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CONCEPT OF COMPREHENSIVE ENTERPRISES BUSINESS MODEL IN GLOBAL ECONOMIC ENVIRONMENT

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ABSTRACT

The effective functioning of a modern enterprise necessitates the awareness of the owners and managers of its strategic orientations, the state of the internal and external environment, its competitive advantages, entrepreneurial potential and development prospects. A well-built business model of the enterprise helps to face these urgent and permanent challenges. However, the formation of a real business model of the enterprise necessitates mastering of theoretical and methodological bases and implementation of long-term practical measures in the field of assessment, shaping, organization and control. This study offers a comprehensive business model of the enterprise that systematically identifies key factors which influence business activity of the enterprise and provide value logic for doing business in the global economic environment.

Keywords: Business Model, Factors, Resources, Processes, System Approach, Business Environment, Enterprise

JEL Classification: D 000, F 200, L 210, O 410, P 120.

INTRODUCTION

The term "Business Model" became widespread in the end of XX century and is common at science literature and business practices in XXI century. Initially, the term did not have a clear definition and was used to describe a wide range of issues (starting from how a company generates revenue and till how it is organized), but gradually steps have been taken in the scientific community to conceptualize its meaning and scope.

Shvydanenko (2013) determines the evolution of the enterprises business models concept formation within strategic management theory development periodization: 1960s-early 1970s (prevalence of planning school); mid-1970s-late 1980s (domination of positioning school); the beginning of the 1990's and now (forming the concept of the company's business model and developing a competence school).

Business modelling should be organically adapted to the specific enterprise and have a broader character than the key elements that provide value to external customers, creating a system of values, assets, expenses, profits and so on. Accordingly, the modern business models of enterprises over a period of nearly fifty years have developed certain logic of construction which is substantiated by historical background and their taxonomy has already been formed. In the scientific literature we now see many approaches to the classification of business models of the enterprise. For example Linder & Cantrell (2000) distinguish three types of models:

component business models, real business models and dynamic models. They also offer classification of business models for the following groups: "Incomplete", "Operating", "Predictive". Alt & Zimmerman (2001) distinguished business models of the enterprise by two criteria: (1) by object-business models of markets and their segments, business models of industries, models of profit; (2) for the purpose of formation: reference business models, imitation business models.

However, due to globalization of the economy, we may observe an unprecedented complication of the business environment in XXI century-competition is intensifying, there are fewer unoccupied market niches. Such tendencies necessitate the search for adequate business tools for enterprise development. Despite the huge number of publications on this topic, scientific discussion in the field of development and optimization of effective business models continues and the scientific interest of researchers and entrepreneurs to this topic is increasing.

LITERATURE REVIEW

The question of finding effective forms of management through conceptualization of business model of enterprises has been researched by many scientists. For example, Geissdoerfer et al. (2018) note the existence of different conceptual models: "Business Model", "Sustainable Business Model" or "Circular Business Model". Moreover in their research they define four types of business model innovation: startup (there is no current business model and a new business model is being created); transformation of the business model (there is an existing business model that changes to another business model); business model diversification (the current business model remains in place and an additional business model is created); acquisition of a business model (additional business model is identified, acquired and integrated).

Vail (2005) distinguished two criteria in the classification: first-what right is sold to the consumer? (there are four types of core business models: creators, distributors, owners, and brokers); second-what assets are involved in the business? (by the type of resource that companies can sell to their customers, business models are divided into: physical, financial, intangible and human). Chesbrough (2002) distinguishes six types of business models into two dimensions (the scale of investment made to support the business model and the degree of openness of the business model): undifferentiated; differentiated; segmented externally oriented; integrated; with innovative processes; adaptive.

Osiyevskyy & Dewald (2015) develop a typology of incumbent adaptations to emerging disruptive business model innovations, based on two generic strategies: (1) explorative adoption of a disruptive business model; and (2) exploitative strengthening of the existing business model. Cozzolino et al. (2018) highlight the mechanisms through which such forces as (1) the initial advent of disruptive technologies; and (2) the subsequent entry of disruptors introducing new business models forces trigger business model adaptation in incumbent organizations.

Biloshapka et al. (2016) describe a value matrix as a tool for evaluation of business model future. They divide business models into 4 categories: loser (business models of firms that fail to deliver either customer or business value), taker (business models of the companies that are hanging on to their prominent, profitable market position without actually providing or securing the outstanding customer value, thanks to their high brand value and reputation based on past successes), giver (business models of companies that give more than they get) and winner (business models of companies with high customer value, which results from addressing their customers' most important preferences). They also lay down the business model life cycle where a company pervades from initial stage to giver, than winner to taker and finally loser.

Osiyevskyy et al. (2017) for measuring global business model uses the following analytical framework–matrix that involves four quadrants (1) target industry, (2) stakeholder value proposition, (3) design of activity system and (4) resources for business model. They also define distinct characteristics of globally scalable business models that are of global enterprises use. Osiyevskyy et al. (2018) define key problems of new technology-based firms business models. According to the research they are (1) low value recognition from the customer side, (2) delivery failure, (3) monetization failure, (4) failing to scale up the successfully validated business model, low relevance of the customer value offered, (6) inability to focus on the key customers.

Recently also Business Model Canvas has been recognized in scientific sources as a universal and effective business management concept. The Business Model Canvas was proposed by Osterwalder (2010) based on his earlier book: Business Model Ontology. It outlines nine segments which form the building blocks for the business model in a one-page canvas. Amongst such segments are: key partners, key activities, value proposition, customer relationship, customer segment, key resource, distribution channel, cost structure, revenue stream. Diaz-Diaz et al. (2017) apply to the Business Model Canvas for evaluation of business model for smart cities.

Finally Gomes et al. (2018) provide the description of four layers of business models in ICT. The first layer they name is concerned with connection-related business model where a stakeholder provides connection related services, second-is the business model focusing on monetizing content, third - concerns the ability to create and monetize user, content, equipment / user device and system profiles and turn (big) data into meaningful information and knowledge and fourth - concerns commerce, the ability to monetize any or all of the connection, content, or context specific resources, actors or activities related to the ongoing communications.

Summarizing the results of the researchers' publications, it can be noted that "Business Model" describes the elements and the links between them that provide the logic of the business and its value. Such elements include: offered products (products and services), resources (human, tangible, non-material, financial, temporary), participants (suppliers, clients, intermediaries), sources of revenue, processes, competences, structures, strategies, claims, forms of business organization, markets, activities, systems and subsystems.

METHODOLOGY

The complexity of such basic and applied research is due to the fact that this problem is permanent and complicated by the increase of scientific developments in the field, which start to cover individual niches, but do not show a complex solution for the enterprise developing in conditions of economic globalization.

The author's methodology uses a systematic approach, methods of observation, comparison, abstraction, idealization and grouping. Matrix and graphical methods were used to visualize the research results.

RESULTS AND DISCUSSION

The business model of enterprise is developed during its creation and optimized during the whole period of its operation. Accordingly, the formation of the enterprises business model involves its initial development and subsequent adjustment, which is carried out when necessary. These two approaches to business model formation have significant differences.

The first approach is carried out in conditions of considerable uncertainty, when the enterprise is not yet formed, respectively all calculations are probabilistic and have high risk. In the first approach, the initial development of a business model involves the identification and subsequent formalization of elements that will ensure the logic of business operation and its value even before opening a new enterprise. The second approach is based on a good knowledge of the internal and external environment, but its successful implementation requires finding effective solutions, which usually need to be exclusive, extraordinary and competitive. In the second approach, business model optimization requires owners and managers to apply modern methodological solutions to an already existing enterprise.

Accordingly, formation of a business model requires the key factors identification that have systematically impact on the model and provides the value logic of entrepreneurship in the global business environment but not just the individual key elements that we see in the popular business models considered in a present literary review.

Based on a systematic approach that considers the enterprise as a complex, open and dynamic system, we propose to identify three groups of system factors (input factors from external environment, transformation factors from internal environment, output factors from internal environment into external environment) and six groups of structure-forming factors of the business environment (natural, biological, technical, economic, social, managerial) that are drastically affecting functioning of any social and economic system (Sardak, et al. (2019)). Applying to matrix approach, the authors propose to visualize the configuration of the enterprise business model in Table 1.

Table 1 CONCEPT OF ENTERPRISES COMPLEX BUSINESS MODEL						
Structure-forming	System factors					
factors	Input factors (external environment)	Transformation factors (internal environment)	Output factors (external environment)			
Natural	№1 («D18»)	№2 («D18»)	№3 («D18»)			
Biological	№4 («D18»)	№5 («D18»)	№6 («D18»)			
Technical	№7 («D18»)	№8 («D18»)	№9 («D18»)			
Economic	№10 («D18»)	№11 («D18»)	№12 («D18»)			
Social	№13 («D18»)	№14 («D18»)	№15 («D18»)			
Managerial	№16 («D18»)	№17 («D18»)	№18 («D18»)			

Using this author's approach, when constructing a complex business model of the enterprise, the researcher can independently identify 18 key factors that ensure the success of the business according to the parameters that he can choose based on his qualifications and capabilities. Moreover this business model may be aggravated. Owners, top managers and employees of strategic management departments in large and medium-sized enterprises with professional skills and access to confidential corporate information may detail the data of the 18 factors on the matrix presented in Table 2.

Table 2 STRUCTURE OF D18 ELEMENTS TEST					
Structure-forming factors	System factors				
	Resources	Processes	Connection factor		
Tendencies	1	2	3		
Problems	4	5	6		
Threats	7	8	9		
Risks	10	11	12		
Challenges	13	14	15		
Subjects	16	17	18		

Thus each of the 18 items in Table 1 can be described by the researcher with 18 items in Table 2. In this respect among the structure-forming factors the following may be identified: tendencies, problems, threats, risks, challenges and subjects (Sardak et al., 2017). Regarding system factors, it is possible to identify: resources (auxiliaries: human, real, non-material, financial, temporary); processes (ordered actions: permanent or variable); communication factors (connecting parameters of the environment: laws, norms, rules, values, etc.). Thereby, on using an aggravated version of 2 matrix test, the researcher may get a description of 324 elements that affect the enterprise and reflect its status in the global business environment.

The increasing complexity of the business environment due to the globalization and intensification of scientific and technological progress dynamics, leads to the development acceleration of all market players, so business modelling is advisable not only at a certain point in time, but also should be taken into account future changes, which helps to achieve the scenario approach for each indicator: positive (strengthening of favourable competitive factors), neutral (stability of competitive factors); negative (weakening of favourable competitive factors).

CONCLUSIONS

On investigating the historical aspects of business modelling it is determined that copying of well-known and in the past effective business models at enterprises today, in the face of global aggravation, does not guarantee one hundred percent commercial success. Business modelling should be organically tailored to each individual enterprise and be broader in nature than identifying the key elements which provide value to external customers, value creation system, assets, costs, profits, etc.

In this respect the authors have comprehensively identified, selected, grouped and correlated among themselves the main factors influencing the activity of the enterprise and offered a comprehensive business model that can be flexibly designed with varying degrees of detailed elaboration.

The authors' methodological developments in the field of business modeling have been tested in various industries, including agricultural enterprises, IT companies, consulting firms, industrial plants and small travel companies. In business modeling, the configuration of the proposed integrated business model of the enterprise remains universal, regardless of the industry, however, its formalization by structural elements can be formed adaptively, have individual detailing and be based on different assessment methods, depending on the qualifications of researchers and requirements of customers. Validation of this model by testing on companies of different fields is subject of future research.

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