

Networks, Nearness, and Innovation: Business Model Transformation in Intermediary Ecosystems

McCormick Williams*

Business School, University of Edinburgh, 29
Buccleuch Place, Edinburgh, EH8 9LN, United
Kingdom

***Corresponding author:**

McCormick Williams, Business School,
University of Edinburgh, 29 Buccleuch
Place, Edinburgh, EH8 9LN, United Kingdom.
E-mail: mcwilliams@hotmail.com

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Abstract

The increasing complexity of innovation ecosystems has transformed the role of intermediary organizations in connecting firms, research institutions, governments, and entrepreneurs. This paper examines how networks and different forms of proximity influence business model transformation within innovation intermediary ecosystems. The study explores the impact of geographic, cognitive, organizational, and social proximity on collaboration, knowledge exchange, and innovation performance. A descriptive research design was adopted using secondary data and documentary analysis from innovation hubs, technology transfer offices, incubators, and collaborative platforms across different economic sectors. The findings indicate that proximity enhances trust, accelerates information sharing, and strengthens collaborative innovation activities among ecosystem participants. At the same time, excessive dependence on localized networks may limit openness and reduce exposure to diverse knowledge sources. The analysis further reveals that intermediary organizations increasingly redesign their business models through digital platforms, strategic partnerships, and open innovation practices to remain competitive in dynamic environments. The paper contributes to the understanding of how intermediary ecosystems evolve in response to technological change and network-based innovation processes while highlighting the strategic importance of balanced proximity for sustainable business model development.

Keywords: Innovation Ecosystems, Business Model Transformation, Innovation Intermediaries, Proximity Networks, Open Innovation, Knowledge Exchange.

Introduction

The concept of proximity has become increasingly important in understanding how organizations build partnerships, exchange knowledge, and stimulate innovation within modern business ecosystems. In recent decades, the concentration of economic activities through innovation clusters, science parks, industrial districts, and technology hubs has attracted significant academic and policy attention. Countries across Europe, Asia, and North America have promoted collaborative environments to strengthen innovation capabilities, regional competitiveness, and entrepreneurial development. Such initiatives demonstrate that physical and relational closeness among firms, institutions, and supporting organizations can enhance the creation and diffusion of knowledge [1].

In economic geography and innovation studies, proximity was initially associated with geographical distance between firms and institutions. The assumption was that organizations located near one another could communicate more efficiently, reduce transaction costs, and accelerate learning processes. Over time, scholars expanded this perspective and identified multiple dimensions of proximity, including cognitive, organizational, social, institutional, and geographical proximity [2,3]. These dimensions explain how shared knowledge bases, trust, common regulations, and organizational similarities influence cooperation and innovation performance among actors operating within interconnected ecosystems.

Innovation intermediaries have emerged as important actors within these ecosystems by facilitating collaboration among firms, universities, governments, investors, and research

centers. These intermediaries include incubators, accelerators, technology transfer offices, innovation agencies, and consulting organizations that support the commercialization of ideas and technological development. Their activities involve knowledge brokerage, networking support, partnership creation, resource mobilization, and innovation management [4]. As innovation processes become increasingly open and network-oriented, intermediary organizations are required to redesign their business models to remain effective and sustainable in rapidly changing environments.

Business models are commonly understood as frameworks that describe how organizations create, deliver, and capture value. In intermediary ecosystems, business model transformation is influenced by technological advancements, digitalization, market competition, and evolving collaboration mechanisms. The growing use of digital platforms, virtual networks, and open innovation practices has changed the traditional role of intermediaries from simple connectors to strategic ecosystem orchestrators [5]. Consequently, proximity no longer depends exclusively on physical location, as digital communication technologies now enable remote interaction and collaboration across borders.

Despite the opportunities generated by proximity, excessive dependence on localized networks may create limitations such as reduced diversity of ideas, overembeddedness, and restricted access to external knowledge sources [6]. Therefore, intermediary organizations must balance local embeddedness with global connectivity to maintain innovation performance and competitiveness. Understanding how different forms of proximity influence business model transformation has become essential for policymakers, managers, and innovation stakeholders seeking to strengthen collaborative ecosystems.

The purpose of this paper is to examine the relationship between proximity and business model transformation within innovation intermediary ecosystems. The study focuses on how network relationships and different dimensions of proximity contribute to knowledge exchange, collaborative innovation, and organizational adaptation in dynamic economic environments.

Proximity and Business Model Transformation in Innovation Ecosystems

The transformation of business models within innovation ecosystems has become closely associated with the way organizations manage networks, technology, and collaborative relationships. Modern firms no longer operate in isolation; instead, they depend on interconnected systems involving suppliers, customers, research institutions, digital platforms, and intermediary organizations. In such environments, technologies function not only as operational tools but also as mechanisms that

shape value creation, service delivery, and market coordination. Business models therefore evolve continuously through experimentation, adaptation, and interaction with surrounding actors and institutions [7].

The growing relevance of proximity emerges from the need to understand how organizations establish and maintain these collaborative arrangements. Proximity extends beyond physical closeness and includes cognitive similarities, social relationships, institutional compatibility, and organizational alignment. These dimensions influence how firms exchange knowledge, build trust, and coordinate innovation activities. Managers frequently redesign operational structures and strategic partnerships according to the opportunities and constraints created by different forms of proximity. As a result, proximity becomes an active force that shapes entrepreneurial decisions and market development [8,9].

Innovation intermediary organizations, including incubators, accelerators, science parks, and technology transfer centers, play an essential role in facilitating these interactions. Their activities support the connection of diverse actors within innovation ecosystems while encouraging cooperation, information sharing, and resource integration. Through these functions, intermediaries help organizations overcome barriers related to distance, communication, and market access. The increasing use of digital communication systems has also expanded the ability of firms to collaborate remotely, making virtual proximity an important complement to face-to-face interaction [10].

Geographical proximity nevertheless continues to maintain strategic importance in many industries. Physical closeness can accelerate learning processes, improve coordination efficiency, and strengthen informal interactions among firms and institutions. Access to transportation networks, infrastructure quality, and regional economic conditions further influence the effectiveness of geographical proximity. Organizations often position themselves within innovation clusters or technology hubs to benefit from localized knowledge spillovers and collaborative opportunities that contribute to long-term competitiveness [11].

At the same time, excessive dependence on localized relationships may restrict access to external ideas and diverse knowledge sources. Firms that rely exclusively on close networks may experience limited innovation capacity due to repetitive interactions and reduced exposure to global developments. Consequently, successful business model transformation increasingly depends on balancing local embeddedness with broader international and digital connections. This balance enables organizations to maintain flexibility, strengthen innovation performance, and respond effectively to changing technological and market conditions.

Conclusion

Proximity plays an important role in shaping collaboration,

knowledge exchange, and business model transformation within innovation ecosystems. Geographic proximity strengthens communication and cooperation among firms, research institutions, and intermediary organizations through localized innovation networks and clusters. Organized and social proximity also support innovation by creating relationships based on trust, shared knowledge, and common objectives. Firms operating within the same networks or technological communities are more likely to collaborate effectively and improve innovation performance. Digital technologies have reduced the limitations of physical distance, enabling organizations to combine local interactions with global connectivity. Innovation intermediaries contribute to this process by facilitating partnerships, knowledge sharing, and ecosystem coordination. Maintaining a balance between local and external connections remains essential for sustainable innovation and competitive business models.

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