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The Consequences of Business Model Innovation on Market Orientation and Stakeholder Orientation in Disruptive Firms

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ABSTRACT

Disruption is the new paradigm of business. Nearly a day goes by without the popular business press heralding a new “disruptor” that has come to lay waste to the existing industrial landscape and radically alter the way in which humanity will live. While this may seem like hyperbole, it is not entirely without merit. The past few decades have seen a tremendous growth of innovations that have caused widespread changes in the ways firms do business. As such, it is essential to understand the antecedents and consequences of innovation and disruption on firms.

In the taxonomy of innovation, there are several ways innovations can manifest. Innovations can be incremental changes in products, technologies, or processes; alterations in firms’ business models; or even radical disruptive changes that alter industries or, in some cases, even society at large. In light of the numerous types of innovation, this work hones in on business model innovation as a key source of firms’ disruptive capability. Business model innovation is loosely defined as the manner through which firms create value to, and extract value from, customers. Recent business history has demonstrated that business model innovation can be a crucial driver of competitive advantage.

In light of the importance of business model innovation to disruption, a review of the literature was conducted to better understand the antecedents of innovation. One of the key findings was that for most types of innovation, an external market orientation is required to understand the needs of markets. However, the literature has not made clear connections from market orientation to business model innovation. This research proposes several propositions for future research in this area. The consequences of business model innovation and disruption have not been rigorously investigated in the literature. This study reviews the literature and makes several propositions for future research into the effects of business model innovation on two key orientations of firms, market orientation and stakeholder orientation.

ABOUT THE AUTHOR

Zachary Moore is a doctoral student in Marketing at the University of South Alabama. In addition to his studies, he also serves as the Agribusiness Program Coordinator at the University of Louisiana at Monroe where he teaches a variety of agricultural business courses including agricultural marketing and farm management. Zach earned his MBA from the University of Louisiana at Monroe.