The People-side of Implementing Business Model Innovation

A study on the role of employee motivation, development and readiness to change in implementing business model innovation

by

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MSc in Management of Technology

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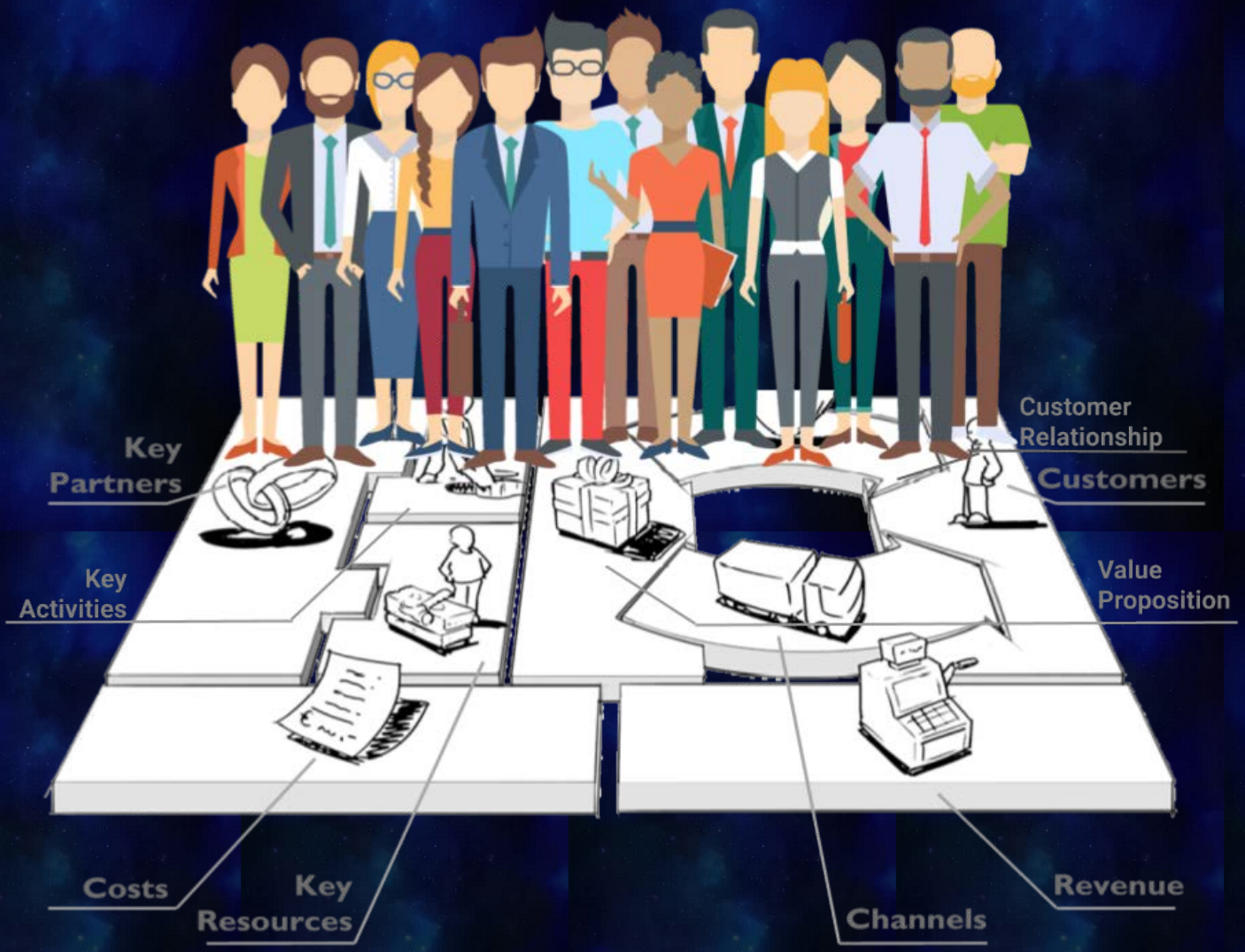

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Master Thesis submitted to

in partial fulfilment of the requirements for the degree of

MASTER OF SCIENCE

in Management of Technology

Faculty of Technology, Policy & Management

by

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To be defended in public on 19th August 2019

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Acknowledgements

This thesis document marks the end of a challenging yet wonderful journey of my Masters degree program in Management of Technology (MOT) at the Technical University in Delft. It could not have become a reality without the kind support and help from many people. Therefore, I would like to acknowledge and extend my sincere thanks to everyone who has supported me throughout the execution of my Master Thesis.

First, I would like to take this opportunity to thank my graduation committee members who have guided me from day one. A special gratitude goes out to my daily supervisor Ali Latifi for his patience and consistent support during times of doubt; allowing me to reflect on my own work and steering me whenever necessary. Thank you to my first supervisor and chairperson professor Harry Bouwman, for his critical insights and valuable feedback throughout my research; thank you for not retiring before I graduated. Finally, a special thanks to professor Robert Verburg for being my second supervisor and for all his effort into being the director of education for the MOT Master Program.

Next, I would like to thank the research participants who took time out of their busy schedules to answer my questions during the interviews as well as the time after the interviews for validation. Without their input this thesis could not have been completed.

Last, but not least, I would like to thank my mom and dad for their unconditional love and support, and for believing in me when I did not believe in myself. Thank you for giving me the opportunity to study in my dream university and for being my personal cheerleaders throughout my education and life in general. I am very grateful to you both.

Sushmitha Raguraman
Delft, August 2019

"The inevitability of change might be a universal constant"

- Sheldon Cooper, 2019

Abstract

The concept of business model innovation (BMI) has taken off significantly over the last decade in the academic as well as the business environment. It is seen as an important source of competitive advantage and is increasingly being used to achieve superior firm performance. Nevertheless, the field is yet to embrace the organizational dimension, especially in the BMI implementation phase. There is more focus given towards the technical aspect than the people aspect of BM implementation. Therefore, this research draws attention towards the people-side of implementing BMI, more specifically the role of employee motivation, development and readiness to change during BM implementation and how it influences the link between BMI and firm performance. First, a set of propositions, based on literature review, are used to develop a conceptual model that depicts the role of employee's motivation, development and readiness to change in the BMI process. Thereafter, this model is used to analyze two cases of BMI in SMEs using a semi-structured interview method, to attest and refine the propositions. Besides obtaining a better understanding of the role of employees during BM implementation, this research provides empirical evidence that explains how certain employee characteristics influence the link between BMI and firm performance. Finally, the insights obtained has practical relevance as it stimulates better organizational practices when it comes to the people-side of implementing the BMI.

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Chapter 1. Introduction

1.1 Background

Business Model Innovation can make a firm wealthy but bankrupt if not implemented correctly. Contrary to other forms of innovation that are associated with new products, processes or services, a business model innovation (BMI) is a source of competitive advantage that can make a firm significantly more profitable (Emprechtinger, 2018). As a result, the focal point of organizations has shifted from product and service innovation to business model innovation. Innovating a business model is more or less similar to other forms of innovation where an idea is generated, designed, analyzed and then implemented (Wirtz and Daiser, 2018). However, when it comes down to implementing the new business model within the firm, certain challenges surface as it involves changes that could affect the entire organization (Latifi and Bouwman, 2017). Often, such changes may be subject to internal resistance and can be intimidating for the various stakeholders involved—from the managers to the lower level employees. So, how do firms deal with people when implementing a new BM and how does their contribution pave the way for a successful implementation to achieve superior firm performance? To further elaborate on this, the definition of a business model (BM) and business model innovation (BMI) need to be realized.

Osterwalder and Pigneur (2010) introduce a widely accepted definition of a business model as "*the rationale of how an organization creates, delivers and captures value to different stakeholders within the value network*" (p. 14). This definition uses a specific context of the business model concept, which is the organization. Ever since the emergence of the internet, there has been an increasing awareness towards business models and its innovation thereof (Bouwman et al., 2016), and has given rise to enormous opportunities in creating value and wealth. In order to sustain growth and improve competitive advantage, firms need to adapt their business environment, logic and processes. In fact, to keep up with such fast-changing environments, researchers concurred that the best way for firms to take advantage of a chaotic environment is to innovate their business models (Latifi and Bouwman, 2018).

Foss and Saebi (2017) define BMI as "*designed, novel, nontrivial changes to the key elements of a firm's business model and/or the architecture linking these elements*" (p. 201). Innovating a business model can be seen as a gradual change process from an old business model to a new one in order to improve value creation (Teece, 2010) and develop a competitive advantage (Magretta, 2002). Although many firms in the industry may recognize the need to innovate their business model, they may not be good at implementing the new model due to the various organizational implications that come into play when a firm attempts to change their business model. Therefore, even the best-formulated business model can fail to produce expected performance if they are not implemented and handled appropriately.

A key source of success or failure in implementing a BMI is connected to the people within a company (Hittmár et al., 2014). When a new BM is implemented in the organization, it can have a profound impact on the organization's DNA, i.e., the people. Much of what has worked for years and what has been internalized by the organization must be changed (Batocchio et al., 2016). As business models are used to break down and present the core logic of a company, the changes to be implemented to transform the organization requires to be effectively shared with the people taking part. Ineffective communication is considered to be

an important barrier to successful BM implementation (Serrano et al., 2010). Moreover, a shared understanding among the employees about what is expected of them, and what values and norms are core to the firm, can shape the firm's culture (Latifi and Bouwman, 2017). Persuading a common culture can impel the way of understanding the need for change, the steps to be taken to reach the end goal and better coordination between different management and operational level employees (Hittmár et al., 2014). Appropriate incentives and reward systems, performance feedback and empowerment (Hittmár et al., 2014) are other factors that supplement BM implementation. While there may be various factors that impact BMI implementation and firm performance, it is crucial to address these factors and take them into account during implementation as it can influence the relationship with BMI and firm performance.

1.2 Research Problem

1.2.1 Problem exploration

Regardless of the augmenting research in business model innovation, there is little or no studies so far that have dealt with the employee aspects of implementing BMI. Yet, it is considered to be an organizational change activity that involves various levels of employees from top management to the lower operational levels (Terrenghi et al., 2017). Most of the contributions to BMI literature are theoretical and highlight certain firm-level variables like organizational design, leadership actions, and technical requirements for BMI implementation, but lack definitive empirical research that considers the role of the micro-level variables like the characteristics of employees in terms of motivation, development and readiness to change during BM implementation and how they influence the link between BMI and firm performance (Foss and Saebi, 2016).

Moreover, a study by Latifi and Bouwman (2017) address that "*about 60% of barriers to accomplish BMI objectives and attain expected performance lies in the implementation stage of BM"* (p. 6). Similarly, various other studies have indicated 'poor implementation' as one of the primary reasons why business models do not succeed (Yannopoulos, 2013; Osterwalder, 2012; Chesbrough, 2010; Batocchio et al., 2016). When firms reconfigure various components of their BM to implement a new BM, there is more attention given toward the design and technical aspects of implementation and not much attention is given towards the people aspect of implementation. As a result, there may be subject to inertia among the employees of the organization. The major barriers that cause this resistance to change involve a low level of employee motivation, lack of qualified personnel, ineffective communication, and inadequate preparation to change (Hittmár et al., 2014). Hence, the main challenge lies in implementing a new business model in an organization. And the approach firms take regarding the people during BM implementation can influence the success of a BMI initiative and lead to superior firm performance.

At present, there are limited studies that link BMI and firm performance due to its complex relationship and the presence of various interacting variables that play out differently over time and circumstances (Foss and Saebi, 2016). While it would be unrealistic to account for all variables given the current state of development in the BMI field, this research explores the social aspect of the BM implementation phase and not the design or technical aspects of it. Therefore, ***the scope of this research is to focus on the people's side of BMI implementation.*** Particularly focusing on three employee-related organizational factors (Employee's Motivation, Development, and Readiness to change) which have been addressed in the literature and assumed to have an impact on the relationship between BMI and firm performance. This

research explains these employee-related organizational factors during BM implementation in a real-life context and how they influence the BMI outcome i.e., firm performance.

1.2.2 Knowledge Gap

In the light of the introduction and research problem discussed above the following knowledge gaps have been identified:

- The contributions to the employee related organizational variables that influence the relationship between BMI and firm performance are theoretical and lack empirical research.
- There is a lack of research on the role of employee motivation, development and readiness to change during BM implementation.
- Explanation of the influence of employee motivation, development and readiness to change on the connection between BMI and firm performance has not been researched yet.

Therefore, the aim of this research is to bridge the above knowledge gaps by providing insights into the role of employees during BMI implementation.

1.2.3 Problem Statement

From the knowledge gaps mentioned above, the problem statement for this research is stipulated as follows:

The people aspect of BMI is under-researched and the role of employees during BM implementation has not been studied. There are very few studies that systematically describe how employee behavior during BM implementation influences the BMI outcome i.e. firm performance.

1.3 Research Objective

The main objective of this research is to develop a conceptual framework using a set of propositions, that depicts the role of employee's motivation, development and readiness to change during BM implementation and explain how they influence the relationship between BMI and firm performance, specifically in European small and medium-sized enterprises (SMEs). SMEs are the backbone of the European economy and make up a majority of enterprises in the European Union. It would be interesting to see how they implement their BMI.

Thus, this research focuses on the people aspect of implementing BMI in SMEs and explains how the employee's motivation, development, and readiness to change during BM implementation actualize in a real-life context. Therefore, two cases of SMEs that have experienced the BMI process are selected as units of analysis.

To achieve the research objective, the following sub-objectives need to be completed:

I. Formulate propositions to develop a conceptual model that depicts the role of individual employee's motivation, development and readiness to change during BM implementation.

II. Validate the conceptual model to further modify or improve the propositions, using two case studies:

- Investigating the BMI process of the selected case companies; explain how it was implemented and what the consequences were.
- Analyzing the initiatives taken to support the change process and challenges experienced during BM implementation with respect to the people.
- Examining the role of employees during BM implementation and explain their influence on the relationship between BMI and firm performance with the help of the propositions and conceptual model developed.

1.4 Research Questions

Based on the research objectives defined above, the following research question has been formulated and illustrated in **Figure 1**:

How does the role of employee motivation, development and readiness to change during BM implementation influence the link between BMI and firm performance?

Although employee motivation, development, and readiness to change are in itself separate entities that can be discussed with regard to the people in an organization, this research does not review extensively on all the literature and viewpoints that concerns these variables since it represents a much broader field. This research primarily focuses on the field of BMI, looking into the first ideas in BM implementation with regard to these variables and not replicate everything that has been studied in the field of motivation, employee development, and change management within an organization.

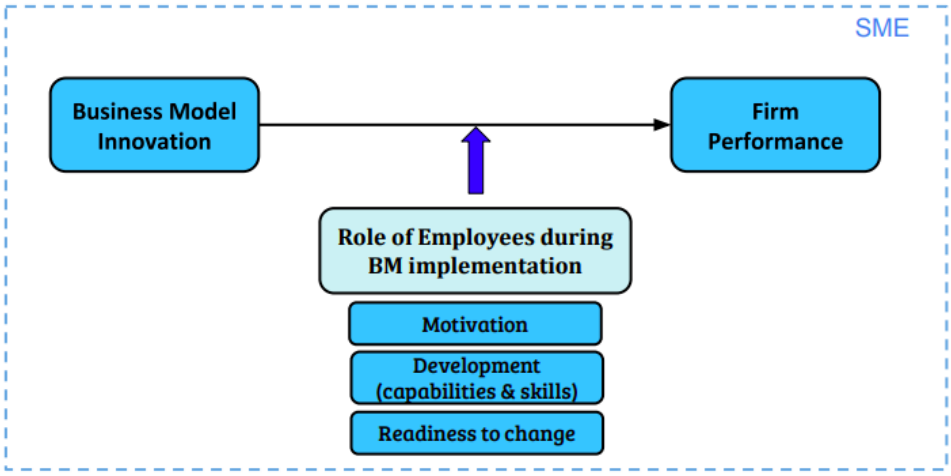

Figure 1 Pictorial representation of the research question

To answer the research question in a systematic way and reach the desired end state, the main question has been broken down into six sub-questions:

The first sub-question aims to explore the current literature on business model innovation and present the main developments and steps to innovate a business model. The second part of the above question combines the organizational aspect into business model innovation. The answer would highlight the difference between what is studied in literature and what firms actually do to align their activities to implement business model innovation.

I. ***How is the business model innovation process described in literature comparable to how firms implement and innovate their business model in reality?***

The second literature based sub-question aims to identify the various organizational factors, mentioned in current literature, that come to play during the BMI process and has an impact on firm performance. Although the main research question focuses particularly on three employee-related factors, this sub-question provides insights on various other factors that shape employee motivation, development, and readiness to change. Based on this, the dimensions of these variables can also be identified in order to develop the conceptual model.

II. ***According to literature, what are the employee-related organizational factors that influence business model innovation and firm performance?***

While there may be various employee-related factors that moderate and mediate the link between BMI and firm performance, each factor has differing implications that change over time and circumstance. Given the current state of development of the BMI domain (which is still in the early stages of development), it would be unrealistic to study all the influencing factors. Which is why three employee variables (employee motivation, development, and readiness to change) are chosen in this research. A starting point would be to address the dimensions of these variables and use them in the background for analyzing their impact on the relationship between BMI and firm performance. Therefore, case studies would be used to understand the real mechanisms as:

- Case studies provide a real-life context of organizations;
- It is suitable when an in-depth investigation of social behavior is to be studied; and
- Multiple case studies enable cross-case analysis, which is ideal when there is limited knowledge of the research area.

Based on the knowledge and understanding obtained from answering the first three sub-questions a set of propositions will be formulated and consequently, the conceptual model will be developed. To attest the propositions, two cases will be used to study and explain how the employee factors during their BM implementation came about and provide a qualitative validation or improvisation of the propositions and framework developed. The following sub-questions are based on the cases to be investigated:

The third sub-question aims to explain the initial business model and the cause of BMI for the selected companies.

III. ***What was the old business model of <case 1> and <case 2> and why was a change needed to implement their new business model?***

The fourth sub-question investigates the BMI process of the selected companies and their experience during the process. The answer to this question would clarify the changes in the organizational design, the communication of these changes to lower levels and the training received.

IV. ***How was the business model innovation process executed in <case 1> and <case 2> and what were the challenges encountered during the process?***

Finally, the last two sub-question aims to test the conceptual model by looking into the role of employee motivation, development and readiness to change in the BMI process.

V. ***What was the role of employee (a) Motivation, (b) Development, and (c) Readiness to change during BM implementation of <case 1> and <case 2>?***

And

VI. ***How did employee motivation, development, and readiness to change influence the performance of <case 1> and <case 2>?***

The answer to this question would explain how these factors influence BMI and firm performance as well as provide insights to further modify or generate the propositions.

1.5 Research Framework

To answer the research questions and guide this research towards the desired objective, four phases have been described (**Figure 2**) in the research framework.

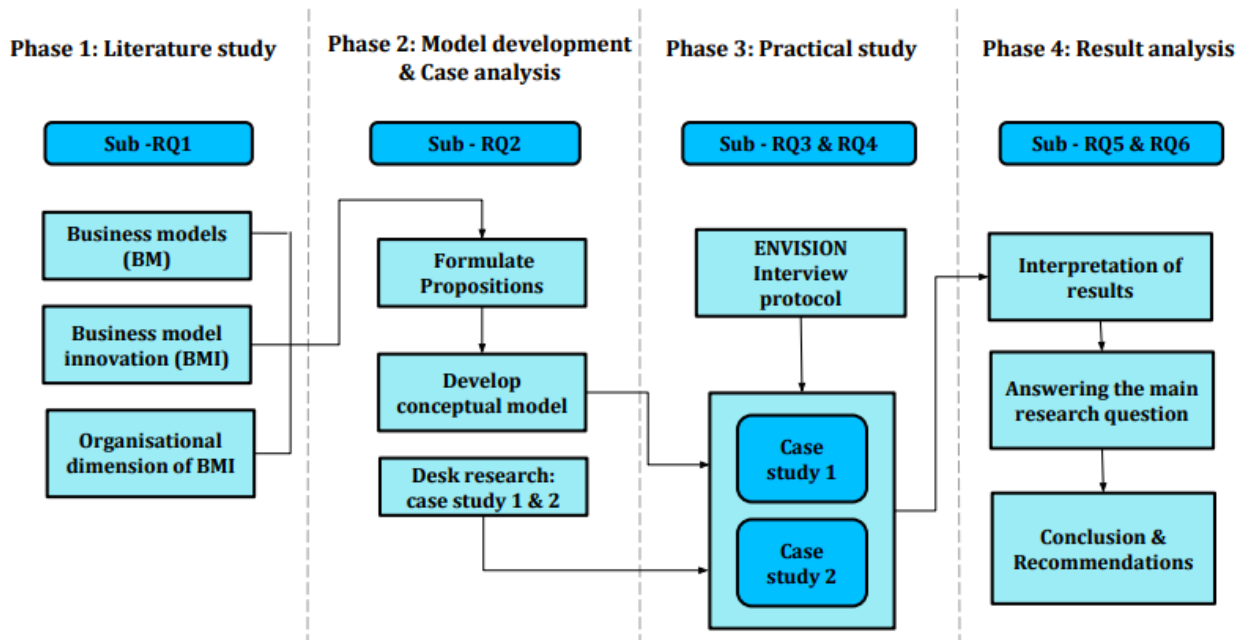

Figure 2. Research Framework

Phase 1 involves a literature study to obtain an overview of the domain and build an initial knowledge base, which helps in answering sub-questions one. Phase 2 involves formulating the propositions to develop a conceptual model. Followed by desk research for gathering details about the selected case studies. At the end of this phase, sub-question two would be answered, which helps to finalize the conceptual model to be tested. The information gathered on the two case companies would serve as input for phase 3. The practical study of the two companies along with the guideline to conduct a semi-structured interview would take place in phase 3. This helps in answering sub-questions three and four. Finally, phase 4 involves the analysis of the interviews and interpretation of the data collected, which results in answering the fifth and sixth sub-question.

1.6 Structure of the Thesis

The thesis is structured as depicted in **Figure 3**. The introduction has been presented in Chapter 1 along with the research objective and research questions. Chapter 2 discusses the theoretical background, which consists of three sections of literature reviews: (i) Business Model, (ii) Business Model Innovation, (iii) Organizational Dimension of Business Model Innovation. Moreover, this chapter provides an initial knowledge base to formulate propositions and develop a conceptual framework that depicts the role of employee motivation, development and readiness to change that effectuate the link between BMI and firm performance. Chapter 3 provides the context of this research in terms of small and medium enterprises (SMEs) in the print and publishing industry and their involvement in BMI. Next, the research methodology which includes the research approach, data collection, and data analysis is presented in Chapter 4. In Chapter 5, the two cases are analyzed and the results of the research concerning the validation or modification of the conceptual model are presented. Chapter 6 discusses the findings and concludes by answering the research questions along with limitations and future research.

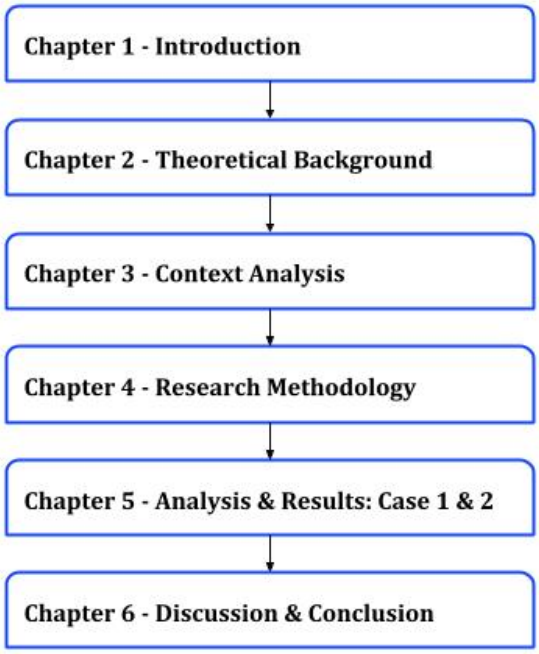

Figure 3. Flow of thesis

Chapter 2. Theoretical Background

A critical review of a body of literature can be the impetus for a research process as it enables the researcher to not only gather insights on key concepts but also to establish the context of the problem and rationalize its practical or theoretical significance (Boote and Beile, 2005). This chapter provides a critical reflection of the current development in the domain of business model and its innovation thereof and aims to develop a theoretical understanding of the organizational context of the BMI field. Furthermore, this chapter serves to develop the conceptual model as well as answer the first three sub-questions.

2.1 Literature review on Business model

The rapid pace of technological development and the emergence of breakthrough technologies have given rise to enormous opportunities in creating value and wealth in business today (Zott and Amit, 2001). These developments have accelerated drastically over the last decade and have changed the way firms do business. In order to sustain growth and maintain competitive advantage, it is not just enough for firms to innovate their product, process or service but also innovate their business logic i.e., business model (Latifi and Bouwman, 2017).

The literature on the topic of business models have evolved tremendously over the years and the related research encompassing it began in the mid-1990s with the revolution of the internet and the emergence of a digital economy (Fielt, 2013). Even today, the concept of business model continues to gain recognition across various disciplines such as strategy, management, information systems, entrepreneurship, and innovation, and as a result, several scholars have come up with different theories and understandings of the concept (Wirtz et al., 2016). Besides this, it has also picked up momentum among business professionals and is perceived as an integrated illustration of an organization's key business processes and how they are connected (Zott et al., 2011).

Based on the work of previous scholars, El Sawy and Pereira (2011) define six distinct stages (**Figure 4**) that represent the evolution of research on business models. Each stage is defined with its own activity and serves as a base for the consecutive stage.

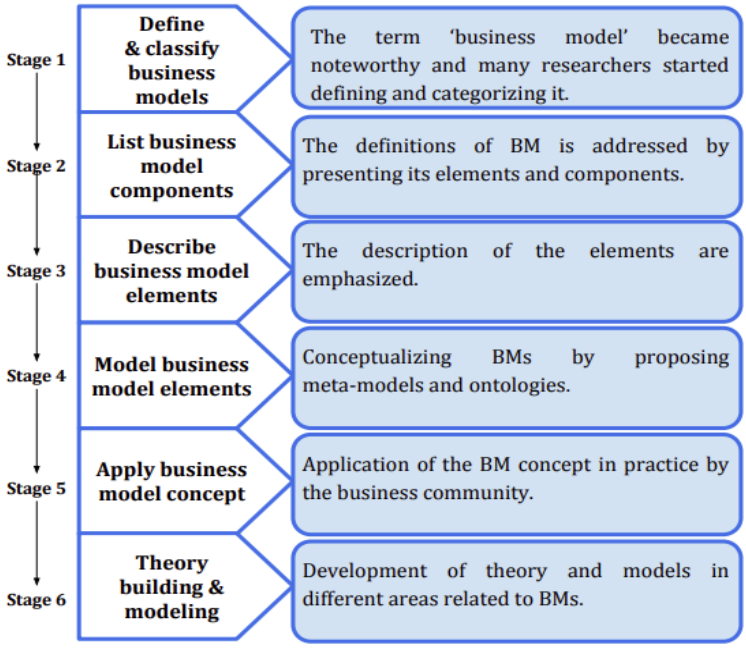

Figure 4. Evolution of research on business models (El Sawy and Pereira 2011)

A comprehensive study by Zott, Amit, and Massa (2011) concludes that the literature on BMs, based on each researcher's interest area, is developing into silos as many scholars have not arrived at a common consensus of the concept of business models. Hence, the variety of definitions and business models silos such as (1) The use of information technology (IT) in business; (2) strategic issues concerning value creation, competitive advantage, and overall performance; (3) Management of technology and innovation.

Nevertheless, even after two decades of research on business models, there is still a conceptual ambiguity among researchers due to the lack of a unified acceptance on its definition and compositional elements (Al-Debei and Avison, 2010). Although the primary effort of researchers was to define the concept of business models (Osterwalder and Tucci, 2005), a consensus and widely accepted definition is still yet to emerge (Pateli and Giaglis, 2004; Zott et al., 2011). And the presence of a plethora of definitions is quite overwhelming, which makes it unclear whether these differing definitions are mutually consistent across various disciplines (Foss and Saebi, 2018). Moreover, this lack of definitional clarity has constrained the capacity of researchers to draw constructively from the work of others (Li, 2018).

Although many researchers and scholars have come up with a variety of definitions for business models, most of them are consistent with Teece's (2010) definition: "*the design or architecture of the value creation, delivery, and capture mechanisms of a firm*" (p. 172). This interpretation of business models begins with creating value for the customer and other stakeholders by designing the business model in such a way that it delivers that value while at the same time focuses on how to capture the value and earn revenue. The term 'architecture' in this definition, which is often overlooked, represents the functional relations among elements in an organizational system, their underlying activities and how they are linked (Foss and Saebi, 2018). Furthermore, the terms used in defining BMs, converge with the elements that represent a business strategy, which questions the relationship between BM and business strategy— "*whether the term business model stands alone or is simply synonymous with strategy*" (Massa et al., 2016, p. 2).

2.1.1 Business strategy and Business model

Business models outline the core logic that enables a firm to earn profits and are understood to be a layer that lies between strategy and operational activities (Geissdoerfer et al., 2018). But, it is not the same as the business strategy (Al-Debei et al., 2010; Teece, 2010; Casadesus-Masanell and Ricart, 2010). While some authors argue that the concept of business models are synonymous to business strategy, others argue that business models and business strategy are distinct constructs that are studied in isolation or jointly (Zott and Amit, 2008; Massa et al., 2016). Although both the concepts intersect (**Figure 5**), many authors with a strategy-oriented view, question the relationship between 'business model' and 'business strategy' (Wirtz et al., 2016).

Figure 5. The link between business strategy and business models adapted from (Al-Debei et al., 2010)

The main direction of a firm towards growth and survival is defined by its strategy, which is made explicit within the organization as it represents the long-term objectives and mission. Thus, a business strategy basically describes the purpose of a business model by setting the boundaries for designing and redesigning models that enable an organization to achieve its goal (Al-Debei and Avison, 2010). Compared to this, a business model reflects the business strategy by describing the working plan of a company and how they earn profits (Štefan and Branislav, 2016).

According to Seddon and Lewis (2003), a firm's strategy is anchored to its competitive environment i.e., it is specific to a particular firm and that firm alone, whereas a business model is an abstraction of a firm's strategy i.e., it can be applicable to many firms. This implies that a firm's strategy can be represented by a number of business models but a business model represents only a firm's strategy. Contrasting to this, Foss and Saebi (2016) argues that BMs not only represent a firm's strategy but also incorporates the activities of the underlying organization that enables this strategy. Therefore, it is logical to say that business models reflect a firm's strategy as well as complements the organizational filters used to implement the strategy to achieve better performance and prevent imitation by competitors.

To protect the competitive advantage obtained from implementing a BM, it is important to analyze the relationship that exists between a strategy and a business model. This relationship has implications to a firm's performance, which is why it is necessary to combine strategy analysis with business model analysis (Teece, 2010). In fact, strategy frameworks such as Porter's five forces (Porter, 1979), or Barney's (1991) Resource-based View framework, address issues concerned with value creation, capture, and competitive advantage by evaluating both the internal and external environment of a firm (Foss and Saebi, 2018). While these frameworks are used to analyze the strategy of a firm, there are certain ontologies or tools, illustrated by Bouwman et al. (2012) that are used for the purpose of designing or redesigning and innovating a firm's business model.

2.1.2 Business model Ontologies

A business model ontology is defined as an: "*explicit simplified conceptualization of the objects, concepts, and other entities related to the BM*" (Heikkilä, 2015, p. 49). It represents the main logical aspect of a business

model i.e., the way value is created and captured for customers as well as for the stakeholders involved. While BMs incorporate various components—like, product and service offerings, customer value proposition, key resources and activities, target market, etc., BM ontologies comprise of standardized or conventional components that are characterized and linked, to represent the BM (Bouwman et al., 2008; Osterwalder and Pigneur, 2010). Some of the well-known frameworks (Table 1) from literature are the Business Model Canvas (Osterwalder and Pigneur, 2010), the Service Technology Organization and Finance (STOF) model (Bouwman et al., 2008), the customer segmentation BM approach CSOFT (Heikkila et al., 2010), and the VISOR model (El Sawy and Pereira, 2013).

Table 1 Business Model Ontologies

Author(s)	Framework	Components	Approach
Osterwalder & Pigneur (2002)	Business Model CANVAS	• Value Proposition • Customer Segments • Channels • Customer Relationships • Revenue Streams • Key Resources • Key Activities	Individual Firm. Elements cover four main areas of a firm: customers, offer, infrastructure, and financial viability.
Bouwman et al. (2012)	STOF Model	• Service • Technology • Organization • Finance	Value networks (or ecosystem) For the design of mobile and ICT-enabled services.
Heikkila & Tinnila (2005)	C-SOFT	• Customer Relationship • Service • Organization of Network • Finance • Technology	Customer segmentation as the focal point. ICT technology and services.
El Sawy & Pereira (2012)	VISOR Model	• Value proposition • Interfaces • Service Platform • Organizing Model Revenue/Cost	An ecosystem approach for modeling digital enterprises.

One of the most commonly used frameworks that stands out amongst business practitioners is the business model CANVAS (Osterwalder and Pigneur, 2010). It is a simple tool that utilizes seven components to provide detailed insights into an individual firm's business model. The STOF model, which has a network perspective, provides an elaborate description of BMs using the interdependencies between four domains—service, technology, organization and finance (Bouwman et al., 2008). It focuses more on ICT-enabled and mobile services, and to determine a suitable technical architecture as well as the various organizational and financial capabilities required to design a BM (Bouwman et al., 2012). As a result, the STOF ontology is used to describe the ecosystem (Multi-actor approach) rather than an individual firm as a unit of analysis.

These ontologies are used as tools in understanding the key components (what) of a firm's business model as a blueprint that describes the coherence between core components. Additionally, these frameworks also

assist in interpreting the changes implemented (How) and why (Li, 2018). This enables redesigning services and developing ideal business models that firms aspire to establish. Thus providing a plan to innovate a firm's business model (Heikkila et al., 2016; Li, 2018).

2.2 Literature review on Business model innovation

Business model innovation is considered to be a new form of innovation that augments the conventional forms of product, process, and service innovation (Zott et al., 2011). In fact, many scholars agree on the strategic importance of innovating a business model and seem to view it as a key source of sustained value creation (IBM Global Business Services, 2006; Teece, 2010), that outperforms new product, service and process innovation as a source of competitive advantage (Magretta, 2002; Chesbrough, 2010; Economist Intelligence Unit, 2005). Due to the novelty of the field, most of the contributions towards BMI are theoretical and lack empirical research at the firm level (Dottore, 2009). However, being a subset of the business model field (Zott and Amit, 2007), the characteristics that have been addressed in BM research carries over to BMI research. So, the lack of construct clarity that exists in the BM research also exists in BMI research (Foss and Saebi, 2016).

Most of the definitions of BMI differ with regard to the degree of change, such as the novelty or radicalness of the change, or how the innovation enhances a firm's performance (Abdelkafi, Makhotin, and Posselt, 2013; Anderson, 2016). Scholars often use terms such as business model "learning", "renewal", "modification", "reconfiguration", or "experimentation" interchangeably while defining BMI (Foss and Saebi, 2018).

This research follows the BMI definition of Foss and Saebi (2017), which describes BMI as a "*designed, novel, nontrivial changes to the key elements of a firm's business model and/or the architecture linking these elements*" (p. 2). The definition implies that BMI is essentially reinventing a business model by planning and changing components that go beyond slight adaptations to a firm's environment as well as the organization as a whole, which plays an important role in innovating the BM.

Dimensions of the BMI construct

Some scholars suggest that BMI may occur when a firm changes a 'single component' of their BM (Amit and Zott, 2012; Bock et al., 2012; Schneider and Spieth, 2013), while others suggest that two or more components of the BM must be changed before BMI can occur (Lindgart et al., 2014; Velamuri et al., 2013). To gain more clarity towards the BMI construct, Foss and Saebi (2017) have dimensionalized the construct in terms of novelty (new to the firm vs. new to the industry) and scope (modular vs. architectural). The authors developed a typology with four types of BMI (**Figure 6**).

Novelty	Scope		
		Modular	Architectural
	New to Firm	Evolutionary BMI Google	Adaptive BMI NETFLIX
	New to Industry	Focussed BMI Nintendo Wii	Complex BMI Uber

Figure 6. BMI Typology (Foss and Saebi, 2017)

An evolutionary type of BMI has changes executed in individual components of the BM that occur naturally and are new to the firm (e.g., Google's search engine—evolving the organizational and information structure), whereas an adaptive type of BMI, changes are made to the entire business model in response to external changes (e.g., Netflix, Facebook's mobile application). A focussed type of BMI has changes implemented in a particular area of business and is new to the industry, such as focusing on a market segment that has been disregarded or yet to be addressed by competition (e.g., Nintendo's Wii—which focuses on a new market segment of non-gamers when compared to Microsoft's Xbox and Sony's PlayStation). A complex type of BMI, which usually disrupts the industry, has changes implemented to the entire business model, such that it has the capacity to lead to competitive advantage (e.g., Uber's BMI in transportation).

Therefore, BMIs can occur by varying the degree of complementarities (Modular or architectural) between the components of the BM that is being innovated as well as in terms of how novel (new to firm vs new to industry) they are (Anderson, 2016). As a result, different BMIs require a different type of organizational design, leadership style, operations, and capabilities in place to manage the process of BMI.

Streams of BMI research

To establish a sense of direction and avenues for research on BMI, four partly overlapping streams of BMI research have been identified (Foss and Saebi, 2016). Stream one is about conceptualizing BMI, focussing on meaningful definitions and dimensions that enable companies to innovate their business model. Stream two relates to BMI as a change process within an organization, emphasizing the distinct phases of the BMI process—from the design, adoption by management, the implementation, execution into operational activities to finally evaluation of the outcome. The third stream highlights BMI as an outcome, which addresses the advent of new business models in certain industries. Lastly, the fourth stream discusses the consequences of BMI—if it leads to superior organizational performance.

While these streams provide a comprehensible classification of concepts and key insights on BMI, two significant research views can be inferred from these streams—(i) A dynamic view of BMI, looking at it as a change process within an organization (Stream 2) and (ii) A static view of BMI, seeing it as a new type of innovative venture (Research Stream 3) that can have certain consequences on a firm's performance (Research Stream 4).

As this research centers on the people side of implementing business model innovation, it contributes to the knowledge base of Research Stream 2, viewing BMI as a process that has certain phases—the design of the

BM, adoption by management, the implementation, execution into operational activities to finally evaluation of the BMI outcome. Furthermore, this research focuses particularly on the 'implementation phase', where a BM that is designed (or redesigned) is adopted in the organization and then implemented within the organization. Also, the research focuses not on the technical aspects of implementation but on the people aspects—For example, how employees deal with the new BM, What capabilities and learning mechanisms are needed, and how the changes to be implemented in the organizational setting are communicated.

2.2.1 Business Model Innovation Process

Many studies have revealed that an important source of business model success or failure is associated with the way it is managed (Zott et al., 2011; Chesbrough, 2010). Business model change can affect the entire organization and requires active management. The term 'management model' is used in this context as it brings the organizational dimension into BMs. A management model represents "*a firm's choices about how work gets done, how activities are coordinated, how decisions are made, how objectives are set, and how employees are motivated.*" (Birkinshaw and Ansari, 2015, p. 3). The concept explains the relation between organizational change and business models, and how various components are reconfigured in the process in order to favor the new business model (Anderson, 2016).

The BMI process is an essential concept that serves as a 'procedural framework' for BMI initiatives in a firm (Wirtz and Daiser, 2018). As BMI is relatively a novel research field, there are only a limited number of authors that have elaborated on the stages in a BMI process (Frankenberger et al., 2013). In fact, research by Wirtz and Daiser (2018) calls for more studies that provide a better interpretation of the phases in a BMI process and how the process or transformation can lead to a company's success. **Figure 7** shows a selection of BMI process stages discussed by a few authors.

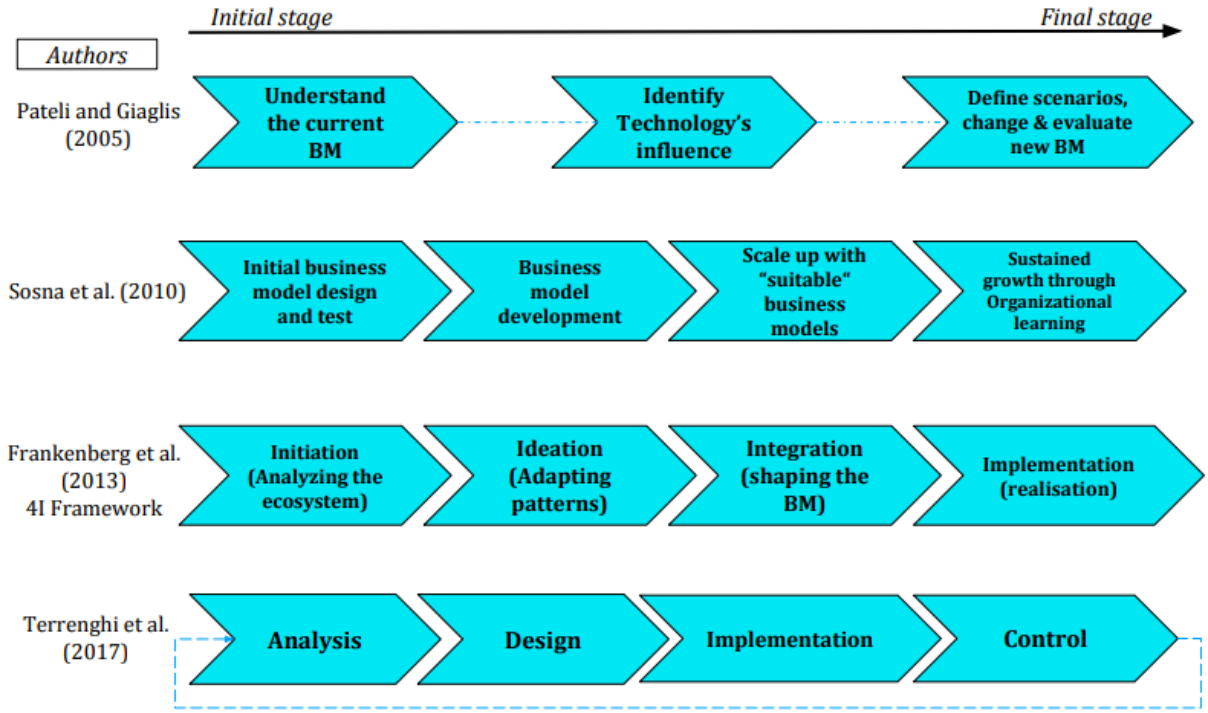

Figure 7. BMI Process

The above authors and many others envision the phases of the BMI process to be linear and sequential, suggesting an analytical approach. However, in practice, it is a non-linear iterative process with experimental learning causing feedback loops and callback options (Heikkilä et al., 2017). Experimental learning in the process accentuates as a source of business model innovation (Achtenhagen et al., 2013).

From **figure 7**, Pateli and Giaglis (2005) discuss three stages that take a technological perspective of the BMI process. While Sosna et al. (2010) divide the BMI process into four stages, showcasing the key phases of innovation. These stages highlight the core activities of BMI and serve as a management tool to understand the process and its requirements.

The 4I Framework by Frankenberger et al. (2013) represents a structured view of the BMI process where most of the stages show that innovating a firm's BM is similar to other innovation processes. The first stage, *Initiation* involves analyzing the ecosystem and identifying relevant drivers of change. The second stage, *Ideation* involves the creation of new business model ideas using tools. In the third stage, *Integration* involves building the BM and integrating the pieces together by involving the partners. And the last stage, *Implementation,* is the commercialization of the new BM, which involves overcoming the inertia to change within firms and implementing the BM in a step-by-step manner.

Terrenghi et al. (2017) takes a management perspective and defines the BMI process as "*a generic management process, building on the business model as the central unit of analysis*" (p. 974). The authors describe the process in terms of four phases that covers a business model lifecycle (last process in **Figure 7**). The analysis phase calls for identifying critical activities like changes in the market, gathering ideas for business model design and knowledge of competitors. The design phase involves designing an ideal BM and assessing what customers want by utilizing market insights like customer, competitor and supplier information on activities like brainstorming, prototyping, and testing. The implementation phase deals with finding a suitable organizational set-up to operationalize the designed BM and involves general stakeholder management, a BM owner and proper allocation of resource and capabilities. Finally, the control phase involves evaluating and monitoring the effectiveness of the BM using financial, process, or growth performance. Overall, the results from Terrenghi et al. (2017) shows that organizations generally utilize the concept of BM in the analysis and design phase but have not acknowledged it as a management tool in the implementation and control phases. In fact, the implementation phase is characterized to be 'a challenge' and 'the biggest hurdle' for the stakeholders. Although implementing a BM is a part of innovating a BM, the implementation phase alone should be regarded as a distinct phase that lies between exploration and exploitation.

In implementing a new BM, management requires to be scrutinized to achieve coherence between the technical aspects, the people aspects and the business model components (Anderson, 2016). Despite the importance of the BM implementation phase, many firms handle it poorly (Chesbrough, 2010). Moreover, there are no dominant frameworks and BM implementation methods that offer practical tools for managing the implementation of a BM (Bouwman et al., 2012). This questions if this can be the case of why companies find it difficult to innovate their BM. Whether it is implementing a new or redesigned BM, this research looks into the people side of BM implementation—Like how and what happens during BM implementation? Are people motivated, and prepared to implement the change?

2.2.2 Business Model Implementation

Innovating a business model in a firm can be a difficult task to achieve due to the substantial challenges that exist while implementing any big change in an organization (Chesbrough, 2010; Broekhuizen et al., 2018). According to the Global Innovation Survey conducted by McKinsey (2010), almost "*80% of executives indicated that their business models were at risk as new entrants and competitors challenged their existing business models with breakthrough innovations and new value propositions*" (Broekhuizen et al., 2018, p. 2). Although 94% of the executives implemented BMI to an extent (Lindgardt and Ayers, 2014), only 6% were pleased with their BMI outcome (McKinsey, 2010).

While exploration and experimentation may lead to the design/redesign of the BM, the true benefits of the design can be realized only if the BM is implemented. Firms may recognize the need to innovate their BM but not many are good at implementing the BM (Anderson, 2016). The process of implementing a BM is still primitive, as there is no framework or method that enable firms to (i) identify a suitable organizational design that would foster BM implementation (Christensen et al., 2016), (ii) change and establish an ideal value proposition (Bohnsack and Pinkse, 2017) or (iii) make decisions and resolve dilemmas that occur while implementing a BM (Latifi and Bouwman, 2017). While most research on the BMI process focuses more on the design and analysis stages, not much attention is given to the implementation phase (Terrenghi et al., 2017; Latifi and Bouwman, 2017; Foss and Saebi, 2016). This is surprising as 'Poor implementation' is mentioned as a major barrier in several studies and a primary reason for the failure of business models (Osterwalder, 2012; Zott and Amit, 2011; Chesbrough, 2010; Batocchio et al, 2016; Yannopoulos, 2013).

Similarly, Latifi and Bouwman (2017) point out that it is in the BM implementation phase where managers and employees are expected to make a shift from the world of analysis and planning into operation, managing conflicts and interaction with employees on varying levels of expertise. However, "*even a strong business model can be managed badly and fail, just as much as a weak business model may succeed because of strong management and implementation skills.*" (Osterwalder and Tucci, 2005, p. 8). Thus, managing the implementation phase is crucial and the more skillful and knowledgeable a firm is in implementing their BM, the more it enhances their overall performance (Bouwman et al., 2018).

The literature from the perspectives of 'organizational change' and 'strategic renewal' provides insights on how firms get through the change process. For example, research by Bock et al. (2012) highlights the importance of culture and structure on a firm's strategic adaptability, while Broekhuizen et al. (2018) give insights into the challenges faced by executives during BM implementation. Despite the augmenting research into how firms configure itself due to external factors (e.g. market change, competition, customer demands, technological trends, etc), there is not much insight about firm configuration with respect to internal factors (e.g. organizational design, training, employee psychology, etc)(Anderson, 2016). In fact, there are several internal organizational factors, related to implementation, that do not get addressed in the BMI literature.

Regarding these internal implementation-related factors, a distinction can be made between the 'hard' and 'soft' factors. Hard factors include structural characteristics such as the degree of formalization, organizational design, belief system, etc., while the soft factors include non-structural characteristics like shared values, employee behavior, psychology, etc., (Homburg et al., 2003). According to Sikdar and Payyazhi (2014), a knowledge gap exists between the hard and soft factors, that is, the integration of the technical perspective of BM design/redesign with the people perspective of dealing with organizational change. The authors imply that most of the failures in implementing an organizational change, such as a

business model change, are due to a lack of integration between the hard and soft factors. Therefore, under the pressure to innovate a BM, firms need to conform to certain change management procedures, that not only addresses the hard factors but also takes soft factors (i.e., human psychology like motivation, response to change, etc.,) under consideration whilst implementing a change in the organization. This would not only result in managing and sustaining the change process smoothly but also successfully implementing a BM in the organization (Appelbaum et al., 2018).

John P. Kotter's change management model has been widely used over the last decade and provides a framework for implementation or transformation to be carried out in the organization using a top-down approach (Appelbaum et al., 2012). According to Kotter (1995), there are eight steps to implement change in an organization, which is depicted in (**Figure 8**).

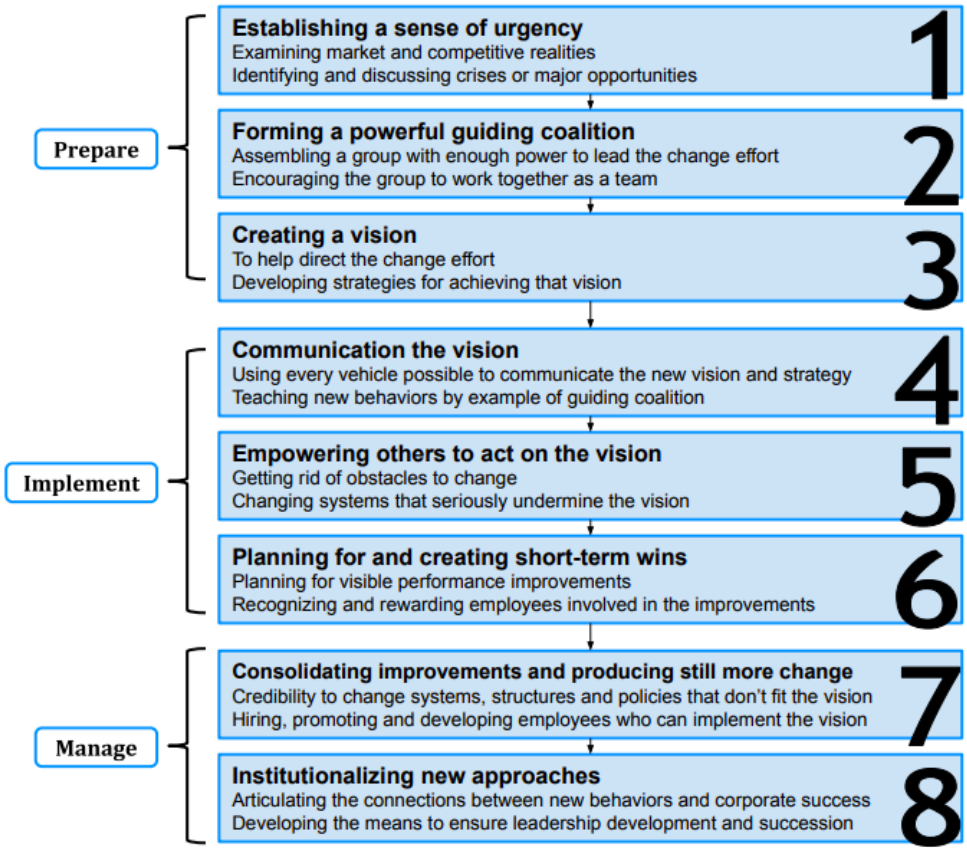

Figure 8 Change management framework adapted from Kotter (1995)

The first three steps in this model (**Figure 8**) are used to prepare the organization or initiate the change process, the next three steps are used to implement the change by effectively communicating the process to relevant stakeholders, and the last two steps involve managing the process. A contrasting model to Kotter's model, developed by Jeffery Hiatt, is the ADKAR change management model that uses a bottom-up approach with a focus on the individuals that take part in the change (Prosci Inc, 2003). The acronym of the ADKAR model is Awareness, Desire, Knowledge, Ability, and Reinforcement (**Figure 9**). By using this model, the change is effectively introduced and planned out at an organizational and individual level with more focus given to the goals to be accomplished than on the sequence of steps to be followed. However, this model is more suitable for incremental changes rather than radical changes due to its bottom-up approach

(Prosci Inc, 2003). Other change management models that could help with BM implementation include Lewin's change management model, Kubler-Ross' change curve, The McKinsey 7S-model, etc.

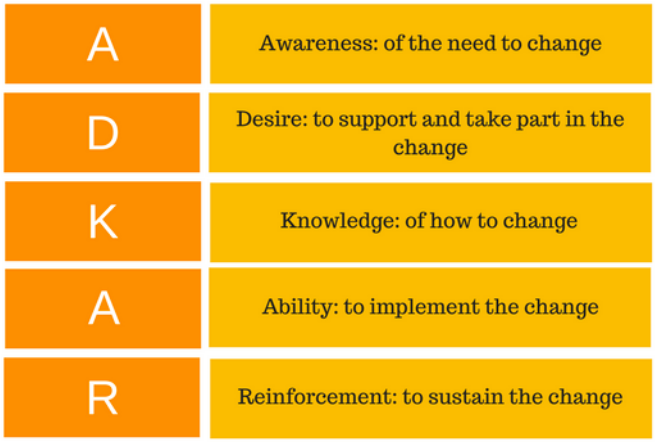

Figure 9. ADKAR change management model Source: Prosci Inc. (2003)

2.2.3 Business model innovation and Firm performance

As performance improvement is the goal of any firm, various studies have contributed to the knowledge of BMI and firm performance (Karimi and Walter, 2016). Firms innovate their business model to achieve superior performance and ultimately create a sustainable competitive advantage to survive (Teece, 2010). But, the assertion that BMI and firm performance have a positive impact has been empirically observed only by a few studies. For example, Amit and Zott (2007) observed that efficient and novelty focussed BM have a positive impact on firm performance. The work of Hartmann, Oriani, and Bateman (2013) highlights the outcome of business model innovation in incumbent firms in Australia using the NK-model, where N stands for components of innovation and K stands for the levels of interaction linked with the components. Their empirical analysis reflects a positive impact of BMI on a firm's performance. Hence, a positive impact on firm performance may be attributed to the BM a firm chooses as well as the approach towards implementing the BM. To achieve superior performance, the stages in the BMI process need to be smooth. This includes the implementation phase, which has to go well in order to realize and procure a superior firm performance.

Despite the fact that a few scholars have come to a consensus that BMI is key to organizational performance (e.g., Sosna et al., 2010; Foss and Saebi, 2018), there is limited research that deals with the mediating and moderating variables that effectuate the link between BMI and firm performance (Methlie and Pedersen, 2008; Sebastian et al, 2014; Foss and Saebi, 2017). This lack of empirical research is due to the intricacy in 'operationalizing and measuring' the BMI construct, as well as the inability to forecast the 'true performance implications' because of the presence of complex interacting variables (Foss and Saebi 2018). While some of these variables act as drivers and stimulate innovation in firms, others hinder innovative capabilities and thereupon act as barriers.

At the firm-level, BMI is seen as a process of change that requires modification of various BM components (Foss and Saebi, 2016). When firms pursue BMI, various components need to be changed or reconfigured and this may be subject to internal resistance, which can be intimidating for all the stakeholders involved—from the managers to the lower level employees (Chesbrough, 2010). Such changes require firms

to align various technical aspects of the BM components with the people aspect of the organization (Appelbaum et al., 2018). While most of the research accentuate to have a positive influence on performance caused by business model innovation, even in the presence of various mediating and moderating variables, the results cannot be generalized as the scope of each study is unique with its own differing characteristics and variables—industry characteristics, firm characteristics, mediating variables, country etc. While different industries require different steps and measures to implement their BM (one size does not fit all), the process of BMI is more about what a firm is trying to achieve than the industry it comes from.

2.3 Literature review on the Organizational dimension of Business model innovation

Most of the concepts of BMI, when addressed in the organizational context, are usually reviewed as retrospects in the BM literature (Anderson, 2016). The organizational dimension of BMI is a distinct research theme that deals with various aspects of an organization—such as the structure, teams, standard operating procedures, available resources, top management, employee capabilities, culture, etc.—and how they should be designed to foster and implement BMI (Foss and Saebi, 2016).

A crux that affects the BM implementation and outcome is the organizational barriers that occur during the process (Anderson, 2016). While some of these barriers may be structural in nature, such as poor collaboration, leadership, top management team etc. (Olsen and Boxenbaum, 2009), or organizational design related—that is, the coordination, and motivation of work, as well as the setting of objectives and the allocation of resources (Foss and Saebi, 2015), other factors are associated with informal and formal institutions, managerial cognition and employee characteristics (Foss and Saebi, 2016). These are some of the factors that have been addressed in the literature and are important to determine firm performance in relation to business model innovation (Anderson, 2016). Nevertheless, to explain how firms overcome these barriers, some scholars have come up with approaches that facilitate organization-wide value creation such as business model experimentation (McGrath, 2010) and adopting suitable leadership agendas or styles (Svejenova et al., 2010). For instance, Doz and Kosonen (2010) suggest that firms should become more agile to overcome the rigidity that accompanies BM implementation. Agile principles focus on the internal aspects of BMI and offer the ability to design and implement solutions in such a way that firms can immediately respond to changes (Xu and Koivumäki, 2018). Certainly, organizational agility is an essential direction toward implementing business model changes.

A study by Foss and Saebi (2016) on business model innovation, identifies several gaps and challenges in BMI research. One of the gaps they identified were contingency and moderating variables, which bring about BMI at three levels—macro level, micro level, and firm level. The macro level moderators highlight the influence of informal and formal social institutions on the ability of firms to engage in BMI. The micro-level moderators focus on the characteristics of employees (skills, motivation, commitment, managerial cognition, etc.) and their influence towards BMI, as well as their link towards firm performance. The firm-level moderators discuss the influence of organizational values, culture, and design on BMI.

Following up on the research by Foss and Saebi (2016), Latifi and Bouwman (2018) further expands the research and develops a testable model that identifies several moderating and mediating variables that

effectuates the link between BMI and firm performance. The authors have categorized the moderating variables into four groups and the mediating variables into three groups as shown in **Figure 10**.

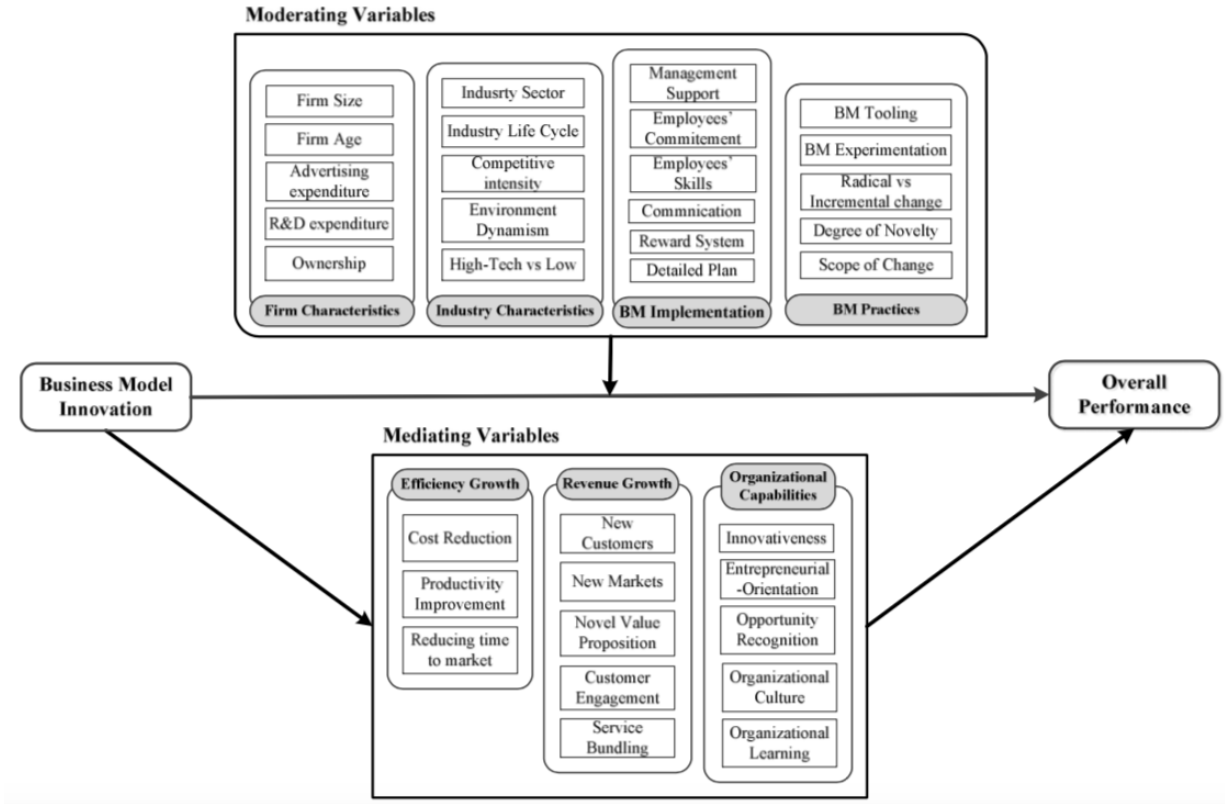

Figure 10. Variables that moderate and mediate the link between BMI and firm performance (Latifi and Bouwman, 2018)

The factors mentioned in the moderating subgroups of firm characteristics and industry characteristics are often constant and cannot be managed to improve firm performance by BMI. Whereas, the moderating subgroups of BM implementation and BM practices can be managed by taking a specific action such as utilizing BM frameworks and tools, motivating employees, changing leadership style, etc (Latifi and Bouwman, 2018). Hence, practitioners can implement BMIs that lead to superior performance by paying more attention to these actionable moderators.

While there may be many variables that bring about BMI and ultimately achieve superior performance, the various ties that exist in these variables are intertwined between BMI and firm performance and may play out differently over time and circumstances. It would be unrealistic to account for all the factors due to current developments in the BMI field. A starting point would be to focus more on specific variables and collect data on others, which can then be used to analyze the relationship between BMI and firm performance. For example, empirical research carried out by Hittmár, Varmus, and Lendel (2014) point out that implementing an organizational change can have multiple inter-dependencies, like the need of technical knowledge, expertise, finance, and other capabilities for the smooth transformation and implementation of the BM. But, it also requires achieving coherence between the leadership style, employee beliefs and a strong organizational culture (Terrenghi et al., 2017). Another research framework developed by Sosna et al. (2010) not only considers externalities and environmental contingency factors that can affect BMI but also how the manager's style and employee's emotional character can impact BMI and learning. Since BMI as an activity that is implemented throughout the organization (Latifi and Bouwman,

2017; Foss and Saebi, 2017), it is important to address both the technical and people aspects to successfully implement the new BM. In fact, many case studies highlight the importance of the role of "Human factors" in an organizational change process (Appelbaum et al., 2018). According to Terrenghi et al. (2017), the employees that are involved in the BM implementation are a primary stakeholder group and they have a business model owner (manager) that pushes its execution. Employees that take part in the BMI process, need to be encouraged and communicated clearly about the changes to be implemented as well as what is expected from them i.e, their role in the BM implementation process (Appelbaum et al., 2018).

Despite the current development regarding the organizational dimension of BMI, there are still significant gaps in understanding how these internal employee-related organizational factors of BMI lead to superior performance. Looking into the Human resource management (HRM) perspective, a study by Hartog and Verburg (2004) links the relationship between firm performance and high-performance work practices and relates these to organizational culture. This study found a positive effect between "Employee skill and direction" and "employee's willingness to go beyond the contract" to improve the performance of the firm economically. The term labeled `Employee skill and direction' included employee skills development, internal promotions, and having an overarching mission statement. Therefore, if such practices have an impact on a firm's effectiveness, this could also be applied in the case for BMI: utilizing high-performance work practices in implementing BMI in order to improve overall firm performance.

Besides the drivers (internal or external factors), the decision to innovate a BM starts from the top management team of a firm. It is the responsibility of the top managers to provide the necessary support and resources to ensure that employees have the right attitude to implement a new BM. This includes preparing the employees for the roadmap of changes, training employees to develop relevant capabilities (Skills), motivating employees and allowing them to participate in the BMI process to develop a sense of readiness to implement the new BM.

Motivation

Although there are extensive research papers and theories on the impact of organizational change on employee motivation (Appelbaum et al., 2018), there are limited studies that specifically review the employee motivation during a business model change. In fact, a search on ScienceDirect with the keywords "Business Model Innovation" AND "Employee Motivation" resulted in only nine hits. For this research, specific papers and theories that explore the significance of employee motivation on organizational change and innovation implementation was studied.

Employees are the building blocks of organizations and their collective contribution can lead to superior performance, especially when they are motivated (Conrad et al., 2015). Motivation is defined as "*an individual's direction, intensity, and persistence of effort in attaining a goal*" (André, 2008, p. 96). It is a force that stimulates individuals to work hard and be target oriented, which can have a positive impact and lead to better performance. There are two types of motivators: Intrinsic motivators—that causes an individual to act, for example, their identity, feelings, needs, objectives, and desires—and Extrinsic motivators—which are external influences such as incentives and punishments. Based on the work of Herzberg's et al. (1959), intrinsic motivators have the ability to bring about job satisfaction and commitment, while extrinsic motivators have the ability to cause demotivation or produce job dissatisfaction if the expectations of the employees are not met. Thus, motivation is an interactive process between individuals and their environment (André, 2008).

Looking into the theories on motivation, there are two categories: (1) Needs theories that focus on content (WHAT)—It describes the types of needs that must be met to motivate individuals— like Maslow's needs hierarchy, Alderfer's ERG theory or McClelland's achievement motivation, and (2) Process theories that focus on human behavior (HOW)— that help in understanding the actual ways in which we and others can be motivated—like Skinner's reinforcement theory, Victor Vroom's expectancy theory or Adam's equity theory (Langton et al., 2010). While there may be many theories on motivation, no single theory entirely describes an individual's motivation (or lack of motivation), but provide a theoretical explanation that can be used as a foundation to analyze and develop techniques for motivation.

The work of Maslow (1954), Herzberg (1966), and McClelland (1985) provide the leading theories on motivation that discusses the 'needs of motivation' that address motivational factors for an individual. Maslow (1943) uses the needs theory of motivation to form a hierarchy, which proposes five levels of needs (**Figure 11a**). According to his theory, the needs at the bottom of the pyramid are required to be met before the top levels in order to be motivated (Conrad et al., 2015) and once a lower-level need is met, it no longer acts as a motivator. Building on Maslow's hierarchy of needs theory, Clayton Alderfer developed the ERG theory (**Figure 11b**) that rectifies the criticism received by Maslow's theory. The ERG theory recognizes that multiple needs can operate at the same time and does not need to be ranked systematically like Maslow's theory (André, 2008).

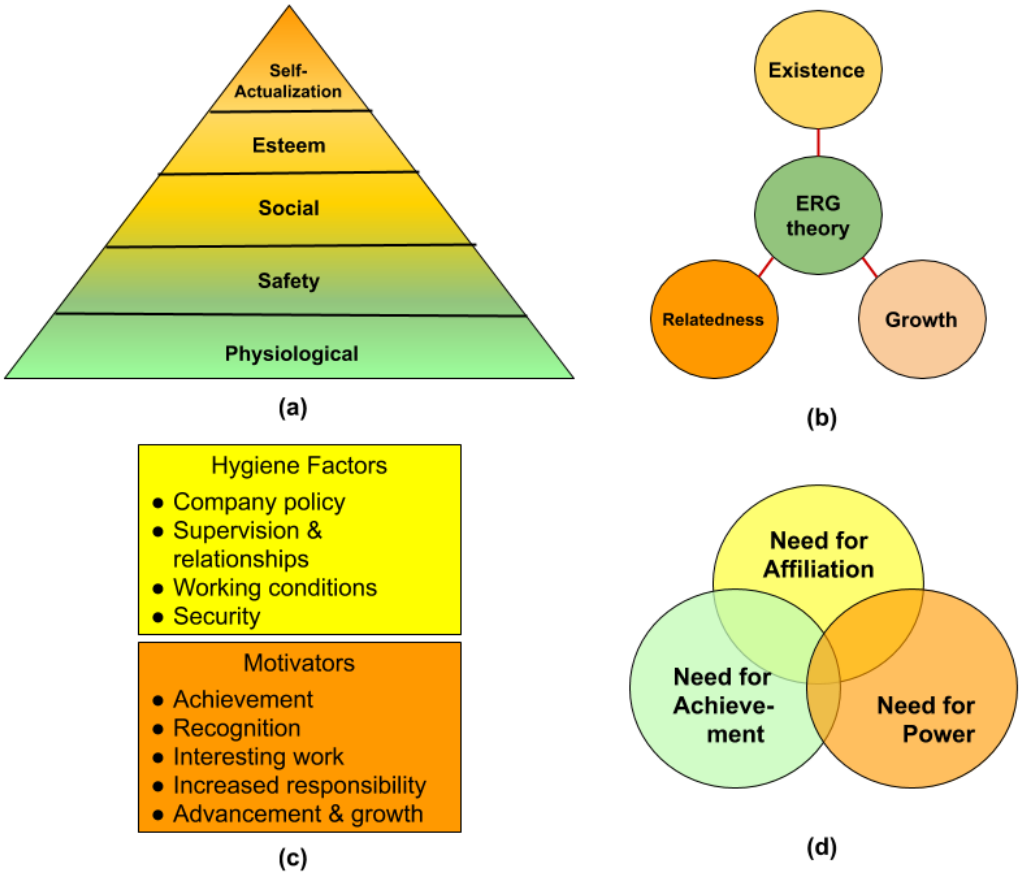

Figure 11 Theories of motivation (a) Maslow's hierarchy of needs theory, (b) ERG theory, (c) Herzberg's two-factor theory (d) Acquired-needs theory

Herzberg's two-factor theory (**Figure 11c**), suggests that good environmental conditions (Hygiene factors) in which a job is performed ensures that an employee is not dissatisfied, while the motivating factors

influence employee's job satisfaction and performance. Although this theory is far from being accepted universally, it provides insights to managers on improving the hygiene factors (André, 2008). Among all theories on motivation, David Mclelland's Acquired-needs theory (**Figure 11d**) has received the greatest support. This theory focuses on satisfying three types of needs that an individual acquires through life experiences—*achievement, affiliation and power*. In order to motivate an individual, managers need to understand their dominant need and proceed accordingly. For instance, employees with a need for achievement, respond to targets, those with a need for power can influence others they work with, and employees with a need for affiliation are motivated by approval and recognition.

Often, top managers find it difficult to foster motivation among employees. In fact, the level of motivation and commitment among employees is influenced by the support received from managers and peers (André, 2008). Even slight improvements in employee motivation can be beneficial to the firm (Kappelman and Richards, 1996). Therefore, when employees are motivated, they exert more effort to actualize innovative behavior (Dulaimi and Hartmann, 2006), which in turn facilitates improving performance throughout and following the organizational change (Appelbaum et al., 2018).

Development (Capabilities & Skills)

The implementation of a new BM entails the development of new organizational capabilities and skills (Foss and Saebi, 2017). When it comes to the employees, such developments are expected to sway the behavior of employees in a direction that enhances both individual and organizational performance (André, 2008). When implementing any change within the organization, it is important to have the right people with the right capabilities doing the right job (Appelbaum et al., 2018). This applies to business model innovations as it is considered to be a form of organizational change (Appelbaum et al., 2017). Different BMIs have different requirements from the employees in an organization. Depending on the degree of changes to be implemented, certain training and coaching may be required to empower people with the skills needed to successfully implement BMI (Batocchio et al, 2016). Skills are basically competencies that individuals possess or develop in order to perform a given activity to the best of their ability (Foss and Saebi, 2017). Most organizational changes entail employees to acquire new skills that range from straightforward cognitive knowledge to complicated behavioral patterns (André, 2008).

Firms that implement a change, are expected to provide the required training or development to the individuals taking part in the transition not only to apply the new skills in practice but also to help them cope with the change and empower them with the required confidence to do their job (André, 2008). While some of the skills can be obtained on the job, others are learnt in a classroom or training setting, where companies hire external consultants to teach their employees either on site or off site. When certain skills that are needed cannot be insourced within an organization, firms resort to hiring new personnel with the required qualifications and knowledge to successfully implement the change (Knab & Rohrbeck, 2014).

Employee development is an integral part of organizational change as it enables individual employees to respond, adapt and overcome their fear when a change is introduced within the company (Hameed and Waheed, 2011). Through learning, training, coaching and work process improvements, organizations not only enhance employee skills required to implement the change but also boosts motivation and morale by preparing them for the change (Hadi, 2014). Thus, firms need to have suitable development plans in place to show employees that the organization is actively invested not only in improving the overall performance of the organization but also in the personal development of their employees.

Readiness to Change

Many change management experts have stressed the importance of preparation and readiness of an organization to implement change as it is a fundamental tool that instigates innovation (Shea et al., 2014). Holt and Vardaman (2013) define Readiness as "*the degree to which those involved are individually and collectively primed, motivated and technically capable of implementing the change*" (p. 1). A major reason organizations plan and prepare for a change is to control change rather than being victimized by it (André, 2008). Although researchers and practitioners have produced captivating definitions of the concept and developed instruments to measure the readiness to change, a good assessment of an individual's thoughts, beliefs, attitudes, and motives can reflect their readiness to change (Holt and Vardaman, 2013). Accordingly, when an organization wants to implement a change, they should first assess whether their employees are ready for the change (André, 2008). To measure the readiness to change in an organization, Zeira and Avedisian (1989) have developed a matrix that describes an individual's readiness for change (**Figure 12**). The matrix can be used by managers to question whether the employee is uncomfortable with the current situation and whether he or she perceives the change as threatening.

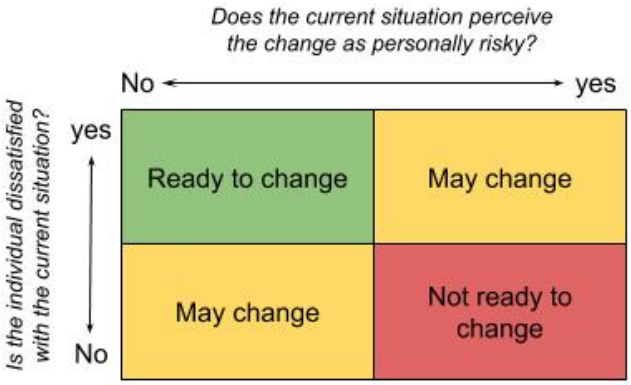

Figure 12. Employee readiness to change matrix adapted from Zeira and Avedisian (1989)

According to Hechanova (2012), some of the factors that trigger readiness to change are through effective communication, employee involvement, and the orientation of organizational culture. These factors need to be operationalized to increase employee readiness to change and can have a positive/negative influence on employee performance depending on the level of employee readiness. Communication of change is the starting point of preparing for the change as it involves explaining the why, what and how along with a roadmap of changes (Appelbaum et al., 2018). It requires a time-consuming effort and a good working relationship between the initiators (Top managers) of change and the resistors (employees involved) of the change (André, 2008). Being supportive and involving employees during the design or implementation can reduce the inertia to change. When people get to be involved or participate in the change process, they are bound to feel like they are settling on an informed decision and that they need to be prepared or ready for implementing the new change (Anderson, 2016). This way the employees experience the change happening through them and not just to them (Jørgensen et al., 2009). Similarly, when it comes to the organizational culture, it is essential to match the new changes with the shared values and norms of the organization (André, 2008). This way the resistance to change is minimized and a common understanding of what is important to the company and what attitudes and beliefs need to be followed are made aware.

Employee readiness is considered to be a critical capability that is essential for implementing change (Achtenhagen et al., 2013). Therefore, it is necessary to consider the imperative role of employees who

should be prepared and well aware of the benefits of change in order to successfully implement any change within the organization (Haffar et al., 2014). When the employee readiness for change is high, they are more likely to initiate change, exert more effort, and display cooperative behavior. The result of which is effective implementation.

2.4 Summary and Conceptual Framework

The literature till date has observed various factors that seem to have an influence on firm performance caused by business model innovation. However, the results cannot be generalized to all firms as each firm has its own characteristics—such as industry and firm characteristics (Age and size), and variables that change over time and circumstances. Moreover, it also depends on the type of BM a firm chooses to implement. Therefore, to enhance firm performance, firms need to design/redesign various components of their BM and then implement the BM, operationalize it into day-to-day activities and finally evaluate the BMI outcome. The reconfiguration should not only concern how the various organizational arrangements—such as structure, design, communication methods, reward system, etc.,—are changed but also how they are aligned to achieve coherence internally within the organization, especially among the employees. The focus should be on two important areas: "the fundamental aspects of change that concentrate on the general nature of change, and human aspects of the change process that include individual responses to change and managing the people side of change." (Church et al., 1996, p. 26).

From the extensive literature review, it is clear that employee motivation, development, and readiness to change seem to have an influence on the relationship between BMI and firm performance. Nevertheless, the impact of these three employee factors on this relationship has not been examined in detail. Therefore, based on the research objective and problem statement in chapter 1, and from the literature review in chapter 2, the three employee factors that have been mentioned and assumed to influence the relationship between BMI and firm performance have been used to formulate certain propositions.

From **section 2.2.1**, scholars visualize business model innovation to be a linear process that phases from design/redesign of the BM to adoption by management, to the implementation, to execution into operational activities and finally to the evaluation of the outcome and its contribution to firm performance. Although linearity of the process may not exist in reality, there is a link between BMI and firm performance. And with reference to **section 2.2.3**, the literature suggests that BMI has a positive impact on firm performance. This research needs to validate this relationship to further analyze the influence of employee motivation, capabilities and readiness to change during BM implementation, on this relationship. Therefore, the following proposition is proposed:

Proposition I: Business model innovation influences a firm's performance.

Section 2.3 highlights various organizational variables that have a moderating or mediating influence on BMI and firm performance. However, this research focuses particularly on three employee-related factors during BM implementation and their impact on the relationship between BMI and firm performance. Moreover, there are limited studies that focus on BM implementation at the employee level. The first employee factor to be explored is motivation. As mentioned in **section 2.3**, highly motivated employees perform better and produce superior outcomes in any organizational change. However, it is not always possible to apply theory in a real-life context, which is why scrutiny of employee motivation during BM implementation is required to understand their influence on the BMI-firm performance relationship. Based on this, the following proposition is formulated:

> **Proposition II**: Employee motivation during BM implementation, stimulated by intrinsic or extrinsic motivators, likely moderates the link between BMI and firm performance.

The second employee factor that is studied in this research is employee development. **Section 2.3** addresses the importance of having the right people with the right capabilities doing the right job while implementing any change within the organization. To explore the employee capabilities during BM implementation and their influence on the BMI-firm performance relationship, the following proposition is contrived:

> **Proposition III**: Employee development during BM implementation, induced by training, learning and empowerment to enhance specific capabilities and skills, moderates the link between BMI and firm performance.

Finally, after a firm designs/redesigns a BM and decides to adopt the BM, the employee readiness to change, as explained in **section 2.3**, before and during BM implementation is a crucial factor that reflects employee performance and ultimately the outcome of BMI. However, there are no studies that addresses this factor in the BM implementation phase and therefore the following proposition is proposed:

> **Proposition IV**: Employee readiness to change through effective communication, managerial support and cultural adjustments during BM implementation moderates the link between BMI and firm performance.

In conclusion, this research explains the role of three employee factor—motivation, development, and readiness to change—and how they actualize on the relationship between BMI and firm performance. Using the research propositions mentioned above, the conceptual model (**Figure 13**) has been developed to provide a visual representation of the research constructs. A conceptual framework represents the synthesis and comprehension of a literature review on how to explain a phenomenon by isolating specific variables and their relations (Jabareen, 2009). Thus in this research, the dependent variable is the firm performance which indicates the outcome of business model innovation (independent variable). The role of employee motivation, capabilities, and readiness to change during BM implementation is analyzed and tested using this conceptual model.

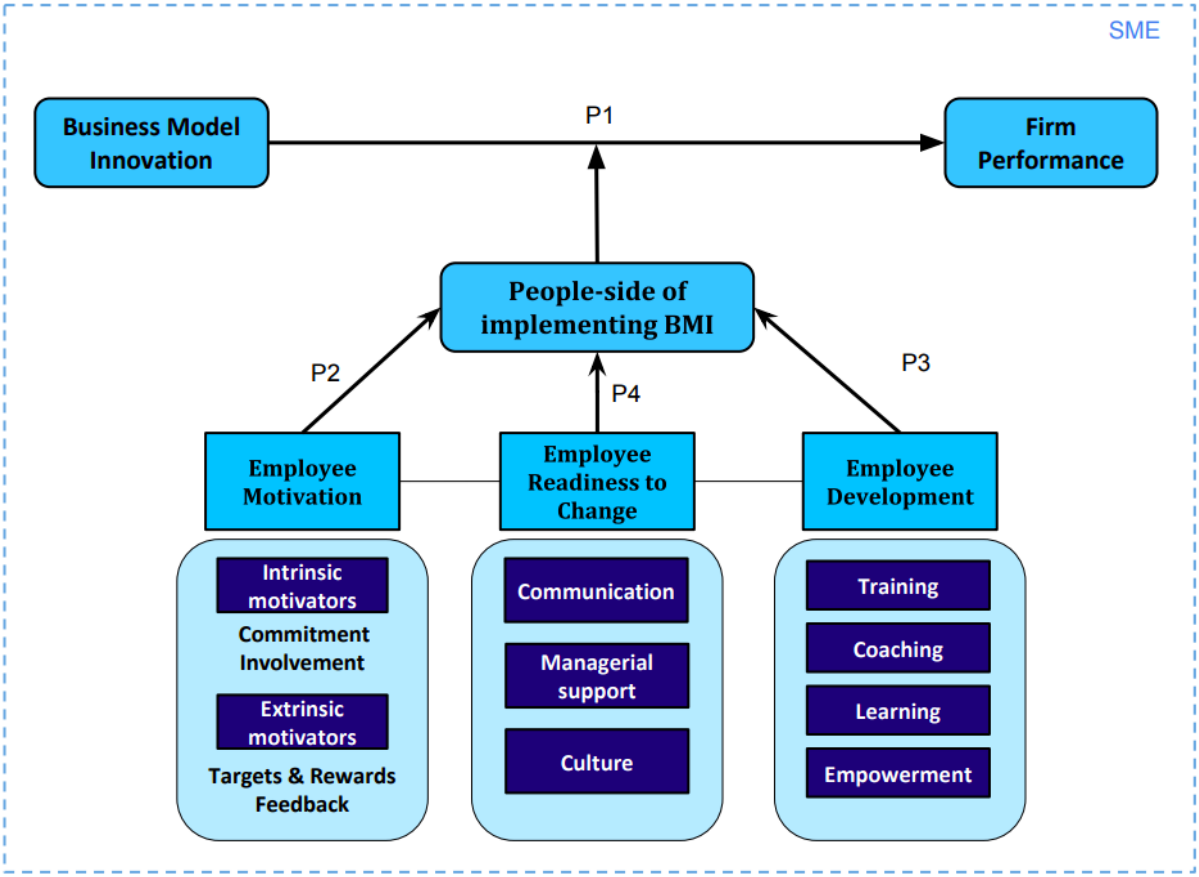

Figure 13. Conceptual Framework of this research

Based on the extensive literature review, the propositions and conceptual model developed, **Table 2** provides the topics that will be analyzed during data collection and analysis in relation to the sections of the literature review:

Table 2 Concepts to analyze

Literature Section	***Title***	***Concepts to be analyzed***
Section 2.1	Literature review on Business model	• Business model of the firms • Business strategy • Business model tools used (if any) • Value network
Section 2.2	Literature review on Business model innovation	• Changes in the business model • Business model management • Business model innovation process
Section 2.2.2	Business model implementation	• Key milestones during Business model implementation • Employee involvement • Internal organizational requirements • Challenges during the business model implementation
Section 2.2.3	Business model innovation and firm performance	• Business model innovation outcome • Firm performance • Key Performance Indicators (KPIs)
Section 2.3	Literature review on the organizational dimension of business model innovation	**Motivation** • *Intrinsic motivation*: Involvement, Empowerment, Feedback on performance, etc. • *Extrinsic motivation*: Rewards, Targets, money, etc. **Development** • Training & coaching • Employee skills assessment • Hiring the required skills • Employee performance **Readiness to Change** • Communication of changes • Employee engagement • Organization culture • Employee beliefs and attitude

Chapter 3. Context Analysis

Majority of enterprises in the European Union, that serve as the backbone and driver of economic growth, are Small and Medium Enterprises (European Commission, 2017). These enterprises make a significant contribution to innovation across various industries and play a crucial role in economic development. Therefore, the scope of this research is narrowed down to focus on Small and Medium Enterprises (SMEs), which is further elaborated in section 3.1. Considering the time period of this research and the availability of resources, SMEs that have already experienced BMI would be selected as case studies. For convenience and practical reasons, the SMEs selected would be from the Netherlands (Section 3.2), particularly the print and educational publishing industry. This industry is one of the first few to have been affected by digitalization, which has brought tremendous changes over the last decade (Picard, 2011). The rapid changes driven by digital technologies continue to be an ongoing process and has put pressure on firms to reinvent their BM, as the traditional BMs are no longer effective for firms to defend their position in the industry (Picard, 2011). Section 3.3, further elaborates on this industry.

This chapter provides a comprehensive overview of the distinctive characteristics of the context chosen for this research i.e., BMI in SMEs, SME sector in the Netherlands and the print and educational publishing industry, and their rationale to engage in business model innovation.

3.1 SME sector in the European Union

According to the European Commission (2017), SMEs are defined based on three distinct factors—The number of employees, turnover, and the balance sheet total—and are accordingly classified as (1) Micro, (2) Small and, (3) Medium sized firms. **Table 3** shows the difference between the classification.

Table 3 SME Classification from the European Commission (2017)

Firm Size	No. of Employees	Turnover |or| Balance sheet total	
Micro	< 10	< €2 Million	≤ €2 Million
Small	< 50	< €10 Million	≤ €10 Million
Medium	< 250	< €50 Million	≤ €43 Million

SMEs are important to the development of the economy and transforming industries around the world. They are a driving force of innovation, employment and social integration in the EU. Following the period of the economic and financial crisis in 2008-2009, SMEs have made a significant contribution to the recuperation and consequent proliferation of the EU-28 economy. In 2017, they contributed for almost 99.8% of all businesses in the EU region, two-thirds (66.4%) of total EU-28 employment and 57% of the revenues in the non-financial business sector (European Commission, 2017). Therefore, they are considered to be the backbone of the European economy. **Figure 14** (i) shows the rise in the number of SMEs and (ii) shows the rise in the number of SMEs by size, in the EU as of 2017.

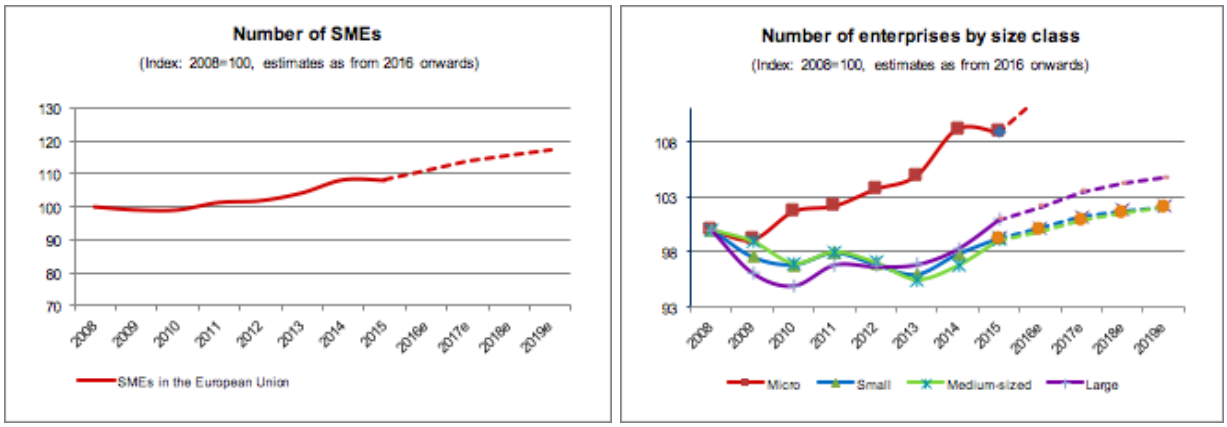

Figure 14. SMEs in 2017 in the EU-28 non-financial business sector.
Source: Eurostat, National Statistical Offices, DIW Econ

With the advancement of new technologies and globalization of markets, it is crucial for companies to be adaptive and remain competitive in order to survive. Engaging in innovation is one of the ways of handling this issue. Digitalization and adoption of information and communication technologies (ICT) are some of the basic determinants of competitiveness as well as the growth that brings about successful innovation (Troch, 2017). However, exploiting the knowledge and resources needed to procure innovation can be challenging, based on the characteristics of the enterprise. For example, startups are enterprises that not only aim to scale-up quickly into a large disruptive company but also to deliver innovative products, ideas or services that are likely to have a strong effect on the market (Steigertahl and Mauer, 2018). Comparatively, SMEs aim to secure a stable position in the market and maintain profits in order to contribute to the economic and societal growth, but, face certain challenges when it comes to innovating their products, services or even their business models, especially when compared to large, established firms (European Commission Decision, 2018). Some of the barriers include resource constraints (mostly financial), a high degree of uncertainty, limited ability to reap economies of scale, lack of skilled personnel, restricted access to knowledge networks and opportunities to collaborate with other players (KfW, 2016; OECD, 2017). This causes SMEs to be more risk-averse and reduces their willingness to invest in new technologies than large enterprises (OECD, 2017). Nevertheless, SMEs have the adaptability and agility to exploit new technological innovations or commercial opportunities, which large enterprises find difficult to utilize due to limited flexibility. This innovative flexibility of SMEs serves as a pivotal instrument to become versatile in the face of competition and a rapidly changing environment. Moreover, recent reports show that there is a need for firms to innovate not just their products and services, but also their business models to keep up with such face-paced environments (European Commission Decision, 2018). Compared to product, process or service innovation, BMI has the potential to deliver exponential growth (Emprechtinger, 2018), that enables SMEs to tap into their competitive potential and pursue various opportunities that strengthen their market position (OECD, 2017).

To foster European SMEs to improve their performance and innovativeness, specifically to engage in BMI, the European Commission has funded the ENVISION project, which aims to enhance the innovative capacity of European SMEs by understanding how SMEs conduct BMI (Cucculelli and Bettinelli, 2015). This project collects data and performs case studies on SMEs across Europe to examine BMI in specific types of SMEs and to show the impact and utility of BMI tooling. The results and findings from the case studies induced the development of a unique platform that incorporates 29 easy-to-use tools that help SMEs

during specific challenges and to support the process of BMI—from ideation to testing and implementation (European Commission). The European Commission believes that this initiative would boost the economic situation and innovative capacity of SMEs in the European Union (Envision, 2016).

3.2 SME sector in the Netherlands

The Small and Medium Enterprise sector in the Netherlands (also called Mkb, a Dutch abbreviation of midden- en kleinbedrijf) play an important role in the Dutch national economy and occupy 99.8% of all businesses in the country. They represent 61.8 % of overall value added — which is 5% higher than the EU average — and account for 64.2 % of overall employment — which is 2.2% less than the EU average (SBA Fact Sheet the Netherlands, 2018). **Figure 15** shows the comparison between the EU and the Netherlands in terms of the number of SMEs, value added and employment. These figures show that SMEs in the Netherlands play a prominent part in the growth of the Dutch "non-financial business economy", and this growth is predicted to continue with an increase of 1.9% and 7.9% in employment and value added, respectively, by the end of 2019.

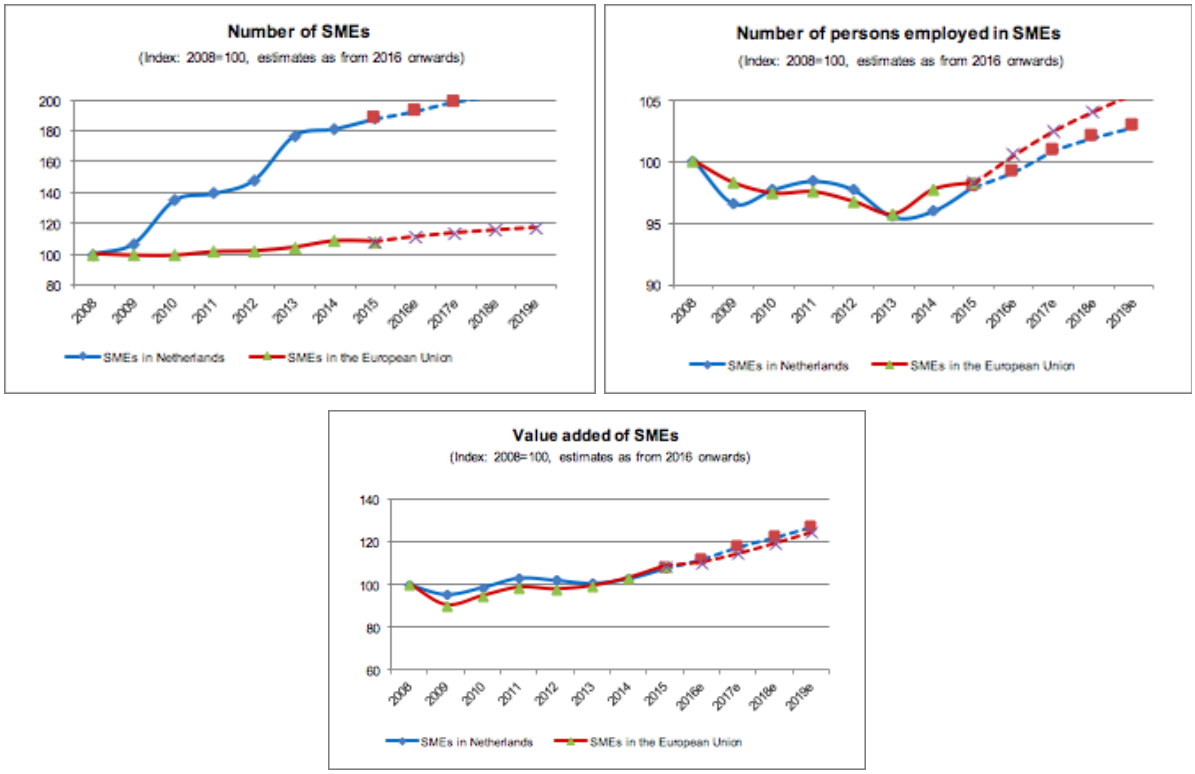

Figure 15 Comparison between the EU and the Netherlands. Source: (Eurostat, 2017)

According to the Small Business Act (SBA) (2018) —which is a policy initiative in EU that fosters the development of SMEs based on nine principles (**Figure 16**)— the Netherlands has a strong SBA profile when compared to other EU countries. It scored the highest on *"entrepreneurship"*, the second highest on *"second chance"* and the third highest on "*responsive administration"*. The country's score on the *"single market", "skills & innovation", "environment"* and *"internationalization"* were also above the EU average.

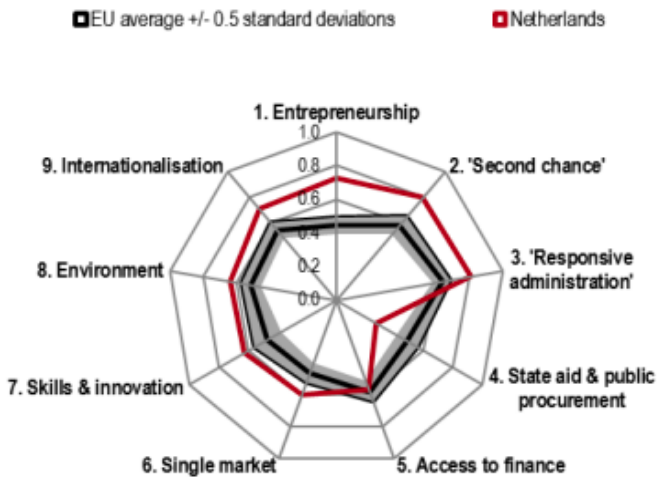

Figure 16. The nine SBA principles (SBA, 2018)

During the period of 2017-2018, the Netherlands implemented a number of measures to promote the development of SMEs on a national and international scale, and to fully capitalize on the opportunities offered by digitization, such as the 'Smart Industry Program'—Digitalisation via smart industry and digitisation of manufacturing, the 'SME action programme'—which addresses the nine SBA principles (**Figure 16**) as well as introduces new measures to address the impact of digitalization (SBA Fact Sheet Netherlands, 2018). From deploying cloud solutions to being the front runners in terms of analyzing big data, the Netherlands has managed a continuous improvement in terms of business digitization over the period 2014-2017 (Europe's Digital Progress Report, 2017). However, in 2017, the Netherlands ranked 6th when compared to other EU countries in integrating digital technologies in businesses, which constitutes the Netherlands' weakest performance among the Digital Economy and Society Index (DESI) dimensions (Europe's Digital Progress Report, 2017).

A major challenge that SMEs in the Netherlands face is with regards to innovation. Almost 34% of SMEs in the country have trouble with implementing innovation (Netherlands: SME current challenges, 2018). This year, the government has put specific policy instruments in place to focus on "*skills & innovation*" in order to enable SMEs to apply new technologies and make the most of the potential of implementing innovation (SBA Fact Sheet the Netherlands, 2018). Despite this, the Netherlands has moved a position upward, from the fifth to the fourth, in 2018's 'European Innovation Scoreboard'. This ranking is published by the European Commission, which lists Europe's frontrunners in innovation. SMEs in the Netherlands outperforms other EU countries, in a number of sectors, when it comes to innovation (European Innovation Scoreboard, 2017). **Figure 17** shows the percentage of SMEs in various sectors in the Netherlands.

Figure 17. SMEs in various sectors in the Netherlands (Source: Netherlands: SMEs industry sectors, 2018)

According to the above statistics, 18% of the SMEs belong to the retail or wholesale sector (including online shops) and 14% of SMEs in the Netherlands belong to the media, communication or information sector. This shows that the majority of SMEs in the Netherlands belong to these sectors. The media sector in the Netherlands includes the public broadcasting system—television and radio—and the commercial broadcasting system—print media and publishing (Media of the Netherlands, 2019). The case studies selected for this research belong to these sectors, specifically the print and educational publishing industry, in the Netherlands.

3.3 The Print and Publishing industry

The printing and publishing industry has changed tremendously over the last fifteen years and continues to experience unprecedented changes (Integraf, 2014). Industry definitions can be seen in **Table 4**.

Table 4 Industry definitions of printing and publishing

Printing	Publishing
"The process, business, or art of producing printed matter" (Collins Dictionary)	*"To issue printed or otherwise reproduced textual or graphic material, computer software etc for sale or distribution to the public" (Dictionary.com)*

Competition, in the form of new technology, market shifts, and the wave of the digital revolution, has opened the door for new opportunities and has disrupted the traditional way of printing and publishing. The Gutenberg's letterpress was once a revolutionary tool—a printing press based on the use of metal movable type—could produce books in bigger scales and distribute in greater amounts than before. However, since the digitization of the internet, the printing and publishing industry (Media) was one of the first few to fall to their knees (**Figure 18**) because of the shift towards the web, downloading piracy and other e-solutions that has reduced the demand for print. The idea of printing on demand was possible through the digitization of the whole value chain. Books are no longer being read using physical copies but using tablets, computers, and e-readers in the form of e-books, which has had a major impact on the industry. Clearly, digital transformation has been a driving force that has shaped the production and distribution of content for the print and publishing industry (Hess and Constantiou, 2018).

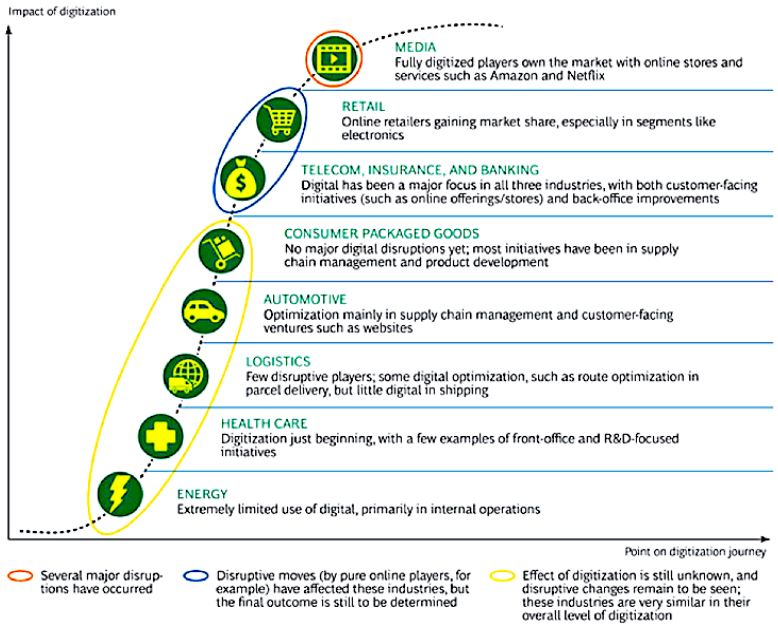

Figure 18. Industries at different stages on the impact of digitization. Source: Faeste and Scherer (2015)

When compared to other industries, the printing and publishing industry has been exposed to a number of digital disruptions for over fifteen years and offers interesting insights to new-players and incumbents. The importance of digital platforms for both publishers and readers are crucial aspects to be considered when firms develop competitive strategies, considering it leverages their user base. Additionally, digital platforms enable new ways of producing and distributing content. From a fiscal point of view, this would be a major problem for traditional distributors of physical copies of books, especially if all content is digitized onto electronic gadgets. Although this may take a few years, the current trend shows a small but steady decline of printed educational books and the slow increase of digital educational books (**Figure 19**).

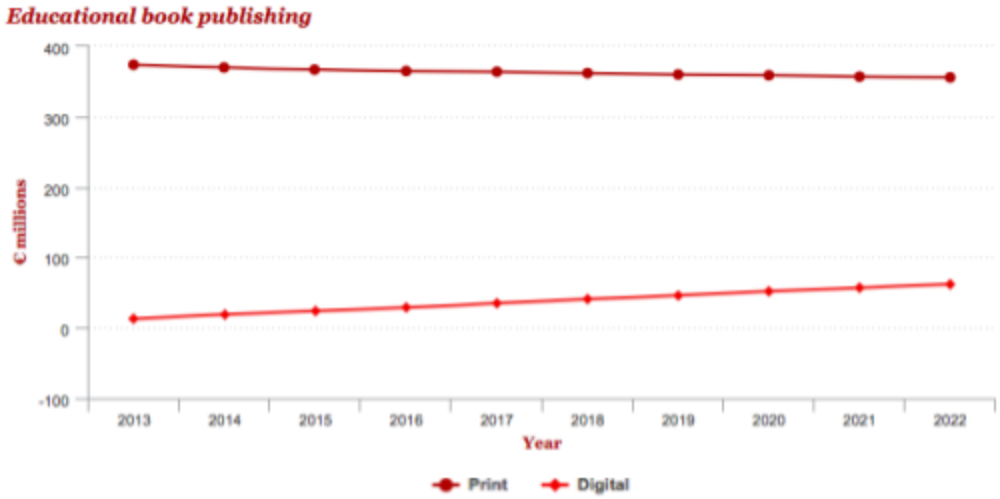

Figure 19. Source: The Dutch educational book publishing market. Source: Pwc (2018)

Digital publishing revenues in the Netherlands accounted for 10% of the total revenues in 2017 and this percentage is predicted to further increase in the future (Pwc, 2018). The ability to share global content, access to content anytime and anywhere and reduce or totally eliminate printing, which can effectively cut production and supply chain costs, are some of the advantages that incumbents should investigate and re-consider to make the most of digital platforms (Hess and Constantiou, 2018). Moreover, one of the applications for digital platforms is the ability to introduce interactive learning and digital teaching methods to improve the flexibility of the educational system. Such digital platforms would be advantageous to various stakeholders like teachers, parents, students, publishers, and distributors of learning materials. According to the Dutch educational publisher association (GEU), measures are being taken to incorporate IT-based applications into learning methods to encourage personalized e-learning and shift towards an age of digital education. Inevitably, traditional printing and publishing companies, as well as incumbents, need to address the present digital transformation of products, processes, business model and management structures and redefine their business models in order to stay competitive and defend their position in the industry.

3.4 Business model innovation in SMEs

Business model innovation is a challenging but rewarding construct that has acquired extensive recognition in the academic and corporate world (Baden-Fuller and Morgan, 2010). More than 90% of established firms implement some level of BMI (Lindgardt and Ayers, 2014). However, this is not the case for SMEs. The context of BMI in SMEs is novel, with only a few empirical studies on innovating business models by SMEs (Bouwman et al., 2017). The search result in Scopus for the keywords "business model innovation" and "SME" results in only 49 articles. Although research on BMI and the implementation of BMI in SMEs is slowly increasing, it is still scarce (Cucculelli and Bettinelli, 2015).

According to the Community Innovation Survey (CIS) data, only one in twenty SMEs innovate their BM (Barjak et al., 2014). This limitation on the BM innovative capacity of SMEs is because BMI is an expensive and time-consuming process that demands the allocation of resources that only large corporations possess. Although SMEs have better agility and adaptive capacity, when compared to large firms, most SMEs have little experience and limited resources that prevent them from the re-design and testing that

comes in developing an operational business model. Also, when SMEs engage in BMI, they tend to focus on specific, often the same, components of the BM, without deviating much from their original model. In fact, the process of innovating a business model is more non-linear with iterative steps taken to improve certain components of the BM (Heikkilä et al., 2017). Furthermore, SME managers are unaware of the tools and frameworks that could foster the BMI process, which makes them dependent on external consultancy firms or researchers to implement BMI (Bouwman et al., 2017).

Till date, most of the research has focussed on large enterprises and only recent studies have started to focus on SMEs (Pucihar et al., 2019). As SMEs are a pivotal driving force of the European economy (European Commission, 2017), more investigation is required in understanding their BMI practices. Therefore, in light of the significance of BMI for SMEs in terms of competitiveness and innovativeness, and since BMI continues to be under-recognized by firms, further investigation is needed. Besides, it would be of great societal and scientific relevance to study how SMEs approach BMI.

3.5 Conclusion

Even though SMEs are major contributors to economic growth, job creation and social integration (OECD, 2017), there are limited studies that focus on how SMEs implement BMI (Bouwman et al., 2016). As mentioned earlier, the European Commission recognizes BMI to be a key construct to improve the competitiveness and innovativeness of SMEs. As a result, new initiatives and approaches are taken to empower SMEs to innovate their BM. Since business model innovation in SMEs play a significant role in gaining sustainable competitive advantage and improving performance, more investigation and research is required not just on the technical aspects of implementing BMI in SMEs but also the people aspects of how SMEs implement BMI. Therefore, this research focuses on the people-side of implementing BMI in SMEs, more specifically on SMEs in the print and educational publishing industry in the Netherlands.

After decades of operation, some of the challenges the print and educational publishing industry faces is with regard to declining demand, competition for low-cost vendors, difficulty in changing the traditional way of production, increased production costs and the adoption of new technologies (European Commission). However, the current challenge for SMEs in this industry is the urgent need to redefine or innovate various components of their business model based on the trend in digital technologies and ICT. In addition to the urgent requirement to engage in BMI, the need to acknowledge the internal implementation factors are crucial aspects to ensure that both the employees and the capabilities required are in place for firms to succeed in BMI (Integraf, 2014).

Based on the scope mentioned at the beginning of this chapter and after the contextual analysis, two companies are chosen as case studies for this research. Both these companies are SMEs that belong to the print and educational publishing industry in the Netherlands and both have implemented business model innovation. Therefore, it would be interesting to see how the role of employee motivation, development and readiness to change played out during the BM implementation of the chosen SMEs. The rationale and selection criteria for these two SMEs are further explained in Chapter 4.

Chapter 4. Methodology

Many authors have explained the importance of choosing the right research methodology as a necessary step to successfully execute a research project (Eckert et al., 1999; Saunders et al., 2012). The research methodology should follow a scientifically rigorous process and employ suitable methods that enable the collection of relevant data as well as satisfy the validity of the following analysis (Baškarada, 2013). This chapter describes the research methodology that is exercised in this study. It outlines the epistemological position, the research strategy, the research process, the methods of data collection and data analysis, and lastly, the limitations of the chosen method.

4.1 Epistemological position

There are three research approaches that Saunders et al. (2012) describes: Deductive, Inductive and Abductive. The deductive approach serves to test a theory or hypothesis for its validity while an inductive approach aims to collect data and generate theory based on the analysis of that data. An abductive approach starts with 'facts' or 'puzzles' that are tested through data collection and explained further through generation or modification of the theory. As explained in chapter 1, the objective of this research is to investigate the causal relationship between BMI and firm performance and explain the influence of employee motivation, development and readiness to change in this relationship. The propositions developed at the end of Chapter 2 need to be tested while collecting data in order to abduct or modify them to further develop theory. Therefore, this research is an example of Abductive research.

According to Corbin and Strauss (1990) "*The procedures of grounded theory are designed to develop a well-integrated set of concepts that provide a thorough theoretical explanation of social phenomena under study"* (p. 5). While this statement is used for grounded theory research, these authors also argue that researchers that aim for different goals would utilize or redefine somewhat different procedures to achieve them. In their words "*Every mode of discovery develops its own standards and procedures for achieving them. What is important is that all of these are made explicit.*" (Corbin and Strauss, 1990, p. 5). Therefore, the propositions developed at the end of Chapter 2, elucidates the direction and focus of this research by making the path more explicit. These propositions serve as a base to structure the data collection and analysis, to refine or further develop the research propositions (Rowley, 2002). This results in the abduction of a more developed theory that provides a thorough explanation of the phenomena under study.

4.2 Research Strategy

A research strategy introduces various components of a research study such as the research perspective, the topic and focus, and the research methods to be used in the study. It defines a plan that the researcher will utilize to answer the research questions (Saunders et al., 2009). The major considerations while choosing a research strategy depends on the research questions and objectives, time restriction, availability and accessibility of data, the current state of development on the research topic as well as the researcher's philosophical stance. Based on the selected approach, there are a variety of methods to choose from. However, the strengths and weaknesses of various methods overlap (Yin, 2012), therefore, it is pivotal to choose an appropriate research strategy to plan the investigation (Saunders et al., 2009).

Motivation and reasoning for Case Study Research

As the research involves explaining the role of employee motivation, development, and readiness to change during BM implementation, it requires an empirical study within the real-life context of organizations to understand the phenomenon and focus of the study. Therefore, this research takes an exploratory, qualitative approach with a two-case case study methodology that comprises of several steps to be implemented in order to answer the research questions. A case study research strategy is suitable when an in-depth investigation of social behavior within its real-life context is desired. Yin (1994) defines case study research as *"an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used"* (p. 13). This method allows the explanation and understanding of social and behavioral problems by observing a natural phenomenon in a unique way based on a given set of data (Yin, 1984). With regard to the focus of this research, which is to test propositions to be further developed or modified, and explain 'how' the role of employee motivation, development and readiness to change influence the relationship between BMI and firm performance of SMEs, an exploratory case study research seems to be an appropriate method. Moreover, conducting multiple case studies enables cross-case analysis, which is ideal when there is limited knowledge on the research area and when the aim is to refine or generate a theory (Eisenhardt, 1989; Yin, 1994). Also, multiple case study methodology is useful, especially in the scope of SMEs, since it is not easy to make generalizations across such a heterogeneous sector (Wedawatta et al., 2011).

4.3 Research Process

This research started by developing a conceptual model based on a thorough literature study and to test the propositions of the model using empirical data collected from two SMEs in the Netherlands. After developing the model and analyzing the context, the case study protocol was designed and the interview guidelines were formulated with the help of the ENVISION (2016) case study protocol document in order to maintain the quality of the case study research. The foundation of this research is built upon the information obtained from an extensive description of cases from the ENVISION project where multiple interviews were conducted, analyzed and documented. Based on this data, which was made available to the researcher, the data collection stage also involved gathering evidence from other sources (desk research & interviews) and ensured reliability through documentation and recording instruments. After that, the interrelated process along with data collection was data analysis. The term 'Interrelated' is used because the researcher went back and forth between these stages. The procedures of coding, as described by Corbin and Strauss (1990), was used to analyze the data further in order to develop analytical generalizations that explain the phenomena under study. Atlas.ti version 7 was used to code the data collected and form semantic linkages. In general terms, this thesis followed a qualitative, exploratory case study method that attests and refines the propositions developed in Chapter 2. (**Figure 20**) provides a visualization of the research process.

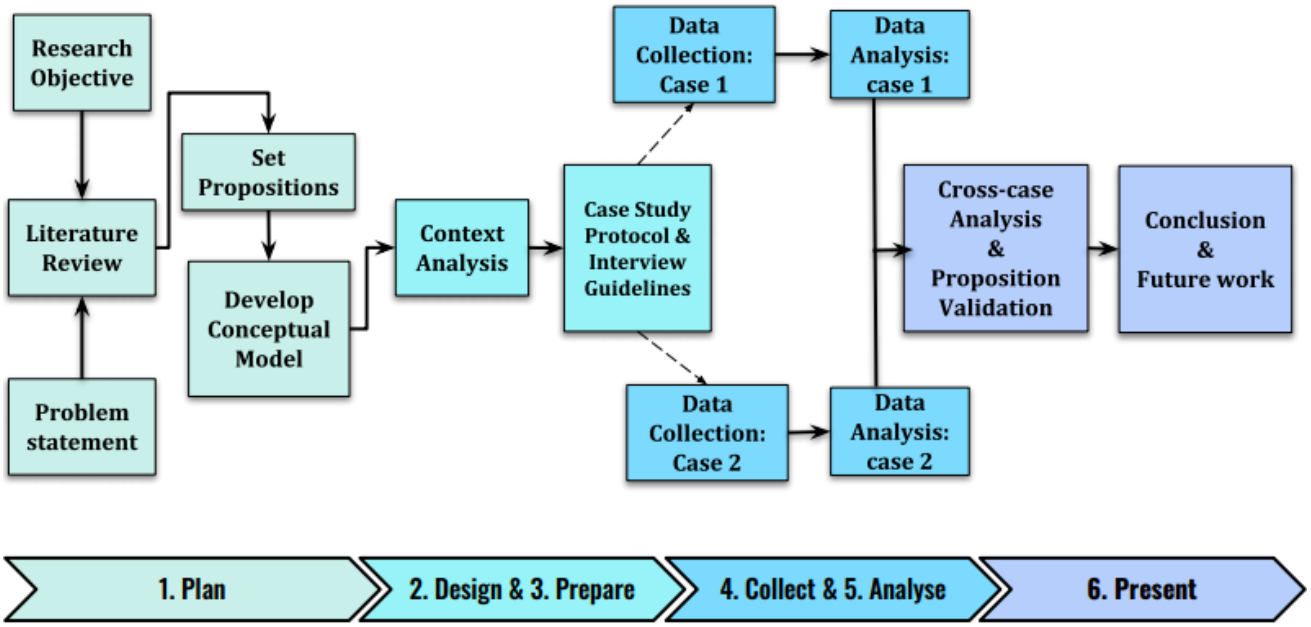

Figure 20. Visualization of the Research Process

The area of interest and focus of this research is employee motivation, development, and readiness to change in implementing business model innovation in SMEs. Using this as a base, the first step involved developing a theoretical foundation by carrying out an extensive literature study using relevant scientific papers, journal articles, conference proceedings, and book chapters. The literature review in chapter 2 provides a comprehensive overview of the current state of development on business models and its innovation thereof and fostered the identification of employee characteristics that have an influence on the link between BMI and firm performance. Although there are many employee characteristics that have been addressed in the literature to be important while implementing BMI, this research focuses on—employee motivation, development, and readiness to change—and would gather relevant data on other characteristics that seem to influence the link between BMI and firm performance. The present literature imparts a limited understanding of how SMEs implement BMI and how employee motivation, development, and readiness to change influence this process. The outcome of the literature review allowed to generate a set of propositions, which led to the development of a conceptual model for this research. The next step involved analyzing the context and narrowing the scope of this research. Chapter 3 starts with the definition of SMEs and then provides an overview of SMEs in the European Union and thereafter narrows it down to SMEs in the Netherlands. After that, the current state of development in the print and publishing industry is provided along with the rationalization of why there is a need for BMI in this industry. In order to answer the specified research questions, the conceptual model developed in Chapter 2 needs to be tested using the two case studies within their real-life context by conducting a semi-structured interview. However, in order to conduct the interviews, the case study protocol needs to be executed first. Therefore, this methodology chapter discusses the methods and procedures for conducting the practical study of this thesis. As mentioned earlier, case studies are ideal to study objects in their real-life context and serves the purpose of either generating new theory, testing theory or providing an elaborate description (Eisenhardt 1989). The focus of this research is testing the propositions

(conceptual model) using case studies, in order to explain how the role of employee motivation, development and readiness to change influence the link between BMI and firm performance.

4.4 Case Study Research

This research follows the universally accepted case study process described by Yin (2009). A case study research is a linear but iterative process that has six stages: Plan, Design, Prepare, Collect, Analyze and Share (Yin, 2009). The process intends to guide the researcher through the various steps involved in conducting a case study research, especially a multiple-case study. **Figure 21** depicts the various steps proposed for this qualitative multiple-case study research, adapted from Yin (2009). The case study 'plan' stage, starts from defining the research questions, literature review, context analysis and the rationale for case study research, which has already been explained in the sections above. The other phases are explained in the following sections.

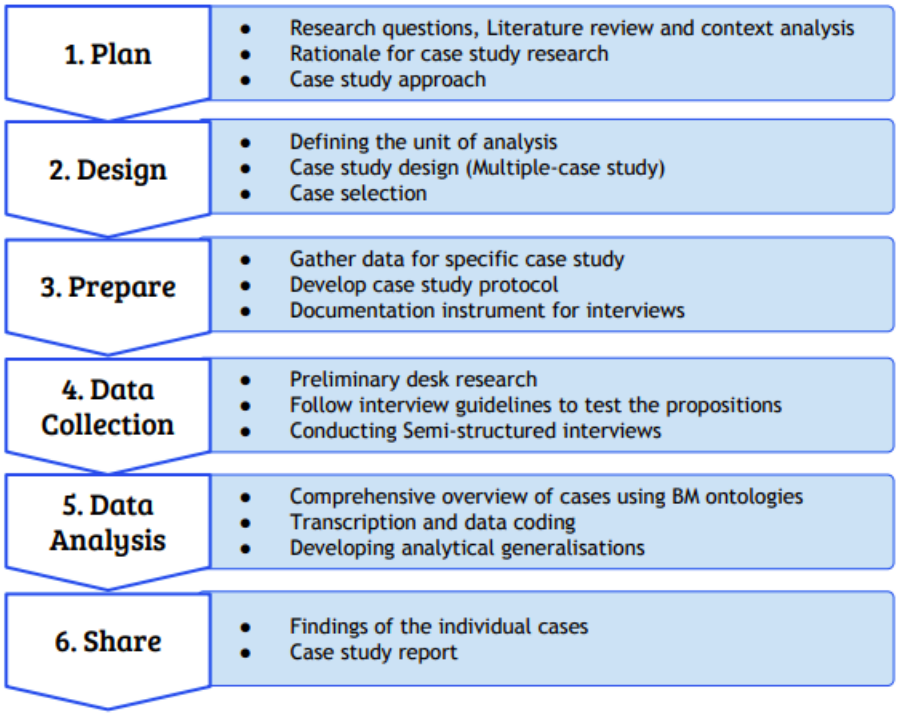

Figure 21. Case Study Approach adapted from Yin (2009)

4.5 Case Study Design

While there may be different types of case-study designs to choose from, this research adopts a holistic multiple-case study design as defined by Yin (2009). More specifically, a 'two-case' case study is chosen for practical and feasible reasons (**Figure 22**). A holistic case study examines each case individually as a single unit and the rationale behind a multiple-case study design is to assure a certain level of external validity and to provide compelling evidence, through the replication of cases, that increases the robustness of the overall study (Miles and Huberman 1994; Yin, 2009). Moreover, the analytical conclusions arising independently from each case presents an in-depth understanding of the phenomena under study and the findings can be compared to provide alternative explanations and strengthen the propositions (Eisenhardt, 1984).

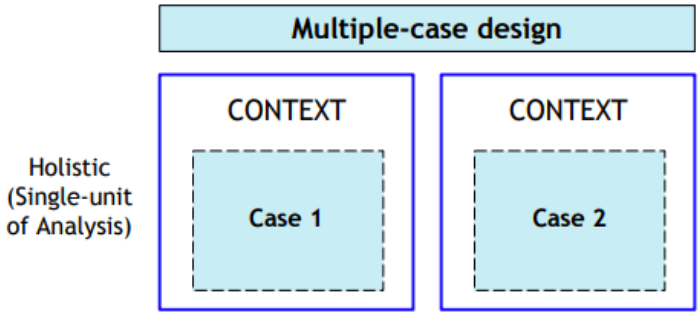

Figure 22. A holistic 'two-case' case study design adapted from Yin (2009)

Case Selection

After an extensive literature review in chapter 2, the various employee attributes that influence the link between BMI and firm performance were identified, and the characteristics that would be studied for this research—Employee's Motivation, Development, and Readiness to change—need to be investigated in firms that have innovated their BM. This establishes the first selection criteria.

As argued in chapter 3, the majority of companies in the European Union are SMEs. However, only a few engage in BMI. Considering their contribution to the European economy, it would be of great societal and scientific relevance to study how SMEs approach BMI. Moreover, as the researcher resides in the Netherlands, for convenience, the second selection criteria is limited to SMEs in the Netherlands.

To implement the case comparison strategy, which is based on purposeful sampling (Yin, 2009; Eisenhardt, 1989), the third criteria is to select cases from the same industry. This way, the analogy between the cases enables cross-case analysis. A salient aspect of the third criteria is that cases are selected with the expectation of either finding similar or contradicting results (Yin 1984). As argued in chapter 3, this research focuses on the print and publishing industry.

To summarize, the three selection criteria are:

- The case should have implemented BMI.
- The case should be an SME, in the Netherlands.
- The case should belong to the same industry—The print and publishing industry.

When the aim of the research is to attest or refine propositions in order to provide a thorough explanation of the phenomena under study, it is ideal to select cases that demonstrate that phenomena i.e., purposive sampling (Eisenhardt, 1989). Considering the above criteria and the aim of this research, the two cases selected for this research are SMEs that belong to the print and educational publishing industry in the Netherlands, and both cases have innovated their business model.

<Case 1>

Founded in 1922, <case 1> is an educational service provider that supplies state-of-the-art learning materials to schools and students. Due to digitalization, the company anticipated the changes that could occur in the educational market and wanted to expand their business internationally. Hence, the company implemented a new business model that is future-proof and tenable to changes in the digital era as well as

aligning with their internationalization strategy. Moreover, these changes mandated a cultural shift within the company, where employees needed to be trained to become a modern IT provider.

At present, the company provides a range of services from selling and renting books to supplying digital learning materials and administrative support concerning student matters. Besides this, it also offers an integrated digital platform that combines student monitoring system with a virtual environment for learning. Further analysis on this case is discussed in **Section 5.1**.

<Case 2>

Founded in 2005, <case 2> is an online printing service company that focuses on e-commerce for printing orders. Their business model has shifted towards a service-oriented model from a low-cost focused model. They provide a one-stop shop e-commerce platform for printed matter, advertising materials, work clothing, and other promotional gifts. Moreover, the platform provides a fully automated order processing, tracking, and feedback facility. They utilize their in-house machinery which enables to produce printing orders extremely quickly and efficiently. Apart from this, they offer a design tool on the website that enables customers to personalize their orders. Further analysis on this case is discussed in **Section 5.2**.

An interesting detail that differentiates both cases is with regard to their type of BM. <case 1> has a "traditional" type of business model, while <case 2> has a "Spotify" type of business model where the organizational structure has shifted from a functional team to an automated or squad team. In such a 'Spotify' type of business model, each squad is responsible for a particular product and has its own development, sales, and marketing person. Therefore, it would be interesting to see how the role of employee characteristics played out during the BM implementation and how these characteristics influenced the performance of these SMEs. The details of <case 1> and <case 2> are further elaborated in **Chapter 5**.

4.6 General Preparation

The general preparation is the third phase in the case study process described by Yin (2009) and the researcher performed the following steps: The first step involved gathering preliminary information on each case via desk research, i.e collecting, reading and analyzing all the available information on the cases. This includes data present in existing public sources such as websites, scientific publication, case descriptions from other researchers and news clippings. Moreover, the preliminary data gathered in this step, helped in preparing for the interviews and developing relevant questions regarding the business model and the BMI process for each company.

The second step involved preparing for the interviews. According to Eisenhardt and Graebner (2007) "*Interviews are a highly efficient way to gather rich, empirical data, especially when the phenomenon of interest is highly episodic and infrequent*" (p. 28). The interviews for this study were semi-structured and followed the case study protocol (**Appendix A**) and interview guidelines (**Appendix B**), adapted from ENVISION, to address topics and pre-set questions. As this research has a clear objective, semi-structured interviews were the most appropriate method as it enables addressing and gathering information on specific issues (Bryman and Bell, 2007). The main goal of the interviews with the participating companies was to analyze their business model, how they implemented BMI, the outcome and the role of employees in the process.

The third step involved conducting and documenting the interviews. Before proceeding with this step, the researcher ensured to have (i) a good knowledge of the research area, (ii) the skills for case study investigation and (iii) a thorough background of the two companies taking part in the study (Yin, 2009; Bryman and Bell, 2007). Since there is a lack of a commonly accepted definition of BM and BMI, the researcher ensured to familiarize the interviewees with relevant definitions and topics that will be addressed in the interviews. For this reason, the interviews with the companies were scheduled well in advance by sending an invitation letter and an explanation of the study as well as the participant consent forms as per TU Delft regulations. Apart from this, the researcher ensured to conduct the interviews in a setting with minimum distraction and suitable recording software was set up to document the interview (Bryman and Bell, 2007).

4.7 Data Collection

According to Yin (2009), the data for case study research can occur from a variety of sources—such as interviews, observations, company documents, video tapes, newspapers, letters, and books—and it is the responsibility of the investigator to follow a systematic procedure for collecting and analyzing data in order to assure credibility and avoid bias from the respondent. Hence, the main source of data for each case study in this research was acquired from a mixed approach of desk research, company documents and interviews with the employees that played a role in implementing BMI. While the unit of analysis for this research is the organization, the unit of data collection was the employees in the organization.

The data collected from the desk research and the Interview guidelines developed in the previous stage were utilized to conduct the interviews. Besides asking the right questions, it was equally important to select the ideal candidate for the interviews (Yin, 2009). So, the employees that played a vital role in implementing the BM in the two companies were selected. As the current literature does not have a widely accepted definition of BM and BMI, it was important to ensure that the interviewees had a mutual understanding of these concepts. Hence, before scheduling the interviews, the interviewees were given the opportunity to familiarize themselves with the topics and the questions that will be addressed during the interview, which allowed them to prepare and provide germane responses. This also facilitated in collecting relevant data for this research.

Interviews

Before starting the interview, the respondents were explained once again about the aim of the research and purpose of the interview. After which the participation consent forms were signed (or verbally approved) and permission to record the interview was requested. Since the main objective of the research was to test/refine propositions and understand the role of employees during BM implementation, it was crucial to stay in line and focus on the subject at hand during the interviews. Therefore, data collection using semi-structured interviews required certain guidelines to be prepared before proceeding with the interview (Bryman & Bell, 2008). The interview guide for this research was developed using the ENVISION case study protocol and can be found in **Appendix A**. The questions asked during the interviews (**Appendix B**) were drawn from the conceptual model based on the extensive literature study and information gathered during desk research and the previously conducted research in the ENVISION project of the two companies. The questions were framed to understand the activities during the BM implementation phase.

The first set of questions were formulated to warm up the interviewee and understand their role during the BMI at the company. The second set of questions were based on the BMI process such as the initiative taken, the challenges encountered and the BMI outcome. The final set of questions were aimed at understanding the role of employees during BMI implementation. Questions related to employee motivation, development and readiness to change, and their dimensions were raised. Before ending the interview, an open question was asked to get the opinion of the interviewee regarding how the BM implementation could have gone better with respect to the employees. Due to the semi-structured approach of the interview, there was room for flexibility while conducting the interview, that is, the order of questioning was random and depended on the responses obtained in order to further prompt more relevant data from the respondent. Each interview took approximately 45-60 minutes. Some of the interviews were conducted through the video conferencing software (Skype) and others were face-to-face. This was based on the convenience of the interviewees, which also helped save time and money (travel). The researcher did not observe any discrepancy in the respondent's answers or conduct between the two modes of interviewing. To structure the data collected and findings of the individual cases, transcripts of the interviews were made as soon as the interview ended in order to reproduce the words of the respondent. At the end of each interview, the researcher requested the respondent to suggest other employees from the company who would be willing to participate in this research. While some of the contacts agreed to be interviewed others could not find a suitable time to collaborate. Additionally the researcher also tried to reach out to people via email and Linkedin. Eventually, the people that responded were interviewed. The interview details has been summarized in **Table 5**.

Table 5 Interview Details

Company	<case 1>	<case 2>
No. of interviews	3	2
Interviewee role	Director of innovation Lead architect HR manager	Project Leader HR manager
Duration	45-60 minutes each	45-60 minutes each
Means	Face-to-Face & Skype interview	Skype interview
Documentation method	Audio recording , transcript	Audio recording, transcript

4.8 Data Analysis

Analyzing data is a crucial aspect of testing or developing theory from case studies (Eisenhardt, 1989) and the most difficult phase of a case study research (Yin, 2013; Eisenhardt, 1989). Thus, it is important that this phase follows proper procedures and documentation to assure reliability and validity. As this research aims to attest (and refine) the propositions and develop analytical generalizations, the propositions developed at the end of Chapter 2 were compared with the empirical case study results. The procedure of coding described by Corbin and Strauss (1990), was applied to analyze the data collected during the interviews. The analysis started as soon as data was collected and both data collection and data analysis

were interrelated, that is, the procedures for data collection and analysis took place systematically and sequentially such that the latest findings were compared to the previous results to further collect data on relevant aspects of the topic (Corbin and Strauss, 1990).

For this research, data analysis commenced by analyzing each case individually. First, the business strategy of the companies were discussed. After that, the old and new business models were analyzed using the business model CANVAS (Osterwalder and Pigneur, 2010). Next, the business model changes on the CANVAS components were tabulated to show the differences between the old and new model. Finally, the impact of the BMI process on employee motivation, development and readiness to change was analyzed. This way, a detailed overview of the two companies were obtained and was a prerequisite in processing the qualitative data gathered from the interviews.

The next step involved transcribing and coding the data collected from the interviews. This step is the fundamental process that converts the raw data into meaningful information i.e., to obtain valuable insights from the data addressed in the interviews, which in turn influences the results of the research (Corbin and Strauss, 1990). Transcription of the interviews was performed after each interview in order to replicate the words of the respondent for further analysis and also to prepare for the next interview. After transcribing the interviews, a copy of the transcription was sent to the respondent for validation. This was done to maintain research ethics as well as the authenticity of what was said during the interviews. Following this, the coding process was initiated to break down the data analytically and obtain insights and interpretations of the phenomena reflected by the data. For this, Atlas.ti (Software tool) was used to perform qualitative data analysis.

The coding procedure described by Corbin and Strauss (1990) was used to code, rearrange, and categorize the data. A key strategy during data analysis was to follow the propositions developed in Chapter 2 while analyzing the data in order to focus on the object of analysis and arrive at explanations (Yin, 2009). Three types of coding procedures were followed: (i) Open coding, (ii) Axial coding and (iii) Selective coding. The coding procedure started with open coding where conceptual labels were given to fragments of data. At this stage of coding, the researcher carefully read and went through the transcripts line by line to assign labels to fragments of data. The naming of labels were defined to closely represent the words of the interviewees. After which these labels were compared for similarities and differences. This way conceptually similar labels that were previously identified were merged and then grouped together to form categories and sub-categories. This process is called axial coding and was done by comparing categories with the interview questions. Then, selective coding was done to group all the categories around the "theme" that represented the phenomena under study, which is employee motivation, development and readiness to change. Finally, all quotations that were categorized with employee motivation, development and readiness to change were analyzed again for cross-case analysis. Such a detailed analysis helped in identifying attributes that explain the role of employees in the BMI process and their influence on the link between BMI and firm performance, and thus, helped in attesting the propositions. The list of codes for <case 1> and <case 2> can be found in **Appendix E** and **Appendix F**, respectively.

4.9 Summary

A case study research provides an in-depth understanding of the phenomenon under study by providing a thorough explanation of the research problem rather than focusing on the number of observed characteristics (Baškarada, 2013). Such a strategy is well-suited for new research areas or topics that have limited theory (Eisenhardt, 1989). Selecting a qualitative approach revealed in-depth insights, richness, and complexity inherent in the cases. Collecting data via semi-structured interviews ensured flexibility not only in understanding the interviewees but also to prompt further relevant data. Following the procedures of the case study protocol and interview guidelines aided in maintaining the quality of the research.

Nevertheless, there are certain limitations in a qualitative multiple case study research method. First, the chosen strategy is often accused of lacking rigour (Zainal, 2007; Yin, 1994). It is difficult to maintain rigour throughout the research period as researchers allow biased views to influence the direction of the findings. Another major criticism of case study research is the lack of external validity. That is, it has little basis for scientific generalization due to the small sample size (Yin, 1994). The insights obtained from one case, might not be relevant to others. Since this research aims to provide analytical generalizations that explain the role of employee motivation, development, and readiness to change in the BMI process of SMEs, the cases that have implemented BMI was deliberately chosen. Therefore, additional research with a large sample size i.e., more cases of SMEs, may be required to generalize the findings of this research. However, the findings of this research provide valuable insights into BMI theory and to the business practitioner community.

Chapter 5. Analysis & Results of Case 1 & 2

In this chapter, the analysis and results based on desk research, past documents and data collected during the interviews, for both case studies, are presented (**Figure 23**).

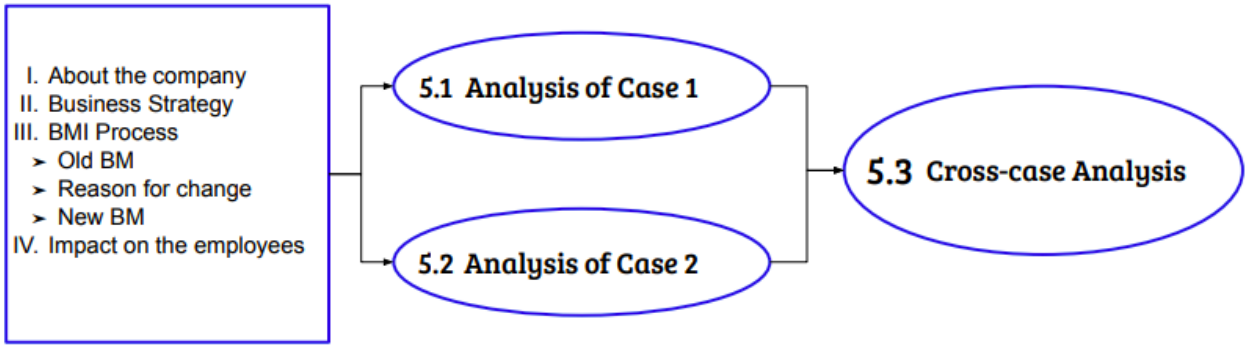

Figure 23. Sections in chapter 5

First, an overview of the selected company is given and then the business strategy is introduced. Following this, the BMI process is discussed to get a clear picture of the old model, the reason for the change, and the new model. Next, the impact of the BM change on the employees is analyzed and presented. This is done for each case study. Finally, section 5.3 examines both the cases together, looking into the role of employee motivation, development and readiness to change during BM implementation and its influence on the link between BMI and firm performance.

Analysis of <Case 1>

5.1 About <case 1>

<case 1> is a market-leading educational service provider in the Netherlands that focuses on the secondary and vocational education market. The company provides a combination of educational services to its customers—students, parents, schools and teachers—that range from distributing books and digital materials to full administrative support that concern students. The core business of <case 1> is to relieve schools from the inconvenience that comes with the job of organizing and distributing books to students and thus helping them focus on their main activity: Education. The core activities and value-added services include:

- The distribution of printed and digital content;
- A student administration system (SAS);
- A virtual learning environment (VLE);
- Data analyzed recommendations and personalized learning environment.

Brief History & Development

Headquartered in Ede, the Netherlands, <case 1> was founded in 1922 as a supplier for schools in the primary education market. Since the 1980s, the company started distributing educational (text) books to

the secondary education market and in the 2000s, the first online ordering portal for students was introduced. Eventually, it became a market leader of the secondary education market in the Netherlands and following its triumph, in 2004, the company expanded its business in Belgium.

<case 1> has always had an affinity towards information technology (IT) to guarantee productive operation and optimization of learning material distribution. It is seen in the development of the company's IT applications such as the web-based order application, and the single sign-on (SSO) access to digital content from various publishers. Also, the inclination towards IT is reflected by the various strategic acquisitions such as a student monitoring system (SAS) and virtual learning environment (VLE). These acquisitions empowered <case 1> to develop a place directly in the heart of the school's operational process. A few years later, the company became the only partner that was offering a well rounded educational service after the commercial launch of an all-in-one education platform in 2013 (See **Figure 24**).

Products & Services

<case 1> aspires for continuous operational excellence and has a past background of innovating its products, processes, and service. Their IT system (platform) that was developed in-house forms the foundation for the learning material distribution activities and this system is enhanced on a yearly basis based on customer feedback and system evaluation. The combination of a SAS and VLE together with complementary content, all made available on one platform is not only a benefit for schools but also for other partners (like publishers and third-party content providers) as the platform supports them to publish educational material and content. Moreover, in the present market, this is the only company in Europe that provides a unique set of well-integrated services of digital learning solutions through its all-in-one education platform (**Figure 24**).

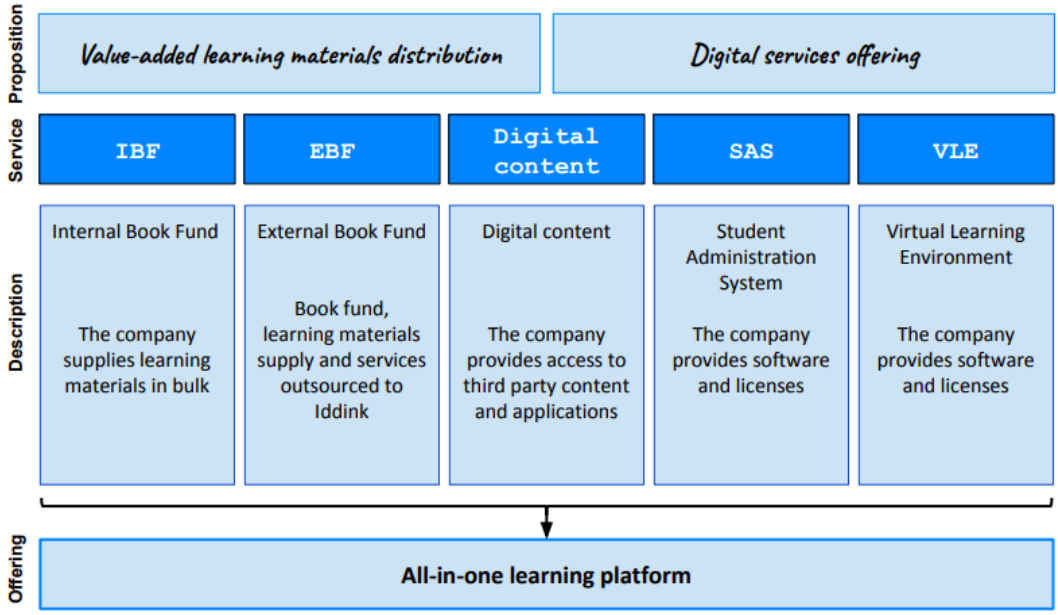

Figure 24. The service offering of <case 1>

The company's old BM rests on the traditional distribution of printed and digital materials to schools in the Netherlands. This distribution of learning materials takes place through two models: External Book Fund (EBF) and Internal Book Fund (IBF) service models. The EBF model enables schools not only to

outsource learning materials like textbooks, workbooks, etc., but also services like packaging, billing, administration, information management, and home delivery. In the IBF service model, schools act as an intermediary between distributors of books and students. Schools buy learning materials in bulk from the distributors with good discounts and then sold or rented to students. <case 1> focuses more on the EBF model as it alleviates schools from the hassles and rigorous job of organizing and distributing books to students.

The company also provides digital education solutions in the form of a student monitoring system and a virtual environment for learning. The SAS helps schools manage student records as well as provide links to third-party applications and educational tools. The VLE facilitates data flow between teachers, students and, publishers and provides access to digital content such as learning material, homework, tests, grades, and other third party content. The combination of such a digital solution enables schools to function more effectively and simultaneously provide adaptive and personalized education for their students.

5.1.1 Business Strategy of <case 1>

The business strategy of <case 1> is to focus on innovation and global expansion. By leveraging the company's market-leading position in the Netherlands, <case 1> intends to grow and enhance its holistic service offering through the learning platform. Using their affinity towards IT, the company reconsidered its strategy and wanted to expand along two paths, while holding on to its dominant spot in the Dutch market. The two strategic paths (**Figure 25**) include:

- **Digitization**: Strengthening the company's digital footprint.
- **Internationalization**: Expanding in the Netherlands and other European countries.

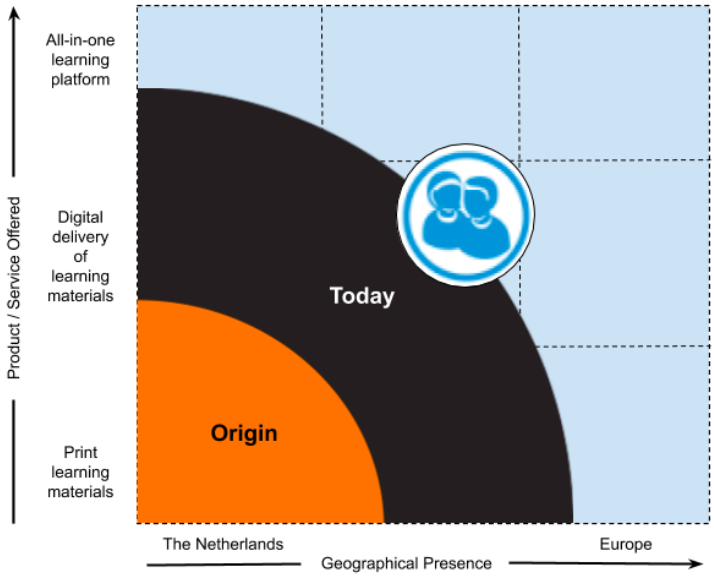

Figure 25. Business Strategy of <case 1>

While the company continues to enhance the service offering by developing more features for each product separately, the initiation to apply this strategy was to integrate all the products into one. This starts with combining the SAS with the VLE and subsequently, the digital learning material and third-party content onto the digital platform. As a result, <case 1> was able to offer an integrated solution to its target

users—students, parents, schools, and teachers—that not only enables adaptive, personalized learning but also increases collaboration and efficiency among them.

The internationalization strategy utilizes the company's existing expertise and leading spot in the Dutch market. As a first step, the External book fund (EBF) services would further be developed in existing countries and then, the software applications developed in-house would be exported to introduce the EBF services in new countries. The Globe product of <case 1> is tailor-made for international expansion and at present covers the company's EBF offering in existing international markets.

In the future, the company plans to deploy the all-in-one platform to other countries without initially offering EBF services. Therefore, <case 1> has to incorporate and align this integrated digital service enabled by platforms as well as the internationalization strategy to its future business model.

5.1.2 Business Model Innovation Process in <case 1>

As this research focuses on exploring the role of employees during the BMI process, more specifically the implementation phase, it is important to understand the changes between the old and new business model of <case 1>. Therefore, this section describes the BMI in <case 1> based on the findings from desk research and the inputs obtained from the interviews. **Figure 26** provides an overview of the old and new changes in the company's business strategy and business model.

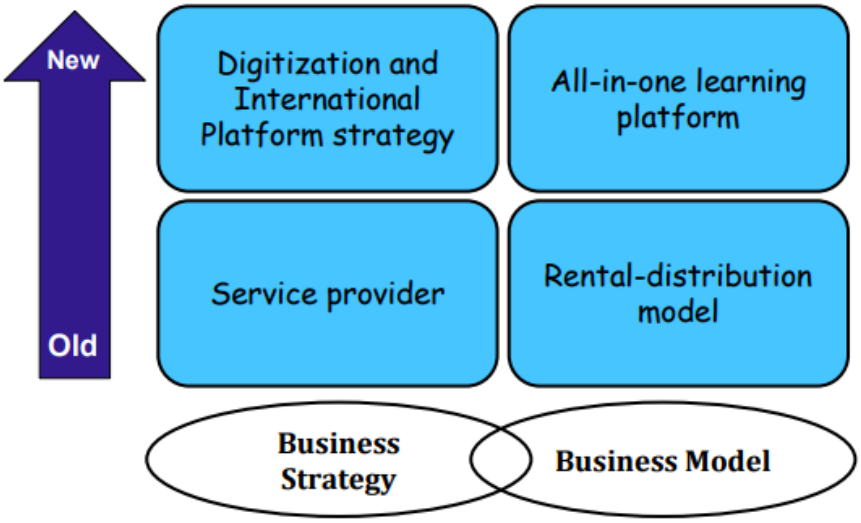

Figure 26. Relationship between old and new business strategy & business model <case 1>

The following sections are based on the researcher's interpretation of the business model innovation in <case 1> based on desk research, company documents as well as previously done case studies on the company.

First, the old business model is described using the business model CANVAS. After which the reason for the change is explained, followed by the company's new business model. Since the CANVAS model does not capture the value offered to the various target users (Schools, students and parents) in a single CANVAS, for each target user a business model CANVAS is created to provide a clear picture of the old and new business models.

Old Business Model of <case 1>

The company's old BM represents a logistics service provider that distributes printed and digital learning materials to schools, students and parents, only in the Netherlands. It offers a one-stop-shop that consists of a platform for education (SAS & VLE) and service for ordering books online. With this service, every student has the correct educational content in the right place, at their disposal. Therefore, all the books will be delivered on time and digital learning content will be available to the student via the virtual learning environment. As this research focuses on the role of employees, it is important to note that the key resources of the old business model include the warehouse employees for the logistics operation, the IT developers and designers, learning material experts and non-technical employees in the sales and marketing divisions. Since <case 1> has two target users: (i) Schools and (ii) Students and parents, a business model CANVAS was created for each target user. The detailed analysis can be found in **Appendix C**.

(i) Applying the CANVAS framework for the target user - Schools

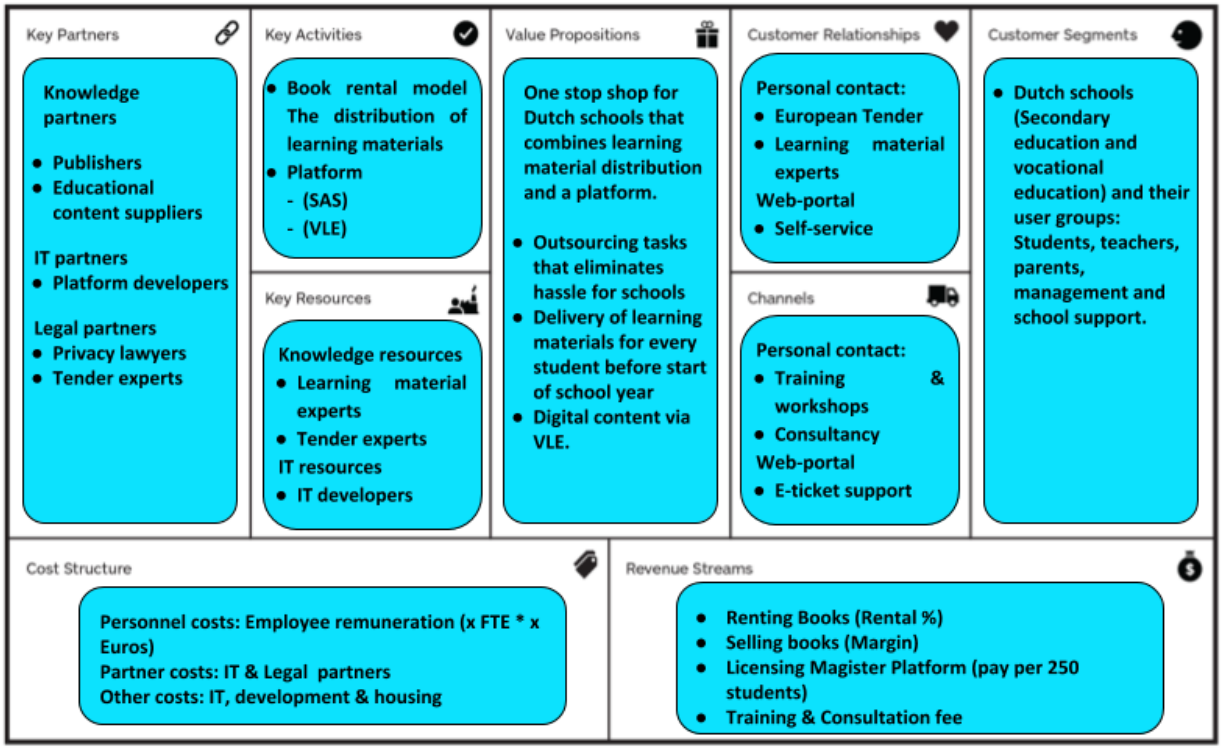

Figure 27a. Old BM CANVAS for target user: Schools

(ii) Applying the CANVAS framework for the target user - Student and Parents

In the BM CANVAS created for students and parents, there are six components (highlighted in green) that are different when compared to the target user - Schools:

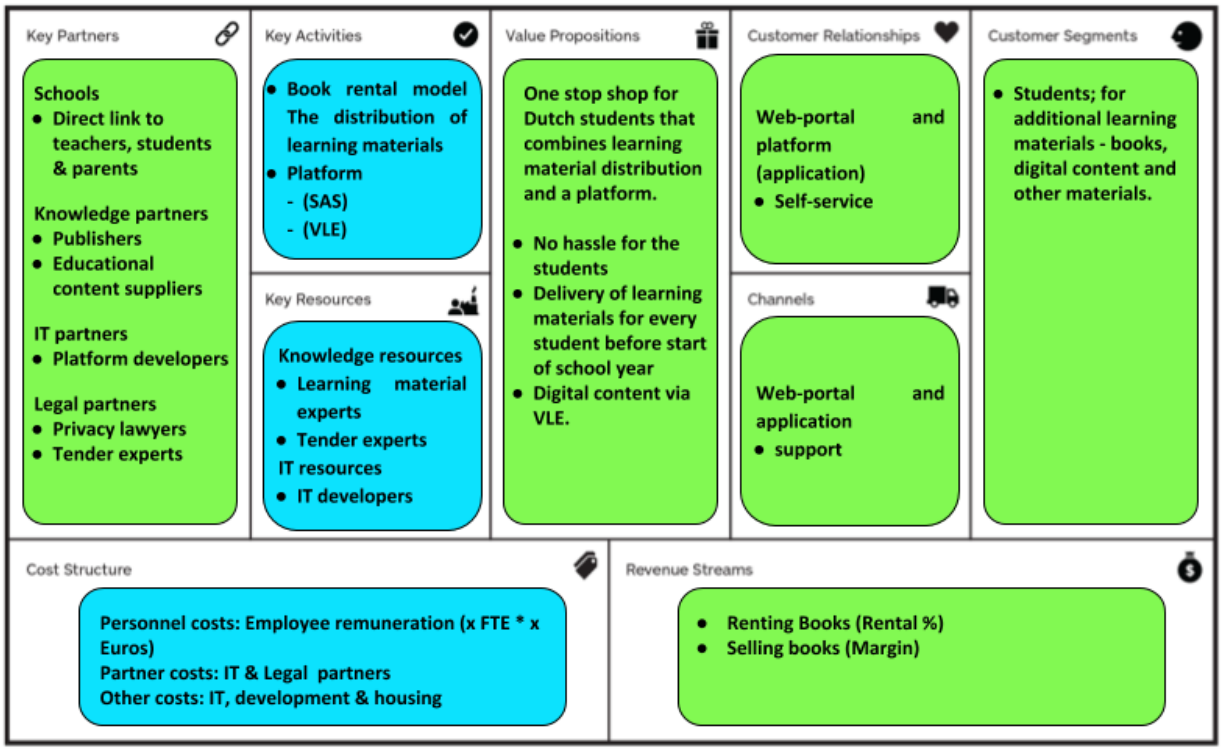

Figure 27b. Old BM CANVAS for target user: Student & Parents

Reason for the change - Digital Approach & Internationalization

The education sector utilizes a wide variety of learning materials and considering the rapid pace of technological development and digitization, schools are expected to keep up with these trends and provide their pupils with the latest and most efficient ways of learning. <case 1> being a key player in the educational services industry, revised the company's strategy and business model to answer this market need by providing an integrated solution of its products and services.

The company's traditional business model (Dutch service model) is based on the distribution of printed educational materials through its EBF and IBF service models. Although the company's key strength and largest part of sales account for these service models, the company was aware that its future success depended on the ability to adapt, innovate and globalize. As a result, a strategic discussion with partners has made the company shift towards a digital focus and internationalization strategy. The changes between the old and new business models can be seen in **Figure 28**.

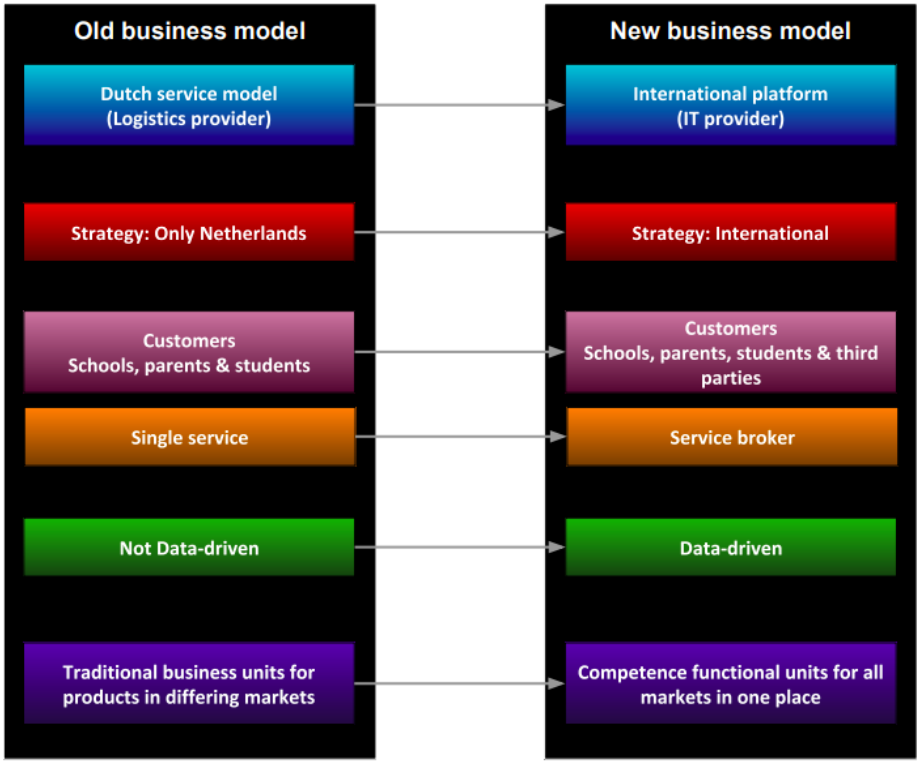

Figure 28. The business model change - old to new <case 1>

Using the company's Dutch market position as a base, the company intended to globalize and integrate its product and service offering into one platform. This integrated platform includes 1. Learning material distribution (e.g. textbooks, workbooks, exam material, etc.) 2. Digital learning material distribution (e.g. e-books, published content, etc.) 3. The student administration system and virtual learning environment and 4. Third-party application and tools. Moreover, the information management system has single sign-on access through which schools, teachers and parents can track the student's performance. Students can access digital learning material for their course modules from various publishers. Also, the global product includes third content and other educational tools and applications such as a plagiarism checker or scheduling software.

New Business Model

The new business model is a shift from the traditional logistics service model to an international cloud service provider (CSP) that fulfills the company's digital focus and internationalization strategy. This transformation involved partly changing the business model for all target users. Also, when compared to the old business model, the new business model has a new target group i.e., third parties, who can interact with the platform to offer extra value. Moreover, additional expertise with data analytics and IT requirements were required to implement the new BM. Therefore, the new business model has three target users: (i) Schools and (ii) Students and parents and (iii) Third parties. The business model CANVAS for each target user is depicted below. The detailed analysis can be found in **Appendix C**.

(i) Applying the CANVAS framework for the target user - Schools:

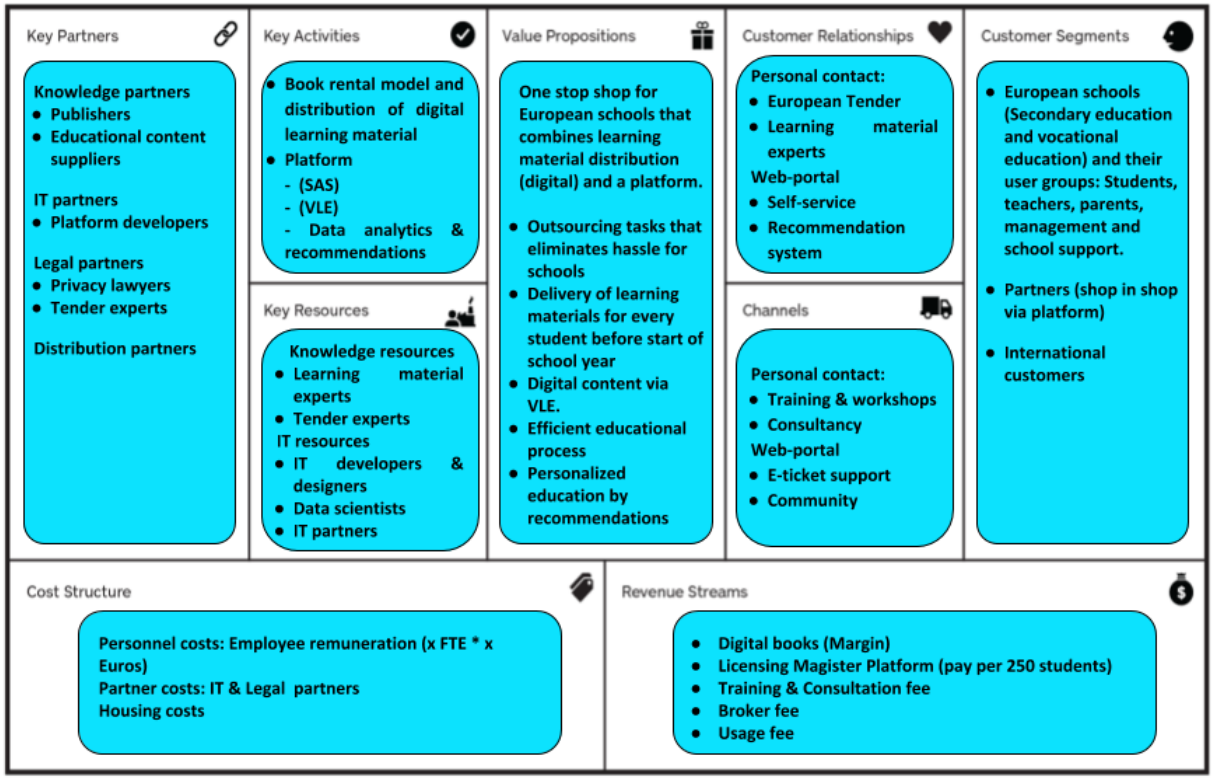

Figure 29a. New business model CANVAS for target user - Schools

(ii) Applying the CANVAS framework for the target user - Student and Parents

In the BM CANVAS created for students and parents, there are five components (highlighted in green) that are different when compared to the new business model for Schools:

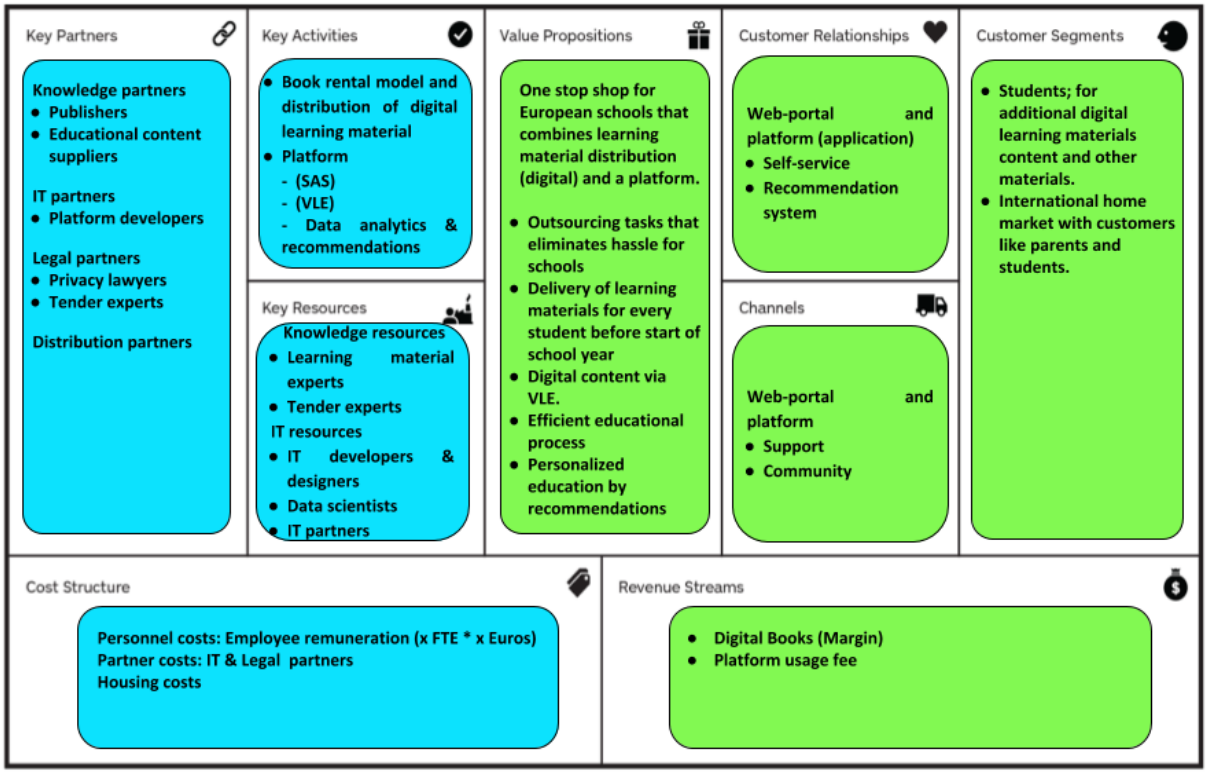

Figure 29b. New business model CANVAS for target user - Students & Parents

(iii) Applying the CANVAS framework for the new target group - Third parties

As the strategy involves being an international IT provider, the new target group has to be included in the new BM. There are five components (highlighted in green) that are different when compared to the new business model for target user - Schools:

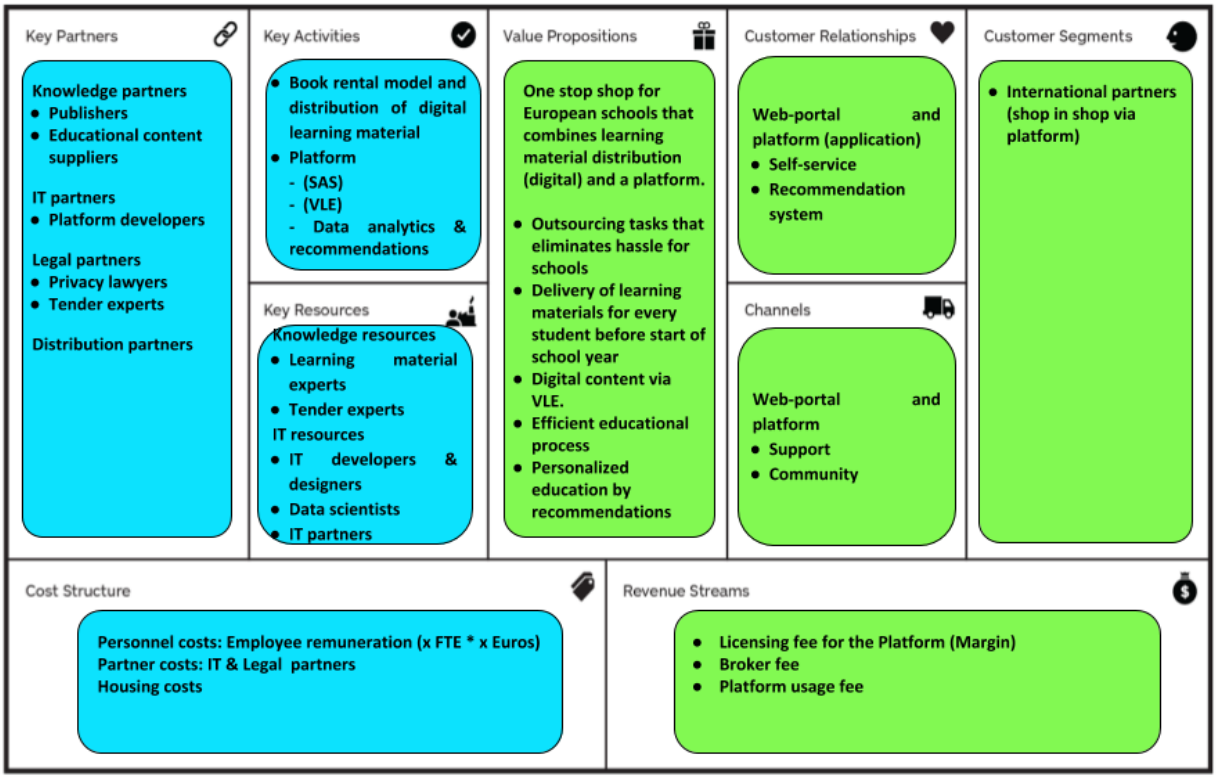

Figure 29c New Business model CANVAS for new target user - Third parties

5.1.3 Impact of business model change on the employees

The BMI of <case 1> involved the internationalization strategy and launch of an all-in-one platform that combines all the products of the company into one platform. The BM change entailed a shift from a traditional logistics provider of books to an IT provider of digital education. While this radical change sounded simple in the initial stages of the BMI process, its implementation had a significant impact on the employees of the organization as they had to adapt their role, change their culture and train their minds to implement the new changes required to become an international platform provider. The BMI implementation phase was particularly challenging since it required employees to understand the new business requirements, develop relevant competencies and change old ways of working. Therefore, based on the analysis of the old and new business models of <case 1> (**Figure 30**), this section discusses the impact of the business model change on employee motivation, development and readiness to change along with statements from the interviewees. The list of codes identified during data analysis of <case 1> can be found in **Appendix E**.

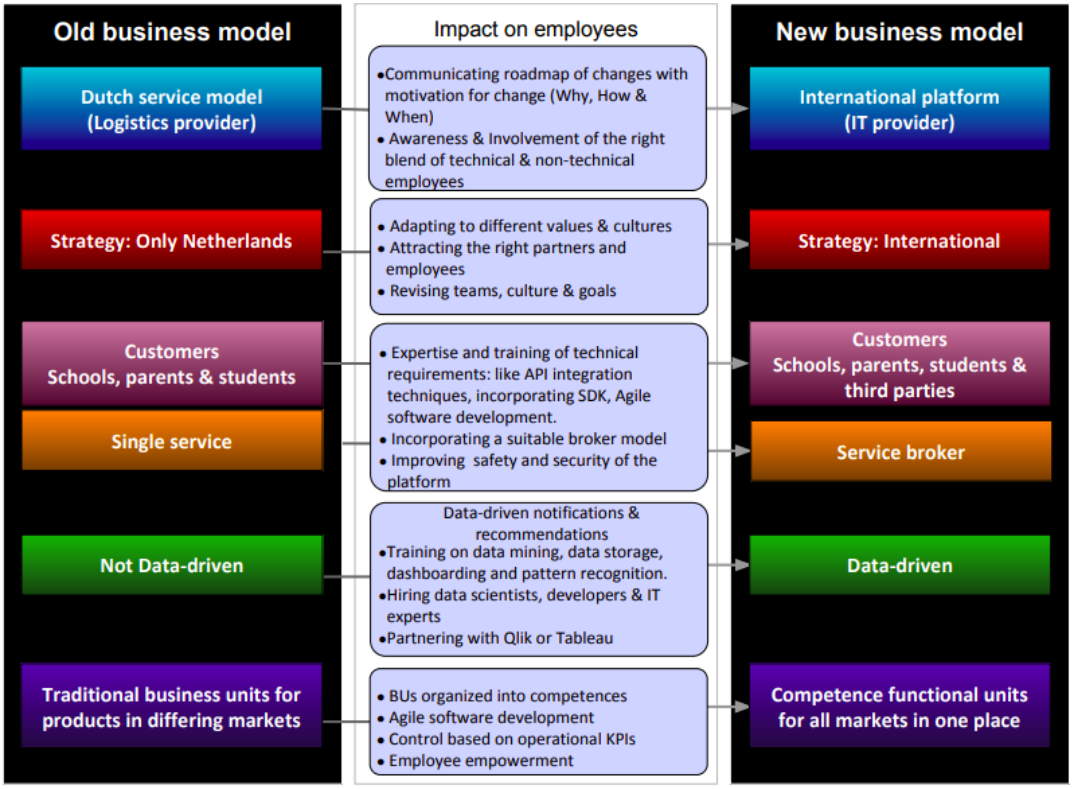

Figure 30. Impact of BM change on the employees <case 1>

Impact on employee motivation

It is natural for employees to get accustomed to certain ways of working where a routine is set and they start feeling comfortable not only in terms of their job satisfaction but also with job security. However, when the radical change in <case 1>, the shift from a logistics provider to an international platform provider, was introduced within the company, employees started to develop a sense of fear, anxiety and questioned how the change would impact them on an individual level. As a result, they resisted the change at the beginning of the BMI process.

'There was some resistance. A lot of people were used to the old model and they saw the new model as a threat. They started thinking...what is going to happen to my job, my responsibilities, and my income.' (Lead Architect)

However, to make employees overcome this initial resistance, managers of <case 1> tried to involve the employees who would be taking part in implementing the new model by explaining and showing them the importance of innovating the old business model i.e., the importance of distributing digital content, how it worked and what was going to change. This shows that <case 1> made an effort to motivate the employees and get them on board to implement the new BM.

Although the step to motivate employees was taken, managers realized that people showed their willingness to change but actually didn't want to be changed. In fact, employees that had doubts, concerns or questions regarding the new business model, found it difficult to speak up and give their input as they felt managers were higher up in the organization. Moreover, at that point, there was no HR department and only managers were involved in the decision making process i.e., Top-down approach.

'There was no HR manager at that time. Everything within HR was done within the directors of the management team… there was not a lot of openness from senior management towards the people.' (Director of Innovation)

Thus, the employees that took part in implementing the new BM not only had to accept the change in fear of job security but also found it difficult to voice their opinion due to a lack of openness from top management Consequently, when managers wanted feedback from the employees, they realized it was difficult to obtain their input. As a result, the management team had to let their guards down to get the employee's suggestions.

'From a lot of people, you never get their input unless you stand near the coffee machine or during Friday afternoon drinks. You have to lower your barrier to get their input. That's a problem when you're at the top of the company.' (Director of Innovation)

So, to motivate the employees of <case 1>, the managers of the company later appointed a change agent within the company to lead the new way of doing things and to push employees to implement the new BM changes.

'We were looking into the company and said who can we appoint as a key person… a real believer of the new way of doing business. To play a major role in the transition...to become more digital.' (Director of Innovation)

This agent played a major role in shifting from books to digital books (Books to Bits). And this was how the implementation process was initiated. An awareness of the changes to be tested and implemented, along with the 'need' for the change—the why, what, and how, was introduced to a new team of technical and non-technical employees, who started suggesting their ideas. The existing IT staff, book experts and purchasing department were really enthusiastic to implement the new model, providing suggestions and recommendations for the new platform. However, during the BM implementation, the managers realized to transform into a software company, certain competencies were lacking within the company, which was necessary to become an international platform.

'We were just old fashioned logistics provider with warehouse people. So we bought other companies to get the competencies and the knowledge in.' (Director of Innovation)

Thereupon, <case 1> acquired many companies to get the required competencies and knowledge, in order to push more digital content. This eventually created an imbalance within the organization as each company came with its own culture and style of working, which made it difficult for <case 1> to merge the companies and implement the new BM.

'It was hard to manage because new people don't know the history, they don't know about the existing employees and it was hard to get them integrated' (HR manager)

'We later realized...buying a new company meant buying a new culture.' (Director of Innovation)

While the employees of the old company were intrinsically motivated to be involved and have a social responsibility of improving education methods, employees of the newly acquired companies were extrinsically motivated by the goods and other resources—such as laptops, phones, lease cars, etc. This, in

turn, made the old employees realize the presence of unequal benefits in terms of salary, rewards, goods, etc between the two companies.

'It was a little difficult to motivate due to the differences between the old company and the new company. The new company, they were always motivated by money or goods...by a new laptop or a new car and also had a higher income.' (Director of Innovation)

While extrinsic motivators such as new phones, laptops or salaries can influence the initial attachment to implement the change, in the long term, the change efforts depend on intrinsic motivators like the value of employee involvement, job satisfaction, and commitment. Besides this, there are other factors that influence employee motivation like recognition of work, performance feedback, and targets. This was present in <case 1>:

'We had a normal HR cycle. We had target setting meetings, bilateral meetings, middle of the year (mid-year review) and of course year-end meetings - setting new targets for next year.' (Director of Innovation)

Although the managers of <case 1> learned how to motivate the employees by taking certain measures later in the BM implementation phase, the company struggled through the transformation, but still managed to implement the new BM changes whilst motivating the employees that took part.

Impact on employee development (capabilities & skills)

In <case 1>, the shift to a technical, software company required training and coaching related to agile software development, APIs, and data analytics, in order to implement the new BM. However, the managers of the company knew that training old employees to develop the skills and capabilities needed for the new BM would not be possible and thus, bought part of the new BM capabilities by acquiring companies that could contribute to implementing their vision.

'We bought new companies because starting from scratch, being a book supplier and becoming an I.T. company was impossible. People wise...forget it. Because somebody working in a warehouse picking books is never going to code.' (Director of Innovation)

Thus, instead of assessing the employees and their competencies, <case 1> did an assessment of potential partners that could be acquired. This clearly shows that more focus was given toward the products and technology of those companies that could enhance the international platform and not much attention was given to the employees and culture that accompanied the acquisition.

'We did an assessment of the company. Like how healthy is the company? how good is the company for some market share? what's the revenue?... So we bought it and we set an ambition...within a year we had a virtual learning environment where we could distribute digital content and that's exactly how it went.' (Director of Innovation)

Although <case 1> already had a little experience with IT requirements as a logistics provider, to implement their new business model (international platform), they had to have the right people with the right skills involved in the right role to implement the change. For instance, the addition of third-party target users to the all-in-one platform required employees to have expertise in handling API calls and

software development kit, etc. So, training and coaching was given to IT employees that were involved in the new BM implementation.

'The key resources in IT we appointed had to complete certain training...Also, those key players were in the sales, marketing, and product side of the book's part. They were really trained.' (Lead Architect)

To build the platform through continuous development cycles, the agile way of working was adopted. So, the key resources of <case 1>, that is, the IT, sales, marketing, and product development employees were given training about the newly acquired products and how to integrate them into one platform using agile methodologies. Furthermore, employee development in <case 1> was not just about developing technical skills for the change but also meant developing non-technical skills like improving collaboration and teamwork, encouraging creativity, etc. This suggests that, employees were given the right direction and working environment to be prepared for the change.

'We had training for the managers from the ICT company and the logistics company to learn and know about each other. Learn more about each other's work, on how to lead a team, how to manage and become a team.' (HR manager)

In terms of employee empowerment, <case 1> empowered people by giving them all the resources required to implement the change, as long as it was in line with the company's strategy. Moreover, the people the company acquired were given the freedom to do their job as they were specialists and experts in their job.

'We empowered everybody with all the tools and resources they needed. But they were aligned with the strategic vision. They had the freedom because they were specialists' (Director of Innovation)

According to <case 1>, empowering employees brought in a sense of responsibility and ownership that enabled them to implement the change with confidence rather than resist it all together.

Impact on employee readiness to change

Before implementing a new business model, the employees involved in the transition need to be well prepared to proceed with the change. In <case 1>, employee readiness to change meant effective communication, managerial support and a shift in culture that was addressed a little late in the BMI process.

To start with, it was important to mitigate the BM change by positively affecting the employees taking part in the transition and considering them in the implementation plan. Although <case 1> experienced initial resistance from the employees, proper communication and explanation of the new BM and the amount of money it would make, helped many employees understand and accept the logic of changing the traditional business model. The managers of the company used visual models to depict their vision and show how the change would enhance the old business model. Thus, effective communication of certain determinants helps employees understand the business requirements as well as prepares them for implementing the change.

'We made some sort of show models...like UML diagrams. To say this is going to be the future and asked them what you think about it and do you believe in it.' (Director of Innovation)

Moreover, the managers also conducted several workshops, presentations and meetings with different departments of the companies to communicate their vision and discuss with employees about the new BM changes.

'There were several workshops and meetings offsite, where employees of different companies were invited and spent together to discuss...Ok...This is where we are going, what does this strategy mean for us and what's your understanding of it.' (Lead Architect)

Such initiatives served well among employees and gave them the opportunity to share their ideas. And when there were concerns or doubts, managers took the time to support the employees and explain the current position of the company in the marketplace, about competition and the reason for the change.

'There was some resistance like why we are going to do digital learning? And we explained the business model and the amount of money we could earn with that as a whole company and they felt it was logical.' (Director of Innovation)

Apart from this, managers tried to incorporate a connected leadership, trying to connect with the employees and making them aware of the next steps to implement. This way employees understood their role in the early stages, developed confidence in the process and prepared themselves for the change. Thus, <case 1> nurtured an environment for change and encouraged participation and involvement of their employees.

In terms of the organizational culture, <case 1> basically wanted to bring different people with brilliant ideas together to have synergy and develop greater ideas. And considering the internationalization strategy of the BM, a cultural shift was needed to realize the international education platform. However, managers were also experimenting and learning in the process to understand what works within the company as well as for the all-in-one platform. They came from operational excellence where everything was focussed at the optimization of the logistics process and now they were shifting toward a more international, innovative software development landscape. Which was a huge cultural difference not only for the business but also for the people within the company.

'The differences in the culture was for the hardest part, the cultural integration. when we bought other companies...we bought another culture and the culture of a digital company is really different than the culture of a factory. We tried to merge, but we failed' (Director of Innovation)

Although managers tried to bring people together through informal parties, they realized it was a mismatch. When compared to the old employees, people from the acquired companies had different backgrounds, cultures and even spoke different languages, which made it hard to merge and become 'one company' and even harder to implement the new BM.

Analysis of <Case 2>

5.2 About <case 2>

<case 2> is one of the fastest growing printing companies in the Netherlands that has disrupted the standardized print segment through its multi-sided e-commerce platform and cheap EU suppliers. Besides finding an efficient and cheap technique of printing (i.e., 'ganging' method), the company's strategic approach focuses on delivering high-quality prints with a personal customer approach via an e-commerce platform. The company's core business involves providing a one-stop-solution for printed matter by optimizing the print ordering process and integrating various stakeholders involved in that process onto one platform. Whether it concerns flyers, business cards, work clothing, posters or stickers; The e-commerce platform became 'The' place that offers one shop for all business and promotional printing. The two main activities that represent the company's source of innovation are:

- **The 'Ganging' technique:** Combining multiple orders and printing them on a large sheet.
- **E-commerce platform:** Placing product information and prices online as well as automating the ordering process for print orders.

The company's success in optimizing and automating the print ordering process has attracted a lot of competition, who were easily able to replicate the above two activities, resulting in increased competition for printing in the industry. Consequently, the company turned towards innovation and pushed to improve the quality and services offered.

<case 2> - Brief History & Development

Founded in 2005, <case 2> started out as a printing company that found an efficient yet cheap way of printing by aggregating multiple print orders onto one sheet i.e., ganging method, which basically meant combining various orders from customers as a single order to share the starting and operating cost. Also, the presence of in-house machinery that produces quickly and efficiently has led to cutting costs and competitive pricing that disrupted the printing industry.

Due to the increasing competition in the industry, in 2007, the company launched its e-commerce platform that provided the opportunity of integrating various stakeholders involved in the printing process such as the customers, shipping company, print outsourcing company, etc. The platform enables automating the major processes for many stakeholders involved and provides customers with a faster and intuitive ordering process (**Figure 31**). Moreover, one of the distinguishing features of <case 2> is how the platform enables customers to determine the delivery time of their print orders, giving customers what the want, the moment they need it, with an attractive price and short delivery times. Thus, the company has shifted from a low-cost provider model to a service-oriented business model.

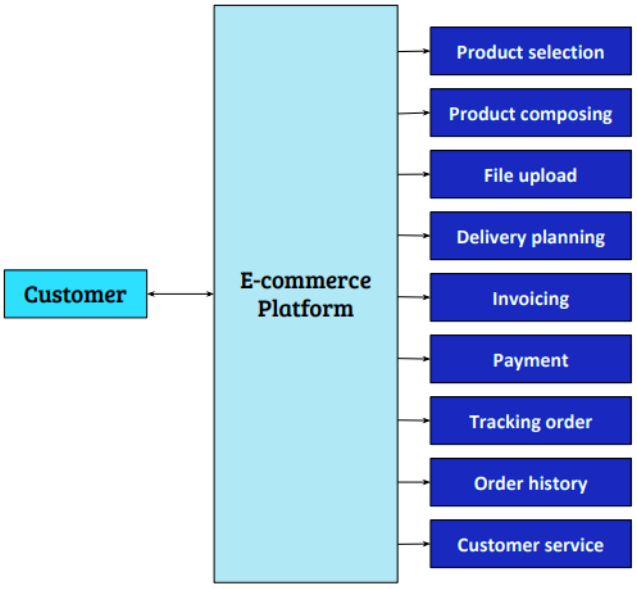

Figure 31. E-commerce platform of <case 2>

Over four years, the company's success formula has helped to become a leader in online printing with branches in the Netherlands and Belgium. By 2009, the company grew so rapidly with a turnover of 9 million euros that most of the activities were insourced in order to keep up and implement changes swiftly. Despite the increasing competition in the print industry, the company continued to grow, updating the platform and improving services, and in 2014 the revenue of the company was evaluated to about 50 million euros.

The period between 2009 and 2014 was the rollercoaster phase where the company started to rapidly grow, almost by a hundred percent. As a result of the fast-growing nature of <case 2>, the company shifted from a functional organizational structure to a Spotify model, in order to become agile and encourage innovative behavior amongst employees (**Figure 32**).

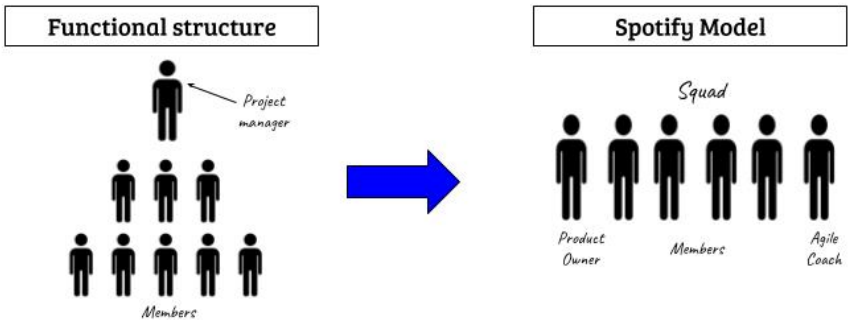

Figure 32. Functional organizational structure to a Spotify model

In a Spotify model, each team (also called a 'squad') works independently and interacts with other teams only if there is a dependency. These squads manage their own product and directly interact with customers to make decisions on how to present the product and about improvements to increase value to customers. In <case 2>, squads were formed based on the products offered. Similar products were grouped together and assigned to one squad. Each squad has its own web developer, product leader, designer, and

sales expert. The main benefit of a Spotify model is to incorporate flexibility, automation and innovative, entrepreneurial behavior amongst employees.

With competition increasing rapidly in the print industry, the CEO of <case 2> realized, in order to survive in the long run the company had to expand or join a bigger competitor. Thus, by the end of 2014, <case 2> was acquired by a large US-based online marketing and printing company that focuses on personalized products for small businesses and consumers. This helped <case 2> improve its service offering in the B2B and B2C markets.

5.2.1 Business Strategy of <case 2>

The business strategy of <case 2> was to become a one-stop solution in the printing industry with a focus on customer satisfaction. However, the increasing competition in the print industry had forced the company to innovate and focus on product quality and services. In 2007, the strategy was changed from a low cost, narrow product offering to a slightly higher priced, wide variety, service-oriented strategy. The porter five-force company analysis is depicted in **figure 33** to show the external forces of the market.

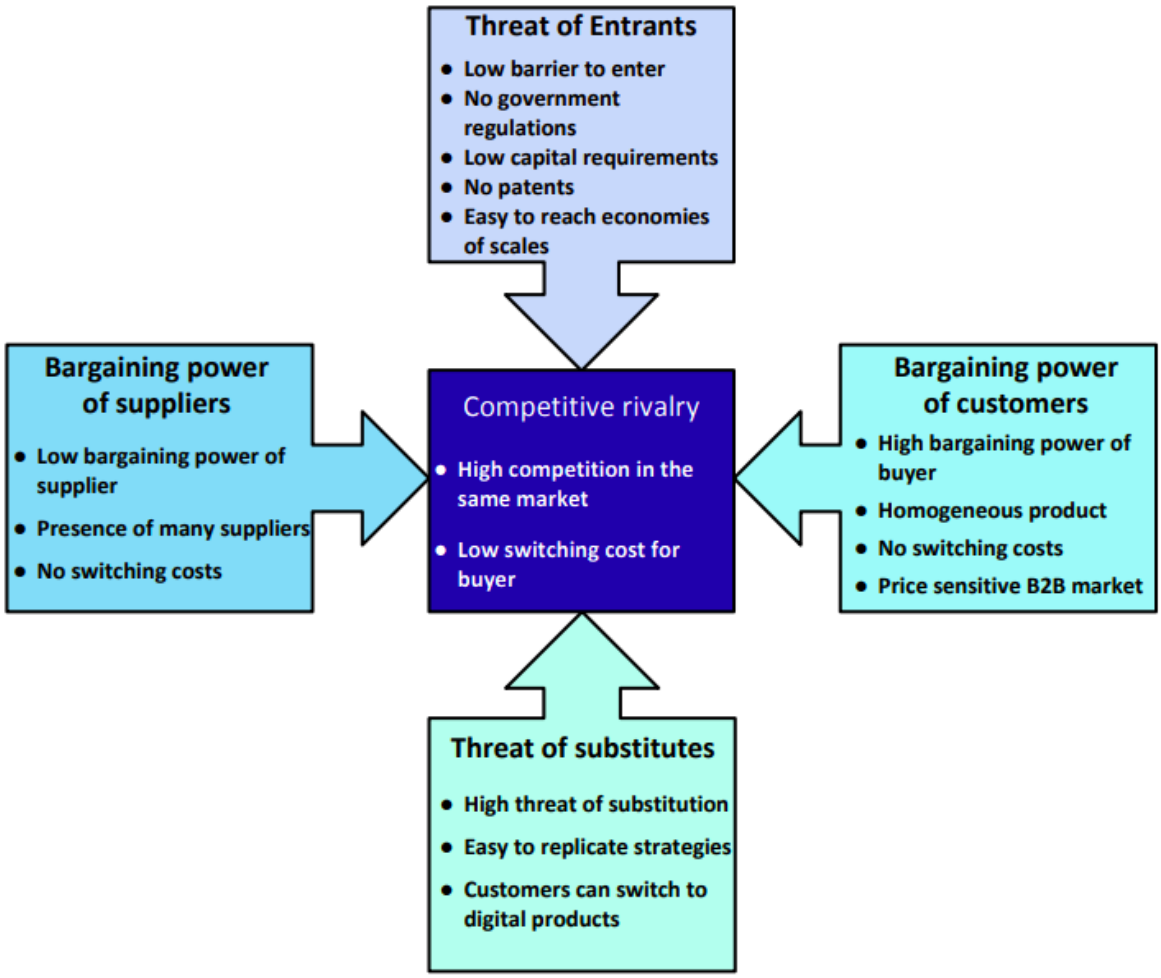

Figure 33 Porter five-forces analysis on <case 2>

To deal with competition as well as focus on customer requirements, the company increased the number of product offerings. This not only includes the basic printing products (i.e., photos, stickers, posters, clothing, etc.) but also value-added services such as branding and corporate identity solutions. Besides this, the company also expanded the market reach by developing a reseller program and franchise to utilize its brand. With the increase in product lines and growth, the company transformed from a functional organizational structure to a Spotify model to be more automated and improve the entrepreneurial mindset of the teams. At present, <case 2> focuses on adding more product lines, simplifying the ordering process and automating more in order to become a one-stop solution for printing products. Thus, the BMI shift is from a low-cost leader printing model to a service-oriented printing model.

5.2.2 Business Model Innovation Process in <case 2>

As the scope of this research is on the BMI implementation of SMEs, the period after 2014 shows that <case 2> had a turnover of €50 million, which makes the company leave the SME phase to become a large enterprise. Thus, the period between 2005 and 2014 will be studied in this research. During this period there were two kinds of business model innovations: (i) The start of a printing business via an e-commerce platform and (ii) The change of strategy from a low cost, narrow product offering to a wide product and service-oriented offering. The focus will be on the second business model innovation where the company also shifted from a traditional organizational structure to a matrix organizational structure (Spotify model). **Figure 34** provides an overview of the old and new changes in the business strategy and business model.

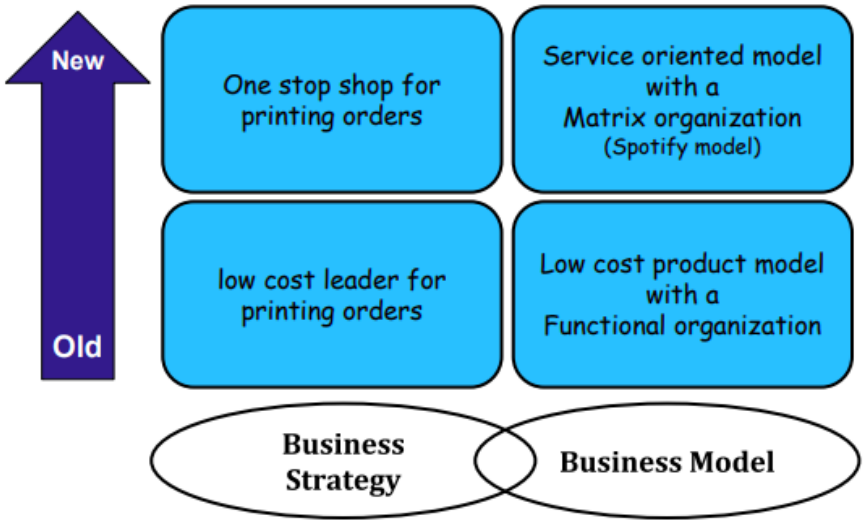

Figure 34. Relationship between old and new business strategy & business model <case 2>

The researcher utilized the findings from desk research, company documents as well as previously done case studies on <case 2> (ENVISION Project) to understand and describe the BMI process, which was also verified during the interviews. The following sections discuss the BMI of <case 2>. First, the old business model of <case 2> is described using the business model CANVAS. After which the reason for the change is explained, followed by the company's new business model.

Old Business Model

The old BM of <case 2> is a low-cost, narrow product-oriented model that offers a one-stop-shop for high-quality printing at low prices and short delivery times. The primary target customers are the B2B and B2C markets, which includes the graphical industry, small, medium and large companies, and consumers. Every user has their own way of utilizing the value offered by <case 2>, which influences the choice, context, and the price of the product. The old BM of <case 2> is depicted in **Figure 35.** The detailed analysis can be found in **Appendix D.**

Applying the CANVAS framework on the Old business model:

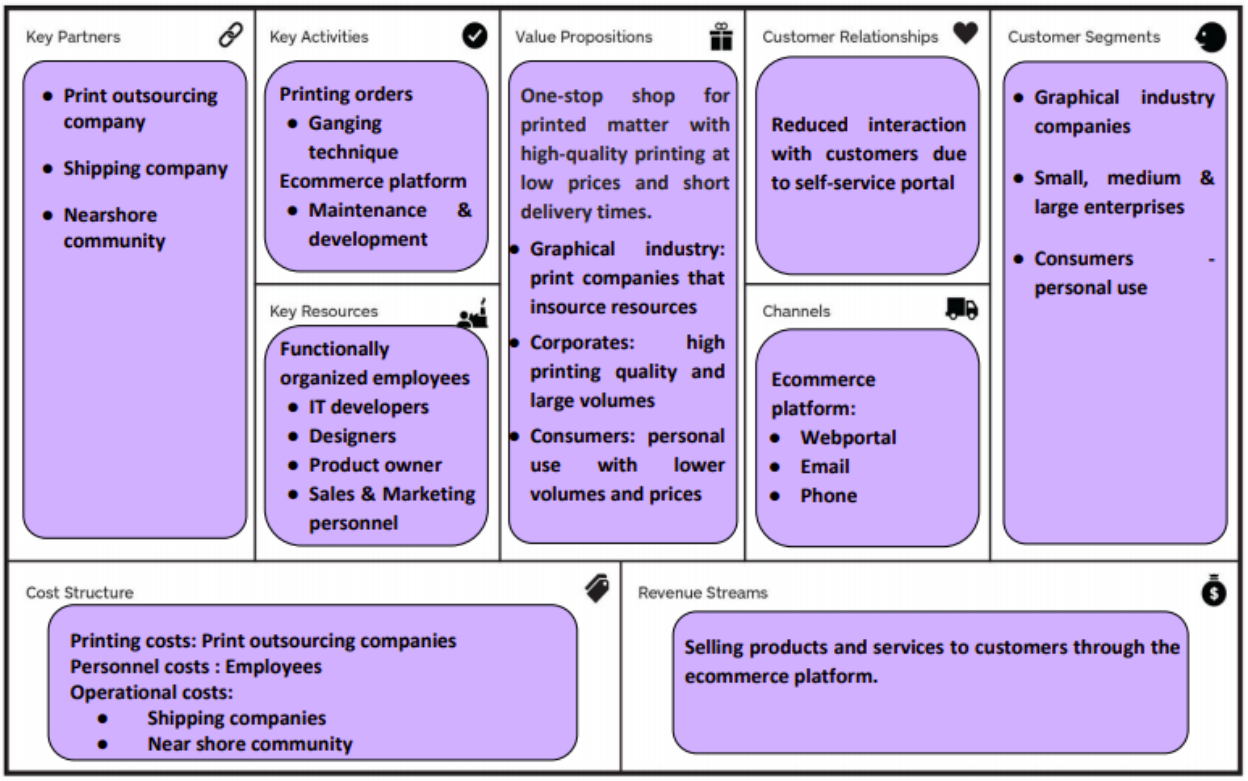

Figure 35. Old Business Model Canvas - <case 2>

Reason for the Change - Increase in competition

The emergence and popularity of the internet has paved the way for many printing companies to expand their businesses online and increase competition in the industry. Many printing companies started selling their products online not only because of the emerging e-commerce industry but also because it was easy to execute. As a result, the innovativeness of <case 2> is attributed to this rapidly growing competition and market demand in the print industry. The changes between the old and new business models are depicted in **Figure 36**.

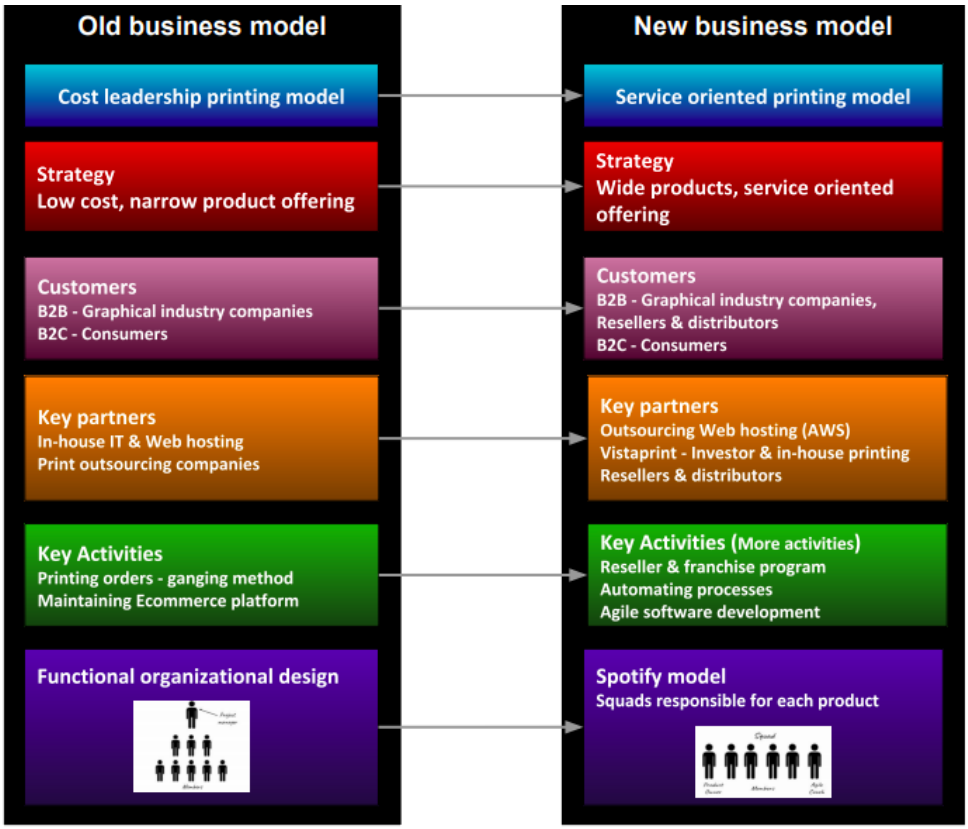

Figure 36. The business model change - old to new <case 2>

Being a Dutch market leader for low-cost printing, the company realized that its strategy of combining orders (i.e. 'ganging' method) and placing product information online was easy to replicate by competitors. Due to the increasing competition in the print industry, <case 2> was forced to innovate their business model. The company wanted to develop a unique platform that not only enables customers to design and track their print orders but also increase the speed of processing an order (e.g. automated invoicing). At present, <case 2> focuses on adding more products and optimizing the ordering process in order to become a one-stop solution for printing products. Thus, the company has transformed its business model from a narrow product with low price offering to a wide variety of products and service offering with high quality and automated processes.

In addition to increasing the product line offering, <case 2> was growing very quickly and needed to maintain the entrepreneurial mindsets of the people in the company. To address this challenge, the company shifted from functional organizational design to a matrix organizational design, which the managers refer to as a 'Spotify' model. In a Spotify model, each team (also called a 'squad') works independently and interacts with other teams only if there is a dependency. The squads manage their own product and directly interact with customers to make decisions on how to present the product and about improvements to increase value to customers. Similar products are grouped together and assigned to one squad. Each squad in <case 2> has its own web developer, product leader, designer, and sales expert. The main benefit of a Spotify model is to incorporate flexibility, automation and innovative, entrepreneurial behavior amongst employees.

New Business Model

The new BM of <case 2> represents a wide product, service-oriented model with four core propositions:

1. Easy & error-free ordering process
2. Wide range & good quality products
3. Low prices
4. Fast delivery (One-day delivery option)

Additionally, the new BM of <case 2> offers value-added services such as corporate identity and branding solutions along with the possibility for customers to let their promotional material be distributed in selected areas. This way customers need not make separate agreements with distributors. Apart from this, reseller companies can utilize the resources of <case 2> through their white-label shop. A key point to note is that all the new changes to the old BM were implemented using teams working as squads i.e., the Spotify model.

The new BM of <case 2> is depicted in **Figure 37.** The detailed analysis can be found in **Appendix D.** There are seven components that are upgraded in the new business model of <case 2> (highlighted in pink). Only the Channel of communication and customer relationship remains the same when compared to the old model.

Applying the CANVAS framework for <case 2> New business model (Figure 37):

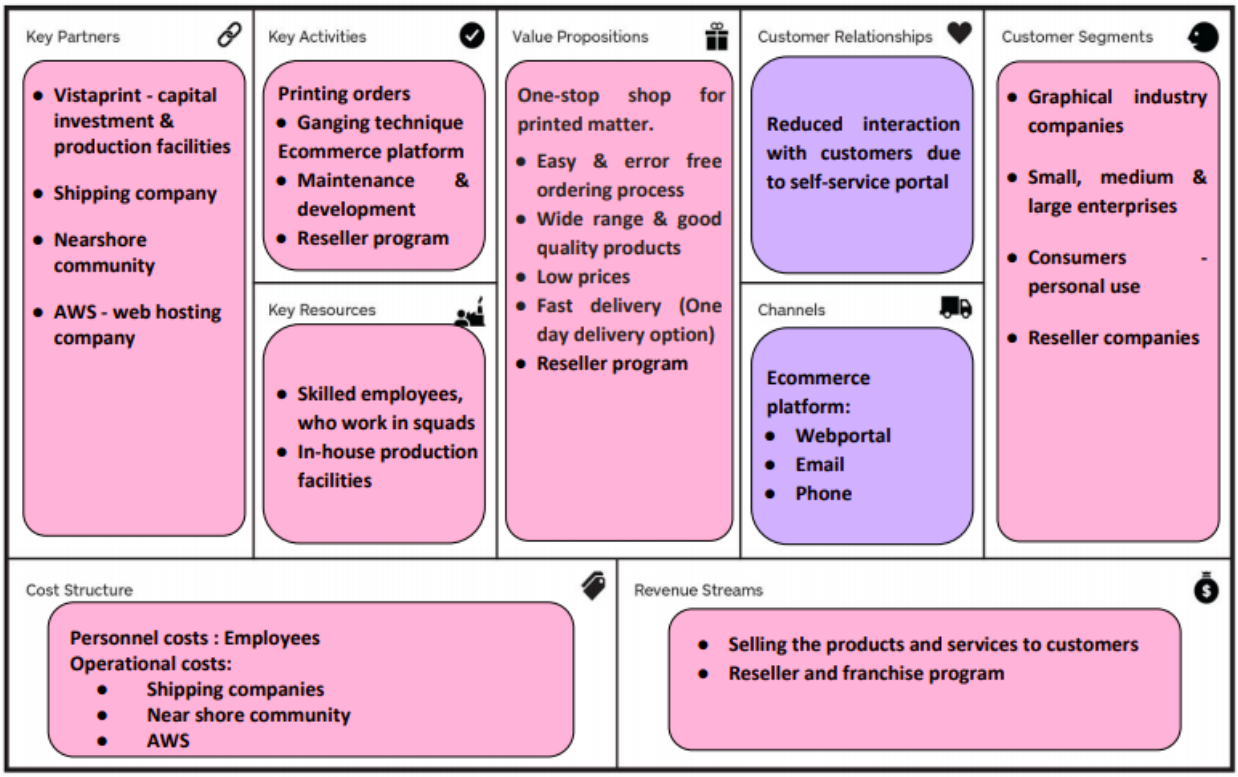

Figure 37. New Business Model Canvas - <case 2>

5.2.3 Impact of business model change on the employees

<case 2> is a medium-sized company that considered itself to experience a roller-coaster phase when it came to innovating their BM. Due to turbulent changes in the market as well as the rising competition in

the industry, the company's business model is subject to frequent changes in order to stand out from the competition and become a one-stop solution in the printing industry. As a result of continuous changes, the managers did not find the need to formalize the BMI process and relied on their instincts to innovate the products and services. They listened to 'noises' in the market to figure out which noise would become a signal for the company to innovate its business model. In order to keep up with the increasing competition in the printing market and improve the speed of innovation within the company, <case 2> changed their business model from a narrow product with low price offering, to more products and service-oriented model with improved quality and automation. And along with the increase in product and service offerings, the company (No. of employees) also grew by 100% causing them to break the functional organization design and become more automated (Spotify model). When such changes were implemented one after the other within the organization, it had a significant impact on the employees. Therefore, based on the analysis of the old and new business models of <case 2>, this section discusses the impact of the business model change on employee motivation, development and readiness to change along with the statements from the interviewees. (**Figure 38**). The list of codes identified during data analysis of <case 1> can be found in **Appendix F**.

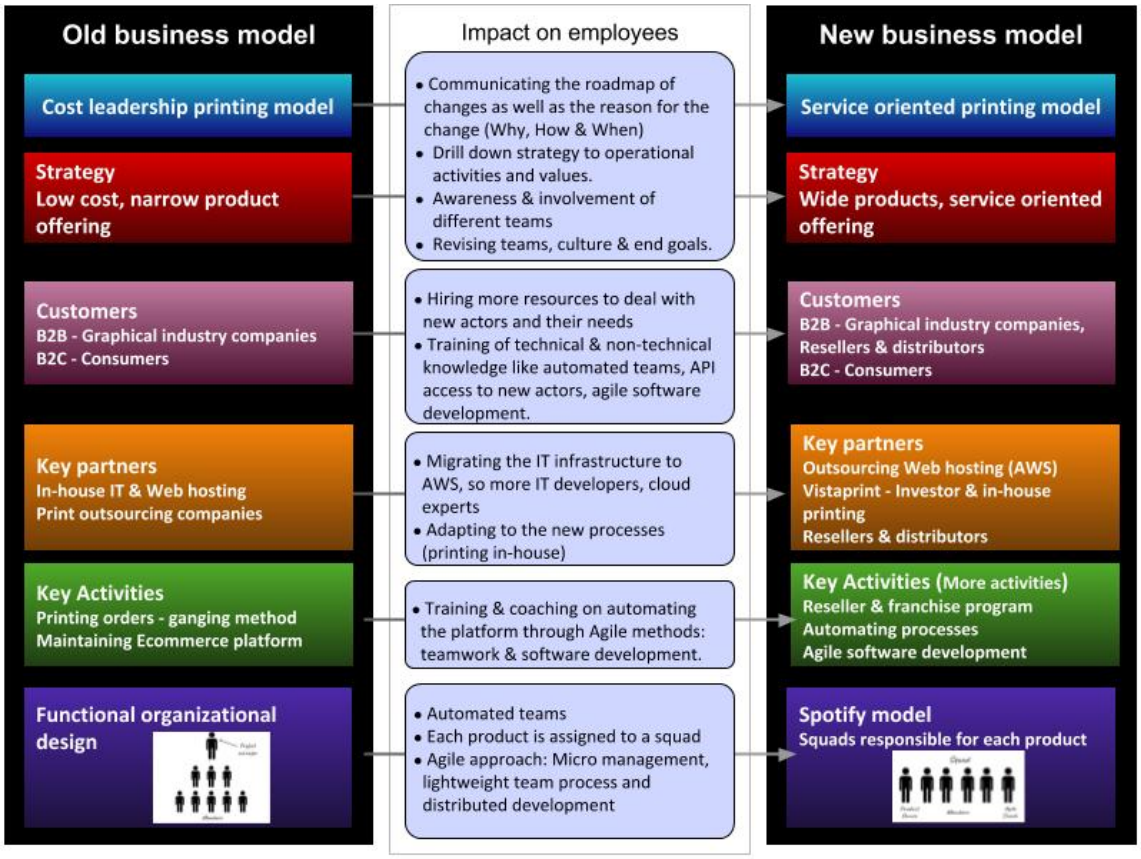

Figure 38. Impact of BM change on the employees of <case 2>

Impact on employee motivation

From the very start of the BMI process of <case 2>, the idea of change was embedded in the company's core values. Like any other change within the organization, implementing a new BM was very normal for the company as well as its people.

'One of the core values in our company was that we have a high velocity, and change is common. And because we talk about change, like a normal issue...changing the business model, or changing the team formation wasn't a complicated thing, because people were used to the concept that things can change from one day to another' (HR manager)

So, when the BM changes of increasing the product offering and shifting to a Spotify model were introduced, employees accepted the change to be a logical step. This implies that employees were determined to contribute towards implementing the new BM changes. However, in the initial stages of BMI process, there was not much involvement from the operational employees, as the company was small and they usually don't engage in strategic-level decisions. But as the company started growing, managers made it a point to involve employees as much as possible to intrinsically motivate them from the beginning of the BMI process.

'We shared our thoughts and vision, and asked them to think with us...so they're involved from the start...we showed them the Spotify model and said...we want to do this, and asked how can we do this the best way? How do you think we should form the teams?' (HR manager)

This shows that employee's input and feedback were taken seriously into account during the BM implementation and that managers stimulated employees to develop a sense of commitment whilst having a positive perspective towards the change.

Furthermore, <case 2> motivated the entrepreneurial mindset of the teams by structuring the organization to be more automated in the form of squads i.e., Spotify model. In such a model, the employees were given the responsibility to manage the development of their own product and how they present this product in the e-commerce platform. This way, the increase in products and service offering of the new business model was handled by motivated employees, who not only understood their role in the process but also felt involved, responsible and committed to implementing the change. Such motivation among employees was intrinsic and helped in implementing continuous changes.

When it came to extrinsic motivation, <case 2> did not believe in rewards or appraisals as they wanted all the employees to be equally valued and thus, shifted their focus more on developing themselves and the business.

'We wanted to be fair to everybody. So there wasn't any kind of conflict, on rewards, or salaries or other extras as it distracts people from what they really have to do.' (HR manager)

Motivated and satisfied employees tend to be more productive in their work and when it comes to implementing any change, the level of effort invested to enhance the quality and quantity of work performance depends on employee motivation. Thus, by making employees feel involved and equally valued in the BM implementation process, <case 2> engineered a cultural transformation that motivated employees to implement the new BM.

Impact on employee development (capabilities & skills)

In <case 2>, changes in the new business model involved shifting to a modular IT architecture that is open and interoperable in order to increase the speed of product innovation and implementation in the e-commerce platform. Also, the new actors (third party resellers and distributors) can access the platform via APIs. Considering this, it clearly implied a change of role for IT employees as well as the requirement of

specialists when compared to their old business model. So, the company hired additional expertise that they lacked internally such as IT experts, sales and marketing people, but did not have any explicit training programs as they felt that was not how people develop skills.

'We didn't have an external agency to train our employees because that often does not work in the skill we wanted. actually, the training was more on the job...' (Project Leader)

Instead, the company had several meetings to talk about technical issues and encouraged experimental learning and teamwork, where teams sat near each other and collaborated to work together while at the same time, train themselves and learn by taking action. This indicates that <case 2> persuaded employees to take action and learn on the job, thus providing room for learning from mistakes.

'One of the best achievements for each of them is that they did it themselves, and we only supported them and gave them the right direction to find a good way of working' (HR manager)

Nevertheless, before implementing the Spotify model, which involved an agile approach in terms of the e-commerce platform maintenance and development, there were several meetings with various teams to explain agile methodologies, Scrum, Kanban boards, etc. Thus, the company's training and learning orientation came from knowledge sharing, partly from the teams and partly from new recruitment. This was helpful as different perspectives and knowledge were brought into light during the BM implementation, which empowered employees to make responsible decisions in their organizational tasks, especially when they faced problems.

Employee empowerment was an important aspect of the company's culture as employees were motivated to be entrepreneurial in their work. The implementation of continuous BM changes required employees to think fast and act fast.

'It was very important for all the people to act fast...there was no time for waiting for people. So, if you have a problem and someone is blocking you...unlock yourself or find people that can unblock you but don't wait.' (Project Leader)

This indicates that employees of <case 2> were given the authority and room to make their own decisions in order to develop confidence and take ownership of the company's goals as well as their own.

Thus, it is clear that <case 2> provided proper internal training and coaching with respect to the technical and non-technical aspects required for employees to implement the new BM. Helping employees through their own personal development was the essence of coaching and training during the change that not only helped them realize their full potential but also manifested the direction and mechanisms for improvement on the job.

Impact on employee readiness to change

In <case 2>, effective communication, a change-oriented culture, and managerial support were necessary to prepare employees to change and implement the new BM. First, it was important for the employees of <case 2> to know that change was a very crucial part of the organizational culture, which is why managers repeatedly spoke about it and explained to the employees what it would mean to them, their role and broke down the new changes into operational activities and values.

'We tried to visualize how the teams were working and made the roadmap visible within the Office. And then it was easier for people to see what was needed, and also have ideas about how to organize themselves...' (Project Leader)

According to the interviewees, managers communicated the need to automate the process for customers, the need to implement a modular IT infrastructure and the need to shift to a Spotify model, along with how it served the employees and the organization as a whole. Moreover, the managers also gave people time to accept the change as each employee had their own pace of learning, which made it easier for them to shift from the old BM and get on board to implement the new BM.

'We respect people for who they are, we gave them the room and the space to be human. The fact is, some candidates changed very easily and others had difficulties with it.' (HR manager)

Based on this statement, employees that were on board with the change showed their willingness or preparedness for the change. So, when it came to implementing the BM changes in the platform, managers started by initiating the idea, which was then translated into a design in order to make it presentable for people to understand. Following this, informal meetings were set up to communicate and discuss the same.

'Often, I met the CEO and a designer, just to sketch some new website ideas, and then we set up informal, design-driven meetings to explain that this is a new idea. Let's focus on that.' (Project Leader)

Thus, when employees have a clear vision of the change, they believe in it and invest their time and energy to see it through its success. As a result, after changes were communicated, employees of <case 2> were easily able to proceed with implementation. However, when they faced challenges, managers were always accessible and supportive to help them overcome any issue that made it difficult for them to work. They even adopted a meeting code (i.e., Holacracy) to help employees resolve issues that caused tension and anxiety while implementing the new BM.

'if something felt not okay, then you could always go directly to the CEO or manager to overcome your challenge...the CEO at that time was really involved. When people spoke to the CEO...they saw the passion and got things explained why we should do things differently...People like that.' (Project Leader)

Another important aspect of employee readiness to change is to have an ideal organizational culture that enables the implementation of the new BM, which can be tricky to incorporate given the continuous innovation and growth of <case 2>. However, from the beginning, the company has always encouraged a culture to adapt and implement changes quickly due to the unpredictable nature of the print market. So, employees always prepared their mindset to accommodate the changes.

'from the beginning, people were used to everything changing all the time. We did not work on the same desk for two months. So you're also used to a new workplace and new faces every day.' (Project Leader)

Furthermore, the shift to a Spotify model enhanced the collaborative environment among employees to share information and work together in cross-functional teams.

'Spotify model was one of the best ways to let information flow and when you share the same information, you share the same goals, then it's much easier to also support it and your colleague in that change.' (HR manager)

Overall, the cultural mindset for change, continuous innovation, and experimental learning prepared employees of <case 2> to implement the new BM. This reveals that employees saw the change happening through them and not just to them, which probably was one of the reasons for the company's successful BM implementation.

5.3 Cross-case Analysis

This section compares <case 1> and <case 2> by looking into their BMI process as well as the role of employee motivation, development and readiness to change during the implementation phase. The findings presented in this section are based on the data analysis of the interviews, which are also used to attest the propositions developed in Chapter 2. The list of codes can be found in **Appendix E** & **Appendix F** for <case 1> and <case 2>, respectively.

Reason for BMI

The BMI of <case 1> was driven by the emergence of disruptive technologies and digitization. The company realized the need for a more technology-driven, interactive and problem-focused model that revolved around digital technology. Basically, a sustainable and future-proof BM that is updated with the latest technological trend.

'*The main reason for BMI is because of one of the more disruptive innovations during the time and the business model based on delivering books was not sustainable anymore.*' ***(Director of innovation in <case 1>)***

For <case 2>, the increasing competition and market demand prompted the need for BMI. The company realized their BM was easy to replicate by competitors in the industry, which is why they were forced to innovate their business model.

'*The landscape became more competitive. It was increasing so much that you had to change your business model to still be competitive and attractive for new customers and for new markets.*' ***(Project Leader of <case 2>)***

Therefore, based on the analysis of these two cases, SMEs innovate their business models either in (i) reaction to the external environment: the emergence of disruptive technologies, increase in competition or change is user/market requirements, or due to the (ii) internal drivers of change: ambition to grow and increase revenue or to gain competitive advantage.

BMI process

The BMI process in both the companies involved experimental learning, where ideas were tested through implementation and changes to the BM design were made on the go without following a detailed plan. The BMI process of <case 1> and <case 2> has been explained in detail in sections 5.1.2 and 5.2.2, respectively.

In <case 1>, managers formed a new team to implement and test ideas, and failed along the way to learn what works and what doesn't in order to end up with an ideal design of the new BM that not only provides a unique offering to customers but also one that makes money for the firm. This shows that an orientation towards experimentation with trial runs and failures was employed throughout the BMI process as long as it "made money" for the company.

'It was very experimental and there was no plan. It was more learning by doing...which was hard. And we failed fast.' ***(HR manager of <case 1>)***

The managers implemented their vision using a top-down approach (*starting with the big picture*) and realized a lack of competencies and knowledge within the organization that was required to implement their vision. So, instead of starting from scratch, they acquired new companies to gather the necessary resources to implement the new BM.

'It was managed in a top-down approach with managers who had a strong vision. But in the process, the competencies within the organization weren't able to implement that vision. So we bought other companies.' ***(Lead Architect of <case 1>)***

Compared to this, <case 2> adopted an organic approach (*strategic planning with existing resources*) to the BMI process. The managers did not formalize the BMI process as continuous incremental changes were tested, and in order to quickly implement these changes in the BM as well as address the organic growth of <case 2>, the company also changed their organizational design.

'We always experimented...it was not a big adoption, but it was continuously evolving. So we reorganized teams into the Spotify model, just to experiment' ***(Project Leader of <case 2>)***

Also, when it came to aligning competencies and knowledge required to implement the new BM, the company either hired new people or involved people from other teams to share knowledge, instead of buying new companies.

'If we had a lack of a certain discipline, sometimes people will share their time between two teams and the teams were completely free to propose new settings, what they thought would work best.' ***(Project Leader of <case 2>)***

Challenges encountered

Besides dealing with a lack of competencies during the BM implementation phase, both companies found it initially difficult to manage the BMI process internally as they had to overcome certain challenges. For instance, <case 1> bought companies to obtain required competencies and knowledge but failed to become one company when they tried to merge. This was mainly attributed to the cultural mismatch between the people of the acquired companies and the old company, which made it difficult to implement the new BM.

'When we bought a company, we bought another culture and the culture of a digital company is different than the culture of a factory. We tried to merge, but we failed.' ***(Director of innovation in <case 1>)***

Besides the cultural differences, people within the company found it difficult to accept the new model as it meant a change in roles and routines, which also increased their job insecurity. So, they initially resisted the change.

'A lot of people were used to working in the old model and they saw the new model as a threat. They started thinking...what is going to happen to my job, my responsibilities, and my income...' ***(Lead Architect of <case 1>)***

Similarly, <case 2> also experienced employee resistance in the early stages of the BMI process. But managers took it as a positive note and felt that people needed time to train their minds, to accept and implement the BM change.

'Of course, there was resistance. But it's okay because they were engaged and they were thinking about the new changes. And because we talk about change, like a normal issue...they were used to the concept that things can change from one day to another.' ***(HR manager of <case 2>)***

Although developing a change mindset helped to quickly implement continuous changes in the BM, managers of <case 2> felt it reduced the ownership and perseverance of the employees. When certain changes did not work, employees resorted to finding another way instead of trying again and sticking to a plan, which was another challenge for <case 2> to overcome.

'When it got difficult, people tried to find another way...to change their path every time and that wasn't good' ***(HR manager of <case 2>)***

BMI impact on firm performance

Both companies utilized certain key performance indicators (KPIs) to measure the success of the BMI process. <case 1> used two types of KPIs: One for the entire business performance and another based on customer metrics. Since the company struggled to merge and implement the BM, the performance of the new BM was less than expected. However, the overall financial outcome was good as <case 1> retained their old business model of distributing books and created a new model to distribute digital content (Dual business models). One interviewee even called it a 'money-making machine'.

'The performance was less than expected compared to the books model but we were happy at that point in time. We could really make money and that's exactly the business model change we wanted.' ***(Director of innovation in <case 1>)***

This statement, as well as the statements from other interviewees, exemplifies that <case 1> focused more on the business performance outcome than the people delivering that outcome. For example, the lead architect mentioned:

'They are very business and result oriented. They did not put people in the first place, to be honest. For example, we had this labor force...there was a place for every individual in the new model. And if you don't want to then just leave. That was the state of mind of the executive management.' ***(Lead Architect of <case 1>)***

While the BMI delivered a good financial outcome, the employees that were unhappy with the culture or the management, eventually left the company. This was a risk the managers knew when they acquired new companies.

Compared to this, <case 2> utilized three KPIs: Overall business performance metrics, individual performance metrics, and customer metrics; in the form of qualitative feedback and the net promoter score (NPS - A score that measures a firm's customer relationship). These KPIs were very important to the company to understand customer and employee satisfaction as well as to measure the health of the business.

'Growth was basically measured by revenue...It was the overall metrics for the complete company. And the health of the company was just monitored by the individual performance, it was the operating result. We also gathered qualitative feedback from customer continuously. With that feedback, we could assess if we made any progress.' ***(Project Leader of <case 2>)***

The BMI of <case 2> delivered expected outcomes and improved the performance of the company not only in terms of revenue but also with customer satisfaction and employee performance. Moreover, it also helped the employees of the company get a better perspective of what customers wanted in the platform and motivated them to contribute further.

'<case 2> was doing well. One of the main results was customer awareness and service, we wanted to offer the customers. So I think because that was part of the cultural change. It wasn't only a business model change, but it was also a cultural change... Every growth was the success of the organization. And that gave everybody the right to contribute more to the success' ***(HR manager of <case 2>)***

Attesting Proposition - 1

The analysis of both <case 1> and <case 2> as well as the statements of the interviewees reveals the presence of a link between BMI and firm performance. Findings from the individual case analysis as well as the cross-case analysis proves that: *BMI can have a positive or negative influence on a firm's performance, which could be related to the business, customer or employee metrics.* Thus, attesting and refining proposition-I of this research. The qualitative evidence can be seen in **Figure 39** in the form of quotations *(grey)* and open codes *(blue)*.

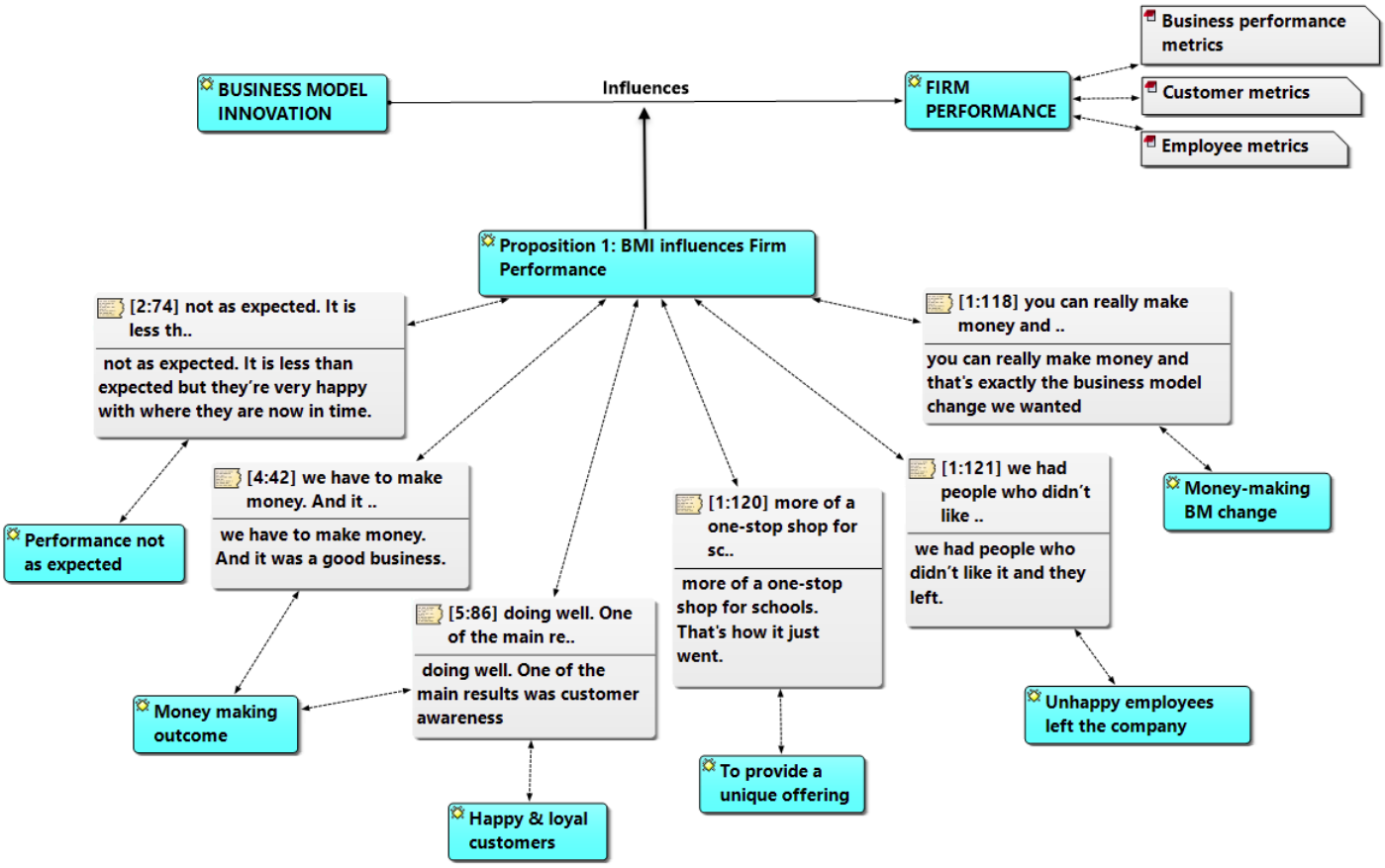

Figure 39. Verifying proposition 1: BMI influence Firm Performance

5.3.1 BM Implementation - The Role of Employees

Now that a link between BMI and firm performance is verified. This section explains the influence of employee motivation, development and readiness to change on this link with the help of semantic linkages created using Atlas.ti, based on the data analysis of the interviews (**Appendix E** & **Appendix F**). The overall list of codes for the role of employees is presented in **Table 6**.

Table 6 Role of employee motivation, development and readiness to change

Role of Employee: Motivation, Development & Readiness to Change		
Employee Characteristic	**Axial codes**	**Role**
Motivation	Extrinsic motivator	Motivated by accomplishing milestones
		Improving performance through feedback
		Motivated by rewards
	Intrinsic motivator	Committed to implement the BM
		Bringing people together - coordination & support
		Involving in the BMI process
		Suggesting ideas & opinions
Development	Training	Managerial coaching - Guidance toward the new BM
		Develop competence & skills to implement the BM
	Learning	Learning by doing - Experimentation
		Enhancing knowledge - Personal development
	Empowerment	Freedom to do their job - Autonomy
		Confident & proficient to implement the BM
		Providing the necessary tools & resources
		Sense of ownership & responsibility
Readiness to Change	Communication	Communicating the roadmap of changes
		Visual presentation of ideas and changes
		Awareness of the objective & end-goal
		Participating in informal meeting & parties
		Collaboration and knowledge sharing
	Managerial support	Consistent guidance to implement the BM
		Accessibility of managers
		Type of leadership style
	Culture	Adjusting the culture to implement the BM
		Preparing the mindset to change
		Getting on board - Acceptance of change

Employee Motivation

Findings from <case 1> and <case 2> revealed that the motivation of employees was a crucial factor in implementing a new BM; they are the drivers of the BM change and when employees are motivated, they invest their time and effort to implement the changes and see it through its success. Based on the data analysis of <case 1> and <case 2>, the role of employee motivation during the implementation phase depended on the type of motivator exercised during the BMI process; either intrinsic motivators or extrinsic motivators or a combination of both.

For instance, managers of <case 1> were forced to apply a combination of intrinsic and extrinsic motivators to enhance the motivation of their employees to implement the new BM. The term 'forced' is used because the employees of the old company were motivated using intrinsic measures while the employees of the acquired companies were motivated using extrinsic measures. This caused an imbalance between the two companies, which made it difficult not only to merge the companies but also to implement the new business model.

'It was a little difficult due to the differences between the old company and the new company. The new company, they were always motivated by money or goods...by a new laptop or a new car...And the old company...the educational heart...like how can we improve education?... So, more a social responsibility...' ***(Director of innovation in <case 1>)***

So, different groups within <case 1> were motivated using different incentives. Nevertheless, the managers also exercised intrinsic motivators like bringing employees together, asking their suggestions and ideas and getting them committed to improving the educational platform.

'There was good support for employees to be involved in the new model and getting them on board by training, participating in discussions and telling us how it could be managed.' ***(Lead Architect of <case 1>)***

When compared to <case 1>, the managers of <case 2> emphasized more on intrinsic motivators to boost employee motivation during the BM implementation phase.

'Employees were involved from the start, and that meant their feedback or their input was taken seriously into account, It formed not only a good structure but also gave them the responsibility on what they wanted to achieve…' ***(HR manager of <case 2>)***

However, employees of <case 2> did get motivated by achieving small milestones and receiving good performance feedback, which shows that extrinsic motivators also stimulated their performance.

Attesting Proposition - 2

Overall, both companies emphasized the need of employee motivation and used different measures to achieve and satisfy those needs. However most employees could see right through the purpose of using such measures. For example, the purpose of motivating employees in <case 1> was to get them to accept the change, enforcing them to become one company and productively contribute to the business outcome ('Money making machine'). But employees eventually realized the presence of unequal benefits and resisted the change, which was reflected in their overall performance of the BMI. In <case 2>, employees were motivated to be entrepreneurial and independent, which made them willingly contribute to their performance and was reflected in their positive BMI outcome. Thus, based on the analysis of both <case 1> and <case 2>, **Figure 40** depicts the identified attributes of employee motivation during BM implementation that moderates the link between BMI and firm performance. Thus, attesting proposition-II of this research.

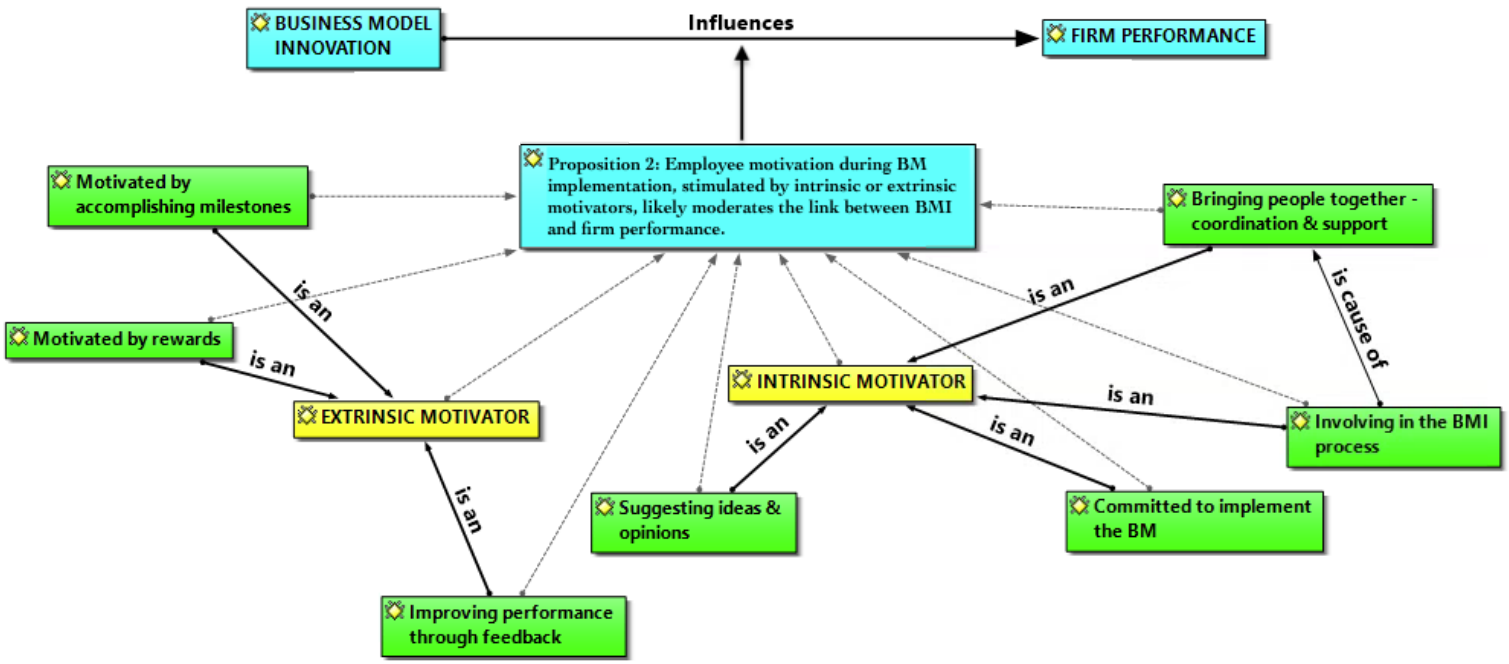

*Figure 40. The identified attributes of employee motivation during BM implementation. (**Blue** - selective codes; **Yellow** - axial codes; **Green** - open codes)*

Employee Development

The development of employees in both cases involved training people, providing them the opportunity to learn and empower them to implement the new BM. For instance, both companies had internal training initiatives for employees to develop certain competencies and skills that would help them implement the new business model. This included technical training like Agile software development, Scrum, etc and non-technical training like communication skills, teamwork, etc. Moreover, when certain competencies could not be insourced within the company, <case 1> acquired companies while <case 2> hired required experts and stimulated cross-functional team collaboration.

'Within one team, if we had a lack of a certain discipline, sometimes people will share their time between two teams. Or if it was really in need, we got a specialist' ***(Project manager of <case 2>)***

Besides this, experimenting and 'learning by doing' was a practice that was encouraged in both companies. <case 1> formed a new team to test ideas to implement in the BM, while <case 2> changed the organizational design into a Spotify model not only to experiment with teams but also to enhance the entrepreneurial mindset of the people.

'*We set up a new department just to figure out what's the best way to get with publishers and distribute the type of content directly to students...It was very experimental. And there was no plan. It was learning by doing and it was the hard way.'* ***(Director of innovation in <case 1>)***

'The Spotify model was more suitable to create more teams that just go and do things instead of planning because, yeah, we can plan everything we want. But there was always too much work. So you can better have people and teams devote themselves and just go for it.' ***(Project manager of <case 2>)***

Nevertheless, when employees faced challenges, managers were always accessible to guide them and empower them through the process, providing all the necessary tools and resources needed to implement the new BM.

'*we empowered everybody with all the tools and resources they needed as long as they were aligned with the strategic vision.'* ***(Director of innovation in <case 1>)***

'*Empowerment was a strong cultural part because it was just very entrepreneurial. We always said, just do things...And that's also part of growing fast. There is too much to do. So people had to act fast***'** ***(Project manager of <case 2>)***

Attesting Proposition - 3

Overall, both companies had appropriate employee training, learning and empowerment based on the degree of changes to be implemented, which was reflected in their BMI outcome. For instance, <case 1> bought a major part of the competencies (without the knowledge of how it would impact the employees, culturally) and provided training that focused on improving employee contribution to the BMI outcome rather than helping them overcome the resistance. This caused a problem with cultural diffusion which thwarted their BMI outcome. On the other hand, <case 2> hired required competencies that fit the organization's culture and trained, coached, and empowered employees within the company with the intention that not only focussed on the BMI outcome but also on the employees personal growth and development.

Thus, the analysis of both cases has resulted in the identification of certain attributes of employee development during BM implementation that influences the link between BMI and firm performance, which is depicted in **Figure 41.** Thus, attesting proposition-III of this research.

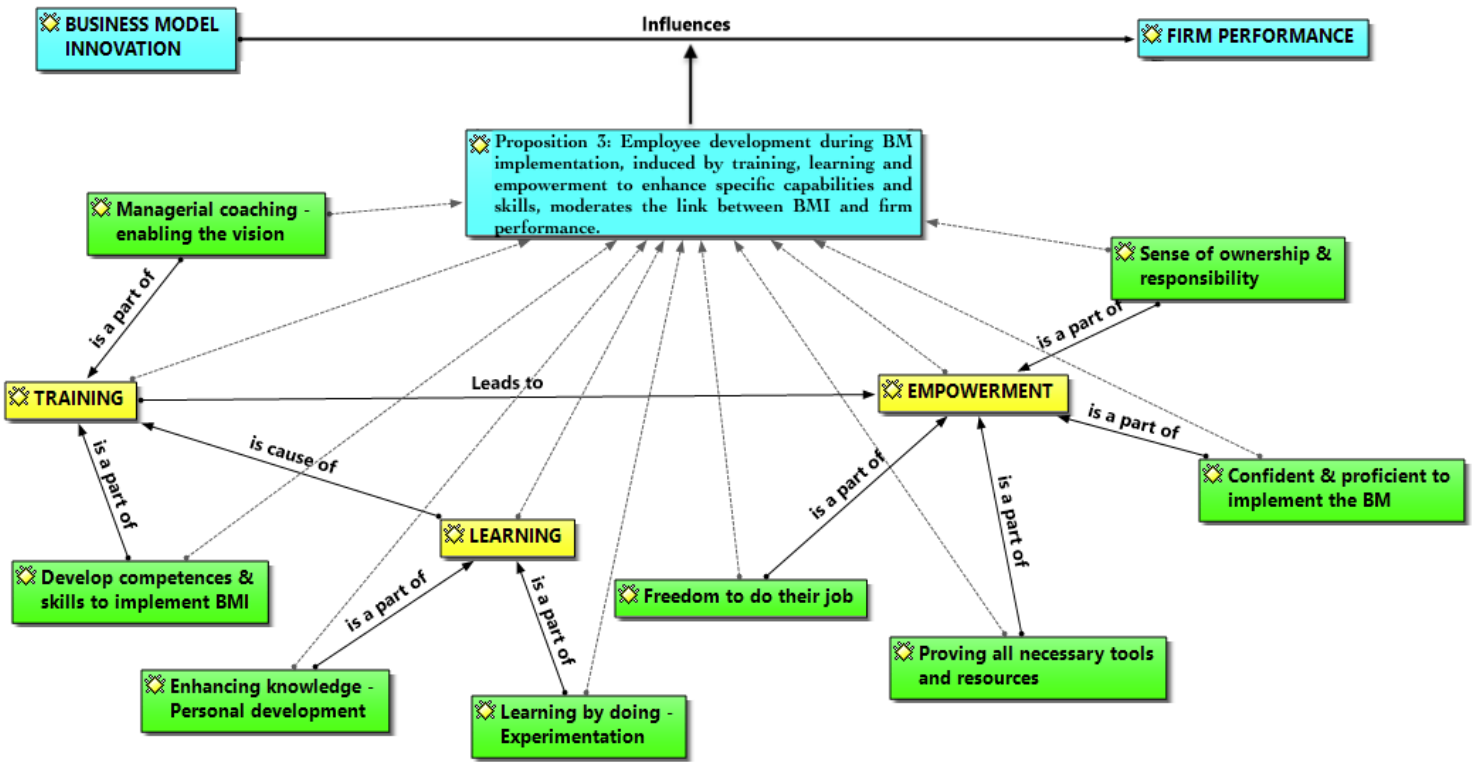

*Figure 41. The identified attributes of employee development during BM implementation. (**Blue** - selective codes; **Yellow** - axial codes; **Green** - open codes)*

Employee Readiness to change

Findings from <case 1> and <case 2> revealed that employees were prepared to implement the change by first communicating the changes to them. Both companies utilized visual presentations, workshops, and team meetings to translate ideas and designs, explain the reason for the change, and make employees aware of the objectives and end goal. Such a step provided the employees to understand the roadmap of changes, prepare their minds and get on board to implement the new BM. While <case 1> adopted a top-down approach, where information flow worked its way from top management to lower-level employees, <case 2> had an organic approach with open communication and knowledge sharing across various levels and teams.

'There were several workshops and meetings offsite, where employees of different companies were invited and spent together to discuss...Ok...This is where we are going, what does this strategy mean for us and what's our understanding of it.' ***(Lead architect of <case 1>)***

'A new idea was created and translated into a design and how it would look like on the website, then it's immediately very clear for people...what is different and what was changed, and then we could explain something very specific and concrete.' ***(Project manager of <case 2>)***

Although both companies experienced resistance from the employees initially during the BM implementation, the manager's support of the change as well as their accessibility and consistency in what they said and did, eventually helped overcome the resistance. Also, both <case 1> and <case 2> adopted a

connected leadership to get closer to the employees and maintain a good relationship, which proved to be productive as employees started sharing their ideas.

Finally, the major difference between <case 1> and <case 2> during the BM implementation was in terms of how the organizational culture was handled. For <case 1>, the hardest part of the entire process was in merging the companies and achieving cultural diffusion. Since the companies acquired involved different cultures, backgrounds and people that spoke different languages, <case 1> struggled to integrate them together and productively implement the new BM.

'*The most difficult part, to be honest, was culture-wise. Differences between the companies were very high. And the logistic company had to make the movements to become more ICT driven company. And that was hard to manage because new people don't know the history, they don't know about the hard workers. So, that was the most difficult part of the process.'* ***(HR manager of <case 1>)***

In comparison, <case 2> incorporated a culture that adapts to change from the start of the BMI process. As mentioned earlier, the idea of change was embedded in the company's core values. Like any other change within the organization, implementing a new BM was very normal for the company as well as its people.

'People were used to everything changing all the time. Because from the start, we talked about change and what it meant for the employee, and how they could deal with the change and then asking them to give their input on the business change was something normal for them.' ***(HR manager of <case 2>)***

Attesting Proposition - 4

Taking everything into account, it is very evident that <case 2> had a better handle of preparing employees to implement the new BM when compared to <case 1>. Although managers of <case 1> communicated and provided the support needed for employees to implement the BM, the core focus was given towards making money and improving the business performance. This was indicated when <case 1> overlooked the culture of working and employees competencies before acquiring new companies. Instead, an assessment of the products and technology of those companies and how it could enhance the platform was executed. This was reflected in their lower-than expected BMI outcome. Comparatively, <case 2> changed the organizational design, incorporated a change culture and adopted an organic approach to prepare employees for the change. This not only helped in preparing employees for the change but also resulted in a successful BMI outcome.

Thus, from the analysis of <case 1> and <case 2>, **Figure 42** represents the identified attributes of employee readiness to change during the BM implementation that influences the link between BMI and firm performance. This attests proposition-IV of this research.

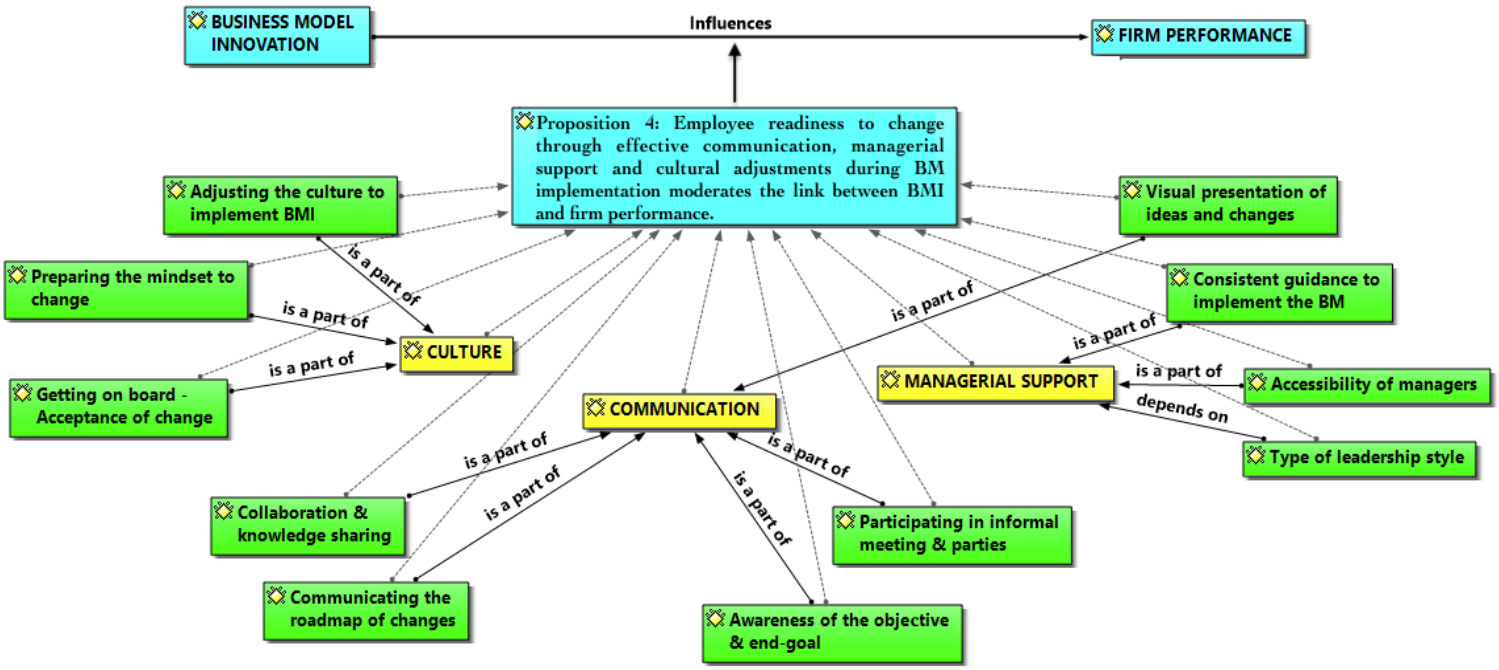

*Figure 42. The identified attributes of employee readiness to change during BM implementation. (**Blue** - selective codes; **Yellow** - axial codes; **Green** - open codes)*

5.3.2 Conclusion

Adhering to the research objective of understanding the role of employee motivation, development and readiness to change during BM implementation, the results of this research concludes by attesting and refining the propositions developed in Chapter 2 using the analysis of <case 1> and <case 2>. An overview of the propositions developed in Chapter 2 and the refined propositions is depicted in **Figure 45.**

Proposition NO.	Propositions developed in Chapter 2	Refined Propositions after analysis & results
I	Business model innovation influences a firm's performance.	Business model innovation can have a positive or negative influence on a firm's performance.
II	Employee motivation during BM implementation, stimulated by intrinsic or extrinsic motivators, likely moderates the link between BMI and firm performance.	Motivated employees during BM implementation, stimulated by intrinsic or extrinsic motivators, positively moderates the link between BMI and firm performance.
III	Employee development during BM implementation, induced by training, learning and empowerment to enhance specific capabilities and skills, moderates the link between BMI and firm performance.	Employee development during BM implementation, induced by training, learning and empowerment to enhance specific capabilities and skills is likely to positively moderate the link between BMI and firm performance.
IV	Employee readiness to change through effective communication, managerial support and cultural adjustments during BM implementation moderates the link between BMI and firm performance.	Employee readiness to change through communication, managerial support and cultural adjustment before and during BM implementation moderates the link between BMI and firm performance by reducing uncertainty.

Figure 45. Attested and Refined Propositions

In both cases, at the individual level, there were employees who were motivated and willing to implement the new BM (as in case 2) and there were also employees who felt threatened and did not like the new changes and thus struggled to implement the new BM (as in case 1). Clearly, different individuals have different motivators and needs, which management-level employees need to address. Anyhow, the impact of employee motivation was reflected in their respective BMI outcomes. Based on this, proposition II is refined as follows:

> **Refined Proposition II**: Motivated employees during BM implementation, stimulated by intrinsic or extrinsic motivators, positively moderate the link between BMI and firm performance.

In terms of employee development, both cases did not have any explicit training or coaching from external consultants, but the management level employees encouraged experimenting and 'learning by doing' where employees were empowered to act on their ideas and learn from their mistakes. At the organizational level, both cases formed new teams to implement the BM. <case 2> even changed their organizational design to a Spotify model not only to experiment with teams but also to develop the

entrepreneurial mindset of the employees. Based on the impact of employee development on the BMI outcomes of the cases, proposition III is refined as follows:

> **Refined Proposition III:** Employee development during BM implementation, induced by training, learning and empowerment to enhance specific capabilities and skills is likely to positively moderate the link between BMI and firm performance.

Next, the findings from both cases reveal that employee readiness to change can either have a positive impact on the BMI outcome (as in case 2) or a negative impact on the BMI outcome (as in case 1). It depends on the measures taken by the firm to prepare the employees for the change. Although both cases had effective communication and managerial support during the BM implementation phase, when it came to adapting the organizational culture, <case 2> was successful while <case 1> failed, which was reflected in their respective BMI performance. The failure in <case 1> was mainly attributed to the management's uncertain approach of acquiring companies with the technical requirements in order to prepare the employees to implement the BM change, which in turn clashed with the culture needed to implement the change. Compared to this, <case 2> already had the digital infrastructure in place, had younger employees and hired more people with the necessary skills and capabilities that fit the organizational culture of implementing continuous incremental changes. This not only prepared the employees for the change, but also reduced the uncertainty of achieving a positive BMI outcome. Thus, based on the impact of employee readiness to change on the BMI outcome of both cases, proposition IV is refined as follows:

> **Refined Proposition IV:** Employee readiness to change through communication, managerial support and cultural adjustment before and during BM implementation moderates the link between BMI and firm performance by reducing uncertainty.

In conclusion, the analysis of both <case 1> and <case 2> shows that implementing BMI within a firm is a multi-level construct that demands changes across the individual, organizational and management levels. In contrast to other generic innovation projects (like product, process or service innovation), the results from both cases reveal that BMI involves a transformation that represents the whole picture of not only how a firm makes money, but also how various activities and major requirements for change are aligned and introduced across the entire organization and the employees involved in its implementation. Besides giving importance to the technical aspects of the innovation, the results of this research draws attention towards the need for management to give equal importance to the people aspect of the innovation, that is, acknowledging certain organizational and individual level factors early on in the BMI process and ensuring its alignment with the technical aspects. Moreover, when compared to the overall cost of innovating a BM, the investment needed to address and manage the people-side of the BM implementation is small, but with great returns on the BMI outcome. Therefore, it is important that the various components of the BMI i.e., design, technical aspect and people aspect, across different levels i.e., individual, organizational and management levels, are aligned and managed from the beginning of the transformation in order to increase the likelihood of a successful BMI outcome.

Chapter 6. Discussion & Conclusion

Despite the augmenting research in the academic and business world on business model and its innovation thereof, the knowledge on the role of employees in the organization is an important topic that so far has received very little attention. Very often, from the start of innovating a business model, firms tend to focus more on the outcome of the BMI and not much attention is given to the people delivering that outcome. The aim of this research was to explore and shed some light on the significant role played by employees during the BMI implementation phase, particularly focusing on employee motivation, development, and readiness to change, and how they influence the firm performance. The findings presented in this chapter contributes to advance research in the BMI field and improve organizational BMI practice by providing insights and recommendations for SMEs to adopt during their BMI implementation phase.

This research commenced with an extensive literature review to ascertain the current state of development in the BMI domain, followed by an empirical study that investigates two SMEs that implemented BMI. Using qualitative research methods, empirical data was collected and analyzed in order to answer the main research question:

How does the role of employee motivation, development and readiness to change during BM implementation influence the link between BMI and firm performance?

The main research question was divided into six sub-questions, which are answered in section 6.1. Additional reflection is discussed in section 6.2, followed by the theoretical and practical contributions of this research in section 6.3. Finally, the limitations of the study and areas for future research are discussed in section 6.4 and 6.5, respectively.

6.1 Main findings

I. How is the business model innovation process described in literature comparable to how firms implement and innovate their business model in reality?

The first sub-question has been formulated to describe the business model innovation process and compare the steps to innovate a business model as mentioned in literature versus reality. Based on the findings of the literature, there are several scholarly contributions that describe the BMI process at differing levels of abstraction. Each BMI process varies in terms of the procedure, context and specific need showing there are different ways of how individuals experience BMI up until now. As discussed in chapter 2 (literature review), many researchers have identified different linear, sequential phases, ranging from three to ten steps, to describe the BMI process. The main reason for this siloed and dispersed knowledge on the BMI process attributes to the lack of a consensus on the fundamental concept of BMI and thus underpins the statement of Zott et al. (2011) that BMI is evolving largely into silos.

After an extensive investigation and comparison of various BMI processes described in literature, Wirtz and Daiser (2018) derived seven generic phases of a BMI process: (i) Analysis, (ii) Ideation, (iii) Feasibility, (iv) Prototyping, (v) Decision-making, (vi) Implementation, (vii) Sustainability. They suggest that some of these phases can overlap or occur in parallel to one another depending on the specific requirements of the BMI initiative. These phases represent a wide-ranging accumulation of the suggested steps toward innovating

the BM.

While current literature describes the phases of the BMI process to be a linear, unidirectional and sequential, in reality, it is a non-linear iterative process with many feedback loops and callback options as mentioned by Heikkilä et al. (2017). The BMI process described in literature provides a comprehensive overview and not a one size fits all orientation that can be accepted without adapting to specific requirements. In the real world, firms adapt the BMI process based on what they want to achieve, iterating through some of the BMI phases many times or some, not at all. This was also the case based on the findings from two case studies of this research. Nevertheless, the end goal of any BMI process is to improve overall firm performance and the steps taken to reach that outcome can change every step of the way due to unpredictable variances. Even though firms thoroughly plan the entire BMI process, taking into account every possible phase and deviations, there will always be a difference between what is planned and what is implemented.

II. According to literature, what are the employee-related organizational factors that influence business model innovation and firm performance?

The second sub-question has been formulated to identify the various organizational factors mentioned in current literature, that have an impact on the BMI process and firm performance. As discussed in Section 2.2.3 "BMI and firm performance" (literature review), many scholars have empirically studied the importance of BMI to enhance firm performance. However, most of these studies focus more on the technical aspect of innovating a BM and not much attention is given towards the people aspect i.e., employees that implement the changes. This was also analyzed in the two case studies of this research. Nevertheless, few scholars have combined the organizational dimension with BMI to identify certain employee factors that either drive and stimulate BMI or hinder innovative activities and thereupon act as barriers.

Foss and Saebi (2016) describe micro-level and firm-level contingency and moderating variables related to employees, that bring about BMI. The micro-level variables are the characteristics of the employees like motivation, skills, engagement, human capital, managerial cognition, leadership style, and autonomy, while the firm-level variables indirectly impact the micro-level variables such as the allocation of resources, organizational culture, values, and design. An extension of this framework, by Latifi and Bouwman (2018), identifies BM implementation moderating variables like management support, employee commitment, skills, communication, reward system and a detailed plan that effectuates the link between BMI and firm performance. These employee variables are considered to be 'manageable' in order to implement BMI that leads to superior performance. This is possible by paying close attention to these actionable moderators.

In terms of the change management perspective, since BM change is considered a subcategory of change (Appelbaum, 2018), implementing an organizational change can have multiple inter-dependencies, like the need of technical knowledge, expertise, finance, and other capabilities. However, it also requires achieving coherence between the leadership style, employee attitude, beliefs and a strong organizational culture for the smooth transformation and implementation of the business model.

III. What was the old business model of <case 1> & <case 2> and why was a change needed to implement their new business model?

This question relates to the initial business models of the case study companies before their transformation, which was analyzed using the business model CANVAS. Also, the reason for innovating their business

models was addressed in Chapter 5.

For <case 1>, the old BM rests on the logistic distribution of printed and digital educational materials to schools and students in the Netherlands. From the beginning, the company's focus was to relieve schools from the 'hassle' of organizing the tasks related to distributing learning materials and delivering them to students. Their primary target customers were schools, students, teachers, and parents. The key activities include the book distribution models (EBF and IBF model) and maintenance of the educational platform (student administration system and virtual environment), which was optimized with the help of its key partners: knowledge, IT and legal partners; and key resources: warehouse employees, learning material experts, IT developers and designers. In terms of finance, the company earned from the book distribution models, educational platform and from consulting and training schools to operationalize the service. The BMI of <case 1> was driven by the rapid pace of technological development and digitization. The company had to engage in BMI to keep up with the latest technological trends and answer the needs of the market.

For <case 2>, the old BM was a low cost, narrow product offering that focused on fast delivery of high-quality prints with a personal customer approach via an e-commerce platform. The company's core focus was to provide a one-stop-shop for printed matter by optimizing and automating the print ordering process. Their market segment was mostly the B2B market but also partly served the B2C market. The key activities of <case 2> include the maintenance and development of the e-commerce platform and producing cost-efficient print orders (via the 'ganging' method), which was optimized with key partners: shipping company, nearshore community and print outsourcing companies; and key resources: IT developers, designers, product owners, sales, and marketing personnel. In terms of finance, the company earned its profits by selling its products and services to customers through the e-commerce platform. Due to the rapidly growing competition and market demand in the print industry, the company realized their BM was easy to replicate, which is why the company was forced to innovate its business model.

IV. How was the business model innovation process executed in <case 1> and <case 2> and what were the challenges encountered during the process?

The analysis of the BMI process of <case 1> and <case 2> shows that:

(i) The BMI process has certain phases that occur in parallel rather than sequential.

(ii) BM experimentation and learning iterates certain BMI phases resulting in a non-linear process with feedback loops.

As discussed in Chapter 2 (literature review), experimental learning is a source of BMI (Achtenhagen et al., 2013) and Both <case 1> and <case 2> incorporated BM experimentation and learning to test ideas, refine and innovate their business models.

In <case 1>, the BMI process started by sourcing ideas to design the new BM and before completing the full design, the company started to implement and test the new model by forming a new team. Nevertheless, the initial failures helped the company to learn what works and rethink the strategy and design. Thus, after testing each idea in the implementation phase, <case 1> iterated the design phase to develop a sustainable, future-proof BM.

In <case 2>, the company did not formalize the BMI process due to continuous incremental changes in the BM. The experienced management team listened to 'noises' in the market to figure out if they needed to innovate their business model. After implementing each BM change, the company tested to see if the model worked or not, and if it did, they proceeded to work with the same model until it did not work anymore. This feedback loop was continuous. Also, most of the BMI phases occurred in parallel and some were even

skipped in order to innovate quickly. Furthermore, the company changed its organizational structure from a functional structure to a Spotify model to encourage entrepreneurial behavior during the BMI process.

In terms of the challenges encountered during the BMI process, both companies had to overcome several hurdles mostly related to the implementation of the new BM and the employees within the company. Besides the resistance to change and lack of certain competencies, both companies found it difficult to manage the BM implementation phase. In <case 1>, acquiring companies not only meant buying their product and technology, but also the people and their culture. The company struggled to establish a common culture and attain synergy with people from different departments. In <case 2>, the shift to a Spotify model required people to learn how to work together and accept the transformation, which took time. Also, the fast and continuous changes needed in the new BM reduced the ownership and perseverance of the employees. When certain changes did not work, employees resorted to finding another way instead of trying again and sticking to a plan.

Thus, combining the statement of all the interviewees, this research suggests that:

(i) People are the important drivers of implementing and innovating a business model.

(ii) The organizational culture, value, and design are crucial factors that need to be addressed early on in the BMI process.

V. What was the role of employee (a) Motivation, (b) Development, and (c) Readiness to change during the BM implementation of <case 1> and <case 2>?

The current literature on BMI addresses certain employee characteristics like motivation, development, and readiness to change, to be a contributing factor that brings about BMI and influences firm performance (Foss and Saebi, 2017; Latifi and Bouwman, 2018). The outcome of this research identified attributes that explains the role of employee motivation, development and readiness to change during BM implementation.

(a) Employee Motivation

Findings from the cases shows that motivated employees play a crucial role during BM implementation as they are committed, involved, and less resistant to implement BM changes. Their motivation is driven by either extrinsic motivators or intrinsic motivators that managers exercise during the process. In <case 1>, Managers exercised both types of motivators to encourage people to believe in the change and work together towards implementing the new BM. The employees were motivated using extrinsic motivators such as rewards and incentives as well as intrinsic motivators that made them accept the change, suggest ideas and contribute to the BM implementation. Furthermore, to reduce the resistance within the company, <case 1> even appointed internal change agents to influence co-workers toward implementing the new BM changes. Managers of <case 2> emphasized more on intrinsic motivators than extrinsic as they wanted all the employees to be equally valued and focused more on developing the entrepreneurial mindset of the employees. This increased their responsibility and commitment whilst having a positive perspective towards implementing the BM.

Thus, based on the working environment and needs of the employees, both cases applied different motivators to enhance employee motivation during BM implementation This is in line with David Mclelland's Acquired needs theory which suggests that individual motivation depends on the dominant need of the individual (like *achievement, affiliation, and power)* and the type of motivator used to satisfy that need. In both <case 1> and <case 2>, employees with a need for achievement responded well to rewards and targets, and employees with a need for affiliation were motivated by being involved and recognized in the

process. Lastly, employees with a need for power were motivated by promoting them as change agents who influenced other employees during BM implementation.

(b) Employee Development

The role of employee development during BM implementation was pivotal as it prepared employees to perform their responsibilities to the highest standard and effectively implement the BM with confidence. Based on the findings of this research, employee development involved training people within the company, providing them the opportunity to learn, and empowering them to implement the new BM.

In both cases, training initiatives involved technical and soft skills training to develop competencies that helped employees perform their BM implementation activities successfully. It also provided an opportunity for them to personally upgrade their skills and knowledge as well as utilize them in practice. Moreover, experimenting and 'learning by doing' was encouraged by managers in both companies which empowered employees to act on their ideas and learn from their mistakes. Additionally, managers of <case 1> formed new teams and empowered them with the necessary resources and tools needed to test and implement ideas. <case 2> even changed their organizational design to a Spotify model not only to experiment with teams but also to develop the entrepreneurial mindset of the employees, prompting autonomy and a sense of ownership toward their contribution during BM implementation. This conforms to the research of Foss and Saebi (2017) who suggests that successful BM implementation requires substantial changes to a firm's organizational design, which is often neglected during the BMI process. Moreover, based on the degree of changes to be implemented, both cases resorted to developing their employees, which is in turn reflected in their implementation performance. As Appelbaum et al. (2018) argues, the business model implementation would be only as good as the employees that take part in the process.

(c) Employee Readiness to Change

Existing change management literature addresses readiness to change as a key factor to a successful implementation. Appelbaum et al. (2018) believes that change management principles also apply to BM change as it is a subset of organizational change. The findings of this research strengthens this argument as it was apparent from both <case 1> and <case 2> that employee readiness to change was a critical capability that was essential before implementing the BM change and involved effective communication, managerial support, and a strong orientation of the organization's culture.

In <case 1> managers adopted a top-down approach to communicate the roadmap of changes and<case 2> had an organic approach with open communication that encourages collaboration and knowledge sharing across various levels and teams. Both companies conducted workshops, visual presentations, and several meetings to discuss the objective and end-goal along with the employees and got them to participate by asking their ideas and suggestions. By doing so, managers embraced a connected leadership style that not only supported employees through the process but also reduced their resistance and prepared them to implement the new BM. However, when it came to the organizational culture, both cases had a different approach that was reflected in their BMI outcome. Managers of <case 1> acquired companies with the technical requirements to implement the BM, which clashed with the culture needed to implement the BM. Since the companies acquired involved people with different cultural background, <case1> struggled to merge the companies and implement the BM. In <case 2>, managers encouraged a culture to adapt and implement changes quickly from the beginning of the BMI process. So, employees were always prepared to accept the BM changes rather than resist it. This lead to a smooth implementation of the BM in <case 2>.

VI. How did employee motivation, development, and readiness to change influence the performance of <case 1> and <case 2>?

The BMI outcome of <case 1> was less than expected when compared to their old BM. But financially, the company reported a positive BMI outcome as the new BM was an addition to their old BM. That is, <case 1> did not completely replace its old BM but rather started a dual BM. Thus, the new BM itself was an additional revenue stream for <case 1>. While the new BM of <case 1> delivered a unique offering to their customers, the employees that implemented that offering struggled within the company. One of the reasons being the focus of the company, which was more on the business outcome than the people delivering that outcome.

In <case 2>, the BMI delivered the expected outcome and improved the performance of the company not only in terms of revenue but also with customer satisfaction and employee performance. The new BM of <case 2> offered customers a wide variety of products with additional services which, in turn, enabled the company to be price competitive. In terms of the employees, the fast-growing nature of the company caused <case 2> to shift to a Spotify model that encouraged innovative, entrepreneurial behavior amongst employees. This developed a sense of responsibility and ownership that made employees improve their performance and extend beyond boundaries to contribute to the BMI outcome.

Thus, based on the findings of <case 1> and <case 2>, this research proposes that:

(1) Motivated employees during BM implementation, stimulated by intrinsic or extrinsic motivators, positively moderate the link between BMI and firm performance.

The term 'positively' is used based on the outcome of <case 2>, where employees were motivated to implement the changes from the beginning of the BMI process. Whereas, employees of <case 1> struggled to be motivated in the initial stages as well as during the BMI process, which was reflected in their 'lower-than expected' performance.

(2) Employee development during BM implementation, induced by training, learning and empowerment to enhance specific capabilities and skills is likely to positively moderate the link between BMI and firm performance.

The term 'likely' and 'positively' is used here as both <case 1> and <case 2> carried out similar measures to develop their employees during the BM implementation phase. For instance, both companies did not have explicit training programs that involved external consultants. But had an internal process of knowledge transfer and collaboration. Moreover, interviews from both companies reported limited coaching from the managers as employees were empowered to act on their ideas and learn from their mistakes. While <case 1> had a bad BMI outcome in terms of the employees (Unhappy employees left the company), <case 2> had an overall positive BMI outcome. Thus, based on this, it is determined that employee development during BM implementation is likely to have a positive moderation on the link between BMI and firm performance.

(3) Employee readiness to change through communication, managerial support and cultural adjustment before and during BM implementation moderates the link between BMI and firm performance by reducing uncertainty.

Findings from the cases show that both companies effectively communicated the BM changes with their employees whilst managers supported them throughout the process. However, looking at the approach taken towards adapting the organizational culture, <case 2> was successful while <case 1> failed to align the culture during the BM implementation phase. Although the initiative to acquire and merge different was

a step taken to prepare the employees of <case 1> to implement the new BM, the organizational culture of the different companies made it hard to merge and become 'one company' and even harder to implement the new BM. <case 2> comparatively, implemented continuous incremental changes and also hired employees that fit the organizational culture, which made it easier to implement the new BM. Thus, it can be conclusively determined from both cases that employee readiness to change can either have a positive or negative impact on the link between BMI and firm performance and depends on the initiatives taken by the firm before and during the BM implementation phase.

In conclusion, all three employee characteristics i.e., motivation, development, and readiness to change can have a positive or negative influence on the link between BMI and firm performance and depends on how companies acknowledge these characteristics not only during the BM implementation phase but throughout the BMI process.

6.2 Additional Reflection

This thesis started with an extensive literature study, where relevant scientific papers were used to provide essential insights on business models, business model innovation and its relation to organization performance. The outcome of the literature study helped in identifying the dimensions of the three employee characteristics—motivation, development, and readiness to change—that was core to this study and was in turn used to develop a conceptual model to be attested. On the basis of the conceptual model, four propositions were formulated to elucidate the direction of this research and to structure the data collection using qualitative research methodology in the form of interviews from two case studies. The propositions were attested and further refined based on the analysis and results of both cases using a qualitative data analysis software (Atlas.ti). The software was used to code the interview data to form semantic linkages in accordance with the interview and research questions. The relationships formed depicts the role of employee motivation, development, and readiness to change, and how they influence the link between BMI and firm performance. Based on this, an overview of the findings per research question was provided in the previous section (6.1), this section provides additional reflection with respect to the applied BM ontology, use of tooling and reflection on the findings by looking into innovation theories.

BM ontology and tooling

To analyze the business models of the chosen companies (cases) the business model CANVAS framework was used due to its simplicity and depiction of all the relevant BM elements. However, the CANVAS framework represents a single company and is unsuitable to combine and represent all target users in one CANVAS. This would also be a problem if the study was to focus on the network of organizations. Although the researcher believes, from an academic point of view, the STOF framework (Bouwman et al., 2012) is a better choice, the scope of this study was to focus on the employee characteristics during BM implementation for which the CANVAS model was suitable to give a simple overview of the company's old and new business model. Next, to understand the steps taken by the companies to shift from the old BM to the new BM, the researcher used the BM roadmap tool even though the companies did not use such a tool. This provided a storyline of activities taken by the companies to implement the new BM. However, this was only based on the researcher's interpretation and was helpful during data collection.

Incremental vs. Radical innovation

The two SMEs studied in this research represent two types of BMIs. The BMI in <case 2> involved incremental, iterative steps where the focus was given towards increasing the number of products whilst protecting the old business model i.e., improving the old business model through incremental changes without cannibalizing existing products or services. Implementing such incremental changes was possible as <case 2> had young and skilled employees that made it easy to continuously accommodate change and innovate the BM. This is probably one of the reasons why 'change' is embedded in the company's culture. Moreover, the transformation was not insurmountable as the company already had the digital infrastructure needed to innovate the BM. On the other hand, <case 1> had a radical BMI that was experimental and complicated as it involved developing a new platform i.e., integrating all the products and services to meet the market's use of digital technology. The term 'complicated' is used as <case 1> had to develop the infrastructure from scratch, acquire relevant competencies and knowledge, and also align (merge) the various components together in order to innovate the BM. While merging the all products worked well for the platform, it was a major mistake for the people that implemented the platform.

6.3 Theoretical & Practical contributions

Theoretical contributions

This research has been executed to shed some light on the people side of implementing business model innovation by focusing on the soft factors during implementation. More specifically, this study fills the knowledge gap on the role of employee motivation, development and readiness to change during BM implementation and how they influence the link between BMI and firm performance.

First, due to the novelty of the BMI domain, most of the contributions in the present literature are theoretical and lack definitive empirical research (Dottore, 2009). This study bridges this gap by presenting empirical results on how SMEs implement their BMI and involve employees in the process. It provides insights on why SMEs innovate their business models, what challenges they experience during the process regarding their employees and how the behavior of the employees affects the BMI outcome.

Next, this research contributes to the contemporary understanding of the role of employees, particularly during the BM implementation phase, and draws attention towards the organizational practices concerning employees using two SMEs in the Netherlands that engaged in BMI. Thus, it helps academic researchers perceive how SMEs organize their BM activities and manage their employees to implement BMI. Particularly, it sheds some light on employee motivation, development and readiness to change, and how they were involved, supported and empowered throughout the BM implementation phase. Furthermore, this research also touches upon certain firm-level variables that indirectly impact employees during BMI implementation, such as organizational design, values, and culture (Foss and Saebi, 2017). In particular, it provides awareness that successful implementation of BMI may require changes with respect to these firm-level variables—organizational design, values, and culture.

Finally, this study also builds upon the work of Foss and Saebi (2017), which mentions that research on the micro-level moderators of BMI and firm performance, like the characteristics of employees, is limited due to the complicated link that exists between BMI and performance. Therefore, this research can be considered a building block towards more future empirical research on other employee-related organizational characteristics that influence BMI and firm performance.

Practical contributions

This study also has some practical contributions that provide guidelines for managers of SMEs that engage in BMI to minimize flaws during the implementation phase.

According to this research, managers tend to focus more on the technical aspect of innovating a business model and neglect the people aspect of the BMI, the details of which become evident when implementing the business model. In fact, it is the lack of balance or alignment between the technical side *(hard factors)* and people side *(soft factors)* that makes the BM implementation phase difficult to handle, causing the BMI to fail to deliver the expected outcome. Although the technical aspects of a business model (i.e., the technology, design, and analysis, etc.) have been repeatedly underlined to be crucial in innovating a business model, this research suggests that merely focussing on the technical side is not enough. Alternatively, the people aspects of the BMI (i.e., motivation, development, preparation, etc.) needs to be taken into account and aligned with the technical requirements to successfully implement the business model.

Implementing a BM can be a time-consuming and challenging task that requires a high degree of experimentation, commitment, and participation, not only from top managers like C-level managers, technology managers, HR managers, etc. but also from employees whose involvement can significantly contribute towards the BMI. Accordingly, managers need to respond and satisfy the dominant needs of the employees by taking the appropriate measures to motivate, develop and support them throughout the process.

Although it is impossible to plan every detail of the BMI process, managers should be prepared to handle challenges that arise unexpectedly and take suitable steps to direct the employees through the BM change. As the inevitability of change is the only constant and considering business model change as a subcategory of organizational change (Appelbaum, 2018), managers can utilize change management procedures like John Kotter's model, ADKAR model, or Lewin's change management model, to effectively introduce and manage the business model change at an organizational and individual level.

6.4 Limitations

Like any scientific research, this thesis was also subject to a few limitations based on the chosen research method, its execution or other external deterrents. This includes literature selection, time restrictions, and research bias.

First, the researcher tried to exploit a broad range of sources to select scientific papers. The extensive literature used in this thesis has provided insights into the organizational dimension of business model innovation and has influenced the development of the conceptual model. However, bounded rationality and selection bias may have caused to miss relevant literature that could have been useful in the study.

Second, the selection of the case and interviewees were based on purposive sampling. Although a selection criterion was set up, due to the time restriction allotted for this research, the company and interviewees selected were based on the accessibility of data i.e., convenience sampling. A major problem was getting in touch with the right person for setting up the interviews. Since the researcher had limited access to the companies, scheduling the interviews with the employees was difficult, especially for <case 2>. Due to a

lack of collaboration from the company, the researcher tried personally reaching out to people working in <case 2> through mutual connections via Linkedin and email. Eventually, the people that responded were interviewed and the chance to ask follow-up questions was made easy. However, an earlier attempt to reach out to the employees of both cases could have increased the number of participants as well as improved the results of this research, which is the third limitation that could be addressed in future projects.

The fourth limitation is in terms of internal validity. Since the companies chosen for this research had implemented BMI a few years ago, it was crucial to interview people that were a part of the BM implementation and also those who remembered the activities that took place. So, the researcher tried to reproduce the course of events through the BM roadmap tool in order to analyze the initiatives taken during that time. However, the timing of certain activities may be slightly distorted.

The fifth limitation, in terms of external validity, the findings of this thesis may not be generalizable to all SMEs in Europe, which is a drawback of any case study research. Because of the small sample size (two cases) analyzed at the organization level, certain industry-specific insights or conditions may have been missed or could differ from the data presented in this study.

Finally, a well-known limitation that has to be taken into account is the researcher's bias. This may be attributed to the data collection and analysis methods such as the behavior during the interviews, the way the questions were asked, or the researcher's coding effort and interpretation of the results. As the data collection was done along with the daily supervisor and was also validated by the interviewees (by sending the interview transcript), this bias was limited to an extent.

6.5 Future Research

The avenues for future research can be drawn from the limitations mentioned in the previous section. First, a larger sample size of SMEs in Europe, from different countries and industries can be investigated to enhance the validity of the results. In fact, the daily supervisor of this thesis plans to investigate two additional cases of SMEs in Europe.

Second, as the researcher had limited access to the selected companies of this research, only three managers and two project leads were interviewed. Therefore, conducting interviews with more number of participants, specifically lower level employees, could significantly enhance the findings of this research. Furthermore, the results could be analyzed and generalized using quantitative research methods as well.

Third, the most sought-after need ought to be given to clarifying the BMI concept as it forms the foundation for future research. It also impacts the moderating and mediating factors that we incorporate in our research models and how we evaluate the results of the BMI.

Fourth, the business model implementation phase can be studied as a distinct phase in its own right as it is characterized to be a challenge in BMI initiatives and also the primary reason why business models fail (Foss and Saebi, 2017; Latifi and Bouwman, 2017). For example, some of the research questions could be: What are the stages in the implementation phase?, what are the activities required for a successful BM implementation? Does different leadership styles have an impact on the BM implementation phase?

Another useful research would be the design of a framework for implementing BMs in an organization, which can be used as a practical tool for managing the BM implementation phase.

Finally, due to the significant role of employees in implementing BMI to enhance firm performance, more research on the people side of BMI is required. Although this research focuses on three employee behavioral characteristics, additional soft factors like employee authority, power, managerial cognition, collaboration, ergonomics, etc, and the impact of the value network on the employees can be studied in-depth to provide valuable insights on how they influence BMI and its outcome.

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Appendices

Appendix A: Case Study Protocol

This document comprises of instructions for carrying out and reporting the case studies for this research and is created using the ENVISION case study protocol as a base. A case study protocol is important for this research due to the following reasons:

- Thorough documentation of the holistic two-case case study can contribute to both scientific knowledge in the field of BMI in SMEs as well as practical knowledge that will be available to European SMEs.
- Studying the practices of BMI adds to the knowledge of how SMEs conduct BMI, specifically how the selected companies conduct BMI.
- The deliverables provide common definitions of concepts and detailed guidelines for conducting the interviews. This way the protocol provides the researcher to ensure uniformity of cases and assures validity and reliability.

Conduction of Interviews

Interviews will be held at the location of the relevant respondents of the organization. The research unit is an individual organization. The unit of observation is an individual participant (manager or employee). The main objective is to gain a deeper understanding of how the selected SMEs conducted BMI and to examine the role of employee motivation, development and readiness to change during the process.

When conducting the interviews, the researcher should follow the basic saturation principle. It is important to stop the interviews if no new insights, perspectives or visions are offered and the interviews only result in confirmation of the available knowledge (saturation principle). If a new interview doesn't deliver new insights, the researcher may conclude to have reached a certain degree of saturation.

Criteria for selection of interviewees:
The number of interviews with involved persons can increase rapidly. Therefore, it is important to select the proper persons and limit ourselves to the most important spokespersons. The following criteria are used:

- Willingness to participate (Declaration of Participation)
- Formal position and involvement during the BMI process.
- The motivation for participation of a specific person should be clearly stated. (i.e. Who does he or she represent? Is this a person to discuss strategic issues, organizational issues, financial topics, etc?)

Preparation for interviews
Prior to conducting an interview, all available sources must be reviewed (organization websites, yearly reports, business plans, and documents). Upon scheduling an interview, the interviewee must be informed about the subject and sent upfront an outline of questions as well Invitation letter for the interviewee.

Equipment that the researcher will use during the interview is the following: recorder, paper and pen, documents, journal articles, photos that might help the discussion.

Letter of Invitation

Dear Interviewee,

You are being invited to participate in a research study titled "*The people-side of implementing business model innovation*", which is a study being done as part of an MSc Graduation Thesis at the Delft University of Technology, The Netherlands. I am, Sushmitha Raguraman, a Master of Science in Management of Technology Student and I would be collecting data for this thesis project.

The objective of this research study is to understand how SMEs conduct business model innovation and to examine the role of employee motivation, capabilities and readiness to change during the business model implementation phase. The research study deals with the need to deep-dive into the contemporary phenomena of how business models are implemented in the real-life contexts and how the employee's motivation, capabilities, and readiness to change during implementation, influence the business model outcome, that is, the firm performance. As part of this research study, a Case-Study Design research method is adopted and the data collection involves conducting interviews that would be semi-structured. The Information gathered will be transcribed, analyzed and will result in a final thesis report. A detailed explanation of this study and the interview guidelines is attached to this letter.

Therefore with this regard, I would like to invite you for a **one-hour interview** based on your availability in the next few weeks. Following this invitation letter is a Participant-Consent Form which needs to be signed by you as TU Delft strictly adheres with the General Data Protection Rules stated by the European Union Regulations.

I am looking forward to your confirmation and reply.

Kind regards,
Sushmitha Raguraman

PARTICIPANT CONSENT FORM		
Please tick the appropriate boxes	**Yes**	**No**
Taking part in the research study...		
I have read and understood the study information or it has been read to me. I have been able to ask questions about the study and my questions have been answered to my satisfaction.		
I consent voluntarily to be a participant in this study and understand that I can refuse to answer questions and I can withdraw from the study at any time, without having to give a reason.		
I understand that taking part in the study involves an audio/video recorded interview that will be transcribed later as text.		
Benefits & Risks associated with participating in the study...		
I understand this research study would benefit both the scientific community at large and the industry domain. I also understand that taking part in the study involves no known risks (physical or mental) and free to leave/quit the Interview process when I deem fit so.		
Use of the information in the study...		
I understand the information I provide will be used for further analysis by the researcher and that the information collected is accessible to the ENVISION project.		
I understand that personal information collected about me that can identify me, such as [e.g. my name], will not be shared beyond the study team.		
I give permission for the data that I provide to be archived in the TU Delft repository so it can be used for future research and learning.		

_____ _____

Signature of participant **Date**

I have accurately read out the information sheet to the participants and, to the best of my ability, ensured that the participant understands what they are freely consenting as per the GDPR rules and regulations.

_____ _____

Signature of responsible researcher **Date**

Study contact details:
Researcher: Sushmitha Raguraman,

Study Team within TU Delft:
First Supervisor: Prof. Dr. W. A. G. A. (Harry) Bouwman
Second Supervisor: Dr. R.M. (Robert) Verburg
Daily Supervisor: S.M. Ali Latifi (Ph.D. Candidate)

Sources/References:

TU Delft | GDPR Informed Consent and data storage. (2019). Retrieved April 24, 2019, from https://www.tudelft.nl/en/about-tu-delft/strategy/strategy-documents-tu-delft/integrity-policy/human-research-ethics/gdpr/

Appendix B: Interview Guideline

The objective of the interview is to acquire information on the case and (personal) views of the interviewee. Usually, the interview need not follow the guideline in detail or in a stipulated order but is used as a checklist to see if the most relevant topics have been discussed and to have an open conversation with the interviewee.

The below table consists of the definitions of concepts that will be used for collecting data:

Concept	Definition
Business Model	*"A business model describes the design or architecture of the value creation, delivery, and capture mechanisms employed in a firm"* (Teece, 2010)
Business Model Innovation	*"Designed, novel, nontrivial changes to the key elements of a firm's business model and/or the architecture linking these elements."* Foss and Saebi (2017)

Explanation of the study

Every company has a business model, even if it is not explicitly acknowledged. A business model is used to break down and present the core logic of an organization and how value is created, captured and delivered to different stakeholders. With the emergence of digitization, WWW and IT, there has been an increasing awareness towards business models and its innovation thereof. In fact, researchers have concurred that the best way for firms to sustain growth and maintain competitive advantage is to innovate their business models. Although many firms in the industry may recognize the need to innovate their business model, they may not be good at the implementation due to the various organizational implications that come into play when a firm attempts to change or replace their business model. However, innovating a business model is a gradual change process where firms re-configure various business model components and implement the new model within the organization. More often than not, this may be subject to inertia among the employees of the organization and the major barriers that causes this resistance to change involve a low level of employee motivation, lack of qualified personnel, ineffective communication, and inadequate preparation to change. Hence, the main challenge lies in the approach firms take regarding the people during business model implementation, which in turn can influence the success of a business model innovation initiative and lead to superior firm performance.

The aim of this research is to see how individual employee's motivation, development, and readiness to change during business model implementation actualize in a real-life context and explain how these factors influence the relationship between business model innovation and firm performance. Therefore, two cases of SMEs that have experienced the business model innovation process are selected as units of analysis. A semi-structured interview would be conducted to collect relevant data for this research.

Topics to be addressed during the interview

The interview would start by asking about the company and on the interviewee, after which a discussion of the business model innovation process, the transition and the role of employees during business model implementation would be addressed.

I. Questions about the company & business model

No.	Questions	Topics to be addressed
1	Could you introduce yourself and your role at the company?	▪ The formal position of the interviewee
2	What was the reason behind the BM change? What is the current status of BMI implementation?	▪ Old BM to New BM ▪ Technology adoption or competition

II. Questions about the BMI process

3	How was the Business Model Innovation process managed within the organization?	▪ Planning, realizing and aligning activities - Stages or phases created ▪ Experimentation/ pilot ▪ Involvement of change agents
4	Could you describe the business model implementation phase? What were the initiatives taken within the company during this phase?	▪ Organizational structure/ procedure/ resources ▪ Team formation ▪ Assessment of employee skills & capabilities ▪ Hiring or Employee development
5	Did you encounter any difficulties during the business model implementation? If so, how did you deal with them?	▪ More focus on the technological aspect and less on the people aspect ▪ Resistance to change among employees & departments ▪ Intercultural problems ▪ Plans were not clearly defined/communicated or adapted to the new situation
6	Did the Business Model Innovation deliver the expected results? How did you assess firm performance?	▪ Performance measure - financial metrics, customer metrics or employee metrics ▪ Is the company profitable, doing well?

III. Questions about the role of employees during BMI implementation

No.	Questions	Topics to be addressed
7	How are employees encouraged to be a part of the planning & decision making process? How were they motivated to implement the BMI?	▪ Early involvement of employees that are affected by the changes ▪ Employee ideas, feedback, and decisions put into use ▪ Rewards, promotions or incentives ▪ Employees believe implementing the BM was an improvement
8	How were the business model changes (objectives) communicated to the employees? What exactly did you communicate?	▪ Why the changes are necessary ▪ Clear vision, objectives, and desired outcomes ▪ Impact on the employee's work - role & responsibilities ▪ How these changes will take place - Roadmap (As is ---> To be)
9	How did managers support employees during BM implementation?	▪ Manager accessibility, consistency, stimulation & feedback ▪ Following a detailed plan & using change agents to implement the new BM
10	Does the current culture, within the organization, encourage and support the new BM?	▪ Open communication, innovativeness, creativity ▪ Collaboration & sharing of information - Teamwork ▪ Adaptability & flexibility to change
11	Did employees receive any training to implement the BMI?	▪ Individual development - technical skills or behavioral skills ▪ Group development - teamwork or conflict resolution, communication, adaptability & flexibility, etc.
12	Were employees empowered to act on the vision during BM implementation?	▪ Feeling of control: Autonomy ▪ Feeling of competence: ready to perform tasks and do their jobs
13	Do you have thoughts on how the business model implementation could have been better? Can you think of other factors that play a role during BMI implementation?	

Appendix C - <Case 1> Business model CANVAS old & new

Old Business Model of <case 1>

The old business model of <case 1> has two target users: (i) Schools and (ii) Students and parents. Hence, a business model CANVAS was created for each target user.

(i) Applying the CANVAS framework for the target user - Schools (Figure 27a):

Value Proposition

The company proposes to relieve schools from the 'hassle' of organizing the tasks related to distributing learning materials and delivering them to students by outsourcing these tasks to service providers like <case 1>. This way schools can focus on their core activity, which is providing education. For target user: schools, the company offers a one-stop-shop that consists of a platform with education material content. With this service, every student has the correct educational content in the right place, at their disposal. Therefore, all the books will be delivered on time and digital learning content will be available to the student via the virtual learning environment.

Key Activities

The key activities of <case 1> are to provide schools with:

- Book rental model - The distribution of textbooks, workbooks, and other materials, and
- Platform - Combination of a student monitoring system and the virtual environment with access to digital modules.

Key Partners

The key partners of <case 1> can be divided as:
(i) Knowledge partners - They are the supply chain partners of educational content.
(ii) IT partners - They are the developers of the service platform.
(iii) Legal partners - They include the privacy lawyers and experts in tenders.

Key Resources

The key resources are the company's skilled employees. This includes the learning material experts that create booklist with schools. But to prepare the booklist, the European tender needs to be won, so tender experts are important as well. To design and maintain the platform and its digital services, skilled IT developers and designers are crucial. Also, for the logistic operations, the warehouse employees were important.

Customer Segments

The service offering of <case 1> is targeted primarily at schools, which in turn come with the following user groups: students, teachers, management, parents and school support.

Customer Relationships

The company puts a lot of effort to meet customer expectations and maintain relationships. But, since the Free School Books Act (Wet Gratis Schoolboeken (WGS)), the relationship with schools have become less personal as they have to tender their services for learning materials. European tenders are based on

personal contact with school boards and agencies. So, the advisory role the company has with schools during the selection of education syllabus takes place over the phone or through the educational platform.

Channels
The company communicates with schools through training, workshops, and consults. They are offered face to face or via the phone. Some schools prefer an electronic ticketing system to ask questions or to report on bugs, for which a web portal is present.

Cost Structure
The cost structure of <case 1> is pretty straightforward. The main costs are personnel costs - which is the remuneration of its employees, partner costs - IT partner and legal partners, and other costs related to IT, development and housing.

Revenue Streams
The revenue streams are divided into four streams: (i) Selling books with a margin, (ii) Renting books, (iii) The digital platform for schools (pay per 250 students), and (iv) Consulting and training fee that school's pay to operationalize the service and solve questions.

(ii) Applying the CANVAS framework for the target user - Schools (Figure 27b):
There are six components that are different when compared to the target user - Schools:

Value Proposition
<case 1> offers students a one-stop-shop for learning materials through the platform and book distribution model. This way all students receive the educational material at their doorstep and at the right time (before the beginning of the school year).

Customer Segments
The customer segment for this target group is students and parents. They have to option of buying additional books, digital content and other learning material from <case 1>, which are not paid by schools.

Customer Relationships
<case 1> offers a high level of self-service when it comes to students and parents, which is why the customer contact happens over the online portal or the application.

Key Partners
The key partners for this target users are:
(i) Schools - They are an intermediary between the company and its target users: teachers, students, and parents.

Channels
The company interacts with students and parents via the online portal or the application. There is no personal contact with this target group.

Revenue Streams
<case 1> has two revenue streams for students. Selling or renting educational material with a margin.

New Business Model of <case 1>

The new business model of <case 1> has three target users: (i) Schools (ii) Students and parents and (iii) Third-party users. Hence, a business model CANVAS was created for each target user.

(i) Applying the CANVAS framework for the target user - Schools (Figure 29a):

Value Proposition

For schools, <case 1> offers a one-stop-shop that consists of a platform and learning material content. While the reason to outsource this service remains unchanged, the new platform comes with a recommendation system and enables a preselection of efficient learning methods. With this additional service, every student has access to an efficient learning environment and personalized recommendations on which steps to undertake to enhance their learning. Thus, schools become more efficient.

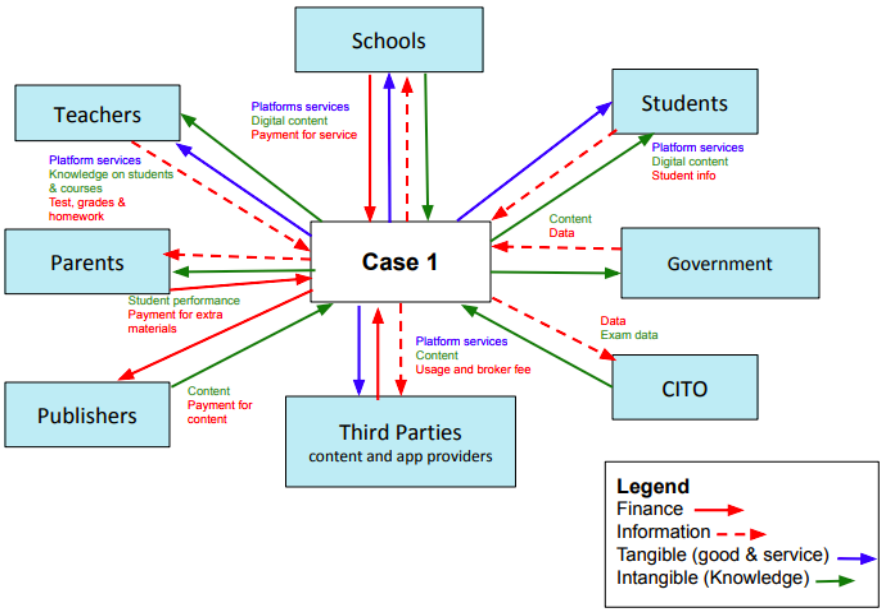
Key Activities

The key activities of <case 1> are to provide schools with:

- The distribution of textbooks, workbooks, and other materials, although there will also be a shift from books to bits i.e., digital content.
- All in one Platform - Combination of a student monitoring system and the virtual environment with access to digital modules.
- Data analytics and recommendation system - which enables the company to meet future demand and distribute relevant learning material on time.

Key Partners

The key partners for <case 1> would remain the same as the old business model. However, partners with international exposure will be favored. Also, the activity of distributing books can be shared with a distribution partner as this activity will no longer be a part of the company's core business. The value network is presented below.



Key Resources
The key resources of <case 1> are its employees. While this resource remains the same, there will be a transition from the old to the new model. Hence, more IT resources are needed to implement the proposed model. This includes data scientists, developers, designers, and IT partners.

Customer Segments
The new service offering of <case 1> is targeted primarily at schools in Europe, which in turn come with the following user groups: students, teachers, management, parents and school support. Additionally, all these users would be able to collaborate on the cloud service provider (CSP) i.e., the platform.

Customer Relationships
Like the old BM, the company would continue to put a lot of effort to meet customer expectations and maintain relationships. In the new platform, the relationship with schools will change due to the recommendation tools which enable them to operate more independently by following a sequential plan as recommended by the new system. There would be less physical contact and more personal contact through the new platform.

Channels
The company's communication with schools would remain the same but the new platform creates a community space for schools and teachers to interact. This would also be a new channel for <case 1>.

Cost Structure
The cost structure would remain the same as the old business model: personnel costs - which is the remuneration of its employees, partner costs - IT partner and legal partners, and housing costs.

Revenue Streams
The new revenue streams are divided into five streams: (i) Selling books with a margin. Renting books would disappear as books would soon be digitalized, (ii) The all-in-one platform for schools (pay per 250 students), and (iii) Consulting and training fee that school's pay to operationalize the service and solve questions. The two additional revenue streams are (iv) broker fees and (v) Usage fee for new users of the platform or its data.

(ii) Applying the CANVAS framework for the target user - Student and Parents (Figure 29b):

There are five components that are different when compared to the new business model for Schools:

Value Proposition
<case 1> offers students a one-stop-shop for learning materials through a platform. Additionally, students and parents have access to an efficient and personalized learning process through recommendations and data analytics.

Customer Segments
The customers <case 1> aims to reach and serve are school students and parents with a broader, international home market.

Customer Relationships
The company offers a high level of self-service when it comes to students and parents, but this relationship changes due to the new recommendation system. Before, learning material was bought only once a year. Now, the new platform encourages and stimulates a continuous flow of buying learning material.

Channels
There is no change in the communication channel with students and parents. The company interacts with students and parents via the online portal or the application.

Revenue Streams
<case 1> has two revenue streams for students: (i) Additional learning material and (ii) Usage fee for the application in the platforms.

(iii) Applying the CANVAS framework for the new target group - Third parties (Figure 29c)
As the new strategy involves being an international IT provider, the new target group has to be included in the company's BM. There are five components that are different when compared to the new business model for target user- students and parents:

Value Proposition
<case 1> offers a one-stop-shop for third parties with additional services and expertise which enable them to offer value and extend their content to schools, students, teachers, and parents.

Customer Segments
The customer segment for this target group are international partners for B2B services or applications for the new platform.

Customer Relationships
<case 1> offers a high level of self-service when it comes to third parties. This relationship is fully automated through APIs, throttling and software development kits (SDKs).

Channels
Third-party communication would take place through the self-service application programming interface (APIs) and portals.

Revenue Streams
<case 1> has three revenue streams for third parties: (i) Platform usage fee, (ii) Broker fee, and (iii) Usage fee of any sales through the company's platform.

Appendix D - <Case 2> Business model CANVAS old & new

Old Business Model of <case 2>

Applying the CANVAS framework for the Old business model (Figure 35):

Value Proposition

<case 2> has developed a one-stop-shop for printed matter, promotional materials, work clothing, and other gifts. A range of products such as canvas photo paintings, banners, and other promotional items are produced exactly the way customers want it. They offer high-quality printing at low prices and short delivery times, and with all that comes, a reliable partner that thinks along with customers to bring creative ideas to life.

Key Activities

The key activities of <case 2> are:

- The 'Ganging' technique: Combining multiple orders and printing them on a large sheet to share the starting and operating costs.
- E-commerce Platform: Development and maintenance of the e-commerce platform to not only display product offerings and prices but also to reduce sales effort and support every function and process needed to handle all sorts of orders.

Key Partners

As the company hosts all its IT activities in-house, the key partners include:

i. Shipping company - Outsourcing company (DHL) that ships final goods from printing facilities, registers them into the supply chain for the track and trace system and then delivers it to the customers.

ii. Nearshore community - A form of multi-sourcing company or community to benefit from the scalability of resources as and when required.

iii. Print outsourcing companies - <case 2> outsources a major part of their production activities to external companies.

Key Resources

The key resources within the company are its skilled employees. This includes the IT developers, designers, product owners, sales, and marketing personnel who are all organized to work in functional teams.

Customer Segments

<case 2> deals with different customer segments based on the needs, context, and pricing of the product and service offering. The primary target customer is the business-to-business market such as:

- The graphical industry - printing companies that use the resources of <case 2>.
- Small, medium & large enterprises - requires high printing quality and large volumes of the product.
- Consumers - for personal use with lower volumes and prices of the product.

Customer Relationships

The company's primary focus and strategy are to meet customer expectations and maintain relationships. However, the introduction of the e-commerce platform has automated most of the processes, striving for reduced contact with customers from the start of the order until after-sales. The platform acts as a self-service portal for customers and reduces the effort for them to contact the company. However, there are many channels available for customers to reach the company like chat, email, and phone.

Channels

The e-commerce platform of <case 2> is the key interface for customers as it serves as a portal for customer service, complaint handling and provides detailed updates of their orders and enables the track and trace system. The customers also receive updates of their orders via email.

Cost Structure

The cost structure of <case 2> consists of:

- Printing costs - which is outsourced through external printing companies.
- Personnel costs - which is the remuneration of its employees, IT developers, designers, product owners, sales, and marketing personnel.
- Operational costs - this includes shipping costs & nearshore community partnership.

Revenue Streams

The only revenue stream of <case 2> is through selling its products and services to customers through the e-commerce platform.

New Business Model of <case 2>

There are seven components that are upgraded in the new business model of <case 2>. Only the Channel of communication and customer relationship remains the same when compared to the old model.

Applying the CANVAS framework on the New business model (Figure 37):

Value Proposition

Based on the company's one-stop-shop for printing-related matter, the four core propositions are:

1. Easy & error-free ordering process
2. Wide range & good quality products
3. Low prices
4. Fast delivery (One-day delivery option)

In addition to the old business model, <case 2> offers value-added services such as corporate identity and branding solutions along with the possibility for customers to let their promotional material be distributed in selected areas. This way customers need not make separate agreements with distributors. Apart from this, reseller companies can utilize the resources of <case 2> through their white-label shop.

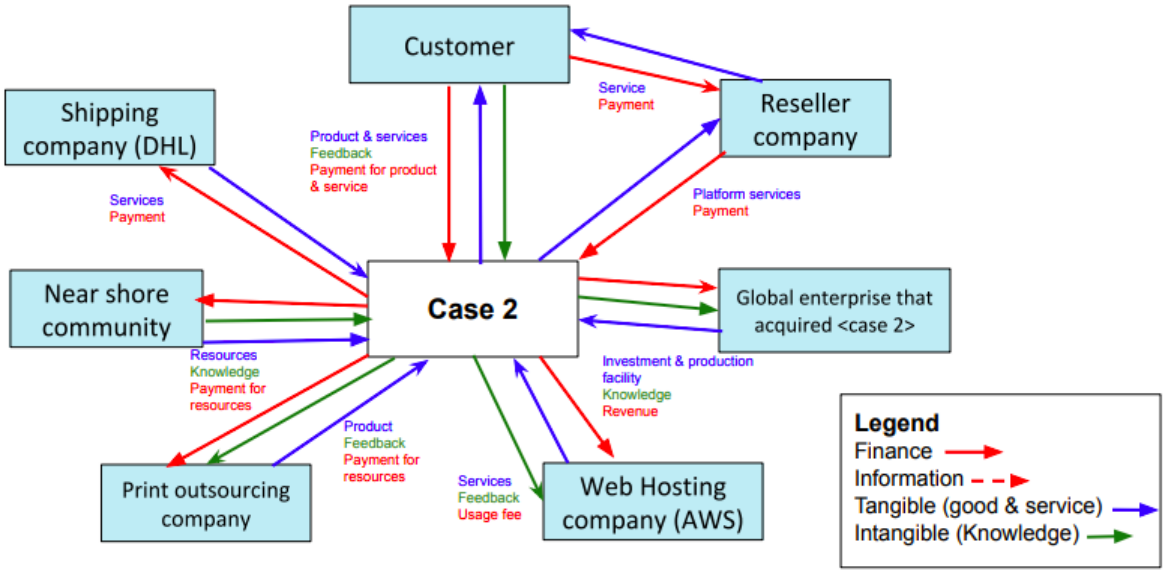
Key Activities

Apart from printing orders via the ganging technique and maintaining the e-commerce platform, <case 2> introduced the reseller program and franchise which offers the white-label of its products. The reseller companies can access the resources of <case 2> via API to sell their material to their customers. Besides this, since the company was acquired by a global enterprise in 2014, a lot of the printing activities take place at the facilities of the global enterprise.

A major transformation within the organization, due to its rapid growth, is the way the key activities are organized. <case 2> has adopted the Spotify model as its organizational design where each team or squad manages their own product and directly interact with customers to make decisions on how to present the product and about improvements to increase value to customers.

Key Partners

Besides the old business model's key partners, two additional partners for the new business model include the global enterprise and the web hosting company. The value network of the company is presented below.



Due to the rapid growth of the company and constant changes in the market, the IT infrastructure of <case 2> is designed to be open and interoperable. Thus, to host such an architecture, the company outsources this critical part to Amazon Web Services (AWS). The global enterprise mainly provides capital investment and production facilities to <case 2>.

Key Resources

The key resources within <case 2> are its (i) In-house production facilities and (ii)skilled employees, who now work in squads within the organization. Each squad has its own web developer, product leader, designer, and sales expert.

Customer Segments

The only addition to the customer segment, besides the graphical industry companies and consumers are the reseller companies who utilize the white label shop of <case 2> through APIs.

Cost Structure

The cost structure of <case 2> consists of:

- Personnel costs - which is the remuneration of its employees, IT developers, designers, product owners, sales, and marketing personnel.
- Operational costs - this includes IT infrastructure (AWS), shipping costs & nearshore community partnership.

- Sources of risk - The quality of printed products may vary from one supplier to another. Also, the delivery of products is a source of complaints from customers.

Revenue Streams

The revenue stream of the company is through (i) selling its products and services to customers and (ii) reseller and franchise program, through the e-commerce platform.

Appendix E - <Case 1> Interview Coding

Case 1 - Interview Coding			
Open codes	**Axial codes**	**Interview Questions**	**Research question**
Emergence of disruptive technology	Reacting to external environment	Q-2 Reason for BM change	RQ-3 Reason for BMI
Change in market/user needs			
Adopt latest technology			
Desire to be more technology-driven	Internal drivers of change		
Ambition to grow and increase revenue			
Better than competition			
Problem-focussed solution	Ideation: Source of new BM	Q-3 New BM development & management in firm	RQ-4 BMI process & Challenges encountered
Aware of customer requirements			
Consulting partners			
To provide a unique offering	Designing the new BM		
To develop a sustainable & viable BM			
Rethinking business strategy			
Refining new BM			
Money-making BM change			
Experimental learning	BM Experimentation		
Test ideas & fail			
Having to learn what works			
Experienced management team	Management approach		
Top-down management approach			
Plan to invest more on people			
Planning roadmap of changes	Activities to implement the new BM	Q-4 BM implementation phase	
Communicating the changes			
Appointing a change agent			
Hiring new people	Gathering key resources		
Acquiring new companies			
Buying competencies and knowledge			
Finding the right partners			
New Team formation	Structural changes		
Re-allocating resources			
Setting up new processes	Implementing the vision		

Carrying out new activities			
No HR department in the early stages	Hard to manage the process internally	Q-5 Challenges during BM implementation	
People don't want to be changed			
Difficult to accept the change			
People found the new BM as a threat			
Unequal employee benefits	Employee resistance within the company		
Fear of job security & satisfaction			
Dislike to change existing ways			
Difficult to voice opinion to top managers			
Difficult to start from scratch	Lack of certain competencies		
Existing employees lack required skills			
Cultural differences	Problem with merging companies & cultures		
Bad idea to merge people with different cultures			
Money making BMI outcome	Business performance metrics	Q-6 BMI outcome	RQ-6 BMI impact on firm performance
Struggled to become one company			
Performance not as expected			
To provide a unique offering	Customer metrics		
Unhappy employees left the company	Employee metrics		
Focus more on business outcome than the people			

Role of Employees <case 1>			
Motivated by money & goods	Extrinsic motivators	Q-7 Motivating employees to take part	RQ-5 (a) Employee Motivation
Performance assessment & feedback			
Committed to implement the change	Intrinsic motivators		
Bringing people together			
Involving people in the process			
Suggesting ideas & opinions			
Non-technical training	Training people within the company	Q-11 Employee Training	RQ-5 (b) Employee Development
Limited coaching			
Enhancing skills & knowledge	Opportunity to learn		
Learning by doing			
Freedom to do their job	Empowering the employees	Q-12 Employee Empowerment	
Providing all necessary tools & resources			
Informal meeting & parties	Sharing the vision	Q-8 BMI communication	RQ-5 (c) Employee Readiness to Change
Knowledge sharing			
Visual presentation of ideas and changes			
Clearly defined end-goal			
Stimulating & assisting employees	Leadership style	Q-9 BMI managerial support	
Connected leadership			
Encouraging teamwork			
Meetings arranged with each team	Guidance toward the new BM		
Managers were accessible & consistent			
Cultural differences	Struggled to incorporate one culture	Q-10 BMI Culture	
Difficult to merge			
Challenging to adjust culture in-house			

Appendix F - <Case 2> Interview Coding

Case 2 - Interview Coding			
Open codes	**Axial codes**	**Interview Questions**	**Research Question**
Increase in competition	Reacting to external environment	Q-2 Reason for BM change	RQ-3 Reason for BMI
Change in market/user needs			
Ambition to grow and increase revenue	Internal drivers of change		
To gain competitive advantage			
Better than competition			
Adopt latest technology	Ideation: Source of new BM	Q-3 New BM development & management in firm	RQ-4 BMI process & Challenges
Aware of customer requirements			
Experienced management team			
Consulting partners			
Rethinking business strategy	Designing the new BM		
Refining new BM			
Money-making BM change			
Experimental learning	BM Experimentation		
Test ideas & fail			
Having to learn what works			
Planning roadmap of changes	Activities to implement the new BM	Q-4 BM implementation phase	
Communicating the changes			
Appointing a change agent			
Hiring new people	Gathering key resources		
Buying competencies and knowledge			
Acquiring new companies			
Change in organizational structure	Structural changes		
New Team formation			
Re-allocating resources			
Setting up new processes	Implementing the vision		
Coordination & support of employees			
Carrying out new activities			
Continuous changes	Need time to get employees on board	Q-5 Challenges during BM implementation	
Hard to manage the process internally			
People take time to change			

Fear of job security & satisfaction	**Employee resistance within the company**		
Difficult to accept the change			
Dislike to change existing ways			
Existing employees lack required skills	**Lack of certain competencies**		
To learn how to work together			
Money making BMI outcome	**Business performance metrics were important**	**Q-6 BMI outcome**	**RQ-6 BMI impact on firm performance**
Being price competitive			
Happy & loyal customers	**Customer metrics**		
To provide a unique offering			
Employee satisfaction	**Employee metrics were good**		
Employees were engaged			

Role of Employees <case 2>			
Open codes	**Axial codes**	**Interview Questions**	**Research Question**
Committed to implement the change	Intrinsic motivators	Q-7 Motivating employees to take part	RQ-5 (a) Employee Motivation
Bringing people together			
Involving people in the process			
Suggesting ideas & opinions			
Performance assessment & feedback	Extrinsic motivators		
Motivated by small milestones			
Non-technical training	Training people within the company	Q-11 Employee Training	RQ-5 (b) Employee Development
Limited coaching			
Enhancing skills & knowledge	Opportunity to learn		
Learning by doing			
Freedom to do their job	Empowering the employees	Q-12 Employee Empowerment	
Ownership & responsibility			
Providing all necessary tools & resources			
Improved cross-functional collaboration	Open communication	Q-8 BMI communication	RQ-5 (c) Employee Readiness to Change
Informal meeting & parties			
Clearly defined end-goal	Sharing the vision		
Knowledge sharing			
Visual presentation of ideas and changes			
Always prepared for the change	Leadership Style	Q-9 BMI managerial support	
Connected leadership			
Stimulating & assisting employees			
Encouraging teamwork			
Managers were accessible & consistent	Guidance toward the new BM		
Meetings arranged with each team			
Easy to convince people for the change	Incorporating a change culture	Q-10 BMI Culture	
Adapting to changes quickly			
Enhancing collaborative culture			