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BUSINESS MODEL CHANGE AND EMPLOYEE BEHAVIOURS

**A single case study exploring influences of BMC challenges
on employee behavioural competencies**

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ABSTRACT

Title: BUSINESS MODEL CHANGE AND EMPLOYEE BEHAVIOURS: A single case study exploring influences of BMC challenges on employee behavioural competencies

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Keywords: Business Model, Business Model Change, Challenges, Employee Competencies, Personal or Behavioural Competencies, Influences

Research Question: How do challenges concerning BMC influence the employee personal or behavioural competencies?

Methodology: The following study has adopted a single case study design at a case company in Sweden concerning how business model change challenges influence employee personal and behavioural competencies. Within this study, a qualitative research method was followed adopting an inductive design with deductive design influences. Semi-structured interviews are the source aiming to achieve a deep understanding of the social phenomena.

Theoretical Perspectives: The literature of business model, business model change, individual competencies, personal or behavioural competencies were used to grasp the background of the case under study. Furthermore, the research on influences of business model challenges on personal or behavioural competencies is conducted hoping to create value for companies undergoing business model changes.

Conclusion: While undergoing business model change, employees of the case company suffered from the challenges arising during the process, therefore it was interesting to conduct research within that area. There is a gap in previous literature in regards to business model change challenges and their effect on employee behavioural and personal competencies. the analysis shows the influence each organisational and individual challenge has on the four identified personal and behavioural competencies.

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1. INTRODUCTION

1.1 BACKGROUND

Nowadays, organisations find themselves in a very dynamic and rapidly changing environment. The highly interactive and drastic evolving market result in a direct impact on the organisational strategy and approach. This current lively external environment drives organisations towards a more entrepreneurial and innovative way of doing business. Evolving industries lead to an increase in competitiveness, pressuring companies to differentiate themselves within the market. As industries change and evolve, it becomes a necessity for companies to be open to change and develop their business model (BM) components continuously to accommodate the vibrant external environment and increase in competition (Teece, 2010; Demil and Lecoq, 2010). This can be done through business model change (BMC) which refers to the continuous and gradual changes occurring within a BM of an organisation (Cavalcante et al., 2011). In order to facilitate this continuous change process, openness to change needs to be adopted throughout an organisation while maintaining a strong yet flexible BM to sustain amongst competitors (Roos, 2014).

Adapting to a rapid changing environment demands internal change within organisations. Specifically change in how an organisation functions, change among leadership and employees and change within the allocation of resources (Huber and Glick, 1993). Organisational changes have a direct impact on the work environment and the social relationships within an organisation (Huber and Glick, 1993). By changing the current BM, the changes within the organisation are being visualized in a structured and planned manner. Not only does BMC have an effect on the organisational level revolving around processes and routines, but could increase the risk of affecting employees within because of challenges arising due to organisational changes. Therefore, if employees are not satisfied with the changes internally, the organisational health will be impacted significantly as Schneider (1987) argues when saying the people make the place.

BMC has been extensively discussed in entrepreneurship literature and has been explained to expand or improve core processes and competences on an organisational level, which affects the organisational strategy as a whole. BMCs are established for reasons like competitive advantage and growth (Cavalcante et al., 2011; Demil and Lecoq, 2010). They are often initiated to support the changes within the strategy and orientation of an organisation. Consequently the core competencies of an organisation will change as they are the fundamental

factors in strategic, organisational change (Ljungquist, 2007). The demand for a change in BM can be triggered due to an increased focus of the entrepreneurial orientation of an organisation. This increased focus on entrepreneurial orientation is initiated due to the dynamic environment. Companies feel the necessity to approach this external environment with an entrepreneurial mindset. The entrepreneurial orientation of an organisation includes three determinants of the process of entrepreneurship in an organisation, innovativeness, risk taking, and proactiveness (Miller, 1983). Additionally, two extra dimensions have been added by Lumpkin and Dess (1996), competitive aggressiveness and autonomy. For this research, the dimensions of risk taking, autonomy, and proactiveness will be mainly taken into account. Entrepreneurial orientation is directly linked to the entrepreneurial behaviour of an organisation (Lumpkin and Dess, 1996; Covin and Slevin, 1991), as organisations and employees need to behave accordingly in order to adapt and follow the entrepreneurial orientation of an organisation.

Research often emphasizes on the entrepreneurial behaviour from an organisational perspective. However, as employees are determined to be the key drivers of success within an organisation and are considered to be an essential part of successfully contributing to the growth of the organisation during BMC (Mitchelmore and Rowley, 2010; Schneider, 1987), the entrepreneurial behaviour of the employees on an individual level should not be undervalued.

1.2 PROBLEM DISCUSSION

Over the past few years many organisations have started to use the BM concept to structure and conceptualize their business. The BM concept refers to a framework on how to execute a business (Osterwalder et al., 2005). More recent studies and literature concerning the BM concept show that a BM does not solely represent a framework for activities within an organisation, but proves that a BM can function as a potential source for differentiation and outperforming competitors (Demil and Lecocq, 2010; Zott et al., 2011; Roos 2014). A BM framework in combination with a competitive strategy allows organisations to differentiate and become better than their competitors (Magretta, 2002). It also supports a continuous development through novelty (Richardson, 2008; Morris et al., 2005) and creates a sustainable competitive advantage by deviating from the standardization and implementing new ways of doing business (Zott et al., 2011; Magretta, 2002).

Due to changes in the market and due to resulting changes in the customer demands, BMCs are often initiated (Hossain, 2016). A study by Cavalcante et al. (2011) proves the importance of understanding the need of a flexible BM. They argue a BM needs to be dynamic to the extent

that it maintains a smooth operation of its core processes, while incorporating an entrepreneurial perspective and accommodating to the vibrant external market (Cavalcante et al., 2011). As mentioned, one of the reasons to change a BM is to support the entrepreneurial orientation of the company. Within the ongoing dynamic external environment, companies need to renew themselves and their market through an innovative and proactive approach towards the changes occurring (Miller, 1983). Therefore companies seek an increase in entrepreneurial orientation, to remain a strong player in the current market. An entrepreneurial orientation together with a strong and suitable BM can lead to a superior performance of an organisation especially when companies are expanding and seizing new business opportunities (Dess and Lumpkin, 2005; Covin and Slevin, 1991; Rauch et al., 2009; Zahra et al., 2001).

Implementing BMC effects the organisation and its operation drastically and does not come without challenges (Teece, 2010; Cavalcante et al., 2011; Vodovoz and May, 2017). These effects and challenges form an interesting subject to analyse and understand, which has resulted in an evolvement in literature concerning BMC. Despite advanced research, a lack in current literature has been acknowledged. The effects of BMC are often analysed on an organisational or managerial level (Miller, 1983; Dess and Lumpkin, 2005). Nevertheless, literature lacks a clear focus on the effects of BMC on the individual level. There is a need for comprehensive research analysing the effects of BMC on the employee behavioural competencies needed to accommodate BMC. Companies may experience challenges to not only implement the BMCs within the organisation, but also challenges in the changes concerning employee behaviour and competencies. (Scherer et al., 1989; Mueller and Thomas, 2000; Dess and Lumpkin, 2005; Mitchelmore and Rowley, 2010).

Creating an internal environment which embraces BMCs, while ensuring the performance and continuity of the ongoing processes is highly important (Chesbrough, 2010). BMC will lead to a change within the core processes, key resources and organisational competencies (Demil and Lecocq, 2010). These changes initially occur on the organisational level, however, they directly influence the employees of an organisation. As employees are the key to the success of an organisation, the effects of BMC on employees should not be disregarded (Lindgren et al., 2004; Mitchelmore and Rowley, 2010). Employees need to adopt entrepreneurial behaviour and competencies in order to support the new direction of an organisation and the BMCs. Individual entrepreneurial behaviour refers to being able to improve new business routines or adapt to new developments by taking initiative and creative thinking (Mueller and Thomas, 2000; Hisrich, 1990; McClelland, 1961; Cerinšek and Dolinšek, 2009). Whereas individual

competencies refer to the characteristics which can lead to a superior performance. Competencies can be divided into three main categories, cognitive competencies, functional competences and personal or behavioural competence (Cheetham and Chivers, 1996). A particular gap exists within current literature regarding the personal or behavioural competencies in regards to BMC (Hayton and Kelley, 2006; Vargas-Halabí et al., 2017).

Acknowledging the effects of BMC on individuals within an organisation regarding desired behaviour and competencies is crucial when implementing BMC. Enabling individuals within the organisation to adapt and familiarize with the new orientation and BM requires strong managerial decisions and a flexible and adaptive organisation (Lindgren et al., 2004; Capaldo et al., 2004). Adapting internally, being proactive and organizing for BMC is one the main difficulties organisations face (Cavalcante et al., 2011; Eichen et al., 2015; Vodovoz and May, 2017; Miller, 1983). Individuals are crucial for an organisational performance, contribution to organisation competencies and competitive advantage (Lindgren et al., 2004). Therefore individuals play a vital part in undergoing BMC (Lindgren et al., 2004; Mitchelmore and Rowley, 2010; Cavalcante et al., 2011) Current literature shows a lack in research focusing on the individual entrepreneurial behaviour and competencies regarding BMC, focusing mainly on the organisational and managerial effects for BMC (Miller, 1983; Mueller and Thomas, 2000; Capaldo et al., 2004). However, without engagement from the employees, a BMC will not succeed. Therefore, additional research should be conducted regarding the effect and challenges regarding the implementation of BMC on required employee behaviour and competencies (Lindgren et al., 2004; Capaldo et al., 2004; Cavalcante et al., 2011; Mueller and Thomas, 2000). For this research, the term employee is used to refer to an individual within an organisation who is affected by decisions made by top management. This may include among others, frontline employees, as well as middle managers. This study will obtain a managerial perspective, focusing on determining the effects of BMC on the individuals within an organisation and how management can support their employees through the change process.

Based on the above, the intent of this research is to add to the existing body of knowledge by contributing with a more comprehensive view on the effects and challenges regarding the implementation of BMC on the employee behaviour and competencies. This research study aspires to offer a particular focus from a managerial perspective on how the employees are affected by challenges concerning BMC and how these challenges influence the personal or behavioural competencies needed for successful implementation.

1.3 PURPOSE AND RESEARCH QUESTION

This thesis will identify the challenges for BMC and more specifically focus on how these challenge influence personal or behavioural employee competencies. The locus of the research will be an analysis focusing on how organisational challenges for BMC affect personal or behavioural employee competencies. Personal or behavioural employee competencies are crucial for individual performance, adding to the organisation competencies and the competitive advantage (Lindgren et al., 2004; Cavalcante et al., 2011). Therefore they are crucial for a successful BMC. This research will obtain a managerial perspective and focus on identifying the influences challenges in BMC have on the personal or behavioural employee competencies, which are needed for the facilitation of BMC. As a result, the following research question has been formulated;

How do challenges concerning BMC influence the employee personal or behavioural competencies?

By answering this research question, based on an individual case study, as well as previously conducted research and literature, we are aiming to add to the base of knowledge by addressing the personal or behavioural employee competencies needed for BMC, the challenges for BMC in and how these challenge influence the personal or behavioural competencies.

1.4 CASE COMPANY

This case company selected for this research can be considered a leading company operating in the fitness industry. The design of this thesis is a single case study that analyses BMC within a selected company within the fitness industry. The organisation specifically selected for this research has recently gone through BMC in order to increase their value creation for their customers. They recently launched a new and improved concept for their gyms. Additionally they have expanded to new markets stimulating their growth worldwide. To provide more in-depth information regarding the research conducted within the case company, the section below intends to contribute with an understanding of the BMC containing the reasoning behind the change, the expansion strategy, and finally the ongoing activities today.

The case company has operated in the fitness industry in Sweden for several years now. Their main values and unique selling points are solely based to create value for their customers and meet customer wants and needs. The organisation is operating in several continents and aiming to expand even further. In the beginning of this year the case company has launched its new

concept, containing a new look and feel for their gyms. The new concept provides customers with a new, modern and improved concept aiming for a higher service level and a more welcoming feel throughout. Additionally, the organisation has expanded their product portfolio by opening new locations in new countries. This market extension will also lead to additional BMCs as this expansion entails different operational knowledge, competences and dealing with different cultures.

Evidently, the new concept and the market expansion both have had impact on the BM of the organisation. As discussed, they have gone through several internal organisational changes, referring to their market extension, as well as their concept change focusing on changing their value proposition and key activities. The BMC has been fully implemented by the case company and therefore the company has experienced several organisational challenges internally affecting employees. This provides us with enough information and data to analyse what the implications and consequences are concerning the employee competencies required in order to foster BMC. The findings from this case study will contribute to existing literature and previous conducted research on how employee competencies influence the implementation of BMC.

1.5 THESIS OUTLINE

This thesis consists of six sections represented by chapters, discussing the planning, analysis, findings and discussion of our research. In this current chapter the interest and origin of our research topic are discussed, as well as the company used throughout our case study. Secondly, the literature review is presented, including all subtopics reviewed in existing literature and research which relate to the main research question. Thirdly, one will find the methodology, illustrating the method selection made in order to conduct this research. It will highlight the method for data collection, target group and approach to analysing the data collected. Subsequently, the next two chapters will unfold the findings and analysis aiming to answer the research question. Lastly, the conclusion is disclosed, followed by the limitations and potential future research topics closing the research and therefore thesis.

2. LITERATURE REVIEW

2.1 BUSINESS MODEL

Companies nowadays are more streamlined and following a certain structure or so-called blueprint to manage and operate their business in order to make money. This structure is also referred to as the BM. The term BM has substantially increased in practice and research over the past years (Cavalcante et al., 2011; Demil and Lecocq, 2010; Zott et al., 2011; Osterwalder et al., 2005). Due to this increase of interest, multiple definitions of the term BM have appeared, which results in a vague and confused understanding of the term (Zott et al., 2011). Many of the definitions throughout existing literature refer to various components, all aiming to provide companies a framework and guideline on how to execute a successful business strategy and ensure high profits (Richardson, 2008). Demil and Lecocq (2010) refer to a BM as a framework which describes the different components as the building blocks to deliver value for its customers, which will ultimately produce value for the organisation. Whereas Johnson et al. (2008) determine four specific building blocks to make up a BM to ensure value creation and delivery. These four blocks are identified as the customer value proposition, the profit formula, the key resources and the key processes (Johnson et al., 2008). For this research we will adopt the above definition of a BM, as stated by Johnson et al. (2008). Maintaining a successful BM is very difficult, due to the rapid changing environment, therefore a successful BM is considered situational. Companies struggle to continuously adapt their BM and create an environment which fosters these highly dynamic changes (Teece, 2010).

Since the growth of BM literature, companies have increasingly started to use a BM to strategize and optimize their business practices. One of the suggested BM frameworks is created by Richardson (2008), representing a simplified framework focusing on the necessity components as discovered by fellow academics. His BM framework include the three key components, the value proposition, the value creation and delivery, and thirdly, the value capturing (Richardson, 2008). Osterwalder and Pigneur (2009) have taken a more in-depth approach by including these same three principles in graphical representation. This analytical tool contains nine components and is called a BM canvas. This canvas is stated to be the most including tools among previous developed frameworks (Vodovoz and May, 2017; Osterwalder and Pigneur, 2009).

Generally BMs are perceived to be solely a conceptual model of a business. It roughly outlines the way a company does business based on assumptions concerning targeted customers, changes in demands, as well as the changing practices of competitors (Teece, 2010; Richardson,

2008). Therefore BMs and their frameworks are often defined as static, architectural and interlocking components, without considering the full theory of a BM (Richardson, 2008; Johnson et al., 2008; Osterwalder et al., 2005; Demil and Lecocq, 2010). Zott et al. (2011) aim to stress the importance of understanding the full theory and concept of a BM. They emphasize on the importance of the collaboration within the different components and explicitly focus on the entire concept. The understanding of the importance of cooperation between components is crucial to ensure a well-functioning BM. This interdependency of the different BM components accentuates the activities needed executed the business strategy and accompanying model (Zott and Amit, 2010). BM definitions all feature the importance of value in the form of the value proposition. Johnson et al. (2008) and Richardson (2008) define the value proposition as the offer the customer will receive which determines the organisations differentiation amongst competitors. When selecting the core resources and core processes, several researchers have argued that allocating these elements in a unique way will therefore create more value for the customers, which leads to an increased competitive advantage (Teece et al., 1997).

As BMs appear to be built around and defined as the framework to ensure the creation and delivery of value (Johnson et al., 2008), the value component is of significant impact on a BM and is often the initiator of BMC. The importance of value and the need for an enlarged vision of the potential influence of value was introduced in the early days by the publishing of Schumpeter's theory of economic development (Schumpeter, 1934). He adapted a new focus on value creation by addressing the processes and competencies which needed to be made in order to achieve this. The theory of economic development was mainly focused on new good and production (Schumpeter, 1934). However, a slow transition from firm and product oriented organisations towards more experience oriented organisations has occurred, mainly focusing on creating and offering value for its consumers (Schumpeter, 1934; Prahalad and Ramaswamy, 2004). Consequently one can argue value creation comes from within the company as internal aspects play an essential role in this process. Changes within core processes, core resources and core competencies are highly important to increase the value creation of an organisation (Demil and Lecocq, 2010; Barney, 1991; Vlaar et al., 2005). Grant (1991) and Barney (1991) agree by stating that the ability of management to reallocate and leverage core processes, core resources and core competencies is what determines the level of the value creation of an organisation. The changes within these different elements of the BM are of vital importance as companies continue to increase their focus on creating elevated value for its customers and therefore continuously undergo BMCs (Vlaar et al., 2005; Teece et al., 1997; Demil and Lecocq, 2010).

2.2 BUSINESS MODEL CHANGE

The recent dynamic external influences and turbulent markets have an increasing impact on the way a company does business and therefore their BM and accompanying activities. Despite the fact some companies struggle with fully understanding the BM concept (Zott et al., 2011), as explained in the previous chapter, most organisations are aware of the external influences, changing value creators and delivery methods. The awareness of dynamic external factors lead to the need of a continuous adaptation process regarding the BM in order to maintain a successful business strategy (Kuratko et al., 2011; Teece, 2010; Hossain, 2017). A company needs to ensure its core BM is designed to accommodate these external changes and ensure flexibility while maintaining performance sustainability (Demil and Lecocq, 2010). Due to the turbulent markets and changing demands, solely implementing a BM to provide structure and a framework for an organisation will not result in a successful business strategy. Therefore maintaining a flexible BM with the ability to adapt rapidly is a necessity (Demil and Lecocq, 2010).

The adaption of a BM has been defined in many different terms among various academics, for instance BM innovation (Teece, 2010), BM evolution (Demil and Lecocq, 2010) and BMC (Cavalcante et al., 2011). To ensure clarity and a common understanding, for this research we endorse the term BMC as suggested by Cavalcante et al. (2011), not to be confused with BM innovation (Teece, 2010). As BM innovation refers more often to radical changes within the BM (Demil and Lecocq, 2010), whereas BMC refers more to gradual and continuous changes. Within an in-depth study, Cavalcante et al. (2011) clearly indicate that not all changes have a direct impact on a BM, only changes that impact the key processes or routines can be determined as BMC (Cavalcante et al., 2011). This is supported by multiple researchers agreeing that BMC only occur when one of the components of a BMCs. This can include changes within one core component, resulting simultaneously in changes within multiple core components to ensure alignment to strengthen the new value creating processes (Ammar and Chereau, 2018; Demil and Lecocq, 2010; Roos, 2014; Johnson et al., 2008). Addressing the need for a dynamic and interchangeable BM components (Roos, 2014; Zott et al., 2011).

Cavalcante et al. (2011) define four different types of BMC, namely BM creation, extension, revision and termination. BM creation refers to when new business ideas are being translated into a framework. It frames all the necessities required in order to initiate a new business idea into a graphical representation. Within this stage the selection of the correct BM can make or break a new business idea (Cavalcante et al., 2011). BM extension refers to the changes required

within a BM to support new activities or processes added to the existing framework. These changes might be necessary when new products are added to the portfolio or expanding to new markets among others (Cavalcante et al., 2011) Thirdly, BM revision is required when a company needs to drastically adapt its key processes and routines to accommodate changes in the market. Competitors or new entrants might initiate the need for BM revision, as well as seizing new business opportunities which require a new way of doing business (Cavalcante et al., 2011). Lastly, the fourth type of BMC is BM termination. As the name clearly indicates, this type means closing down a complete BM and therefore company, or it refers to cutting off a parallel business unit operating under its own BM (Cavalcante et al., 2011). Due to this clear definition and distinction of BMC, this thesis will adopt this definition and will use the previously described study by Cavalcante et al. (2011) as a framework for BMC.

As discussed previously there are many influences which may result in these different types BMC, from external changes within the turbulent market to internal changes affecting the dynamics between core competencies (Demil and Lecocq, 2010). Companies can change in multiple ways in order to innovate or adapt to the changes in the market. BMC appears to be more valuable long-term and therefore is perceived as a sustainable form of change (Ammar and Chereau, 2018). Additionally, being able to implement BMC is recognized as a powerful management tool allowing companies to execute a successful business strategy (Amit and Zott, 2012). The most important and most acknowledged reason for BMC is the desire to create a sustainable competitive advantage. Demil and Lecocq (2010) argue that due to unending changes and uncertainties in the environment a competitive advantage can no longer be sustainable, which is also confirmed by Teece (2010) stating within a few years or months a change in a BM is no longer viable or unique. Despite these counter arguments, companies still commence with BMC as they strive to establish a BM which will foster a sustainable competitive advantage by ensuring as little imitation opportunities as possible for their competitors (Hossain, 2017). A result of BMC for a competitive advantage are the positive financial changes a company experiences, naturally the fundamental ambition of a company. Surpassing competitors and increasing new and innovative ways of value creation for the customers will lead to high profitability (Johnson et al., 2008; Roos, 2014). Companies who pay a great interest in BMC prove to be financial outperformers. BMC shows to be one of the more profitable changes a company can make when comparing to various innovation initiatives (Roos, 2014).

Based on the above one can conclude the process of BMC does not come without internal challenges and implications, as routines are broken and potentially new resources and competencies are needed. Chesbrough (2010) determines in his study that many companies struggle with fostering BMC as achieving it is very difficult. Various researchers have supported this statement by identifying several barriers (Kotter, 1995; Chesbrough, 2010; Eichen et al., 2015). One of the identified barriers refers to the managerial mindset and thinking processes within the company. Often companies find it difficult to deviate from their dominant logic which results in a narrow focus and limits the innovation thinking (Chesbrough, 2010). Additionally companies seem to struggle with fitting the changes within the logic supporting BMC. A change not only needs to provide value for the customer, it also has to benefit the value chain and enhance to selected revenue logic for the organisation (Eichen et al., 2015; Cavalcante et al., 2011). It is proven throughout research an open mindset is needed for a successful implementation of BMC. When a company becomes more open to BMCs this might provide a more supportive internal environment, resulting in seizing more disruptive opportunities and therefore creating a competitive advantage (Chesbrough, 2010; Cavalcante et al., 2011).

Organisational change leads to a need for competency management on the employee level. Vakola et.al (2007) argues for the necessity of individual behaviours to support an organisation to reach its objectives in times of change. Vakola (2007) elaborates on a challenge when going through this organisational change which is incorporating the right mix of behaviours to support the changes in competences. Rodriguez et al., (2002) looks upon change linking the success of an organisation to the individual level when stating that leaders in organisations are recognizing the importance of employees. It is argued that employee skills are not necessarily the key but more the ability to adapt and constantly be open to personal development (Rodriguez et al., 2002) These attributes are necessary in cases of change within the routines, processes, and performance conditions within an organisation (Hitt et al., 1998; Hamel, 1994).

As for managers undergoing BMC, certain challenges await the management level. Looking at the view on change of Cavalcante et al. (2011), where they identify several challenges when change occurs within a company. Challenges such as uncertainty and ambiguity, lack of knowledge and skills, inertia, shortage of resources, and resistance to change from employees (Cavalcante et al., 2011). Resistance to change can be interpreted as employees not being able to understand the changes within the organisation and simply not willing to participate (Isabella, 1990). More specifically, resistance to change can be identified as a disrupt in certain patterns that result in a period of uncertainty and conflict (Quinn and Kimberly, 1984).

2.3 EMPLOYEE COMPETENCIES

When organisations are going through a change, their resources, processes and competencies will need to change accordingly in order to ensure alignment with the new organisational direction to ensure competitive advantage and organisational success (Lindgren et al., 2004; Mitchelmore and Rowley, 2008). When focusing on the organisational core competencies, changes among these competencies will result directly in a change concerning individual employee competencies and behaviours. Employees are considered the most important and valuable resources of an organisation and the drivers of its successes (Mitchelmore and Rowley, 2008; Cerinšek and Dolinšek, 2009; Chouhan and Chrivastava, 2013). Therefore understanding individual employee competencies and behaviours towards change is crucial when adjusting an organisational structure or BM.

Despite the incremental usage of the term competency in regards to entrepreneurship, innovation and changes within an organisation, a clear definition is yet to be determined (Sandberg, 2000; Mitchelmore and Rowley, 2008; Vargas-Halabí et al., 2017). Various researchers have explained competencies within a specialized entrepreneurial context (Bird, 1995; Landström et al., 2012; Mitchelmore and Rowley, 2010), as well as an innovation context (Cerinšek and Dolinšek, 2009), whereas other researchers have taken a more generic approach and emphasized on the individual competences needed in a changing and dynamic organisation (McClelland, 1973; Dubois, 1998; Bjornali and Storen, 2012; Spencer and Spencer, 1993). Individual competencies can be defined as the underlying individual characteristics involving specific combinations of knowledge, skills, and personality characteristics, which can lead to an improved or superior performance (Hayton and Kelley, 2006; Spencer and Spencer, 1993). Cheetham and Chivers (1996) and Bartlett and Ghoshal (1997) similarly state competencies can be divided in three categories, cognitive competencies, functional competences and personal or behavioural competence. These three categories are highly important to understand the differences between the various individual competencies. Cognitive competencies refer to the possession of required knowledge and information to perform a task or activity at the required level. As well as the ability to apply and use this knowledge in the most suitable way. (Cheetham and Chivers, 1996; Cerinšek and Dolinšek, 2009). Functional competencies refer to the capability to execute the various tasks and activities effectively and efficiently with a specific skill set. This skill set will help the individual to deliver the needed quality (Cheetham and Chivers, 1996). Lastly, the personal or behavioural competencies defined as the ability to

embrace necessary and detectable behaviours within a specific work environment (Cheetham and Chivers, 1996).

We adopt the following definition of individual competencies by Hayton and Kelley (2006) in combination with Spencer and Spencer (1993), *“individual competencies can be defined as the underlying individual characteristics involving specific combinations of knowledge, skills, and personality characteristics”*, (...) *“which can lead to an improved or superior performance”* (Hayton and Kelley, 2006; Spencer and Spencer, 1993). The individual characteristics are indicators which cause or predict the behaviour and performance of an employee (Hayton and Kelley, 2006; Cerinšek and Dolinšek, 2009). These behaviours and performance are highly depended on the context of the situation (Cheetham and Chivers, 1996; Krueger et al., 2000). Therefore, when changing an organisational BM, the core competencies of an organisation change consequently, leading to a change of individual competencies and behaviours. Employee behaviour is also highly dependent on the individual characteristics and attitudes of a person and the situation within the work environment. In addition to the statement that employees are the drivers of success within an organisation, their behaviour plays a vital role in this success.

Within this research we focus on the personal or behavioural competencies category, emphasizing the ability of an employee to adopt the desired behaviours within a work-related context (Cheetham and Chivers, 1996). The cognitive and functional competencies are often the main focus when assessing the performance of an individual. Where these two categories focus on the result someone produces, the personal or behaviour competencies are focusing on the individual input which may lead to a superior performance (Vargas-Halabí et al., 2017). According to Cheetham and Chivers (1996) the personal or behaviour competencies are often disregarded as it does not fall under the standard criteria. Nonetheless, the personal or behaviour competencies strongly influence a performance outcome (Boyatzis, 2008). Personal or behavioural competencies may also be referred to as social competencies or human skills (Alam et al., 2010; Delamare Le Deist and Winterton, 2005). The behavioural competencies refer to observable actions and characteristics of individuals within the organisation (Spencer and Spencer, 1993; Cheetham and Chivers, 1996). According to Cheetham and Chivers (1996) the personal or behavioural competencies can be identified within two categories. The social characteristics, revealing performance oriented characteristics such as self-confidence and task orientedness. The second category relate to the interaction characteristics, such as collegiality and supportiveness (Cheetham and Chivers, 1996).

Throughout the years research has aimed to identify several personal or behavioural competencies who are considered to be instrumental in motivating individual entrepreneurial behaviour (Mueller and Thomas, 2000). Individual entrepreneurial behaviour is a necessity when an organisation strives to follow a corporate entrepreneurial orientation and are changing their business approach to accomplish this (Dess and Lumpkin, 2005). Therefore it is surprising the personal or behaviour competencies are largely disregarded in current research (Cheetham and Chivers, 1996; Krueger et al., 2000, Vargas-Halabí et al., 2017). Ample research is available concerning the core competencies needed for entrepreneurship (Demil and Lecocq, 2010; Chesbrough, 2010), individual cognitive and functional competencies needed for entrepreneurship and innovation (Cerinšek and Dolinšek, 2009; Hayton and Kelley, 2006; Kesting and Ulhøi, 2010), managerial competencies needed for organisational success (Mitchelmore & Rowley, 2008) and frameworks to manage organisational competencies (Lindgren et al., 2004). Nevertheless, within current literary works little emphasis is placed on the employee competencies focusing on the personal or behaviour competencies. Hence this research will investigate how challenges of BMC influence personal or behavioural competencies, while incorporating a managerial perspective.

2.4 INFLUENCERS OF COMPETENCIES

2.4.1 COMPETENCY ACKNOWLEDGEMENT

The increase in BMCs requires an increase in organisation realignment, development of unique competencies and an adaptable organisational structure (Sosna et al., 2010). These BMCs are growing in importance within organisational settings. Sosna et al. (2010) has mentioned that the true change is initiated from top management. However, to ensure a successful renewal of the organisation, all individuals from all organisational levels need to be part of this change to avoid resistance. A specific interest in the need for a change in competencies has been developed (Lindgren et al., 2004; Capaldo et al., 2004). This growth of interest originates from the recognition of the fact that the success of a business and its operations are heavily depending on the effectiveness of operational performances (Curtis et al., 1995), which are in their turn depending on the management of organisational and individual competencies (Lindgren et al., 2004; Mitchelmore and Rowley, 2010). As previously discussed, organisational competencies depend directly on the individual competencies of employees. Therefore BMC does not only trigger a need for change in organisational competencies, structure and alignment, but also a change in employee competencies (Bergenhengouwen et al., 1996). Burcharth et al. (2014) argue that management plays a vital part concerning the changes within these competencies. As

most BMC suggestions are initiated by top management (Zott et al., 2011; Chesbrough, 2010; Teece, 2010), it is highly important management can establish support for its employees concerning the BMC. If there is a misalignment concerning the managerial initiatives and the employees understanding of these changes, a resistance to change might ignite among the employees (Burcharth et al., 2014; Cavalcante et al., 2011; Isabella, 1990).

As stated, managerial initiatives concerning a smooth transition during BMC are of crucial importance. Recent literature proves there is a shift of interest from managerial influences on process and routine changes (Cavalcante et al., 2011; Smith, 2007), towards an increased interest in competence management (Lindgren et al., 2004; Decius and Schaper, 2017). Competence management can be defined as managing the individual, group and organisational competencies (Medina and Medina, 2014; Lindgren et al., 2004). Management needs to facilitate room for error, as it has been identified to be part of learning which reflects in individual behaviours needed for organisational change (Medina and Medina, 2017; Kuratko et.al, 2005).

2.4.2 OPPOSING INTERNAL CHANGES

Resistance to change can be a crucial challenge which management faces when going through BMC leading to organisational change internally (Cavalcante et al., 2011). More specifically, this resistance to change comes from the fear of learning and making mistakes along the way, lack of confidence in decisions leading to lack of taking decisions, and being risk averse (Sniezek and Henry, 1989). Moreover, this resistance to change is a factor that often results into a slower execution of the change process (Maurer, 1996). There have been several reasons identified for resistance to change focusing on the personality level. In general, several studies have identified the openness characteristic to be a strong supporter of change, especially when referring to the social characteristics, identified by Hood and Young (1993) to help cope with organisational change. Individual openness traits could for instance be self-esteem on an individual level, risk tolerance, and the urge for achievement, and finally the internal locus of control (Wanberg and Banas, 2000; Judge et al., 1999; Miller et al., 1994; Lau and Woodman, 1995). Individuals who do not possess the above traits might be less tolerant when change is imposed and are more likely to express anxiety and anger (Oreg, 2006).

Three factors influencing the resistance to change have been identified by several researchers as trust in management, information provided towards employees, and the impact of social influence. Trust in management refers to employees feeling they can rely and trust their

superiors and believe that they are doing what is best for the organisation (Oreg, 2006; Kotter, 1995). Information refers to the amount and quality of information communicated by the organisation to the individuals is also an indicator to how employees will react to the change (Kotter and Schlesinger, 1979; Maurer, 1996; Zahra et al., 2001). Finally, the social influence argued by Brown and Quarter (1994), emphasizes on the ability of the social network specifically colleagues and supervisors and the importance they have in increasing or decreasing the likelihood of employees to resist the change. Oreg (2006) argues that these factors emphasize the degree of how organisational members behavioural intentions are reacting to change. Additionally, a cognitive aspect towards resistance to change was identified by Oreg (2006) to be employees' attitude towards change, whether it would be positive or negative. These employee attitudes impact the overall satisfaction of employees, organisational commitment and intension of developing within the organisation (Oreg, 2006). Finally, Maurer (1996) identified gut reaction referring to the emotional and psychological reactions of individuals and the cultural aspect referring to an engraved negative memory due to a previous failure to be two reasons individuals would resist change.

3. METHODOLOGY

3.1 RESEARCH APPROACH

As a research approach and based on the case study of this paper, our chosen strategy is the interpretive epistemology (Bryman and Bell, 2011). This epistemology position focusing on the interpretivism approach is seen to be the most suitable method since it is a qualitative methodology that allows research to be perceived as a social science rather than a natural science (Bryman and Bell, 2011). It is intriguing to see, when adopting this approach, the subjectivity behind it. All data results will be beneficial since humans or social constructs perceive and interpret reality and occurrences differently (Bryman and Bell, 2011). This view will allow research to be seen with a different logic. Thus, we can say that our study is a social creation with several external, subjective social influencers (Bryman and Bell, 2011). In regards to the case study, it will be intriguing to see how the interviewees, considered as the social constructs, see the social world by investigating their own interpretations in our future findings (Bryman and Bell, 2011). The researcher in our case will rely on the ontological position, the constructivism, which is explained by Bryman and Bell (2011) to be the result of the interaction between the social constructs. Our case study to be analysed will be the social phenomenon. Furthermore, we will be researching within a company with an established culture, interviewing individuals from different backgrounds which can be seen as social mechanisms with subjective perceptions of this social phenomenon.

3.2 RESEARCH DESIGN AND STRATEGY

The following study is based on a certain social phenomena where we are attempting to analyse how challenges resulting from BMC influences employee personal or behavioural competencies. To answer the research question proposed, the research will adopt a qualitative strategy following an inductive process with some impacts from the deductive process as well (Bryman and Bell, 2011). The reason behind adopting an inductive approach is to have the possibility to gather extensive set of data since we based decisions within our research on previous conducted research. As the deductive approach tends to assist in making the empirical findings on a generalizable scale (Bryman and Bell, 2011).

As mentioned earlier, the case study is a social phenomenon with subjective influential external factors. Therefore, adopting a qualitative approach is seen most suitable since, based on Bryman and Bell (2011), the intention is to be self-evident and allow new concepts and categories of

ideas to emerge from the data. Moreover, the qualitative approach is selected as our research question is aiming to tackle a gap in the literature as well as contributing to the existing literature (Bryman and Bell, 2011). It is stated that a qualitative approach adopting the inductive process is more appreciated than a quantitative approach in this case, since it provides researchers the freedom to go back and forth between data and theory (Bryman and Bell, 2011). This process is defined as an iterative process, a constant movement that enables researchers the freedom to adjust the research based on the coding process and the new concepts that emerge within the empirical findings (Bryman and Bell, 2011).

3.2.1 SINGLE CASE STUDY DESIGN

This research will be executed through a single case study design, which will provide a detailed understanding of one particular situation and organisation. The single case study will help by identifying important factors and gain insights in the generic matters which are reflected within the selected organisation (Bryman and Bell, 2011). The distinctive organisation will be intensively examined and researched in order to be able to contribute positively and valuable to the gap in the existing literature. This design will help to identify how challenges in BMC influence personal or behavioural employee competencies.

This single case study will function as an instrumental case as it will ultimately present a broader understanding and generalized view of the issues tackled within the research question at hand (Bryman and Bell, 2011). This particular single case study will focus on the current development and changes occurring within the BM of an international organisation established in Lund. Due to the fact that the case company has recently undergone BMC makes this particular organisation suitable for this research. The company has tackled or experienced the challenges while undergoing BMC and the influence these had on behavioural employee competencies.. This single case study can be considered a revelatory as the case company provides us with the opportunity to investigate their most recent BMC challenges. Although it can also be considered a representative case as various companies will be going through similar challenges and influences (Bryman and Bell, 2011).

3.2.2 RESEARCH PROCESS

After attending the primary meetings and receiving a more in-depth introduction of the company, it became clear the organisation was going through an evident BMCs. The first few weeks we conducted several unstructured interviews, attended internal meetings and collected internal documentation regarding this BMC. Based on this collected information it became clear

some challenges emerged among employees resulting from the BMC, which caught our attention.

Based on these observations the research questions and interest were formulated, where after a systematic literature review was conducted. The literature review will increase credibility and clearly defines the boundaries of the research topic (Bryman and Bell, 2011). This systematic approach helped identifying gaps in the current literature. The literature review, obtaining internal data and identifying potential research question has been very informative and a valuable start of the research process.

The qualitative research process can be considered an inductive research approach as the research is initially based on observation and findings, with theory as an outcome (Bryman and Bell, 2011). Although one should take into consideration the entire process is iterative. Throughout the process there will be a consistent back and forth between findings and theory (Bryman and Bell, 2011). Based on this iterative process the study will be an inductive approach, as theory may also be used to answer the research question. Data will be collected through the use of unstructured interviews in the initial stage. Followed by semi-structured interviews serving to broadly guide the interviewee towards information needed to answer the research question, although maintaining a free and open directory (Gioia et al., 2012). The gathered data will be analysed following the data structure method by Gioia et al., (2012).

3.3 DATA COLLECTION METHOD

3.3.1 CASE COMPANY

The case company is deliberately chosen for this research as it has recently undergone a BMC concerning BM extension. Therefore the company has experienced and will continue to experience results and consequences from this recent change. Due to the BM extension and the resulting changes within the internal environment the organisation had to facilitate a supportive and flexible environment. Based on this situation this case company is of analytical interest in order to generically provide a better managerial understanding of challenges occurring when implementing BMC, and more specifically how this influences behavioural employee competencies. The chosen organisation provides suitable and reliable case study conditions to complete this research successfully.

As discussed in the research process, in order to create a genuine understanding of the case company, the data used for the research process is obtained through the gathering of internal documentation, individual observations, attending relative meetings and conducting

unstructured and semi-structured interviews. The unstructured and semi-structured interviews are within this research the two most valuable tools for the data collection method.

3.3.2 UNSTRUCTURED INTERVIEWS

Based on the initial introduction, observations, documentations and internal meetings, the unstructured interview approach has been selected in order to increase familiarity with the selected case company and to identify potential research topics within this organisation. The unstructured interviews are a very effective tool as it is the most flexible approach within qualitative research (Bryman and Bell, 2011). Within the unstructured interviews there lays a concrete focus on a specific topic issue. In order to detect the information which is considered valuable for the information the interviewer will indulge in an open conversation. Throughout the unstructured interview informal questions will be asked, most often led by the provided information of the interviewee (Bryman and Bell, 2011).

The primary unstructured interview, with the objective to get familiar with the organisation, where conducted in informal setting. Information regarding the history of the organisation was received, although the locus of these unstructured interviews was the current and ongoing changes of the newly introduced concept and the market extension of the organisation. These unstructured interviews have been conducted among a variety of people of the different levels within the organisation to gain a wider perspective and genuine understanding of the organisation. The variety of interviewees consisted of members of top management, middle management and front-line employees.

Secondly, several unstructured interviews have been conducted in order to determine an interesting research topic for this thesis. Evidently it became clear the organisation has been going through several changes within their BM which has an ongoing impact on the managerial and operational level within the organisation. These unstructured interviews obtained a clearer aim. Therefore the informal conversations were initiated based on a single question, where after valuable and worthy data could be gathered and build upon with suitable follow-up questions (Bryman and Bell, 2011).

One of the limitations of unstructured interviews is that, when conducted among a small selection of interviewees, the data collected is typically hard to generalize (Bryman and Bell, 2011). Therefore the unstructured interviews have been solely conducted to collect a full understanding of the organisation and during the fundamental data collection stage leading towards a research topic.

3.3.3 SEMI STRUCTURED INTERVIEWS

After conducting the unstructured interviews and determining the research topic for this thesis, semi structured interviews were arranged to proceed the data collection for this research. Semi-structured interviews, together with unstructured interviews, are most commonly used during qualitative research (Bryman and Bell, 2011). The semi-structured interviews were conducted by the use of an interview guide. The interview guide contains specific categories, with for each category suitable open-ended questions. This guide is used as the framework for the interview. However, interviewers have the flexibility to derive from this guide depending on the progress of the interview and the answers and data provided by the interviewee. These deviations from the interview guide may refine the collected data and therefore research. The interview guide will function solely as a guideline to ensure validity and reliability (Bryman and Bell, 2011).

By asking informal and open-ended questions, while keeping the main research question in mind, the interviewees should continuously be able to state their personal opinions and outlook on the asked subject (Bryman and Bell, 2011). With the semi-structured interviews the researchers are aiming to retrieve as much valuable and personalized information as possible for the analysis phase. By providing the respondents with an open environment and flexibility to express their interpretation and observation of the asked matters, the data will provide the opportunity to align answers and ensure a successful conceptualizing process (Gioia et al., 2012). As discussed these interviews will be semi-structured through the use of categories, which are directly related to the research question. The interview guide will help to ensure the required data will be collected. The formulation of the questions may differ in each interview, however the outline and terminology used will be aligned in order to ensure the possibility of identifying and aligning concepts (Bryman and Bell, 2011; Gioia et al., 2012).

3.3.4 INTERVIEWEE SELECTION

The interviewee selection for the semi-structured interviews has been done very systematically. First the fact has to be taken into consideration that this research is conducted within a single case study design. This automatically results in the first sample criteria, as the sample is restricted to the employees from the case company (Bryman and Bell, 2011). Secondly, for this research the sampling has been controlled by the research question. To ensure the most suitable interviewee selection for this research, the respondents need to have a basic understanding of the meaning of BMC and the occurrences within their organisation. A third influencing factor concerning the interviewee selection is the fact that the selection is mainly based on the managerial perspective. However, the employee perspective is also included to confirm the

managerial perspective on employee competencies. After consulting internally a list of potential interviewees has been provided to us including solely individuals who have been highly involved in the BMC process. As the involvement within the change process is a necessity for conducting this research, the internally suggested interviewee list has been adapted. We ensured the topic of research remained unknown during the creation of this interviewee list with internal consultation to guarantee objective and fair data.

By limiting the sample, based on these three influencing factors, one can speak of a non-probability sampling, specifically adapting the purposive sampling method (Bryman and Bell, 2011). This method will ensure the likely ability of the informants to contribute positively to the data collection for the research question. As this research obtains a managerial perspective the main selection of employees is based on both the top management and middle management. To ensure validity and reliability the employee perspective have not been excluded from this research as it concerns their individual personal or behavioural competencies. Therefore, as mentioned, the distinctive selection has been based on individuals who have been either very involved in the BMC or have been mainly affected by the change and therefore experienced many consequences. Two interviewees were included in the decision making process or have been asked to take certain responsibility throughout the BMC, especially the expansion and are within this research considered to be part of top management. Five middle managers have been selected who have been affected most by the expansion and had to manage the expansion on operational level. These five interviewees could provide us with various insides in regards of the impact on the organisation and changes within employee behaviour and attitude. Only one employee has been selected, as this employee has been one of the very few who has been directly involved in the BMC. This selection has been made to be truly able to analyse valuable and accurate data and align the different input. Please find an overview of the conducted semi-structured interviews on the following page, created with consult from the case company.

Title	Rank	Interviewee	Date
COO	Top Management	Interviewee 1	19 April 2018
Expansion Manager	Top Management	Interviewee 2	23 April 2018
Customer Service Manager	Middle Management	Interviewee 3	20 April 2018
Regional Manager	Middle Management	Interviewee 4	23 April 2018
IT Manager	Middle Management	Interviewee 5	18 April
Purchasing Manager	Middle Management	Interviewee 6	19 April 2018
Design Manager	Middle Management	Interviewee 7	16 April
Customer Service	Employee	Interviewee 8	20 April 2018

Table 1: Overview of Interviewee Selection

3.3.5 INTERVIEW GUIDE

In order to prepare for the semi-structured interviews, as suggested by Bryman and Bell (2011), an interview guide has been created to guide the interview but ensure enough leeway to anticipate on provided information and deviate from the prepares structure if needed. The interview guide creates an advisory framework for the researcher, functioning as a reminder of the sub categories and ensuring valuable and useful data collection (Bryman and Bell, 2011). For this interview guide five categories have been created; background, BMC, employee personal and behavioural competencies, challenges and influences on behaviour. Below the five interview topics are described in detail. For the complete interview guide including suggestive interview questions for each research topic, please refer to appendix 1.

The first topic or category, background, is created in order to ensure the possibility of conceptualization of the answers given throughout the entire interview. These questions will be of both the generic and more specific kind. Generic questions will include questions concerning name, age and gender. Whereas the specific questions will consist of question regarding years with the company, job description and previous work experience. These questions will help to understand the background of the interviewee and where their behavioural competencies originate from. The second topic of BMC is included to provide even more context to the interviewee. This topic will indicate what the level of understanding is concerning BMC is and the respondents personal interpretation of BMC within the organisation. As BMC is defined as

gradual and continuous changes within a BM, specifically focusing on changes that impact the key processes or routines (Cavalcante et al., 2011), the questions within this category function to determine which changes the interviewee have acknowledged changes within the routines and processes leading to BMC. In order to determine these changes, questions have been asked according to the four key components of a BM, customer value proposition, the profit formula, the key resources and the key processes (Johnson et al., 2008). A specific focus has been placed on the key resources and the key process as these mainly determine BMC (Cavalcante et al., 2011).

After determining the context in detail, within the third topic of employee behavioural competencies, the interview will lead to more specific data needed to answer the research question. Within this third, topic the personal or behavioural competencies will be addressed (Cheetham and Chivers, 1996), however the term competency will not be mentioned to avoid leading questions and answers. Instead the focus will lay on the individual competencies, thus the underlying individual characteristics which can lead to an improved or superior performance (Hayton and Kelley, 2006; Spencer and Spencer, 1993). As this research focuses on the personal or behavioural competencies the question within this section will emphasize on the ability of an employee to adopt the desired behaviours within a work-related context , specifically the social and interaction characteristics of an employee (Cheetham and Chivers, 1996). Therefore our interview questions are focused on the changes in behaviour and attitude, as well as the potential positive and negative influences of the changing context on employees, as the context proves to be highly influential on behavioural changes (Cheetham and Chivers, 1996; Krueger et al., 2000).

Lastly, the last two topics of challenges and influences on behaviours will be introduced. Within these two final interview topics the researchers will focus specifically on identifying the challenges occurring during BMC and the influences these challenges have on employee personal or behavioural competencies. Questions will be asked to determine how the interviewee perceives the challenges or obstacles while undergoing BMC (Chesbrough, 2010; Kotter, 1995; Eichen et al., 2015). Concerning challenges the balance in various personalities and behaviours will be questioned (Vakola, 2007; Rodriguez et al., 2002). Furthermore, the level of risk aversion will be investigated (Sniezek and Henry, 1989; Miller et al., 1994), as well as challenges concerning change in attitude (Cheetham and Chivers, 1996). Where after for the influences on behaviour, some suggested questions are developed to determine whether or not the organisation experiences noticeable changes regarding personal or behavioural

competencies. The topic of resistance to the BMCs will be discussed (Maurer, 1996), by asking questions regarding the acceptance of change, the communication of the changes and the personal learnings of the interviewee. These questions will determine the level of interaction and autonomy for employees (Kotter and Schlesinger, 1979; Maurer, 1996; Lumpkin and Dess, 1996). Lastly the level of proactiveness during the BMCs has been investigated (Miller, 1983). The interviewer needs to ensure that the previous answers concerning the understanding of BMC and the individual perceived needed employee competencies are taken into consideration when asking the questions regarding this topic. This can be done by making use of follow-up and probing questions (Bryman and Bell, 2011).

In order to secure reliable data the interviewer might need to make use of specifying questions, as well as direct questions to fully understand the respondent (Bryman and Bell, 2011). It is very important for the output of the semi-structured interviews that the respondents are fully aware of the definitions of the terminology used within the questions. The researchers need to continuously assure this understanding is present throughout the duration of the interview. Additionally, during semi-structured interviews it is important the interviewee is comfortable and flexible enough to provide the data from a personal perspective. Furthermore the awareness of time is also important throughout the interview, especially when agreed upon prior when making the appointment (Bryman and Bell, 2011).

3.3.6 INTERVIEW PREPARATIONS

Concerning the preparations for the interviews we ensured the planning of the interviews were done one week prior to the first semi-structured interview to ensure availability. All interviews will be conducted face-to-face in one of the meeting rooms at the head office of the case company, preferably with an informal setting and a comfortable chairs to ensure optimal comfort for the interviewee. All interviews consisted of a total of three participants, therefore the advised set-up, as suggested by Bryman and Bell (2011), is the triangular shape. The three participants consisted of one interviewee, one interviewer and one observant. The interviewer maintains the active role throughout the interview. The observant holds the passive role, however this does not exclude him from anticipating on situations during the interview when necessary (Bryman and Bell, 2011). As mentioned previously the interviews are recorded to ensure validity and transparency. Due to the language differences among the researchers and the interviewees, the interviews are conducted in English. Although the mother-tongue of the organisation is Swedish, the professional language of the organisation is English. Therefore, this should not provide any challenges.

Including in the preparations of the semi-structured interviews, the researchers need to make time available to transcribe the conducted interviews based on the recordings. This will help reducing the potential of bias opinions, allowing a more thorough analysis of the provided data and it grants the possibility for repetitive analysis (Bryman and Bell, 2011; Heritage, 1984). Furthermore the researchers need to plan time to evaluate the interview after it has been completed. To complete the possibility of conceptualization it is important to note down first impressions after the interview, the appearances of the interviewee and the impressions of the setting (Bryman and Bell, 2011).

3.3.7 ETHICAL CONSIDERATIONS

In order to ensure the research is conducted within the boundaries of ethical regulations, for this research the authors will follow the ethical recommendations and restrictions as presented by Bryman and Bell (2011). To avoid any misunderstanding concerning transgression of ethical principles throughout the research, four principles have been taken into consideration, mainly addressing the ethical considerations between researcher and interviewee participants.

The first principle refers to avoiding any harm to participants. Meaning that all potential emotional or personal harm should be avoided at all costs. It is the responsibility of the researchers to assure the participant does not feel jeopardized or harmed in any form throughout the interview and in regards to handling the provided data (Bryman and Bell, 2011). Secondly, the researchers need to ensure avoidance of the issue of informed consent. To avoid a lack of informed consent the research has to inform all the participants individually about the research topic to provide them with the choice of participation. In regards to the semi-structured interviews, this means all interviewees need to be informed prior to the interview about the recording and observation purposes (Bryman and Bell, 2011). The third principle concerns the invasion of privacy. In order to tackle this ethical principle all participants will be informed the interviews and provided data will be handled anonymously. By providing informed consent participants will agree to a limitation concerning the privacy upholding. However, if the participants feel one of the questions is contradicting with their privacy wishes, they will have the freedom to refuse to answer (Bryman and Bell, 2011). Lastly, the researchers need to avoid deception. This can be achieved to be as transparent and open towards the participants as possible. The reason of the research, as well as the topic and research techniques will be clearly explained to avoid deception and assure content of the participants (Bryman and Bell, 2011).

3.4 DATA ANALYSIS

After conducting the semi-structured interviews the data analysis process will be completed. As this research is of explorative nature as limited research is available concerning the identification of BMC challenges and their influence on employee personal and behavioural competencies. For the data analysis the authors will refer to a data structure framework as suggested by Gioia et al., (2012). This framework is somewhat related to the grounded theory, one of the most frequent used analytical tool within qualitative research, as suggested by Bryman and Bell (2011). The data structure framework provides deeper theoretical connections within the data collected within previous identified contexts (Gioia et al., 2012). The original data collected will be systematically analysed where after new and inductively concepts will be created. This framework by Gioia et al., (2012) will help analyse in a valuable and transparent manner as no prior theories or statements are enforced on the interviewees to avoid directed answers (Gioia et al., 2012). By focusing on the original voices of the participants within the early stages of the data collection, the opportunity of detecting new concepts remains open. This allows researchers to discover new information and establish new connections between the provided data and literature, instead of testing existing concepts and theories (Gioia et al., 2012).

Primarily representative quotes will be collected from the transcriptions of the various interviews. The quotes will be merged into first order concepts, where after the authors will identify second order themes, which ultimately will lead to a classification of several aggregated dimensions (Gioia et al., 2012). In order to provide full transparency, allowing a clear understanding of the process of the data analysis, and avoid research objectivity, please see the visual representation of the framework of the data structuring by Gioia et al. (2012).

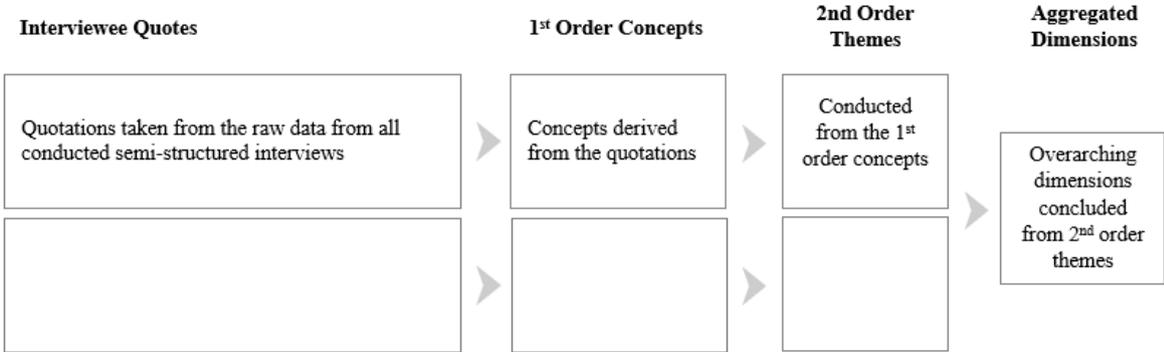


Image 1: Overview of Data Structure Framework

Despite using this transparent and structured framework by Gioia et al., (2012), it is important to address the fact that this method is somewhat critiqued due to the fact that it is difficult for researchers to analyse the data without speculation and subjectivity (Bryman and Bell, 2011). However, we feel this data structure framework will help to provide a systematic and clear overview of the transformation of the raw data and interviewee statements into aggregated dimensions. Within this analysis tool the research will be able to interpret the statements of the social constructs and connect these findings to theory. This connection to theory will prove the research is compelling (Bryman and Bell, 2011).

3.5 VALIDITY AND RELIABILITY

As Bryman and Bell (2011) suggest, we allowed the research question to guide the selection of methodological approach. For this paper, a qualitative research has been adopted since it allows having an iterative process of research to get an optimal understanding of the construct being studied. Moreover, the qualitative research allows inductive and deductive reasoning to avoid any bias to occur when analysing the data (Bryman and Bell, 2011). It allows the data to speak for itself to be able to answer the research question of this research. During the first stage, the semi-structured interviews are used to collect the data, which is the reasoning behind qualitative research (Bryman and Bell, 2011). Moreover, as stated by Gioia et al., (2012), the second stage is to present this data within an analytical framework to visually be able to come up with representative quotes, 1st order themes, 2nd order themes, and finally aggregate dimensions. This analytical framework is explained to be a transparent data structure emphasizing realizing an alignment between the observations of the researchers and the theoretical interpretations developed (Bryman and Bell, 2011). The reasoning of this design is to allow the research question guide the process to achieve internal validity.

As for reliability, a majority of the unstructured interviews were recorded but not transcribed as they were used for the benefit of the researchers to understand the case company prior to the research. All semi-structured interviews conducted were recorded anonymously and transcribed to ensure reliability and transparency (Bryman and Bell, 2011). The transparency is further exploited by using the analytical framework including representative quotes, 1st order concepts, 2nd order themes and aggregate dimensions. These components derived from the raw data of the interviews result in full transparency and reliability (Gioia et al., 2012).

3.6 GENERALIZATION

Concerning generalization, this has been identified as an important element for increasing the quality of the findings within qualitative research (Bryman and Bell, 2011). The case company was going through a BMC, which has been proven by literature to undergo many challenges, one of which is the impact on the personal and behavioural competencies of employees. The case company provides an interesting case where the empirical findings speak for any company going through similar BMCs, therefore could be generalized for any phenomena. Moreover, the data structure method used as suggested by Gioia et al. (2012) increases the possibility of generalizing this research (Bryman and Bell, 2011; Gioia et al., 2012).

4. FINDINGS

Within this chapter the findings derived from the semi-structured qualitative interviews will be presented. These findings will identify the personal or behavioural competencies needed for business model change, the possible internal challenges when undergoing BMC, as well as the effect of these challenges on the employee personal or behavioural competencies. Prior to highlighting the challenges and the effect these have on employees, we felt it was important to identify the needed personal or behavioural competencies to determine on which behaviours the challenges had an impact. Please find a visualization of the presentation format of our findings on the below.

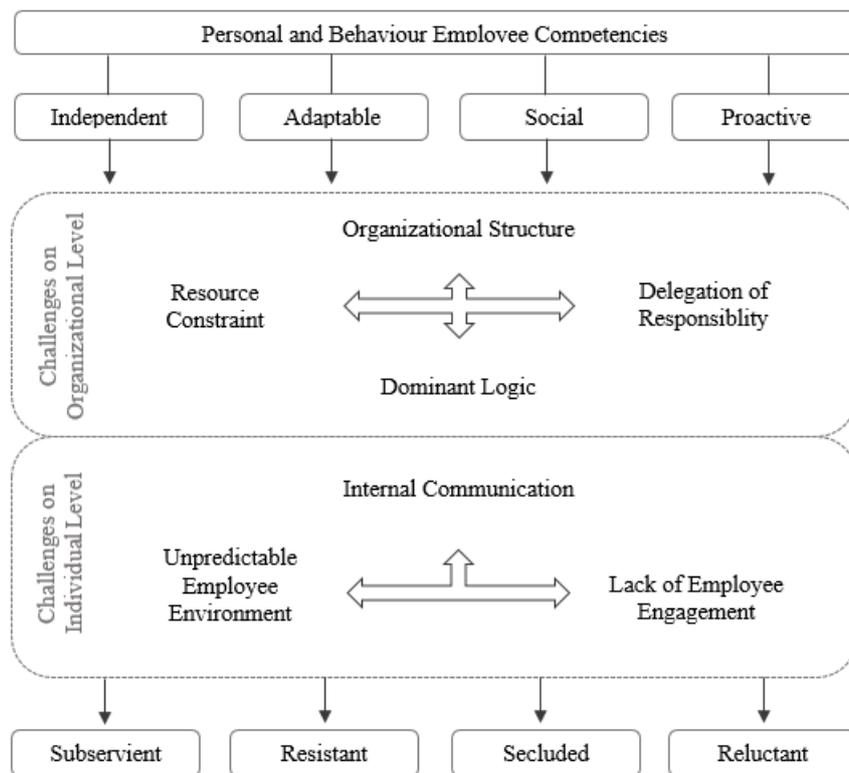


Image 2: Visualization of Findings Presentation

In order to analyse the gathered data transparently and efficiently the information will be evaluated by the use of the data structure method by Gioia et al. (2012). This data structures translates the raw data through various concepts and themes into aggregated dimensions (Gioia et al., 2012). Prior to the analysis, the employee behavioural competencies needed to support and successfully implement BMC are presented based on the semi-structured interviews within the case company and the previously discussed literature. Followed by the challenges companies might encounter when undergoing BMC are identified and analysed.

4.1 EMPLOYEE COMPETENCIES

In order to determine the influence of challenges on BMC, it is important to primarily identify which behavioural competencies are needed to successfully implement BMC. This will provide an increased transparency when analysing how challenges of BMC impact these needed employee competencies negatively. Therefore within this chapter we present the four competencies needed for coping with a BMC process derived from the case company.

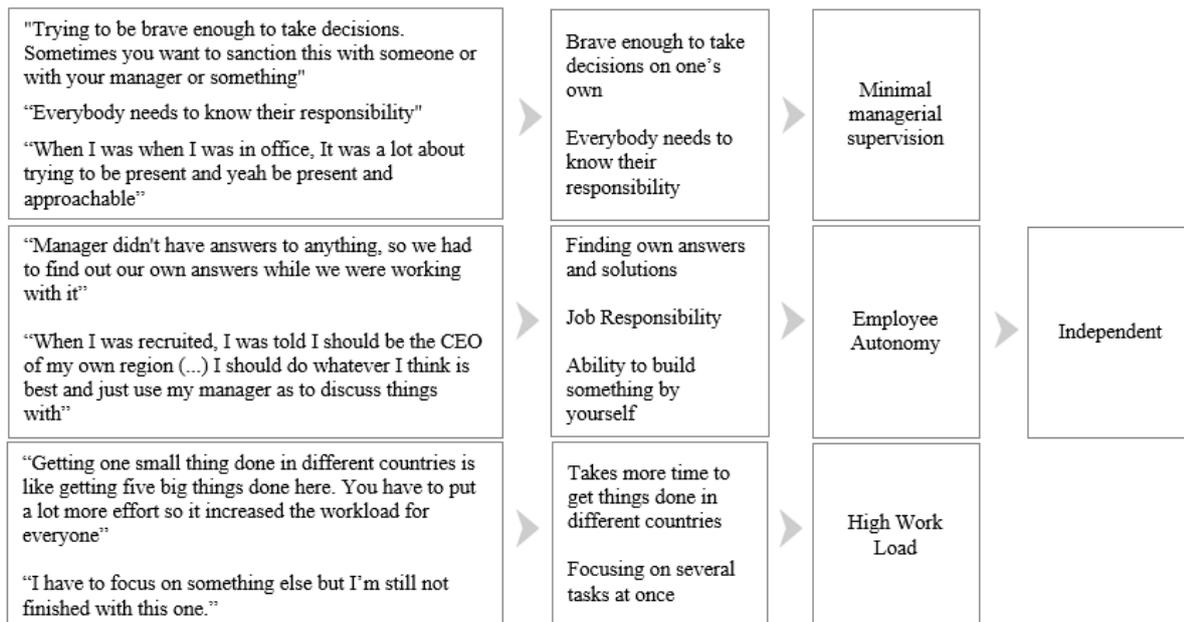
4.1.1 INDEPENDENT

The case company undergoing BMC required employees to be able to work on their own in such an environment where decisions are taken in such a fast manner. Therefore, independence was identified to be a required personal or behavioural employee competency for BMC needed in a turbulent environment.

Due to the fact that managers of the case company had been occupied with constant traveling to different markets, the theme of **minimal managerial supervision** was formed as a trigger for employees and middle managers to be more independent in their work. The fact that managers were physically absent a lot of the time and busy traveling for work, caused employees to realize the need to rely on their own abilities and be brave enough to take decisions with minimal managerial support.

A second theme rising from our findings was the **employee autonomy**. The expectation throughout the organisation was that employees should be able to find answers to problems that arise and try to be as autonomous as possible specifically in a rapid changing environment.

The growth of the organisation in such a short period inevitably caused a huge additional workload on top of the existing tasks, which leads to **high workload** theme. It was found within the raw data that this ability to work independently among the daily tasks and activities for employees was essential to reach efficiency, specifically with the workload increase.



4.1.2 ADAPTABLE

Within the findings that focused on identifying the needed behavioural changes to facilitate BMC, more specific a market extension in the company case, a third personal behavioural employee competency was identified to be adaptable. Several factors were highlighted to be related to the need for employee adaptability.

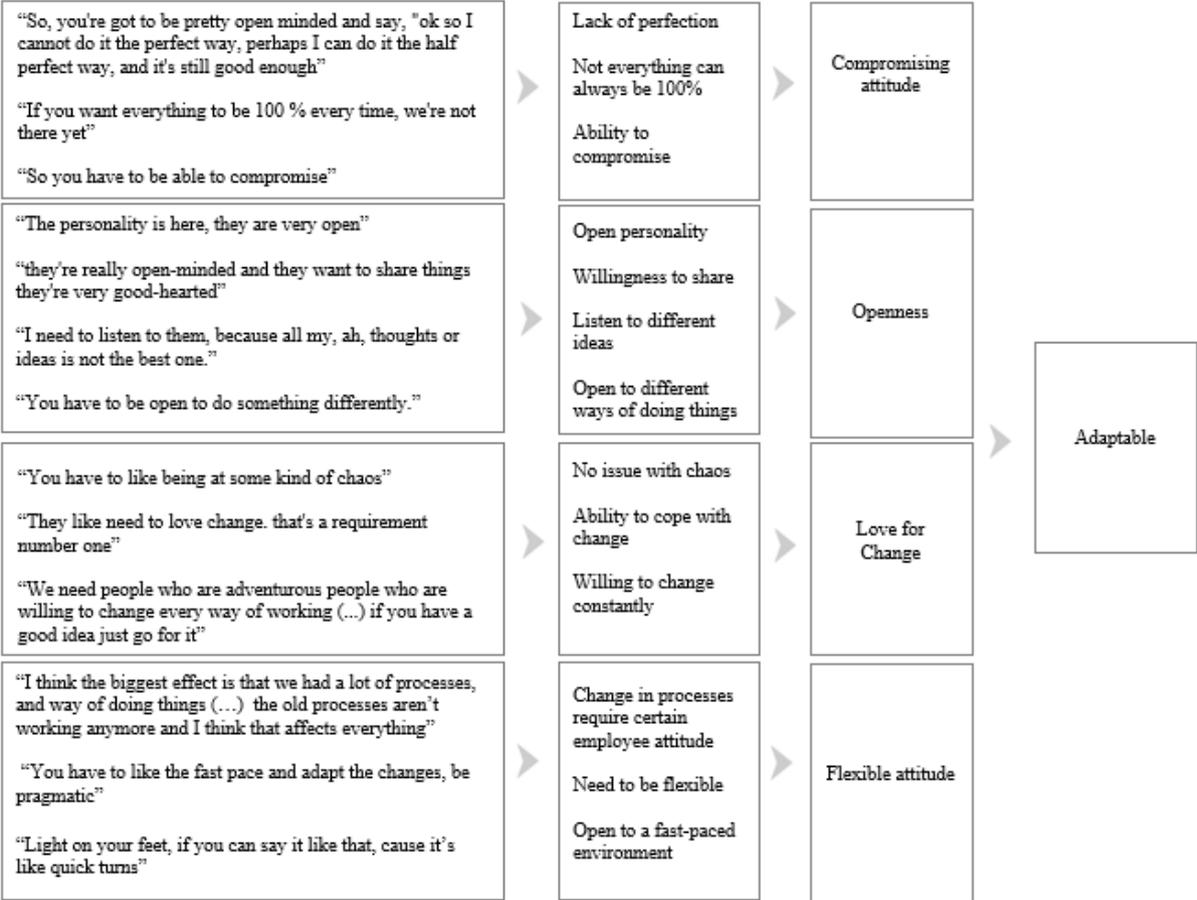
When operating in an fast environment such as the case company undergoing BMC, a **compromising attitude** was identified as a theme for coping with such a drastic change. Perfectionism during is stated to not be ideal because of several unexpected incidents that come in the way. Our findings highlighted additionally the importance of the willingness to accept different ideas and accepting different ways of working.

Openness was a minimal theme highlighted within the findings essential to overcome fast changes within an entrepreneurial organisation such as the case company. The good hearted and open personality was identified to be crucial.

Love for change presents itself as a theme on its own. To work in such a fast-paced decision making environment, one has to be open to the risk of chaos and have the willingness to change accordingly. The case company clearly seeks adventurous people who love change and are able to adapt themselves in any situation they are set in since the company is aware of the high level of uncertainty and change they are going through.

Additionally, due to these BMCs employees should approach their daily tasks and activities with flexibility to ensure a successful implementation. Our findings indicate that all these

changes were inevitably taking place in a fast-paced internal culture with fast decisions requiring employees to be able to adapt and have a **flexible attitude** towards new environments and processes.



4.1.3 SOCIAL

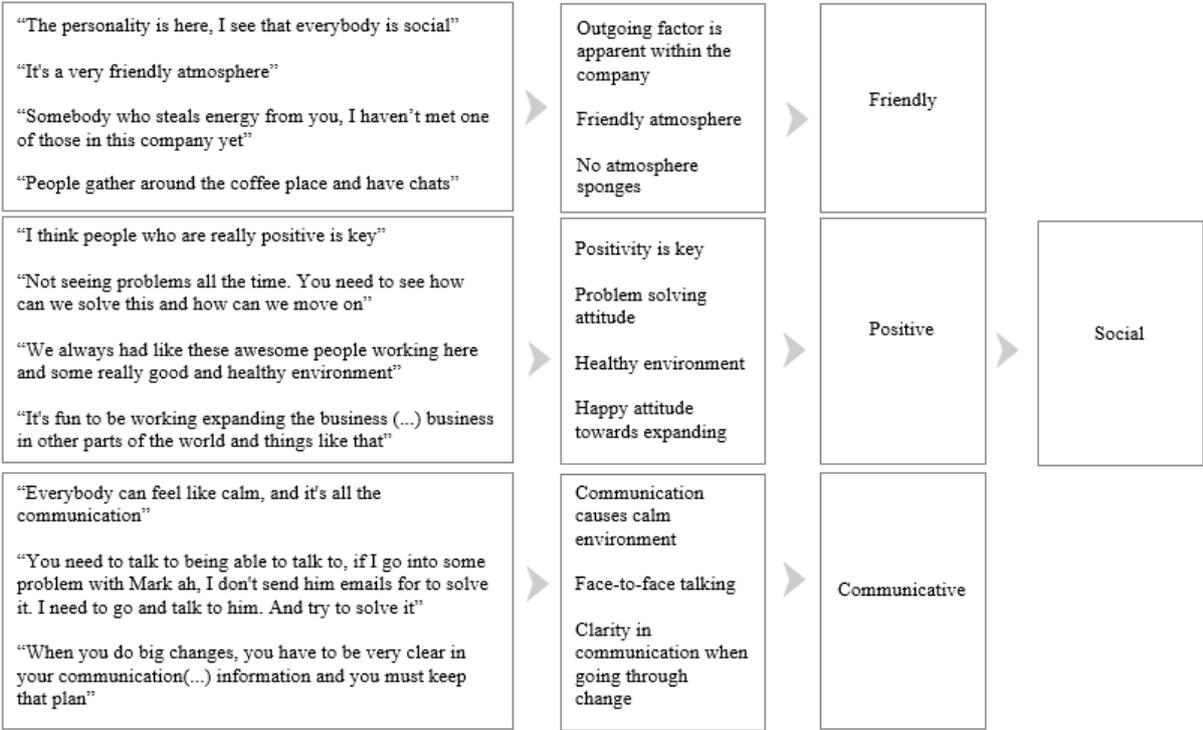
Another behaviour employee competency needed to being able to cope with BMC is the social characteristic. All interviewees in the case company address the fact that one of the success factors of this entrepreneurial organisation going through BMC is the social individuals. Having a social personality and seeking interaction with your colleagues, team members and managers is considered to be a necessity for individuals operating within an organisation undergoing BMC impacting the company in a positive manner.

The need for **friendly** people was very striking within our interviews. One of the reasons the case company has been so successful was due to the social component, which seemed to be an even stronger needed factor when going through change. This theme appeared when interviewees stated the need for friendliness among employees during times of stress. The

majority of the interviewees indicated that they had not come across any negative personalities while working at the case company, which seemed to be a silent reason for success.

Going through fast changes, uncertainty, and stress, a **positive** attitude is crucial and essential to sustain within this environment. Our findings showed that positivity is key when undergoing rapid changes and heavy workload on a daily basis and supports focusing on finding solutions rather than focusing on the problem. Having positive attitude towards daily operations is what is going to create a healthy environment for everyone within the case company.

In the case company’s fast moving environment, the ability to have the personality to communicate properly is crucial leading to a common theme under the title of **communicative**. Adopting an expansion strategy with lack of processes such as the case company will inevitably cause confusion. Therefore, our findings clearly highlighted adopting a clear individual communication strategy is something that cannot be ignored when going through drastic change. Communicative personalities showed to reflect a certain level of calmness in the organisation which is crucial in a turbulent environment.

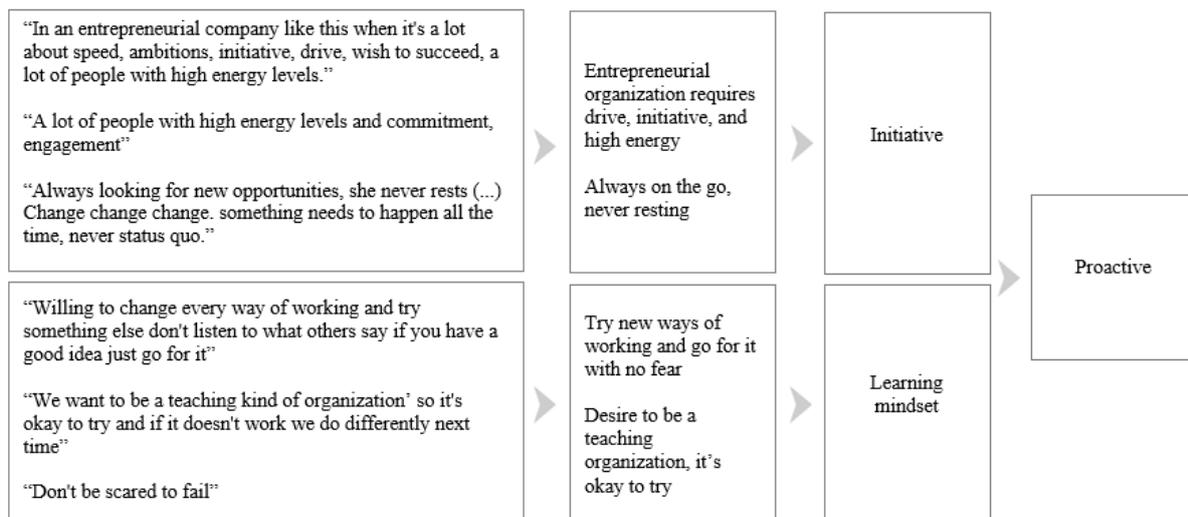


4.1.4 PROACTIVE

A fourth competency in regards to the personal or behavioural employee characteristics on employee level is the ability to be proactive. An employee needs to have a proactive personality and behaviour when being subject to BMC.

The first theme derived from our findings is **initiative**. Throughout the interviews within the case company, we encountered the term taking initiative. Organisations with an entrepreneurial mindset such as the case company operating in an uncertain and risk taking mentality need energetic employees with drive to successfully operate in such an environment. In this case company, our findings transparently indicated the need for people who can constantly be on the go and constantly be ahead. Employees need to be proactive and initiate to clarify the ongoing unclear processes resulting from BMC.

Within the case company, a **learning mindset** appeared to deserve a theme on its own relating to proactivity. For employees to be proactive and take initiative in the first place, they should enter a mindset of not fearing failure but embracing it instead. This theme, derived from our findings, refers to not being afraid to fail and learn from failure since the case company identified itself as being a teaching organisation in need of employees with the same mindset. This theme represents a positive influence on the case company’s employees to be able to cope with BMC.



4.2 CHALLENGES OF BUSINESS MODEL CHANGE

This chapter is divided in several subchapters representing the discovered challenges of BMC. Seven aggregated dimensions are identified; internal communication, organisation structure, lack of organisational engagement, delegation of responsibility, resistance to change, corporate logic and resource constraints. These dimensions will be explained in detail and are supported by the 2nd order themes derived from the raw data, concepts and 1st order themes (Gioia et al., 2012). These 2nd order themes and the aggregated dimensions represent the challenges from a managerial perspective on undergoing BMC.

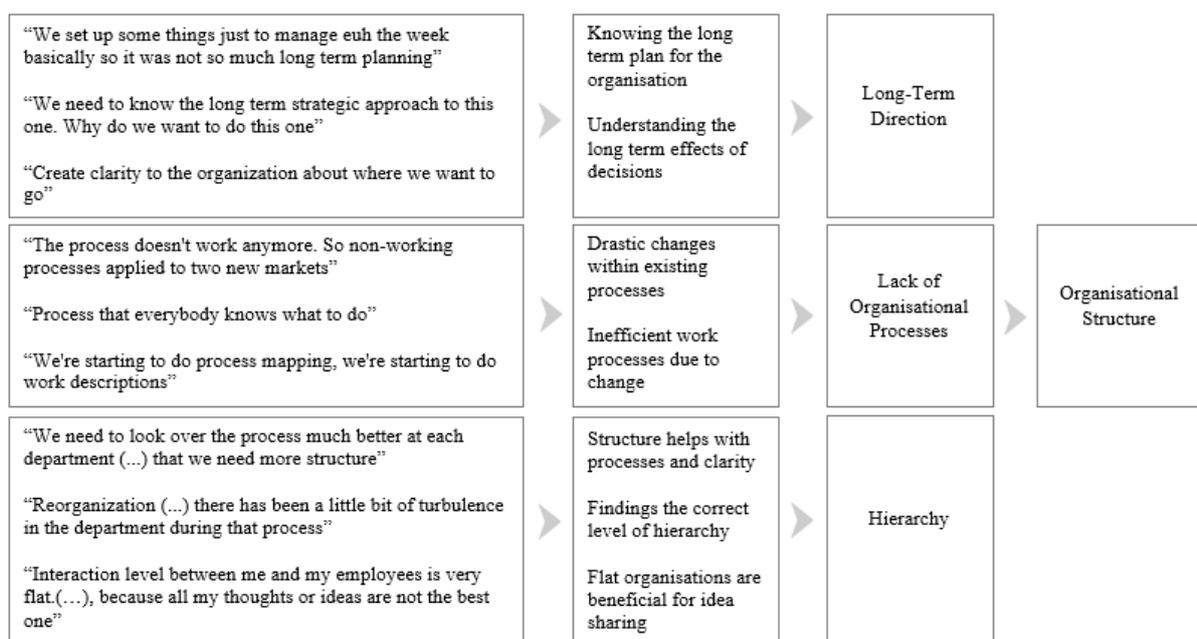
4.2.1 ORGANISATIONAL STRUCTURE

Comments and references were often made by our interviewees concerning the factors and matters related to the organisation structure of the case company and how this affected the implementation of the BMCs. The lack of a clear communicated long term plan for the organisation may result in a lack of direction for employees. Furthermore the lack of processes also initiated some challenges among management and employees.

Mainly the lack of a clear **long term direction** for the organisation is seen as a challenge for employees to adapt and remain flexible. Not knowing what the next direction is and always expecting the unexpected limits the employees to organize their work effectively and operate individually within their work environment.

Additionally, another very frequent indicator of challenges experienced while undergoing BMC is the **lack of organisational processes**. There was no process clarification or structure concerning the changing activities within the organisation, despite the fact that the changes within the BM have changed many processes.

Furthermore the various levels within the organisation and the level of control have been mentioned as a challenge. The case company is considered to be a flat organisation with little **hierarchy**. This results in lack of control during BMC. Employees are no longer aware of the activities performed within the different departments and the overview of the process is missing. Therefore, the hierarchy remained a challenge during the BMC according to the interviewees.



4.2.2 DOMINANT LOGIC

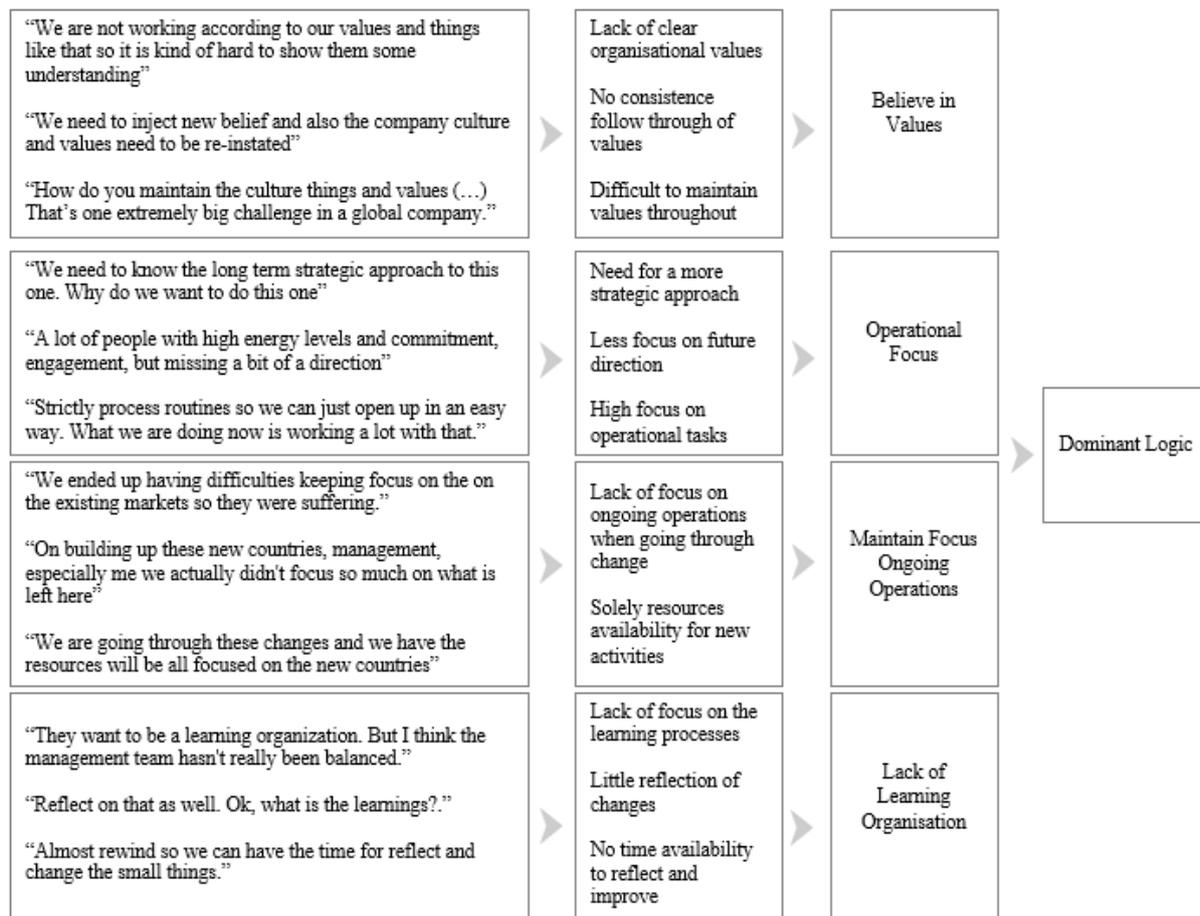
The dimension dominant logic refers to the challenges resulting from the original and known activities among current individuals. The dominant logic affects the ability within the organisation to capture the opportunities within the surrounding environment. The operational focus and the lack of consistency and believe in the organisational values are limiting the organisations' ability to act upon opportunities.

Challenges and misalignments present themselves among the findings within the respondents answers concerning the organisational values. Leading to believe that throughout the organisation a lack of **believe in values** is evident, resulting from the absence of coherence and consistent implementation of the values. Interviewees have expressed their frustrations regarding the inadequate pursuit of company values.

Indirectly the **operational focus** of the company was mentioned throughout the interviews. Often references were made to the learning by doing mentality, and the influences of the adventurous and personal interests of the owner. Resulting in various interesting decisions, causing stress and nonconformity between departments, potentially due to the lack of understanding of the strategic importance.

With the high focus on the operations and mainly the new operations due to the BM extension, employees felt oppressed by the new activities and tasks which led to the fact that current ongoing operations were neglected. Therefore the BMCs for the case company led to the challenge of **maintaining the focus on ongoing operations**.

While undergoing the BM extension, the interviewees indicated that they felt a **lack of the learning organisation**. Due to the rapid changes and the increased workload, because of the changes in regards to the extension, there was no time to reflect and improve on processes or activities. Therefore same mistakes occurred various times and the efficiency of the working processes was lacking.



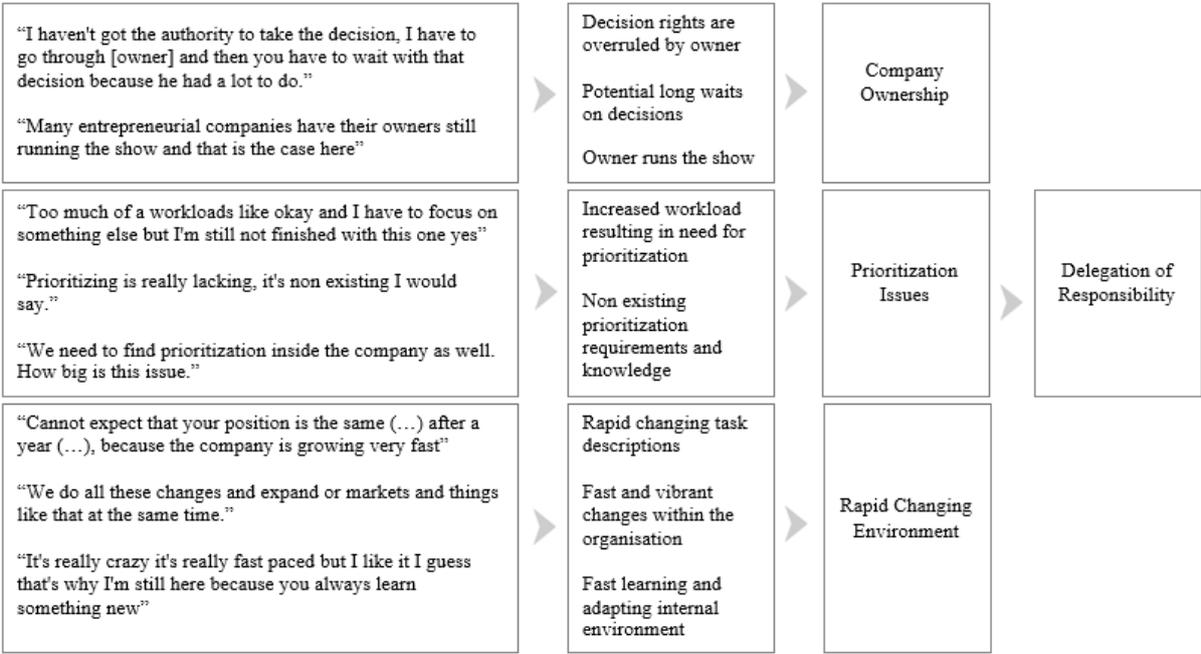
4.2.3 DELEGATION OF RESPONSIBILITY

This dimension refers to several themes mentioned various times throughout all qualitative interviews and can therefore be determined as an important influencer and challenge within the organisation. This has to do with the fact that the case company is privately owned and the owner remains the key decision maker within the organisation.

The decision making process is done by the owner of the organisation, which can result in rapid decision making. Although the **company ownership** theme has often been mentioned as negativity. However, the necessary involvement of the owner in the decision making process affects the efficiency, development and implementation of the change negatively due to long waiting times and final approvals.

Furthermore the owner can be considered a true entrepreneur who likes changes to be implemented right away. Everything has the same priority and everything needs to be done at this very moment. This results in **prioritization issues** throughout the organisation in the various departments. When no prioritization of the activities and changes is in place, the organisation is left without a clear course of action, resulting in confusion, frustration and chaos.

Throughout the interviews the respondents indicated that the organisation finds itself in a **rapid changing environment** and the owner is a fast mover and easy adapter, which are highly affecting the delegation of responsibility. This makes the rapid changing environment is a challenging component when undergoing change which should be taken into consideration when setting the course of action.



4.2.4 RESOURCE CONSTRAINTS

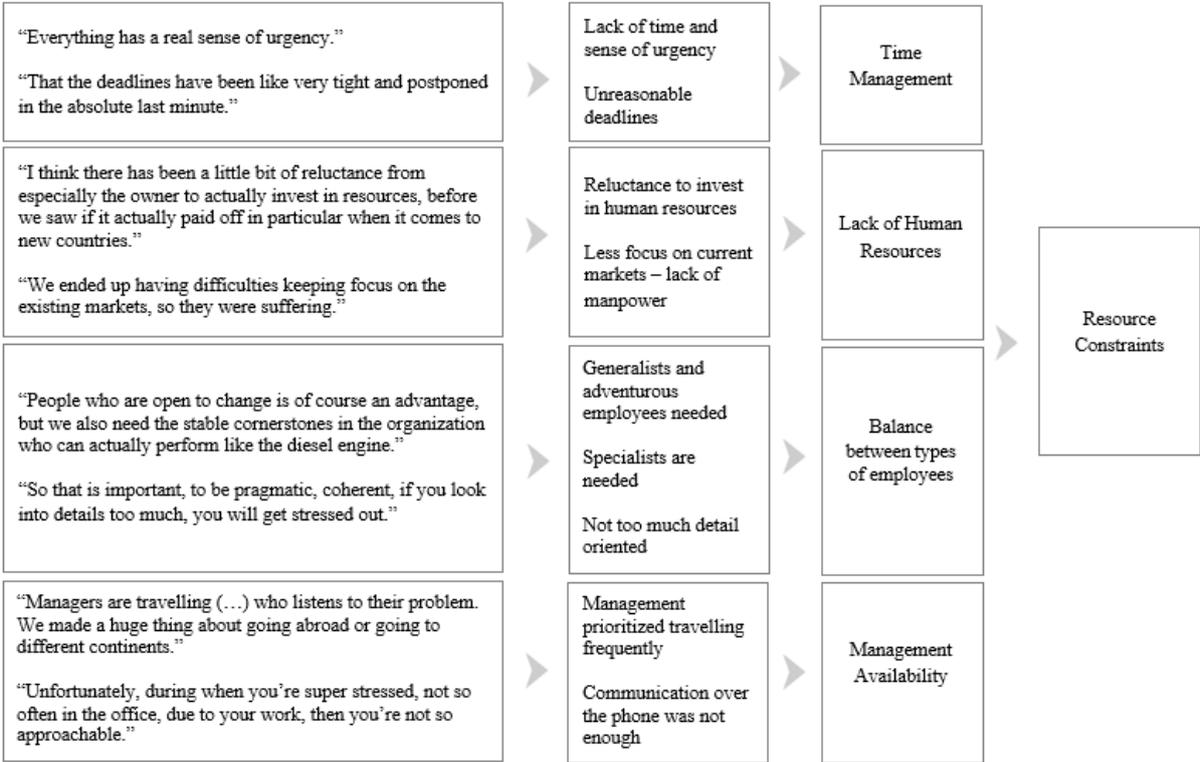
The resource constraints dimension represents the types of resources that were engaged with the BMC taking place for the case company. The issues in regards to resource constraints had an effect on the employees within this entrepreneurial case company.

Within the case company, time is considered to be a valuable resource. **Lack of time management** showed to be not the strongest factor at the case company. Employees were struggling with efficiently reaching their target within existing markets. Nonetheless, numerous unreasonable deadlines were set in regards to the new markets which inevitably affected the success of the existing markets.

The case company decided to expand in a very entrepreneurial manner without properly assessing if the human capabilities could manage the workload which resulted in **lack of human resources**. This was a challenge for employees which was not acknowledged by management since the company owner and management believed it was possible to pursue the current and added responsibilities with the existing manpower..

Going through a process of rapid and quick change while still managing the core businesses, management faced a challenge in **balance between types of employees**. The company has a need for generalists and specialist. A need for balance became apparent throughout the interviews. It is seen how generalists were more adequate to fulfil responsibilities within the turbulent environment of an expansion, and specialists were seen to be needed in more stable environments.

The findings among interviewees highlighted the lack of **management availability**. The BMC, especially the expansion, resulted in managers being physically absent from the offices and traveling to the new markets to deal with strategic and operational issues. It was an apparent challenge for all levels of the organisation since top management was not approachable during this period of time.



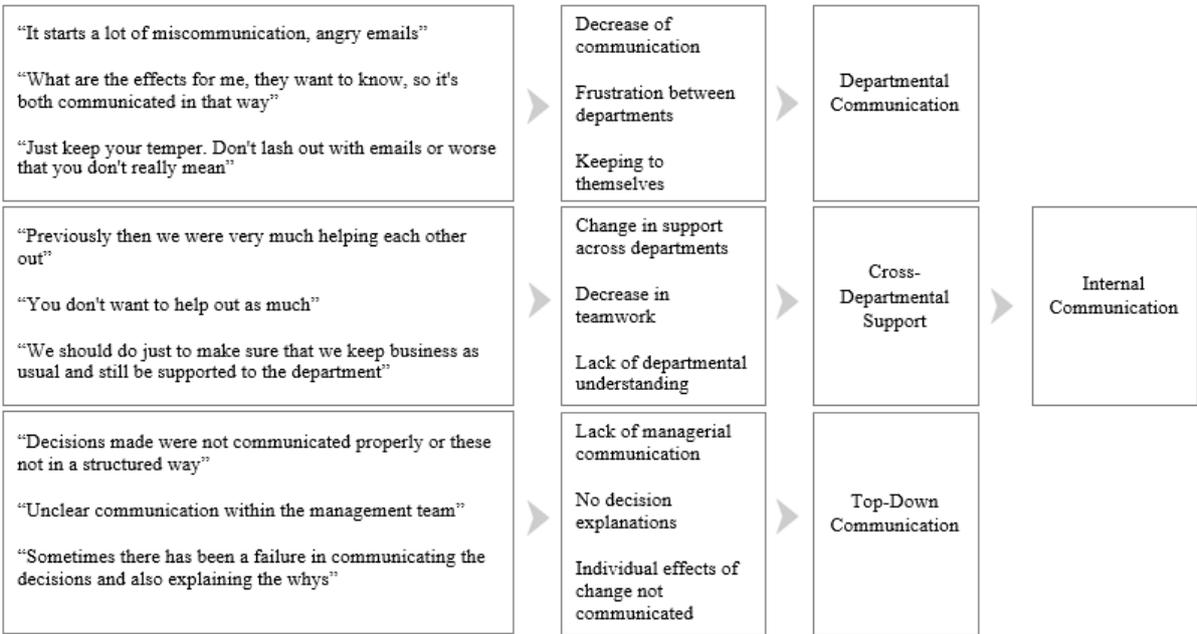
4.2.5 INTERNAL COMMUNICATION

The findings show the internal communication is of crucial importance while undergoing BMC. The lack of strong and clear communication of the changes occurring and the reason behind the changes is experienced as an obstacle and frustration for individuals and a challenge for top-management. Additionally due to the experienced pressure and obscurity on individual employee level, a lack of departmental communication initiates from the lacking top-down communication.

The main findings result in a lack of **top-down communication**. Change decisions are made by the top-management, however a lack of clear top-down communication is discovered about the needed changes, the reason for the changes and the possible consequences of departments and individuals, obscurity among employees is inevitable. This was the main challenge and key trigger for confusion, frustration and stress among departments and employees.

Due to the stress and frustration resulting from the changes the communication between the departments was also affected negatively. All interviewees indicated that due to the changes the workload increased and stress levels increased, resulting in an increase in departmental focus and decrease in **departmental communication**. Many departments kept to themselves and did not have the time or felt the need to discuss or communicate with fellow departments concerning a change or process.

In addition to the negative tonality between departments and the decrease of departmental communication, the departmental support also decreased. Some interviewees referred to how the case company used to work together as a team, not only within departments but also cross departmental. However, when undergoing BMC individuals and departments became selfish and lost their sense of teamwork and **cross departmental support**.



4.2.6 LACK OF EMPLOYEE ENGAGEMENT

The findings have resulted in showing that there was a lack of employee engagement. The expansion resulted in a massive increase in workload where employees had to manage the core business operating in the existing markets, as well as taking on tasks and activities concerning

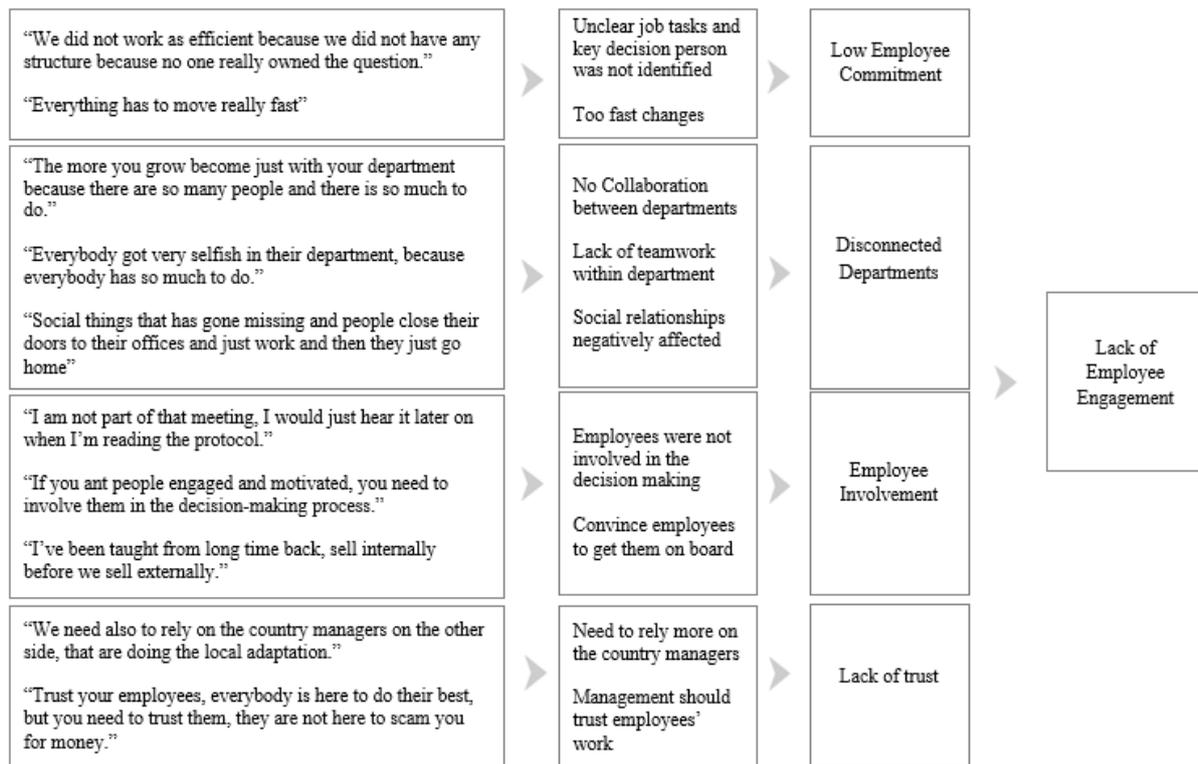
the new expansion. With this expansion came extra responsibilities which were unclear from the initiation, resulting in confusion and frustration leading to lack of employee engagement.

Our findings showed that employees among all departments became victims of the BMC due to obscurity in job responsibilities and high level of stress and tension, which leads to the theme of **low employee commitment**. The changes resulted in several drawbacks due to the obscurity specifically from the management level. The findings show that there was the lack of clear processes led to ambiguity causing employees to lose commitment.

Miscommunication amongst departments was quite apparent amongst our findings to deserve a theme on its own titled **disconnected departments**. The level of selfishness increased among departments. Employees stopped engaging in informal interaction with colleagues due to increased workload and stress. There was no clear process connecting all departments during this expansion phase.

Employees seemed to be last informed concerning decisions taken by top management, resulting in the challenge **employee involvement**. There was a struggle of getting employees on board with the final decisions due to lack of transparency throughout the process. As employees of the case company were not at all involved in the decision making process and felt like they were not listened to, their level of engagement and involvement decreased.

Another theme within our findings was **lack of trust**. It showed that management expressed an indirect lack of trust towards employees and their ability to perform in certain areas. Due to the expansion of the organisation, managers expressed that they should be more trusting of their employees because employees are there to perform the best they possibly can.



4.2.7 UNPREDICTABLE EMPLOYEE ENVIRONMENT

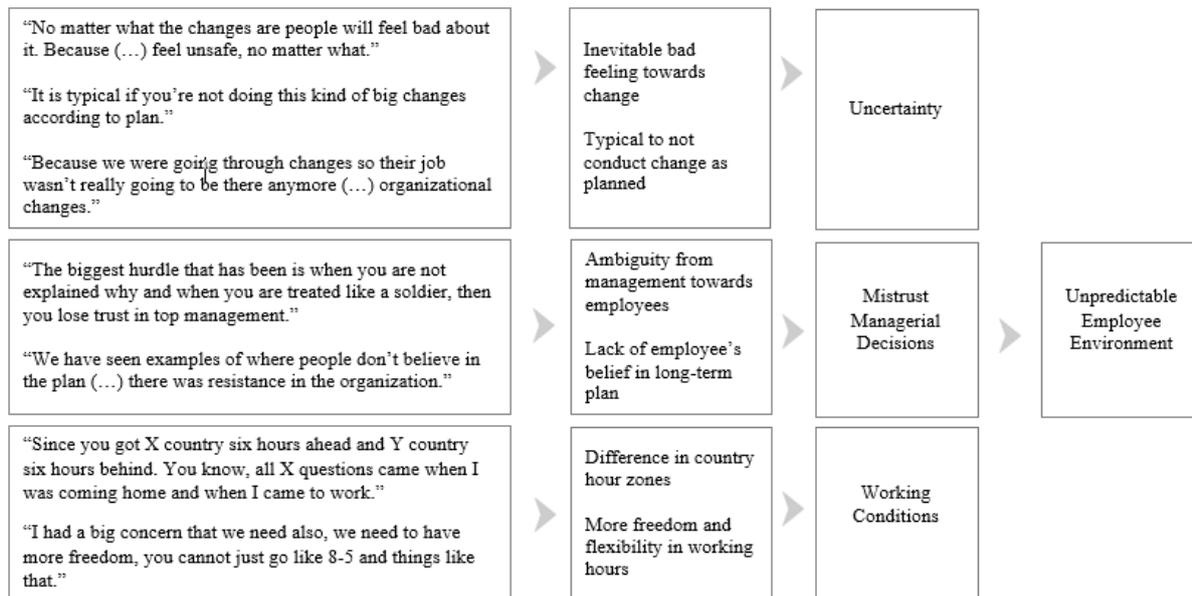
The unpredictable employee environment has been referred to on multiple occasions throughout the interviews. The BMCs lead to a turbulent work environment, affecting the employee satisfaction. This unpredictable employee environment is caused by several reasons such as uncertainty among employees, mistrust in managerial decisions, and working conditions.

When the case company was conducting the BMCs, **uncertainty** was reflected upon employees because of the inevitable feeling of insecurity. Our findings prove that due to obscurity and changing working procedures, employees felt insecure and uncertain within their work environment.

The changes within the company also resulted in a challenge concerning **mistrust in managerial decisions**. Our findings show that the changes were not properly explained to the employees which resulted in the feeling they were treated like soldiers and not explained why. An essential reason leading to mistrust in managerial decisions was the lack of belief in the managerial vision in the short term plan.

Operating in such a driving and energetic environment, flexibility within the **working conditions** is a challenge. The demand for more flexibility was repeated in regards to working

hours specifically for employees very involved within the expansion of the case company into countries operating in different time zones.



4.3 INFLUENCE ON EMPLOYEE COMPETENCIES

Similar to the previous chapter, this chapter is also divided in several subchapters representing the discovered aggregated dimensions, specifically focusing on the influences, caused by challenges, on the personal or behavioural employee competencies. Within this section, five main influences have been discovered, which will be presented as five aggregated dimensions; subservient, resistant, secluded and reluctant. A detailed explanation and elaboration will be provided concerning these five influences based on the data structuring method by Gioia et al. (2012).

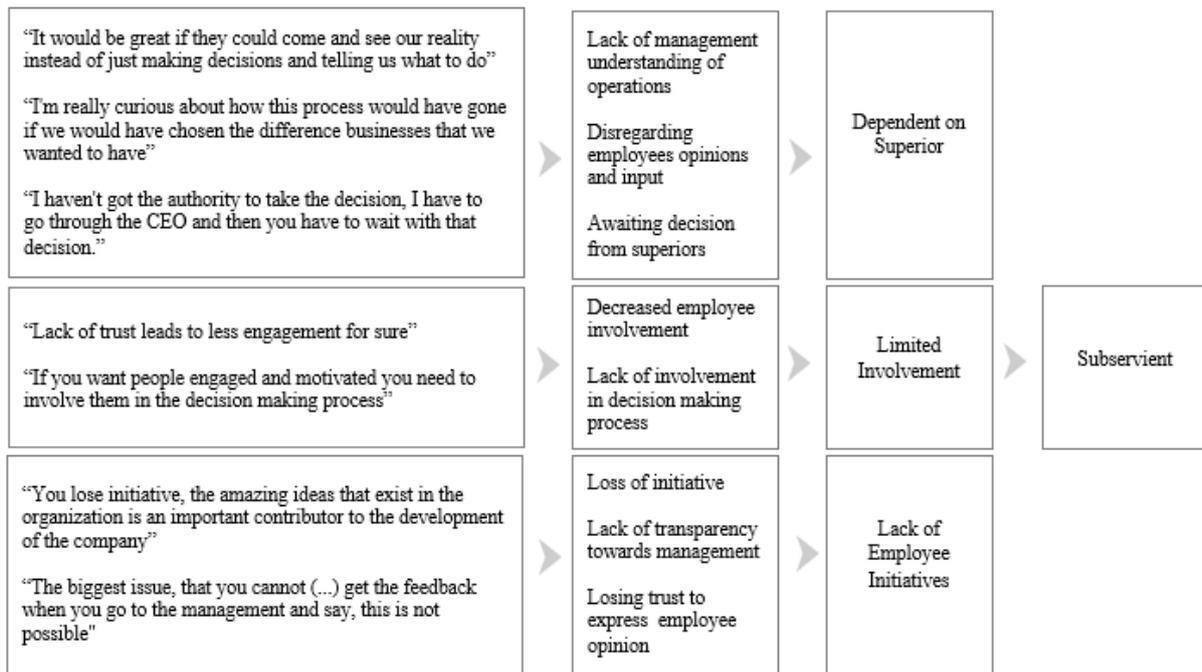
4.3.1 SUBSERVIENT

One of the influences of the challenges of BMC on employee personal or behavioural competencies is the subservient reaction from employees. With the changes within the BM, activities and processes change drastically. These changes increase the impact on employees and several findings within our interviews prove this influences their independent characteristics negatively. Employees become more dependent on the organisation and the decisions made concerning the BMC. They appear to be more awaiting their tasks and take a more accommodating approach towards their operational activities and the managerial decisions instead of the independent and proactive approach which is needed when implementing BMC.

One of the themes identified of this subservient characteristic is being **dependent on the superior**, in this situation the top management team. Employees and middle managers who are influenced by the BMCs become more dependent on the decisions and directions provided by the top management team. Less decisions are taken independently within departments. Employee become more insecure due to the changes and await decisions from the management team despite the fact that the top management team makes decisions without fully understanding the operational environment. Resulting in the operational team and various departments coping with managerial decision which are not aligned with their departmental needs. To conclude, employees feel less comfortable with the new BMCs and activities and therefore depend more on managerial input and information concerning the decision making process.

Another result from occurring challenges within BMC is the theme, **limited involvement**. When drastic changes occur within the activities of employees, it takes time to become familiar with these new processes and activities. Within the case company there has been challenges concerning maintaining the ongoing activities and managing their time to be able to maintain initial markets and focus on new markets and opportunities within the BMCs. Due to this time constraint, the level of employee involvement decreased drastically. Furthermore the employees were not involved within the decision making process of the BMCs or needed changes in activities or processes for the implementation. As shown in the previous paragraph this lead to expectant behaviour and employees felt less and less involved concerning the changes and the regarded decisions made by top management.

In addition to the decrease of employee involvement, the employees also showed a **lack of employee initiatives**. The challenges, such as lack of trust and internal communication, led to a change in employee behaviour. Employees and middle managers obtained a more subservient role towards the BMC and related initiatives from the top management team. During the BMC the employees did not bring up any ideas or solutions as they felt top management had taken the lead in this stage. Employees felt not listened to. Their concerns of achieving goals and succeeding in their given tasks were not heard, or even argued against, by the top management team. Leading to the theme of lack of initiative and a somewhat inferior attitude from employees.



4.3.2 RESISTANT

One fairly natural and common response when experiencing challenges due to changes is becoming resistant to change. When the changes are unclear resistance occurs. Resistance can occur on individual, departmental and organisational level. Often resistance is shown through decrease in valuable output, refusing certain tasks or activities, publicly arguing against the various decisions and quitting their job or position within the company. This resistance and dissatisfaction originates from a lack of understanding regarding the necessity of the changes and the changes in its own. Additionally some resistance may be initiated due to disagreement with the decisions and the resulting implementation in the operational environment.

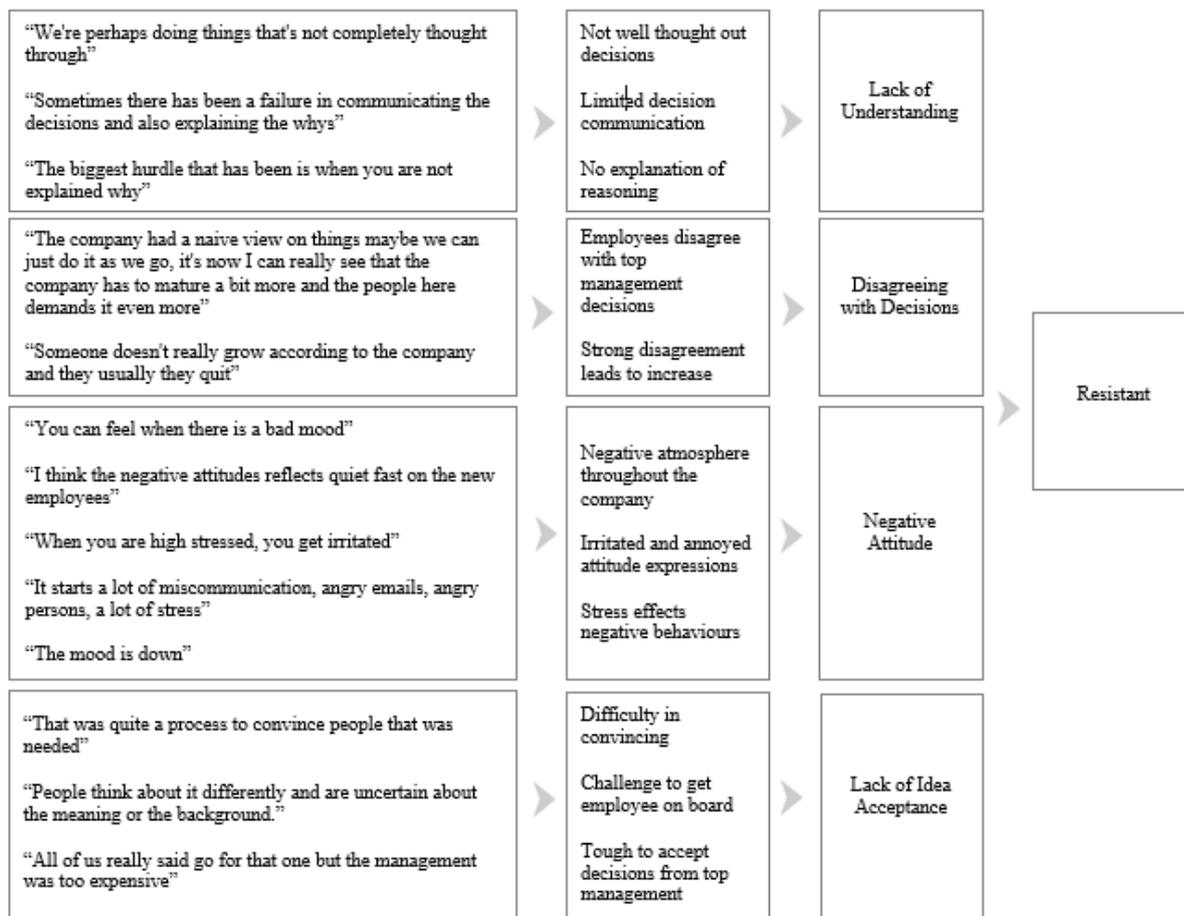
Due to lack of internal communication and clear explanation of the changes occurring, a **lack of understanding** may arise. When employees have not been informed properly or understand the added value and necessity of the changes, they might start arguing against it and show behaviour which implicates their resistance. Fully understanding the reasoning of the changes is important for employees to get on board and accept the changes. A lack of understanding the reasoning influences the behaviour and attitude of employees negatively which rubs off on colleagues, departments and ultimately output.

Not only a lack of understanding might initiate this resistant behaviour, also **disagreement with decisions** influences resistance. When decisions are made without the consent of employees or without consulting the influenced employees and individuals, this might result in a misalignment of the decision and the actual need within the organisation. Within the case

company it became evident that some decisions are made without the support of the employees who have to deal with the consequences. Sometimes the departmental input for a decision is ignored by the decision makers, resulting in dissatisfied employees who have to cope with an increased workload and discrepancies. This occurrence may result in employee dissatisfaction, irritations and resistance.

Employees who experience several challenges of the BMCs may obtain a **negative attitude** towards these changes, and ultimately a negative attitude in general. Therefore the theme negative attitude was identified. Frustrations and irritations regarding the changes in activities and processes stagnate and are hard to dissolve once triggered. Communication and interactions get tense and the tonality changes among employees. Within the organisation frustration grows based on the change in communication, confusion and lack of clear task distribution and delegation division. Increased intensity influences the employees mindset negatively, as it results from stress and irritations. This negative attitude is very easily spread throughout the organisation, for example by expressing frustration among employees, directing attention to the disadvantageous components of the BMC and disregarding the future benefits may lead to organisational dissatisfaction. This results in a resistant mindset among employees, despite the fact an open minded is needed to implement BMC.

Internal communication challenges and the negative influence of the dominant logic on the employee competencies lead to the theme of **lack of idea acceptance**. Unclear communication and not explaining the reasoning behind the change will make it more difficult for employees to understand and accept the ideas and the necessity for the changes. This lack of acceptance will lead to confusion on the work floor due to various opinions and different perspectives. Additionally, the convincing of the value of the new ideas and ensuring that the employees are on board is not time efficient in the change process. This is due to the fact that the lack of clear communication and explanation leads to resistance and aversion towards new ideas and changes. Therefore it is very important that employees accept the changes and ideas introduces within the organisation, this will avoid resistance behaviour and ensure a successful implementation process.



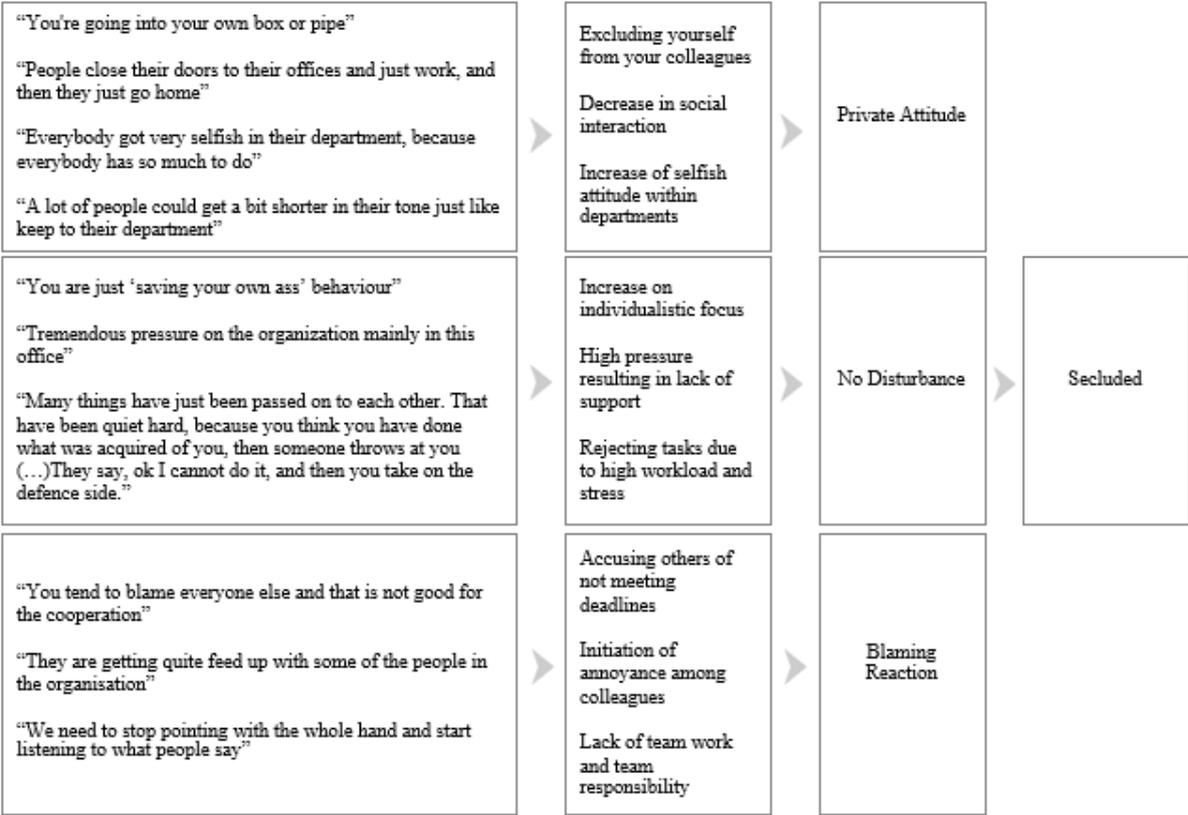
4.3.3 SECLUDED

One of the most frequent mentioned and most significant findings within the interviews was the influence of the increased workload and stress due to the BMC on the social characteristic of the employees. Many people started to seclude themselves from their colleagues, focus on their individual tasks and withdraw from any social interactions within the organisation. Their focus increased and according to several interviewees they became selfish, solely focusing on their work and neglecting the department and mutual goals.

One of the most noticeable changes within the personal or behavioural competencies was the change to a more **private attitude**. Employees withdrew themselves from the interactions and locked themselves in their offices to ensure focus and productivity. This theme was a result of the increase in workload and resource constraint during the BMCs. Pressure and stress initiated this compressed and tense feeling among employees. This private attitude was influenced by several challenges regarding BMC, however also impacted some of the challenges on individual level, such as the decrease in internal communication and lack of employee engagement.

A private attitude also triggered a **no disturbance** attitude among employees, deserving a theme on its own. As mentioned before employees felt the increased pressure and stress from the BMC. Whereas employees used to help each other out and support their colleagues within their department but also across departments, however this behaviour disappeared. Cross departmental communication and support stagnated, employees did not want to be disturbed and argued there was no time to focus on anything but their own tasks and activities.

Lastly, there have been several challenges who initiated some individual frustration and confrontation between employees. The lack of delegation and confusion regarding the responsibilities created tension between the departments. Although the employees within the departments used to support each other, the confrontations and criticism between departments originated due to the changes. It was always the fault of the other department. Postponing deadlines, working inefficiently and being dependable on the results of the other department started this change in behaviours. Employees formed a **blaming attitude** towards their colleagues instead of a supporting and understanding perspective. This elevated confrontations and isolation throughout the organisation and the individual departments.



4.3.4 RELUCTANT

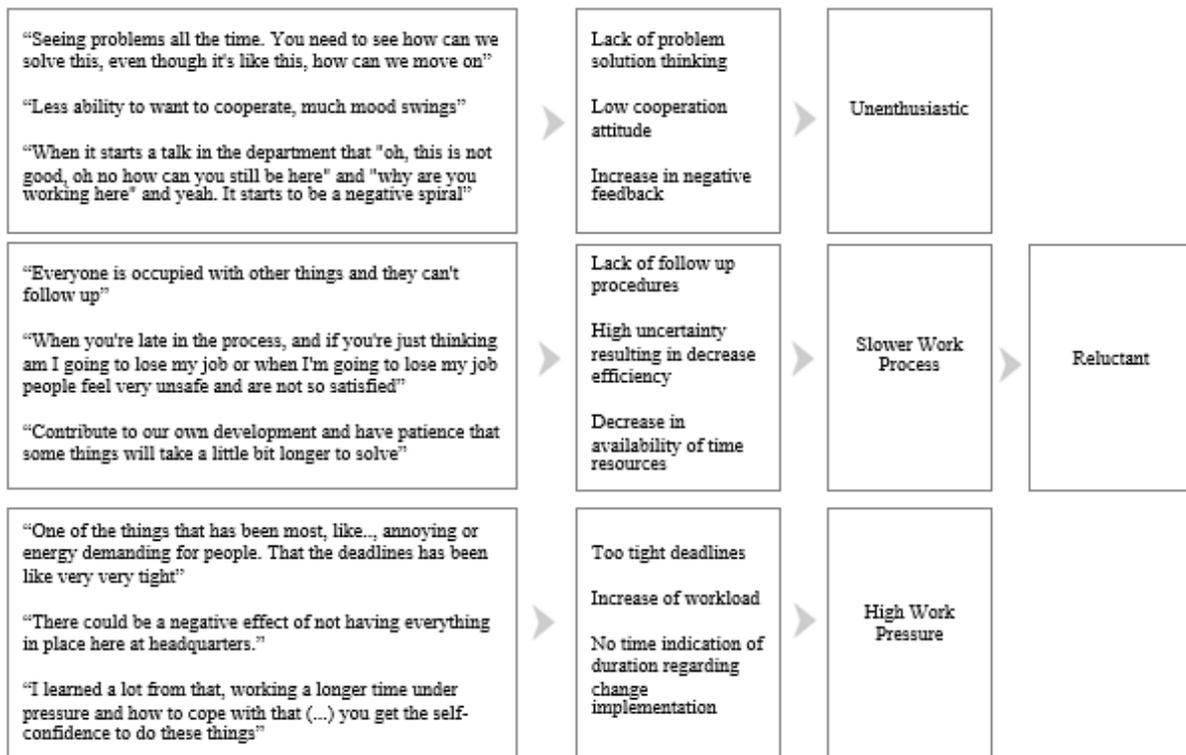
Another behavioural change when undergoing BMC among employees is reluctance. Employees tend to become more awaiting and hesitant when it comes to their new tasks and activities, as well as the decrease in initiative and proactivity. This behavioural change is a result from the several challenges occurring, resulting in a complete change in organisational environment. The rapid changing environment and the constant changes on the work floor shows in less enthusiastic employees and less efficiency in work processes. The uncertainty and the lack of direction are two of the challenges that mainly trigger the reluctant behaviour of individuals.

Unenthusiastic team members have difficulties committing to changes occurring in organisations. Instead of the needed proactive attitude, employees become more hesitant and unsure of their daily tasks and the purpose of their input. When overwhelmed with challenges and obstacles they tend to obtain a more problem oriented mindset rather than a problem solving mindset. Not being able to cope with the changes, finding different work styles and different approaches to a problem or obtaining a hands-on mentality may lead to a negative spiral and mood swings. Therefore, unenthusiastic characteristics negatively influence the BMC as unenthusiastic employees are less motivated and less willing to cooperate in the change process.

The output of operational activities and tasks also tell us a lot about the behavioural changes in employees. The more confusion, frustration or demotivation, the slower the work gets done. Reluctance results in less work efficiency and a **slower work process** which negatively affects the implementation of BMC and the overall organisational operations. When an employee becomes reluctant, resulting in a slow work output, their department gets affected, as well as other departments depending on this employee or department. The pressure of completing work in time while juggling various tasks and responsibilities is influenced drastically by uncertainty and an unpredictable employee work environment. These challenges emphasize on the completion time and time pressure for employees, often negatively affecting the work process.

Throughout this chapter the increased workload and pressure have been mentioned frequently. During BMCs and experiencing several challenges regarding these changes, the interviewees all indicated that the workload increased drastically. This initiated a lot of stress and irritation, employees felt that the managerial decision did not align with the capabilities of the employees resulting in reluctant behaviour. The **high work pressure** can be seen as a trigger of the

reluctant behaviour and an initiator of other influences on personal or behavioural employee competencies, especially the reluctance.



5. DISCUSSION

Within the discussion the results from the analysis will be exhibited, presenting the effect of challenges on personal or personal or behavioural employee competencies occurring during BMC. This chapter specifically focuses on answering the questions on how these challenges influence the employee personal or behavioural competencies. From the findings several challenges have been derived which could be placed into two categories, the challenges occurring on organisational level and the challenges occurring on individual level. For each of these two categories we will analyse and discuss the findings on how these challenges influence the personal or behavioural competencies needed for BMC. Challenges within BMC are inevitable as stated by Chesbrough (2010), however when an organisation manages to anticipate on the impact these challenges have on the behavioural employee competencies, an organisation might be able to create a supportive internal environment to ensure a successful implementation of BMC (Chesbrough, 2010; Cavalcante et al., 2011). In order to provide a clear overview of the influence of organisational and individual challenges resulting from BMC on personal or behavioural employee competencies, several dynamic frameworks have been created, which will be elaborated on and discussed in the following subchapters.

5.1 INFLUENCE ON CHALLENGES ON ORGANISATIONAL LEVEL

In order to answer the research question concerning how challenges concerning BMC influence personal and behavioural competencies, the findings will be discussed in depth. Within the following subchapters we will be discussing the four influenced employee competencies due to BMC challenges individually, namely subservient, resistant, secluded and reluctant. First, the influence of challenges on an organisation level will be discussed per influenced competency.

5.1.1 SUBSERVIENT BEHAVIOUR

Independence was identified within our findings as a needed behavioural competency in overcoming the challenges of BMC. Lumpkin and Dess (1996) have identified autonomy as one of the needed dimensions when undergoing organisational changes, such as business expansion. As the case company is undergoing BM expansion, it was somewhat expected that employees should be able to manage their work autonomously. Findings shows that employees have been put in situations where they have to find answers to problems individually, *“Manager didn’t have answer to anything, so we had to find out our own answers while we were working*

on with it” (Interviewee 8). Implying that employees were expected to be reliant on themselves with minimal managerial input. Due to the BM expansion, this independent competency was affected negatively as employees became subservient and reliant on their supervisors in taking decisions. Cheetham and Chivers (1996) argue that self-confidence is also a requirement for undergoing change, however on the contrary employees became insecure, specifically during timings of stress and high workload.

One of the main challenges identified to be influencing the subservient behaviour of employees was organisational structure. Organisational structure entails long term direction and lack of organisational processes as main influences on the subservient behaviour. Long term direction was found as an abstract influencer causing employees to live in ambiguity, *“We set up some things just to manage the week basically so it was not so much long term planning”* (Interviewee 5) Moreover, lack of organisational processes was found as an operational influencer causing employees to feel inefficient. *“The process doesn’t work anymore. So non-working processes applied to new markets”* (Interviewee 1). The lack of organisational processes led to employees feeling the need to constantly get confirmation from their superiors before being able to take any decision and move forward. Furthermore, not only were employees more reliant on their superiors but also on their colleagues since there was a lack of process structure making departments have to wait for each other to proceed. The increased ambiguity agrees with Morris et al, (2013) when mentioning that the ability to deal with ambiguity is seen as a characteristic that helps in times of uncertainty and change. Our analysis emphasizes on the consequences the ambiguity factors had an effect on employee subservient behaviour.

Another strong organisational challenge impacting the subservient behaviour of employees within our findings is the resource constraint. Our analysis show that the resource constraint influences the subservient behaviour of employees, as the BM extension within the case company caused extensive workload and an increase in tasks and activities. *“The deadlines have been like very tight and postponed in the last absolute minute”* (Interviewee 3). These consequences left employees puzzled as they questioned the decisions of top management. The lack of time management leads to employees delivering a lower quality, which ultimately leads to lack of employee involvement as employees become overwhelmed with the workload. Additionally, there was no time for managers to involve employees in the decision making process because all decisions had to be made quickly. Therefore, the lack of employee involvement is in line with Sosna et al. (2010) arguing for the importance of including all levels within the organisation in the change. As for the employee initiatives, due to lack of time and

short deadlines, employees and middle managers lost initiative in providing new ideas since there was never proper time from superiors to give feedback, *“The biggest issue is you cannot get the feedback when you go to management”* (Interviewee 6).

Lastly, subservient behaviour was influenced by the organisational challenge delegation of responsibility, specifically the company ownership and prioritization issues. The most influential theme on subservient behaviour is company ownership. During the BMC, it became apparent the case company is a one man show. It appeared a challenge for the owner not to get involved in decisions even on the operational level. *“I haven’t got authority to take the decision, I have to go through owner and then you have to wait with that decision because he he has a lot to do”* (Interviewee 7). This left little room for employees to be autonomous over their operations since they constantly needed to rely on the decisions from top management. Our analysis show the relationship between company ownership and prioritization issues. As the company ownership tends to effect the prioritization issues negatively. For the case company, the issue that top management, more specifically, the owner wants everything done in a sense of urgency led to issues with prioritization. The fact that employees were being bombarded with a lot of work tasks which were not prioritized from the top and not being involved in the idea creation or decision making process impacted employee subservient behaviour. They became less involved and expressed less initiative since they felt top management took the lead and their contribution was not given enough importance. This was confirmed by (interviewee 2) by stating *“you lose initiative, the amazing ideas that exist in the organisation is an important contributor to the development of the company”*.

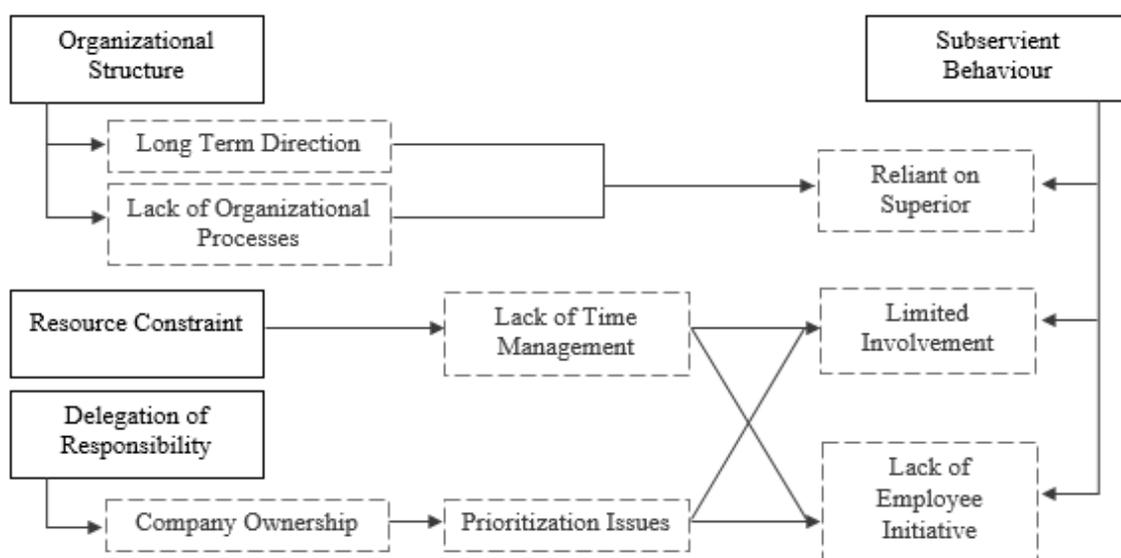


Image 3: Organisational Challenges Effect on Subservient Behaviour

5.1.2 RESISTANT BEHAVIOUR

Hood and Young (1993) argue adaptability and openness are crucial elements for change aligned with our findings that adaptability is a facilitator for BMC confirmed by an interviewee by stating, *“You’ve got to be pretty open minded and say, ok so I cannot do it the perfect way, perhaps I can do it the half perfect way, and it’s still good enough”* (Interviewee 5). Our findings show the adaptable behaviour competency was affected negatively by certain challenges that influenced employee behaviour to turn into resistant behaviour.

One of the main organisational challenges influencing this personal or behavioural competency is the dominant logic. The feeling existed among employees that the organisational values were no longer fitting the organisation due to the effects of the expansion. It was as if the values were being neglected. Therefore, employees acted resistant and portrayed this negative attitude and resilience towards the change process, *“We need to inject new belief and also the company culture and values need to be reinstated”* (Interviewee 5). The lack of a learning organisation as well influenced resistant behaviour. Employees became frustrated as they had to go through continuous repetitive mistakes, due to top management’s lack of process improvements (Rodriguez et al., 2002). This caused stress and anxiety among employees. Oreg (2006) confirmed this by stating the necessity of the openness characteristic as an inhibitor for anger and anxiety. Interviewee 4 stated that *“they want to be a learning organisation. But I think the management team hasn't really been balanced”*. Employees portrayed disagreeing opinions because they did not understand the managerial decision making. As mentioned: *“The company had a naive view on things maybe we can just do it as we go”* (Interviewee 4). Management at a later stage realized that the lack of learning attitude and their naïve view was causing employees to start disagreeing with managerial decisions regarding the change, causing resistant behaviour.

Another organisational challenge influencing the resistant behaviour is the organisational structure. The analysis of our findings show the lack of organisational processes causing internal ambiguity among employees resulting in resistance towards change. The fact that there was no clear process mapping for the various departments created anxiety among employees. Employees felt a lack of understanding since the process was chaotic and never fully thought through. *“Getting the team work spirit back in the company but that comes from having clear processes, people not being overworked or stressed all the time”* (Interviewee 7). Causing the following statement, *“it starts with a lot of miscommunication, angry emails, angry persons, a lot of stress and when you are high stressed, you get irritated”* (Interviewee 5). Implying that

a lack of processes resulted in lack of understanding, one of the dominant factors causing resistant behaviour among employees.

Additionally, resistant behaviour seemed to be triggered by resource constraints. Lack of management availability throughout the process of change connected to resistant behaviour since *“a lot of people in the new management, including me, have been travel all over”* (Interviewee 6). Top management was frequently not physically present to explain the decisions and the reasoning behind the decisions made, resulting in a lack of understanding among employees, *“the biggest hurdle that has been is when you are not explained the why”* (Interviewee 2). This ultimately made employees resistant towards the new changes. Our findings evidently show a struggle concerning the balance between the types of employees, which are specialists and generalists that portray different behaviours in similar settings. This was also supported by Vakola et al., (2007) when stating that a major challenge in organisational change is incorporating the right mix of behaviours to support organisational level change. When the changes occurred, there was a clear resistance from the specialists who were used to performing their tasks consistently compared to the generalists who were more prone to accept these changes. *“People who are open to change is of course an advantage but we also need the stable cornerstones in the organisation who can actually perform like the diesel engine”* (Interviewee 2). Management admitted the need for both, however during expansion, a preference for generalists and people who are eager for change were admitted more capable to sustain such an environment. Meaning that some employees expressed negative attitudes towards the change, mainly the specialists, required more managerial support to sustain while undergoing BMC, however this support appeared to be lacking. This was confirmed by the statement *“management supports employees individually who struggle, to be honest, it’s lacking”* (Interviewee 5).

Finally, lack of time management was seen as an influence initiating resistant behaviour due to the overload of tasks and responsibilities resulting in employee frustration. The resulting negative attitude among certain employees showed to be very influential on the rest of employees within the company. *“I think the negative attitude reflects quiet fast on the new employees”* (Interviewee 6). This is in line with Brown and Quarter (1994) when stating that the social influence within companies plays a factor in increasing or decreasing resistance among employees.

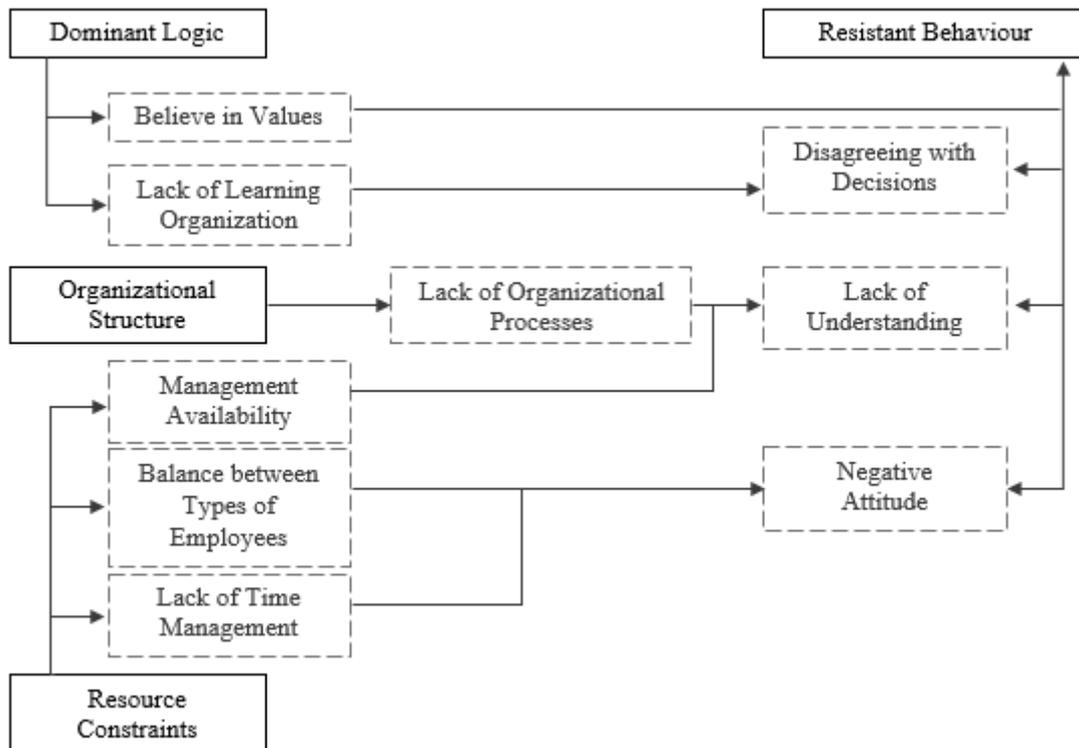


Image 4: Organisational Challenges Effect on Resistant Behaviour

5.1.3 SECLUDED BEHAVIOUR

The employee social component has been identified within our findings to be a contributing to the process of the BMC of the case company. Hood and Young (1993) support this by arguing that social skills are crucial for individuals within environmental change. Our findings show this social aggregated dimension to have been negatively influenced by certain challenges, resulting in employee secluded behaviour. Within our findings, it is evident that the several organisational challenges have had an impact on secluded behaviour. In the case company, the lack of the social component while undergoing BMC proved to play a big role since it affected the atmosphere of the company.

Shortage in resources when companies are transforming their BM might be identified as a barrier (Cavalcante et al., 2011). The empirical findings show that one organisational challenge influencing secluded behaviour is the resource constraints entailing lack of time management and lack of human resources as the most influential second order themes on the secluded behaviour. Lack of time management of the employees was influential during changes because of the workload increase, constant sense of urgency and constant need to meet unreasonable deadlines. This caused employees to become more focused on operational tasks rather than interacting with colleagues. *“You’re going into your own box or pipe”* (Interviewee 5). Moreover, lack of time management and lack of human resources impacted mostly the private

attitude and no disturbance themes of secluded behaviour since employees realized that the existing staff members in the head office were not able to manage the amount of tasks of the existing and new markets as confirmed by (Interviewee 7) when stating *“I don’t think we’re overstaffed at all, almost like understaffed on some departments”* implying that there was not enough employees to manage the workload which caused a lot of tension within the company and resulted in *“everybody got very selfish in their department, because everybody had so much to do”* (Interviewee 7). Resulting in a decreased in the social component since *“there was tremendous pressure on the organisation mainly in this office”* (Interviewee 2).

Furthermore, secluded behaviour was affected by the organisational challenge of delegation of responsibility, specifically the second order themes, prioritization issues and rapid changing environment. The prioritization issues were evident throughout the interviews since employees were bombarded with all sorts of tasks, all to be completed within a short period of time. Prioritization issues emerged from everything having a sense of urgency which quickly resulted from tremendous workload when the case company was undergoing a change, such as expanding into new markets, causing employees to feel stressed, leading to blaming each other for unfulfilled tasks. This blaming reaction was part of the reasoning behind employee secluded behaviour as mentioned by (Interviewee 2) *“You tend to blame everyone else for not meeting deadlines”* since a lot of tasks involved several departments working together and it was clear that the structure was missing confirmed by (interviewee 7) stating *“we stop a bit and we realized that we can’t just keep running, we need this structure behind it as well”*.

The case company’s top management prioritization issues combined within a rapid changing environment has deliberately impacted employees in becoming extensively secluded from the organisation. Initially this factor was not considered to be an issue prior to the occurrence of the BMC as employees took change as a learning and development curve. However, the internal rapid changing environment when challenged by issues with prioritization, showed a negative impact on the people working in the head office. The workload created a high impact on employee behaviour during the process of change. It caused them to obtain more of a private attitude to be able to get activities done, an individualistic focus with a no disturbance mindset, and increase in blaming reactions due to lack of teamwork within the departments, *“They are getting quite fed up with some of the people of the organisation”* (Interviewee 6). Overall, the common denominator within this section of analysis was the inability to manage a high level of workload within a fast-paced organisational environment resulting in overall employee secluded behaviour.

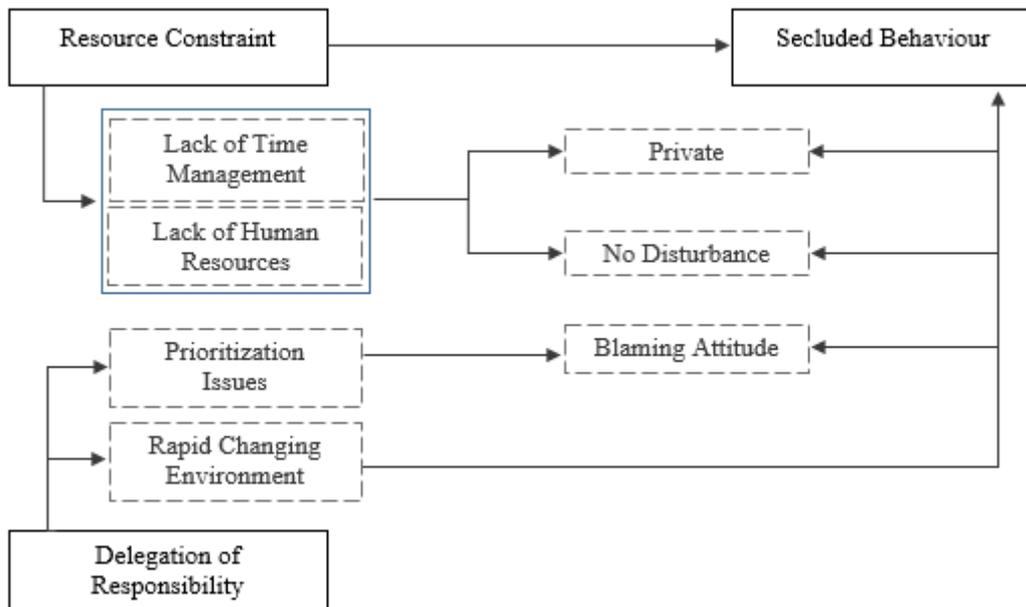


Image 5: Organisational Challenges Effect on Secluded Behaviour

5.1.4 RELUCTANT BEHAVIOUR

Proactivity is determined by Miller (1983) to be necessary when involved in expansion strategies. This is in line with our findings from the case company emphasizing that proactivity is a competency that can help overcome the challenges of BMC specifically expansion for the case company. Consequently, the organisational challenges that occurred within the organisation seemed to have a negative influence on employee behaviour leading to more reluctance.

The first organisational challenge resulting in reluctant behaviour is delegation of responsibility. Specifically, company ownership influenced the fact that employees became less enthusiastic about their work activities, *“many entrepreneurial companies still have their owners still running the show and that is the case here”* (Interviewee 5). There seemed to be a negative connotation where the interviewees implied they had the feeling their ideas and initiatives were somehow overlooked since the company is still at the end of the day dominantly run by the owner. Even though the case company did not intend on transferring this feeling to employees, it unfortunately did. Employees therefore tended to become more unenthusiastic reflecting in a less cooperation attitude, *“less ability to want to cooperate, much mood swings”* (Interviewee 5). Moreover, the issues with prioritization with a high workload causing stress for employees in such a fast paced environment, always has the risk to result in a slower working process. *“Prioritizing is really lacking, it’s non existing I would say”* (Interviewee 5). The lack of prioritizing activities from management level reflected on employees feeling a high

work pressure. There was no indication of time during the change implementation and everything should be done within an unrealistic deadline leading to employee enthusiasm. This inevitably increased the risk of having a slower work process confirmed by (Interviewee 4) stating *“Things are taking longer time to solve”*. The challenge of organisational structure, specifically the lack in processes had a direct relation to the prioritization issues resulting in a slower work process. This impacted the whole organisation as well as the employee behaviour to simply lose initiative, becoming unenthusiastic, and more problem oriented because of the amount of stress. Therefore, the above organisational challenge potentially resulted in a more reluctant behaviour among employees.

Moreover, the organisational challenge, resource constraints within our findings and analysis appeared to have a negative influence on employee reluctant behaviour. The reasoning behind this is the lack of human resources and lack of time management themes. As the case company was progressing throughout the BM extension, it naturally came with more activities and operational tasks to be carried out by employees. *“I think there has been a little bit of a reluctance (...) to actually invest in resources”* (Interviewee 2). There seemed to be a perceived idea that top management was not willing to invest in more manpower to accommodate the extra workload. This drastically influenced employees to feel unenthusiastic because of the increased workload, creating a negative spiral within the organisation because employees were overwhelmed with trying to cope with the existing and new expansion markets, Ultimately, employees had less time to act proactively and take initiative due to the high work pressure, *“We need to have the time to reflect and change the small things and then we can work on”* (Interviewee 6).. As stated by Schneider (1987), people make the place, therefore when employees are satisfied, it is reflected on the organisational health specifically when going through internal changes. Within the case company, if top management had realized the impact lack of human resources had on their employee well-being and to what extent this behaviour impacted the organisation, top management would have acted differently, and the employee proactive behaviour would have not been drastically affected, Finally the level of proactiveness was determined by (Interviewee 3) when stating *“Considering the pace we are always not that good at being proactive as we could be.”*

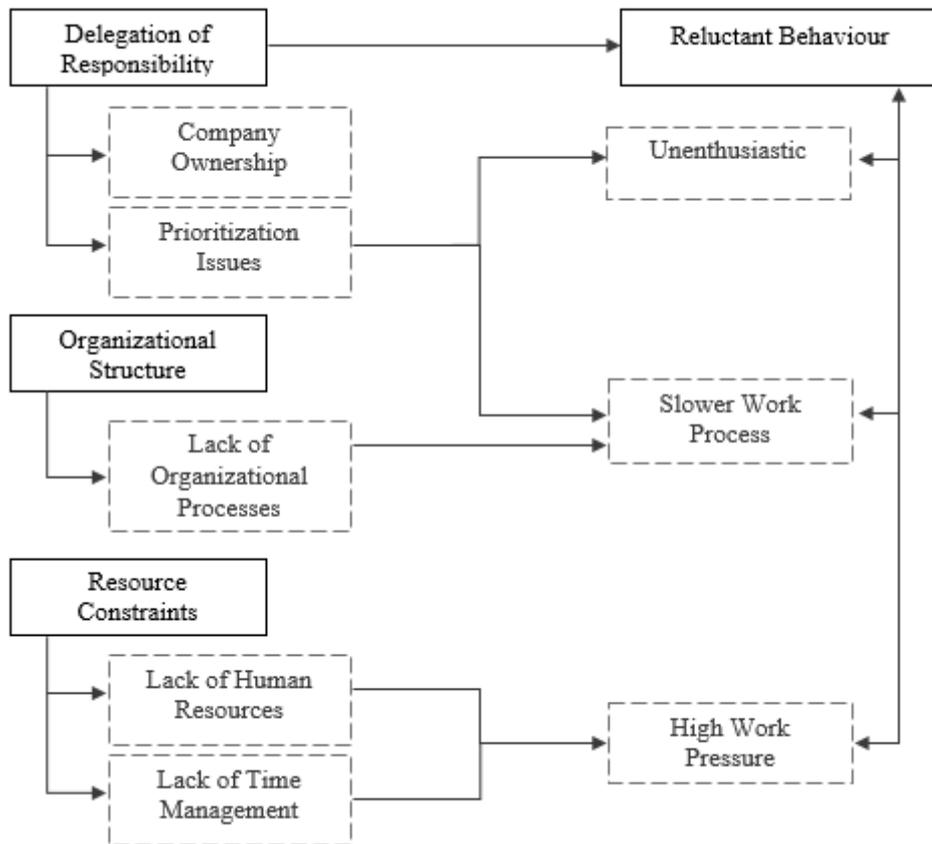


Image 6: Organisational Challenges Effect on Reluctant Behaviour

5.2 INFLUENCE ON CHALLENGES ON INDIVIDUAL LEVEL

In addition to the challenges on organisational level, the findings also showed several challenges occurring on the individual level. These challenges have a more individual impact on the employees and are therefore strong influencers concerning the personal and behavioural competencies. Below all four aggregated dimensions regarding the impacted behavioural competencies will be discussed in detail.

5.2.1 SUBSERVIENT BEHAVIOUR

The aggregated dimension of subservient behaviour has been very evident within the findings due to the fact employees have become more dependent on their superior, such as awaiting decisions and directions from top management. Their level of involvement and initiative have decreased throughout the process of implementing the BMCs. One of the main challenges, which can be considered the key influencer and the most important challenge influencing personal or behavioural employee competencies, is internal communication. Throughout the changing process the employees awaited to hear from top management before initiating or

proceeding with their tasks and initiatives. However, it became evident in the identification of the challenges that the top down communication was lacking. Employees felt left in the dark due to the fact they did not fully know the direction and the expectations of the management team as they were not properly informed. Which is visible in the findings when an interviewee stated that *“people think about it differently and are uncertain about the meaning or the background, so I think they need to be more clear in their communication”* (Interviewee 4). This resulted in insecurities and lack of confidence among employees, changing their behaviour from strongly independent to subservient.

As stated by Burcharth et al., (2014) and Cavalcante et al., (2011) it is of crucial importance to ensure alignment between managerial initiatives and the employees understanding. Within the case company one can conclude that due to a lack of internal communication, especially top-down communication, this alignment was inadequate. One employee has stated that, *“sometimes there has been a failure in communicating the decisions and also explaining the whys”* (Interviewee 2). This lack of information has been influencing the smooth implementation of the changes, due to their altered behaviours. Not only did the top down communication influence the independent behaviour of the employees negatively, but the cross departmental communication has also been a challenge influencing behavioural changes. All internal communication influences clarity and understanding, thus the better the internal communication the more alignment throughout the organisation (Medina and Medina, 2017). Within the case company this should have been initiated by the top management team through communicating their vision and properly explaining expectations (Burcharth et al., 2014). The interviewees indicated that this example and information would have been carried by the middle managers and employees to accommodate a smooth implementation process. However, a lack of internal communication on both top down and cross departmental level has a negative impact on the operations and execution of the BMC. This is also acknowledged by one of the middle managers, taking partially the responsibility for the lack of internal communication by stating, *“information, clarity and that stuff and I am the link in between so maybe that is a failure from my side. But I do think that management has not been very clear and communicative”* (Interviewee 3).

Additionally, the lack of internal communication has a negative effect on the involvement and initiative level of employees. Due to the fact that they feel not adequately informed and that the decisions are solely made by the top-management team, the employees do not only subconsciously change their behaviour towards a more subservient behaviour, they also feel

that the top management has a certain dominance concerning decisions. Proven by the following statement; *“if everything has to be top steered then of course you miss out a lot of opportunities and good ideas and initiatives from the organisation”* (Interviewee 2). The decrease in employee involvement and the lack of employee initiative not only indicate a lack of internal communication. These two behavioural changes also indicate a lack in employee engagement. Not involving employees in the decision making process of the change process in general can led to less employee engagement, despite the fact that employee involvement is very important for BMC and the development of supporting competencies (Medina and Medina, 2017). The challenge of the lack of internal communication in this case company appeared to be the trigger for the subservient behaviour, such as their lack of initiative and involvement, which then led to a decrease in employee engagement. Proper internal communication will help creating organisational knowledge throughout the company, which is needed for employees to engage with the sudden changes and achieving the long term goals (Burcharth et al., 2014; Medina and Medina, 2017). Which is also acknowledged by the top management team and the flaws in the previous implementation has been noticed, *“in the future I would expect a lot more engagements from everybody from the whole management team and I would delegate more”* (Interviewee 1). Proving the fact that communication and employee involvement is important when undergoing BMC. The challenges are significant and have influenced the employee behaviours negatively towards a more subservient behaviour, instead of acting independently and embracing the changes and the change process.

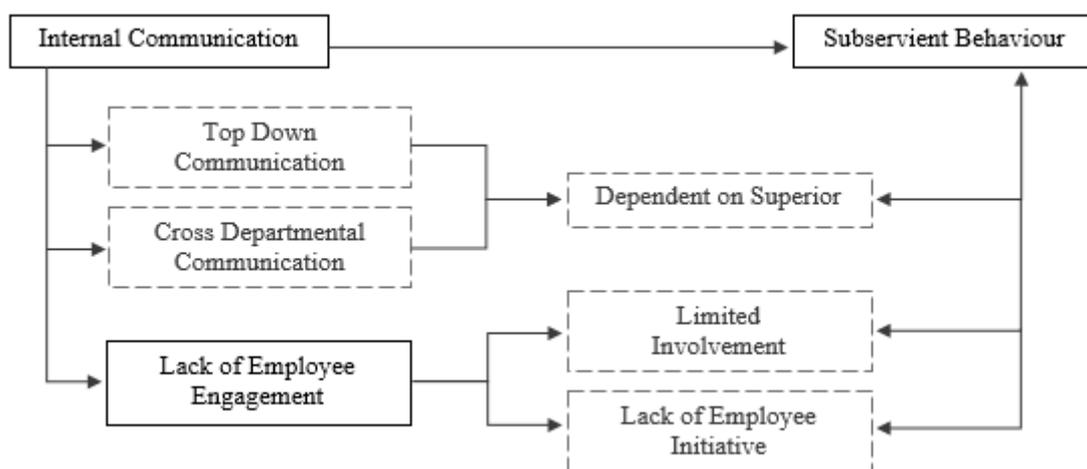


Image 7: Individual Challenges Effect on Subservient Behaviour

5.2.2 RESISTANT BEHAVIOUR

The aggregated dimension of resistant behaviour has been very present and an underlying factor of several behavioural changes visible among employees. Throughout the implementation process of BMC the resistance among employees became evident, due to the several expressions of disagreement and lack of understanding. The organisation has experienced an increase in turnover and several key players in the operational environment have left due to the turbulence. *“Unfortunately a lot of people quit, (...) because a lot of people got a bit fed up with it and got other offers”* (Interviewee 7). Resulting in an unstable and humble environment, because of the loss of several employees or managers valuable knowledge and company experience is lost, confirmed in the interviews by affirming *“we were vulnerable when people left when key people left the organisation”* (Interviewee 2). Besides the increase of various employees across all levels leaving the organisation ergo the BMC, the remaining employees also experience difficulties and showed signs of resistant behaviour.

One of the main challenges influencing this resistant behaviour of employees is the unpredictable employee environment caused by the BMCs. The increased uncertainty and the lack of trust in managerial decisions led to a negative approach and disagreement towards those decisions. The theme of lack of idea acceptance emerged. Uncertainty is one of the main influences of resistance to change as shown in our findings as well as in several literary works (Quinn & Kimberly, 1984, Cerinšek and Dolinšek, 2009; Cavalcante et al., 2011). The uncertainty influences the ability of employees to react suitably towards changes and accept certain changes and ideas. Additionally, it increases a lack of motivation and self-confidence among employees reflecting negatively on the operational tasks and activities (Cheetham and Chivers, 1996; Cerinšek and Dolinšek, 2009). The uncertainty has had a great impact on the employees within the organisation, however also the lack of trust in managerial decisions has had a great influence on the employee behaviours. Trust in management is one of the vital components when undergoing BMC and adapting tasks and activities within the operations, as stated by Oreg (2006) and Medina and Medina (2017). Trusting your management reflect on all the participating departments and create a needed confidence among the individuals within the organisation (Medina and Medina, 2017; Kotter, 1995). Regardless of this importance, several employees mentioned the uncertainty and lack of trust could be felt throughout the departments and among the employees, *“I think everything around the expansion felt uncertain for the employees, because I mean management was saying let's just do this”* (Interviewee 1).

Top management encouraged employees to implement the changes by working with what they knew, explore and anticipate on the new situations at hand. However, this resulted in a lack of understanding and a lack of idea acceptance. Employees had to be convinced that these changes were valuable for the future of the organisation. *“That was quite a process to convince people that was needed”* (Interviewee 2). The time needed to convince people and the form of communication were not meeting the needed requirements for employees to understand the necessity and urgency of the changes. Therefore one can conclude that in addition to the major influence of the unpredictable employee environment challenge, the internal communication challenge, especially town down communication, also influenced the resistant behaviour among employees. As stated by Kotter (1995), in order to ensure successful implementation of changes, it is important to ensure the organisation wide understanding and the urgency of the idea. Ensuring there is sufficient time and internal communication to achieve this understanding and sense of urgency is very important and should not be underestimated by management (Wanberg and Banas, 2000; Kotter, 1995). Within the case company, it showed that a lack of clear top down communication can negatively influence the employees by creating a lack of understanding. The expectations of the changes were very promising according to the employees and management team, as employees were perceived, and perceived themselves, as adaptable and enthusiastic. However, after implementing the BM extension practices this perspective changed, *“there was a big contrast of going in and thinking this is going to be, you know, enjoyable and then realizing this is a challenge from hell”* (Interviewee 2). This proves that top down communication is vital within the BMC process to ensure a proper understanding within the organisation, as well as the necessity of adaptable characteristics among employees, obtaining a required level of openness and an compromising attitude, to adapt to these BMCs.

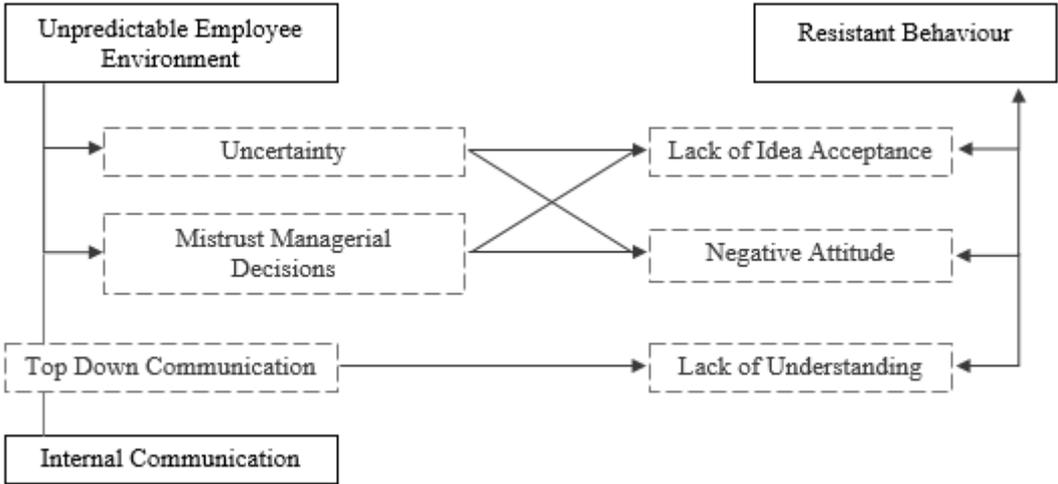


Image 8: Individual Challenges Effect on Resistant Behaviour

5.2.3 SECLUDED BEHAVIOUR

The aggregated dimension of secluded behaviour was one of the most significant and most frequently mentioned effects on the employee behaviours while undergoing BMC. It contradicts the necessity of a social character for employees to successfully undergo BMC (Hubert and Glick, 1993; Oreg, 2006). The findings show that instead of the outgoing, friendly and communicative employees the case company used to know before the changes, employees turn more towards themselves, exclude themselves from social interactions and became self-absorbed. One interviewee states the difference in behaviour is clearly noticeable within the organisation, *“it's a very friendly atmosphere and I don't feel that anymore here unfortunately like I did when I started here, then it was another thing”* (Interviewee 8). Clearly the BMCs and turbulence caused by it has impacted the employee behaviour.

The shift towards more secluded behaviour has also been partly caused by the challenge of the lack of employee engagement. The rapid and amount of changes in the organisation has impacted the employee commitment level as this fast changing environment has impacted their ability to change accordingly and increased their workload drastically. Employees felt that a lot was expected from them and they were scheduled for more tasks and activities than ever before, *“it increased the workload drastically for everyone”* (Interviewee 1). Primarily the secluded behaviour started to show within departments, leading to an increase in disconnected departments. The departments were solely focused on getting their jobs done, decreasing the communication with fellow departments and overall became very inwards oriented. One interviewee claimed, *“It is almost like the more it grows, the more you become just with your department because there are so many people and there is so much to do”* (Interviewee 7). Where after employees within departments started to become more secluded by not wanting to be disturbed and becoming very private by separating them, not only from fellow departments, but also their direct colleagues. One of the employees claimed this noticeable selfish behaviour was due to the feeling of needing to protect themselves from all the ongoing changes, *“we need to keep it close so we don't get too affected of it, but you know, everybody has feelings and sometimes it is too much”* (Interviewee 6). Unfortunately, as stated the secluded behaviour did not always help the employees to overcome the anxiety and control their workload.

The main challenge influencing personal or behavioural employee competencies is the unpredictable employee environment. Especially the lack of trust played a very important role in the change towards more secluded behaviour. People started to distrust the management, confirmed by one of the interviewees by mentioning, *“there was a distrust or disbelief in the*

management team since I was there or is in the management team it of course has a direct impact to how open and how much trust you build to your co-workers” (Interviewee 2), as well as a lack of trust in their fellow colleagues and departments, resulting in various blaming reactions. Especially meeting deadlines and delivering according to expectations caused friction between departments, as they blamed others for not delivering on time and started to focus on the individual tasks instead of working together. Nonetheless teamwork is crucial for implementing BMC (Bergenhengouwen, 1996; Boyatzis, 1982; Kotter; 1995). The blaming reactions resulted in lacking performance, as well as confrontations within the organisation. *“You tend to blame everyone else and that is not good for the cooperation”* (Interviewee 2) was stated by one of the respondents. Another responded stated that. *“We need to stop pointing with the whole hand and start listening to what people say”* (Interviewee 7). Correctly stating that by listening to other employees and trusting their judgement and statements the blaming reactions of employees could be avoided (Boyatzis, 1982; Mitchelmore and Rowley, 2010).

The uncertainty in the work environment and not knowing what their individual future holds, within the organisation or their specific function, caused employees to operate in a solitary environment and separate themselves from social activities. Proving the statement by Hubert and Glick (1993) that BMCs significantly alter the social relationship within an organisation, noticed by a respondent stating that, *“it's many social things that has gone missing and people close their doors to their offices and just work, and then they just go home”* (Interviewee 5). This change in the working environment resulting in disappointing working conditions. The increase in tasks and activities created long working hours and the lack of social interaction changed the atmosphere at the office drastically. *“The thing where this is supposed to be fun but it wasn't fun. That was the general feeling”* (Interviewee 3). It is surprising that despite the necessity for social characteristics (Cheetham and Chivers, 1996) and the proven success internally prior to the BMC, the case company is unable to maintain suitable working conditions and a supporting environment due to the rapid changes occurring within the organisation.

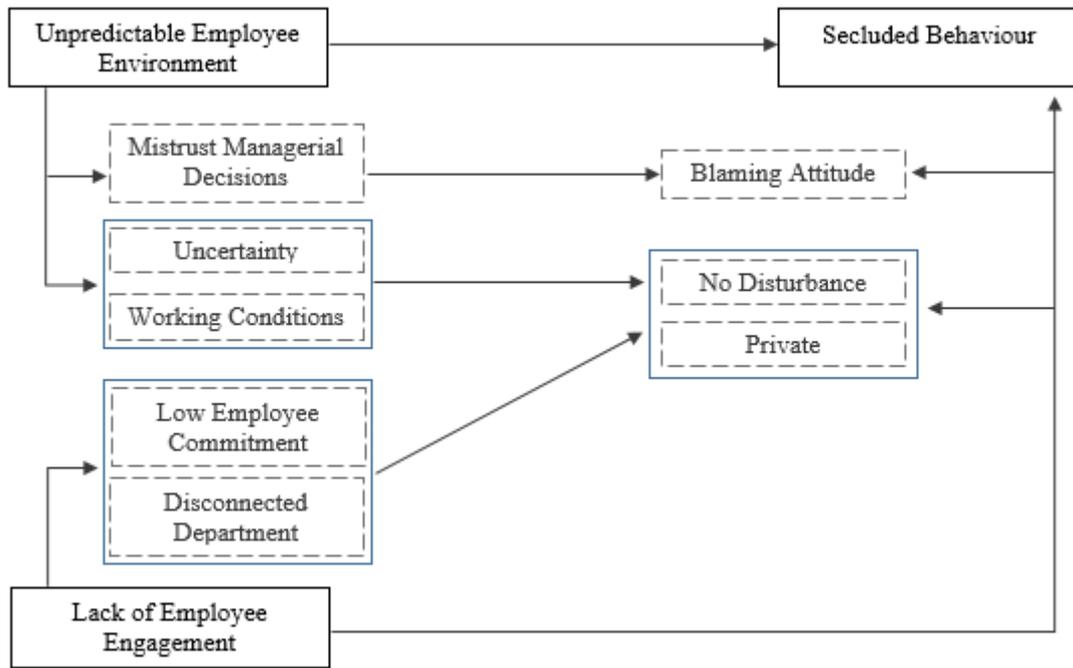


Image 9: Individual Challenges Effect on Secluded Behaviour

5.2.4 RELUCTANT BEHAVIOUR

A fourth personal and behavioural employee competency change identified is reluctant behaviour contradicting the necessary proactive behaviour characteristics needed to successfully implement BMC (Kuratko et al., 2005; Zahra et al., 2001). Reluctant behaviour presents itself within the case company in three explicit behavioural changes, namely the decrease in enthusiasm, the stress due to increased work pressure and the slower work process.

The findings prove that the internal communication challenge has been affecting the proactive behaviour negatively. Employees have become reluctant throughout the BMC. Especially the top down communication from the top management team toward the employees has been lacking, resulting in an increase in work pressure. Management did not clearly communicate the goals, intentions or level of prioritization of the new tasks and activities. Employees were given many new tasks in addition to their previous work load. *“I think well short-term it's all the departments here in central office were affected because they had to do all of the work”* (Interviewee 1). The new tasks and activities created an increase in work pressure, as well the prioritization of these new tasks was lacking and considered a big concern among employees concluding from the data collection. One interviewee claimed that *“everything has a real sense of urgency”* (Interviewee 5), however the same interviewee also stated prioritizing is not applicable within the organisation. Which was also stressed by another respondent by stating, *“I didn't know how to prioritize and I felt like I was a little bit hunted”* (Interviewee 8).

Therefore one can conclude not only did top management lack proper communication concerning the implications and reasoning behind the changes, which is considered highly important by Burcharth et al. (2014), also the prioritization of these changes was unclear to employees resulting in a higher work pressure. As prioritization is important and seen as an incentive for internal communication (Zahra et al., 2001).

Despite the top down communication, also the communication within the various departments was lacking, resulting in a lack of employee involvement. Informing colleagues concerning the status of projects and changes in the processes was lacking as also evident due to the increase in secluded behaviour as discussed in the previous chapter. *“I am not a part of that meeting I would just hear it later on when I'm reading the protocol”* (Interviewee 8) is one of the statements confirming that a lack of departmental communication is leading to a decrease in employee involvement. Employees feel less valued and therefore indulge less in the changing process. Ensuring employee involvement, especially while undergoing changes, will ultimately create more employee satisfaction (Kuratko et al., 2005; Kotter, 1995; Medina and Medina, 2017). Furthermore, the disconnected departments also affect the proactiveness behavioural characteristics negatively towards more reluctant behaviour. Partly the disconnectedness between department is caused due to a lack of cross-departmental communication. The lack of departmental communication is generating a slower work process among employees (Zahra et al., 2001; Kotter, 1995), which can result in discouraged development and implementation of BMCs (Chesbrough, 2010). This slow work process is caused due to the high workload, rapid changing environment and the disconnected department during the BMC. Additionally, the lack of cross departmental communication causes obscurity and decrease in support. One of the interviewees stated that *“it was too many projects and it was too much going on, so you could not really focus on doing one thing really really good”* (Interviewee 7), resulting in a lack of cross departmental support, confirmed by the following mention, *“we should do just to make sure that we keep business as usual and still be supported to the department”* (Interviewee 4)

The internal communication challenges, in combination with several concepts of the lack of employee engagement, clearly indicate an effect of reluctant behaviour among employees. These communication challenges and lack of employee involvement directly impact the attitude of the employees. *“You could tell that a lot of people getting stressed and you know they are getting a little bit moody and some people were not feeling very well”* (Interviewee 1). While undergoing the BMC employees within the case company have shown a negative attitude towards these changes. *“Some people have lost their spark because they had to go through it”*

(Interviewee 1). This negative attitude was mainly caused due to the lack of internal communication, causing stress and irritation among employees. This negatively influenced the behaviour of employees drastically, confirmed by the statement “A lot of people was stressed due to the expansion. (...) They were really strained” (Interviewee 3). Negative attitudes have a high impact on the successful implementation of changes within an organisation and therefore should be avoided or solved directly when noticed (Burcharch et al., 2014; Oreg, 2006).

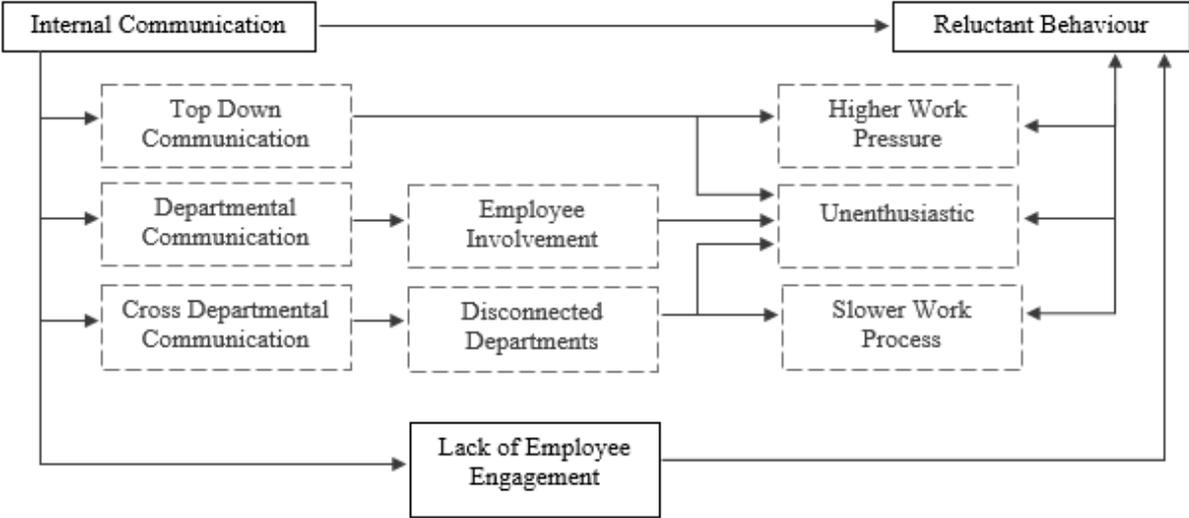


Image 10: Individual Challenges Effect on Reluctant Behaviour

6. CONCLUSION AND IMPLICATIONS

6.1 CONCLUSION

Within the rapid changing external environment BMC is inevitable for companies who seek to sustain a strong and sustainable position in the market. The continuous changes occurring within the BM of an organisation will assist in anticipating on business opportunities and stimulate organisational growth. Thus, undergoing BMC is a necessity within the current external environment. Forcing companies to evaluate the internal components continuously and create an environment which facilitates these requirements. However, realizing BMC within an organisation and its operations does not come without challenges, which in their turn influence the organisation and its employees.

Thus, for companies to be able to continuously adapt and preserve a flexible structure throughout BMC not only are organisation competencies required, as it also includes ensuring the right set of individual competencies among employees. These individual competencies refer to the cognitive, functional and personal or behavioural competencies. The challenges organisations encounter while undergoing BMC will have a direct impact on these individual competencies.

The locus of this study emphasizes on the personal or behaviour competencies of employees. More specifically how the challenges occurring during BMC affect the personal or behavioural employee competencies. The objective of this research is to provide a single case study portraying how challenges influence the required personal or behavioural employee competencies. The research question helped to structure the analysis and overall research, where it became evident that several challenges, on both organisational and individual level, negatively influence employee behaviours while undergoing BMC. When confronted with challenges employees tend to become secluded, reluctant, resistant and subservient, which negatively influences the overall health of the organisation.

Lastly, the intent of this research is to contribute to the existing body of knowledge on individual competencies, distinctively the personal or behavioural competencies. This study shows how challenges affect the employee personal or behavioural competencies through the BMC process.

6.2 MANAGERIAL IMPLICATIONS

This research has given a detailed understanding of the impact BMC challenges have had on four employee and behavioural competencies, contradicting the four needed competencies to facilitate BMC derived from previous research and supported within our findings.

The challenges for BMC and influenced behavioural competencies expressed within our findings can help contribute to managerial knowledge and assist in highlighting what specific issues need to be addressed to avoid encountering these negative employee behaviours when companies go through a BMC, such as expansion. Moreover, managers will benefit from this research as awareness will be raised concerning future risks BMC challenges might possibly portray on employee behaviours.

As the organisational and individual challenges of BMC had a different impact on behaviours, an important focus can be placed on lack of internal communication concerning properly communicating the internal changes to employees and how that caused employees to portray certain behaviours contradicting what is needed to overcome challenges for BMC. A second focus could be on the delegation of responsibility and the importance of delegating responsibility within fast paced environments. Finally, a focus on lack of resource constraints prohibited employees to feel at ease, as it reflected was anxiety and high work pressure. A need for more proper and valuable internal communication needs to be adopted by management to ensure transparency within the organisation.

Since the behavioural component of employees when going through BMC is highly undervalued in previous research, the contributing factor for managers is to have identified precisely the influence organisational and individual challenges had on employee personal or behavioural competencies, hence its direct effect on the organisation as a whole.

6.3 LIMITATIONS

This research naturally faces some limitations when it comes to the aspect of generalizability and external validity since the thesis has adopted a single case study design. Resulting in a higher focus on particularisation than generalization (Bryman and Bell, 2011). It is therefore possible that the challenges for BMC and their effect on employee personal or behavioural competencies could possibly differ in various companies running their operations in a different environment or industry. Another limitation faced as researchers was the limited time

availability, resulting in a relatively small amount of interviews conducted (Bryman and Bell, 2011).

Furthermore, the analysis of the research focuses mainly on how challenges of BMC influence employee personal or behavioural competencies. This means that the challenges found within the case company are solely focused on behavioural effects, however it might be that the challenges identified within the empirical findings could have had an effect on different types of employee behaviour not mentioned within this research.

6.4 FUTURE RESEARCH

This research has contributed to the field of BMC by determining the negative influence challenges from BMC might have on employee personal or behavioural competencies. Since there is extensive literature on the employee competence on the level of knowledge and skills when going through BMC, the aspect of employee behavioural competencies is somehow lacking in literature, specifically the negative change in employee behavioural competencies when going through BMC. Therefore, further research could potentially examine how management can act to avoid this situation and furthermore what are the challenges management face to obtain the right kind of people with the right level of behavioural competencies to overcome challenges that result from BMC.

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APPENDIX 1: INTERVIEW GUIDE

First of all we would like to thank you for participating in this interview. As you might know, in addition to our project regarding the SR 2.0, we are also completing our master thesis based on a case study within the organisation. This interview will be used to conduct this research, therefore we would like to record this interview. This recording will be solely for analytical purposes and you will be completely anonymous. Would that be okay for you? There are no right or wrong answers and if there are any questions or unclarified regarding the question we are asking, please let us know. Are there any questions before we start with the first official interview question? Perfect, then we would like to start by asking a few general questions as background information.

Background

- How long have you been at the company?
- Can you tell us something about your previous work experience?
- Can you tell us something about your general job description at the company?

Understanding of Business Model Change

- Which changes do you see occurring in the company?
- Would you mind naming two or three specific examples?

When looking at your first example, (...):

- What are the effects of this change on processes and routines?
- Who is affected by the change (internally)?

As second example you mentioned (...):

- What are the effects of this change on processes and routines?
- Who is affected by the change (internally)?

Employee Competencies

You stated you see an effect of these changes on employees...

- Have you noticed any changes in employee operational activities?
- If yes, can you elaborate and give examples?

- Have you noticed any changes in employee behaviour due to the changes in the company?
- Would you be able to describe these changes in employee behaviour?
- What do you think initiates these changes in employee behaviour?
- How do you see employees struggle towards the change within the organisation?
- Have you had any comments from the employees?
- What have employees' attitudes been like towards this change?
- How is the change beneficial to employees?
- How might these changes possibly influence the employees negatively?

Challenges

So based on the above, and the example of the changes in the organisation, we understood the decision for change came from top management. Therefore, we would like to ask a few questions regarding implementation process.

- What obstacles did you encounter within your team during the change process?
- Did you notice anything specific in regards to individual attitudes?
- How did you deal with these obstacles?
- Did you receive any support from your manager or superior?
- What would have helped you in this situation?
- What obstacles do you see when it comes to working with different personalities and characters especially when the whole organisation is working towards a change?
- The fact that an entrepreneurial organisation usually is not afraid to take risks, how does this impact the employee behaviour and attitude?

Influences on behaviour

- Have you communicated the organisational changes to employees?
- If yes, how did you communicate this?/ How did management communicate this? If no, what is the reasoning behind this decision
- How would you describe the interaction level between employees and management regarding the change?
- What has management done to facilitate a smooth change process?
- What would you have appreciated in terms of managerial support?

- What are your personal key learnings of the implementation of these changes for market extension?
- In times of internal crisis, how do you manage the situation with your team?
- Are there individual who require more attention and support?
- How is dealt with these individual demands?
- Do you feel management provides an environment within the organisation where employees can express their proactivity and innovativeness freely?
- How would you reflect upon the current changes within the organisation? *Successful / not so successful?*

Closing Questions

- So, which future challenges do you see within the case company regarding employee competencies for business model change?
- Do you have anything more to add? Do you feel we have missed anything?