Exploring variance in firm performance. Does the business model matter?

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Based on a business model concept, the purpose of this paper is to analyse if and to what extent the business model is a factor affecting firm performance in addition to the expected influence of industry- and firm-specific attributes. The paper uses a clustering approach on financial data to classify firms in different business models. After clustering firms by business model, univariate statistics and regression analysis have been used to split the total variance of firm performance into three factors, i.e., the industry, the firm and the business model. The paper shows that business models do affect the process of value creation and capture in incumbent firms. Moreover, the influence of business model on performance outweighs the industry effects and account for about one third of the observed total firm performance variance. Finally, despite stronger in ICT-intensive industries, business models also play an important role in non ICT-intensive industries.