

## OPPORTUNITIES AND CHALLENGES FOR COMPANIES DIVERSIFYING INTO THE VALUE CHAIN.

### THE CASE STUDY OF MARINE RENEWABLE ENERGY TECHNOLOGIES

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#### PALAVRAS-CHAVE

New industrial value chain  
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Firms' perceptions

Marine renewable energy technologies (MRET) have the potential to become an important source of clean energy and, simultaneously, contribute to the revitalisation of other sectors (Fontes et al, 2021). The realization of such potential requires the construction of a new industrial value chain that combines the competences associated with the new technologies with complementary resources and competences present in the existing industry (Makitie et al, 2018).

The involvement of established firms, as suppliers or co-developers is thus critical, but can be problematic. Firms tend to resist engaging with immature technologies and their promoters, given the technical and market uncertainty and the lack of legitimacy, as well as their own lack of competences in the new field (Ansari and Kropp, 2012; Cohen and Levinthal, 1990). However, declining markets or limited opportunities for growth in the existing ones, may lead firms to search for opportunities of diversification, along with their existing business (Helfat and Eisenhardt, 2004). Firms may also try to keep an eye on new (competitive) technologies, through an early engagement (Dyerson and Pilkington 2005), which can support future entry strategies.

It is therefore important to understand how established firms can be mobilised to support MRET development, through diversification into the emerging field. Corporate diversification strategies are used to pursue growth opportunities in other markets (Wiersema and Beck, 2017). Firms can introduce their current product/service portfolio in new markets, or to follow an innovation strategy where they adapt their current product/service to the new market or even develop a new set of products/services for that market (Penrose 1995; Helfat and Eisenhardt, 2004). The choice between these different diversification strategies may be influenced by the relatedness between the company's current resources and competence and the ones demanded by the new markets (Lüthge, 2020). Moreover, these different diversification strategies may require different types of investments/business changes and raise specific challenges.

This paper focuses on companies from sectors potentially relevant for MRET that are willing to enter this new market and aims to understand how companies see: the opportunities to become engaged with the new market through different diversification strategies; the implications of such engagement for the firm's business; and the problems that may arise.

For this we conduct empirical research on the case of MRET in Portugal, based on a questionnaire survey. The analysis addresses 119 companies not yet involved with MRET but that affirmed to be willing to enter this market in the future, which are inquired about their perceptions on the requirements of that entry. In the case of these companies, engagement with MRET may prove to be an opportunity for innovation and business diversification (Bento et al, 2021), but for such potential to be achieved it is necessary to understand the business changes and the difficulties that this strategic move may entail.

The results provide important insights into how to motivate and support companies whose contribution is critical to the development of a new industrial value chain, being relevant to assist the formulation of policies targeting them.

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Lista completa de referências

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**Opportunities and challenges for companies diversifying into the value chain. The case study of marine renewable energy technologies**

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