

Culture eats strategy for breakfast: The role of differentiation, integration, and organizational governance in business model innovation

Karolin Frankenberger

Rooted in corporate entrepreneurship literature we developed and tested a multilevel model that explains that the degree of novelty of business model designs depends on the extent of alignment between differentiation, integration and organizational control mechanism. Results from a sample of 141 business model innovation initiatives in large established companies indicate that integration strengthens the positive relationship between differentiation and degree of novelty of business model designs. This positive moderating effect was further amplified when organizations govern initiatives with high group autonomy and a strong performance-management context. The accompanying qualitative study further reinforces the quantitative findings. We discuss the implications of these findings for research on corporate entrepreneurship, business model innovation, and governance mechanism.