

Digital technology as an enabler and challenger of strategic renewal

Abstract

This study analyzes the role of digital technology in fostering a firm's ability to cope with the volatile and global competition. Especially in the media, digital technology provides enormous possibilities to improve competitiveness. Artificial intelligence – e.g. machine learning, data analytics – can influence all parts of the value creation process. Based on media studies, we know how data analytics is used to better understand and address the changing customer behavior or how digital tools and technologies have changed and enriched content production. However, we know very little how new digital technologies - often outcomes of cross-innovation processes - become integrated in the organizational and managerial practices and capabilities and how they ultimately turn into sources of competitive advantage. This study contributes to this gap by analyzing how digital technology is simultaneously both a challenge and driver when building organizational and managerial change capacity.

The study is an in-depth qualitative case study. The case company is a mid-size Finnish regional media company, which is transforming its business model from the traditional print to digital model. During our three-year study (2016-2019), the company has carried out profound digital transformation by conducting many organizational reforms and investing in digital technologies and competences.

The theory is based on the dynamic capability view according to which a firm builds and deploys higher level dynamic capabilities to enhance its ability to be competitive in the changing business environment (Teece et al., 1997; Schilke, 2018). Following Teece's model of sensing, seizing and transforming capabilities (2007), dynamic capabilities help the firm sense and seize opportunities and transform its resources, i.e. technologies, processes, assets, capabilities etc. (Teece, 2014).

The primary empirical data is based on interviews with managers and employees. The top and middle managers were interviewed twice: first time in winter 2016/17 (31 interviews) and second time in December 2018 and summer 2019 (31 interviews). The employees were interviewed in spring 2018 (47 interviews). The interviewees are from different positions and functions representing sales & marketing, digital development and editorial staff. The analysis is based on thematic content analysis in which we analyze the process of how digital technologies challenge and improve dynamic capabilities (in terms of sensing, seizing and transforming).

This study contributes to the strategic management research in terms of how digital technologies enhance the transformation of dynamic capabilities. As for media managers, the study provides a real-life case to detect how digital technologies affect a media company's managerial and organizational culture serving as a driver of strategic renewal. Our preliminary results show that new technologies can first create many challenges caused by path dependencies and lack of competences but, gradually, they can become a driver of change and useful tool for managers to manage change.

Topic: Strategic Management

Keywords: digital technology, strategic renewal, dynamic capabilities, digital transformation.