Gordon Institute of Business Science
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Contextualising the interdependence of Dynamic Capabilities and Business Model Innovation: A Broker Perspective

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Abstract

The study aimed to determine how Dynamic Capabilities inform Business Model Innovation and through which mechanisms Business Model Innovation embeds Dynamic Capabilities within the organisation or individual. The findings did not materially deviate from the literature under review. Consequently, the findings indicate that Dynamic Capabilities result in Business Model Innovation. The information guiding the decision to adapt the business model originates from industry actors such as suppliers, regulators and customers. The Business Model Innovation was mostly operational and efficiency-driven, with changes observed across the value creation, delivery and capture mechanisms. Architectural changes among the elements were observed but guided only by the regulatory environment. As a result, more robust Dynamic Capabilities did not affect the novelty of Business Model Innovation. The interdependence through a mechanism such as organisational design did not emanate from the data. The research made a modest contribution by adding a model for Business Model Innovation incorporating Dynamic Capabilities in knowledge-based services industries. One, by leveraging industry actor relationships. Two, by using the learning and knowledge gained from the industry actors and internal learnings to modify the business model and, finally, by embedding the learning and knowledge gained from business models and industry actors within the organisational design.

Keywords

Business Models, Business Model Innovation, Dynamic Capabilities, Organisational design, Insurance Brokers

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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CHAPTER 1: PROBLEM DEFINITION AND PURPOSE

1.1 Introduction

The research intends to explore Business Model Innovation and Dynamic Capabilities' interrelatedness. Business Model Innovation has attracted much interest from scholars and practitioners in the last decade (Foss & Saebi, 2017). Filser et al. (2021) suggest that promising research streams include Dynamic Capabilities and Small-and-Medium (SME) sized organisations in Business Model Innovation. Moreover, organisations that experience technology, labour and regulatory changes require internal and external analysis to capture value (Teece et al., 2020). For the above reasons, the insurance industry in South Africa was considered as it exhibits some of these features insofar as new actors known as Insurtechs compete for market share and changes in regulations. Teece (2018) suggests strong Dynamic Capabilities are essential to Business Model Innovation and a powerful tool to remain relevant and meet customers' needs but calls for research to enhance the understanding. Furthermore, he suggests that Business Model Innovation and Dynamic Capabilities are interdependent and identifies organisational design as one mechanism to affect the feedback loop. The researcher decided that insurance brokers may provide an exciting perspective due to the insurance industry dynamics and the fact that many brokers are SMEs. The study is intended to be exploratory, and therefore a qualitative approach will be adopted.

1.2 Research Problem

More commonly referred to as brokers, insurance intermediaries act as agents between consumers and insurance companies. Brokers' relationships with customers are influenced by consumer engagement speed, convenience and accuracy (Warner & Wäger, 2019). Furthermore, customer needs are changing due to technological innovations, new risks identified, and ease of connection that could potentially disrupt existing business models (Kumaraswamy et al., 2018; Teece, 2018). For example, motor vehicles will be monitored with technologies like the Internet of Things (Haaker et al. 2021). Conceivably vehicle monitoring will influence the adjudication of claims impacting the broker and the value chain. Through the Internet of Things (IoT), the insurer will immediately be notified of the incident, diminishing the assistance from the broker for claims notification. Secondly, the requirement from the broker to assess the risk (underwrite) will be less critical as driver behaviour can be monitored in real-time. Thirdly, driver behaviour can inform pricing, which may result in lower premiums with lower commissions to the broker. Therefore, the broker must find innovative ways to create, deliver and capture value for all stakeholders.

Brokers also face challenges as incumbents have had to adapt to new technologies and ways of servicing customers. For example, the COVID pandemic advanced the notion of self-servicing with convenience benefits. Brokers perform a valuable role due to the information asymmetry between the customer and the insurer (Pousttchi & Gleiss, 2019). The asymmetry of information is mitigated by technology and the availability of information (Eling & Lehmann, 2018). Although, the evidence for this in a South African context seems limited. The insurance ecosystem is changing rapidly; therefore, organisations will have to differentiate by adapting their business model in congruence with the ecosystem (Fainshmidt et al., 2019).

Eling and Lehmann (2018) identified three broad technological innovations that will influence customer engagement in future. First, they recognised that Robo-advisors would largely digitise the interactions with customers, for example, thus removing the need for a broker. Second, processes and services are primarily digitised. Claims processing where Brokers' advice would be of significant value will be processed digitally, resulting in improved services but again disintermediating the broker. Finally, new technologies such as telematics will enable value-in-use models where premiums will only be levied when assets are used. Similarly, the evidence of the adoption of these technologies in South Africa is restricted (Timm, 2018). The Insurtechs, for example, Naked, makes for an efficient onboarding process with low premiums suggesting a cost leadership strategy. Yalu's unique value proposition is it reduces premiums as debt reduces for credit life policies. Pineapple is taking a picture of something that is not a human and getting it covered with efficiency. The different business models become evident and traditional brokers will need to adapt, although it seemingly is efficiency-driven.

Technologies that include big data, the Internet of Things and artificial intelligence also feature among technologies which will impact the insurance industry (Eling & Lehmann, 2018). Haaker et al. (2021) suggest that IOT, Artificial Intelligence (AI) and big data will change value creation, delivery, and capture, referring to the business model. Value creation, delivery and capture will be affected by technology in a significant way, with new unmet needs created (Pousttchi & Gleiss, 2019). Brokers may benefit from network effects by co-creating with other actors in the ecosystem to capture value (Chesbrough et al., 2018; Teece, 2018).

An older case study by Desyllas and Sako (2013) explores the Business Model Innovation process to performance in the pay-as-you-drive vehicle insurance model. Furthermore, they articulate how the value components such as revenue generation, cost reduction, value proposition and market segment improved organisational performance. The time required to enhance organisational performance from a Business Model Innovation perspective is uncertain (Desyllas et al., 2020). The disruptive nature of new actors that originate outside of the organisation cannot be underestimated. For example, the Uber business model drastically altered the traditional taxi industry, although their performance is still questionable (Teece, 2018). Business Model Innovation is a powerful tool to ensure an organisation remain relevant and capitalises on opportunities presented.

The regulatory framework also poses challenges for the industry. Although the following analysis will unpack some regulatory frameworks, it is not intended or implied to be exhaustive. The Financial Advisory and Intermediary Services Act (2002) impose many obligations on the broker. The Financial Advisory and Intermediary Services Act (2002), with subordinate legislation around binders and policyholder protection rules, are often adapted. It intends to ensure fair outcomes for customers by providing that the broker that offers advice is qualified and competent. In addition, punitive measures are introduced if the broker fails in their obligation. Finally, the fees that brokers may earn are also regulated, affecting their ability to capture value.

Currently, the Conduct of Financial Institutions (‘COFI’) Bill is before the treasury. It will repeal thirteen pieces of regulations in the financial sector, adding to the complexity of brokers (Van Zyl, 2022). It merely represents one piece of future regulation, and Van Zyl (2022) articulate the already complex environment that financial services provider (brokers) need to navigate. He continues to unpack the twin peaks model, which introduces two regulators for the broker. Moreover, the Prudential Authority will monitor the financial soundness of brokers, whereas the Financial Sector Conduct Authority will be responsible for market conduct.

Brokers face changes in technology, regulations and possible changes in customer needs. Further, adopting new business models takes time, so the sooner the broker adapts to the environment, the more sustainable the model will remain. However, acknowledging that it is not a silver bullet (Desyllas et al., 2020), combining it with Dynamic Capabilities in a dynamic environment may assist the business in remaining competitive. The current insurance environment exhibits all of the elements mentioned by Teece et al. (2020) as reasons business models potentially need to adapt.

1.3 Research Purpose

Teece (2018) postulates that firms need to scan the environment for opportunities and threats as a first step in the Business Model Innovation process. Sensing is the higher-order capability in the Dynamic Capabilities framework. Sensing requires organisations to consider internal and external threats and opportunities (Teece et al., 2020). New business models require exponential learning with an open mind (Filser et al., 2021). Seizing opportunities in the Dynamic Capabilities framework is associated with designing products and services and transforming resources to deliver and capture value from these unmet needs (Foss & Saebi, 2017, 2018; Teece, 2018). Firms that need to create value from Business Model Innovation must establish unmet customer needs (Foss & Saebi, 2018; Teece, 2018). Finally, transforming encapsulates the idea that ordinary capabilities that speak to efficiency can be transformed into Dynamic Capabilities. The effect will be improved value creation, delivery, and capture, resulting in enhanced customer experience and long-term sustainability.

Teece (2018) argues that these interdependencies between Dynamic Capabilities and Business Model Innovation are easily observable theoretically, but there is a requirement to understand the specifics. The study aims to contextualise the interdependence between Dynamic Capabilities and Business Model Innovation to create long-term sustainability. The literature suggests that Dynamic Capabilities may be an antecedent to Business Model Innovation (Foss & Saebi, 2017), in contrast to Teece (2018), arguing that the two concepts are interrelated. An explanation is required to understand this interplay of the context, specifically concerning the ecosystem. Additionally, differentiation is required to remain profitable with the uncertainty in business. The author intends to modestly enhance the theory of both Business Model Innovation and Dynamic Capabilities with specific reference to where the constructs intersect.

Organisations that do not adapt to environmental and technology changes may suffer from path dependencies and inertia (Teece, 2018). The relevance of disintermediation is well-established within the insurance industry, but the industry has been slow to adapt (Eling & Lehmann, 2018). Garnishing a more thorough understanding of the highly volatile and changing intermediary model in the insurance ecosystem could give firms that face the prospect of disintermediation a reference to avoid the fate. Managers and leaders could benefit from understanding the mechanisms of Business Model Innovation to appeal to new markets and address unmet customer needs.

1.4 Research Question

The insurance industry experiences high uncertainty due to customer needs, technology, and actors' changes. Dynamic Capabilities offer a theoretical framework to explain the business ecosystem and possible mechanisms for creating competitive advantage (Teece, 2007, 2018). Opportunities and threats are observed and operationalised with Business Model Innovation. Determining what a business model is and how it is innovated will need to be explored. The insurance ecosystem and even developments outside the insurance ecosystem will need to be considered to differentiate the value proposition. Understanding the complementary aspects will lead to theories of how this plays out within the context. It leads to the primary question: How do Dynamic Capabilities inform Business Model Innovation, and through which mechanisms do Business Model Innovation embed Dynamic Capabilities within the organisation or individuals?

1.5 Conclusion

With the contextual background to the research problem and research purpose stated, the balance of the report is organised as follows. Chapter 2 consists of a literature review on defining and dimensionalising business models and Business Model Innovation, the intersection of Business Model Innovation and the Dynamic Capabilities framework. Chapter 3 communicates the research questions and associated knowledge gaps. Next, Chapter 4 articulates the research methodology and design. After that, Chapter 5 adopts the research instrument from Chapter 3 through semi-structured interviews, including the interview results. Chapter 6 inform the differences and similarities between the literature review in Chapter 2 and the results in Chapter 5. Finally, Chapter 7 concludes with the theoretical contributions and implications for business—additionally, limitations and suggestions for future research.

CHAPTER 2: THEORY AND LITERATURE REVIEW

2.1 Introduction

This Chapter aims to review the literature associated with Business Model Innovation, considering the relations to Dynamic Capabilities. Firstly, the Chapter will explore some of the constructs and definitions related to business models. Secondly, Dynamic Capabilities constructs will be unpacked. Thirdly, Business Model Innovation will be considered from a contextual, construct and definition perspective. Fourthly, the intersection of Business Model Innovation and Dynamic Capabilities will be considered. Finally, the Chapter will conclude with emergent themes and a contextual perspective of Business Model Innovation related to the Dynamic Capabilities framework.

2.2 Business Models

Teece (2018) refers to the number of business models potentially equaling the definitions of business models. The differing definitions of business models complicate construct clarity and hinder research (Foss & Saebi, 2017, 2018; Teece, 2018). The lack of clarity may result from some scholars arguing that it is not a new research area and borrows from other academic disciplines (Foss & Saebi, 2018). For example, some early literature delineates business models from strategy because competitors are not considered in designing a business model (Magretta, 2002). Moreover, those business models refer to the narrative of the workings of an organisation from a value creation and cost perspective. In addition, the choice of the business model employed by an organisation will be influenced by the environment (Fjeldstad & Snow, 2018), needs, and preferences of customers (Teece, 2018). Teece (2018) argues that a business model's success depends on a differentiated offering which then would straddle strategy. However, he argues that Dynamic Capabilities, Business Model Innovation, and strategy are interrelated disciplines and requires alignment. The differing views add complexity to the study, and the author concludes that a unified definition and construct clarity will assist with enhancing the research.

2.2.1 Business Model Definitions and Context

Business models refer to how a company operates to make money (Teece, 2018). The above author defines a business model as that which "describes the design or architecture of the value creation, delivery, and capture mechanisms [a firm] employs." (p. 41). Snihur and Zott (2020) offer an additional perspective on the business model concept and suggest an activity system that may be under the control of the focal firm. In addition, the activities are organised to create and capture value and refer to the core elements as content, governance and structure. The definitions by the above authors are primarily sighted in the literature and therefore considered appropriate.

The similarities in definitions become evident such as value creation and value capture mechanisms (Foss & Saebi, 2017, 2018; Snihur & Zott, 2020; Teece, 2018), and secondly, both definitions include a systems activity perspective. For example, Snihur and Zott (2020) refer to a "boundary-spanning activity that centers on a focal firm" that the author contends theoretically could be encapsulated by the design and architectural element in Teece's definition (p. 555). The content and governance elements will be considered within the value creation and delivery mechanism, and the structural element will be viewed from a design or architectural perspective. In general, it must be acknowledged that the body of knowledge should be advanced to a central definition which will assist with construct clarity.

Conceptually, although differences exist in the definitions, the author intends to rely upon the definition suggested by Teece (2018), incorporating elements from Snihur and Zott (2020) as proposed above. Theoretically, it is essential to understand the business model construct and definition before considering Business Model Innovation specifically from a mechanism perspective. However, understanding the value concept is required before considering elements or components, as this is a central element of business models.

2.2.2 The Concept of Value

Value is derived from customers being able and willing to pay for benefits, resulting in a different and improved experience (Chesbrough et al., 2018; Teece, 2018). Essentially the literature refers to three exchanges – value in exchange (Chesbrough et al., 2018; Payne et al., 2017), customer experience (Keiningham et al., 2020), or value-in-use process (Payne et al., 2017; Ramaswamy & Ozcan, 2018; Wieland et al., 2017). Fjeldstad and Snow (2018) use the value chain, value shop and value network, which in turn are linked to activities and resources to explain the organisational structure.

The value-in-exchange perspective refers to the exchange of resources (Chesbrough et al., 2018; Payne et al., 2017). The customer plays a passive role in the exchange process, and the supplier delivers the value. The supplier consumes resources to provide a product or service as an outcome (Chesbrough et al., 2018). For example, activities for the value-in-exchange would include marketing and post-purchase service, which require resources such as brand, product and process (Fjeldstad & Snow, 2018). Alternatively, a transitional perspective follows the customer's experience through the purchasing and usage cycle (Payne et al., 2017). The product or service will reflect the customer experience, but the firm will still choose the product or service. The success of Business Model Innovation is often associated with the customer experience (Keiningham et al., 2020). The activities and resources from a customer experience perspective include problem-solving and feedback from the client (Fjeldstad & Snow, 2018). Resources to conclude the activities may consist of reputation and competencies, and customer demands are changing rapidly. Customer experience can create a differentiated value proposition.

Finally, the value could be created through a value-in-use process that emphasises co-creation (Payne et al., 2017; Ramaswamy & Ozcan, 2018; Wieland et al., 2017). More value is derived from the usage by obtaining knowledge and skills regarding the product or service; for example, software usage through time becomes more valuable (Payne et al., 2017). The Discovery model in South Africa is a good example where customers participate and benefit from participating in the value process. Actors proportionally benefit from the profits or gains through fair distribution (Chesbrough et al., 2018). The value network will require the network to be promoted in addition to activities related to providing infrastructure, service delivery and operations (Fjeldstad & Snow, 2018). It represents a stakeholder perspective with network effects that benefit all actors in the ecosystem through resource sharing.

Customer value is created "before, during, and after the usage experience" (Payne et al., 2017, p. 472). Additionally, complementary assets are a potential value capture source (Chesbrough et al., 2018; Teece, 2018). The value derived from the value-in-use perspective creates incremental value for actors through relationships (Sjödin et al., 2020). The importance of the different value concepts should be considered during the Business Model Innovation process (Chesbrough et al., 2018). Furthermore, that value concept is about customers' needs and, therefore, integral to the sensing process. Moreover, the reconfiguration of resources within the

Dynamic Capabilities framework could affect the value created, delivered or captured. Similarly, applying the resources within the business model could complement or enhance the Dynamic Capabilities. Additionally, value delivery requires technology and organisational configuration, and that profits should be realised from the activities and is crucial to the sustainability of a business.

2.2.3 Business Model Mechanisms

Business Model Innovation can be modular or architectural, where either one or more business model components are innovated (Foss & Saebi, 2018; Snihur & Zott, 2020). Alternatively, the architecture is innovated by referring to the linkages between components and underlying activities (Foss & Saebi, 2018; Snihur & Zott, 2020; Teece, 2018). Therefore, business model components form an integral part of the innovation process. The changes include the process around the activities or enhanced or new ones (Snihur & Zott, 2020). Teece (2018) includes customers' value propositions, costs and revenues as high-level components of business models, and some additional components include the supply chain and customer interface (Haaker et al., 2021). Some authors also refer to the elements of business models. For example, Fjeldstad and Snow (2018) refer to the five elements: value creation mechanisms, value propositions, products, customers and value appropriation. Snihur and Zott (2020) refer to content, governance and structure as the core elements. The use of different terminology complicates the study and also causes ambiguity in the theoretical underpinnings. Therefore the elements or components will be considered within the value creation, delivery, and capture mechanisms. Markedly given the different terminologies, the researcher will attempt to encapsulate the other elements within the constraints.

Filser et al. (2021) propose four dimensions for value creation. The first consider new markets or previously underserved market segments. Secondly, leveraging complementaries or changing the architecture of activities performed. Thirdly consideration should be given to environmental and social implications. Finally, the customer value proposition can be enhanced through technology or changes in design. The relationship with the customer evolves due to the participative nature of value creation (Bocken & Snihur, 2020; Haaker et al., 2021). For example, Snihur and Zott (2020) refer to suppliers, customers, and partners involved in the mechanism to create and capture the value that supports a stakeholder's perspective. Value creation combines skills and assets that consider the needs of all stakeholders (Haaker et al., 2021). Value creation involves organisational learning and experimentation (Filser et al., 2021). Finally, Hock-Doepgen et al. (2021) introduce the static and dynamic concepts associated with learning, where static refers to internal capabilities (Knowledge Repository and Social Interactions) and dynamic dimensions (Acquire and Convert External Knowledge).

Cost structures are influenced by enhanced value delivery mechanisms that affect the value capture mechanisms (Haaker et al., 2021). Value creation seeks to meet and exceed customer expectations enabled by applying capabilities and resources (Tallman et al., 2018). Activities within the value-creation mechanism may include problem-solving, customer feedback, experimentation and organisational learning (Fjeldstad & Snow, 2018). Components within the value creation mechanism include products or services, customer needs (Teece, 2018), value propositions, supply chain, experimentation and customer interface (Fjeldstad & Snow, 2018).

Value delivery should be informed by research on pricing, customer experience, placement of products and various other related marketing concepts (Sorescu, 2017). Teece (2018) suggests that value delivery is enabled by technology and organisational design. Furthermore, value delivery includes the process of creating and communicating value to customers. Therefore, value delivery is associated with the resources of a business and the logical process of delivering the created value (Tallman et al., 2018). Value delivery is conditional upon the customer value proposition (Payne et al., 2017). As a result, customers must be targeted with differentiated offerings with increased benefits and lower costs. Pooling complementary assets or products and services can have more significant benefits for customers (Ramaswamy & Ozcan, 2018; Sjödin et al., 2020; Wieland et al., 2017). Considering aspects such as the market, competitors, and industry is pertinent to the delivery function (Payne et al., 2017). The business model is concerned with how value is delivered to customers and considers the structure of the value chain (Snihur & Wiklund, 2019). Although benefits can accrue from outsourcing activities in the value chain to control quality, the value chain should remain within the organisation (Matysiak et al., 2018). Moreover, considering value from an exchange perspective is insufficient due to the increased complexity of value chains. Value delivery depends on the industry context (Desyllas et al., 2020), and different tactics may yield different results.

Value Capturing draws profits from the value creation process and is a function of revenue and costs (Sjödin et al., 2020; Sorescu, 2017; Teece, 2010, 2018). Sjödin et al. (2020) suggest a stakeholder view with fair distribution of profits amongst all actors in the system. Additionally, value creation is not merely contractual but should be based on trust among stakeholders; co-creation and sharing of complementary assets will enhance the value capture process (Helfat & Raubitschek, 2018; Teece, 2018). Markedly, it indicates interdependence between the different activities. Finally, capturing value consist of monetary and non-financial benefits (Keiningham et al., 2020), and it should articulate from whom and where value will be captured (Tallman et al., 2018).

Although the mechanisms are considered individually, the literature refers to the alignment between the different mechanisms (Sjödin et al., 2020; Teece, 2018). The above analysis indicates the importance of various stakeholders, resources, capabilities and complementary assets. Sjödin et al. (2020) suggest that value creation and capture should not be considered in a linear fashion and should be used interchangeably in the innovation process. Chesbrough et al. (2018) suggest a tension between value capture and value creation, as value creation from a value-in-use perspective may require revenue sharing, and value capture is a controlled process. To put it differently, the systemic nature of business models shares attributes with the Dynamic Capabilities framework, which the researcher shall consider next to illuminate similarities.

2.3 Dynamic Capabilities

Dynamic Capabilities are positioned in the literature to remain competitive in dynamic environments (Matysiak et al., 2018; Teece, 2018). Dynamic environments often comprise regulation, technology, and labour market changes (Teece et al., 2020). In Chapter 1, the researcher articulated how the insurance industry in South Africa displays these characteristics. Sustainable competitive advantage in a dynamic environment requires adapting internal and external competencies (Bocken & Geradts, 2020). Ordinary capabilities use a historical perspective to address problems (Salvato & Vassolo, 2018). Moreover, the more ingrained these traditional approaches to solving problems become, inertia and path dependencies will result. Dynamic Capabilities depart from ordinary capabilities because they are distinct and inimitable, unlike best practices (Teece, 2018). Dynamic Capabilities require foresight with regard to strategy and Business Model Innovation to capture value (Pitelis & Wagner, 2019).

Some discourse in the literature exists around where Dynamic Capabilities originate, and Dynamic Capabilities have been considered from an organisational, interpersonal and individual perspective (Salvato & Vassolo, 2018). The micro-foundational perspective yields that top management, due to cognition and actions, should focus on Dynamic Capabilities (Teece, 2018). The advanced argument is that the perspective is limiting as routines may stifle creativity and innovation, and relational perspective will permeate Dynamic Capabilities through the organisation (Salvato & Vassolo, 2018). Organisational Dynamic Capabilities are made possible through an individual leader that perpetuates shared leadership (Pitelis & Wagner, 2019). At an individual level, top managers more broadly understand the interdependencies within a dynamic industry (Matysiak et al., 2018). However, should an individual with solid Dynamic Capabilities leave the organisation, this may result in a gap with a decline in competitive advantage. Entrepreneurial managers remain largely under-explored from a Dynamic Capabilities perspective (Pitelis & Wagner, 2019). Irrelevant to its origins, people are an essential resource for Dynamic Capabilities, and the right people will be instrumental in creating value (Harsch & Festing, 2020).

In dynamic environments, Dynamic Capabilities will assist with expediently responding to threats and opportunities, and the response includes amending the business model (Teece, 2018). Dynamic Capabilities conceptually consist of three constructs "(1) to sense and shape opportunities and threats, (2) to seize opportunities, and (3) to maintain competitiveness through enhancing, combining, protecting, and, when necessary, reconfiguring the business enterprise's intangible and tangible assets" (Teece, 2007, p. 1319). It is suggested that they seize opportunities and threats by transforming critical resources and capabilities (Salvato & Vassolo, 2018). As indicated before, capabilities are intrinsic to the human resources element (Pitelis & Wagner, 2019). Resources, therefore, are central to the concept of Dynamic Capabilities.

2.3.1 Resource-Based View

An organisation's internal resources and capabilities will enhance competitiveness and create value for stakeholders (Teece et al., 2020). Dynamic Capabilities are primarily considered in reference to the resource-based view of assets that need to be valuable, rare, inimitable and non-substitutable (Matysiak et al., 2018). In other words, the resource base should be enhanced, extended and modified in response to changes in the environment to promote competitive advantage (Pitelis & Wagner, 2019). Resources are considered productive factors in attaining goals, whereas capabilities refer to the combination of resources in achieving objectives (Matysiak et al., 2018). Resources such as human resources can be valuable assets within the organisation (Harsch & Festing, 2020). For example, flat structures enable quick decision-making, encouraging autonomous decision-making to deliver customer value. Internal and external information sources are valuable resources, including universities, suppliers and other institutions (Pitelis & Wagner, 2019). Information in the system should flow without constraints (Teece et al., 2020). In addition, information sources should span the organisational boundaries and include diverse stakeholders.

Dynamic Capabilities will reconfigure the organisation's resource base (Pitelis & Wagner, 2019). The resource-based view suggests that organisations have different unequal endowments of capabilities and resources that promote the competitiveness of the organisation with these endowments (Matysiak, 2018). Furthermore, Dynamic Capabilities depart from the resource-based view insofar as it reconfigures the resources and capabilities for the future. Resources are inputs and have exchange value, whereas capabilities convert the inputs to outputs by combining resources effectively (Matysiak, 2018).

2.3.2 Sensing and shaping threats and Opportunities

Firms face constant threats from competitors, technology advancements and other exogenous shocks that cause customer needs to shift (Helfat & Raubitschek, 2018; Teece, 2007, 2018). The shifts in customer needs require firms to perform industry-spanning searches to learn and interpret activities to meet and exceed customer expectations (Helfat & Raubitschek, 2018; Teece, 2007, 2018). Networks represent a vital source of information from various actors within the environment (Pitelis & Wagner, 2019). Information will assist the organisation in being proactive to potential external risks identified in markets or industries. Exponential learning is a prerequisite, and value creation must address customer needs, thus highlighting the intersection of Business Model Innovation and Dynamic Capabilities. The organisation should act on the threats or opportunities to minimise risks. The actions taken and subsequent customer solutions must drive adequate revenue and a reasonable return which is reflected in the value capture mechanism (Teece, 2018). In addition, the way the customer is served should reflect in the value delivery mechanism, and sensing implies a continuous process that can be embedded in organisational routines. Although arguments against routines include patterns, patterns infer path dependencies (Pitelis & Wagner, 2019).

2.3.3 Seizing Opportunities

Seizing opportunities infer an adaptation of resources and capabilities and may include value activities. When opportunities are observed, products and services need to be created to address these new customer needs or markets through investing in activities that capture the opportunities (Teece, 2007, 2018). Resources will need to be reconfigured to be transformed to capture the value and deliver value from the investments, and a business model will have to be adopted (Teece, 2007). Moreover, early commitment is required as network effects will make it difficult to change at a later stage. Revenue and cost structures will need to be evaluated, which is paramount to the mechanism of capturing value in Business Model Innovation. Which market segment to serve will also play a role. A decision is required on which assets to control and which to outsource for efficiency purposes (Teece, 2007, 2018). Path dependencies and inertia should be recognised and dealt with decisively (Teece, 2007).

2.3.4 Managing Threats and Reconfiguration

Structures and assets will require reconfiguration and recombination with the firm's growth to avoid path dependence (Teece, 2007, 2018). Resources should be actively managed to ensure an organisation's continued success. The firm's success is sometimes attributed to a leader, which then diminishes the customer perspective (Teece, 2007) and, in addition, could be a risk if not disseminated in teams or embedded within organisational routines (Pitelis & Wagner, 2019). Teece (2007) purports the benefits of decentralised decision-making, whereas Snihur and Zott (2020) indicate innovation success for founders is contingent upon centralised decision-making. In addition, old and new structures require alignment. Cocreation and specialisation are critical to seizing and transformational activities as it ensures that customer needs are adequately addressed (Teece, 2007). More robust Dynamic Capabilities will enable more significant resource shifts (Teece, 2018). The above factors will also affect the value creation, value delivery and capture mechanisms.

2.3.5 Dynamic Capabilities Challenges

Teece (2018) acknowledge that practitioners may initially find the Dynamic Capabilities framework challenging to grasp. Dynamic Capabilities, as with all frameworks, have some deficiencies. Dynamic Capabilities may be more effective, considering both the resources and the environment (Fainshmidt et al., 2019). For example, in a relatively stable environment with sufficient resources, Dynamic Capabilities may not benefit the organisation due to the cost of adoption. In addition, resources in smaller organisations are more constrained. Dynamic Capabilities are sometimes associated with entrepreneurial managers; however, the entrepreneur may suffer from historical context and resultant path dependencies in smaller organisations. As a result, resources and capabilities may have to be diverted, leading to trade-offs and will generally only be pursued if there is a cost-benefit. Fainshmidt et al. (2019) consider ordinary capabilities more effective under such conditions, and leveraging resources should be considered concerning value creation (Salvato & Vassolo, 2018).

The routines perspective in isolation may be limiting even when embedded in the organisation or within an individual (Pitelis & Wagner, 2019; Salvato & Vassolo, 2018). Routines in themselves may lead to path dependencies which will lack dynamism. Salvato and Vassolo (2018) suggest that individual creativity should be leveraged in addition to routines through interpersonal relationships within the organisation that will add diversity. Routines seem implicit in business models as activities are performed for consistency and quality. Creativity and experimentation may be stifled if Dynamic Capabilities are disseminated in gaining prior knowledge. The historical perspective requires further consideration in the evolution of products and services with their respective predictory power (Suddaby et al., 2020). Consequently, history may exhibit predictory relevance at times and will be particularly relevant to the business model value proposition. Nevertheless, the Dynamic Capabilities framework offers a means for organisations to remain competitive under dynamic conditions.

2.4 Business Model Innovation

Technology changes will change how value is created, delivered and captured (Haaker et al., 2021; Teece, 2018). Business Model Innovation seeks to address the operating model or the value proposition with a resultant increase in revenue (Keiningham, 2020). In addition, changes to business models can be caused by exogenous changes or contextual changes by non-traditional actors, for example, Uber. Moreover, founder entrepreneurs may consider opportunities that span the organisational boundaries to preempt customers' changing needs (Snihur & Zott, 2020). Consequently, Business Model Innovation may be associated with cognition, creativity and systemic reasoning (Snihur & Zott, 2020), similar to the psychological construct of Dynamic Capabilities (Salvato & Vassolo, 2018).

Business Model Innovation exhibit a discourse between the dynamic and operational perspectives (Fjeldstad & Snow, 2018). Operationally the effectiveness and efficiency of value delivery and value creation mechanisms are considered. In contrast, the dynamic view considers how the business model is modified through learning and problem-solving. Moreover, the architecture of the components should be considered when adapting a business model due to the interdependencies among the components. Efficiency innovation will be more concerned with internal stakeholders and may require deep internal searches (Snihur & Wiklund, 2019). In contrast, the dynamic perspective requires industry-spanning investigations.

2.4.1 Business Model Innovation Definition and Context

Business Model Innovation is often associated with value creation, delivery, and capture mechanisms and reconfiguring the underlying activities related to the mechanisms (Foss & Saebi, 2018; Snihur & Zott, 2020; Teece, 2018). Foss and Saebi (2018) indicate the ambiguity amongst scholars regarding what constitutes innovation in business models. Suggestions include that it could only be in one or more of the components or it requires a change in the architecture. A further dimension of Business Model Innovation is whether it is localised within the firm or if it spans the firm and is an industry-wide change. Business Model Innovation along the activities dimension is associated with adding, outsourcing or reconfiguring the components' activities (Snihur & Zott, 2020).

Foss and Saebi (2017) define business models as "designed, novel, and non-trivial changes to the key elements of a firm's business model and/or the architecture linking these elements" (p. 13). Furthermore, it is proposed that the design element refers to management involvement and novelty is introduced in respect of the innovation element. Having introduced the scope dimension and novelty dimension above, the researchers' view is that the definition offered by Foss and Saebi (2017) is appropriate for the study as it includes most elements of the literature under review. For the study, elements and components are not distinguished, although acknowledging the conceptual differences. Additionally, a definition will assist with the contextualising of the research.

2.4.2 Business Model Innovation Dimensions

Novelty in Business Model Innovation is either unique to a firm or an industry (Foss & Saebi 2017, 2018). In addition, the scope of Business Model Innovation is either modular or architectural, as previously discussed. Architectural changes will depend on the complementarity and interrelatedness of value capture, value delivery and value creation mechanisms. Therefore, modular changes are associated with components less dependent on one another (Foss & Saebi, 2017). Whichever dimension of Business Model Innovation occurs, senior management will need to support and take action to implement Business Model Innovation (Foss & Saebi, 2017; Payne et al., 2017).

Business Model Innovation relates to new markets or products (Haaker et al., 2021). Therefore Business Model Innovation will address unmet customer needs or develop new markets. Furthermore, the customer experience will guide the value proposition and structure of the value chain (Keiningham, 2020). Snihur and Wiklund (2019) argue that general business knowledge will assist with adopting the value chain and the links in the value chain. The dimensions ostensibly could be modular, architectural, internal to the firm, or external to the firm and therefore require some consideration of novelty which is explored more in the next section.

2.4.3 Novel Business Model Innovation

Snihur and Zott (2020) have established certain founder practices to create novel Business Model Innovations and other techniques that decrease Business Model Innovation. Industry-spanning searches created more novel business models, and systemic thinking was proven to be another practice that yielded high returns in

Business Model Innovation. Finally, centralised decision-making enhanced Business Model Innovation, which contradicts open innovation principles and Dynamic Capabilities (Chesbrough et al., 2018).

In established firms, the search should extend to a broad external search to innovate business models (Snihur & Wiklund, 2019). With this intention, an explorative approach spans the firm boundaries rather than relying on specialised technical or tacit knowledge. Therefore, a more general exploratory approach is preferred. A broad search is associated with different industries and contexts. For example, deep external probes consider how much reliance is placed on external stakeholders. The broad search seeks knowledge from diverse external stakeholders.

The Business Model Innovation may span the organisational boundaries and change an entire industry (Foss & Saebi, 2017, Teece, 2018). Moreover, as previously indicated, the changes can either be within the components of the mechanisms or the design of the mechanisms and related activities (Foss & Saebi, 2018; Snihur & Zott, 2020; Teece, 2018). Table one represents a model to determine the novelty of Business Model Innovation (Foss & Saebi, 2017). For example, new activities could be new to the firm or the industry, but the novelty will require the activity to change the industry. Furthermore, efficiency or operational improvement may be considered in process enhancements in the value creation mechanism, which result in architectural changes, however deemed impractical to SMEs due to resource constraints (Loon & Chik, 2019). Teece (2018) contends that more substantial Dynamic Capabilities will result in more novel business models. Modular changes will be accomplished where mechanisms are less dependent on one another (Foss & Saebi, 2017) to achieve greater efficiency accomplished by deep internal searches (Snihur & Wiklund, 2019). Architectural changes within the firm must consider the mechanisms' interdependencies and related components. Architectural changes will be harder to imitate due to the unique configurations. Industry-spanning broad searches facilitated by learning and problem-solving may accomplish more novel and complex Business Model Innovations but also require significant resources (Teece, 2018). However, the operational or efficiency-enhancing perspective may depart from Dynamic Capabilities as a framework. The literature indicates that more broad and industry-spanning searches can improve the novelty of the business model.

Table 1: Business Model Innovation Typology (Foss & Saebi, 2017)

Novelty	Scope		
		Modular	Architectural
	New to the Firm	Evolutionary	Adaptive
	New to the Industry	Focused	Complex

2.4.4 Business Model Innovation Challenges

The notion of novel and non-trivial changes suggested in the definition of Business Model Innovation (Foss & Saebi, 2017) will require significant resources (Teece, 2018), preventing under-resourced and smaller organisations from benefiting from Business Model Innovation. Established organisations face the dilemma of allocating resources to new business models whilst current business models still capture value (Frankenberger et al., 2022). The hypothesis extended is that it can be facilitated through autonomous decision-making, incentive systems and control of activities. An alternative view is that the lean startup can facilitate agile, cost-effective, action-orientated investigation that may lead to expedient Business Model Innovation (Bocken & Snihur, 2020). The lean concept intends to reduce uncertainty and facilitate learning in identifying a viable business model. It will not increase ideation but rather increase experimentation to test assumptions that underline the business model. The idea of scenario planning is encapsulated within the seising dimension in the Dynamic Capabilities framework.

Allocating resources to new business models may affect employers or other stakeholders that cause resistance to change. Testing new business models by prototyping or experimentation to reduce the risk of committing resources to ineffective innovations.

2.5 Business Model Innovation and Dynamic Capabilities

Foss and Saebi (2017) call for research to develop the internal antecedent perspective of Dynamic Capabilities to the process of Business Model Innovation. Subsequently, Teece (2018) refers to the interdependence between Dynamic Capabilities and Business Model Innovation. In addition, Dynamic Capabilities will assist the firm with innovation and implementation, and the interdependence referred to will permeate through the changes in organisational design. A call is then made for further research to advance the understanding of the interplay.

Teece (2007) identifies selecting business models as one of the micro-foundations of seizing opportunities. Resources can be redirected or reconfigured through co-creation as an example to capture value (Teece, 2018). Cocreation will ostensibly also transform the resource base. Business models and Dynamic Capabilities also intersect with respect to organisational design (Teece, 2018). The organisation's design needs to display innovative characteristics and flexibility to create, deliver, and capture value. Internal and external competencies should be considered concerning the environment (Bocken & Geradts, 2020), which arguably will affect value creation and delivery. The design will create a feedback loop to Dynamic Capabilities, either enhancing or diminishing the firm's Dynamic Capabilities. The incentives within the organisational design can positively affect Dynamic Capabilities insofar as innovation is encouraged (Teece, 2018).

Business Model Innovation creates the opportunity to change a business ecosystem and may enhance a firm's competitive advantage (Foss & Saebi, 2018; Teece, 2010). Value creation requires that the needs of customers be met by transforming capabilities and resources (Tallman et al., 2018). Changes in the business environment, including technological advances and globalisation, have increased customer choice and, therefore, a need to evaluate customer value propositions (Teece, 2010). For example, customer value propositions could be considered from a traditional value-in-exchange perspective, customer experience, or value-in-use perspective, emphasising co-creation (Payne et al., 2017). Value creation and Dynamic Capabilities require experimentation and exponential learning (Filser et al., 2021; Hock-Doepgen et al., 2021; Fjeldstad & Snow, 2018). Teece et al. 2020 refer to forecasting and scenario planning.

Critical to the success of a business model is the alignment of the business model with customer needs, differentiated offerings and targeted market segmentation (Tallman et al., 2018; Teece, 2018). With increased access to digitised platforms, co-creation rather than value exchange perspectives with various actors should be encouraged (Ramaswamy & Ozcan, 2018; Wieland et al., 2017). The interest in Business Model Innovation is an evolving research area. With the advent of rapid changes in the business environment, it has the potential to assist firms with advancing competitive advantage.

2.5.1 Organisational Design

The organisational design will determine the application of technologies, enhancing the value for all stakeholders (Haaker et al., 2021). The organisational design considers strategy, people, incentives, processes and management philosophy (Bocken & Gerardts, 2020). Teece et al. (2020) highlight the importance of organisational design. In designing the organisational structures, cognisance of the hierarchy, business process and incentives structure requires consideration. Additionally, the design should be flat to aid information flow and collaboration within the structure and among industry actors. A flat organisational design will enhance efficient decision-making and agility (Harsch & Festing, 2020).

Technology adoption and implementation should align with the organisational design (Haaker et al., 2021) and designing the organisation should be iterative with continuous improvements (Teece et al., 2020). As mentioned before, the organisational design will affect how Dynamic Capabilities manifest within the organisation (Salvato & Vassolo, 2018). The authors suggest it is either centralised at the organisation's top management due to the entrepreneurial nature of managers and their cognition of the industry. Alternatively, embedded within the organisation or distributed through interpersonal relationships with specific team members. Collaboration within the structure will enhance sensing, seizing and transforming capabilities (Salvato & Vassolo, 2018). From a business model perspective, collaboration is essential in a knowledge-based service industry (Fjeldstad & Snow, 2018). The organisational design was only one element mentioned that may result in feedback loops to improve Dynamic Capabilities (Teece, 2018).

2.6 Conclusion

The interdependence of Dynamic Capabilities and Business Model Innovation argued by Teece (2018) needs further investigation. The literature indicates that Business Model Innovation intersects with Dynamic Capabilities concerning value creation, delivery and capture mechanisms. More nuanced insight is required to "flesh out the detail", as suggested by Teece (2018, p. 40). The literature review was constructed to indicate where Business Model Innovation and Dynamic Capabilities framework possibly intersect and complement one another. The intention is to answer how Dynamic Capabilities inform Business Model Innovation and how Business Model Innovation embeds Dynamic Capabilities in individuals or organisations. The next Chapter articulate the research questions guided by the literature.

CHAPTER 3: RESEARCH QUESTIONS

3.1 Introduction

This Chapter presents the research questions that will explore the interdependence and nuances of Business Model Innovation and Dynamic Capabilities. The research questions were derived from the literature review in Chapter 2, guided by the theoretical knowledge gaps. The questions include business models, Dynamic Capabilities and Business Model Innovation concepts and theoretical underpinnings.

3.2 Research Questions

The research primarily considers how Dynamic Capabilities inform Business Model Innovation and through which mechanisms do Business Model Innovation embed Dynamic Capabilities within the organisation or individuals? The following three research questions are subordinate to the primary research question. First, they consider the constituent components of the Dynamic Capabilities framework and Business Model Innovation concepts and where they intersect, creating purpose-built feedback loops to improve Dynamic Capabilities.

3.2.1 Research Question One

What are the internal firm antecedents to Business Model Innovation from a Dynamic Capabilities perspective?

3.2.2 Research Question Two

How does the firm's business model evolve during the Business Model Innovation process?

3.2.3 Research Question Three

How do a firm's purpose-built feedback loops lead to improved Dynamic Capabilities?

3.3 Mapping of Research Questions to Theoretical Knowledge Gaps

Table 2 present the theoretical underpinnings and knowledge gaps related to the research question.

Table 2: Unique knowledge gaps with associated research questions

Unique Knowledge Gap	Research Question
KG 1: Foss and Saebi (2017) explain that further research is required from a Dynamic Capabilities perspective as an internal antecedent to Business Model Innovation. Moreover, Teece (2018) posits that strong Dynamic Capabilities are necessary for Business Model Innovation that meets customer needs and indicates the need to expand on the nuances around the concept. Finally, Filser et al. (2021) position Dynamic Capabilities as the second most prominent trend in Business Model Innovation research with developmental potential. Transforming and reconfiguring means that the organisation is prepared in future to sense, seize and transform opportunities (Pitelis & Wagner, 2019).	**RQ 1:** What are the internal firm antecedents to Business Model Innovation from a DC perspective?
KG 2: The novelty of Business Model Innovation can be dynamic or efficiency-driven (Snihur & Wiklund, 2019) and can occur among one of the mechanisms or the architecture of the mechanisms (Teece, 2018). Value configurations affect all business model mechanisms (Fjeldstad & Snow, 2018). Opportunities and threats are operationalised with Business Model Innovation and are associated with the	**RQ 2:** How does the firm's business model evolve during the Business Model Innovation process?

seizing activity in the Dynamic Capabilities Framework (Teece, 2018). Business Model Innovation is often associated with value creation, delivery, and capture mechanisms and reconfiguring the underlying activities related to the mechanisms (Foss & Saebi, 2018; Snihur & Zott, 2020; Teece, 2018). The notion that Business Model Innovation is associated with seizing activities does not explain how knowledge gained through sensing or reconfiguration activities is realised in Business Model Innovations and the alignment of the mechanism and activities (Foss & Saebi, 2018; Snihur & Zott, 2020; Teece, 2018).	
KG 3: Organisational design considers strategy, people, incentives and processes (Bocken & Geradts, 2020). Organisational design and business models are integrated insofar as the value configuration is aligned with customers, value propositions, value capture and value delivery (Fjeldstad & Snow, 2018). Teece (2018) suggests that organisational design is one way Dynamic Capabilities and Business Model Innovation are interdependent and urges further consideration.	**RQ 3:** How do a firm's purpose-built feedback loops lead to improved Dynamic Capabilities?

CHAPTER 4: RESEARCH METHODOLOGY AND DESIGN

4.1 Introduction

This Chapter considers the choice of methodology and the research design appropriate to the study. The study aimed to contextualise the interdependencies between Business Model Innovation and Dynamic Capabilities. The literature review from Chapter 2 indicates the inter-relationships at a theoretical level.

4.2 Research Paradigm and Design

The research question determines whether a qualitative or quantitative approach should be followed (Saunders & Lewis, 2018). The literature informed the choice of research design. Dynamic Capabilities have been researched extensively. However, Business Model Innovation contextual framing or lack thereof guided the research question, and a qualitative approach was adopted due to the emergent nature of the theoretical debate. The researcher intends to show how Dynamic Capabilities complement Business Model Innovation and the mechanisms to create and capture value. The research consisted of an investigative study to determine how brokers remain relevant in the insurance industry, considering how they perceive the environment and deliver, capture and create value for customers. Chapters One and Two defend the rationale for choosing the insurance brokerage environment as a legitimate research site. In addition, the relationship between the insurer, the broker and the customer in creating, delivering and systemically capturing value is considered. It was deemed exploratory due to the relatively new and underdeveloped field of Business Model Innovation (Foss & Saebi, 2017, 2018; Teece, 2018). Finally, the qualitative approach was selected as appropriate, which aligns with the questions the study seeks to answer (Basias & Pollalis, 2018; Saunders & Lewis, 2018).

An interpretivism philosophy was considered appropriate as the researcher sought to understand brokers' perspectives in understanding the broader contextual environment to innovate their business models (Saunders & Lewis, 2018). Additionally, the researcher required a greater understanding of the broker's role in the business ecosystem and how it shapes it, which is encapsulated in the Dynamic Capabilities framework. Guided by the research philosophy, the approach pursued will be inductive. It attempted to understand the interrelatedness of Business Model Innovation and Dynamic Capabilities, understanding the narrative of how the innovation occurred. Thus it was an attempt to understand the phenomena of

Business Model Innovation through consideration of the ecosystem. Although research on Business Model Innovation has increased substantially, very little empirical evidence exists. The ambiguous context and inconsistent use of empirical scales (Foss & Saebi, 2017, 2018) make testing difficult. Given the dearth of research on the topic, either conceptual or empirical, this study attempted to make a modest contribution to the scholarly debate in the hope of prompting further investigation.

A qualitative mono-method was the most appropriate because the study is exploratory, using semi-structured interviews to understand how brokers navigate the complexity inherent in Business Model Innovation. In addition, a narrative inquiry was selected due to the stated research question and the ambiguity in academic literature (Saunders & Lewis, 2018). The researcher intends to offer a perspective of understanding the journey of Business Model Innovation through brokers' perspectives. The time horizon of the study is cross-sectional due to the time limits imposed on the research project (Saunders & Lewis, 2018). The interview process concluded after six weeks, leaving minimal time for data analysis. In addition, the coordination of diaries was challenging, given year-end and the approaching holidays.

4.3 Methodological Choices

4.3.1 Population, Sample and Sampling Criteria

The population from which the sample was drawn are brokers in the insurance industry in South Africa. The sample was configured based on defined criteria. Firstly brokers that have adapted their business models. Secondly, the Business Model Innovation may have occurred at the organisational, business unit level or a new start-up (Foss & Saebi, 2017). Finally, it consisted of owner-run brokerages as these are entrepreneurial endeavours. Two non-owner-run brokerages were included in the study to triangulate the data. Academic literature guided the decision that the most promising future inquiries are related to small-medium enterprises (SMEs), Dynamic Capabilities and sustainability (Filser et al., 2021). In addition, ten potential candidates that met the criteria were pre-identified via the researcher's professional network. However, due to the researcher being an insurance practitioner and conflicting diaries, only two identified participants agreed to interviews. Finally, the researcher concluded twelve interviews through extended networks in the industry.

4.3.2 Unit of Analysis

The study's unit of analysis is positioned at the individual or micro level, more specifically, the perceptions of owners of brokerages around Business Model Innovation and how changes in the external environment guided those innovations. The Dynamic Capabilities framework is the lens applied to the external environment to give it context. Although the unit of analysis is individual, the researcher anticipated that there would be implications at the organisational or meso level.

4.3.3 Sampling Method and Size

Due to limited access to a comprehensive database of all brokers in South Africa, the non-probability sampling technique was adopted (Saunders & Lewis, 2018). The selection process included judgment perspectives, so purposive sampling was selected as appropriate (Saunders & Lewis, 2018). In addition, current professional networks guided the selection process of owners and brokerages that potentially met the criteria.

The initial purposive sample was fairly homogenous as it is derived from current professional networks. However, a greater level of heterogeneity was achieved through professional network referrals. The professional networks included insurance companies that referred their most suitable candidates but were contingent upon their interpretation of the study. It complicated the study, and some criteria had to be relaxed. For example, during the planning phase, the researcher only wanted participants who changed their business models in the preceding three years. This criterion was too restrictive as participants who met the requirements were limited.

Moreover, it was deemed unrealistic since the implementation of revised business models far exceeded expectations, and changes were iterative and ongoing. The group was still reasonably homogenous as ten of the twelve participants are owner-run businesses. It avoided path dependencies associated with established firms (Teece, 2018), but some path dependencies were observed due to some participants being in business for decades. The referral process assisted the researchers in finding more pronounced and nuanced differences to add to the literature and understanding.

Hennink et al. (2017) propose a difference between code saturation and meaning saturation, where the first refers to no new codes, and the second has no new meaning. They suggest that meaning is reached between 16 - 24 in-depth interviews. Saunders and Lewis (2018) indicate a sample size of between 4 – 12 for homogenous groups; the sample size was 12, and data saturation occurred after Participant 10 (Figure 1, Chapter 5).

The researcher contacted all participants before the interview to explain the study and request participation (Saunders & Lewis, 2018). Most of the approaches were met with apprehension, but the ones that agreed were given the proposed time allocation for the interview. Moreover, once the participant agreed to participate in the study, a convenient meeting was set. Table 2 provides a composition of the participants. Classes of Insurance are adapted from the Finacial Sector Conduct Authority's classification for insurers, Organisation one was interviewed over Microsoft Teams, and both directors (owners and founders) joined on the same call without prior notification. It was reported as one interview as they built on one another's arguments rather than providing an individual perspective.

Table 3: Composition of Interview Sample

Organisation	Classes of Insurance	Owner / Founder	No. of Respondents
Organisation 1 (O1)	Nonlife	Yes	2
Organisation 2 (O2)	Nonlife	Yes	1
Organisation 3 (O3)	Composite	No	1
Organisation 4 (O4)	Composite	Yes	1
Organisation 5 (O5)	Investments & Life	Yes	2
Organisation 6 (O6)	Nonlife	Yes	1
Organisation 7 (O7)	Nonlife	Yes	1
Organisation 8 (O8)	Composite	Yes	1
Organisation 9 (O9)	Nonlife	Yes	1
Organisation 10 (O10)	Investments & Life	Yes	1
Organisation 11 (O11)	Investments & Life	No	1

4.3.4 Measurement Instrument

The selected measurement consists of semi-structured interviews with open-ended questions (Saunders & Lewis, 2018) guided by the literature. The questions are articulated in Chapter 3, and the mapping of the theoretical knowledge gaps to the study's Research Questions and, in turn, the Interview Questions are shown in Appendix B. The questions considered business models, Business Model Innovation, and Dynamic Capabilities. Semi-structured interviews were convenient, as the sequence could be varied when a topic of interest was spoken about, with further probing questions if required (Saunders & Lewis, 2018).

The participant was put at ease with a general discussion prior to starting the recording and commencing with the interview questions. All participants were given a copy of the interview guide prior to the meeting. The researcher used similar language to the participants to create empathy and affinity. The questions attempted to start with easier conversational ones before attempting more complex questions. The study was flawed as some participants did not know what business models are or what made up their constituent components. After every interview, participants were thanked for their assistance with the study and asked if they could be contacted to clarify any comments, and it was agreed to in all instances.

4.3.5 Data Gathering Process

The interviews lasted between 30 – 75 minutes and were recorded. Half of the interviews were in-person, and the balance was on Microsoft Teams. The in-person interviews were primarily conducted at the participants' place of work, with one exception at the researchers' offices. The in-person interviews also provided insight into the participants' work environment and illuminated some structural elements, such as organisational design. The electronic media interviews posed some challenges due to the energy crisis in South Africa with resultant network interruptions. The researcher kept extensive notes, and where the recording was inaudible, it was supplemented with the notes.

4.3.6 Analysis Approach

The study is explorative and follows a qualitative approach by collecting data through semi-structured interviews. Qualitative research is an iterative process and is defined by Locke et al. (2020) as "the repeated application of analytic actions oriented toward theoretical progression" (p. 2). Locke et al. (2020) theorise that coding can take on many forms and differing orders, acknowledging that order has practical benefits.

Thematic analysis was used to identify and report on patterns in data by analysing the data (Kiger & Varpio, 2020) in a coordinated flexible way that assisted in compiling the report (Nowell et al., 2017). The six-step process identified by Nowell et al. (2017) and Kiger and Varpio (2020) were used to analyse the data. It is important to note that the six steps do not denote a linear process. The six steps were not approached sequentially, and data was reviewed multiple times with resultant code refinements. The six steps consist of the following:

- Familiarise yourself with the data
- Generate initial codes and categories
- Search for themes
- Review themes
- Defining and naming themes
- Producing the analysis

As mentioned above, the coding, analyses, and reporting are iterative, and the six phases steered the process. Using the six steps process above, the researcher identified codes that emphasise the key constructs of the research questions (Kiger & Varpio, 2020). The next step included linking themes to Dynamic Capabilities and Business Model Innovation constructs and exploring feedback loops. ATLAS.ti, the data analysis tool, was used to prepare and analyse transcribed interviews (Saunders & Lewis, 2018).

4.3.7 Quality Controls

Saunders and Lewis (2018) postulate that validity and reliability are two essential considerations in determining credibility. Validity is associated with the accuracy of the measurement method in relation to the findings and the generalisation of the findings. Reliability relates to the consistency of the findings and, thus must be replicable under the same circumstances. As proposed by Saunders and Lewis (2018), factors to control for these elements will be used to control for validity and reliability, given the subjective nature of a qualitative inquiry. As a control measure for subject selection, an example previously mentioned was using the referral process to interview alternative participants. The 'reverse test' was used to control for the validity of the findings (Saunders and Lewis, 2018).

The testing method will follow an iterative process (Locke et al., 2020) and be referenced against academic literature to determine if the findings are reliable. An extensive audit trail was kept in the form of a diary and extracts from Atlas.ti. Results and codes were discussed with family members, and where clarification was required, the participant was contacted. Only two participants were contacted telephonically to confirm a response. One as a result of an inaudible recording and the other to provide clarity. By its very nature, a qualitative study is subjective (Saunders & Lewis, 2018). Therefore, as Nowell et al. (2017) proposed, trustworthiness in its dimensions will be referred back to during the process.

4.3.7.1 Data Handling

All the participants agreed to record the interview, and either a cell phone was used for this purpose or the recording functionality afforded by Microsoft Teams. The transcription omits any information related to the name of the participant or the associated organisation. Electronic recordings of interviews will be kept confidential. All data will be accessible via the Google Drive afforded to GIBS students for not less than ten years.

4.3.7.2 Ethical Considerations

The interviews will be confidential, and personal and identifiable organisational information will be excluded from the final report, as mentioned before. Consent was voluntary, and at the onset of each interview, this was repeated as well as the fact that consent could be withdrawn at any stage. The final report will be made available to the respondents upon request.

4.4 Limitations

Due to the research methodology selected and the relatively homogenous sample, the findings cannot be generalised (Saunders & Lewis, 2018). The sample size does not represent the population, which makes the theory not generalisable to the insurance industry. Research bias may also be present in the selection of participants, although the researcher attempted to control for the bias by mostly making use of referrals in the sample. In addition, exploratory studies have an element of subjectivity.

The literature on Business Model Innovation does not offer clarity about the theoretical construct or definition (Foss & Saebi, 2017, 2018), adding ambiguity when the data were analysed and coded. The definition used by Teece (2018) was used to define business models, but the innovation construct is not well defined; it could mean that the causal direction is not clear (Saunders & Lewis, 2018). In this limitation, an opportunity may arise for future research to add to construct clarity and definition.

Participants, in some instances, displayed reluctance to share their experiences honestly and transparently. The researcher is an insurance practitioner who made participants reluctant to participate in the study. Participants were assured that the research interest only extended insofar as the process associated with Business Model Innovation and what led to it. Furthermore, should the participant not want anything reported, it will be excluded from the final report.

The focus was mostly on the owners of brokerages, and findings will not necessarily represent an organisational view. Business Model Innovation could take place anywhere in the organisational structure, which means that the experience may not be a first-hand experience. Finally, the research was limited to the South African context as it was only conducted within South Africa.

The study aimed to explain the interdependency of Dynamic Capabilities and Business Model Innovation and the feedback loops that could result from changes that enhance Dynamic Capabilities. The purpose of the study is limited to the suggested constructs.

CHAPTER 5: FINDINGS AND RESULTS

5.1 Introduction

The Chapter articulates the findings from the semi-structured interviews with senior managers and executives over six weeks. The results in this Chapter represent the interpretations of the data by the researcher within the context of the developed research gaps in Chapter 2 and the subsequent research questions in Chapter 3. The questions were open-ended and relied on the participants' views and interpretations of the questions. Twelve interviews were conducted, after which they were transcribed and imported into Atlas.ti to track the code frequencies. The researcher contends that no new codes or meanings developed after interview ten (Hennink et al., 2017). The trends below depicted in Figure one can be partly explained by the section describing participants and context below.

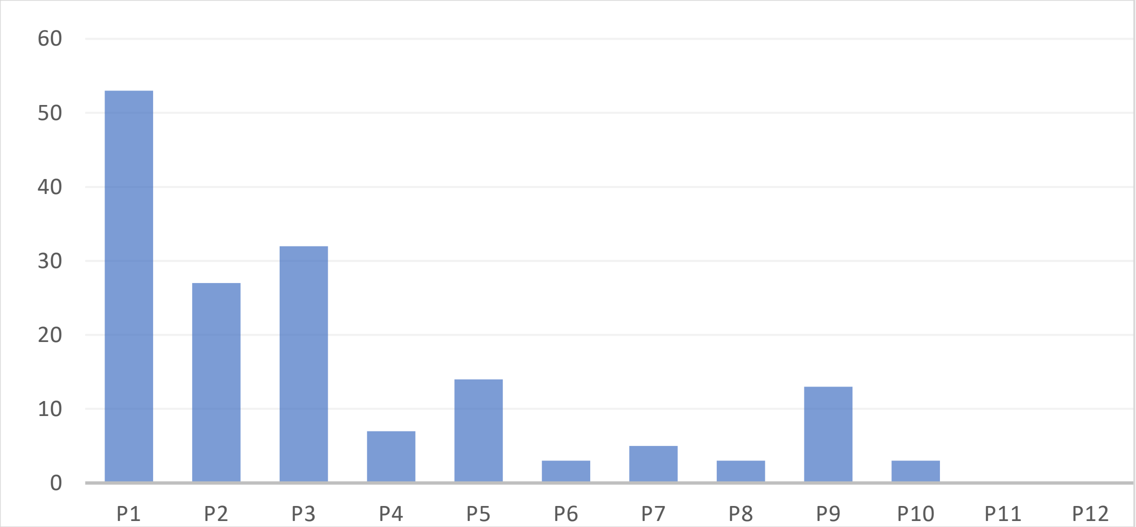

Figure 1: New codes per interview

5.2 Description of Participants and Context

The researcher conducted twelve interviews. The interviewee selection process deviated from the original study design as eight initially identified respondents withdrew from the study for many reasons. Only participant four and participant nine originated from the researchers' professional networks and originally identified participants. In addition, the researcher reached out to his professional networks at insurance companies based in South Africa and requested a referral of brokers explaining the study and selection criteria. However, it did pose some challenges as third parties' interpretation of the study had to be relied upon. However, it aided the study as the initial purposive sample was fairly homogenous. Subsequently, some actors involved in investment classes of business were included that were not considered in the planning phase. The challenge, however, was that it was unknown to the researcher the level of business model changes and when the change occurred. The initial study proposed changes affected in the last three years and this condition was abandoned to an open condition that business model changes had to happen. The researcher determined during the study that the Business Model Innovation process was often iterative among the respondents and, in some instances, continuing. The researcher believed it would not have a material impact because the research was not concerned with the performance of changes but rather the interdependencies of Dynamic Capabilities and Business Model Innovation.

Some clarity is provided regarding some of the participants and the companies' Classification. The Classification of the companies comprises micro, small, medium and large. The micro, small and medium definitions were considered in terms of the Department of Small Business Development in table four (Republic of South Africa, 2019). The description provides for the number of full-time employees and the total annual turnover. As the turnover of the companies could not be obtained as these are all private enterprises, and the researcher is an insurance practitioner; thus, such information would be considered confidential. The full-time employees were used as a proxy for Classification. Finally, the large classification included organisations with listed entities or multinational corporations holding majority shares.

Table 4: Adapted from the Department of Small Business Development (Republic of South Africa, 2019)

<table>
<tr><th>Industrial Classification</th><th>Organisation Size</th><th>Full-time employees</th></tr>
<tr><td rowspan="3">Finance and Business Services</td><td>Micro</td><td>0 - 10</td></tr>
<tr><td>Small</td><td>11 - 50</td></tr>
<tr><td>Medium</td><td>51 - 250</td></tr>
</table>

As mentioned before, some participants require some elaboration. The interview with participant one was conducted over Microsoft Teams, and the invite was only extended to the Managing Director. Upon logging on, the Managing Director indicated that the Chief Executive Officer was also going to sit in with the researchers' permission as they are partners, which might provide a more nuanced view. Since this eventuality was not planned for nor expected, it was agreed upon, and the interview commenced. After the interview was concluded and transcribed, the researcher decided to report this as one interview. The decision was based on the fact that the Managing Director responded mostly, and the Chief Executive Officer only offered additional opinions and insights into the first respondent's answers. It probably accounts for many initial codes from participant one above (Figure 1).

The researcher also contemplated removing participant ten from the sample. Participant ten was referred by a member of the researchers' professional network. During the interview process, the respondent often reverted to Afrikaans and changes in the business model were opaque. The researcher contacted another member of his professional network to get a view and was told that he was stepping back and his son was taking over. The son could not be reached for an interview. The participant was included for triangulation purposes and did offer outlier perspectives. In addition, a flaw in the study was the assumption that participants knew what a business model is. In many instances, the actual change, guided by the literature, appeared much later in the interview.

Participant nine requires some background information. Ostensibly this was the most novel business model. Still, the airtime given to this participant may appear more infrequent because the researcher could not find anyone in South Africa or worldwide with a similar business model. With the researchers' experience in the industry and additional research, a similar model could not be found. It does not mean that nothing similar exists, merely that the researcher could not reasonably establish any other similar models specifically in the context of South Africa. The limited airtime is merely a result of the confidentiality agreement and avoiding descriptors in the report. In addition, quotes may seem very generic and non-descriptive. Markedly, the fact that this respondent had a very different business may explain the increase in codes (Figure 1).

Finally, participants twelve and three require some further explanation. Participant twelve was recently a subject of a merger and acquisition. It occurred during the pandemic in 2020, with the second tranche in 2021, and the organisation is still going through changes. It could be the reason that no other codes emanated from this interview. In addition, before the merger, the participant would have been classified as a medium organisation (Table 4). The researcher positioned the participant as large for two reasons. Firstly, the respondent was not an owner or founder, and secondly is now owned by a large corporation. Participant three is the only participant that does not occupy an executive role. However, the insights from a large perspective and at a lower level (Senior Manager) gave some interesting and different perspectives.

Table 5: Sample Summary

Participant	Organisation	Designation	Classification
Participant 1 (P1)	O1	Chief Executive Officer / Managing Director	Small
Participant 2 (P2)	O2	Chief Executive Officer	Small
Participant 3 (P3)	O3	Head of Operations & Digital Client Solutions	Large
Participant 4 (P4)	O4	Chairman of the Board	Small
Participant 5 (P5)	O5	Chief Executive Officer	Medium
Participant 6 (P6)	O5	Managing Director	Medium
Participant 7 (P7)	O6	Chief Executive Officer	Small
Participant 8 (P8)	O7	Chief Executive Officer	Small
Participant 9 (C9)	O8	Chief Executive Officer	Micro
Participant 10 (P10)	O9	Chief Executive Officer	Small
Participant 11 (P11)	O10	Chief Executive Officer	Micro
Participant 12 (P12)	O11	Chief Executive Officer	Large

5.3 Presentation of Results

The researcher imported the transcriptions into Atlas.ti using the order in which interviews were conducted. The literature review, knowledge gaps and research questions guided the creation of codes, but due to the study's inductive nature, some codes generated may not apply to the study. Initially, the analysis of the data yielded 176 codes. Next, some codes were merged due to the similarity, and then others displayed a high level of abstraction, which was further combined for granularity. Moreover, this gave the researcher time to become more familiar with the data. Subsequently, the final number of codes reported was 159 (Appendix D). The codes are not mutually exclusive due to the inductive nature of the study.

The themes emerged through a process of identifying the occurrence among the participants. Only if a code appeared at least four times across participants was it reported on. In addition, to ensure anonymity, participants are referred to in numerical sequence of the conducted interviews depicted in Table five.

5.4 Results: Research Question 1

What are the internal firm antecedents to Business Model Innovation from a Dynamic Capabilities perspective?

Research question one aimed to gain deeper insight into how Dynamic Capabilities are a precursor to Business Model Innovation. The four interview questions were designed to gain an understanding of how brokers identify threats and opportunities and, subsequently, how opportunities were brought into operation by changing their business model. Alternatively, how the changes in the business model mitigate risks. Moreover, how different information sources were leveraged to change the business model with the associated changes to resources and capabilities of the organisation. Finally, the question is essential to gain insight into why business models are innovated and the link to Dynamic Capabilities. Table six depicts the common codes observed among participants as per the proposed analysis above.

Table 6: Code Frequency Research Question One

#	Codes	Frequency
1	Regulations	9
2	Customer Needs	7
3	Supplier Threats	5
4	Internal Training	4

Industry analysis and organisational structure emerged as common themes per the elimination approach explained above. Next, the two themes will be considered in response to research question one.

5.4.1 Industry Analysis

Industry analysis was considered the most appropriate way of finding threats and opportunities. Searches that spanned the industry boundaries were associated with portfolio performances and higher premiums. Although they are considered threats, they did not inform the business model changes. Broad considerations of the industry instead informed business model changes. It consisted of industry actors, including customers, regulators and suppliers. Regulations were the most observed threat among participants but were also primarily seen as an opportunity. Next, the researcher will consider each element with its associated observations.

5.4.1.1 Regulations

The majority of participants viewed the regulatory framework as a significant threat. However, the dimension varied somewhat among the participants. For example, one dimension was the consequences associated with diverting from regulation. In contrast, this could be seen as an opportunity to improve value to the client and customer experience. A further dimension is a limitation on what the broker may earn, curbing revenues or incurring additional expenses. Finally, one participant used the regulatory environment to his advantage and designed a business model to create more income, thus creating an opportunity.

5.4.1.1.1 Regulatory Threat

Regulations came up as the most significant threat due to the possible punitive measures associated with being foul of regulations. Additionally, how corrective measures from regulations potentially result in increased costs to brokers. The below responses from respondents provide some evidentiary context. Chapter one explained some of the requirements imposed on brokers through regulation to ensure fair customer outcomes (Financial Services and Advisory Act, 2002). The act is often referred to as the FAIS act.

P1: " *…we're very advice driven and we've, like I say, we've got more to lose than giving the client the wrong advice because there's so many challenges or threats that you've got in terms of your liabilities, when it comes to wrongful advise and the FAIS act and everything else that goes around…"*

The regulator may also impose sanctions on the broker, referred to by participant ten, which in turn causes risk-mitigating tools such as Professional Indemnity (PI) policies to increase costs. As a result, the broker may become uncompetitive from a pricing perspective as they need to recover the costs through increasing premiums.

P10: *"Wrong advice for clients is basically a threat to your business. If you, you know, the record of advice and everything – I've once been bitten, but twice shy, … So that is a threat, you know, and with the rising cost of all the, the PI policies, you know, and they're easy to, you know, either put a, put a excess on a fifty thousand or increased premiums."*

Although not expressed by many participants, the regulatory requirement that the insurer keeps all clients' data was defined as a threat. The regulation considers the insurer as the ultimate custodian of the customer relationship. Effectively as the insurer holds all the data, the insurer could start campaigns to sell additional products to these customers, not remunerating the broker on the products.

P7: *"Because obviously, in terms of legislation, we are not, we you can never become the owner of business as it used to be in previous years, or prior to new legislations, but to have ownership of how we do things."*

5.4.1.1.2 Regulatory Opportunity

The participants largely agreed that the regulations imposed on advisors improved the customer experience and value of the services rendered to the customer. The regulations require the broker to give advice that would assist the client in making the appropriate choice in selecting products and understanding the limitations of the product (Financial Services and Advisory Act, 2002).

P2: *"But the advice is the factor, right. Why would clients in difficult positions spend huge money on senior council? They'd just go to a new attorney and get it from him for cheap. But it's the value and level of the advice."*

In addition, an opportunity was identified to earn additional revenue with an alternative distribution channel or enabling distribution. The regulatory requirement is that only qualified individuals are allowed to give advice. By doing a rigorous analysis of the regulations, Participant nine used this to their advantage to create a unique distribution method and way of generating revenue for themselves and their "agents".

P9: "… in the past we would have had brokerages, agents, field sales guys, et cetera, et cetera, and we would have been able to remunerate them quite handsomely for work that they did. But now we had to get them licensed, which meant that they all had to have NQF level 5 education, which is like a BCom. No sales guys ever had a BCom before."

5.4.1.2 Supplier Threats

The observations of small organisations within the short-term class of business category display very similar attributes. It could be a result of the homogeneity of the group. The subthemes include that insurers may become competitors of the brokers. In addition, the brokers' portfolio may not perform adequately, and therefore the insurer may terminate their agreements or cause them to become uncompetitive. The performance of the insurer concerning meeting the customer needs, for example, claims adjudication or antiquated products. In addition, insurers have the capabilities and systems to perform many of the outsourced services (binder services) that brokers currently perform. Although suppliers are reported as a threat, it is clear that a stakeholder perspective is vital to ensure that the broker model remains sustainable.

5.4.1.2.1 Supplier Products

The participants articulated how products did not keep track of technological changes or were not innovative. Products and distribution among insurers have not changed and have not kept abreast of customer needs. Because of this static distribution channel, the broker business is now threatened with digital distribution strategies.

P5: *"… I always joke and say you can see it because their products look like they're a hundred and eighty years old, ok which is just a joke but – So, I don't think they've been really innovative with our products and services but their distribution model has pretty much stayed the same. And that's one of the challenges in our business, there's a lot of people that are trying to adopt digital strategies."*

The fact that products have also not changed leads to poor customer outcomes, in addition to how the selection of insurers and products is critical for customer relationships. Moreover, the advice given to the customer may be inappropriate due to varying interpretations of the product. The customer may no longer trust the broker.

P1: “At one stage, it was necessary for us to move some our business… It was with one of the plant insurers because they’ve got an exclusion on wear and tear, but they way that they apply it is even if you’ve got two cables that rub against one another, they deem it to be wear and tear… that’s not the case with all insurers.

Understanding the changes in technology and updating products is important to brokers. The products must address the customer's concerns appropriately, which will have many negative impacts if not addressed adequately. The most notable effect is how the relationship with the customer will sour, leading to a loss of business and trust. Consequently, referrals will dry up, and brokers rely highly on referrals to grow their business.

P8: *“Now, they did not do their homework when it came to developing their product. For instance, they are still insuring the photographer's film against x-ray damage. Ok, I know one photographer in Joburg that still uses film, but out of (inaudible), there's four thousand eight hundred odd professional photographers in Gauteng.”*

5.4.1.2.2 Supplier Customer Service

The views expressed among five participants held the view that insurers may not appropriately service customers from an after-sales perspective. It also refers to delays experienced by customers; therefore, the supplier plays a critical role in how customers experience the broker service levels. Thus, the choice of suppliers is vital, and the supplier should be evaluated before entering into an arrangement.

P1: *“There are a lot of insurers out there, and we’re not mentioning any names, but I know for a fact they’re looking for reasons to repudiate claims, they’re looking for reasons, they investigate until they can get a reason to repudiate the claim …”*

P2: *“The threats are insurers from a service point of view, they are taking longer for example or not settling claims as easily as possible as previously was the case, or possible.”*

Participant three expresses all the similar sentiments highlighted above but then brings a fascinating and contrarian view. The thinking is that insurers are the biggest threat in that they no longer want to outsource activities to brokers. Brokers have traditionally used outsourced activities or binder functions in South African insurance terminology to mitigate supplier risks, for example, claims payments and claims approvals, by obtaining a mandate from the insurer to perform these functions. The impact on brokers, specifically in the short-term insurance space, will be detrimental as they consider this a differentiator.

P3: *"I think insurers or, at this stage, dictating what brokers can and cannot do. We've been through a big, big exercise over the last, I want to say, a year, year and a half, we've reviewed all our binding agreements. Insurance don't want to give binder anymore; they don't want the broker to do it."*

5.4.1.2.3 Portfolio Performance

Portfolio performance was observed among four of the participants as a supplier threat dimension. Another perspective introduced was that you should not spread your risks amongst too many insurers to ensure your portfolio performs correctly. Therefore sufficient scale should be given to the insurance companies. The change observed is that brokers realise the role of the different industry actors. The risks of not considering the insurer are that the brokers' pricing may no longer be competitive, or the insurer may cancel the policy.

P1: *"We look at the risk, we identify the risk, because another threat is that we would have to our business is if we've got a bad claim ratio… So, so if our claim ratio is very high, if it's unacceptable to insurers, they increase premiums, the more the premiums increase the more you lose, the easier you lose clients and eventually what could happen is if your claim ratio doesn't improve over a period of time, they would actually cancel your business…"*

The notion of concentration risk are also introduced with reference to one of the insurance companies that went into liquidation. Portfolios are an essential consideration within the ambit of supplier threats. The argument advanced is that each insurer should have enough of the brokers' portfolio so that the premiums are sufficient to cover the claims. In addition, it will ensure that premiums remain competitive and avoid the risk of losing a supplier. Therefore, the need to assess and align with the insurer is essential.

P7: *"You know if you have fifty contracts, you put one there and then when you have a claim, then your whole claims ratio gets busted. I've got it. 1, 2, 3, 4, 5, 6, 7, 8, 9, 17, 18, 19. Facilities down from about forty. What I did, like, you know, (Colleague), we had a binder and luckily, we moved our stuff before they went bang up."*

5.4.1.3 Customer Needs

The broker can save the customer premiums by understanding the customers' needs. Moreover, the broker's role is to ensure that the customer has adequate cover and understands the products' expected performance. Client needs can be established by using tools such as risk assessments or questionnaires. The speed at which clients expect resolution is also increasing; some suggest that after COVID, the expectation is more significant. Solutions need to extend beyond technology and should consider the customer's needs. Customer feedback is essential; customer interactions will create opportunities to understand customers' needs better. Finally, the learnings from one customer could be applied to other customers and improve the customer experience.

5.4.1.3.1 Customer Analysis

By finding the appropriate risks and teaching the client how to avoid risks, the client will experience a reduction in premiums. The respondents agree that in-depth customer analysis is required to meet customer needs. The tools used by the different respondents consist of risk assessments, questionnaires and client surveys. Regardless of the methodology, a deep understanding of the customers' needs is required. Respondent five expands even more by linking this to a consumer education programme. The value of the actual assessment is extended beyond the need to sell a product.

P5: *"So, we provide them with digital media stacks, and we do it on his behalf again, so we try and build that. We, from an advice perspective we've moved some of that digital but it's not app-based, it's really client questionnaires, understanding clients' needs and wants, understanding the changing needs and wants and we link that once again to this whole financial wellness education."*

These reports are done in person to enhance the relationship with the customer, and both perspectives indicate that the value proposition should exceed product delivery.

P10: *"We grow about twenty policies, but those twenty is hands on. Every client I go see, I do a risk report and I do take photos of everything placed on file…"*

The methodology is either electronic or personal means. The observations confirm that the customer needs and wants must be met. Moreover, the broker's preferred method of engagement should align with the customer's expectations.

P12: *"we had pretty much gone online already. We had a very favourable response from the client survey we did in 2020."*

5.4.1.3.2 Customer Feedback

The customer analysis above is the formal process of determining customer needs. On the other hand, customer feedback is reported as a more iterative process, and participants believe it should be encouraged. First, it could be achieved by seeking opportunities to engage with customers. Secondly, as much as brokers require feedback, customers want expedient feedback.

P2: *"Well, I think firstly it comes naturally because you know if you close to your business and to your clients you know what their needs are. So, it's a natural progression in terms of what should be done, and – And it's about result-driven. I've gotta go see a client, sort out whatever the issue is, have a survey done, sorted, come back, work out what the exposures are."*

The frequency and speed of feedback are essential for customers. Be informed of how far the process is and how processes must adapt to accommodate the higher customer expectations.

P3: "*They want feedback more, they want feedback faster, they want results faster. They are not prepared to wait a day or twenty-four hours anymore. They wanted now, they want it there, they want it now. So, I think it's managing that but also getting ready for this younger generation that's moving up into the insurance industry."*

5.4.1.3.3 Product Fit

The brokers felt that rather than sell products, a proper assessment of the customer should lead to advise on what the broker thought would be advantageous. It also extended to the fact that this approach will likely lead to customer referrals-creating sales opportunities for the broker.

P1: *Our business is growing very well organically, it's growing very well on the rest of the time as well but we when we go to a client, we don't have that pressure to oversell, so we never oversell. We go to a client, and we give advice –*

There was also consensus among all the participants that the value proposition should be around the appropriate giving advice followed by a proper product selection. The appropriate product selection was also reported as being beneficial to commercial customers and solving commercial problems.

P2: *"I think, and I've seen it in big corporate where I was before, that a lot of it is a line of profitability, their profitability. So, you know, what we'll do is we'll sit with them and say, you know if we take (Interviewer)'s business and we throw it in with a thousand other businesses and we put it in a corporate centre, jis we gonna make a hell of a lot more money… They driven by factors that they find important to them but perhaps not important to the person that matters."*

5.4.2 Organisational Structure

The three micro organisations all mentioned that they moved their offices home due to resource constraints through minimal investments in technology. Remote work, therefore, became the norm amongst all the participants from micro-organisations. It was to be expected as they have limited resources as is. The researcher then considered only the remaining participants.

Human resources were pivotal and reported multiple times across the small, medium and large segments. Internal training is the one area that spans across the segments. Mentoring and associated succession planning feature very much among small organisations. Assessment of human resources was reported, ensuring job fit and redeploying in appropriate roles. Only participant three reported rationalisation due to technological changes, which made specific roles redundant. Participant nine spoke about the efficiency achieved with technology and, therefore, requiring fewer human resources. Both participants reported an increase in efficiency and a reduction in costs. Moreover, they also speak about the significant investment necessary to achieve the efficiencies. The below two quotes merely indicate that this may not be within the resource pool of SME's and may have to consider alternatives.

P3: *"There's no turning back now, we've spent millions of rands on this, there's no turning back. We need to make it work."*

P9: *"…but we knew it was going to take tens and tens of millions of rands to get this business to run. Not because it was a bad idea. Not because we were forcing something on the economy, but actually the opposite, because it was so innovative."*

Finally, most participants reported a shortage of skills and knowledge within the industry, highlighting the need to retain talent. Just another indication that human resources play a pivotal role in the organisational structure. It arguably is a function of a knowledge base services industry.

5.4.2.1 Internal Training

Internal training varied from very formal to informal. Participant four below, for example, takes a very formal approach to training where he wants to prepare his staff for the Regulatory Exams (RE) and uses their internal training facilities.

P4: *"Well, in particularly in the last six months, now we've put all our staff to training to the (Internal) Academy of Learning, and we are making all of them now do RE five and RE one, quite a few have done them in the interim, but we're doing more of them, I want them all to be RE five in our current trend."*

Participant three, on the other hand, do training twice a week and concentrate on repetition and frequency. She also alludes to the fact that she wants them to be part of this transformation journey but refers to that as *"textbook stuff"* and that she reverted to regular training.

P3: *"I left it for a few months and I'm right back to where I was in March – I'm doing training twice a week for two hours with my team and I answer the same question forty times and if I have to answer it next week again…"*

Participant twelve refers to broadening the knowledge base in an advice-driven business. Where the skills and knowledge are concentrated with a few experienced individuals, this knowledge base can be extended with greater customer reach. Moreover, providing for a consistent customer experience.

P12: "… so that your consultant with three years' experience can at least draw on a repository that you know closely reflects your thirty years of experienced consultants and what they're saying to the client. So, I, I know it sounds a bit ethereal, but we've had to develop an in-house capacity to, you know, meet at least monthly to compare notes, meet frequently to train people so that the consistency of what we are delivering to clients is the same…"

5.4.2.2 Mentoring

Mentoring constitutes a one-on-one process. Participant one below refers to the more experienced people sharing with less experienced individuals. He also refers to how you get the energy from the younger aged demographic balanced with experience from the older generation. The customer experience improves as a result and assists with succession planning.

P1: *"They, the younger girls, you know as far as experience and the more mature girls they work together, and they mentor – They mentor one another so you also get the energy from the young girls, you get the experience from the girls that's been in the (Audio cut out)."*

Participant four also talks of mentoring but looks at it more from a process and control process. Mentoring, however, seems to be a popular way of increasing the skills level and performance levels of employees. It may also result in improved efficiencies, as suggested by participant four.

P4: "So, I'm having to spend much more time just guiding mentoring and managing (Name1), (Name2), (Name3), (Name4), (Name5), (Name6), just as a consequence of tightening up on every single process and control function."

5.4.2.3 Redeployment

Redeployment was also considered an effective way of balancing resources to the role requirements. Participant one and five referred to the benefits of using outside consultants to ensure that people were in their correct roles.

P1: *"A industrial psychologist that came, that we did about a couple of years back and he looked at the business, looked at our staff, analysed our personalities, analysed the way that we work, and then gave us dome feedback from that and I think that was – That helped quite a bit."*

Participant five builds on this to indicate the performance benefits of having people in the correct roles. In their attempt to better understand their human resources, they enhanced the team's effectiveness, yielding benefits such as decreased costs. More importantly, how the company's performance improved.

P5: *"And what we've done is we've embarked on a internal training programme, so realigning, doing shadow match assessments, understanding strength and weaknesses of individuals and where they potentially fit better into the organisation and how do we deploy them better and it's also, it's hand in hand with evaluating their kind of effectiveness in terms of what we ask of them and wat we get. So, our business has grown by thirty per cent, but our staff count has not."*

5.4.2.4 Internal Collaboration

Internal collaboration creates opportunities for people to discuss problems, adding diversity to thought and problem-solving capabilities. Again these are both formal and informal opportunities. The first form reported was a formal approach in a meeting by including standard agenda items. It is considered an invaluable contribution to solving problems. In addition, it is a form of risk mitigation and ensures high customer service levels.

P1: *"…one of the agenda points is is there any, are you aware of any complaints, is there any issues that might cause any liability to the company, so that's a running agenda point and then at the end of the meeting we've got general as well, so if anybody picks up something or they want to discuss it we've got a general section in our meeting structure as well and I think this is where the, the communication portion of it is very relevant and very important for us, so."*

The other view extended is that creating informal opportunities, sometimes called water cooler moments, helps with talent retention. As mentioned earlier by participant twelve, it may also create opportunities to extend the knowledge base. Participant two talks about the efficiency created by technology and how people, when invited to an office meeting, stick around for hours to talk. These informal opportunities extend the knowledge base and transform the organisational structure.

P2: *"And I see it, when we used to have Zoom meetings for the office everybody's fine, no, they just, they fine then when they come to the office for a meeting five hours later they still talking. Now, there's a lesson in there."*

5.4.3 Conclusion to Research Question One

Analysis that spans the organisation's boundaries is to determine future underwriting conditions, for example, changes in weather patterns or unemployment rates, associated with a shrinking client base. However, it does not relate to new business opportunities, such as products that could cater to this market. Broad industry analysis with a stakeholder perspective is what drives Business Model Innovation. Brokers report that being a product provider is no longer effective or sustainable. All actors within the industry require consideration and must obtain benefits from the relationship. With a deep and thorough analysis of the industry, customer needs will be established and addressed. In a knowledge base services industry, human resources are critical to the organisational structure and need reform. Reform can be accomplished in cost-effective ways that assist in driving down costs and improving performance without massive capital investment. The benefit of technology cannot be underestimated but does require significant investment. Therefore where resources are scarce, efficiencies, enhanced customer service, cost benefits, extended skills, and more can be derived from the people in the organisational structure.

5.5 Results: Research Question 2

How does the firm's business model evolve during the Business Model Innovation process?

The question sought answers on the evolution of the business model and along which dimensions. The changes improved customer relations through various mechanisms such as customer interaction and quality of advice. In addition, process efficiencies were contingent upon access to technologies and controlling certain activities within the value chain. Moreover, market segment choice depended on where they could contribute by making a difference and being competitive. The below table indicates the emerging codes for research question two.

Table 7: Code Frequency for Research Question Two

#	Codes	Frequency
1	Process Efficiency	8
2	Customer Interaction	8
3	Advice	7
4	Market Segment	7
5	Customer Relationships	6
6	Centralised Decision Making	5
7	Insourced Activities	4
8	Value for Money	4

The codes above all relate to the business model mechanisms and changes to the mechanisms' components or activities. Ostensibly all three mechanisms can be observed, but the value capture mechanism realises through the efforts of creating and delivering value. Therefore the two themes that emerged are value creation and value capture mechanism. Below they are considered within the observed codes.

5.5.1 Value Creation

The interviews indicated that the value proposition and market segments were critical considerations in the evolution of the business model. The differentiator was in giving quality advice, as participant twelve put it, "unfettered impartial advice." Furthermore, as already observed above that a stakeholder perspective should be embraced, and learning and continuous improvement can result from customer engagement.

5.5.1.1 Customer Interaction

Customer interaction assists with the retention of clients. Opportunities should be created to interact with clients, but how the interaction is facilitated vary among the participants. The short-term segment believes in personal interactions. The investment segment refers to regularly communicating quality information to the client, not neglecting personal interactions. Consumer education is also considered crucial among the investment sector participants. Even though they are not rewarded for it, they believe that it creates opportunities for referral business which is an attractive way of attracting new customers in the low-resource organisation. As indicated in the prior section, technology also creates the ability to interact conveniently with the client.

5.5.1.1.1 Personal Contact

The first perspective is how the frequency of contact improves the customer relationship and, secondly, improves retention. Participant five also indicates how relationships consist of a couple of aspects, such as value, frequency and personal perspective, and participant one introduces the client retention aspect. Finally, participants' five contributions are the most concise articulation among participants.

P5: *“Any relationship whether it’s with your wife, your spouse, your kids or whatever. Firstly, it’s personal, ok… Second thing is value added – Is what do I value? Now you can only know that if you know me personally, unless if you’ve got a real smart AI system but they fail more often than not. How do you build that component in terms of what do I value? And then thirdly is frequency.”*

The frequency of interaction will help with retaining customers. In addition, it increases the referrals to the brokers with possible cross-sell opportunities.

P1: “*We realised that the more contact we have with our client, the more personal contact we have with our client, the better we know our client, the lesser threat we have to losing the client and that’s worked extremely extremely well for us.”*

An exciting dimension is introduced by participant three, where they identify opportunities to interact with customers personally. In addition, they are actively seeking opportunities to interact with the client by identifying touchpoints. It is not about this passive engagement but instead being preemptive about options that add value. Moreover, determined by good turn-around times and continuously expanding on valuable interaction reflections.

P3: "*So, we've got four that we've identified so far, points in the claim, we want to pick up the phone and personally speak to the client. So, move away from email, SMS, … So, we've identified four currently and we will add to that as we go forward. If the assessor for instance, is appointed, the system starts counting and after an hour I want that claim to move into the personal touch point workbench, that SLA management team, then number one manages the claims that goes out of SLA, and number two, will then pick up the touch points claims and actually pick up the phone and phone you and say "(Interviewer), my name is (Name), I'm phoning from (Company), your assessor has been appointed an hour ago,… So, it's like literally bringing back that personal touch to a claim and not leaving the client to wait and read an SMS and read an email and wait."*

5.5.1.1.2 Customer Communications

Customers are communicated with in various forms, from the monthly newsletter to personalised emails. Information may even include quantitative research from the customer base. Brokers attempt to make the communications meaningful, so it helps customers mitigate risks or provide consumer education. Unfortunately, the broker is not remunerated for these efforts, yet they see them as valuable to create engagement opportunities.

P5: *"That, that can assist them in building these relationships. So, personalised we do personalised newsletters, emails, campaigns from an advisor's email personally addressed to his client with our full content that adds value, signed by the advisor, but he does none of it because we know he doesn't have the tools. So, we do it on his behalf, so we send out fifty thousand newsletters every single – [Afrikaans]. Fifty thousand newsletters every month for an on behalf of the client and they don't know who I am. So, that's one of the strategies that we followed. It differs vastly from what the large institutions do because they are the brand."*

5.5.1.2 Advice

The regulatory framework introduced advice as a concept insofar as advice had to be appropriate for the customer to make informed decisions (Financial Advisory and

Iintermediated Services Act, 2002). It was introduced to ensure fair customer outcomes. Chapter 1 cover the regulatory framework at a high level, and intuitively one would expect to see this reported by brokers. Suffice it to say that brokers see this as a way of advancing their value proposition. Participant five brings an interesting perspective, one of how advice is valued. It might be valuable to brokers if they had some metric for the quality of advice. The quality of advice enhances the customer relationship with increased trust and a lower probability of the customer moving their business.

P5: "*And it's support by products and services. Yes, that's how we make money but ultimately, it's a complete different frame of mind and I think that's what differentiates us from, I see it every single day when I interact with large insurance companies, all they care about is activity of new product coming on board. That's how they measured, if you look at their financial statements there's nothing there that says we helped so many people become financially free and/or independent. They don't measure that, they will never measure it, they can't measure it. They don't measure quality of advice."*

The more valuable the advice is, the less price sensitive the customer will be. Rather than just measuring product performance, the customer has a reason to interact with the broker. Likewise, this will create "stickiness" with the client, enhancing customer retention.

P2: "*The value lies in the advice and we – And that's really what it is, I mean that's it. You give clients sound advice and that also would change the fact that people are not that Rand sensitive."*

The advice can change the value proposition even though this is a concept introduced by regulations. It ties back to the regulatory section that explores the industry to create opportunities. In as much as there are formal punitive measures associated with incorrect advice, the broker will suffer reputational damage, which supersedes the regulatory sanctions.

5.5.1.3 Market Segment

The market segment that the broker chooses will be according to the client demographics or the ability to remain competitive in a particular segment. It was mostly guided by the supplier threats introduced before. Commercial business appeals to the short-term segment. Advice to a company will be more valuable than to an individual client buying motor insurance which will focus much more on the premium or the price. The competition is also fierce with direct insurers, as indicated in the interviews in this segment. Selecting a market segment is a part of the value-creation process but includes creating sustainable revenue sources.

P1: "*So, initially when we started it was purely just a personal lines short term, we didn't do commercial at all. So, twenty-six years later our business looks a little bit different. So, we've got fifteen percent give or take on personal lines and the other remaining eighty-five percent is commercial corporate in some form or another."*

The investment sector prefers middle to high-net-worth individuals with discretionary funds. The company business is also a preference; therefore, among the threats identified, many smaller companies failed or have reduced in size due to COVID. In addition, economic factors such as growth in the industry are reported as unfavourable. Moreover, in the investment space, the target individual often has a business or business interests. In contrast, the brokers experience growth in the number of policies.

P5: *"Our ideal client is a middle-high net worth individual and as much as they will get information through technology, they know most probably won't engage with technology to the level that they want financial plan and/or advice. They do some of it but not all of it. And it's because of this emotive component of money."*

5.5.1.4 Customer Relationships

The relationship spans beyond the scope of insurance to a personal connection. It includes a learning experience and a better understanding of the customer. The knowledge gained is also, as reported earlier, transferred to other customers. The relationships are possibly due to COVID, now a blend of technology and personal interactions. The frequency of engagements improved with an improvement in the quality of the engagements, enhancing customer relationships. The argument advanced is that frequent interactions improve customer relations.

P12: "*I personally have enjoyed 2022 because it's gone more to a, a blend of technology and online with personal interaction. And I think in a service business, which is what ours is, it's very much influenced by personal relationships. So, I think we are doing the right things fundamentally for our clients. I don't think it's perfect. I think there's a lot of room for improvement, and I think, as long as we continue being self-analytical and self-critical, hopefully we'll continue to improve."*

The customer interaction and quality of advice will enhance the concept of building personal relations. Although reported separately, these themes intertwine and could only be registered under customer relationships. For example, how the data shows that brokers do not perceive them as separate but dependent on one another. The relationship could advance to a personal connection. In addition, these relationships are indicated as a key source of learning.

P9: *"And so we've got this huge ability to connect directly with people and that's been the key source of our learnings. You're dealing with people, some of which have been many years of experience in lead generation coming to us and going: "You doing it all wrong." And so we've learnt from those guys."*

Customer relationships will be influenced and improved through the quality of advice, customer interaction and process efficiencies. No clear distinction is observed, although it is reported differently. The difference evolves insofar as the level of technology plays a role in enabling customer relationships and is related to the resources available to the organisation.

5.5.2 Value Delivery

Value delivery is reported as the services that support the product and services and the communication of the products and services. Value has to be delivered in an efficient way to differentiate from a cost and quality perspective. The customer experience is enhanced through supporting technologies. The value chain is considered within the value delivery mechanism. The organisation of activities will inform the value delivery process. The organisational structure plays a supportive role in creating value for customers.

5.5.2.1 Process Efficiency

Process efficiency is considered an essential aspect of business models and how to enhance the customer experience. The customer experience can be improved by performing specific processes more efficiently than incumbents. These efficiencies are facilitated by the insurers' giving the broker mandates to perform functions. Secondly, efficiencies are enhanced through the adoption of technology and have benefits that extend services beyond the normal working day, for example. Following is a further analysis of how efficiencies are achieved with the enhanced service level or through technology enablers.

5.5.2.1.1 Enhanced Service Levels

The first perspective is that having ownership of activities will reduce the time taken to act on a client's instruction. The short-term participants believed that customer service improved because the insurers allowed them to perform certain functions. In addition, it is reported as a differentiator from competitors. Finally, it gives an overview of the customer experience. The other participants in the short-term segment echo this view. The differentiation component, therefore, may be questionable, but more on that in the section covering insourced activities. But much of the business model improvements, specifically for the short-term segment, revolved around efficiency-driven processes.

P7: *"So, we had to enhance the service delivery point number one, and the only way we could do it is to get involved in a binder scenario, where I've got control over how services are delivered in terms of underwriting, in terms of claims, in terms of satisfying the client's needs…"*

The customer experience is improved with the calibre of people who service the customers. The importance of people with the requisite knowledge and skills comes through as a critical element. People in the office will largely determine the backup service of the broker, although the owner founders occupy the figurehead position. The process efficiencies are derived from the organisation's operational capabilities that reside in the people element and are reported consistently even among micro organisations.

P10: *"The olden days, the client phoned me, and they asked me. Then I had to phone the claims ladies, you know, it's a time perspective as well. Then I have to phone them, and they have to give the guy feedback. Now they would automatically give him feedback, so they cut me out to make my work lighter."*

5.5.2.1.2 Technolgy Enablers

Technology is employed to varying degrees amongst the participants and varies from digitising the most mundane tasks to extensively using technology to improve process efficiencies. The enhancements are at various levels, as indicated below. Technology was mostly reported around process efficiencies but also used to enhance the customer experience, though the latter was enabled by sufficient resources to invest in these technologies.

P6: *"Yeah, I think we have. I think we've moved a lot from the old traditional business model that was very labour intensive, paper-intensive, time intensive, to a more streamlined business and I think everything is as a result of COVID."*

It is also interesting how not adapting technologies becomes a barrier. The example below represents the challenges faced by brokers who are not adopting technology. The below broker often reflects on how he is "old school" but sees the challenges of not adopting technologies. In addition, the inefficiencies due to not using technologies.

P10: *"Now, I just, I just got a quote now for one, one of my big clients, he's got two hundred and seven cars on the policy. So now I must go see. Now I must just decide how I'm gonna handle this with a, with a, with the paperwork."*

Another observation is how the firm's size and access to resources determine to what extent process efficiencies will be achieved. Arguably resources would determine the level of automation and technology adoption. For example, the number of steps could be significantly reduced with appropriate technology but as indicated previously comes with substantial investment.

P3: *"We - I actually, so funny, I just came off a call with one of my claims managers, and I say to you guys are looking at numbers you also used ten years ago, we did an exercise and a broker claims handler to broker a hundred-and-eighty claims for* *that claim, sadly, is not, is too much. I said, if you look at the process now, they don't do every step. They don't even register the claim anymore. They don't capture the claim, they don't follow up anymore. They don't make a payment anymore. They just need to do that inside of the claim to get the claim moving and make the decision on the time the rest of it"*

The actual onboarding of a client can be automated where it may be possible for brokers to compete in the individual policyholder segment against the threat of direct competitors. It certainly assists with creating efficiencies insofar as signing up the customer and reducing the reliance on paper.

P9: *"I don't want to have to now wait for a phone call and of that, and listen to some guy on Bumble for forty minutes, when I could have filled the form out myself and been done in four minutes. And that, of course, is what our system does. There's no people involved, just get in – click, click, click, type, type, type, done! You've got your policy, you A for away. So, all of those things are definitely competitive advantages we have."*

Most respondents believe the business model should create efficiencies by realising customer benefits. However, the level of efficiency obtained will depend on the resources available and the perception of customer service. In addition, it should consider the customers preferred method of engagement. The degree to which technology is employed will enhance efficiencies but require resources. Although smaller organisations sometimes leverage supplier technologies to improve efficiencies, it creates a significant opportunity to access technologies that enable self-serving customer options to attract a different demographic.

5.5.2.2 Centralised Decision Making

The decision is made centrally to adopt the new business model, at least from an internal perspective. The organisation structure should enable the business model. So even though the participants indicated that the internal environment is very much a collaborative space, it became evident when it came to implementation the decision was made at the top. Generally, decisions made at a high level were associated with quick decision-making. In the event of adversity, the decision-making process reverted to the owner founders and was also observed among large organisations such as participant three.

P2: "*You know, it's always hard because people are people and they often take the path of least resistance. So, you've – You've gotta be hard, you gotta be hard."*

P3: *"That is not always possible in reality and sometimes you try and try and try and people don't want to go on the journey with you to buy in and get them to feel like part of the journey and part of the of the decision-making process. That's number one, sometimes they don't want to, number two sometimes it's not realistically possible to do that. Then you end up with this now I need to make you buy into it after the fact and then the people throw tantrums."*

The external or customer adoption barriers were far more opaque. The only evidence was that some of the participants followed an omnichannel approach. For instance, the omnichannel strategy was only observed when technology allowed for it, which came with significant investment. Internally, adversity was managed through centralised decision-making.

5.5.2.3 Insourced Activities

The insourced activities or, in other words, activities outsourced from the insurer to the broker, such as claims and issuing of policies, were deemed to be very important for the short-term segment. The benefits extended to ensuring that the customer experience was within their control and came with additional revenue. The same was not observed in the investment sector or composite sector. Therefore, the selection of market segments may play a role in the activities the organisation wishes to control, as indicated by participant nine.

P9: *"I don't think I am married to anything that I need to control. I think income is the critical thing. I don't want to be dictated to about how much I earn."*

In contrast, to the short-term sector, there is a view that insurers themselves can perform all of these functions, and while brokers see this as a differentiation, insurers simultaneously embark on a digitisation journey. The real-time data exchanges would remove the brokers' ability to control the process. The debate is whether or not the insurers will expose their systems to the brokers due to the brokers' strong relationships with the client. Thus, the differentiator is the very relationship with the customer rather than being efficient or controlling activities. The investment and life sector certainly report this as the case. They are supplying services beyond just the efficiency approach to extending the advice to consumer education.

P3: *"Because binder agreements I think are gonna disappear, eventually. Insurers want to do it, they want to directly spend, they want to, why would they want a insure, a broker to issue a policy on their behalf. They've got the systems they've got; I think the only thing that is preventing at this stage, which I must say I'm very proud of but it is actually funny. The API's that we've built, the biggest insurer is saying to us, we can do it in 2024, end of 2024. So, but they're going through the same things. They're consolidating platforms. So, they, their focus is not on building the API's and the real time data exchanges at this stage."*

5.5.2.4 Value for Money

Price was reported as a factor, although largely mitigated by customer relationships and quality of advice. Customers report competitive premiums to the brokers but often do not request a reduction in premiums. Instead, a comparison of products to ensure their offering is appropriate to their needs. Brokers help reduce premiums in times of need, creating loyalty and opportunities through referrals. Finally, it indicates the level of trust between the broker and the customer over time with the associated deep-routed relationships that result.

P8: "*We assisted them through the Covid period in terms of reducing premium to keep their business alive for their interest, as well as mine. And that is busy paying off because we're starting to get a lot of referral business as (inaudible) starting to get going."*

5.5.3 Conclusion to Research Question Two

Appropriate value creation and value delivery mechanisms will improve the value capture mechanism. For example, the value proposition should be sufficiently differentiated from competitors to not lose customers due to lower costs. The support services should enhance the customer experience and appeal to the selected market segment. Strengthening customer relations require activities beyond what the broker is reimbursed for, such as consumer education. In addition, advice may not be rewarded in monetary terms, but benefits accrue, such as loyalty and trust from the customer.

Value delivery should be supported by adopting the value chain to meet customer demands. Process efficiencies will enhance the customer experience, which will improve customer relations. In addition, the insurer may benefit from outsourcing activities should resources not be duplicated, which supports the stakeholder perspective. Technology supports the delivery of value but may not be attainable when capital constraints exist. Finally, value delivery will play a supportive role in capturing value.

5.6 Results: Research Question 3

How do a firm's purpose-built feedback loops lead to improved Dynamic Capabilities?

Question three seeks to answer the question if the organisational structure leads to enhanced Dynamic Capabilities. The question will assist with the understanding of how interdependencies manifest. The most frequent codes are reported below for research question three. However, the final research question did not yield new themes with organisational structure, value creation and value delivery re-emerging. Below they are considered individually to build and explore further nuances.

Table 8: Code Frequency for Research Question Three

#	Codes	Frequency
1	Flat Organisational Structure	8
2	Personalised Service	6
3	Knowledge and Skills	5
4	Supplier Relations	5
5	Supplier Support	4
6	Insourced Activities	4

5.6.1 Organisational Structure

Research question one explored organisational structure from a people developmental perspective. Research question three does not depart from the people theme but may add a more nuanced view of the organisation of people. The developmental aspect re-emerges from a knowledge and skills perspective, but how skills may be enhanced or expanded with the assistance of other industry actors.

5.6.1.1 Flat Organisational Structure

The organisational structures were designed to be flat or changed to accommodate quick decision-making and effective customer service. Furthermore, it was to reduce cost and complexity and “future-proof” the organisation. Participant one reported increased costs as they built capacity into the structure to avoid gaps in the event of losing people and delivering personalised service. Remuneration was mentioned but concerning retaining and attracting talent. Flat organisation designs also benefitted cross-sale opportunities and resulted in referrals which most brokers report as a substantial benefit. Finally, process efficiencies were reported as being beneficial. The most reported advantage was customer service and the speed of decision-making.

5.6.1.1.1 Efficient Decision Making

Efficient decision-making assists in getting products into the market as it does not have to go through hierarchical product approval processes. The testing and launching of a product are quick and efficient. For example, the industry will be monitored to see if other products are gaining traction and will be added to the portfolio of products. The value-creation efforts will be enhanced with efficient launches of new products.

P9: *“We can watch the products that are being launched by our competitors around us, and if they fade away, we know it didn't work. If they stick around, we know there's something we can then start competing…”*

Process efficiencies will also be assisted by quick decision-making. The structure will allow for immediate responses to customer enquiries. It will help with customer relationships and enhance customer service levels. In addition, it was reported that the speed with which customers expect feedback has increased, with participant three arguing this was due to the COVID pandemic in the customer needs section above (Research Question one).

P1: *“We, we sitting in my office here but in front of us is all the administrative staff where it comes to underwriting and the way that we approach, we very close, so all the instructions that gets done if I would sit behind my desk and if I would, not shout but tell one of the girls in front of me I’ll say “(Name), please send (Interviewer) his schedule, please (Interviewer) just queried his premium can you just sort it out?”*

5.6.1.1.2 Enhanced Customer Service

Flat organisational structures aid the collaboration process and help with customer services as problem-solving is enhanced by functions not operating in silos. Another key point is that even within this dimension, the process efficiencies improve. The client will also have direct access to the person with the necessary skills and knowledge to solve their problem.

P2: "*In a lot of the corporate structures where there's a lot more hierarchy I think it's difficult and I think the trick is that the correct skills and knowledge is not always presented to the client. So, you look at those big organisations with all the hierarchy, I'm not sure that that person that's a director or, got whatever the right skills are is gonna travel to wherever it might be five in the morning to be there at a meeting at ten, go through all the stuff and be back.*"

Many of the service elements were addressed above within Research Question two. The critical element highlighted before was that people in the office primarily drive the backup processes and services. The more knowledge and skills people have, the better customers can be served. In addition, it can create more opportunities for the business to interact with customers and expand the organisation's knowledge base.

5.6.1.2 Knowledge and Skills

Although sometimes mentioned in the context of experience, skills and knowledge are essential to differentiate and remain competitive. It is a valuable way to gain customers' trust and instil confidence in the organisation's capabilities. It is reported as initially being very centralised with the organisation's founders. Still, smaller organisations have a keen sense of understanding that succession planning needs to ensure that you have the right skills and knowledge for a specific role, moreover continuously improving the knowledge base.

P4: *"You see, it's all part of an overall succession plan. So, the succession planning is to make sure that we've got the right people in the right jobs now with the right background. And we now are going to be upscaling them all the time, which we are doing, it's constant, constant upscaling and constant, continuous professional development by the staff themselves."*

The recruitment process changed as the skills level of people was critical. Organisations needed different skills and knowledge to remain relevant once they changed the business model among certain dimensions, for example, another market segment. As seen below, the lack of skills also becomes a problem as the business model changes. In other words, if data becomes a business model driver, the skill levels must adapt to the business model changes.

P3: "*So, people struggle with that, I think in terms of capabilities, understanding data, analysing data that is hard for people, and it's difficult to find people."*

Finally, skills are also reported as scarce in the investment sector, as the average financial advisor age is over 50.

P11: *"I think the average age of our industry is still around 54, 55. Um, and it's been, it's been that way. Even when I joined all those, all those years ago, it's always been…"*

Knowledge and skills may be extended by using skills and knowledge accessible to the broker. The knowledge and skill may reside within a third party, such as an underwriter. Leveraging these skills and expertise can extend the skill set without obtaining it internally.

P8: *"Let's say we expanded out of office using, utilizing other people's knowledge and input Okay. To achieve our goals."*

5.6.2 Value Creation

5.6.2.1 Supplier Relations

Supplier relationship and support, the next theme, are not reported as mutually exclusive, but specific nuances do appear. The association is more about both parties benefitting from a relationship where the support from the supplier implies that the supplier gives or provides access to, for example, specific resources or clients that they may be unable or unwilling to accommodate. Generally, though, they intersect because the supplier would ostensibly not offer support unless they derive some benefit from the backing.

Supplier relations allow the broker to negotiate cover or price with the insurer. The relationship will depend on the suppliers' products and backup services. For example, the product would have to meet the customers' expectations. These are reported as threats in response to research question one, but through a relationship with the supplier, these threats can be largely mitigated. Additionally, the broker will have to place profitable business with the insurer to ensure that the portfolio performance is aligned with the insurers' expectations.

Relationships with insurers should include multiple insurers. The insurers may present different opportunities or may not be registered for a certain business class, and the business can be placed with an alternate insurance company. The relationship with multiple insurers benefits the customer because the best rates and most appropriate products will be presented. The insurer and broker benefit through these relationships as the insurer will procure profitable business. The broker, as mentioned before, should ensure sufficient scale is placed with the insurer to protect the portfolio performance. The below quote from participant twelve encapsulates the arguments succinctly.

P12: *"But it's actually, it's a good thing when you use scale to drive down cost for your client and, and better proposition. So for example, on the investments, just as one example, you know, you know, whether it be (Insurer 1) or (Insurer1), (Investment Broker 1), (Investment Broker 2), we have these arrangements where they look at all of our clients as one client, and then you have one or two clients where they have half a billion or a billion and a half, or one's even two and a half billion in these portfolios, which gives it scale automatically. So, a client of five or fifty or a hundred million is actually priced like a client of five or six billion."*

Although outsourced activities by the insurer are considered a competitive advantage by the short-term brokers the sentiment is not considered sustainable by participant three. Short-term brokers see it as beneficial to both insurer and agent as this saves the insurer on resources even though they get remunerated for the services performed. The alternative view is such a relationship will become strenuous if both parties have the same capabilities and resources. New connections will result, and participant three positions this as their future competitive advantage.

P3: *"None of them are close to where we are, so I think if, from a regulatory point of view if we get to a point where we are, there's no more waiting, waiting, waiting the time is now we will be ready. We are developing and building for that, but also when we are ready our insurers are ready, insurers are gonna prefer working with us. We gonna get the best deals out there because it's gonna be easy to interact with us, and then as we get clients educated in terms of starting to do things differently and showing the value that it's bringing, I do think clients are also gonna prefer to work with us."*

5.6.2.2 Supplier Support

As mentioned above, insurers refer businesses to brokers if it does not suit their preference of portfolios or they do not have the prerequisite experience. It could also be that they do not have sufficient capacity, meaning capital, or falls outside their reinsurance treaties. Brokers benefit as they get business, but they might not know what to refer if they do not have relationships with their insurers. Benefits also manifest when the product supplier gives the broker access to data and insights gained in their businesses that the broker can use to provide the customer with quality advice.

P4: "*Structurally, all we're doing is making sure that there's consistent and continuous interaction between the parties in each of the companies because, for example, (Insurer 1) comes across a new guarantee client and it liaises property with, or a client approaches (Insurer 3) directly and we can't deal directly we introduce (Company 2) and we try and get (Insurer 2) involved in (Insurer 4) by its accounting head office and HR structure monitors each of the processes separately across the group. Yeah*."

5.6.3 Value Delivery

5.6.3.1 Personalised Service

In the services industry, personal service will naturally include the correct product selection that satisfies the customers' needs. As indicated earlier, to personalise the service, the relationship should be beyond insurance risks only. For example, some methods mentioned earlier would include customer interaction frequency and the dissemination of quality information. The product on offer should then address the specific customer concerns and problems to be solved, including a deep understanding of the client's current circumstances.

P11: *And the reason for that is, you know, if you, uh, uh, have a, a cautious component for a, for a client in his portfolio, you know, you would use, maybe, depends on the size of the investment you're gonna use one or two sort of portfolios. But by using the discretionary fund, You know, you're getting their input of, of how they see the universe, you're using it, and you're getting a lot more diversification in terms of, in terms of those, uh, those, those funds.*

The narrative by participant twelve below illustrates how you need to go beyond the customer's expectations for service to be personal. In particular, how people should feel empowered to enhance the customer experience truly. It sometimes translates into the business model by providing services such as advice or financial training for which the broker is not remunerated for. Instead, it adds to retaining the customer and avoiding competing on price.

P12: *"You know, there's a famous story, and I, again, I can't attribute it, but it goes back to my first year of work, which my bosses at the time told were, there was a logistics company and this, there was a client, and it was incredibly important for them. And the, the staff member felt empowered enough to hire a helicopter to take it across a, a snowfall or something to get the package there on time in terms of client expectations."*

5.6.3.2 Insourced Activities

The subject has received extensive consideration throughout this Chapter. A brief recap is that short-term brokers perceive this as a differentiator and provide a competitive advantage. Although the data sample is rather small, it is concerning that most of the short-term brokers share this view, and the competitive advantage does become tenuous. Furthermore, although one participant only advances the counter-arguments, they seemingly did their research, and they do not see it as a future advantage. Different from the other participants, they are investing in technologies and changing their structures to accommodate the insurers' control of the activities. Moreover, they believe they have the potential to be better at it.

5.6.4 Conclusion to Research Question Three

Through developing people and expanding the knowledge base, Dynamic Capabilities may establish at multiple levels throughout the organisation. In the knowledge base services industry, much of the knowledge and skills is centralised at a senior level. The organisational structure through people, if encouraged to do so, will interact with suppliers and customers. The founders often report it as a preference which will assist with the analysis of the industry but also add to the diversity of views. Relationships with suppliers can enhance value creation and value delivery mechanisms. It could be achieved by sharing resources or technologies.

5.7 Conclusion

Brokers start by scanning the industry and considering the different actors in the industry. They will change their business models based on the information gathered and analysed. The analysis includes stakeholders such as regulators, customers and suppliers. The opportunities identified will be operationalised through deliberate changes to the value creation and value delivery mechanism considering value propositions, quality service, process efficiencies and more. The efforts will be supported by people in the organisational structure with efforts to expand and enhance the resource base. In doing so and allowing the people to interact with the various stakeholders' opportunities and threats may come to light resulting in enhanced business models and improved resources, and so the virtuous cycle begins.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

The chapter seeks to address the intersections between the literature review in Chapter 2, the research questions in Chapter 3 and the findings and results in Chapter 5. The nuances and differences between the reported data and interpretations will be reconciled within the academic literature. The reconciliation will explain the differences and similarities to the current literature. The research aimed to show how Dynamic Capabilities inform Business Model Innovation and the associated mechanisms that embed Dynamic Capabilities in the organisation or individual. The research questions will be considered individually in the following sections.

6.2 Discussion: Research Question 1

Research question one was concerned with how Dynamic Capabilities inform Business Model Innovation. Business Model Innovation and Dynamic Capabilities development are often a result of technological changes, changes in customer needs (Snihur & Zott, 2020), regulatory changes and labour market changes or deficiencies (Teece et al., 2020). The brokers expressed concerns about all the factors mentioned above and adapted their business models within the market observations, which included regulations and changes in customer needs. The overarching reason for adapting their business model was a result of the threats and opportunities they observed in the industry. Secondly, the opportunities observed in the market analysis served as a proxy to adapt their business models or seize opportunities and mitigate threats. Finally, the organisational structure changes emerged through mentoring, internal training, redeployment and internal collaboration from a human resources perspective. The actual preference in terms of structure was flat structures without extensive hierarchies.

6.2.1 Industry Analysis

The broker's analysis of the industry and actors within the insurance industry guided Business Model Innovation. During the analysis phases, various industry actors were considered, and the industry study acted as an antecedent to the Business Model Innovation. Industry-spanning searches are suggested to innovate business models in established firms avoiding technical knowledge or experience (Snihur & Wiklund, 2019). However, efficiency pursuits are guided by industry analysis and autonomous decision-making (Snihur & Zott, 2020). In addition, technical knowledge, experience, and consideration of internal stakeholders require emphasis during the pursuit of efficiencies (Snihur & Wiklund, 2019). From a business model perspective, the broker environment displays typical attributes associated with efficiency or process refinements. Moreover, brokers are increasingly concerned with collaboration and a stakeholder perspective.

Dynamic Capabilities sensing requires the focal firm to search beyond the organisation's boundaries (Helfat & Raubitschek, 2018). Pitelis and Wagner (2019) argue that industry networks are valuable information resources. Although brokers consider information sources beyond the scope of the industry, the information does not directly translate into Business Model Innovation. For example, it concerns them from an underwriting perspective and future premium perspective, but they do not change their business models due to these observations. Moreover, they do not consider, at least for now, how the problems will be accommodated in the future.

Broker pursuit of Business Model Innovation is focused on process efficiencies. Consistent with the views of Snihur and Zott (2020) and Snihur and Wiklund (2019), the broker seeks guidance from the industry and the actors within the industry. Although Dynamic Capabilities' sensing concerns customer needs, it requires information and interpretation from diverse internal and external sources (Teece et al., 2020). The broker seemingly does not display strong Dynamic Capabilities characteristics. For example, other than one broker, there was no hypothesis development about possible or probable futures, which, per Teece et al. (2020), is vital for seizing opportunities. In addition, this may be a result of resources, as Dynamic Capabilities and Business Model Innovation require extensive resources and commitment (Teece, 2018).

Teece (2007) positions sensing as the ability to recognise opportunities and threats and then act on those opportunities and threats to create value. Seizing the opportunity is associated with the business model, although the business model may be easier to replicate (Teece, 2018). The argument is that brokers sense the environment, although to a limited extent, and adapt their business models accordingly. The Dynamic Capabilities framework applies from a sensing and seizing perspective, although the Business Model Innovation may be more novel should they have employed industry-spanning searches (Snihur & Wiklund, 2019). The data is insufficient to make the inference.

6.2.2 Organisational Structure

The processes, incentive structures and hierarchy must align with the organisation design and is a continuous iterative process (Teece et al., 2020). The resource-based view advances the notion that the resources should be extended, modified or enhanced due to environmental changes (Pitelis & Wagner, 2019). Resources include people that must be productive in attaining a goal, and capabilities involve the organisation of resources to obtain an output (Matysiak et al., 2018). The resource-based view requires assets to be valuable, rare, inimitable and non-substitutable. In the knowledge-based services industry, people with the prerequisite skills will qualify as critical resources (Harsch & Festing, 2020). Within the Dynamic Capabilities framework, the resources should be transformed to ensure the sustainability and continued success of the organisation (Teece, 2018). Resources and assets no longer required will need to be disposed of. The brokers' preference in structure would accommodate quick decision-making and flat designs.

Snihur & Zott (2020) introduces the principle that novelty can be introduced through structural processes such as mentoring, recruitment and role modelling. Human resources in the broker organisational structures are developed through internal training, mentoring, redeployment and internal collaboration. Transforming the resource base comes at a price; for example, with human resources, it may include the services of outside consultants (Fainshmidt et al., 2019). It will ensure that the skills and knowledge will match the role.

Because brokers act as insurer agents, the broker environment considers their human capital their most valuable resource. The resources are developed through internal processes and structured to remain competitive and provide superior customer service. Large organisations follow an omnichannel approach to servicing customers but still see the need for human interaction and attempt to identify appropriate inflexion points. The competency requirements created by the Financial Advisory and Intermediary Services Act (2002) make people more valuable, with a scarcity of skills reported by brokers.

Transforming the organisational structure from a human resources perspective is consistent with the literature on Dynamic Capabilities. The organisational structure involves reallocating resources or adapting capability deficiencies (Teece et al., 2020). The transforming and reconfiguring requirement is, therefore, satisfied. Brokers do not depict superior Dynamic Capabilities, a constraint possibly imposed by resources or industry context.

6.3 Discussion: Research Question 2

Research question two was related to how the business model evolved, which mechanisms were adapted and how the customer experience improved. The changes needed to be considered within the activities performed or outsourced. Alternatively, how components within the business mechanisms evolved. The two themes that emerged were value creation and value delivery. Value capture needs some consideration as this will result from value creation or value delivery improvements. Although it did not appear as a theme, it was considered within corporeal or incorporeal benefits. For example, although the investment and life businesses facilitate consumer education and do not get rewarded for improving their reputation, referrals may result. Similarly, giving a customer honest and transparent advice may not result in a product sale. Instead, the concept will be further explored within the value creation and delivery mechanisms. The view is also consistent with the idea that business model mechanisms do not follow a sequential process and requires a systems perspective with the support of the value creation and value capture mechanisms (Sjödin et al., 2020).

6.3.1 Value Creation

Value creation includes changes to market segments, social implications, value propositions (Filser et al., 2021), supply chain and customer interface (Fjeldstad & Snow, 2018). Value creation will be enhanced in collaboration with other stakeholders, and the customer relationship will change as a result (Bocken & Snihur, 2020; Haaker et al., 2021). In the broker environment, the changes occurred predominantly in the value proposition through products, services, and selected market segments. As mentioned before, some social implications were considered through consumer education and “unfettered” advice.

The value concept oscillates from a customer experience to a value-in-use perspective (Payne et al., 2017). None of the brokers interviewed believed in merely selling products to consumers from a value-in-exchange perspective (Chesbrough et al., 2018). Conversely, many brokers reported that this was an approach followed early on when the businesses were started but were not successful or sustainable. The reasons included poor customer outcomes and strained supplier relations. Customer churn also became a significant problem.

The brokers within their current business models embrace and encourage customer feedback and, through the advice process, solve the customers' problems. Consistent with Fjeldstad and Snow's (2018) argument about how value is realised within the customer experience, brokers are much more concerned about achieving benefits for all stakeholders through collaboration. For example, cocreation is not only to sell a product but to extend advice to the customer on how to mitigate risks, thereby improving the insurers' ability to capture the value and helping the customer not increase costs through premium increases as a result of many claims. As a result, stakeholders share equitably in the benefits through improved profitability (Chesbrough et al., 2018).

The value proposition is beyond only products and services and must include customer needs (Teece, 2018). Business Model Innovation should not be frivolous with changes to the key elements (Foss & Saebi, 2017). Although the product in an agency relationship is the domain of the product supplier, the agent acts as a distributor. The broker value proposition has transformed from merely distributing to giving customers quality advice. Product selection is simply a byproduct. In addition, respondents report a plan for prosperity within the investment and life insurance category. The changes to the value proposition seem to have evolved significantly.

Although not observed among all brokers, introducing the social benefit enhances the value-creation process (Filser et al., 2021). The observation was among the investment and life insurance categories. The notion is that consumer education, even though it does not translate into more revenue or sales, is essential to add value to society. The lack of financial knowledge is reported as a travesty and is also observed in developed economies. Moreover, how bottom-of-the-pyramid products should be developed (Gupta, 2020) even though it often falls outside the ambit of the selected market segment. Interestingly the observation is made irrelevant of the organisation size.

The participants changed the specific segments they focused on within the value-creation mechanism (Filser et al., 2021). The reason for the changes is that from a value proposition perspective and specifically related to the quality of advice, it was associated with where they could add value. Although not reported expressly, it did involve reducing cost or improving revenue implying the value capture mechanism. However, most participants did not abandon the segment associated with the previous business model. The dilemma for organisations relates to the fact that it is challenging to abandon a business model if it still captures value (Frankenberger et al., 2022). However, the participants did not focus on the old market segments. Instead, they continued to serve the segment as it often entailed established relationships or were referred by an existing client. In addition, it was not a remaining focus area. However, if the current organisational structure could accommodate the business, brokers would continue to serve the segments. It would only grow should it be associated with a referral or request from an existing customer.

Sjödin et al. (2020) position the importance of relationships with various actors in an industry where value is outcome dependent. Furthermore, the customer will depend more on the organisation to ensure an appropriate outcome. In the broker environment, this element is considered through the advice process and depends on the broker relationship. Opportunities should be identified to create value by acquiring a deep understanding of the customers' requirements (Sjödin et al., 2020). Question one alludes to the fact that an in-depth customer analysis is required to create value. However, it was considered within the process of sensing in the Dynamic Capabilities framework.

Aligned with the above point, brokers seek opportunities to communicate with customers. The communication methods are enabled by technology and provide the customer with personalised quality information. It is aligned with the concept that more knowledge and skills are developed through interaction with the service or product (Payne et al., 2017). The concept of value will be determined by the customers' needs (Chesbrough et al., 2018) and by seeking opportunities to interact, stronger customer relations will result. The relationships also provide opportunities for learning which is associated with value creation and sensing (Filser et al., 2021; Pitelis & Wagner, 2019).

6.3.2 Value Delivery

Value delivery is contingent upon marketing concepts such as price, place, promotion and products (Sorescu, 2017) and includes organisational design and delivery elevated by technology (Teece, 2018). Brokers primarily changed their business models to improve efficiencies and enhance customer experience. The brokers took control of specific activities to accommodate the change and had to enhance the capabilities of their human resources. As mentioned before, the changes did occur as a result of market analysis and consideration of internal capabilities (Loon & Chik, 2019).

The brokers took control of the activities of claims payments, claims adjudication and issuing policies by example. The insurer would normally be in control of the activities but may not have a relationship with the client and would not have the same sense of urgency. Business Model Innovation along the value chain is part of the value delivery mechanism (Snihur & Wiklund, 2019). Operational effectiveness is critical to delivering value efficiently (Fjeldstad & Snow, 2018).

As mentioned before, the motivation for taking control of the activity is to control the customers' experience. In addition, the threat from direct competitors guided the decision-making process insofar that brokers realised that they could not compete on price. The market for individual policies was primarily cost-driven. The broker would differentiate by offering quality advice and assisting the customer at the claims stage or when changes were required. The market, competitors and changes in the industry guided the changes that were made (Payne et al., 2017).

The activities' changes provided other revenue opportunities, and they were remunerated for the functions. Changing the value delivery also changed the business environment and created an opportunity to capture more value (Teece et al., 2020). Insourcing, therefore, provides a dual role and is consistent with the literature on value capture and delivery. Again, the value delivery mechanism is contingent on the value proposition in the value creation mechanism (Payne et al., 2017). Alignment is required between the creation and delivery process. Arguably, because the value proposition is focused on the advice element, the delivery processes should support advice. We can therefore conclude it should deliver on the advice provided.

Technology contributed to customer engagement, onboarding, and along process efficiency dimensions. The level of technology varied based on the value creation and delivery process. For example, with business customers' technology, such as drone surveys may have been used. In contrast, if the market segment selected consisted of individuals, an electronic onboarding and self-servicing platform was preferred. The change in process and the associate was contingent upon the service creation and delivery mechanisms and ostensibly affected the value capture mechanism. According to Haaker et al. (2021), the technologies adopted should reduce costs and enhance the customer experience and must consider all stakeholders. The technologies employed by brokers do not depart from the hypothesis.

Customers are less price sensitive due to the value proposition being differentiated and the advice element rather than the actual product delivering on the customer experience. Value creation should exceed transactional or contractual benefits (Helfat & Raubitschek, 2018). Within this perspective, brokers follow the model and therefore avoid competing on price only.

It is essential that senior management not only support the innovation process but actively ensure that the business model is adopted (Foss & Saebi, 2017; Payne et al., 2017). Internal resistance to changes to the business model was eased with central decision-making. It could be a result of resources that are available to SMEs. Centralised decision-making is somewhat supported, although it was proposed in newly formed ventures (Snihur & Zott, 2020). External barriers did not appear a lot, barring to say that two brokers reported following an omnichannel approach when it came to technology adoption. Customers could choose to be served by electronic means or meet in person.

6.4 Discussion: Research Question 3

The final question concerns possible feedback loops intentionally created to enhance Dynamic Capabilities. The changes could be at an individual level or embedded within the organisation. The literature suggests feedback loops could result from transforming the organisational structure (Teece, 2018). The question did not yield any new themes, and three of the developed themes reemerged. The three themes included value creation, value delivery and organisational structure. The three themes will only be considered insofar as they differ from the prior findings.

6.4.1 Organisational Structure

The brokers perceive a flat organisational structure to enhance decision-making. The efficiencies with decision-making and the knock-on effects in customer experience are reported as methods of maintaining a competitive position. In addition, the flat structures supported by technologies enabled quick product launches and process efficiencies. Harsch and Festing (2020) report how flat structures support agility and decision-making. Through these structural changes process, efficiencies were achieved, consistent with the view from Teece et al. (2020) that the organisational design should consider the business process. The organisational structures, therefore, are comparable to the literature.

The customer experience improvements are yielded due to the collaborative process within the brokers' structures—through mechanisms such as creating collaboration occasions to formal meetings. In addition, siloed approaches to customer interactions are avoided. Brokers are no longer mere distributors of products but rather information sources for their customers. The relationship, therefore, changed to more collaborative, consistent with the value-in-use proposition (Payne et al., 2017) and collaboration in the knowledge-based services industry (Harsch & Festing, 2020) is supported.

Moreover, new knowledge would often come from external sources (Snihur & Wiklund, 2019) and can therefore be valuable should a knowledge deficit originate from within the organisation. Brokers report skills deficits that stem from an ageing experience knowledge base to scarcity of skills and knowledge. Should the skills base not be expanded and improved, path dependencies may result in and limit innovation (Salvato & Vassolo, 2018). Therefore, knowledge and skills are acquired from internal and external resources (Pitelis & Wagner, 2019). Business Model Innovation will be promoted by knowledge management in SMEs through expansive external efforts and internal social interactions (Hock-Doepgen et al., 2021).

6.4.2 Value Creation

Brokers indicate that relationships with suppliers are a way to ward off competitors. It is accommodated again through collaborative actions that ensure that customers mitigate risks through quality advice, improving their negotiating power for price or cover options. In addition, the broker should maintain relationships with multiple suppliers for competitive reasons. It is again supported by the fact that relationships should be collaborative with benefits spanning organisational boundaries (Sjödin et al., 2020). In addition, it assists with sensing as owners can absorb information from suppliers (Pitelis & Wagner, 2019). The relationships with suppliers also spill over into new business opportunities due to referrals, a function of collaboration.

6.4.3 Value Delivery

Personalised service and control over certain activities effectively prevent competitors' threats. For example, insourcing has received extensive consideration, but to reiterate briefly, it considers controlling certain activities to ward off competitors. The value chain should be assessed to understand which activities are performed by the industry actors (Snihur & Wiklund, 2019), and the value chain should enhance operational efficiencies (Fjeldstad & Snow, 2018).

Personal service creates a “moat” around customers. Value is not only produced during the buying process (Payne et al., 2017) and should include a differentiated experience (Chesbrough et al., 2018). The customer experience should guide the value delivery process (Sorescu, 2017). Learning is advanced by interacting with the customer (Hock-Doepgen et al., 2021) and the value communicated with the customer (Teece, 2018). All the above mentioned was observed within the data and therefore do not depart from the literature.

6.5 Conclusion

The research aimed to determine how Dynamic Capabilities inform Business Model Innovation and the resultant purpose-built feedback loops that strengthen Dynamic Capabilities. Dynamic Capabilities sometimes act as an antecedent to Business Model Innovation (Teece, 2018; Foss & Saebi, 2018) contingent upon an industry analysis (Snihur & Wiklund, 2019) in the knowledge-based agent services industries. The Business Model Innovation was primarily modular and efficiency-driven, with only one participant displaying architectural changes among the mechanisms but did not display more substantial Dynamic Capabilities. Transformation of the resources and capabilities was mainly observed within the human capital element, and the value proposition adopted placed much more emphasis on the stakeholder perspective. Feedback loops were observed in the organisational design element but were not purposely pursued to enhance Dynamic Capabilities.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

The research aim was to understand how Dynamic Capabilities act as an antecedent to business model innovation. Following, along which dimensions the business model evolved and if any purpose-made feedback loops resulted from the changes in the business model either individually or within the organisation. Brokers were the subject under investigation, and their respective responses were analysed to understand the nuances and differences to make a modest contribution to the Dynamic Capabilities framework and the Business Model Innovation process. The closing findings, implications for business and possible future research will be considered in Chapter 7.

7.2 Principal Conclusions

Chapter 1 described the problem and the reasons for selecting the broker industry as a legitimate research site with the overarching conceptual enquiry. The broker industry displays the environmental characteristics associated with Business Model Innovation and Dynamic Capabilities (Teece et al., 2020). Chapter 2 consisted of an extensive analysis of the literature related to business models in general, Dynamic Capabilities and Business Model Innovation. The research instrument was developed from the literature review (Chapter 3) and, in Chapter 5, was tested, and the results and findings were reported. The findings consisted of four consistent themes observed within the data obtained from semi-structured interviews: industry analysis, organisational structure, value creation and delivery. The results in Chapter 5 were reconciled and compared to the literature review in Chapter 2 to observe similarities and differences. However, the finding did not materially deviate from the emergent literature. Feedback loops created within the Business Model Innovation process were not expressly observed, which leads to a proposed framework presented next.

7.2.1 Business Model Innovation for Efficiency

The proposed framework by the researcher below is adapted from the Dynamic Capabilities framework (Teece, 2007) and some of the lean concepts adopted in the Business Model Innovation process (Bocken & Snihur, 2020). The researcher could not find the same framework, although ostensibly similar frameworks exist. The framework attempts to guide Business Model Innovation using the Dynamic

Capabilities framework under a knowledge-based services industry where resources may be constrained. The framework implies a continuous iterative process to advance organisational learning, collaboration among industry actors and adaptation of the organisational design (Bocken & Snihur, 2020). The framework will require empirical testing and application in other knowledge-based industries and contexts. Moreover, as with any qualitative research, bias may exist due to the researcher being an insurance practitioner and the relatively homogeneous sample (Saunders & Lewis, 2018). The framework is also presented in the hopes that more experienced researchers will refine and build the framework.

The framework proposes three elements: industry actor relationships, Business Model Innovation and organisational design. The elements are not considered linearly but rather considered along with the interdependencies or architecture among the elements, similar to Business Model Innovation (Foss & Saebi, 2018; Snihur & Zott, 2020; Teece, 2018). The initial analysis considers the elements individually, and the interdependencies among the elements will be further explored. The elements have received extensive consideration from scholars, although Business Model Innovation received more attention from practitioners (Filser et al., 2021). The links between the elements are more opaque and will be illuminated within the framework.

Industry actor relationships can create incremental value for the actors within the ecosystem (Loon & Chik, 2019; Sjödin et al., 2020). Cocreation and network effects within the environment create interdependencies among stakeholders (Chesbrough et al., 2018). Therefore, the business model should be adapted in congruence with the ecosystem (Fainshmidt et., 2019). The benefits of working together should be shared among the actors fairly and reasonably (Chesbrough et al., 2018). Efficiency-based Business Model Innovation has been linked to industry actor collaboration and market analysis (Loon & Chik, 2019). In an agency relationship with the supplier, the customer experience is distributed among the different industry actors. The experience is not one-dimensional and will include purchasing the product, cancelling the product, and all interactions in between (Payne et al., 2017). The collaboration among actors, including the customer, will assist with observing changes in customer needs and scanning the environment for opportunities and threats (Teece, 2018) in creating a differentiated and unique experience (Chesbrough et al., 2018).

Furthermore, customer needs cannot be ignored from a Dynamic Capabilities or Business Model Innovation perspective. The resource base must be extended, enhanced or modified in accordance with the environment and require internal and external sources of information (Pitelis & Wagner, 2019) and through network effects (Chesbrough et al., 2018) and relationships (Sjödin et al., 2020) will enhance the ability to not only sense the environment but predict the future requirements of customers. Finally, the relationships should extend beyond the contractual boundaries to a trust relationship among stakeholders to improve capturing value (Helfat & Raubitschek, 2018).

Business Model Innovation occurs among the mechanisms' components or activities or the links between the mechanisms (Teece, 2018). Business Model Innovation occurs due to change in customer needs or industry, for example, regulations or technologies (Teece et al., 2020). The business environment and the need to thoroughly understand the nuances that exist must be considered when changing the business model (Fjeldstad & Snow, 2018). Leveraging complementary activities and changes in the activities will enhance the business model (Filser et al., 2021). Business models that consider a value-in-use or stakeholder perspective will create incremental value (Sjödin et al., 2020). Furthermore, Business Model Innovation involves new markets, underserved markets (Filser et al., 2021), and new or changed products (Haaker et al., 2021).

The organisational structure involves people, processes, and management philosophy, among other things (Bocken & Gerardts, 2020). It is suggested that organisational structures should be flat to allow for efficient decision-making (Harsch & Festing, 2020) and effortless information flow (Teece et al., 2020). In addition, Teece et al. (2020) suggest that the design should evolve with changes in the environment. The argument advanced is that through organisational learning, the business model could be adapted (Filser et al., 2021), and the learning distributing the knowledge and skills through social interactions but include a dynamic perspective by acquiring and applying knowledge obtained from industry actors (Hock-Doepgen et al., 2021). The knowledge base should be expanded in addition to flat organisational structures, uninhibited information flows and autonomous decision-making. The design is to accommodate Dynamic Capabilities at an individual, organisational and interpersonal level mitigating the risk of concentration risk at a senior level.

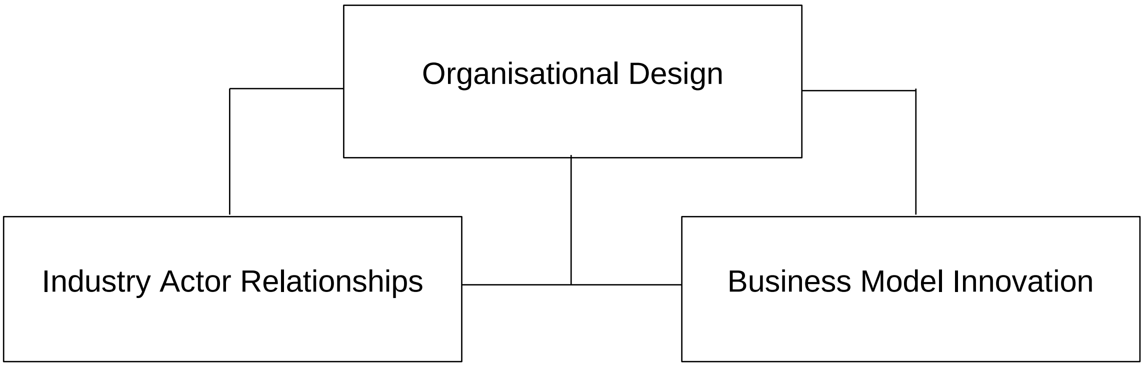

Figure 2: Researchers' proposed framework: Efficiency Business Model Innovation in the knowledge-based services industry

The first and most important factor is that the links between the elements must allow for spontaneous information flows (Teece et al., 2020). Evidence linking industry actor relations and Business Model Innovation comes from Snihur and Zott (2020), who articulates how customers, partners and suppliers play a vital role in creating and capturing value. Value creation will require customer feedback (Fjeldstad & Snow, 2018) and research on pricing and product (Sorescu, 2017), which will involve the supplier. Other actors will enhance the knowledge base of the focal firm (Payne et al., 2017). Cocreation opportunities can be explored among the actors that are often attributed to improved business models (Payne et al., 2017; Wieland et al., 2017). The learnings and knowledge obtained from changing the business model should be shared with industry actors through monitoring success.

The organisational structure plays a supportive and enhancing role between industry actor relationships and Business Model Innovation. In understanding the usage of the product, the knowledge and skills expand, and a more valuable product can be introduced (Payne et al., 2017). The industry interdependencies that are usually related to the top manager structure (Matysiak et al., 2018, Teece, 2018) will be distributed among the teams within the business—mitigating the risk of key people leaving. It is also through relatively inexpensive means as the different actor skills, and knowledge is leveraged and internal interventions such as meetings and informal collaboration sessions. Flat structures will allow the fast dissemination of information (Teece et al., 2020) and aid the understanding of product usage to improve the value proposition (Payne et al., 2017).

Organisational learning and experimentation are encapsulated in both Dynamic Capabilities and Business Model Innovation (Filser et al., 2021; Teece et al., 2020). However, some debate exists regarding where in the organisation it should reside (Salvato & Vassolo, 2018; Teece, 2018). The argument advanced suggests embedding Dynamic Capabilities within the organisation and in teams. Further explanation is required in terms of enhancing the resource base. The structure should allow people in the organisational structure to participate in the relationship with industry actors and be actively encouraged and rewarded. In knowledge-based industries and other industries, the resource base will be expanded and modified through learning internally and from industry actors (Hock-Doepgen et al., 2021). Therefore the structure should allow for experimentation, learning and measuring the success of Business Model Innovation efforts (Bocken & Snihur, 2020). Equally, environmental changes should create feedback from the relationships to the organisational structure, thus implying a two-way interaction. Moreover, the learning from industry actors should be applied to enhance the business model (Hock-Doepgen et al., 2021).

The Business Model Innovation process where resources are constrained and in a knowledge-based service environment could not be found, but similarities did appear in Loon and Chik (2019), although in a different industry and country context. First of all, relationships with actors within the environment should be encouraged. Second, the relationships should exploit complementary resources to benefit all industry actors. Third, the relationships should also extend the organisation's resource base for further reach and possibly more novel business models. In addition, an industry analysis should be conducted jointly to optimise the use of resources and capabilities and share them internally. Finally, the information must permeate the organisational boundaries to learn and apply the acquired knowledge.

7.3 Theoretical Contribution

The research has provided insight into how Dynamic Capabilities guide Business Model Innovation. In an agent-principle relationship, the agent acts as a distributor of the principal's product. Under these conditions, the agent will seek information sources within the industry (Loon & Chik, 2019) and technical information internally (Snihur & Wiklund, 2019). In addition, learning about the value chain would require industry searches among various stakeholders (Snihur & Wiklund, 2019). Additionally, the novelty of Business Models could not be reconciled with the extent to which the business possesses Dynamic Capabilities. The Business Model Innovation occurred along many dimensions and, in one instance, among the architecture between the mechanisms but with limited information or sources of information. The question not answered nor observed among participants is how the feedback loops evolve from Business Model Innovation that strengthens Dynamic Capabilities. The framework suggested by the researcher made a modest attempt to address the gap. The knowledge-based services industry and SMEs may not have sufficient resources (Loon & Chik, 2019) to support Business Model Innovation and Dynamic Capabilities, which requires extensive resources and commitment (Teece, 2018).

7.4 Implications for Management and Stakeholders

The research may assist managers with practical guidelines to innovate business models in the knowledge-based services industry with limited resources. However, the framework has not been empirically tested and must be cautiously considered.

In conjunction with staff, managers should perform extensive market analysis by forming meaningful relationships with industry actors should they require process efficiencies or want to adapt their business models more meaningfully potentially. The improvements must yield benefits for all industry stakeholders.

The relationship through the industry analysis should seek to improve efficiencies among the actors to capture value. Therefore the relationship should be based on trust and seek collaboration among actors, whether it be information sharing or looking at how resources and capabilities could be best leveraged to benefit all stakeholders.

The information must be shared openly and honestly among industry actors and within the organisation. Information sources should be internal and external, and the analysis's purpose should consider the benefits of all actors. Sharing success if a business model yields benefits to actors. Information flow should not be constrained by hierarchies or organisational structure; a flat design with autonomous decision-making is preferred.

Learning opportunities to expand knowledge and skills should be encouraged among industry actors and internal stakeholders. Collaborative opportunities should be actively encouraged through the industry network to expand the knowledge and skills of all stakeholders. Not only will it create greater reach, but it will also generate opportunities to create and deliver value.

Knowledge and skill expansion should be applied within the business. It should allow the business model to adapt but enable the structure to create more learning opportunities to enhance business models beyond efficiency and effectiveness. The stakeholder and learning opportunities are central to the proposed framework.

7.5 Limitations of the Research

In addition to the identified limitations in Chapter 4, which relate to the research's method, population and breadth of research, some additional restrictions may apply. The identified other limitations follow.

The sample consisted mainly of a homogenous group of owner-found organisations where the individual occupies an executive position. Only two participants represented managers in large organisations and were not owners. Therefore, any inferences made due to triangulation may be insufficient due to the sample size. Moreover, the sample size would not be representative of the population.

Secondly, the proposed framework for the knowledge-based services industry was not tested empirically. The framework will need to be tested in other knowledge-based services industries and countries.

Thirdly, the Business Model Innovation success or organisational performance was not considered. Although some general comments were made as to performance, it was not correlated to the new business model. In addition, as mentioned before, performance measures would likely not be shared with an insurance practitioner.

Fourthly, the sample contained some micro-organisations that were referred to by the network of the researcher. Micro organisations are unlikely to have the resources for Dynamic Capabilities or novel Business Model Innovations and arguably had some effect on the reliance on the data.

Finally, the researcher has limited experience in conducting qualitative research and interviews. Considering that the researcher is an insurance practitioner, this may have inadvertently introduced an additional element of bias. The intention was to get an experienced qualitative researcher to confirm the findings, but due to the cross-sectional research methodology, access and time did not allow it.

7.6 Suggestions for Future Research

The study conceptually and systematically, through an inductive process, considers business models, Business Model Innovation, and the construct and definition ambiguity need more clarification. The framework suggests systemic diffusion of business models in knowledge-based industries, but there is no supportive empirical evidence or testing. Scale and measures already in use will provide credence to the framework. Future studies can also test the links and interdependencies claimed within the framework.

The theoretical contribution is based on semi-structured interviews through a time-bound cross-sectional analysis. A longitudinal case study may be useful to determine how business models evolve. For example, the cross-sectional nature and time limitations may have limited the insights and nuances that will be observed over more extended periods. In addition, the time allowed for interviews was sometimes time-constrained due to conflicting commitments, although agreed upon upfront.

The link between Dynamic Capabilities and Business Model Innovation requires empirical research to ascertain if more robust Dynamic Capabilities lead to more novel Business Model Innovation. The area seems under-explored from the research conducted. Do weak Dynamic Capabilities result in efficiency-driven business models, for example? There is continuing debate over business models' operational and dynamic nature and the associated antecedent perspectives. Moreover, how or where Dynamic Capabilities originate within the organisational structure and how that would improve Business Model Innovation.

The success or performance improvements require more attention, and the literature is unclear on how long it takes before success emerges from a Business Model Innovation. The argument often presented is how Uber changed the industry, but the organisational performance and resultant value capture is an ongoing debate. More empirical research may assist in answering the question.

More research is required to determine the feedback loops that could result from Business Model Innovation that will enhance Dynamic Capabilities. The modest contribution made is to encourage further research on the topic. The sample could be expanded on within other industries or different contexts. The study, for example, was limited to brokers within the insurance industry in South Africa. The profusion of research on Dynamic Capabilities and Business Model Innovation indicates the context's importance.

7.7 Conclusion

The research aim was to determine if Dynamic Capabilities lead to Business Model Innovation, which was affirmed within the study. How it unfolds is through industry analysis, changing the business model to seize opportunities and adapting the organisational structure to accommodate the changes. The business model innovation is primarily modular within all three mechanisms. The innovation was considered operational and efficiency-focused. The purpose-built feedback loops did not become apparent, although according to the literature, it may be concerned with organisational design. In closing, brokers generally have adopted more of a stakeholder approach lately in designing their business models.

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APPENDICES

Appendix A: Interview Guide

Name:
Organisation:
Role in the Organisation:
Date of Interview:
Duration: Approximately 1 hour

I am an MBA student at the Gordon Institute of Business Science at the University of Pretoria.

Thank you for taking the time to partake in my study. Your participation and contribution to this study are most valuable and appreciated. If you have not completed the consent form, may I request you do it before commencing the interview?

To reiterate, all information shared will be kept in confidence, and you can withdraw from the study at any point. The purpose of recording the interview and transcribing it is for analytical purposes. All data and information will be reported without descriptors or identifiers and kept confidential.

Section 1: What are the internal firm antecedents to Business Model Innovation from a Dynamic Capabilities perspective?

Question 1: How does your organisation identify threats and opportunities to your business? Question 2: Your organisation decided to adapt its business model in (mention year). Why?
Question 3: How was the information obtained that guided the decision to adapt the business model?
Question 4: How were organisational resources and capabilities mobilised to change the business model?

Section 2: How does the firm's business model evolve during the Business Model Innovation process?

Question 5: How does your organisation's current business model differ from the previous one?

Question 6: To what extent did the new business model affect the customer experience? How exactly?

Question 7: Did your organisation experience barriers in adopting the changed business model, and how were these complexities managed?

Section 3: How do a firm's purpose-built feedback loops lead to improved Dynamic Capabilities?

Question 8: How did business model changes enable your organisation to ward off competitive threats and simultaneously benefit from opportunities?

Question 9: What structural changes were made in the organisation to gain traction from business model changes?

Question 10: What were the results of these changes, either positive or negative?

Question 11: Was the value chain affected? How?

Question 12: To what extent did your organisation take into account other industry players or complementary businesses when changing the business model? Why & how?

Appendix B: Unique knowledge gaps with associated research and interview questions

Research Question: How do Dynamic Capabilities inform Business Model Innovation, and through which mechanisms do Business Model Innovation embed Dynamic Capabilities within the organisation or individuals?

Unique Knowledge Gap	**Research Question**	**Interview Questions**
Foss and Saebi (2017) explain that further research is required from a Dynamic Capabilities perspective as an internal antecedent to Business Model Innovation. Moreover, Teece (2018) posits that strong Dynamic Capabilities are necessary for Business Model Innovation that meets customer needs and indicates the need to expand on the nuances around the concept. Finally, Filser et al. (2021) position Dynamic Capabilities as the second most prominent trend in Business Model Innovation research with developmental potential. Transforming and reconfiguring means that the	**RQ 1:** What are the internal firm antecedents to Business Model Innovation from a Dynamic Capabilities perspective?	**IQ 1:** How does your organisation identify threats and opportunities to your business? **IQ 2:** Your organisation decided to adapt its business model in (mention year). Why? **IQ 3:** How was the information obtained that guided the decision to adapt the business model? **IQ 4:** How were organisational resources and capabilities mobilised to change the business model?

organisation is prepared in future to sense, seize and transform opportunities (Pitelis & Wagner, 2019).		
The novelty of Business Model Innovation can be dynamic or efficiency-driven (Snihur & Wiklund, 2019) and can occur among one of the mechanisms or the architecture of the mechanisms (Teece, 2018). Value configurations affect all business model mechanisms (Fjeldstad & Snow, 2018). Opportunities and threats are operationalised with Business Model Innovation and are associated with the seizing activity in the Dynamic Capabilities Framework (Teece, 2018). Business Model Innovation is often associated with value creation, delivery, and capture mechanisms and reconfiguring the underlying activities related to the mechanisms (Foss & Saebi, 2018; Snihur	**RQ 2:** How does the firm's business model evolve during the Business Model Innovation process?	**IQ 5:** How does your organisation's current business model differ from the previous one? **IQ 6:** To what extent did the new business model affect the customer experience? How exactly? **IQ 7:** Did your organisation experience barriers in adopting the new business model, and how were these complexities managed?

& Zott, 2020; Teece, 2018). The notion that business model innovation is associated with seizing activities does not explain how knowledge gained through sensing or reconfiguration activities is realised in business model innovations and the alignment of the mechanism and activities (Foss & Saebi, 2018; Snihur & Zott, 2020; Teece, 2018).		
The organisational design considers strategy, people, incentives and processes (Bocken & Geradts, 2020). Organisational design and business models are integrated insofar as the value configuration is aligned with customers, value propositions, value capture and value delivery (Fjeldstad & Snow, 2018). Teece (2018) suggests that organisational design is one way Dynamic Capabilities and Business Model Innovation are	**RQ 3:** How do a firm's purpose-built feedback loops lead to improved Dynamic Capabilities?	**IQ 8:** How did business model changes enable your organisation to ward off competitive threats and simultaneously benefit from opportunities? **IQ 9:** What structural changes were made in the organisation to gain traction from business model changes? **IQ 10:** What were the results of these changes, either positive or negative? **IQ 11:** Was the value chain affected? How?

interdependent and urges further consideration.

IQ 12: To what extent did your organisation take into account other industry players or complementary businesses when changing the business model? Why & how?

Appendix C: Ethical Clearance

Gordon Institute of Business Science
University of Pretoria

Ethical Clearance Approved

Dear Andries Labuschagne,

Please be advised that your application for Ethical Clearance has been approved.
You are therefore allowed to continue collecting your data.
We wish you everything of the best for the rest of the project.

Ethical Clearance Form

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

Appendix D: Code Book

#	Code	Code Groups	Code Frequency
1	Advice	Value	24
2	Agility	Agility	11
3	Asset replacement	Structural changes	3
4	Back to office	Organisation design	1
5	Capital constraints	Capital	6
6	Capital intensive	Capital	2
7	Centralised decision making	Decision Making	14
8	Change management	Human Capital	12
9	Changing customer needs	Customer Demands	6
10	Communication	Communication	23
11	Company politics	Organisational Culture	1
12	Competitor Threats	External Threats	5
13	Complaints monitoring	Measures	1
14	Complementary attributes	Organisational Culture	2
15	Complimentary assets	Process	2
16	Consolidating data sources	Data	2
17	Consumer education	Social purpose	9
18	Cross-functional	Organisation design	2
19	Cross-sell opportunities	Marketing and Sales	6
20	Customer Analysis	Internal analysis	7
21	Customer Churn	Measures	9
22	Customer data	Data	5
23	Customer feedback	Measures	14
24	Customer focus	Client needs	8
25	Customer goals	Measures	4
26	Customer interaction	Customer Relationships	26
27	Customer interaction frequency	Customer Relationships	9
28	Customer loyalty	Measures	4
29	Customer Needs	Client needs	41
30	Customer relations	Customer Experience	38
31	Customer reports	Client needs	3
32	Cyber attack	Risks	1
33	Data cleansing	Data	2
34	Data migration	Data	1
35	Differentiation	Customer Demands	10
36	Digitisation	Process	12
37	Distribution	Marketing and Sales	1
38	Education	Cognition	4
39	Efficiency	Process	14
40	Efficient decision making	Decision Making	7
41	Empathy	Customer Experience	15
42	Employee analysis	Human Capital	3
43	Employment	Social purpose	2
44	Experience	Cognition	27
45	External analyst	Human Capital	1
46	External cost drivers	Pricing strategies	6

47	Extraordinary events	Risks	13
48	Financial indicators	Internal analysis	1
49	First notification of loss	Process	1
50	Flat organisation structure	Organisation design	10
51	Focus	Customer Experience	7
52	Foresight	Solving Problems	5
53	Franchise model	Marketing and Sales	2
54	Goal orientation	Strategy	4
55	Governance function	Risks	5
56	Human resources	Human Capital	34
57	Income creation	Remuneration	1
58	Incorrect Advice	Risks	1
59	Industry Analysis	Industry analysis	6
60	Industry networks	Industry analysis	12
61	Industry reports	Industry analysis	3
62	Inexperience	Human Capital	4
63	Innovation	Solving Problems	2
64	Insourcing activities	Control	12
65	Institutions for collaboration	Learning	4
66	Internal collaboration	Human Capital	18
67	Internal training	Human Capital	13
68	Involvement	Learning	6
69	Knowledge and skills	Human Capital	29
70	Knowledge sharing	Human Capital	7
71	Lead generation	Marketing and Sales	2
72	Legacy	Legacy	1
73	Less price sensitive	Pricing strategies	5
74	Live Broadcast	Marketing and Sales	1
75	Lower costs	Pricing strategies	11
76	Lower efficiencies	Internal analysis	2
77	Macro environment	External Threats	10
78	Management by exception	Process	2
79	Market analysis	External Information Sources	8
80	Market Segment	Market Segment	18
81	Mentoring	Human Capital	6
82	Merger and acquisition	Structural changes	2
83	Misinformation media	External Information Sources	1
84	Network Marketing	Value Network	2
85	New markets	Marketing and Sales	1
86	New services	Customer Experience	2
87	Omnichannel Customer service	Customer Experience	1
88	Online purchases	Marketing and Sales	1
89	Organisation culture	Organisational Culture	5
90	Outsource activities	Control	6
91	Outsourced functions	Organisation design	1
92	Partner brands	Value Network	1
93	Path dependencies	Capabilities	17
94	People business	Customer Relationships	3
95	Personal service	Customer Experience	32

96	Personalised products	Customer Experience	14
97	Platform	Value Network	7
98	Platform promotion	Value Network	3
99	Poverty mindset	Social purpose	1
100	Precision	Customer Experience	4
101	Price increases	Pricing strategies	2
102	Problem analysis	Solving Problems	3
103	Problem Solving	Solving Problems	8
104	Process bottlenecks	Process	2
105	Process efficiency	Process	41
106	Product trade-off	Products	2
107	Productivity increases	Structural changes	1
108	Profitable	Pricing strategies	1
109	Prospecting	Marketing and Sales	3
110	Prototyping	Solving Problems	2
111	Qualifications	Human Capital	2
112	Rate of change	Technology	1
113	Rationalisation	Organisation design	4
114	Referrals	Marketing and Sales	14
115	Regulations	External Threats	23
116	Remote work	Organisation design	4
117	Remuneration	Remuneration	10
118	Reputation	Marketing and Sales	9
119	Restructure	Organisational Culture	9
120	Revenue	Revenue Model	13
121	Risk in functions	Risks	2
122	Risk mitigating	Risks	8
123	Risk review	Risks	6
124	Sale of business	Organisation design	1
125	Scale	Revenue Model	3
126	Scenario planning	Solving Problems	2
127	Service levels	Customer Experience	27
128	Shareholder Expectations	Structural Changes	2
129	Social media	External Information Sources	2
130	Social responsibility	Social purpose	1
131	Specialists	Specialisation	6
132	Strategic sessions	Strategy	2
133	Structural changes	Organisation design	4
134	Succession Planning	Organisation design	9
135	Superior performance	Organisational Performance	1
136	Supplier capabilities	Supplier relations	2
137	Supplier negotiations	Supplier relations	3
138	Supplier relations	Supplier relations	16
139	Supplier support	Supplier relations	14
140	Supplier sustainability	Industry analysis	6
141	Supplier system integration	Supplier relations	7
142	Supplier threats	Competing Suppliers	15
143	Sustainable business	Organisation design	2
144	System enhancements	Technology	3

145	Talent retention	Human Capital	3
146	Technology changes	External Threats	13
147	Technology client adoption	Technology	9
148	Technology deficiency	Internal analysis	6
149	Technology enablers	Technology	40
150	Technology investment	Technology	8
151	Tight controls	Structural changes	3
152	Transparency	Customer Relationships	4
153	Trend Analysis	External Threats	1
154	True value	Value	7
155	Trust	Customer Relationships	13
156	User-friendly interface	Technology	2
157	Value added products	Products	7
158	Value for money	Pricing strategies	5
159	Vision	Strategy	1