IBIMA Publishing
The Journal of Organizational Management Studies
https://ibimapublishing.com/articles/JOMS/2025/223981/
Vol. 2025 (2025), Article ID 223981, 17 pages, ISSN: 2166-0816
https://doi.org/10.5171/2025.223981

Research Article

Adapting Global Business Models to Disruptive Innovation and Market Dynamics: A Framework for Modern Times

ESSBAA Elmehdi[1], LARAQUI Saad[1] and JARREAU Bert[2]

[1]ESCA École de management, Casablanca, Morocco

[2]University of Maryland, Washington, USA

Correspondence should be addressed to: ESSBAA Elmehdi; eessbaa@esca.ma

Received date:10 November 2023; Accepted date:6 October 2024; Published date: 19 March 2025

Academic Editor: Ouail El Imrani

Copyright © 2025. ESSBAA Elmehdi, LARAQUI Saad and JARREAU Bert. Distributed under Creative Commons Attribution 4.0 International CC-BY 4.0

Abstract

In an era marked by rapid technological advancements, artificial intelligence (AI), shifting market dynamics, and heightened global interconnectedness, traditional global business models have become insufficient. This study aims to address this gap by proposing a practical, multidisciplinary framework that adapts to the current global business environment.
The existing literature on international business (IB) has primarily been grounded in outdated models that fail to adequately consider emerging markets, technological disruptions, and the challenges posed by aging populations. This study critically reviews the limitations of classical frameworks, such as the OLI Eclectic Paradigm, and offers a fresh perspective on dynamic capabilities and the necessity for continuous innovation in global business models.
Using a qualitative exploratory methodology, this paper examines case studies of multinational corporations (MNCs) that have successfully adapted their business models to modern realities. Our findings suggest that firms capable of embedding adaptability, innovation, and agility into their business strategies are more likely to achieve sustained global success. This research contributes to the evolving discourse on global business strategies by emphasizing the importance of dynamic capabilities in navigating the volatile, uncertain, complex, and ambiguous (VUCA) environment.

Keywords: Global business models, dynamic capabilities, disruptive innovation, OLI Eclectic Paradigm.

Cite this Article as: ESSBAA Elmehdi, LARAQUI Saad and JARREAU Bert (2025)," Adapting Global Business Models to Disruptive Innovation and Market Dynamics: A Framework for Modern Times", The Journal of Organizational Management Studies, Vol. 2025 (2025), Article ID 223981, https://doi.org/10.5171/2025.223981

Introduction

In today's global business landscape, global operations are in crucial need of the nuanced customization of products and services for local markets. Businesses today are compelled to tailor their models to the distinctive contexts of regional, national, and subnational markets to determine how they create value, position their value propositions for customers, and profit within a vast and diverse market (Aagaard, 2024; Tallman, Luo, & Buckley, 2018). The intricate interplay of disruptive forces in the global business environment, including a shift towards emerging markets, rapid technological advancements such as AI and machine learning (Xie, Chen, & Li, 2024), responses to the challenges of an outdated world, and increased global connections, demands that modern businesses integrate adaptability, dynamic capabilities, and innovation potential into their models for sustained success (Dobbs, Manyika & Woetzel, 2016; Tallman et al., 2018; Teece, 2009).

In a time characterized by volatility, uncertainty, complexity, and ambiguity (VUCA) and subject to unforeseeable shocks, the operational landscape for today's businesses has become riskier and more unpredictable (Ghemawat, 2018). The COVID pandemic and the latest political instabilities are living proof that globalization is now fully rooted in every aspect of modern societies. Organizations tethered too closely to traditional approaches risk hindering their success, while those focusing on new developments and business model innovation can leverage dynamic capabilities to navigate insufficient insight, foresight, and understanding (Schoemaker, Heaton & Teece, 2018).

The contention arises that outdated global business models, supported by international business (IB) frameworks developed over the past decades, no longer align with today's world. The rapid pace of change in the trading landscape poses opportunities for multiple competitors to disrupt markets. Despite the progress of globalization, major events reflected in significant geopolitical shifts such as BREXIT, the USA withdrawal from the Trans-Pacific Partnership (TPP), and the replacement of NAFTA with the United States-Mexico-Canada Agreement (USMCA) (Dobbs et al., 2016; Politi & Sevastopulo, 2018).

This paper aims to provide managers and policymakers with a pragmatic, multidisciplinary framework. It addresses the needs of smaller companies looking to expand globally and larger enterprises seeking strategies to adjust to the ever-changing landscape.

Literature Review

Global Business Models

A business model outlines how a company generates and delivers value to customers, capturing a share of that value (Teece, 2018). It delineates how the business provides and monetizes value, emphasizing a consistent strategy, structure, resources, and revenue model (Casadesus-Masanell & Ricart, 2010; Teece, 2010). The business strategy, representing the active aspect of the business model, details how the firm leverages its assets for competitive advantage in delivering customer value (Tallman, Luo & Buckley, 2018). However, the business model concept lacks a robust theoretical foundation, primarily evolving from practical applications (Tallman et al., 2018). Two bodies of knowledge elucidate the theoretical underpinnings guiding global business operations, specifically in constructing value and securing profits from expansive and diversified markets: the international business (IB) and international strategy (IS) literature (Eden, Dai & Li, 2010).

The key components of a business model include a customer value proposition, key processes (e.g., R&D, manufacturing, HR, marketing, IT), resources (e.g., brand, people, technology, partnerships, channels), and profit formula (e.g., cost structure, revenue model, profit sustainability). The integration of these variables is crucial for creating competitive advantage, producing value for both customers and the company (Amit & Zott, 2012; Teece, 2010; Zott & Amit, 2010). In the global context, businesses create and sustain customer value and profits uniquely by leveraging internal and external resources and capabilities. The dynamic activities undertaken to meet international market demands define the business's approach (Tallman et al., 2018).

ESSBAA Elmehdi, LARAQUI Saad and JARREAU Bert, The Journal of Organizational Management Studies,
https://doi.org/10.5171/2025.223981

Global businesses undergo significant transformations in creating and capturing value through their business models, driven by global macro-environment changes. These shifts include global connectivity, technological upheavals, pro-market reforms, sustainability, market development in emerging economies, business process offshoring (BPO), knowledge process offshoring (KPO), and increased access to global open resources (Dormeier et al., 2024; Tallman et al., 2018).

• Global connectivity: Digital platforms, information technologies, and Internet access link global businesses to customers, suppliers, distributors, and employees worldwide, facilitating rapid and profitable expansion beyond home markets (Tallman et al., 2018). In essence, the contemporary era of global connectivity transcends geographical constraints, offering businesses unprecedented opportunities to establish, sustain, and expand their presence on a global scale. The strategic utilization of digital platforms and Internet-driven connections has become a cornerstone for enterprises seeking not only to survive but to thrive in the dynamically evolving landscape of global business.

• Technological upheavals: Technological advancements, encompassing 3D printing, automation, artificial intelligence, genetic technology, digitization, big data, and cloud computing, reshape global business practices and consumer experiences, accelerating decision-making processes and product life cycles (Dobbs et al., 2016; Tallman et al., 2018). In the digital realm, global businesses must effectively integrate, streamline, and exploit their business models. Digitized globalization enables multinational enterprises (MNEs) to execute shared or harmonized business models across borders, utilizing digital platforms and analytics to reach expansive and fast-growing markets, maintaining real-time connectivity among virtual teams.

• Pro-market reforms and market development in emerging economies: Deregulation, marketization, urbanization, industrialization, and internationalization in emerging economies drive global business model innovation. To capitalize on opportunities in dynamic markets like China and India, global firms must adapt their business models to the economic shifts and urbanization trends in these regions (Dobbs et al., 2016; Tallman et al., 2018). Emerging markets are experiencing simultaneous industrial and urban revolutions, with a projected shift in the global economic center towards the east and south. By 2025, almost all large companies worldwide are expected to be headquartered in emerging markets, contributing significantly to global GDP growth (Dobbs et al., 2016).

• Business Process Offshoring (BPO) and Knowledge Process Offshoring (KPO): BPO and KPO entail delegating operational control of business or knowledge processes to foreign entities, which manage services based on predefined metrics. This strategic shift enables global businesses to curtail costs, streamline services globally, and augment net profits by disaggregating IT-enabled business processes through offshore services as part of business model innovation (Jayaraman et al., 2013).

• Increased Availability of Global Open Resources: The accessibility of global open resources, spanning applied technologies, key components, intermediary resources, professional services, logistics providers, crowdsourcing, and user feedback platforms, empowers global businesses. Leveraging these resources allows firms to underscore distinctive processes, maintaining competitive advantages through cross-licensing, alliances, and acquisitions (Tallman et al., 2018).

As businesses transition to a global context, the dimensions of their business models undergo transformation. Across diverse markets, the firm's resources, capabilities, strategy, and structure are modified in response to changing market dynamics and varying competition levels across national economies. The transferability of firm-specific resources and capabilities may face limitations across national and regional borders. Decisions pertaining to value delivery require modification due to significant variations in the cost and availability of infrastructure and transport systems worldwide. Macro-level disparities at the national level, encompassing inflation, exchange rates, taxation, and government policies, along with the influence of local partners, necessitate alterations in value creation. The global value chain structure undergoes changes influenced by fundamental differences in political, social, cultural, economic, and technological factors that vary by location (Tallman et al., 2018).

Existing conceptual frameworks within IB and IS, showcased in Figure 1, address the underlying theories guiding businesses in global operations, particularly in constructing value and deriving profits from expansive and differentiated markets.

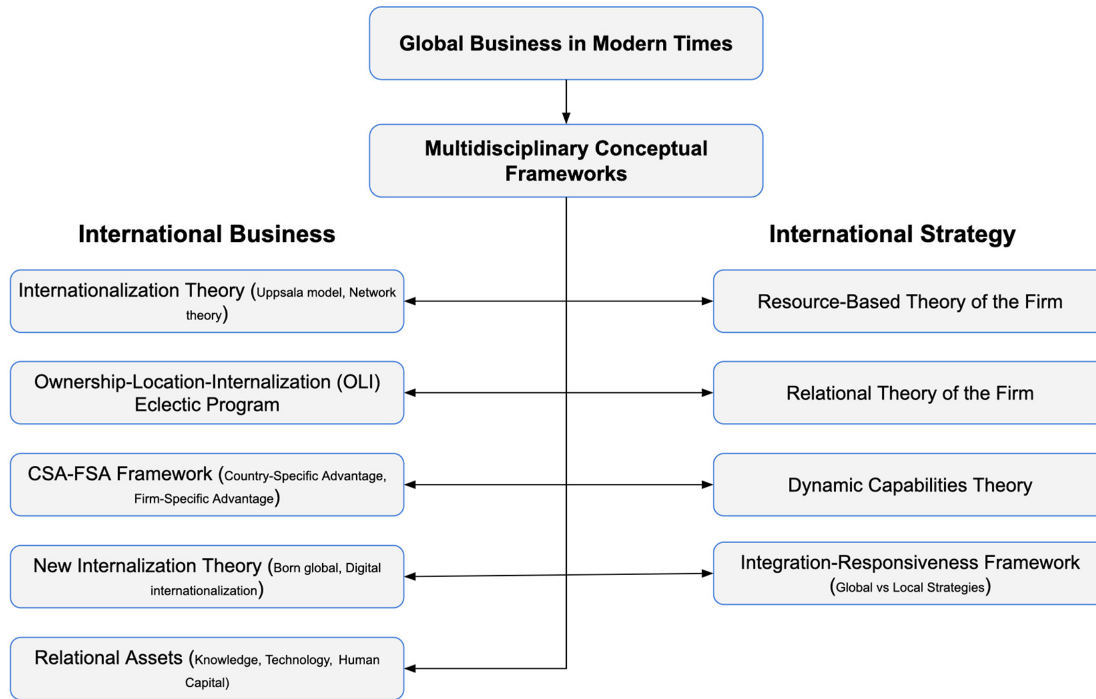

Figure 1: Literature Review Organization

Internalization Theory

Internalization theory serves as a comprehensive framework for understanding multinational enterprises' (MNEs) organizational strategies in international business (IB) transactions, offering explanatory and predictive power for governance choices within IB. An MNE, engaged in foreign direct investment (FDI), exercises ownership or control over value-added activities in multiple countries (Dunning & Lundan, 2008b). This theory explores regularities in operational modes (e.g., wholly owned subsidiaries vs. licensing) and firm organization (e.g., functional vs. multidivisional), focusing on structural governance in IB (Narula & Verbeke, 2015).

Originating from the work of Peter Buckley, Mark Casson, and Jean-François Hennart, internalization theory builds on the foundations laid by Ronald Coase, Stephen Hymer, and John McManus (Buckley & Casson, 1976; Hennart, 1977; Coase, 1937; Hymer, 1968; McManus, 1972). It extends Coase's transaction cost approach, positing that the MNE functions as an internal market operating across national borders, where hierarchies replace markets to organize transactions more efficiently (Verbeke & Kano, 2015). The central premise is that MNEs' internal hierarchies efficiently manage cross-border transactions of intermediate products, mitigating additional costs and risks associated with foreign operations—commonly termed the "liability of foreignness" (Verbeke & Kano, 2015; Zaheer, 1995).

Internalization, as a guiding principle, explains the boundaries of organizations and how they shift in response to changing circumstances (Buckley & Casson, 2009). It identifies two distinct forms of internalization: operational internalization, involving the flow of intermediate products through production and distribution stages, and knowledge internalization, which refers to the internal transfer of knowledge from research and development (Buckley & Casson, 1976). Both forms play a pivotal role in shaping the boundaries of MNEs.

The core argument of internalization theory is that MNEs can more efficiently exploit and enhance their knowledge-based assets across national

https://doi.org/10.5171/2025.223981

borders by internalizing these transactions within their hierarchy rather than relying on market mechanisms. Through the internalization process, MNEs emerge as governance mechanisms that develop and capitalize on firm-specific advantages, overcoming the liability of foreignness (Verbeke & Kano, 2015; Rugman & Verbeke, 2008).

However, critics from the international strategy school argue that internalization theory fails to adequately address firm heterogeneity and, as a result, cannot fully explain competitive advantage—the fundamental driver of superior and sustained financial performance at the enterprise or business level (Teece, 2014).

Reflecting the incentive structures and regulations, and transaction-type advantages (OT) refers to organizational capabilities that ensure efficient control and coordination of intra-firm activities (Narula, Leel & Hillemann, 2017).

Location-specific advantages (L) pertain to the competitive benefits derived from the spatial distribution of resources, capabilities, and institutions in specific countries or regions. Firms strategically choose foreign locations based on immobile, natural, or created resources that align with their competitive advantages (Dunning, 2000).

Internalization-specific advantages (I) determine whether firms engage in foreign direct investment (FDI) to enhance their ownership advantages internally rather than selling or licensing them to independent foreign firms. The decision to internalize reflects the greater organizational efficiency or superior incentive structures of hierarchies, emphasizing the ability of large firms to exercise monopoly power over their governed assets (Dunning & Lundan, 2010).

While the OLI paradigm offers a robust framework, critics from the international strategy school argue that it falls short in explaining the nature, origins, orchestration, replicability, transferability, and imitability of firm-level capabilities. The model does not sufficiently elaborate on the sources of firm-level asset ownership and capability advantages relative to competitors. Moreover, learning, a crucial mechanism for developing firm-specific assets, is not thoroughly addressed within the ownership factor (Pitelis, 2007; Teece, 2014).

The Country-Specific Advantage – Firm-Specific Advantage (CSA-FSA) Framework, introduced by Rugman (1981), shaped MNE strategies based on home-country advantages. However, over time, this framework faced challenges due to the growing complexity of global interactions and strategic networks, leading to what scholars describe as the 'fuzzy border problem' (Cantwell & Narula, 2001).

New Internalization Theory, advanced by scholars like Benito, Buckley, and Verbeke, shifted the focus toward dynamic governance choices and knowledge recombination, addressing the limitations of both the OLI and CSA-FSA frameworks (Verbeke & Kano, 2015).

Relational Assets, conceptualized by Dunning (2002, 2003, 2004), highlight the significance of social capital in business strategy. These relational assets, embedded in networks of relationships, contribute to competitive advantage through coordinated resource utilization and trust-building mechanisms (Dunning, 2004).

The Resource-Based Theory of the Firm, building on Penrose's (1959) work, emphasizes that competitive advantage stems from valuable, rare, and difficult-to-imitate resources (Barney, 2001). Sustainable advantage arises from firm-specific assets efficiently combined for value creation, reflecting both the accumulation process and dynamic capabilities (Dunning & Lundan, 2010).

The Relational Theory of the Firm challenges traditional perspectives, asserting that competitive advantage originates from interfirm relationships rather than solely within the firm itself (Dyer & Singh, 1998). Interfirm networks, which emphasize investments in specialized assets and effective governance, provide firms with enhanced efficiency in leveraging resource-based advantages (Mizuki, 2014).

The Dynamic Capabilities Theory explores firms' ability to identify opportunities, coordinate assets, and develop new business models (Teece, 2007). Second-order capabilities, which extend beyond existing activities, involve creating and adapting resources to sustain long-term competitive advantage (Winter, 2003). The framework also recognizes the 'stickiness' of dynamic capabilities, meaning they are difficult to replicate, and their crucial role in the MNE's long-term success (Teece,

2014). Elements of the Dynamic Capabilities Framework are presented in Table 1.

Table 1: Elements of the Dynamic Capabilities Framework (Excerpted from Teece, 2014: 21)

Core bulding blocks	***Weak ordinary capabilities***	***Strong ordinary capabilities***	***Strong dynamic capabilities***
Processes (routines)	Sub-par practices	Best practices	Signature practices and buisness models
Positions (resources)	Few ordinary resources	Munificient ordinary resources	VRIN resources
Paths (strategy)	Doing things poorly	Doing things right	Doing the right things (good strategy)

The Dynamic Capabilities Framework, as outlined by Teece (2007), comprises three core activities within firms:

1. Sensing – Identifying and assessing opportunities both domestically and internationally.
2. Seizing – Mobilizing global resources to capture value from these opportunities.
3. Transforming – Continuously renewing processes and strategies to sustain competitive advantage.

Firms with robust dynamic capabilities demonstrate agility in both technological and market domains, often characterized by a leaner organizational hierarchy. This agility, coupled with the ability to sense emerging opportunities and threats, fosters evolutionary fitness—the capacity to adapt and thrive in a constantly changing environment.

Sustaining dynamic capabilities requires an ongoing cycle of technological innovation, process refinement, and business model adaptation. Firms must outpace competitors, stay attuned to market shifts, and, in some cases, shape the market itself. However, developing these capabilities presents significant challenges due to their tacit nature, deep integration with firm-specific relationships and histories, and uncertainty in their replicability across borders.

In essence, dynamic capabilities, when paired with an effective strategy, serve as the foundation for maintaining a competitive edge in fast-paced, knowledge-driven economies (Teece, 2014).
Figure 2 illustrates the Dynamic Capabilities Model, highlighting the critical interplay between possessing dynamic capabilities and executing a well-crafted strategy.

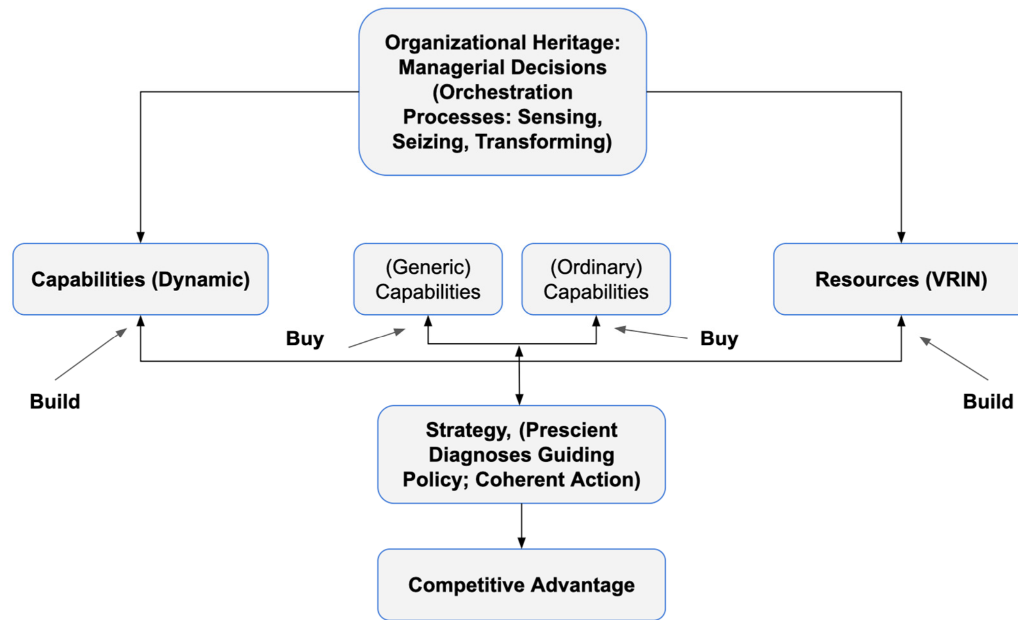

Figure 2: Dynamic Capabilities Model (Excerpted from Teece, 2014: 22)

Integration-Responsiveness (IR) Framework

Operating in international markets requires firms to balance global integration and local responsiveness. The Integration-Responsiveness (IR) Grid, illustrated in Figure 3, provides a structured approach for analyzing this challenge. It helps executives assess industry-specific pressures for standardization versus adaptation, guiding strategic decision-making (Daniels, Radebaugh & Sullivan, 2018).

A key international strategy within this framework is the multidomestic approach, where strategic decisions are decentralized to business units across different countries or regions. Unilever, which operates in over 180 countries, historically adopted a highly decentralized structure, granting regional managers significant autonomy to adapt products to local markets. However, in recent years, Unilever has sought to increase coordination among its subsidiaries, signaling a potential transition toward a transnational strategy (Hitt, Ireland & Hoskisson, 2017).

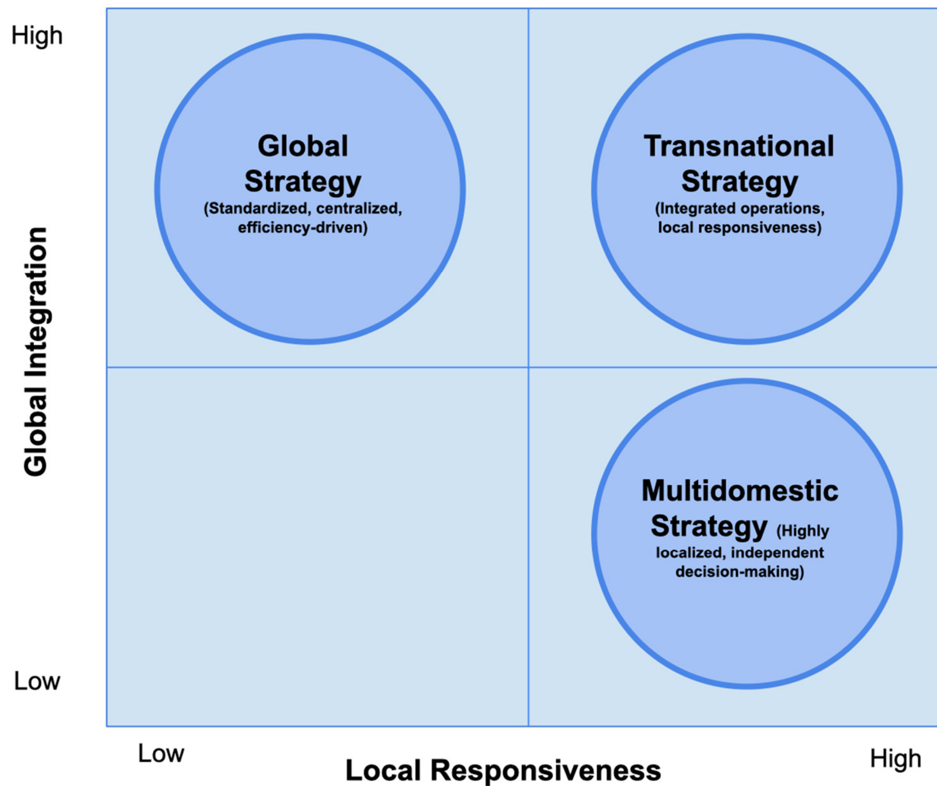

Figure 3: Integration-Responsiveness (IR) Grid (Excerpted from Hitt, Ireland & Hoskisson, 2017: 246)

Firms adopting a multidomestic approach often develop distinct business models tailored to each host market, which may limit synergies across operations (Tallman et al., 2018). In contrast, a global strategy follows a centralized approach, where strategic decisions are determined at the home office. IKEA exemplifies this model by centralizing key activities such as design and packaging, allowing the company to achieve economies of scale and ensure global product consistency (Hitt et al., 2017). Within a global strategy, business models emphasize harmonization across borders, leveraging core capabilities to maximize operational efficiency (Tallman et al., 2018).

A transnational strategy seeks to balance global efficiency with local responsiveness. Mondelēz International, a spinoff from Kraft, employs this approach by maintaining standardized global brands while simultaneously developing localized products to suit specific market needs (Hitt, Ireland & Hoskisson, 2017). Companies pursuing a transnational strategy often centralize "core" capabilities while adapting downstream aspects—particularly in value delivery and value capture—to local market dynamics (Tallman et al., 2018).

A key enabler of transnational business models is orchestration capability, which involves assembling, organizing, synthesizing, and integrating globally available resources. This firm-specific capability relies on tacit expertise, procedural knowledge, and effective management of interdependencies within and outside the firm (Tallman et al., 2018).

Proposed Theoretical Framework

The authors propose adapting an analytical framework (Laraqui & Jarreau, 2019; see Figure 4) to guide modern businesses in operating globally. This framework aims to help firms develop business models that effectively build value and generate profit in large, widespread, and differentiated markets.

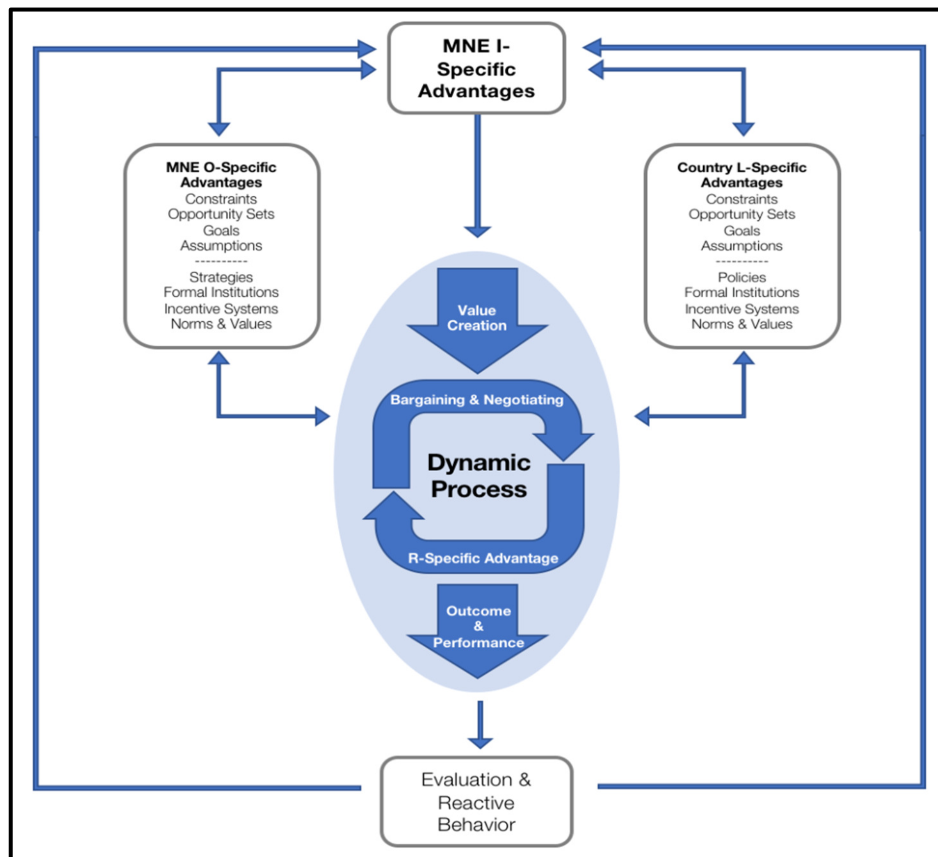

Figure 4:Dynamic Global Business Framework (Adapted from Laraqui & Jarreau, 2019)

This dynamic model builds on the foundational work of Lecraw and Morrison (1991) and the later contributions of Dunning and Lundan (2008b), incorporating relationship-specific advantage (Dunning, 2002, 2003, 2004). Unlike static models, this evolutionary framework integrates dynamic capabilities, including managerial expertise and organizational agility, which define competitive advantage. These capabilities align with Teece's (2014) dynamic capabilities framework, encompassing signature practices, VRIN resources (Valuable, Rare, Inimitable, and Non-substitutable), and strategic acumen.

A key feature of this model is the orchestration capability of global firms, which enables them to synthesize and leverage global resources. This firm-specific, proprietary capability involves:

• Sensing opportunities,
• Seizing value-creating initiatives, and
• Transforming organizational structures and processes.

This orchestration capability requires tacit expertise and procedural knowledge and plays a pivotal role in managing interdependencies within the firm and across its global network of partners (Tallman et al., 2018).

The model also reconfigures the OLI (Ownership, Location, Internalization) paradigm by incorporating eight stages that precede global business actions, embedding relationship-specific advantages. In line with the Eclectic Paradigm, the framework assumes that MNEs and nation-states pursue strategies based on their distinct advantages and constraints. The interactions between ownership (O) and location (L) advantages drive how firms organize their core competencies, ultimately influencing internationalization advantages (I). This dynamic framework uniquely emphasizes the reciprocal role of bargaining, negotiation, and relationship-

specific advantages, akin to an impetus engine, inspired by alliance capitalism and the strategic dimension of the Eclectic Paradigm.

Discussion

In the wake of unprecedented economic shocks such as BREXIT, the COVID-19 pandemic, and ongoing geopolitical crises—national economies undergo transformations to facilitate recovery (Dunning, 2001). The OLI paradigm (Ownership, Location, and Internalization advantages) is often negatively impacted across countries, industries, and firms. Our dynamic framework addresses gaps in traditional models, offering a more nuanced explanation of how firms can strategize and recover from such disruptions.

Although economic shocks impact all three OLI dimensions (O, L, and I), this framework highlights I (Internalization advantage) as the most responsive element. This aligns with Dunning's perspective that the Eclectic Paradigm allows for variations in firms' strategic adaptations.

Dunning's (2001) insights remain relevant today, emphasizing that MNE activity at any given moment determines whether firms move toward or away from internationalization. These shifts are shaped by continuous interactions between OLI configurations and firms' strategic responses. This underscores the importance of understanding how countries redistribute resources and shape policies in times of crisis.

By emphasizing I's reactive nature, this framework contributes to the ongoing evolution of global business strategy, helping businesses navigate, adapt, and thrive in an unpredictable international landscape.

Let OLIto be the OLI configuration in time to, OLIt1 the OLI configuration in time t1, St-n the past (i.e. pre t0) strategies of firms still being worked out, and ΔSto →t1 any change in the strategic response of firms to that configuration between time to and t1. Then, all other things being equal:

$$OLI_{t1} = f\,(OLI_{to} S_{t\text{-}n} \Delta S_{to \rightarrow ti}) \qquad (1)$$

If we extend the analysis to a second time period $_{t2}$, then: $OLI_{t2} = f\,(OLI_{t1} S_{t\text{-}n} \Delta S_{t1 \rightarrow t2})$ (2)

This analysis further suggests that $S_{t\text{-}n}$ and $S_{t0 \rightarrow t2}$ determine the path of the movement from OLI_{to} to OLI_{t2}.

The strategic response is, of course, just one of the many endogenous variables which might affect the OLI configuration of firms (mainly by its impact on O- and I-specific advantages). Others include technological and/or organizational innovations; changes in the composition of senior management; increases in labor productivity; new marketing techniques; mergers and acquisitions; and so on. No less significant are exogenous changes, such as changes in population; raw material prices; exchange rates; national government policies; actions taken by international agencies; and so on. If we take all endogenous variables other than strategy to be *EN,* and all exogenous variables to be *EX*, and we assume that changes in *EN* and *EX* do not affect the firm's strategies, then we can rewrite equation (1) as:

$$OLI_{t1} = f\,(OLI_{t0} S_{t\text{-}n} \Delta_{St0 \rightarrow t0}\ \Delta_{ENti} \rightarrow t1\ \Delta_{EXt0 \rightarrow t1}) \qquad (3)$$

Equation 2 can be similarly reconstructed, and it is easy to incorporate any change in strategy which embraces the response to Δ_{EN} and Δ_{EX} if it occurs before $_{t1}$ is reached by adding * to $\Delta S_{t0 \rightarrow t1}$ in the equation. In an economic shock, it can be expected that, in the short term, advantages and disadvantages will be impacted, initiating changes that lead to tactical adjustments in the configuration of the firm's business model, redistributing its resources to strengthen its position within the global supply chain to which it belongs. To that extent, I is the most dynamic component of the OLI configuration—serving as both the starting and ending point of a process in which the firm reacts to policy changes induced by the one-time event and realigns its strategy to preserve its competitiveness.

All O-specific advantages—asset-type (OA), transactional-type (OT), and institutional-type (OI)—will experience a reorganization at the firm level, necessitating a strategic response that may follow the initial tactical response. The authors believe that a relationship-specific advantage will

play a role in the recovery of OA and OT at the firm level, as well as in the emergence of a new OI resulting from the evolution of the institutional apparatus at the country level. The strengthening of an O-specific advantage at the firm level is essentially a result of a strategic shift that exploits the firm's endogenous forces, as defined in Dunning's equation (3) above, in the same way that the change in strategy is reflected in equation (2).

The L-specific advantage is probably the most impacted tenet of the eclectic paradigm and may require more time to recover due to location-specific advantage stickiness, as it relates to geography. However, a different approach can achieve the same outcome more quickly by shifting the L modality (e.g., budget reallocation modalities or contractual adjustments).

I Parameters in Contrast with O and L

This article addresses one central question: Why is I the short-term adjustment in the presence of a shock or negative event? Three tracks can be pursued in explaining the reactivity of I: (1) time; (2) speed; and (3) stickiness.

1. Time Dimension: The time factor is critical, with varying speeds of adjustment. Firms tactically respond to imminent events. While O and L may persist, the OLI configuration initiates change. Internationalization (I) becomes a short-term adjustment, allowing firms to reassess competitiveness. Ownership-specific advantages (O) demand strategic planning, while L is affected last due to its sticky nature and policy-driven enhancements to a country's appeal.

2. Speed: Speed is also an important parameter to consider. Tactical maneuvering for I can be faster than for O or L. At the tactical level, adjustments are mostly short term, while at the strategic level, they are long term. Global businesses today thrive on agility, and a firm's ability to be reactive—and even proactive—from a defensive perspective can make a difference in a business environment continuously reshaped by exogenous forces of innovation and creativity.

3. Stickiness: Stickiness follows the same trend as time and speed. A country's endowments or dominant cultural features, as they relate to location theory, are not easily altered over a short period. These elements persist long term and require heavy investment for transformation. However, a firm's configuration, structure, and business model must change and adapt to competitive pressures—this represents firm agility, which contrasts with the stickiness of a country's endowment and cultural constraints.

Table 2 below synthesizes the relationship between these parameters and the three tenets of the Eclectic Paradigm.

Table 2: Time, Speed and Stickiness Matrix

	Internalization	**Ownership**	**Location**
Timeline	First	Second	Third
Speed of change	Fast	medium	Slow
Stickiness	Not Sticky	Sticky	Stickier

Overall, a firm can absorb shocks quickly in terms of its internationalization-specific advantages. What it depends on externally, it can embed internally – this is the choice faced by the firm in the first stage as it prepares for more long-term adjustments in its strategy, leading to shifts in ownership (O) and location (L). However, for a firm's ownership-specific advantage, it is a process that requires more intensity in adjusting the firm's strategy to strengthen its capabilities and/or reduce the firm's weaknesses regarding the market's impediments. Lastly, location-specific advantage at the country level necessitates a more lengthy and cumbersome adjustment that may involve policies and politics due to government-MNE relations. This leads us to propose a set of initial propositions that may be discussed and refined to explore additional avenues of research:

Internalization-Specific Proposition

P1: If a firm can organize the creation and exploitation of its core competencies, given the

locational attractions of different countries or regions, then we may expect that the firm's action will take place first, speedily, with a sense of departure from the previous organizational structure.

Ownership-Specific Proposition

P2: If an MNE possesses a set of O-specific advantages and constraints, according to its goals, opportunity sets, and organizational structures, it will pursue certain strategies to advance those goals. We may then expect that the firm's core competencies will start evolving only after the first tactical change of the firm, gradually and under constraint.

Location-Specific Proposition

P3: If nation-states possess a set of L-specific advantages and constraints, which, according to their goals and opportunity sets, will lead them to take certain actions, then we may expect them to take place last, in a slow process, and with a set of restraints.

Conclusion

Global businesses today face an increasingly volatile and interconnected environment, where agility and dynamic capabilities are critical to maintaining a sustained competitive advantage. Agility refers to the ability of firms to quickly adapt to changes in the external environment, while dynamic capabilities represent a company's internal processes that allow it to reconfigure resources, innovate, and respond to emerging opportunities or threats. In a global context, this is vital due to the diverse nature of markets, regulations, and customer preferences across different regions. Disruptive forces, such as rapid technological advancements, shifting demographics, and the rise of emerging markets, create both challenges and opportunities. Technological innovation can drastically alter industries, requiring businesses to continuously update their processes, products, and business models. For instance, companies that can quickly integrate new technologies, such as AI, automation, or data analytics, are more likely to capitalize on these disruptions and outperform competitors.

Shifting demographics, like aging populations in developed economies and the youth bulge in emerging markets, demand that businesses tailor their products and services to meet the changing needs and behaviors of diverse customer bases. Meanwhile, emerging markets represent vast opportunities for growth, but they also bring complexities such as varying levels of infrastructure development, regulatory environments, and cultural differences.

In this context, businesses that embed adaptability and innovation into their operational models are better positioned to anticipate market shifts, seize new growth opportunities, and mitigate risks. They must cultivate a culture that encourages learning, fosters innovation, and is responsive to external changes. Firms that remain flexible and proactive in modifying their strategies can continuously realign themselves with the evolving global landscape, thereby ensuring their long-term success. However, while the proposed framework offers practical guidance, this study is not without its limitations. The focus on qualitative case studies, while illustrative, limits the generalizability of the findings. Future research could benefit from quantitative studies to measure the impact of dynamic capabilities on performance across different industries and regions. Additionally, while this paper emphasizes adaptability, more research is needed to explore how firms can balance short-term flexibility with long-term strategic planning.

The implications of this study extend to both scholars and practitioners. For scholars, this research highlights the need to rethink traditional international business (IB) models to better accommodate modern disruptions. For practitioners, the findings suggest that embedding dynamic capabilities into corporate strategies can create resilience against external shocks. As technology continues to transform global markets, businesses must continue to evolve. Future research could explore how emerging technologies like blockchain, artificial intelligence, and the Internet of Things will further reshape global business strategies. By investigating these areas, we can develop more holistic models to guide global firms in a rapidly changing world.

References

- Aagaard, A. (2024). Introducing Business Model Innovation and the Game Changers of Tomorrow. In: Aagaard, A. (eds) Business Model Innovation. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-031-57511-2_1
- Amit, R., & Zott, C. 2012. Creating value through business model innovation. *Sloan Management Review*, 53(3): 41–49.
- Augier, M., & Teece, D. J. 2007. Dynamic capabilities and multinational enterprise: Penrosean insights and omissions. *Management International Review*, 47(2): 175–192. http://dx.doi.org/10.1007/s11575-007-0010-8.
- Barney, J. 1991. Firm resources and sustained competitive advantage. *Journal of Management*, 17(1): 99 –120. doi: 10.1177/014920639101700108.
- Benito, G. G., Petersen, B., & Welch, L. S. 2009. Towards more realistic conceptualizations of foreign operation modes. *Journal of International Business Studies*, 40(9): 1455-1470. doi:10.1057/jibs.2009.54.
- Birkinshaw, J., Hood, N., & Jonsson, S. 1998. Building firm-specific advantages in multinational corporations: The role of subsidiary initiative. *Strategic Management Journal*, 19(19): 221–241. http://dx.doi.org/10.1002/(SICI)1097-0266(199803)19:3%3C221::AID-SMJ948%3E3.0.CO;2-P.
- Boons, F., & Ludeke-Freund, F. 2013. Business models for sustainable innovation: State-of–the-art and steps towards a research agenda. *Journal of Cleaner Production*, 45(4): 9–19. http://dx.doi.org/10.1016/j.jclepro.2012.07.007.
- Buckley, P. J. 2016. The contribution of internalization theory to international business: New realities and unanswered questions. *Journal of World Business,* 51(1): 74-82. https://doi.org/10.1016/j.jwb.2015.08.012.
- Buckley, P. J. 2009. The impact of the global factory on economic development. *Journal of World Business*, 44: 131-143. doi:10.1016/j.jwb.2008.05.003.
- Buckley, P. J. 2011. International integration and coordination in the global factory. *Management International Review (MIR)*, 51(2): 269-283. doi:10.1007/s11575-011-0075-2.
- Buckley, P. J., & Casson, M. 1976. *The future of the multinational enterprise*. London, UK: Macmillan.
- Buckley, P., & Casson, M. 2009. The internalization theory of the multinational enterprise: A review of the progress of a research agenda after 30 years. *Journal of International Business Studies,* 40(9): 1563-1580. https://doi.org/10.1057/jibs.2009.49.
- Cantwell, J., & Narula, R. 2001. The eclectic paradigm in the global economy. *International Journal of the Economics of Business*, 8(2): 155–172. http://dx.doi.org/10.1080/13571510110051504.
- Casadesus-Masanell, R., & Ricart, J. E. 2010. From strategy to business models and onto tactics. *Long Range Planning*, 43(2–3): 195-215, https://doi.org/10.1016/j.lrp.2010.01.004.
- Coase, R. H. 1937. The nature of the firm. *Economica*, 4(16): 386-405. doi:10.1111/j.1468-0335.1937.tb00002.x.
- Cohen, W. M., & Levinthal, D. A. 1990. Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 128-152. http://dx.doi.org/10.2307/2393553.
- Chen, S. S. 2005. Extending internalization theory: A new perspective on international technology transfer and its generalization. *Journal of International Business Studies,* 36(2): 231-245. doi:10.1057/palgrave.jibs.8400124.
- Daniels, J. D., Radebaugh, L. H., & Sullivan, D. P. 2018. *International business: Environments & operations* (16th ed.). New York, NY: Pearson Education, Inc.
- Dierickx I., & Cool K. 1989. Asset stock accumulation and sustainability of competitive advantage. *Management Science*, 35(12): 554-571. doi: 10.1287/mnsc.35.12.1514.
- Dobbs, R., Manyika, J., & Woetzel, J. 2016. *No ordinary disruption: The four global forces breaking all the trends*. New York, NY: PublicAffairs.
- Dormeier, C., Mindt, N., Niemeyer, J. F., Asghari, R., & Mennenga, M. 2024. Review and framework for the engineering of business models for sustainability: A System of Systems perspective. Sustainable Production and

Consumption. 51 (2024), 1-22. https://doi.org/10.1016/j.spc.2024.08.030
- Doz, Y., Santos, J., & Williamson, P. J. 2001. *From global to metanational: How companies win in the knowledge economy*. Boston, MA: Harvard Business Press.
- Dunning, J. H. 1979. Explaining changing patterns of international production: In defense of the eclectic theory. *Oxford Bulletin of Economics and Statistics,* 41(4): 269–295.
- Dunning, J. H. 1980. Toward an eclectic theory of international production: Some empirical tests. *Journal of International Business Studies*, 11 (1): 9–31. doi: 10.1057/palgrave.jibs.8490593.
- Dunning, J. H. 1988a. *Explaining international production*. London: Unwin Hyman.
- Dunning, J. H. 1988b. The eclectic paradigm of international production: A restatement and some possible extensions. *Journal of International Business Studies*, 19(1): 1–31. http://dx.doi.org/10.4337/9781843767053.00012.
- Dunning, J. H. 1995. Reappraising the eclectic paradigm in the age of alliance capitalism. *Journal of International Business Studies*, 26(3): 461–493. http://dx.doi.org/10.1057/palgrave.jibs.8490183.
- Dunning, J. H. 2000. The eclectic paradigm as an envelope for economic and business theories of MNE activity. *International Business Review*, 9: 163–190. http://dx.doi.org/10.1016/S0969-5931(99)00035-9.
- Dunning, J. H. 2001. The eclectic (OLI) paradigm of international production: Past, present and future. *International Journal of the Economics of Business,* 8(2): 173-190. http://dx.doi.org/10.1080/13571510110051441.
- Dunning, J. H. 2002. Relational assets, networks and international business activity. In F. J. Contractor, & P. E. Lorange (Eds.), *Cooperative strategies and alliances* (pp. 569-594). Oxford: Pergamon Press.
- Dunning, J. H. 2003. Relational assets, networks and international business activity. In J. H. Dunning, & G. Boyd (Eds.), *Alliance capitalism and corporate management: Entrepreneurial cooperation in knowledge based economies* (pp. 1-23). Northampton: Edward Elgar Publishing.
- Dunning, J. H. 2004. Relational assets: The new competitive advantages of MNEs and countries. In J. H. Dunning, & R. Narula (Eds.), *Multinationals and industrial competitiveness: A new agenda* (pp. 201-239). Northampton: Edward Elgar Publishing.
- Dunning, J. H., & Lundan, S. M. 2008a. Institutions and the OLI paradigm of the multinational enterprise. *Asia Pacific Journal of Management, 25*(4): 573–593. http://dx.doi.org/10.1007/s10490-007-9074-z.
- Dunning, J. H., & Lundan, S. M. 2008b. *Multinational enterprises and the global economy* (2nd ed.). Cheltenham, UK: Edward Elgar Publishing Limited.
- Dunning, J. H., & Lundan S. M. 2010. The institutional origins of dynamic capabilities in multinational enterprises. *Industrial and Corporate Change*, 19(4): 1225–1246. http://dx.doi.org/10.1093/icc/dtq029.
- Dunning, J. H., & Rugman, A. M. 1985. The influence of Hymer's dissertation on the theory of foreign direct investment. *The American Economic Review*: 228-232.
- Dyer, J. H., & Nobeoka, K. 2000. Creating and managing a high-performance knowledge-sharing network: The Toyota case. *Strategic Management Journal*, 21(3): 345–367. doi: 10.1002/(SICI)1097-0266(200003)21:3%3C345::AID-SMJ96%3E3.0.CO;2-N.
- Dyer, J. H., & Singh, H. 1998. The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review*, 23(4): 660-680. doi: 10.5465/AMR.1998.1255632.
- Eden, L., Dai, L., & Li, D. 2010. International business, international management, and international strategy: What's in a name? *International Studies of Management & Organization*, 40(4): 54-68. https://doi-org.ezproxy.umuc.edu/10.2753/IMO0020-8825400405.
- Gambardella, A., & McGahan, A. M. 2010. Business model innovation: General purpose technologies and their implications for industry structure. *Long Range Planning*, 43: 262–271. https://doi.org/10.1016/j.lrp.2009.07.009.
- Ghemawat, P. 2018. *The new global road map: Enduring strategies for turbulent times*. Boston, MA: Harvard Business Review Press.

- Gomes-Casseres, B. 1984. Group versus group: How alliance networks compete. *Harvard Business Review*, *62*(4): 4-11.
- Grant, R. M. 1996. Toward a knowledge-based theory of the firm. *Strategic Management Journal*, 17: 109–122. http://dx.doi.org/10.1002/smj.4250171110.
- Grøgaard, B., Verbeke, A., & Zargarzadeh, M. A. 2011. Entrepreneurial deficits in the global firm. In A. Verbeke, A. Tavares-Lehmann, & R. Van Tulder (Eds.), *Entrepreneurship in the global firm* (pp. 117–138). Bingley, UK: Emerald.
- Hennart, J.-F. 1977. *A theory of foreign direct investment*. Ann Arbor, MI: The University of Michigan Press.
- Hennart, J.-F. 2009. Down with MNE-centric theories! Market entry and expansion as the bundling of MNE and local assets. *Journal of International Business Studies*, 40(9): 1432-1454. https://doi.org/10.1057/jibs.2009.42.
- Hitt, A., Ireland, R. D., & Hoskisson, R. E. 2017. *Strategic management: Competitiveness and globalization* (12th ed.). Boston, MA: Cengage Learning.
- Hu, Y. S. 1992. Global or stateless corporations are national firms with international operations. *California Management Review*, 34(2), 107-26. http://dx.doi.org/10.2307/41166696.
- Hu, Y. S. 1993. *Exploding the globalization myth: Competitive advantage and corporate nationality. A Recovery Strategy for Europe.* London: Federal Trust.
- Hymer, S. 1968. La grande "corporation" multinationale: Analyse de certaines raisons qui poussent à l'intégration internationale des affaires. *Revue économique, 19*(6): 949-973. http://dx.doi.org/10.3406/reco.1968.407842.
- Kogut, B. 1989. A note on global strategy. *Strategic Management Journal*, 10(4): 383–389.
- Kogut, B., & Zander, U. 1992. Knowledge of the firm, combinative capabilities, and the replication of technology. *Organization Science,* 3(3): 383-397. http://dx.doi.org/10.1287/orsc.3.3.383.
- Laraqui, S., & Jarreau, B. J. (2019). Applying theory to understand how multinational firms address Brexit. In A. Chidlow, P. N. Ghauri, T. Buckley, E. C. Gardner, A. Qamar, & E. Pickering (Eds.). *The changing strategies of international business: How MNEs manage in a changing commercial and political landscape*. London, UK: Palgrave Macmillan.
- Lavie, D. 2006. The competitive advantage of interconnected firms: An extension of the resource-based view. *Academy of Management Review*, 31(3), 638-658. doi: 10.5465/AMR.2006.21318922.
- Lecraw, D. J., & Morrison, A. J. (1991). Transnational corporations-host country relations: A framework for analysis. *South Carolina Essays in International Business*, No. 9.
- Lessard, D., Teece, D. J., & Leih, S. 2016. The dynamic capabilities of meta-multinationals. *Global Strategy Journal*, 6(3): 211–224. https://doi-org.ezproxy.umuc.edu/10.1002/gsj.1126.
- McManus, J. C. 1972. The theory of the international firm. In G. Paquet (Ed.), *The Multinational Firm and the Nation State* (pp. 66-93). Ontario, Canada Collier Macmillan Ltd.
- Mizuki, K. 2014. Relational view: Four prerequisites of competitive advantage. *Annals of Business Administrative Science*, 13(2): 77-90. doi:10.7880/abas.13.77.
- Meyer, K. E., Mudambi, R., & Narula, R. 2011. Multinational enterprises and local contexts: The opportunities and challenges of multiple embeddedness. *Journal of Management Studies*, 48: 235-252. http://dx.doi.org/10.1111/j.1467-6486.2010.00968.x.
- Nachum, L. 1999. *The origins of the international competitiveness of firms: The impact of location and ownership in professional service industries.* Aldershot and Brookfield: Edward Elgar.
- Narula, R. 2002. Innovation systems and “inertia” in R&D location: Norwegian firms and the role of systemic lock-in. *Research Policy*, 31(5): 795–816. https://doi-org.ezproxy.umuc.edu/10.1016/S0048-7333(01)00148-2.
- Narula, R. 2012. Do we need different frameworks to explain infant MNEs from developing countries? *Global Strategy Journal*, 2(3): 188-204. https://doi.org/10.1111/j.2042-5805.2012.01035.x.
- Narula, R. 2014. Exploring the paradox of competence-creating subsidiaries: Balancing bandwidth and dispersion in MNEs. *Long*

Range Planning, 47: 4-15. http://dx.doi.org/10.1016/j.lrp.2013.10.006.

- Narula, R., Leel. J., Hillemann, J. 2017, December. *Asset recombination as the driver of sustainable competitive advantage: An entrepreneurship/capabilities-based perspective*. Paper session presented at the 43rd European International Business Academy Conference, Milan, Italy.
- Narula, R., & Verbeke, A. 2015. Making internalization theory good for practice: The essence of Alan Rugman's contributions to international business. *Journal of World Business*, 50(4): 612-622. doi:10.1016/j.jwb.2015.08.007.
- Nelson R., & Winter S. 1982. *An evolutionary theory of economic change*. Cambridge, MA: Harvard University Press.
- Penrose, E. 1959. *The theory of the growth of the firm*. Oxford: Oxford University Press.
- Pitelis, C. N. 2004. Edith Penrose and the resource-based view of (international) business strategy. *International Business Review*, 13(4): 523–532. http://dx.doi.org/10.1016/j.ibusrev.2004.04.002.
- Pitelis, C. N. 2007. Edith Penrose and a learning-based perspective on the MNE and OLI. *Management International Review*, 47(2): 207–220. http://dx.doi.org/10.1007/s11575-007-0012-6.
- Politi, J., & Sevastopulo, D. 2018. US-Mexico-Canada deal greeted with relief rather than enthusiasm. *Financial Times*. https://www.ft.com/content/fe6dc284-c597-11e8-8167-bea19d5dd52e. Accessed 24 November 2004.
- Porter, M. 1990. *The competitive advantage of nations.* London and Basingstoke: Macmillan.
- Rugman, A. M. 1981. *Inside the multinationals: The economics of internal markets*. New York, NY: Columbia University Press.
- Rugman, A. M., & Verbeke, A. 1992. A note on the transnational solution and the transaction theory of multinational strategic management. *Journal of International Business Studies*, 23(4), 761-771. http://dx.doi.org/10.1057/palgrave.jibs.8490287.
- Rugman, A. M., & Verbeke, A. 2001. Subsidiary-specific advantages in multinational enterprises. *Strategic Management Journal*, 22(3): 237–250. http://dx.doi.org/10.1002/smj.153.
- Rugman, A. M., & Verbeke, A. 2003. Extending the theory of the multinational enterprise: Internalization and strategic management perspectives. *Journal of International Business Studies*, 34(2): 125-137. http://dx.doi.org/10.1057/palgrave.jibs.8400012.
- Rugman, A. M., & Verbeke, A. 2008. Internalization theory and its impact on the field of international business. In J. J. Boddewyn (Ed.), *International Business Scholarship: AIB Fellows on the First Fifty Years and Beyond* (pp. 155-174). Bingley, UK: Emerald Group Publishing Limited.
- Schoemaker, P. J. H., Heaton, S., & Teece, D. 2018. Innovation, dynamic capabilities, and leadership. *California Management Review*, 61(1): 15–42. https://doi-org.ezproxy.umuc.edu/10.1177/0008125618790246.
- Smith K. G., Carroll S. J., & Ashford, S. J. 1995. Intra- and interorganizational cooperation: Toward a research agenda. *Academy of Management Journal,* 38(1): 7-23. doi: 10.2307/256726.
- Tallman, S., Luo, Y., & Buckley, P. J. 2018. Business models in global competition. *Global Strategy Journal*, 8(4): 517–535. https://doi-org.ezproxy.umuc.edu/10.1002/gsj.1165.
- Tallman, S., & Pedersen, T. 2015. What is international strategy research and what is not? *Global Strategy Journal*, 5(4): 273–277. https://doi-org.ezproxy.umuc.edu/10.1002/gsj.1104.
- Teece, D. J. 2009. *Dynamic capabilities and strategic management*. New York, NY: Oxford University Press.
- Teece, D. J. 2000. *Managing intellectual capital: Organizational, strategic, and policy dimensions.* Oxford, UK: Oxford University Press.
- Teece, D. J. 2007. Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, 28(13): 1319–1350. http://dx.doi.org/10.1002/smj.640.
- Teece, D. J. 2010. Business models, business strategy and innovation. *Long Range Planning*, 43(2-3): 172-194. https://doi.org/10.1016/j.lrp.2009.07.003.

- Teece, D. J. 2014. A dynamic capabilities-based entrepreneurial theory of the multinational enterprise. *Journal of International Business Studies*, 45(1): 8–37. https://doi-org.ezproxy.umuc.edu/10.1057/jibs.2013.54.
- Teece, D. J. 2018. Business models and dynamic capabilities. *Long Range Planning*, 51(1): 40-49. https://doi.org/10.1016/j.lrp.2017.06.007.
- Teece, D., Peteraf, M. & Leih, S. (2016). Dynamic capabilities and organizational agility: Risk, uncertainty, and strategy in the innovation economy. *California Management Review*, 58(4): 13–35. https://doi-org.ezproxy.umuc.edu/10.1525/cmr.2016.58.4.13
- Verbeke, A. 2013. *International business strategy* (2nd ed). Cambridge, UK: Cambridge University Press.
- Verbeke, A., & Kano, L. 2015. The new internalization theory and multinational enterprises from emerging economies: A business history perspective. *Business History Review,* 89(3): 415-445. http://dx.doi.org.ezproxy.umuc.edu/10.1017/S0007680515000689.
- Verbeke, A., & Kano, L. 2016. An internalization theory perspective on the global and regional strategies of multinational enterprises. *Journal of World Business*, 51(1): 83-92. http://dx.doi.org/10.1016/j.jwb.2015.08.014.
- Wernerfelt, B. 1984. A resource-based view of the firm. *Strategic Management Journal*, 5(2): 171-180. http://dx.doi.org/10.1002/smj.4250050207.
- Zaheer, S. 1995. Overcoming the liability of foreignness. *The Academy of Management Journal*, 38(2): 341-363. http://dx.doi.org/10.5465/256683.
- Xie, W., Chen, R., Li, Z. 2024. Leveraging machine learning to uncover the dynamic evolution of business models in intelligent manufacturing. Computers and industrial engineering. 197, 2024. https://doi.org/10.1016/j.cie.2024.110597
- Zott, C., & Amit, R. 2010. Business model design: An activity system perspective. *Long Range Planning*, 43(2-3): 216–226. https://doi.org/10.1016/j.lrp.2009.07.004.