



BUSINESS MODEL INNOVATION: THE ROLE OF THE TOP MANAGEMENT'S COMPOSITION, COGNITION, AND KNOWLEDGE SOURCING STRATEGY

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What is Business Model Innovation?

- A business model is defined as as “the design or architecture of the value creation, delivery, and capture mechanisms” of a firm
(Teece, 2010, p. 172)
- Business model innovation is defined as “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, p. 2)



Dimensions of Business Model Innovation

- A business model innovation can influence one or several business model elements
 - be modular or architectural in scope
- A business model innovation can signify an innovation that is only new to the firm or an innovation that is also new to the industry
 - be non-novel or novel within the industry (Foss and Saebi, 2017)

Novelty	Scope	
	<i>Modular</i>	<i>Architectural</i>
<i>New to firm</i>	Evolutionary BMI	Adaptive BMI
<i>New to industry</i>	Focused BMI	Complex BMI

Source: Foss and Saebi, 2017, p.18

Why is Business Model Innovation important to study?

- Business model innovation is an essential tool for firms seeking to maintain or improve their competitive fitness (Doz and Kosonen 2010; Massa and Tucci, 2014)
- Business model innovation has thus emerged as a new unit of analysis that complements the more traditional subjects of product, process, and organizational innovation (Zott et al., 2011)
- Business model Innovation is difficult to achieve as there are many constraints that hold a firm to its existing business model (Nickerson and Zenger, 2004) but research of how to overcome these constraints are still limited (Foss and Saebi, 2018)

The key role of the Top Management team

- The top management team's ability to identify and implement business model innovation is a source of competitive advantage (Foss and Saebi, 2018; Zott and Amit, 2017)
- Not all top management teams are equally well equipped to handle this type of innovation (Foss and Stieglitz, 2015)
- Cognitive and behavioral factors within the top management team are playing a key part (Bogers et al., 2015; Sund et al., 2021)
- According to the behavioral theory of the firm, top management team's behavior pertaining to complex decisions is shaped by both structural and cognitive influences (Cyert and March, 1963; Ocasio, 1997)



What structural and cognitive characteristics of the top management team increase the propensity for Business Model Innovation in established firms?

Knowledge gaps and Articles

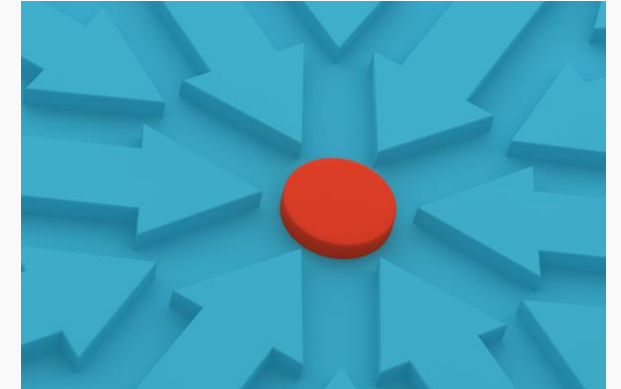
Knowledge gap concerning the structural influences on top management teams' attention toward business model innovation

Knowledge gap concerning cognitive characteristics within top management teams influencing business model innovation

Knowledge gap concerning external stimuli available to top management teams influencing business model innovation

Steering Managerial Attention Toward Business Model Innovation: The Role of Organizational Design (Angelshaug, M.S., Saebi, T. & Foss, N.J.)

- Top managers' attention is a scarce resource (Laamanen et al., 2018), influencing their ability to rationally consider all action alternatives and their consequences (Augier and March, 2008).
- By building on the attention-based view's attention structures (Ocasio, 1997) and by linking this to business model innovation and organizational design, we seek to reveal more about how organizational design features can help steer the top management team's attention towards business model innovation.
- Method:
 - The study draws on an illustrative, in-depth, longitudinal case study.
- Contributions:
 - Insight into the interplay between organizational design as an attention structuring mechanism, top management team attention, and business model innovation
 - Operationalization of attention structures and the recently defined concepts of attentional perspective and attentional engagement.



Architectural or Modular? How Top Management Composition Affects the Scope of Business Model Innovation (Angelshaug, M.S., Saebi, T. Lien, L. & Foss, N.J.)

- The composition of cognitive characteristics within the top management team can be connected to team-level processes and organizational outcomes such as business model innovation (Hambrick, 2007).
- By building on the upper echelons theory (Hambrick and Mason, 1984) and research on group diversity (Shemla and Wegge, 2019), we seek to investigate what top management team compositions are associated with the scope of business model innovation.
- Method:
 - This quantitative study draws on Norwegian survey data, population registry data, and official accounting data. Observable individual characteristics from registries are used as proxies for cognitive characteristics.
- Contributions:
 - Insights into what composition of top management teams in terms of information, power and social categorization, are beneficial for the scope of business model innovation.



Searching Wide and Deep: The Link Between External Knowledge Search and Business Model Innovation (Angelshaug, M.S., Saebi, T. Lien, L. & Foss, N.J.)

- There is emerging evidence regarding how external knowledge sourcing may benefit business model innovation efforts (Snihur and Wiklund, 2019; Yu et al., 2021).
- By building on open innovation and complexity theories (Chesbrough, 2003; Levinthal, 1997), we seek to investigate the link between the breadth and depth of external knowledge searches (Laursen and Salter, 2006) and the scope and novelty of business model innovation efforts.
- Method:
 - This quantitative study draws on Norwegian survey data and official accounting data.
- Contribution
 - Insights into the association between external knowledge sourcing strategies and the scope and novelty of business model innovation.



Concluding remarks

The thesis contributes new and important insights regarding business model innovation, the central place of top management teams, and the key structural and cognitive influences that make them better equipped to handle such innovations.

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From these insights practitioners should also recognize how the manageable structures surrounding a top management team can have a central impact on a firm's ability to innovate its business model, and they should therefore take a clear proactive stance to shape these structures accordingly.

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THANK YOU



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