

Research program:
***“Business model innovation and product innovation in Italian manufacturing SMEs.
What effect on performances? Theoretical and empirical analysis”***

Annex Code 1

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Description

The interest on innovation both from academic and socio-economic perspectives is testified by tens of thousands of articles available in both scientific and practitioner's journals, and by recent political actions.

In this vein both business model and product innovations, considered as distinct though interrelated constructs, are central to firms' competitiveness. Business model innovation regards the search for new logics of the firm and new ways to create and capture value for its stakeholders; it refers to finding new ways to generate profits and define value propositions for customers, partners, and suppliers (e.g., Amit & Zott, 2012; Casadesus-Masanell & Zhu, 2013; Comes & Berniker, 2008). Business model innovation is indeed holistic and refers to the logic of the firm, while product innovations refer to specific changes in the products features (Zott & Amit, 2002).

Additionally, compared to product innovations, business model innovations can be more difficult for competitors to follow (Bucherer, Eisert, & Gassmann, 2012) and may require more time, effort and a fit with the firm's culture, capabilities and long term vision (Bock, Opsahl, George, & Gann, 2012; Bucherer et al., 2012). Some authors have considered the business model as a device that can transform a product innovation into economic value creation (e.g., Chesbrough & Rosenbloom, 2002). It has been conceptually acknowledged that business model innovation can facilitate (Chesbrough & Rosenbloom, 2002) or be facilitated (Casadesus-Masanell & Zhu, 2013) by product innovation.

Despite the fact that business model innovations' impact on several measures of economic performance is documented in the current literature (e.g., Amit & Zott, 2012; Zott & Amit, 2007, 2008) a few theoretical studies have proposed frameworks to understand competitive dynamics among firms that adopt different business models. In particular, understanding the dynamics of business models and how they interact with other elements, is one of the most promising avenues for explaining the intangible component of firms' competitive structure (Casadesus-Masanell & Ricart, 2010; Teece, 2010; Zott & Amit, 2007, 2008). This is why different authors have recently

stressed that there is a lack of conceptual models, measures, and empirical evidence on how business model and product innovations interact and affect firm performance (e.g., Bucherer et al., 2012; George & Bock, 2010; OECD and Eurostat, 2005; Zott & Amit, 2002).

The aim of this research project is to fill this gap and to consider how value creation and capture can occur when a firm combines, integrates, and leverages its product innovation activities with a firm's business model (Sanchez & Ricart, 2010).

The research will aim to achieve the following expected results:

1. identify multilevel conceptual models for BM and product innovation considering their impact on firm performance
2. build and test an integrated, multilevel conceptual model that aims to link product innovation, business model innovation, and firm performance (Crossan & Apaydin, 2010),
3. provide the existence of different types of relationships between business model innovation and product innovation, and their impact on firm performance.

4. analyze the type of relationships and explain the conditions under which they are valid and significant

5. empirically test the proposed conceptual model

To this aim, the empirical analysis will be based on the manufacturing Italian SMEs' context for two reasons. First, in many countries, SMEs represent over 60 percent of total employment in manufacturing, especially in Italy, where they constitute 80 percent of total employment (Ayyagari, Beck, & Demircuc-Kunt, 2007). Second, although the Italian manufacturing sector has historically established its competitive advantage on the basis of quality, creativity, and innovation, over the past decade many companies have been (and probably are still) under threat, mainly because of the erosion of their relative cost advantages and the absence of a sufficient scale of operation exacerbated by the recent recession