



FOISIE BUSINESS SCHOOL

Worcester Polytechnic Institute

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Why are some venture founders better at pivoting than others? The influence of motivation and identity on strategic change

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Abstract

When new products and innovative processes do not yield growth and efficiencies, firms increasingly turn to business model innovation (BMI) to reinvent the business itself. Business models are iterated to refine the value delivered and create an advantage for the organization. A core component of the business model innovation process is feedback involving such issues as products functions, distribution channels, and customer needs. This feedback process can be influenced by internal and external parties, including the venture founder and other members of the founding team. Early decisions by the founder(s) can have a lasting impact on future outcomes of the firm. But entrepreneurs can be resistant to input, even if the intent is to increase sustainability and growth. This leads us to ask, why are some venture founders more likely to pivot their business models than others?

This dissertation develops and tests a theory of how entrepreneurs influence the evolution of their ventures' business models. I examine the oral histories of technology venture founders in order to explore the relationship between an entrepreneur's founder identity and the degree of BMI exhibited as they create and develop the new venture. In paper one, I create and test a founder identity classification based on entrepreneurs' personal values, goals for the firm, and passion. The findings reveal a core set of identities that motivate entrepreneurs: (a) power/financial success, (b) achievement/innovation, (c) stimulation/solving big problems, (d) universalism/social cause, (e) self-direction/independence, and (f) security/organization. In paper two, I create a definition of the business model innovation construct and its four primary dimensions: strategic planning, BMI depth (innovation), BMI breadth (value components), and BMI novelty. In paper three, I operationalize and test the dimensions of BMI, and then analyze the relationship between the two core constructs: founder identity and BMI. The results show that those founders most likely to discuss business model innovation are driven by the core motivational components of achievement/innovation, stimulation/solving big problems, and/or self-direction/independence. Those founders least likely to discuss business model innovation are driven by no core motivational components or by universalism/social cause. The motivational component power/financial success only appears to drive business model innovation when paired with stimulation/solving big problems.

Dissertation committee

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