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Impact of Innovation on the Business Model on Organizational Quality and Competitiveness

J. Torres[1], M. López[2]

[1,2]20th Century Architecture Research Group, Department of Architecture, Faculty of Engineering of Gipuzkoa University of the Basque Country UPV/EHU, 20018 Donostia-San Sebastiain, Spain
Email: lopezmar@ehu.eus

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ABSTRACT

In the current business environment, innovation is viewed as a key tool for the growth and sustainability of the organization. Because of their role in determining the field of action of a company as a focal point, markets have become too fast evolving and demanding that the business models need to be redesigned and rethought. Business model innovation (BMI) is the process of creating new ways of organisation's value creation, delivery, and capture. Its transformation, however, implies reconfiguring or calling innovations to the areas of the company's business model including, but not limited to, value propositions, revenue model, customers segments or its processes of operation, to tackle the new challenges and exploit new opportunities.Taking this into consideration, this research article deals with innovation in the business model which plays a key role to enhance the organizational quality as well as the competition of the company. The analysis sheds light on required innovations in a business model to enhance organizational quality, efficiency, and competitiveness in dynamic, highly competitive industries.

1. Business Model Innovation: An Overview

The way a company operates and competes in the marketplace is captured in the developer's business model. A traditional business model describes the logic of a company's customers value creation, value delivery, and worth capture as a company's revenue. At the same time, business models are not stagnant: They change over time in response to changes in customer needs, technology advancement, regulatory demands and competition [1]-[4].

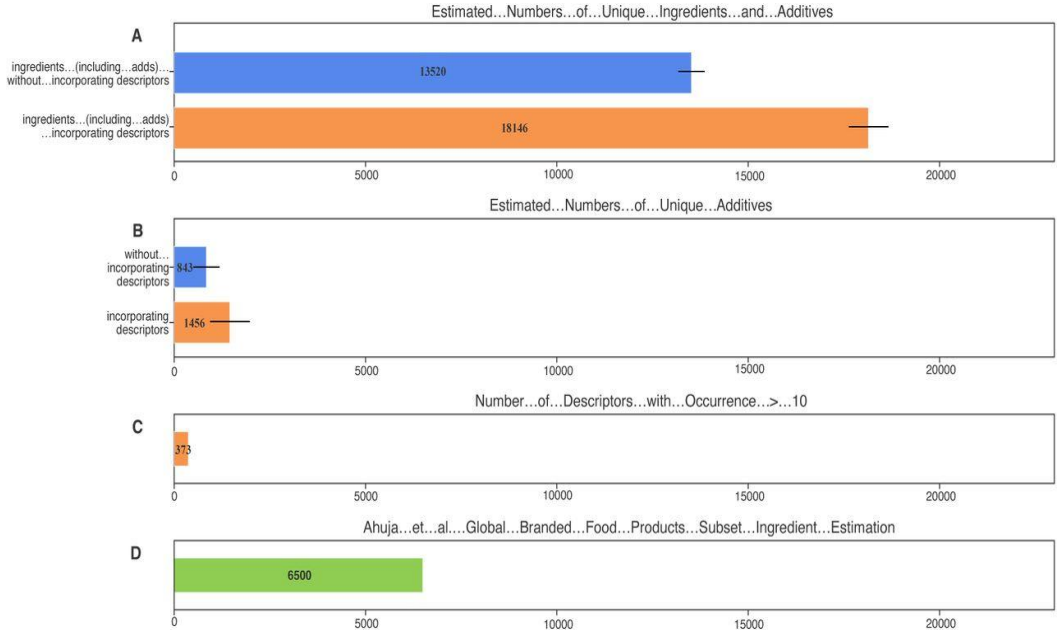

Fig 1. Business Models on Organizational Quality

The rethinking of the whole of an organization's operations, and its relation to customers, has been termed business model innovation. Unlike product and process innovation, business model innovation then change the set of rules under which a business works. In addition to new revenue models, partnerships, customer relationships or resource management strategies, it can involve the disruption of the status quo and allow organizations to remain competitive.

A hallmark of business model innovation is that it is not simply micro, that is, it is a new way of doing business requiring new ways of doing business; rather, it seeks to introduce new ways of doing business that are better for customers with more profitable and sustainable value creation. Business model innovation facilitates disruption and concomitant changes, for instance, since digital transformation, global sustainability initiatives, and changing consumer behavior [5]-[9].

2. Impact of Innovation in Business Models on Organizational Quality

Organizational quality may directly improve through innovation in business models such that it can influence changes in various business operational dimensions. When we talk about quality it means in the business operation the level at which a company's processes, products and services match expectation of customers, industry standard and regulatory requirements. Innovative business models integration leads to continuous improvement in the quality of the organization and the ability to enhance an adaptation to market needs. Below are some key ways that business model innovation affects organizational quality.

2.1 Improved Operational Efficiency

Optimizing the operations is one of the most immediate effects from business model innovation. This is for example, any company that has a more flexible, decentralized business model, i.e. cloud computing or automated systems that can streamline and cut costs. One example is a shift from digital platforms, which reduces the need for physical infrastructure and increases collaboration across the organization. In doing so, companies can take the widened range of demands into account while still maintaining quality.

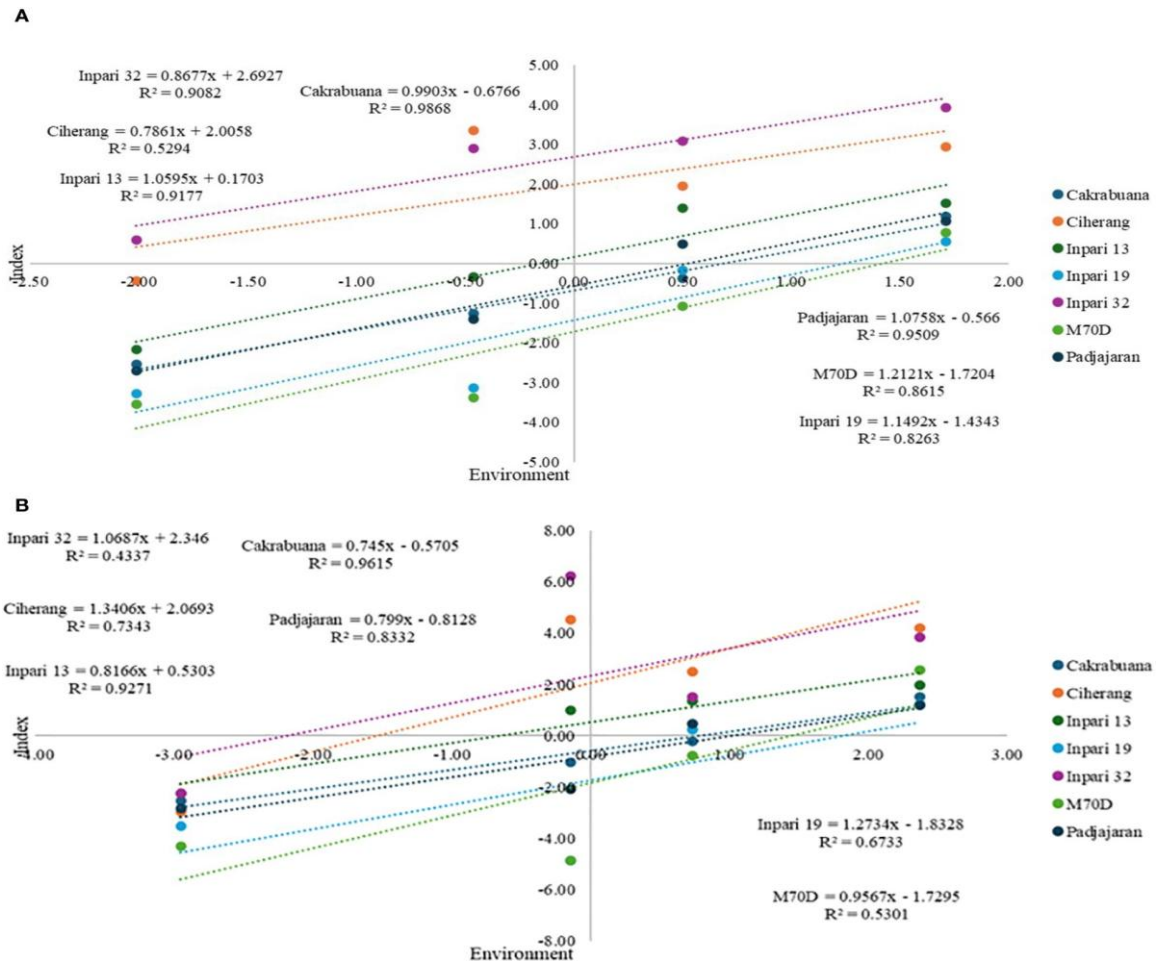

Fig 2. Predictive maintenance cycles

Data and analytics can also help improve operational processes of organizations that adopt new business models based on leveraging data. Advanced data analytics enhances decision making based on data, supply chain optimization, and predictive maintenance, all of which can enhance the operational quality. Companies can apply lean manufacturing processes through business model innovation, improve product design and development cycles, and create more efficient customer service practices to improve the quality of what they output.

2.2 Customer-Centric Models

Secondly, business model innovation changes the emphasis of it toward customer centric models that boost the quality of an organization. Usually, traditional business models are either based on the mass production, or they take a one size fits all approach, and sometimes these models may not fit the specific needs of the customer. Innovative business model like customization, personalization, and subscription based service helps to cater to unique customers requirement [10]-[12].

Table 1. Business Model Components Influenced by Innovation

Business Model Component	Innovation Impact	Effect on Quality and Competitiveness
Value Proposition	Introduction of novel offerings	Improved customer satisfaction and loyalty
Revenue Streams	Diversified income through new monetization	Enhanced financial sustainability
Customer Segments	Targeting emerging markets	Broader market reach and niche competitiveness
Channels	Digital transformation of delivery mechanisms	Increased efficiency and accessibility
Key Activities	Automation and smart operations	Higher product/service consistency and speed

For instance, the Netflix and Spotify models have completely reoriented the industries and made them reinvent by adopting subscription models enabling personalized services based on individual customer preferences. Companies achieve this by improving customer satisfaction, loyalty and as a result the quality of service they provide. Considering that organizations continuously engage in innovating their business models for better alignment with customer expectations, they can boost high standards of service and product quality.

2.3 Agility and Flexibility

More than very, organizational agility and flexibility are essential for maintaining quality standard in the present era of rapid business transformation. Business model innovation helps the companies perform well by responding to changes in the marketplace, technological advancements, and changing consumer preferences. For example, companies that have a transition from traditional retail model to e commerce platform can be more easily adapted and deliver an excellent quality products on time.

Companies can improve their product or service through iterative improvements by adopting business models based on agile methodologies: agile project management or continuous integration. The incremental changes allow organizations to relentlessly make the product better, yet safely, and respond to customer's quick feedback.

2.4 Collaboration and Ecosystem Development

Creating an ecosystem of many stakeholders and collaborating therein is often an innovative way to develop business models. Working with suppliers, distributors, technology providers, including competitors, organizations can improve their product or service quality. By adopting Collaboration oriented and Ecological (COE) such as Platform based models, companies are able to leverage new technologies, skills and resources otherwise otherwise unattainable.

One example of it is that companies such as Apple and Amazon have built around their core offering ecosystems of apps, services and third party providers to enrich their initial offerings. Through working with partners on the outside, in the outside world, organizations can make the products and services they produce have higher quality and be more diverse, and meet more of the needs of customers. This also facilitates for faster and faster innovation by the companies and continuous improvement of the quality of their offerings [13]-[17].

3. Impact of Business Model Innovation on Competitiveness

In market where technology breakthroughs and evolving customer needs create constant

disruption, an organization's competitiveness can be improved quite significantly by adopting innovative business models. Next are some key factors through which business model innovation increases competitiveness.

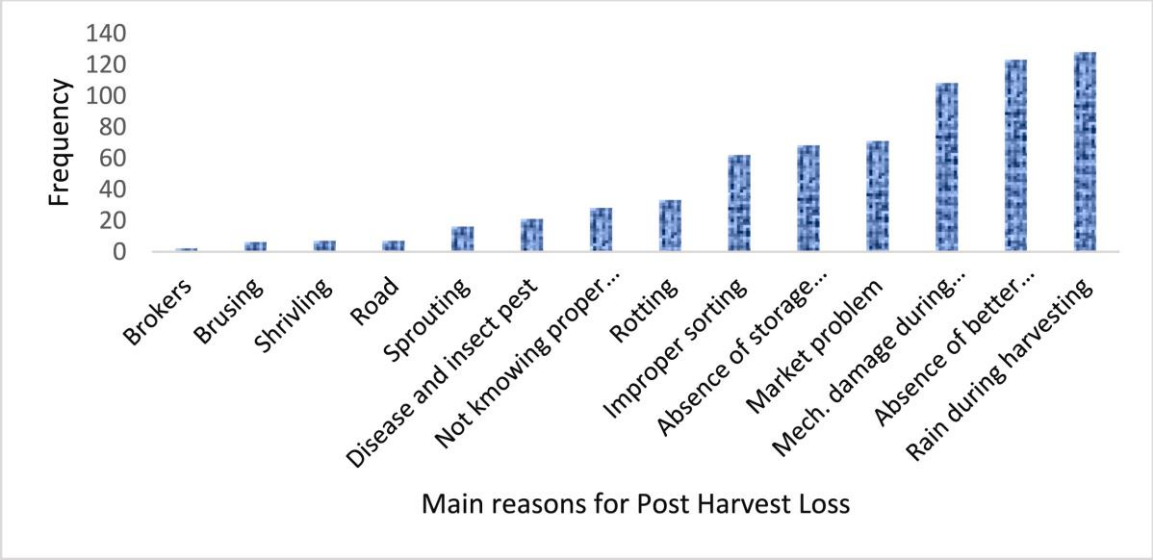

Fig 3. Differentiation and Value Proposition

3.1 Differentiation and Value Proposition

Differentiating from the competition can be achieved through introduction of business models innovation that provides uniqueness in value proposition. However, if organizations redesign their business model to provide outstanding customer experiences, great products, or lower prices, it gives them the competitive advantage. Proponents of adopting innovative moduses such as subscription based modules or freemium moduses are able to offer their customers more value at lower perceived cost thus making them more competitive in the markets.

Organizations who wish to maintain a competitive advantage have a need to provide a unique and compelling value proposition. Business model innovation is a way to cater to niche markets, develop new revenue streams and providing value that competitors couldn't easily replicate.

3.2 Market Adaptability

In a fast developing business environment competiveness depends on how quickly you can adapt to the changing market conditions. Business model innovation gives organizations the ability to pivot, thus allowing them to respond to growing market shifts and tackle the competition. For example, during the COVID-19 pandemic, many companies redefined their business model and started proposing online services, delivery options, contactless contact. Faster to innovate companies around them had a competitive advantage over those slow to adopt new models[18]-[20].

Table 2. Innovation-Driven Business Model Shifts and Organizational Outcomes

Innovation Type	Business Model Shift	Organizational Outcome
Technological Innovation	Integration of digital platforms	Streamlined operations and improved agility
Strategic Innovation	Redesign of core strategies	Sustainable competitive positioning
Organizational Innovation	Flattened structures and agile processes	Faster decision-making and responsiveness
Service Innovation	Personalization and automation in service delivery	Elevated service quality and user experience
Open Innovation	Collaborative ecosystems and partnerships	Expanded innovation capacity and market share

Business model innovation also allows the organization to diversify their market presence. Now, the business can constantly explore new channels or new customer segments, so that its customer base could be broadened, while the reliance on single revenue source falls, which increases the competitiveness of the business as a whole [21]-[25].

3.3 Cost Leadership

One advantage of business model innovation, besides the chance to capture switch costs, is also the ability to become the low cost leader. Organizations also have an opportunity to reduce overhead and offer competition without sacrificing quality by optimizing operations. For instance, airlines like Ryanair or Southwest Airlines took advantage of low cost business model to compete successfully in the airline business where the cost is reduced to the minimum level and the price of travel is kept as low as possible.

Business model innovation is used to lower a company's cost of delivering a product or service, which helps keep them competitive in price sensitive markets, especially against larger or more well established players. Organizations can keep their business models in a steady state of improving, lowering costs and offering increased value, thereby slowing down the process of becoming obsolete in the market [25]-[31].

3.4 Sustainability and Long-Term Competitiveness

Competitiveness of companies is increasingly dependent on the factor of sustainability. Organizations could have a competitive advantage by implementing innovative business models that are oriented towards practices that can be classified as sustainable, such as circular economy models, green supply chains, amongst others.

For instance, brands like Patagonia and Tesla have founded their brands on sustainability through unique business models that focus on renewable energy, resource conservation and ethical production. These companies can be differentiated by the increasing need of environmentally friendly products and services which, in turn, make them long run profitable.

4. CONCLUSION

The innovation is made in the business model because it enhances both organizational quality and competitiveness. They seek to restructure value creation, delivery, and capture in a way that improves operational efficiency, facilitates better customer experience, and promotes quick response to the changing market conditions. The business model innovation impact is not merely about optimizing the processes; it is about how companies work and interact with customers, partners, and other stakeholders to the core of existence.In an increasingly globalized and technology driven world, new challenges need to be faced by organizations and business model innovation will still be a crucial factor in terms of driving sustainable growth, operational excellence and long term competitiveness. And with the condition that the company is able to innovate its business model successfully, the rewards are enormous: improved quality, better customer satisfaction and an unquestionable position in the market. By virtue of this, businesses that adopt innovation in their business model will be able to successfully traverse the many complexities of the contemporary business environment and create a bright future for themselves.

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