

BUSINESS MODEL INNOVATION: REDEFINING VALUE CREATION IN A DYNAMIC COMPETITIVE LANDSCAPE

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ABSTRACT

Business Model Innovation (BMI) has emerged as a central strategic imperative for organizations seeking to adapt, compete, and grow in increasingly volatile markets. As technological advancements, shifting consumer preferences, and global disruptions reshape competitive landscapes, firms must rethink how value is created, delivered, and captured. This article examines the concept, drivers, and importance of Business Model Innovation, drawing attention to its role in enhancing organizational agility, fostering competitive advantage, and enabling sustainable growth. Through an analytical discussion, the article highlights key dimensions of BMI, challenges associated with its implementation, and the strategic capabilities needed to execute it effectively. The study concludes that Business Model Innovation is not merely a trend but a long-term strategic pathway essential for business resilience and success.

Keywords: Business Model Innovation, Strategic Management, Value Creation, Competitive Advantage, Organizational Agility, Innovation Strategy, Business Transformation.

INTRODUCTION

In an era characterized by rapid technological advancements, evolving consumer expectations, and heightened competitive pressures, businesses can no longer rely solely on traditional methods of competition Quesado, P., & Silva, R. (2021). Innovation once confined predominantly to products, processes, or technologies has broadened to encompass an area of growing importance: Business Model Innovation (BMI). BMI involves reconfiguring how organizations create, deliver, and capture value, thereby challenging conventional strategic norms and enabling companies to sustain performance amid uncertainty Rabie, N., Moustafa, A., et al. (2024).

A business model represents the logic of how a company operates and generates value. Traditionally, firms have focused on incremental improvements to existing models. However, the disruptive nature of digitalization, globalization, and environmental pressures demands more transformative approaches Radicic, D., & Alkaraan, F. (2024). Companies such as Uber, Airbnb, and Netflix have demonstrated that innovative business models can redefine entire industries even without significant technological breakthroughs. Their success illustrates that competitiveness increasingly depends not only on what firms offer but how they organize and present that offering Rauch, A., Wiklund, J., Lumpkin, G. T., et al. (2009).

The drivers behind the growing prominence of BMI include the rising pace of innovation cycles, the democratization of technology, and the emergence of platform-based ecosystems. Furthermore, unexpected global shocks—such as economic crises or pandemics—have

accelerated the need for resilience-driven model transformation. As organizations face increasing demands for sustainability and social responsibility, business model innovation is also becoming a tool for aligning profitability with societal value Robertstone, G., Lapins, E., & Heilala, J. (2024).

Despite its strategic potential, BMI poses considerable challenges. Firms often encounter internal resistance, capability gaps, or uncertainty surrounding new value propositions. Organizational culture, leadership vision, and resource allocation play critical roles in either enabling or hindering innovation. Effective BMI requires companies to balance exploration with exploitation, manage risk, and cultivate a mindset open to experimentation and learning.

This article explores the strategic significance of Business Model Innovation, examining its conceptual foundations, key drivers, and the competencies required for successful implementation. By understanding BMI as a holistic approach rather than a narrow operational adjustment, organizations can unlock new growth opportunities and build long-term competitive advantages.

CONCLUSION

Business Model Innovation has transitioned from a peripheral strategic consideration to a core determinant of organizational survival and leadership. As markets shift and competition intensifies, firms that rely solely on traditional business models risk stagnation and decline. BMI allows organizations to reinvent their value architecture, respond proactively to environmental changes, and tap into emerging growth opportunities.

The success of modern industry leaders illustrates that innovative business models can be more impactful than technological breakthroughs alone. To embrace BMI effectively, organizations must foster cultures of experimentation, invest in digital and strategic capabilities, and design flexible systems that support continuous transformation. Ultimately, Business Model Innovation represents both a challenge and an opportunity—one that determines whether businesses merely adapt or truly thrive in the evolving global landscape.

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Received: 07-Nov-2026, Manuscript No. ASMJ-25-16359; **Editor assigned:** 09-Nov-2026, PreQC No. ASMJ-25-16359 (PQ); **Reviewed:** 18-Nov-2026, QC No. ASMJ-25-16359; **Revised:** 21-Nov-2026, Manuscript No. ASMJ-25-16359 (R); **Published:** 30-Nov-2026