The Impact of Business Model Innovation on the Performance of Small and Medium-Sized Internet Enterprises in Nanchang City, Jiangxi Province, China

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Abstract

This article aimed to (1) study the factors affecting business model innovation and corporate performance. (2) To study the methods to improve the operational performance of the enterprise; and (3) To create a business model for innovation and development. The sample for the quantitative research method was 300 small and medium-sized Internet enterprises in Nanchang City, Jiangxi Province, and the study conducted a questionnaire survey. The Krejcie & Morgan method (1970) selected them with a sample size error of 5%, or 0.05. The qualitative research method is an in-depth interview. The main subjects are senior managers of small and medium-sized Internet companies, professors engaged in management research in colleges and universities, and experts working in the government for enterprises. A total of 8 people conducted face-to-face interviews. Analysis of data by descriptive statistics and content analysis. The research results were found as follows:

1. Regarding the influencing factors of business model innovation and corporate performance, the research finds that we can use capability innovation management and management skills as intermediate variables for research. Enterprises can promote enterprise performance by creating and developing a variety of new marketing channels, creativity and business process reengineering, the ability to create additional value for products, and improving technical skills, interpersonal skills, and conceptual skills.

2. In the original conceptual framework, we have five assumptions. With the help of the SEM model, the conclusion is that assumption two does not hold. So, the new model can remove assumption two and keep other assumptions.

3. Regarding the innovative development model of enterprises, it is necessary to focus on choosing an efficient business model or a novel one from the perspective of changes in income, operation, technology, and industrial models.

Keywords: Business Model; Innovation; Business Performance; Internet Enterprises

Introduction

E-commerce is the primary form of trade activity in the network era. E-commerce development is an essential measure for Chinese enterprises to adapt to the requirements of the times. E-commerce has become the trend of the times and a new business model with its advantages of efficiency, globality, interaction, etc. It has played an essential role in developing the national economy and society. In order to meet and adapt to the needs of the times, SMEs are actively introducing e-commerce to broaden the way for their rapid development in recent years (He & Sun, 2023). Internet E-commerce has emerged as a new force and has developed rapidly, bringing crises and challenges to traditional enterprises and management models. The competition between traditional enterprises has changed from the original one-to-one "zero-sum" competition to the current "win-win" or "multi-win" competition pattern where there is cooperation and competition in cooperation (Karin et al., 2023). The Internet, equipment, people, and enterprises are integrated into a whole, forming the operational framework of the network market. Value creation is no longer the independent completion of a single enterprise but the collaborative activities of flexible and dynamic alliances among multiple enterprise networks.

For example, the research area is small and medium-sized enterprises in Nanchang City, Jiangxi Province, China. The questions are: 1) What factors affect enterprise innovation, business model, and performance? 2) How about the business efficiency? 3) How do you develop an innovative business model?

This research paper presents the study of small and medium-sized enterprises, business model innovation, and enterprise performance. To improve the theory of business model innovation by adding to and finetuning the link between business model innovation and performance, taking into account capability innovation management theory and management skills theory. Moreover, it helps enterprises position themselves, find ways and means to fit their business model innovation precisely, cultivate and develop it in a targeted manner, make comprehensive use of internal and external resources, and form their unique competitive advantages.

Research Objectives

1. To study the factors that affect business model innovation and business performance.
2. To study the methods to improve operational business performance
3. To create a business model of innovation and development.

Literature Review

Theory of Business Model Innovation

According to the value system that the business model creates, which includes innovative value propositions, value creation, and value acquisition, "business model innovation" is the reform and improvement of the current business system from the perspective of operation through cross-border changes in the transaction mode between stakeholders (Onraksa & Lekhavat, 2023) Gabin & Di (2018) believed that the business model consists of three top-level elements: value proposition, value creation and delivery model, and value acquisition. They are value proposition: customer segmentation, customer needs, products, and services; value creation and delivery model: essential resources, key activities, channel and customer relationship, value network; value acquisition: cost structure, revenue model. Zhenshan et al. (2022) said that business model innovation should look into ways to rebuild value, add value, and rebuild value at the point of contact between customers, businesses, and retail suppliers. It should also standardize retail

business processes, manage the supply chain (Linjee et al., 2023), and create a system that works for both parties.

To sum up, taxonomists of business model innovation take different perspectives. The breadth and depth of research are also different, but Zott and Amit's definition of the constituent factors of business model innovation is the most representative. The earliest and most researched constituent elements are efficiency and novel business model innovation. Amit and Zott's research has been continuously updated since 2001. It generally goes through the stage of a simple listing of concepts and components, then the detailed description of a particular link, and finally, the network modeling and analysis stage.

Theory of Business Performance

The term performance has been around for a long time. Drucker (1973) pointed out that performance is the ability to produce results that match work tasks. Bernardin et al. (1995) pointed out that the use of performance to evaluate task results results from enterprises completing specific tasks at a specific time and obtaining the final behavior. His point of view is output-oriented, setting tasks with results as the goal and specifying specific output goals. Kun (2019) believed that business performance is an important indicator to measure the actual operation effect of the organization, and it is a general term for the results of production and operation activities obtained by the enterprise, which is multi-level. Kun (2019) combined the Balanced Scorecard to summarize the corporate performance evaluation method, starting from three dimensions: financial performance, operating performance, financial performance, and organizational effectiveness.

To sum up, business performance evaluation is an old-fashioned topic. If there is an enterprise and a market, it must be inseparable from performance issues. Research on performance evaluation has been developed for decades, from simple financial evaluation to comprehensive evaluation (Yoosuk et al., 2023). The Balanced Scorecard considers financial aspects and focuses on customers, internal processes, learning and growth, etc. It divides enterprise performance into multiple modules and divides multiple units for balanced evaluation. It is a relatively mature and perfect evaluation method at present. Scholars have extended and expanded the basis of the balanced scorecard, some adding social responsibility and some adding corporate culture, making the balanced scorecard theory fuller.

Theory of Capability Innovation Management

Hammer & Champy (2019) believe that corporate reengineering is the seminal work on the most critical topic in business today: achieving demonstrable performance improvements. Companies must completely redesign their processes, organization, and culture to make giant leaps in performance. Mencarelli et al. (2021) argued that omnichannel strategies are gaining popularity because managers see them as a powerful lever for corporate value creation. (Boonyapraropchai & Premthongsuk, 2023). The main challenge in implementing an omnichannel strategy is providing a positive and rich experience throughout the customer journey by leveraging multiple channels.

In summary, innovation management is a dynamic process that reflects strategy, technology, market, and organizational interactions. Enterprise management can be talked about from the perspective of innovation; that is, innovation management ability reflects the management level of the enterprise. The definition of capability is: A technology-based corporate strategy is the foundation for innovation management. It cultivates the enterprise's core capabilities' combination of collaborative innovation elements. The capability of innovation management includes creating additional value for products, creativity, new business process reengineering, and creating and developing a variety of new marketing channels.

Theory of Management Skills

According to Qin (2000), in conjunction with the research on management skills, he agrees that management skills are divided into conceptual, technical, and interpersonal skills. Chen (2017) believed that management skills are necessary qualities that entrepreneurs should have, and managers decide the development direction of the company's strategic positioning. In business management, technical skills are essential for the grassroots level, interpersonal skills are essential for middle-level department managers, and conceptual skills are essential for the company's top managers.

To sum up, management skills are the necessary qualities that entrepreneurs should possess. The research of scholar Robert L. Katz is the most representative. He believes management skills are divided into technical, interpersonal, and conceptual skills. These three skills belong to different categories. Hierarchical management should have specific skill requirements. Later, scholars enriched the theory of management skills based on his theory. Some scholars proposed social responsibility skills and employee social contribution skills based on the first three skills. However, the core of the research is still Robert L. Katz's management skills theory.

Conceptual Framework

This research studies factors including small and medium-sized enterprises, business model innovation, and enterprise performance. The researcher defines the research conceptual framework based on business model innovation and business performance. The details are as follows:

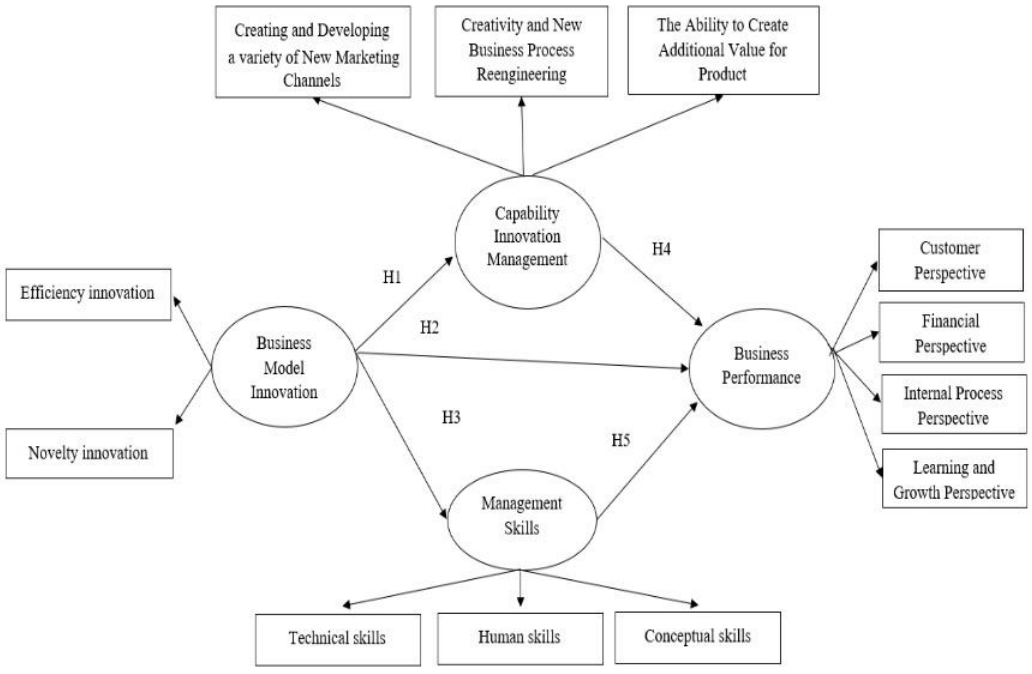

Fig. 1. Conceptual Framework

Research Methodology

This research is an integrated method of research. The research area is Nanchang City, Jiangxi Province, the People's Republic of China. The population in Nanchang City consists of small and medium-sized Internet enterprises. The sample is small and medium-sized Internet

enterprises in Nanchang City; 300 employees were selected using a simple sampling method. There are two types of research tools: 1) The questionnaire consisted of 5 parts: part 1, general information about respondents; part 2, information on business model innovation; part 3, information on capability innovation management; part 4, information on management skills; and part 5, information on business performance.

Moreover, 2) the interview form consists of 8 questions used to study factors including small and medium-sized enterprises, business model innovation, and enterprise performance. The researcher collected data between September 2022 and September 2023. Descriptive statistics and content analysis were used to analyze the quantitative data. Qualitative data used research papers, analyzed the data, and wrote a descriptive narrative.

Research Results

Objective 1. The results showed that innovation management competency consisted of three latent variables with statistical significance at the 0.001 level: creation and development of new marketing channels (MC), creativity and R&D, and engineering business processes. New Business (BPR) Creativity and New Business Process Reengineering (BPR) ability to create Added Value to Products (AVP). The factor loading scores are between 0.63 and 0.87. Scores ranged from 39% to 76%. The construct reliability (CR) score was 0.98 (PC > 0.7), and the average variance extracted (AVE) was 0.93 (PV > 0.5). In summary, the validation component model of the variables is consistent with the empirical data. It was concluded that all questions passed the criteria and could be used to analyze the structural equation modeling of this study. (See Table 1 and Table 2)

Table 1. The results of Capability Innovation Management analysis when combining the questions using the average from the variables

Variables	initial	Extraction	Factor Loading
Capability Innovation Management（CIM）			
Creating and Developing a variety of New Marketing Channels (MC) Creation and development of new multi-channel marketing (MC)	1.000	0.834	0.87
Creativity and New Business Process Reengineering (BPR)	1.000	0.559	0.63
The Ability to Create Additional Value for Product (AVP)	1.000	0.835	0.87
KMO=0.911 Chi-Square =0, df = 0, P-Value = 0.000* < 0.001 Cumulative % of Eigenvalues= 74.264 Initial=1.00 Extraction of Communalities 0.559-0.835			

Table 2. Capability Innovation Management Structural Equation Modeling Confirmatory Component Analysis Results

Variables	λ	SE.	C.R. (t-value)	R^2	Pv (AVE)	Pc (CR)
Capability Innovation Management（CIM）						
Creating and Developing a variety of New Marketing Channels (MC)	1.000			76%	0.93	0.98
Creativity and New Business Process Reengineering (BPR)	0.631	0.057	10.982***	39%		
The Ability to Create Additional Value for Product (AVP)	1.001	0.074	13.475***	75%		

***Significant level 0.001

Objective 2. The results showed that: 1) Business model innovation positively impacts the management path of capability innovation, and its standardized coefficient score is 0.98. The standard error fraction is 0.062. The C.R. value is 18.287, and the p-value is 0.000 < 0.001, which means the score is significant and hypothesis (H1) holds. 2) Business model innovation positively impacts management skills; its standardized coefficient score is 0.805. The standard error fraction is 0.083. The C.R. value is 15.984, and the p-value is 0.000 < 0.001, which means the score is significant and the (H2) hypothesis holds. 3) The positive impact of business model innovation on corporate performance is insignificant, and its standardized coefficient score is -1.21. The standard error fraction is 0.254. The C.R. value is -1.178, and the p-value is 0.000 < 0.001, which means the score is insignificant and the hypothesis (H3) does not hold. 4) Capability innovation management positively impacts corporate performance; its standardized coefficient score is 0.94. The p-value is 0.000 < 0.001, which means the score is significant and hypothesis (H4) holds. 5) Management skills positively impact corporate performance, with a standardized coefficient score of 0.17. The standard error score is 0.175. The C.R. value is 0.821, and the p-value is 0.000 < 0.001, which means the score is significant and the hypothesis (H5) holds. (See Table 3 and Table 4)

Table 3. Path relationship test results of variables in structural equation modeling (SEM)

Variables			Estimate	S.E.	C.R.	P	R^2
CIM	←	BMI	0.96	.062	18.287	***	
MS	←	BMI	0.98	.083	15.984	***	
BP	←	CIM	0.94				
BP	←	MS	0.17	.175	.821	***	
BP	←	BMI	-1.21	.254	-1.178	.239	
NOI	←	BMI	0.79				25%
EFI	←	BMI	0.50	.074	9.851	***	62%
MC	←	CIM	0.83				68%
BPR	←	CIM	0.69	.057	11.834	***	40%
AVP	←	CIM	0.90	.057	19.247	***	82%
CS	←	MS	0.88				78%
HS	←	MS	0.77	.050	17.145	***	60%
TS	←	MS	0.67	.041	13.367	***	45%
FP	←	BP	0.82				68%
CP	←	BP	0.88	.061	18.811	***	78%
IPP	←	BP	0.89	.059	19.117	***	78%
IGP	←	BP	0.91	.069	15.988	***	66%

Table 4. Summary of Hypothesis Test Results

Research Hypothesis	Test Result
1. Business model innovation has a positive effect on Capability Innovation Management	Conformable
2. Business model innovation has a positive effect on business performance	Not-conformable

Research Hypothesis	Test Result
3. Business model innovation has a positive effect on management skills	Conformable
4. Capability Innovation management has a positive effect on business performance	Conformable
5. Management skills have a positive effect on business performance	Conformable

Objective 3 . The results showed that in the innovative development model of enterprises, it is necessary to focus on choosing an efficient or novel business model from the perspective of changes in income, operation, technology, and industrial models.

Discussions

More focus on how to value the business model. A systematic approach to building business models includes decomposing and reconstructing the value chain. This essay makes the case that the current theory of valuing an individual business needs to be expanded to include the theory of valuing an enterprise group. Additionally, business models must be evaluated to account for the effects of Internet businesses becoming more diverse. In particular, modern enterprises carry out Industry 4.0 and the intelligent era; new technologies such as big data, cloud computing, the Internet of Things, and artificial intelligence will undoubtedly give rise to more and newer business models that deeply integrate information and industry, which will promote enterprises to face more challenges while seizing the opportunities of the development of the times and create the possibility of achieving a bend in the Chinese economy and leapfrogging. Afuah and Tucci (2001) evaluate the potential of business models in terms of profitability. He argues that a business model is how an organization creates value, provides products or services, interacts with stakeholders, and achieves profitability. A business model is how a company allocates its resources, gains competitive advantage, and serves as a source of operational order and value creation to provide excellent value to customers. A business model usually includes the following elements: value proposition, customer segmentation, channels, customer relationships, revenue sources, essential resources, critical operations, and activity partners. Afuah (2004) argues that a business model is how a company According to Afuah & Tucci (2003), the elements of a business model include customer value, execution, revenue sources, continuity, scope of operations, capabilities, product pricing, and related activities.

Gordijn et al. (2001) argued that the key to business model assessment is to analyze the flow of value between different participating agents. He argues that business models are not only about how to create value but also about how to exchange and flow value between different participating agents. The specific assessment should analyze the following aspects: participating subjects, value objectives, value ports, value creation, value interface, value exchange, target customers, etc. Business model assessment can reveal potential advantages, risks, and improvement opportunities to help organizations optimize their business models and develop better. It is an ex-ante forecasting method. The value assessment of business model innovation breaks through the limitations of the original assessment index settings. In addition to the financial assessment in terms of profit, it also includes the efficiency of the business model supported by the evaluated company, the stability of the value network structure formed by all stakeholders in the business model, how innovative the business model is, and whether it has the potential for future development. Chesbrough and Rosenbloom (2002, 2005) consider business models as "a heuristic logic linking technological potential to economic value realization" and as an "input-output. "It is a coherent analytical framework that takes technological features and potential as inputs and transforms them into economic outputs

through customers and markets. Emerging technology-induced business model innovation enables rapid commercialization of emerging technologies or core products.

Internet platform business models with underlying technology logic, such as mobile Internet, big data, artificial intelligence, virtual reality, blockchain, 3D printing, etc., are becoming the most significant business model innovation since the 21st century. Modern companies have to think about how to break through the traditional business model of innovation and move towards sustainable business model innovation based on sustainability concept orientation. Dubosson Torbay et al. (2002) adopted the balanced scorecard approach to assess business models, drawing on the ideas of Kaplan et al. The strength of Dubosson Torbay et al.'s approach is that it uses existing research findings well and provides a more comprehensive picture of implementing the current business model.

Using a balanced scorecard to evaluate the performance of business model innovation has attracted academic attention because it can comprehensively assess companies and focus on their long-term development. However, the balanced scorecard also needs some help and drawbacks in the implementation process, such as the high threshold of implementation and whether the level of corporate management is sufficient to support companies in adopting this method to evaluate performance. Secondly, it is difficult to assign the weight of each indicator. Considering four factors: finance, customers, internal business processes, learning, and growth at different levels, how to assign weights at different levels is still very subjective. Third, some indicators are difficult to quantify. Evaluating non-financial indicators, such as customer satisfaction and retention, and what level of learning and growth are to be achieved all inevitably use subjective factors. Fourth, the implementation cost is high, and it takes a lot of effort and time to break it down into multiple departments and find the right indicators. According to Lei Yuan (2007), the business model, as the "logic of value creation," is a description of the internal economic logic, operational structure, and strategic direction of an enterprise, which creates value for shareholders, suppliers, channels, customers, and other related parties by designing four links: value proposition, value network, value maintenance, and value realization. The business model should include target customers, value content, network form, business positioning, partnership, isolation mechanism, revenue model, cost management, and other factors.

A good business model innovation should be simple and efficient, striving to reduce the components to a minimum and avoid duplication while also being comprehensive and avoiding generalization. Besides, a set of scientific business model evaluation index systems should be established. The second is the quantification of evaluation indexes, that is, how to quantify these indexes to make the evaluation and comparison between different business models possible. Zott and Amit (2017) concluded that innovative business model design has a more significant impact on the performance of startups than efficiency. Qi Chen (2007) concluded that efficient business model design has more significant performance improvement than innovative business model design. When companies try to choose both types of business models, performance decreases.

How do companies make choices when designing their business models? This requires reconsidering the outcome variables that evaluate the impact of both types of business model design on the firm. Business model design should not only focus on the short-term indicator of firm performance but also on how it enables the firm to adapt to its environment in the long term, that is, the long-term adaptability of the organization. Yan (2016) proposed that transformational leadership and external environmental dynamics positively impact corporate business model innovation; business model innovation partially mediates between transformational leadership and corporate performance; and environmental dynamics positively moderate business model innovation and corporate performance.

Small and medium-sized Internet enterprises in Nanchang, Jiangxi Province, still need to work on vague and old business models to design business models. In the era of "mass innovation and mass entrepreneurship," the number of technology-based industrial clusters is rapidly increasing, and the use of big data to innovate business models for technology-based micro and small enterprises has become the key to their transformation, upgrading, and high-quality development. The incremental innovation of the business model or the overall breakthrough innovation should be conducive to discovering customer needs, optimizing resource allocation, improving operational efficiency, and controlling operating costs. Kaewalee Kanchanda (2021), in her article "The Causal Model of Knowledge Management, Business Model Innovation, and Competitive Advantage of Entrepreneurs in Small and Medium Enterprises," pointed out that business model innovation has a very close indirect influence on the business management of SMEs. The managerial competencies are also closely related to the company's competitive advantage, while their knowledge management level depends on their learning and growth. Business model innovation contributes to competitive advantage. Knowledge management contributes to the competitive Business model innovation contributes to competitive advantage, and knowledge management also plays a direct role in promoting competitive advantage.

Business model innovation is directly related to managers' management skills, and managers' management skills play an essential role in whether business model innovation can lead to improved corporate performance. Technical, interpersonal, and conceptual skills influence business performance at different levels. Of course, it is worthwhile to pay attention to other dimensions besides management skills, such as whether knowledge management will also be a factor that affects firm performance in the following study.

Management skills include technical skills, interpersonal skills, and conceptual skills. How to develop better management abilities is by:

1) Learning and training: Skill improvement requires continuous and relevant training. Find suitable learning resources, such as courses, training sessions, online education platforms, etc., to update and expand professional knowledge and skills.

2) Practice and practice: Apply the skills learned through practice to master them. Seek practical opportunities to apply theory to real-world situations and continuously refine skills, including internships, project participation, or self-created projects.

3) Reflection and feedback: Regularly reflect on your performance and seek feedback from others. Through self-assessment and input from others, identify your strengths and areas for improvement and take action to improve and enhance continuously.

4) Continuous learning and adaptability: Skills require constant evolution and updating, so maintain an attitude of learning and adaptability. Keep track of industry trends and emerging technologies, and attend relevant seminars, conferences, and training courses to stay current with the latest developments.

5) Practice communication and cooperation: Improving interpersonal skills requires practicing communicating and cooperating with others. Look for team projects, social events, or volunteer opportunities to develop the ability to work with others, listen, and communicate effectively.

6) Open-mindedness and Creative Thinking: The improvement of conceptual skills requires the development of an open mind and the ability to think creatively. Try different perspectives, find new solutions, and accept challenges and risks to develop creativity and problem-solving skills.

7) Reflection and Adjustment: Regularly reflect on your progress in technical, interpersonal, and conceptual skills and make adjustments and improvements as needed. Maintain the habit of self-assessment for continuous improvement and development.

Knowledge from Research

Identify the body of knowledge that is the result of research. Synthesis includes diagrams, charts, or concept maps with a concise, easy-to-understand format or structure description.

(1) It is helpful to look at the relationship between efficiency-based business model innovation and novel business model innovation on the financial performance, customer performance, internal process performance, and learning and growth performance of businesses by adding capability innovation management and management skills as mediators. Further, it enriches capability-innovation management theory and management skills theory.

(2) The ultimate purpose of business model innovation is to realize enterprise, economic, and social value and, in essence, to realize enterprise performance growth. It is finally determined that cognitive and innovation abilities are essential to achieving business model innovation.

(3) The antecedent variables, intermediate processes, and innovation effects of firm performance bridge the gap of business model innovation process research from a resource perspective and enrich theories related to firm performance.

(4) The improvement of corporate performance is influenced by competence, innovation management, and management skills, each of which has multiple dimensions and different effects on the four dimensions of corporate performance. However, the realization paths are more diverse, which enriches the theory of corporate performance.

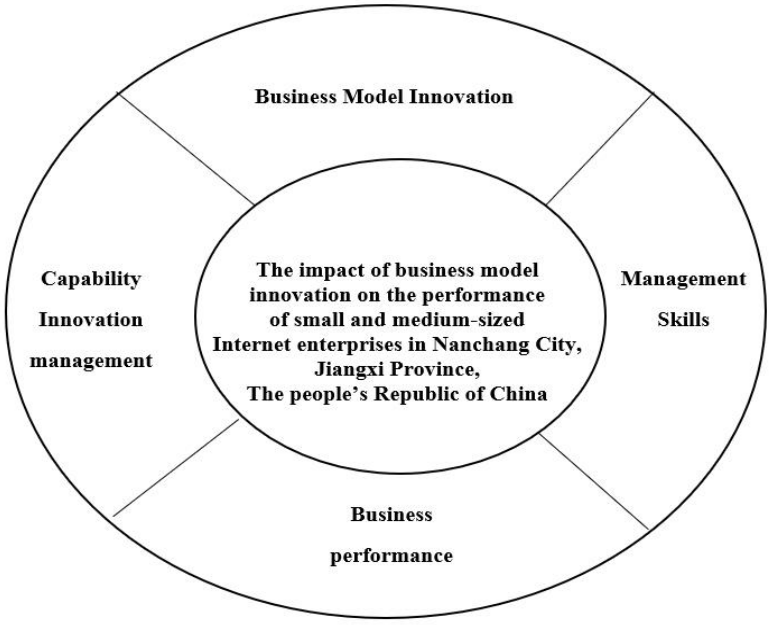

Fig. 2. Knowledge from Research

Conclusion

This paper addresses the topic of the impact of business model innovation and firm performance, asking three key questions: (1) What factors affect enterprise innovation, business model, and performance? (2) How about the business efficiency? (3) How do you develop an innovative business model? Based on extensive literature research, data compilation, data collection, and empirical analysis, we clarify the factors affecting business

model innovation and enterprise performance and propose the path of enterprise business model innovation.

The results answer research objective No. 1: This study adopts the perspective of Amit and Zott (2001), which divides business model innovation into two categories—efficiency-based and novelty-based—and uses empirical analysis to discuss the connection between two dimensions of business model innovation and firm performance, including financial performance, customer performance, internal process performance, and learning and growth. An in-depth questionnaire was sent to 300 small and medium-sized Internet businesses in Nanchang, Jiangxi Province. The results were checked for reliability, validity, Z-tests, t-tests, validated factor analysis, correlation coefficient analysis, and structural equation modeling. The results showed that business model innovation improves firm performance through the role of intermediate variable competence innovation.

Business model innovation has a positive contribution to capability innovation management with a path coefficient of 0.96, including a path coefficient of 0.83 for the creation and development of multiple marketing channels, 0.69 for creativity and corporate process reorganization, and 0.90 for the ability to create additional value for products.

Business model innovation positively affects management skills with a path coefficient of 0.98, where the path coefficients are 0.67 for skill skills, 0.77 for interpersonal skills, and 0.88 for conceptual skills. Competence innovation management has a positive contribution to firm performance with a path coefficient of 0.94, management skills have a positive contribution to firm performance with a path coefficient of 0.17, and the path coefficients of financial dimension, customer dimension, internal process dimension, and learning and growth dimension of corporate performance are 0.82, 0.88, 0.89, and 0.91, respectively. Business model innovation has no direct effect on corporate performance.

According to the above results, it is clear that business model innovation affects capability innovation management and management skills, and capability innovation management and management skills become important factors that affect firm performance. The factors affecting business model innovation depend on which type of innovation the enterprise is, whether it is efficiency business model innovation or novel business model innovation, depending on various factors. Efficiency innovation pays more attention to cost reduction and efficiency improvement. In the Internet era, transaction costs are significantly reduced, and the consumer experience is improved, which expands the efficiency and profit space of the enterprise. Novelty-based innovation focuses more on reorganizing the enterprise industry chain and supply chain. This new ecology brings more value to consumers and provides more possibilities for a specific part of the enterprise to provide customized services. This integration and reshaping of the value chain promotes the development and growth of the whole ecosystem. Enterprises' future development plans and decisions, their current stage of development, the available innovation resources, their development objectives, and other factors all impact business model innovation.

The results answer research objective No. 2: to study the methods to improve the operational performance of the enterprise. This essay uses Kaplan and Norton's Balanced Score Card (BSC) theory (1992). The Balanced Scorecard (BSC) theory by Kaplan and Norton (1992) is used in this essay. The BSC theory focuses on four areas: the financial, the customer, the internal business process, and learning and growth. The financial aspect aims to align operational results with the company's strategy; the customer aspect helps the company adapt to changes in the external market; the internal business process aspect ensures the company's unique advantages and level of sustainability; and the learning and growth aspect looks at the company's ability to come up with new ideas. The Balanced Scorecard (BSC) is the core concept of enterprise management, which combines the concepts of balance and strategy

throughout the enterprise management process and does not make up for the previous performance evaluation, which only considered evaluation but not strategy. But relatively long-term future benefits. The way to improve the company's performance is to improve the managers' ability to innovate at the management level and improve management skills.

The results answer research objective No. 3: To build a business model for innovation and development. According to the results of the qualitative analysis, the business model innovation selection should consider various factors, in addition to the company's value positioning business model development, but also competitors, market changes, cost structure, capital chain supply support, technical support, etc. The path of business model innovation should start at the following points: first, the income model changes. Determine how, type, and income channel to build a new income model. Secondly, operational models change. That is, change the position of the enterprise in the industry chain to realize value-added and realize the operation mode change through vertical integration or horizontal reorganization. It is an essential path of business model innovation to improve the value creation of enterprises through cost reduction and value addition—third, technology model change. Product innovation is the main driving force of business model innovation, and technological change is the core driving force. Fourth, industrial model change. This type of change requires enterprises to enter or create a new industrial field.

Suggestions

First is a comprehensive and objective understanding of the nature of business model innovation; the ultimate purpose of business model innovation is to achieve corporate, economic, social, and, in essence, growth in corporate performance. It is necessary to guide all kinds of resources and capabilities to make innovation possible through joint efforts. However, a good business model design or innovation can often fail under highly uncertain resource constraints. The ability of SMEs with limited resources to sustain financing to support business model innovation directly determines the success or failure of the innovation. The key to ensuring the success of business model design or innovation is to be good at accumulating and using internal and external resources that the enterprise has or can reach or to cooperate with external entities to guide others' resources for my use. The enterprise managers should grasp the essence of the business model in enterprise management from all aspects, i.e., what kind of value is created, how the value is transmitted among the stakeholders, how the value is obtained, and how to achieve efficiency-based innovation and novelty-based innovation. So whether to choose efficiency or novel innovation, business model execution becomes more negligible. Companies need to choose different types of business model execution according to the resource allocation and utilization characteristics of their value creation, that is, whether they rely on internal resources or external relationships for performance improvement, as well as the possible options, and ensure that business model execution can achieve internal and external coherence and promote improved corporate performance. Therefore, before starting business model innovation, it is necessary to carefully measure the attributes and quantity of resources you have in reserve, as well as the difficulty and cost of acquiring resources from stakeholders, and determine "whether" and "to what extent" the company should implement business model innovation.

Second, the positive effects of management skills are cultivated. Management skills positively impact business performance, so managers need to improve all aspects of technical, interpersonal, and conceptual skills. First of all, they should communicate with all grassroots, middle, senior, and critical staff at different levels of the enterprise, continuously enhance their ability to recognize, discriminate, and screen internal and external information, and be good at coordinating, organically integrating, and even redistributing information and resources

obtained from different channels among departments and organizations within the enterprise to maximize the effectiveness of information and resources and thus achieve higher efficiency. At the same time, management skills are whole and give full play to the active role of different dimensions and levels of personnel's management skills to better realize the improvement of enterprise performance.

Thirdly, we want to improve enterprise performance through business model innovation. In that case, relying on the old way of resource integration is impossible. However, we need to rely on the improvement of management levels and management skills through capacity innovation. Suppose the innovation management and management skills levels are raised at any cost. In that case, drastically overturning the traditional resource and management structure is not a good idea. A more effective approach is to consider the incremental change capability, innovation, and management skills that align with the company's current level of resources and management, which is best for its needs.

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