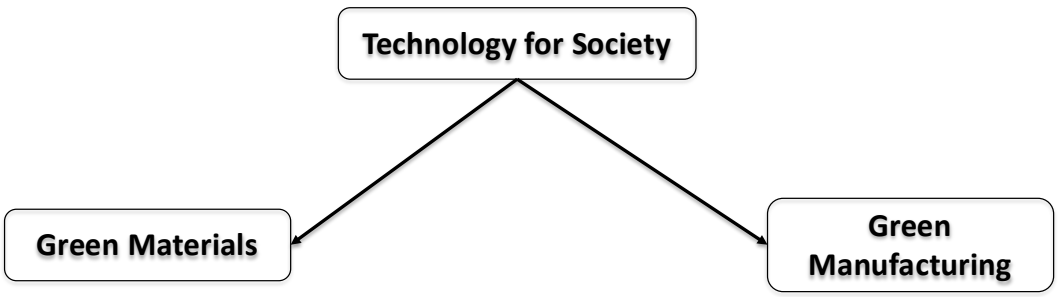

Figure 10.6 Technology for Society
Source: Adapted by Author

Green Materials

Within the framework of Technology for Society, green materials represent a sustainability-driven transformation of supply chains and construction systems through the systematic integration of environmentally responsible inputs across the building life cycle. Rather than functioning as isolated technical substitutions, green materials operate as systemic enablers of environmental protection, carbon reduction, circular resource flows, and long-term socio-economic development.

In the construction supply chain, green materials are embedded within green supply chain management strategies emphasizing recycled and reclaimed inputs such as post-consumer metal, glass, plastic, and demolition waste to reduce reliance on virgin resources and energy-intensive extraction processes (Ali et al., 2023). Environmentally preferable insulation alternatives, including cellulose, wool, and recycled denim, further reduce dependence on synthetic, non-biodegradable materials while improving thermal efficiency. These practices collectively lower embodied energy, minimize waste generation, and align construction activities with national sustainability goals.

From a development perspective, green materials also play a critical role in addressing housing affordability and environmental challenges in emerging economies. The strategic use of locally available, low-processing materials such as earth bricks, bamboo, stone, timber, and thatch reduces embodied energy, transportation costs, and environmental degradation while maintaining structural adequacy when properly applied (Adeniyi & Mohamedc, 2019). In this context, green materials function as socio-technical instruments that simultaneously advance affordable housing, resource efficiency, and sustainable community development.

Empirical sustainability assessments further demonstrate that environmentally responsible materials such as recycled aggregates, fly ash, ground granulated blast furnace slag, bio-based fibers, straw bales, recycled plastics, and autoclaved aerated concrete produce measurable reductions in embodied carbon, energy consumption, greenhouse gas emissions (CO_2), air pollutants (SOx, NOx, particulates), and construction waste when evaluated using life cycle assessment methodologies (Tazmeen & Mir, 2024). Green

material systems also enhance indoor environmental quality by reducing hazardous emissions, thereby contributing to public health and long-term economic performance. Accordingly, green materials are positioned not as optional alternatives but as foundational technological instruments for climate mitigation and socially responsible development in the built environment.

Beyond the construction sector, the societal dimension of green materials can be observed in the operationalization of the Bio-Circular-Green (BCG) model within Thailand's sustainable food festival tourism ecosystem. Under this integrative framework, bio-economy, circular economy, and green economy principles are embedded into tourism infrastructure and operations through locally sourced bio-based materials, reduced single-use plastics, composting systems, and environmentally responsible packaging (Suvittawat et al., 2025). Here, green materials extend beyond environmental inputs to become catalysts for regenerative value creation, reduced ecological footprints, enhanced community engagement, and strengthened economic resilience. The integration of green material strategies into tourism events thus transforms them into platforms for societal learning, behavioral change, and sustainable development.

Green Manufacturing

Green manufacturing represents the production-system dimension of Technology for Society, focusing on the reduction of environmental externalities while enhancing industrial competitiveness and resource efficiency. It encompasses energy management, emissions reduction, clean technology adoption, waste recycling, lifecycle management, and process optimization within an integrated governance–operations–environment framework.

Societal value emerges from green manufacturing through structured interactions among technological innovation, organizational capabilities, strategic orientation, stakeholder pressure, and regulatory environments. Advanced technologies that optimize machine configurations and reduce carbon intensity improve environmental, operational, and economic performance at the firm level while simultaneously contributing to climate mitigation and sustainable industrial transformation at the system level

(Bendig et al., 2023). Thus, green manufacturing operates not merely as eco-efficient production, but as a systemic mechanism aligning industrial competitiveness with ecological sustainability.

Under conditions of uncertainty, performance improvements in green manufacturing depend on prioritizing clean technologies, green process integration, lifecycle thinking, and waste management practices. Government policy particularly energy and green industrial policies functions as a primary institutional driver that reinforces environmental management systems and strengthens green productivity and supply chain performance (Bui et al., 2024). Green manufacturing is therefore conceptualized as a coordinated system in which regulatory instruments, operational practices, and environmental governance interact to support long-term sustainable development.

Green manufacturing contributes most effectively to societal and economic outcomes when firms adopt a balanced configuration of environmental activities, targeted green investments, and sustainable product strategies. The breadth of green activities such as energy conservation, recycling, eco-design, and waste minimization exerts a positive influence on economic performance, whereas excessive or misaligned expenditure may not yield proportional returns (D'Angelo et al., 2023). Consequently, green manufacturing serves society not through maximal investment intensity, but through strategically calibrated environmental integration that advances sustainability alongside economic viability.

Case Study of Chapter 10

Sustainable Food Festival Tourism: Integrating the Bio-Circular-Green (BCG) Model for Cultural and Environmental Resilience in Thailand

Adapted Reprint from:

Suvittawat, A., Janchai, N., Seepho, S., Nonthachai, J., & Nonthachai, I. (2025). Sustainable Food Festival Tourism: Integrating the Bio-Circular-Green (BCG) Model for Cultural and Environmental Resilience in Thailand. Sustainability, 17(5), 1969. https://doi.org/10.3390/su17051969

1. Introduction

The Bio-Circular-Green (BCG) model represents a transformative framework for advancing sustainable food festival tourism in Thailand. By integrating bio-economy, circular economy, and green economy principles, the model promotes efficient resource utilization, waste minimization, and reduced environmental impact while sustaining economic growth. Food festivals provide an effective platform for BCG implementation, as they showcase local agricultural products, culinary heritage, and community participation. Through practices such as sourcing local ingredients, reducing single-use plastics, composting waste, and lowering carbon emissions, the BCG model enables festivals to balance economic benefits with ecological stewardship and cultural preservation, reinforcing Thailand's long-term sustainable tourism aspirations.

Despite its strategic relevance, empirical research examining the holistic impact of the BCG model in Thailand's food festival context remains limited. Existing studies tend to focus on isolated economic or environmental outcomes, leaving a gap in understanding the integrated ecological, socio-cultural, and economic effects of BCG-driven initiatives. Furthermore, barriers related to infrastructure readiness, stakeholder coordination, and community engagement require systematic investigation. Addressing these gaps is essential to optimize implementation strategies and to strengthen the

evidence base supporting BCG as a scalable sustainability framework within tourism.

Theoretically, the BCG model draws upon sustainable tourism frameworks, environmental economics, circular economy theory, and cultural tourism and community-based tourism perspectives. Operationalization within food festivals involves promoting organic and biodiverse agricultural practices (bio-economy), implementing reuse and waste reduction systems (circular economy), and adopting renewable energy and low-carbon initiatives (green economy). Through this integrated approach, the BCG model enhances environmental resilience, strengthens community participation, and supports long-term economic viability, positioning Thailand's food festival tourism as a regenerative and globally competitive model of sustainable development.

2. National Context: Sustainable Food Festival Tourism in Thailand

Sustainable food festival tourism in Thailand is theoretically grounded in cultural tourism theory and destination image theory. Cultural tourism encompasses diverse motivations and levels of engagement, ranging from purposeful cultural tourists seeking immersive heritage experiences to incidental or serendipitous visitors whose cultural involvement varies in intensity. Memorable cultural tourism experiences are shaped by factors such as authenticity, pre-visit expectations, active participation, cultural interaction, culinary experiences, and service excellence. Destination image theory further explains how cognitive (tangible attributes), affective (emotional responses), and overall impressions influence tourist decision-making before, during, and after travel, with food festivals functioning as strategic platforms that shape and reinforce Thailand's culinary and cultural image.

The success of food festivals depends on multidimensional key success factors (KSFs), including food quality, service excellence, engaging programs, accessibility, authentic cultural representation, and effective event management. These elements enhance visitor satisfaction, stimulate place attachment, strengthen destination branding, and encourage repeat visitation. Simultaneously, food festivals contribute to community identity by reinforcing shared traditions, social cohesion, intergenerational knowledge

transfer, and local pride. Community-based festival models emphasize inclusivity, stakeholder engagement, and equitable distribution of socio-economic benefits, ensuring alignment between festival development and long-term community well-being.

Integration of the Bio-Circular-Green (BCG) model introduces a sustainability-oriented dimension to food festival development. The BCG framework promotes responsible resource management, waste reduction, renewable resource utilization, local sourcing, and circular bio-economy practices. When embedded within food festivals, BCG principles enhance environmental stewardship, improve operational efficiency, and increase attractiveness to environmentally conscious tourists. The alignment between cultural heritage promotion and sustainable practices strengthens the competitive positioning of Thai food festivals within global sustainable tourism trends.

The literature highlights dynamic and mediating relationships among KSFs, community food festival models, community identity, and the BCG model. Community identity functions as both an outcome and a catalyst, reinforcing stakeholder participation and long-term support. Similarly, the BCG framework acts as a mediating mechanism that integrates sustainability into operational and strategic planning, ensuring economic viability alongside cultural preservation and environmental responsibility. Collectively, these interconnected constructs provide a comprehensive framework for advancing sustainable food festival tourism in Thailand, balancing cultural authenticity, community empowerment, and green economic transformation.

3. Methodology and Research Framework

The empirical foundation of this case study is based on a quantitative survey administered to 503 festival attendees. Data were collected through structured questionnaires and analyzed using structural equation modeling (SEM) to test the proposed hypotheses. The survey includes measures capturing four key constructs:

Key Success Factors for Food Festival – event planning and management, marketing and promotion, stakeholder engagement, and visitor experience and satisfaction.

Community Identity – cultural practices and traditions, sense of belonging, shared values and beliefs, and geographic and historical significance.

Bio-Circular-Green Model – bio-based resources, circularity, green innovation, and social and environmental awareness.

Model for Community Food Festival – community engagement, event marketing and promotion, vendor and sponsorship relations, and logistics and infrastructure.

Reliability and validity assessments reveal strong factor loadings ranging from 0.680 to 0.910 and Cronbach's alpha coefficients exceeding 0.80, indicating high internal consistency. The model fit indices (RMSEA = 0.023, GFI = 0.976, CFI = 0.996) further confirms an excellent model fit.

Eight hypotheses examine the direct and mediating effects among the variables, providing a comprehensive understanding of how key success factors for food festival, community identity, bio-circular-green model, and model for community food festival interact within Thailand's food festival tourism context.

4. Findings and Discussion

4.1 Key Success Factors for Food Festival: event planning and management, marketing and promotion, stakeholder engagement, and visitor experience and satisfaction

Among all variables, Key Success Factors for Food Festival exhibits the strongest and broadest influence. Key Success Factors for Food Festival significantly affects:

- Community Identity ($\beta = 0.646$)
- Bio-Circular-Green Model ($\beta = 0.370$)
- Model for Community Food Festival ($\beta = 0.465$)

The findings confirm that key success factors (KSFs) for food festivals exert strong and statistically significant positive effects on the core constructs of the model. Specifically, KSFs have the strongest influence on community identity, indicating that effective event planning, marketing, stakeholder engagement, and visitor satisfaction substantially reinforce

cultural pride, shared values, and sense of belonging. In addition, KSFs significantly affect the community food festival model, demonstrating that operational excellence directly enhances community engagement, vendor relations, and festival infrastructure. Furthermore, KSFs positively influence the Bio-Circular-Green (BCG) model, suggesting that well-managed festivals are more likely to integrate sustainable practices such as local sourcing, circular resource use, and environmental awareness. Collectively, these results reveal that managerial and experiential success factors are foundational drivers that simultaneously strengthen socio-cultural identity, sustainability integration, and the structural robustness of community-based food festival models.

4.2 Community Identity: cultural practices and traditions, sense of belonging, shared values and beliefs, and geographic and historical significance

Community Identity does not significantly influence Model for Community Food Festival ($\beta = 0.066$).

Community Identity significantly influences Bio-Circular-Green Model ($\beta = 0.498$).

The findings indicate a differentiated role of community identity. Specifically, community identity does not have a statistically significant direct effect on the model for community food festival, suggesting that shared traditions, sense of belonging, and collective values alone are insufficient to directly shape the operational and structural dimensions of the festival model. In contrast, community identity exerts a strong and significant positive influence on the Bio-Circular-Green (BCG) model, highlighting that a well-established local identity substantially enhances the adoption of sustainability-oriented practices, including bio-based resource utilization, circularity, green innovation, and social–environmental awareness. This result reveals that community identity functions more effectively as a strategic cultural driver of sustainability transformation rather than as a direct structural determinant of the community food festival model, implying that sustainable development mechanisms mediate the translation of local identity into practical festival outcomes.

4.3 Bio-Circular-Green Model: bio-based resources, circularity, green innovation, and social and environmental awareness

Bio-Circular-Green Model significantly influences Model for Community Food Festival ($\beta = 0.324$).

These results reveal that the integration of Bio-Circular-Green (BCG) model principles encompassing bio-based resource utilization, circularity, green innovation, and social and environmental awareness substantively enhances the structural and operational dimensions of community food festivals, including community engagement, event marketing, vendor relations, and logistical infrastructure. The moderate effect size indicates that sustainability-oriented practices are not merely peripheral additions but constitute a strategic driver of festival model development. Practically, this suggests that embedding circular economy mechanisms, environmentally responsible resource management, and green innovation into festival planning can strengthen long-term viability, environmental performance, and community-centered value creation within Thailand's food festival tourism context.

4.4 The Mediating Roles of Community Identity and Bio-Circular-Green Model in the Relationship between Key Success Factors for Food Festival and Model for Community Food Festival

The findings indicate that community identity did not significantly mediate the relationship between key success factors for food festivals and the community food festival model. Although key success factors (e.g., event planning, marketing, stakeholder engagement, and visitor satisfaction) positively influenced both community identity and the festival model directly, the indirect pathway through community identity lacked statistical significance. This implies that contemporary festival attendees may prioritize experiential quality and sustainability attributes over traditional identity-based elements. In contrast, confirming that the Bio-Circular-Green (BCG) model significantly mediated the relationship between key success factors and the community food festival model. The results demonstrate that integrating sustainability-oriented practices such as circularity, green innovation, bio-based resources, and social-environmental awareness strengthens the structural linkage between operational success factors and the overall festival model. Thus, the BCG framework functions as a critical mechanism translating managerial effectiveness into sustainable community

festival development, reinforcing the strategic importance of sustainability integration in food festival tourism.

5. Synthesis

The case study illustrates that integrating the Bio-Circular-Green (BCG) model into food festival tourism provides a comprehensive and empirically validated pathway toward sustainable and community-oriented event management in Thailand. Key success factors namely event planning and management, marketing and promotion, stakeholder engagement, and visitor experience exert significant positive effects on both the BCG model and the community food festival model. While community identity contributes to the structural framework, its influence appears less pronounced than expected, indicating a shift in tourist preferences toward sustainability, environmental responsibility, and service quality over purely cultural-symbolic attributes. The results demonstrate that the BCG model functions not merely as an environmental overlay but as a strategic mediating mechanism that strengthens resource efficiency, circular practices, green innovation, and social–environmental awareness. Consequently, sustainable food festivals evolve into multidimensional platforms that simultaneously generate economic value, enhance destination competitiveness, and align with long-term environmental resilience objectives.

The case demonstrates technology-enabled sustainability orchestration by operationalizing the BCG architecture through structured event planning, measurable sustainability indicators, and SEM-based validation of causal pathways among key success factors, community identity, and BCG constructs. It reflects stakeholder ecosystem alignment, where farmers, vendors, organizers, and tourists are integrated through community engagement, local sourcing, circular resource flows, and coordinated governance mechanisms. The study further evidences data-driven festival management, using structural equation modeling to quantify direct, indirect, and mediating effects, thereby transforming sustainability from normative aspiration into empirically validated managerial capability. Collectively, these mechanisms generate socio-technical value creation, in which technological systems (measurement models, circular waste systems, green innovation practices) interact with social structures (community identity, cultural practices, stakeholder collaboration) to co-produce

economic resilience and environmental stewardship. In synthesis, the findings map explicitly to a high-tech/high-touch logic high-tech analytics and sustainability systems reinforce high-touch community participation and cultural authenticity; they embody a technology for society paradigm, where digital and managerial technologies serve collective environmental and social objectives rather than pure efficiency; and they advance stakeholder value creation, demonstrating how coordinated sustainability architecture enhances visitor experience, local economic returns, ecological performance, and long-term destination competitiveness simultaneously.

6. Conclusion

This case study establishes the Bio-Circular-Green (BCG) model as a transformative and integrative framework for advancing sustainability in Thailand's food festival tourism sector. Theoretically, it contributes to sustainable tourism literature by empirically demonstrating how BCG principles integrating bio-economy, circular economy, and green economy concepts enhance the relationship between key success factors and sustainable festival outcomes. The findings confirm the mediating role of the BCG model in strengthening economic, environmental, and social performance simultaneously. Importantly, the study challenges the conventional assumption that community identity is always a dominant determinant of festival success, revealing that contemporary tourists may prioritize sustainability and quality over strong local identity cues.

Practically, the case study provides guidance for policymakers, event organizers, and local communities. It recommends adopting the BCG framework through waste reduction strategies, local sourcing, green innovation, and sustainability-focused event design. Educational activities, efficient logistics, and environmentally responsible infrastructure are highlighted as essential components for enhancing visitor experience and long-term sustainability. While community identity shows limited direct impact, cultural authenticity remains strategically important through community participation and collaborative governance.

The study further emphasizes the need for targeted policy instruments (e.g., incentives for eco-friendly vendors), structured operational guidelines for organizers, and community-based economic participation mechanisms.

Overall, integrating the BCG model into food festival tourism offers a strategic pathway toward sustainability, cultural preservation, and economic resilience.

Case Study Questions

1. How do key success factors of food festivals (event planning, marketing, stakeholder engagement, and visitor satisfaction) influence the development of community identity in sustainable food festivals?
2. To what extent do key success factors facilitate the implementation of Bio-Circular-Green (BCG) model in food festival management?
3. How does the adoption of Bio-Circular-Green (BCG) model (bio-based resources, circularity, green innovation, social and environmental awareness) enhance the effectiveness of the community food festival model?
4. In what ways does community identity (culture, belonging, shared values, geographic significance) strengthen the Bio-Circular-Green (BCG) model?
5. Does Bio-Circular-Green (BCG) model mediate the relationship between key success factors and the community food festival model?

Chapter Summary

Technology for Humanity advances the principle that technological sophistication ("high tech") creates value only when it strengthens human connection ("higher touch"). In digitally transformed service systems, technologies such as AI, smart services, automation, and data analytics enhance efficiency, precision, and personalization, but do not replace fundamental human dimensions such as reliability, empathy, and trust. Across hospitality, retail, logistics, heritage, and innovation contexts, optimal service outcomes emerge from integrating high-tech capabilities with high-touch relational support. The strategic imperative therefore shifts from technology adoption to technology orchestration embedding intelligent systems that augment personalization, enable co-creation, and deepen experiential authenticity while preserving human-centered value creation.

Technology-based marketing reshapes marketing management by embedding digital platforms, artificial intelligence, analytics, and MarTech infrastructure into customer, product, and brand management functions. In customer management, CRM systems, data analytics, and digital communities enable contextualized engagement, relational equity, and lifecycle optimization. In product management, AI supports ideation, validation, prototyping, and performance optimization across the product lifecycle, while digital marketing tools enhance targeting, channel integration, and ROI measurement. In brand management, ICT and AI-driven analytics strengthen brand character, transparency, collaborative engagement, and customer-based brand equity. Collectively, technology operates not as a peripheral tool but as a strategic infrastructure that reconfigures core marketing processes toward data-driven, relationship-centered value creation.

Technology for People reframes digital transformation through a human-centered lens that prioritizes well-being, agency, inclusivity, and ethical responsibility. Technologies such as compensation management systems, cloud computing, collaboration platforms, data analytics, AR/VR, 3D printing, robotics, IIoT, and generative AI enhance human capability, organizational learning, and operational transparency. However, effectiveness is evaluated not merely by efficiency gains but by the extent to which

technology satisfies psychological needs (autonomy, competence, relatedness, self-esteem) and supports sustainable development. Emerging paradigms such as Industry 5.0 and Construction 5.0 further emphasize augmentative integration where digital tools enhance, rather than replace, human expertise ensuring that technological advancement reinforces human capital development, resilience, and long-term organizational integrity.

Technology for Customers positions digital systems as primary interfaces shaping the entire customer journey from search to post-purchase engagement. Core infrastructures include Customer Data Platforms (CDPs), secure online payment systems, AI-powered chatbots, IoT applications, community platforms, AR/VR technologies, and facial recognition. These systems enhance personalization, convenience, trust, and experiential immersion while enabling predictive analytics and proactive service delivery. AI-powered self-service technologies and hybrid human–AI service configurations improve responsiveness and operational efficiency, yet remain embedded within socio-technical systems requiring transparency and human oversight. The paradigm thus shifts from automation-centric efficiency to data-enabled, experience-centered relational management that co-creates customer value and strengthens loyalty.

Technology for Society emphasizes sustainable industrial transformation through the integration of green materials and green manufacturing. Green materials reduce life-cycle environmental impact by incorporating recycled, renewable, low-carbon, and low-toxicity inputs into supply chains and construction systems, supporting circular economy principles and socio-economic resilience. Green manufacturing complements this by embedding energy efficiency, emissions reduction, waste minimization, lifecycle management, and clean technologies into production systems. Supported by regulatory frameworks and strategic environmental integration, these practices align industrial competitiveness with climate mitigation and sustainable development. Societal value arises not from maximal investment intensity but from calibrated environmental strategies that balance economic performance with ecological stewardship and long-term resilience.

Chapter Review Questions

Review Question 1:

How can organizations strategically orchestrate high-tech capabilities and high-touch human interaction to create humanity-centered value without sacrificing efficiency or relational depth?

Review Question 2:

In what ways does technology-based marketing reshape customer management, product management, and brand management as core strategic functions within marketing management?

Review Question 3:

How does a human-centered approach to digital transformation ensure that advanced technologies enhance autonomy, competence, well-being, and sustainable organizational development?

Review Question 4:

How do AI-driven and data-enabled customer-facing technologies transform the customer journey from transactional exchange to experience-centered relational engagement?

Review Question 5:

How do green materials and green manufacturing collectively advance sustainable industrial transformation while balancing environmental stewardship and economic performance?

Chapter Exercises

Exercise 1:

Select one service organization (e.g., hotel, hospital, airline, retail platform).

1. Identify its high-tech elements (AI, automation, analytics, IoT, etc.).
2. Identify its high-touch elements (empathy, personalization, human support).
3. Evaluate whether the firm achieves effective technology orchestration (integration rather than substitution).
4. Recommend two strategic improvements to strengthen the shift from high tech to higher touch.

Exercise 2:

Choose a company that actively uses digital marketing technologies.

1. Analyze how technology supports its customer management, product management, and brand management.
2. Identify specific MarTech tools used (e.g., CRM, AI analytics, SEO, automation).
3. Evaluate how these technologies enhance competitive advantage.
4. Propose one innovation to improve technology-based marketing integration across the three domains.

Exercise 3:

Conduct a critical assessment of digital transformation within an organization.

1. Identify at least three technologies used (e.g., cloud computing, collaboration platforms, AR/VR, generative AI).
2. Evaluate their impact on human well-being, autonomy, competence, and relatedness.
3. Discuss potential ethical, psychological, or organizational risks.
4. Develop a human-centered improvement framework aligned with Industry 5.0 principles.

Exercise 4:

Select a digital service firm (e.g., e-commerce platform, bank, logistics company).

1. Identify the key customer-facing technologies implemented (CDP, AI chatbot, IoT, AR/VR, facial recognition, etc.).
2. Assess how these technologies influence customer experience, trust, and loyalty.
3. Evaluate the balance between automated systems and human oversight.
4. Recommend improvements to strengthen socio-technical integration.

Exercise 5:

Choose an industry (e.g., construction, manufacturing, tourism, food processing).

1. Identify examples of green materials and/or green manufacturing practices.
2. Analyze their environmental, economic, and societal impacts (e.g., carbon reduction, resource efficiency, circularity).
3. Evaluate the role of regulation, stakeholder pressure, or strategic orientation in adoption.
4. Propose a technology-for-society roadmap integrating sustainability with competitiveness.

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