

6-13-2015

THE IMPACT OF BUSINESS MODEL CHANGE ON NEW VENTURES' SURVIVAL

Lien Denoo

Ghent University, Belgium, lien.denoo@ugent.be

Helena Yli-Renko

University of Southern California, USA

Bart Clarysse

Ghent University, Belgium

Recommended Citation

Denoo, Lien; Yli-Renko, Helena; and Clarysse, Bart (2015) "THE IMPACT OF BUSINESS MODEL CHANGE ON NEW VENTURES' SURVIVAL," *Frontiers of Entrepreneurship Research*: Vol. 35 : Iss. 9 , Article 9.

Available at: <http://digitalknowledge.babson.edu/fer/vol35/iss9/9>

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized editor of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.

≈ SUMMARY ≈

**THE IMPACT OF BUSINESS MODEL CHANGE
ON NEW VENTURES' SURVIVAL**

Lien Denoo, Ghent University, Belgium
Helena Yli-Renko, University of Southern California, USA
Bart Clarysse, Ghent University, Belgium

Principal Topic

Business models have a significant impact on a firm's performance, value creation and innovation. Moreover, business model change can be seen as a firm's answer to a changing environment and may reflect its increasing ability to use its resources and knowledge to create the best possible business model given the environment (Zott & Amit, 2008). Despite the importance of business model change, few studies have focused on the impact of business model change on the firm's performance.

Those few studies that did focus on business model change (e.g. Andries, Debackere, and Van Looy, 2013), usually adopted a case-study approach and did not research how business model change can impact the survival of a new venture. Other gaps that remain in the literature are answers to the questions "how radical versus incremental business model change may impact firm survival" and "how the frequency of business model change can influence the firm's survival".

Method

We use a longitudinal sample of 173 new ventures in the emerging mobile health or mHealth industry. Based on secondary data such as press releases, company websites and industry reports, we coded the business models of these firms for each year of their existence and were thus able to analyze business model change over time. Using survival analysis, we analyze how a firm's business model change impacts its survival. More in particular, we analyze how business model change can have an impact on the firm's failure, acquisition or survival status.

Results and Implications

With this study, we contribute to the business model and organizational change literatures. Despite the higher importance of business model change for new ventures in nascent markets, business model change has not been studied in this context before. Moreover, no previous studies have used large samples to study the impact of business model change on the firm's survival. Finally, by focusing on new ventures and nascent markets, we also contribute to the entrepreneurship literature.

CONTACT: Lien Denoo; lien.denoo@ugent.be; (T): 00 32 9 264 79 59; (F): 00 32 9 264 78 88; Department of innovation, entrepreneurship and service management, Ghent University, Tweekerkenstraat 2, 9000 Gent, Belgium.