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Innovation Pathways in the Insurance Industry: Testing Barras Against Abernathy–Utterback. A Research Concept

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Abstract

This research project develops earlier analyses of innovativeness in the insurance sector conducted by the authors between 2013 and 2017. The findings of those studies provided a substantive basis for reassessing the dynamics of innovation processes in insurance, with particular attention to the product, process and organizational specificities of this sector.

The aim of this study is to determine whether the development of service innovations in the insurance industry follows the structure of Barras's reverse cycle or whether it corresponds more closely to the classical Abernathy–Utterback model. Addressing this question requires identifying the current phase of the innovation cycle: the phase of process efficiency improvements, service quality enhancements, or the creation of new services (in Barras's model), or alternatively the phase of product introduction, differentiation, standardisation, and automation (in the classical model).

The motivation for undertaking this inquiry arises from the observation that the diffusion of innovation in the insurance sector differs significantly from patterns observed in manufacturing or service industries. This may stem from the distinctive characteristics of insurance products, the multilayered nature of risk, and the highly regulated institutional environment, which naturally constrain the implementation flexibility of insurance companies.

The originality of the project lies in the parallel juxtaposition of two contrasting concepts of innovation cyclicality and their embedding within a broader theoretical framework enriched by Schumpeter's macroeconomic perspective, in which innovation constitutes the primary driver of cyclical economic development. The planned empirical investigation aims to determine which of the two models more accurately reflects the actual developmental pathways of innovation in the contemporary insurance sector, thereby *offering a substantive contribution to further research on innovation dynamics within financial service industries.*

Keywords: Service Innovation, Reverse Product Lifecycle, Insurance Sector, Innovation Diffusion, Abernathy–Utterback Model, Barras's Model