

UNIVERSITY OF ESWATINI

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION

APRIL 2021

TITLE OF PAPER : BUSINESS RESEARCH METHODOLOGY

DEGREE : MBA

COURSE CODE : BUS 613

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS : 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)
2. THE CASE STUDY ON SECTION (A) IS COMPULSORY. TOTAL MARKS POSSIBLE: 40 MARKS
3. ANSWER ANY THREE QUESTIONS FROM SECTION (B): TOTAL MARKS POSSIBLE: 60 MARKS

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK

DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR HAS GRANTED PERMISSION

SECTION A

CASE STUDY

Read the following case study and respond to the questions below:

Opening up to start-up collaborations: open business models and value co-creation in SMEs

Abstract

Purpose – This study aims at exploring how small and medium enterprises (SMEs) can implement a more open and co-creational business model by actively collaborating with startups.

Design/methodology/approach – Because of the novelty of the SME–startup collaboration phenomenon and to the depth of the investigation required to grasp the mechanisms and logic of an open and co-creational business model, a single-case study has been performed related to investigating collaboration between an SME and a startup.

Findings – The authors provide detailed empirical evidence on how SMEs may structure a “systematic” approach to design and execute an open business model enabled by startup collaboration. Moreover, this study suggests that the business model innovation process represents a necessary forerunner of an open business model. Finally, the authors contend that research on open business models should entail a broader perspective beyond the innovation process, to include business model validation through testing approaches like the lean startup.

Originality/value – This study takes as the locus of investigation the original perspective of the external partner of a focal firm willing to innovate. This study offers a unique contribution because, to date, few studies adopted such view within a relevant and under-remarked empirical setting linking SMEs and innovative startups.

Keywords - Open business model, SMEs, Startups, Business model innovation, Lean startup, Alliances

Paper type - Research paper

1. Introduction

This paper aims at exploring how small and medium enterprises (SMEs) may implement a more open and co-creational business model by collaborating with innovative startups. SMEs have been widely recognized both by leading political institutions (OECD, 2017; European Commission, 2016) and by scholars as the engines of national economies (Gibb and Li, 2003; Radas and Božić, 2009; Singh et al., 2008; Dooley and O’Sullivan, 2018). Despite their consistent contribution to economic growth (Bougrain and Haudeville, 2002), these firms are inherently challenged by low levels of innovativeness, a liability of smallness and resource constraints (Knight, 2000; Gnyawali and Park, 2009; OECD, 2018; Scuotto et al., 2017). Conversely, there are multiple strengths addressable to the SME category: they act fast and they are flexible (Bianchi et al., 2010), are generally less bureaucratic and have greater incentives to be successful than large firms (Michael and Palandjian, 2004; Singh et al., 2008).

Together with their historical and intrinsic characterization, SMEs have to face increasing globalization and technological breakthroughs (Gnyawali and Park, 2009). To cope with these two phenomena, SMEs mainly recur to alliances as well as co-competition strategies

with a broad ecosystem of partners (Zott and Amit, 2008; Sansone et al., 2020), to get the most out of their limited resource availability and strengthen their market positioning in terms of technological innovativeness (Hoffmann and Schlosser, 2001; Gnyawali and Park, 2009; Zhao, 2014). Managing a collaboration effectively implies the ability to orchestrate external as well as internal resources while pursuing value creation and capture as a final goal. In other words, firms need to adopt an open business model configuration as opposed to traditional closed business model configurations (Chesbrough, 2007). The open business model is the “architecture of the value creation, delivery, and capture mechanisms [a focal firm] employs” (Teece, 2010, p. 191), whereby externally sourced activities and systematic collaborations significantly contribute to value co-creation for the focal firm and external partners (Frankenberger et al., 2013; Osterwalder and Pigneur, 2010).

Scholars already provided valuable contributions in this direction (Kortmann and Piller, 2016; Chesbrough, 2006, 2007), mostly focused on presenting the construct as the result of existing knowledge stemming from the business model and open innovation research streams. Notwithstanding the promising early efforts, research currently shows a limited understanding of whether and how companies, and specifically SMEs, can structure and implement an open business model configuration by creating successful collaborations with startups. Startups differ from traditional/latent SMEs in terms of ambition, innovation and growth orientation (Carland et al., 1984; Bhide, 2000; Zott and Amit, 2007). Besides, startups do not possess a consolidated business model; instead, they usually look for a scalable one (Blank, 2013; Ghezzi and Cavallo, 2020; Ghezzi, 2020). Enhancing our understanding over the role of collaborations between SMEs and startups, by leveraging business model perspective, is important. This paper addresses the following overarching question:

Q1. How may SMEs implement more open and co-creational business models by partnering with startups?

As an emerging line of inquiry required for academic research, this question warrants a qualitative methodological approach. Specifically, we conducted a single-case study related to an SME located in Italy, which is collaborating with startups operating in the biotech industry. The remainder of the paper consists of six sections. Following the introduction, in Section 2, we present the theoretical background as the basis of our investigation. In Section 3, we describe the research design. Sections 4 and 5, respectively, introduce the case and discuss the results. Finally, Section 6 provides conclusions focusing on research value and managerial implications.

3. Methods

3.1 Research design

This study is based on an exploratory single-case study (Yin, 2009), considered particularly suitable to investigate a multifaceted phenomenon such as collaboration between companies (Simonin, 1997; Gnyawali and Park, 2009). We chose the single-case methodology for two main reasons. First, single-case studies enable scholars to analyse a phenomenon from different angles without issues linked to preliminary decisions on tools or types of data (Eisenhardt, 1989; Yin, 2009); second, the single case was considered important to acquire an in-depth understanding of the features of the collaborations, leveraging typical features of the methodology in terms of acquiring an extensive qualitative description and analysis of the steps entailed in the distinct value co-creation processes, together with the needed depth and insight, which is difficult to replicate on a wider sample (Handfield and Melnyk, 1998). Furthermore, the qualitative approach used in this paper is particularly suitable for

“understanding of complex phenomena” (Yin, 2009), such as the inter-firm collaborations’ dynamics. In the following sections, we describe the empirical setting chosen and its academic relevance.

3.2 Industry and case selection

To cope with our research aim, we selected an SME that relies on collaboration with startups to foster their growth and competitiveness. The two companies operate in the biotech industry. We decided to focus our attention on this industry for several reasons. First, the biotech industry is experiencing unprecedented uncertainty, which is urging companies to change and adapt their set of strategies and policies. Second, a great component of venture capital investments is still focused on this biotech startups, leading to a dynamic competitive scenario for existing organizations operating in this industry. Despite its relevance, if few contributions exist on open business model configurations, to our knowledge, no study has yet used this empirical setting. This provides a further reason to warrant for a qualitative and in-depth case study. This study analyses the case of a collaboration between an SME and a startup located in Italy.

3.3 Data gathering

The validity and reliability of a single-case study are strictly related to the correctness of the information provided by the interviewees, and they can be assured by “looking at data in multiple ways” (Eisenhardt, 1989; Yin, 2009). Accordingly, in the present study, data were collected through multiple sources of information (Yin, 2009). Primary data sources consist of 18 semi-structured interviews, including the two founders, chief technical officer, a project manager from Silby, and the entrepreneur-owner, chief marketing officer (CMO), chief operations officer (COO), design and production director, open innovation manager and three project managers from Elly. The semi-structured nature of the interviews allowed the interviewees to start from specific key issues identified from the research question, but at the same time, granting any innovative matter to emerge from the ensuing open discussion (Walsham, 1995; Yin, 2009). The interviews lasted approximately between 1 and 1.5 h and were all conducted face-to-face at the firms’ headquarters. All the interviews were recorded and then immediately transcribed to ensure the quality of the data (Gibbert et al., 2008), resulting in 50,432 words of transcripts. Our data collection ended once conceptual saturation was experienced. To encourage interviewee candour, the researchers agreed upfront to ensure the anonymity of the respondents and the organizations involved (cf. Ozcan and Eisenhardt, 2009), with the respondents referred to by their role and the organizations referred to with pseudonyms.

As case studies consistently rely on the correctness of the information provided by the interviewees, the information used can be enriched by using multiple sources of evidence or “looking at data in multiple ways” (Yin, 2009): relatedly, several secondary sources of evidence and archival data were added to supplement the interview data and enable data triangulation (Eisenhardt, 1989). Secondary sources comprise, in particular: business presentations (provided by the companies’ respondents interviewed), books, internet pages, newspaper articles, informal conversations with the interviewed

3.4 Data analysis

Following Eisenhardt’s (1989) method, case data analysis was carried out to extract useful information for the topic studied. In this first stage, data were analysed adopting the open coding practice from the grounded theory methodology (Glaser and Strauss, 1967; Strauss and Corbin, 1998), whose underlying procedure is the coding – labels, concepts and words

used to produce theory from the interviews, rather than the mere findings of facts (Glaser and Strauss, 1967). An inductive coding tree was built regarding the single case under investigation. To retain an initial abstraction level in the information provided, we extrapolated the first-order pool of concepts from the specific wording used by the respondents. Consequently, to interpret data at a higher level of abstraction (Clark et al., 2010), we grouped the concepts in second order categories, which were subsequently organized into overarching dimensions, consistently stemming from literature analysis. Through the inductive coding tree, fine grained in vivo codes were transformed into aggregated concepts, and the real-world content obtained from the qualitative interviews enabled the researchers to proceed with the abstraction and theory building (Saldana, 2009). Overall, the coding process included all the empirical materials, both from primary and secondary sources.

Adapted from:

Antonio Ghezzi, Angelo Cavallo, Silvia Sanasi and Andrea Rangone. (2020) Opening up to start-up collaborations: open business models and value co-creation in SMEs. Department of Management, Economics and Industrial Engineering, Politecnico di Milano – Via Raffaele Lambruschini, Milano, Italy

Questions

- (a) Critically review the methodology in relation to the study validity, generalizability and reliability, in consideration that it is a qualitative enquiry. (20 marks)
- (b) Analyse and comment on the adequacy and the structure of the Abstract. (10 marks)
- (c) Critique the research question in relation to the research method selected. How would you rephrase and structure the research question (s) section? (10 marks)

SECTION B

Question 1

The literature review of a study is not merely a summation of previous investigations into your area of research. Explain the usefulness of the literature review and the manner in which it should be harnessed to contribute meaningfully to the study. (20 marks)

Question 2

Combining qualitative and quantitative approaches in one study has become increasingly popular, having increased 3 fold between 1994 and 2003, and constituting 14 per cent of all empirical articles in the field of marketing and 17 per cent in business management journals. (Bryan, 2009). Critique mixed methods and suggest ways of quality control for studies using it. (20 marks)

Question 3

Ethical considerations are important in research investigations and most research institutions require ethical clearance for one to proceed with field or experiment studies. Consider the main elements of ethical principles in research and comment on the practicality of these in conducting research. (20 marks)

Question 4

Compare and contrast the quantitative and qualitative research approaches in relation to their epistemological and ontological considerations. (20 marks)