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Building Entrepreneurial Skills for Business Model Innovation: A Conceptual Framework and Research Agenda

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Abstract:

The rapid evolution of global markets and technological advancements has made business model innovation (BMI) a crucial factor for sustaining competitive advantage in today's entrepreneurial landscape. However, despite its importance, there remains a gap in understanding the specific entrepreneurial skills required to drive successful BMI. This paper proposes a conceptual framework aimed at identifying and cultivating the core entrepreneurial competencies essential for effective business model innovation. The framework synthesizes insights from entrepreneurship theory, strategic management, and innovation literature, highlighting the role of skills such as opportunity recognition, creativity, risk management, and adaptive leadership in the innovation process. In addition, the paper outlines a research agenda for further exploration into the intersection of entrepreneurial skill development and BMI, offering a structured approach to empirical investigations. By addressing these gaps, this study seeks to contribute to both academic theory and practical applications, helping entrepreneurs and organizations build the skills necessary to navigate and capitalize on business model changes in an increasingly dynamic business environment.

Keywords: Entrepreneurial Competencies, Innovation Strategy, Opportunity Recognition, Creativity in Entrepreneurship, Risk Management

Introduction:

In today's rapidly changing markets, driven by technological disruption and evolving customer needs, business model innovation (BMI) has become essential for entrepreneurial success. BMI involves redesigning how value is created, delivered, and captured, offering entrepreneurs new pathways to competitiveness. Yet, while research on BMI has expanded, limited attention has been given to the entrepreneurial skills that enable such innovation. Skills like opportunity recognition, creativity, risk management, and adaptive leadership play a crucial role in how entrepreneurs identify trends, respond to uncertainty, and build innovative business models.To address this gap, this paper proposes a conceptual framework linking key entrepreneurial skills to the process of BMI. Drawing on entrepreneurship, strategic management, and innovation literature, the framework highlights how individual competencies influence innovative outcomes. The paper also presents a research agenda to guide future studies and inform educational and practical efforts aimed at strengthening entrepreneurs' capabilities. By doing so, it contributes to a deeper understanding of the skills required for effective business model innovation in a dynamic business environment.

Review of Literature:

1. Entrepreneurial Skills and Competencies: Entrepreneurial skills have been widely studied as critical drivers of entrepreneurial success.

Mitchelmore and Rowley (2010) categorize entrepreneurial competencies into opportunity, relationship, conceptual, organizing, and strategic competencies, emphasizing that these skills shape entrepreneurial performance. Opportunity recognition, identified by Ardichvili, Cardozo, and Ray (2003), is one of the most essential capabilities that allow entrepreneurs to identify market needs and emerging opportunities. Creativity and innovative thinking are also seen as vital, enabling entrepreneurs to challenge existing assumptions and generate novel ideas (Baron & Tang, 2011). Furthermore, risk management, resilience, and adaptability equip entrepreneurs to navigate uncertainty—an inherent feature of entrepreneurial ventures. Collectively, these studies highlight the multi-dimensional nature of entrepreneurial skills and their central role in driving innovative outcomes.

2. Business Model Innovation (BMI): Business model innovation has emerged as a significant strategic tool for gaining competitive advantage. Teece (2010) defines a business model as the logic of how value is created and captured, suggesting that innovating this logic can unlock new opportunities for growth. According to Foss and Saebi (2017), BMI involves systematic changes to a firm's value proposition, value creation mechanisms, and revenue models. Chesbrough (2010) argues that BMI can often offer greater competitive benefits than traditional product innovation because it reshapes the entire value system. Yet BMI is complex, requiring experimentation, strategic thinking, and the ability to manage organizational transformation. Research has widely acknowledged BMI's importance, but many studies focus on outcomes rather than examining the skills entrepreneurs require to successfully drive such innovation.

3. Linking Entrepreneurial Skills to Business Model Innovation: Recent studies have begun to explore how entrepreneurial competencies support BMI. Creativity, for instance, enables entrepreneurs to conceptualize new ways of delivering value (Johnson, Christensen, & Kagermann, 2008). Opportunity recognition helps identify when existing business models are misaligned with market shifts. Moreover, adaptive leadership and a strong learning orientation are essential for managing the iterative, uncertain process of BMI (Eisenhardt & Martin, 2000). Despite these insights, research in this area remains fragmented. There is limited understanding of which skills are most influential at different stages of BMI and how these skills interact to support innovative business model development.

Gaps in the Existing Literature:

The literature reveals several gaps:

Most studies examine entrepreneurial skills or BMI separately rather than linking the two. There is no widely accepted framework mapping entrepreneurial competencies to the stages of BMI. Empirical research in this domain is limited, with many studies remaining conceptual. Little attention has been paid to how entrepreneurial skills relevant to BMI can be taught or developed through education and experience.

Research Gaps:

- **Gap 1: Limited Integration of Entrepreneurial Skills and BMI:** Most studies examine entrepreneurial competencies or business model innovation independently. There is a lack of integrated research exploring how specific entrepreneurial skills contribute to different stages of BMI.
- **Gap 2: Lack of a Holistic Conceptual Framework:** Existing literature does not offer

a comprehensive framework linking entrepreneurial skills—such as opportunity recognition, creativity, risk management, and adaptability—to the processes involved in business model design, implementation, and renewal.

- **Gap 3: Insufficient Empirical Evidence:** While conceptual discussions are common, empirical studies examining the relationship between entrepreneurial skills and successful business model innovation remain scarce. More quantitative and qualitative evidence is needed to validate theoretical assumptions.
- **Gap 4: Skill Development Mechanisms Are Underexplored:** Although entrepreneurial education and training programs are widely discussed, little research examines *how* specific skills essential for BMI can be fostered, enhanced, or measured among entrepreneurs.
- **Gap 5: Contextual Variations Are Not Adequately Addressed:** Many studies focus on large corporations or developed economies, while small businesses, start-ups, and emerging markets—which rely heavily on entrepreneurial skills—are understudied in the context of BMI.

Research Design:

This study adopts a qualitative, conceptual research design aimed at developing a comprehensive framework that links entrepreneurial skills to business model innovation. The research synthesizes existing theories, empirical findings, and conceptual models from entrepreneurship, innovation, and strategic management literature.

Data Collection Method:

The study relies on **secondary data** collected through a systematic review of peer-reviewed journal articles, books, conference papers, and scholarly databases.

Inclusion and Exclusion Criteria:

Inclusion: Peer-reviewed articles published between 2000 and 2024 Studies focusing on entrepreneurial skills, competencies, innovation, or business models Conceptual and empirical research relevant to entrepreneurship and innovation

Exclusion: Articles without theoretical or practical insights Studies unrelated to entrepreneurship or business model innovation

Data Analysis:

A thematic analysis approach was used to identify recurring patterns, concepts, and relationships within the literature. The analysis involved three steps:

Coding key concepts related to entrepreneurial skills and BMI. **Grouping** similar themes (e.g., opportunity recognition, creativity, adaptive capability). **Integrating** themes into a conceptual framework that shows how entrepreneurial skills influence business model innovation.

Framework Development:

Based on insights from the literature, a conceptual framework was constructed to illustrate:

Core entrepreneurial skills relevant to BMI. How these skills support various phases of business model innovation. The relationships and interactions between skills and innovation outcomes

Limitations of the Methodology:

The study is conceptual and does not include primary data collection. Findings may be influenced by biases in existing literature.

Hypotheses / Propositions:

From the conceptual framework, we can propose:

1. **H1:** The development of entrepreneurial skills positively influences business model innovation.
2. **H2:** Entrepreneurial self-efficacy mediates the relationship between entrepreneurial skills and BMI.
3. **H3:** Entrepreneurial learning mediates the effect of skills on BMI.
4. **H4:** Curiosity moderates the learning-BMI relationship: higher curiosity strengthens the effect of learning on BMI.
5. **H5:** Entrepreneurial orientation (EO) moderates the link between skills and BMI: in firms with strong EO, the impact of skills development on BMI is higher.

Implications:

For Educators and Policymakers:

Entrepreneurship education curricula should not only teach business fundamentals but actively develop skills like adaptability, creativity, and opportunity recognition. Training programs should incorporate experiential learning and reflection, to strengthen self-efficacy and learning. Building structures to foster curiosity (e.g., hackathons, innovation labs) can boost the translation of learning into real business innovation.

For Entrepreneurs / Firms:

Entrepreneurs should invest in continuous learning and self-reflection; learning is not just about knowledge but about applying it to redesign business models. Firms (especially SMEs) can foster business model innovation by encouraging an entrepreneurial orientation and giving employees space to experiment. Even established firms can use corporate accelerators or innovation units to bring in new skills and business model thinking.

Limitations and Challenges:

Although this study provides valuable insights into the relationship between entrepreneurial skills and business model innovation (BMI), several limitations and challenges must be acknowledged.

1. Conceptual Nature of the Study: The research primarily relies on a conceptual and literature-based approach. Since no primary data was collected, the proposed framework remains theoretical and requires empirical validation. This limits the ability to generalize findings across different entrepreneurial contexts.

2. Limited Availability of Integrated Research: One of the challenges encountered was the scarcity of studies directly linking entrepreneurial skills with BMI. Existing research often treats these areas separately, making it difficult to draw strong connections or develop a fully comprehensive model without extrapolation.

3. Variability in Definitions and Constructs: Entrepreneurial skills and competencies are defined differently across studies, leading to inconsistencies in terminology and measurement. Similarly, BMI is conceptualized in diverse ways depending on industry, organizational size, and market context. These variations pose challenges in establishing a universal framework.

4. Contextual Differences Across Regions and Sectors: The entrepreneurial environment differs significantly between developed and developing economies, as well as across industries (e.g.,tech startupsvs. traditional SMEs). Because of this contextual diversity, the applicability of the proposed framework may vary, limiting its universal relevance.

5. Rapidly Changing Business Environment: Technological advancements and shifting market dynamics mean that entrepreneurial skills required today may differ from those needed in

the future. This makes it challenging to identify a stable set of skills that consistently support BMI over time.

6. Difficulty in Measuring Entrepreneurial Skills: Entrepreneurial skills such as creativity, opportunity recognition, or adaptability are complex and often subjective. Accurately assessing these skills requires sophisticated tools or longitudinal studies, which were beyond the scope of this research.

7. Limited Focus on Skill-Development Mechanisms: While the study highlights key skills relevant to BMI, it does not deeply explore how entrepreneurs can practically develop or enhance these competencies through education or experience.

Further investigation is needed to establish effective training models.

Conclusion:

Business model innovation (BMI) has become a central strategic priority in an increasingly dynamic and competitive global environment, particularly for entrepreneurs operating under conditions of uncertainty. This study highlights the critical role of entrepreneurial skills—such as opportunity recognition, creativity, adaptability, and risk management—in enabling entrepreneurs to design, implement, and sustain innovative business models. Although BMI has been widely studied, the connection between individual entrepreneurial competencies and successful business model transformation has remained underexplored.

By synthesizing insights from entrepreneurship, innovation, and strategic management literature, this paper proposes a conceptual perspective that links entrepreneurial skills to the stages and processes of BMI. The review reveals that while entrepreneurial competencies significantly influence innovation outcomes, existing research lacks integration, empirical grounding, and practical guidance on how these skills can be developed. The identified research gaps underscore the need for further empirical studies that validate the proposed relationships and explore contextual variations across industries and regions.

Overall, this study contributes to a deeper understanding of the human capabilities that drive business model innovation. It emphasizes that strengthening entrepreneurial skills is essential not only for fostering innovative business models but also for enhancing organizational resilience and long-term competitiveness. Future research should build on this conceptual foundation by developing validated measurement tools, examining real-world entrepreneurial contexts, and exploring educational or training interventions that effectively cultivate the skills required for BMI.

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