

Company's Business Model with Reference to Network Approach: Empirical Research

Findings

A development basis for modern business is the network-based organization forms dominating in many industries. That is the reason why companies consider their strategies at the network level and focus on cooperation, partnership and mutual value creation while establishing business models.

There is growing interest in studying business models with reference to network approach since value creation occurs in the process of inter-firm relationships, but not within a single company. Networks are given consideration to as the main components of a business model. They have turned into crucial modelling elements of business while determining not only positions and roles of participants of value creation chains, but also specific features of their interactions, exchange of resources and income distribution.

There is lack of Russian publications devoted to analysing peculiarities of business modelling in Russian markets despite widespread appreciation of empirical investigations of business models in other countries.

The report will represent findings of the research work conducted by making use of case study to provide insight into the business models used by Russian companies that target a market of nonwoven fabric.

With reference to network approach, the business model analysis was devoted to description of a relationship structure, role definition of the participants of value creation and value distribution chain, and study of the existing modes of interaction for market-conscious entities.

Empirical findings add substance to the important role of network inter-firm relationship in establishing business models. Networks are the main components of a business company modelling. They determine positions of market-conscious entities in a value creation chain and influence power distribution between the value chain participants as well as the process of their generating and distributing profits. Companies determine not only their own business structure, but shape a strategic value creation chain and organise a business ecosystem. By doing so they can lower risks and costs, boost trust and potential income generation. Firms obtain access to resources and technologies necessary for promoting their long-term competitive advantage via cooperation and collaboration.

According to the authors, the promising areas of research work in business modelling include structural determination of value creation chains, analysis of changes in a network configuration, evaluations of expediency of a company's focus on specific activities or efforts to attract partners for their implementation, measurement of strategic networks impact on decline in entrepreneurs' risks and stabilization development.