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**PURSUIT OF CHANGE VERSUS
ORGANIZATIONAL INERTIA:
A STUDY ON STRATEGIC RENEWAL
IN THE FINNISH BROADCASTING COMPANY**

Thesis for the degree of Doctor of Science (Economics and Business Administration)
to be presented with due permission for public examination and criticism in the
Auditorium 1381 at Lappeenranta University of Technology, Lappeenranta, Finland,
on the 5th of December, 2014, at noon.

Acta Universitatis
Lappeenrantaensis 613

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ISBN 978-952-265-706-0
ISBN 978-952-265-707-7 (PDF)
ISSN-L 1456-4491
ISSN 1456-4491
Lappeenranta University of Technology
Yliopistopaino 2014

ABSTRACT

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Lappeenranta 2014
136 pages

Acta Universitatis Lappeenrantaensis
Diss. Lappeenranta University of Technology
ISBN 978-952-265-706-0, ISBN 978-952-265-707 (PDF), ISSN-L 1456-4491,
ISSN 1456-4491

This doctoral dissertation explores the intra-organizational dynamics of a strategic renewal process. The main research question is how the pursuit of change and organizational inertia co-exist, intertwine, and collide in organizational cognition and capabilities during the strategic renewal. It is a comprehensive study on how organizational capabilities, organizational cognition, and structure enhance and inhibit change. Theoretically, the study is positioned in the modern tradition of strategy research, using the dynamic capability view and the organizational and managerial cognition research tradition as the main theoretical frames.

Empirically, the study is a longitudinal case study of the Finnish Broadcasting Company (Yle), following the organizational changes during the years of 2011-2014. The analysis is based on both quantitative and qualitative data, which was collected during the research process using surveys, interviews, and archives.

The main theoretical contribution is the application of the two theoretical approaches in one study. Empirically, the study contributes to operationalization of the concepts related to the dynamic capability view and organizational cognition, in a media context that is going through drastic changes due to digitalization. Furthermore, the case of a public broadcasting company extends the application of the theoretical concepts to the context of public management.

The results suggest that renewal is a complex process, in which an organization's perceptions intertwine with the strategic actions and decision-making. The change evolves path-dependently: the past experiences, routines, and organizational structures tend to dictate the future visions, desires, and actions. The study also reveals how the public nature of an organization adds to the tensions between change and organizational inertia, and hampers the decision-making.

The doctoral dissertation consists of six research papers, each of which explores the phenomenon under study from a different perspective.

Keywords: Strategic renewal, dynamic capabilities, dominant logic, public media, organizational and managerial cognition

UDC 65.01:654.19:65.012.4:65.011.8:159.95

ACKNOWLEDGEMENTS

This doctoral dissertation has been the biggest challenge I have overcome in my pursuit of life-long learning. Looking back now, it has been a hard, but intensive, rewarding and exciting endeavor. In particular, meeting dedicated and interesting people from academia, here and all over the world, has made this time so colorful and memorable. I want to thank you all!

Most of all, I wish to express my warmest gratitude to my supervisor, Professor Ari Jantunen, for his understanding and patient support and insightful guidance in my aspirations. It has been full of laughs and tears! Moments of life! Thank you for letting me fly free and for encouraging me to develop my own thinking.

I am deeply grateful to my pre-examiners, Professor Constance E. Helfat and Professor Gregory F. Lowe, for their encouraging and insightful comments. Your scientific achievements have been guiding me in my research, and I am honored to have you as my pre-examiners.

LUT School of Business has been a wonderful place to accomplish a doctoral degree. The easy-going atmosphere and helpful colleagues made it easy for me to become a part of the community. Special thanks to Maija Hujala, Anssi Tarkiainen, Minna Ranta, and Terttu Hynynen – you were there whenever I needed. I am grateful to Professors Jaana Sandström, Kaisu Puumalainen, and Sami Saarenketo for making this four-year adventure possible.

My research would not have succeeded without good co-operation with Yle (the Finnish Broadcasting Company). I would like to thank the people working at Yle for having time for discussions and interviews, and for actively taking part in my surveys. I want to express my deepest gratitude to the Head of Strategy Research, Dr. Erja Ruohomaa, who was my inspiring mentor from the beginning. Thank you for your optimism!

During my doctoral studies, it has been a privilege to visit, as a doctoral fellow, the Media Management and Transformation Centre (MMTC) at Jönköping International Business School. I thank the director of MMTC, Dr. Mart Ots for this opportunity. I am also grateful to Associate Professor Anda Rožukalne from Riga Stradins University, for her encouraging support and for inviting me to Riga to lecture and discuss my research topics.

I gratefully acknowledge the financial support received from the following foundations: the Research Foundation of Lappeenranta University of Technology, the Foundation for Economic Education, the C.V. Åkerlund Foundation, and the Marcus Wallenberg Foundation for Research in Business Economics.

I wish to express my special thanks to Bruce Marsland for proofreading my dissertation and research papers and for kindly adjusting to my sometimes busy schedules.

Finally, I would like to thank my dear family, Iris, Markus, and Kalevi, for their patience and support! Thank you for taking care of me and for keeping me busy with the joys and sorrows of real life. Thank you for the words: You will make it!

Lappeenranta, November 2014

Päivi Maijanen-Kyläheiko

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1. Maijanen, Päivi (forthcoming). **Cognition as a driver and barrier of strategic renewal: The case of the Finnish Broadcasting Company.** A paper first presented at the RIPE@2012 Conference: Value for Public Money – Money for Public Value, Sydney, Australia, September 5–7, 2012, and accepted in *the International Journal of Business Innovation and Research*.
2. Maijanen, Päivi and Jantunen, Ari (forthcoming). **Centripetal and centrifugal forces of strategic renewal: The case of the Finnish Broadcasting Company.** A paper presented at the EMMA Conference 2013: Digital Transformation and Transactions, Bournemouth, United Kingdom, June 13 –14 June, 2013, and accepted in *the International Journal on Media Management*.
3. Maijanen, Päivi and Jantunen, Ari (forthcoming). **Dynamics of dynamic capabilities – the case of public broadcasting.** A paper first presented at the 2nd Conference on Competence-based Strategic Management, Magdeburg, Germany, September 17–20, 2013, and accepted in *the International Journal of Business Excellence*.
4. Maijanen, Päivi (2013). **The evolution of dominant logic: Forty years of strategic framing in the Finnish Broadcasting Company.** A paper presented at the IAMCR 2013 Conference: Crises, ‘Creative Destruction’ and the Global Power and Communication Orders, Dublin, Ireland, 24 – 29 June, 2013, and submitted to *the Journal of Media Business Studies*, second round review.
5. Maijanen, Päivi (2014). **Decision-making under two dominant logics in public media.** A paper presented at the EMMA Conference 2014: Media Convergence and Multi-media Strategies, Tallinn, Estonia, 12–13 June, 2014.
6. Maijanen, Päivi (2014). **Stability and change – the dual nature of dynamic capabilities.** A paper presented at the RIPE@2014 Conference: Public Service Media across Boundaries. Tokyo, Japan, 27–29 August, 2014.

THE CONTRIBUTION OF PÄIVI MAIJANEN-KYLÄHEIKO TO THE PUBLICATIONS:

1. Sole author
2. Made the research plan together with the co-author. Conducted the data-analysis and interpreted the empirical results. Wrote the manuscript.
3. Made the research plan together with the co-author. Built and tested the models together with the co-author. Wrote most of the manuscript.
4. Sole author.
5. Sole author.
6. Sole author.

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PART I: OVERVIEW OF THE DISSERTATION

1. INTRODUCTION

1.1. Research problem and motivations of the study

This doctoral thesis arises from the desire to analyze the strategic renewal of the Finnish Broadcasting Company, called Yle (originally Yleisradio in Finnish), under rapidly changing circumstances. My main motivation arises from the questions of (i) how such an organization as Yle – with long traditions, a strong organizational culture and identity, and an established position in society – is capable of changing itself, (ii) what the change process requires from the organization and from its staff, and (iii) what in fact happens when radical organizational changes take place. These questions are linked to my personal experiences during my long work career at Yle, both as a journalist and as a manager. The change-related questions are now more acute than ever before because the pressures and turbulence are incomparable to what they used to be. One elementary and, for me, even mystical feature characterizing organizational change is related to the tension between individuals and organizational structures: even if it is the people, the individuals, that create the organization, the organization seems to carry on with its own laws of functioning that rule the game over individual desires.

Through this research, I have wanted to gain more analytical understanding of the internal logic of a strategic change process at Yle – and in organizations in general. On a more abstract level, the purpose is to explore intra-organizational processes during an organization's strategic renewal process in a drastically changing operating environment. My study understands organizations as complex entities in which strategic thinking and doing co-exist and intertwine, and where the past experiences and future beliefs and expectations co-evolve and collide.

Yle offers an excellent case for analyzing strategic renewal processes. Like all media companies – private and public, print and electronic – Yle is facing an urgent need to renew its strategic thinking and ways of functioning to face the challenges of the digital era. Its more-or-less traditional organizational processes are challenged and constrained by such pressures as (i) the rapid rise of digital technology and the internet, (ii) changing needs and

preferences of heterogeneous audiences, together with rapidly changing media usage habits, (iii) keen and increasingly global media competition, and (iv) political and economic pressures related to public legitimacy and claims for economic efficiency.

The main target of all media companies is to change successfully in the way they manage to obtain and sustain their competitive advantage in the changing media environment. Of course, the concept of competitive advantage must be defined and evaluated differently in the public media than in the private media context, in which profitability (superior profits over time) can be used as a criterion. Because of the non-profit nature and the public service task, the competitive advantage cannot be measured by profit but by the public value public media are expected to create for different audiences – which is a much more ambiguous and qualitative criterion, of course. Taking into account the competitive media environment and the public service task, the competitive advantage must be based on gaining and sustaining legitimacy on two fronts: by fulfilling the needs and expectations of audiences and by fulfilling the public service task. This dual situation means being both competitive and liked by audiences, and being legitimate as a public service provider. Hence, the changes and renewal processes must go forward on both fronts. The two lines are not necessarily contradictory, but most likely complicate the situation (Lowe and Bardoel, 2007; Lowe and Martin, 2014).

The question of how firms and other organizations build their long-term success, and obtain and sustain competitive advantage, is the key question of modern strategy research. Therefore, it is natural and justified that this study on the renewal process of the Finnish Broadcasting Company also uses the concepts developed within the strategic management research tradition. In the following two chapters, I will first briefly position this study within the strategy research traditions, and then describe Yle as a research object.

1.2. Theoretical positioning of the study

In the field of strategy research, a firm's competitive advantage was first explained by external factors. The most famous framework was Porter's five forces model, according to which a firm's competitive advantage is influenced by five industry-level forces (threat of new entrants, threat of substitute product or services, bargaining power of buyers, bargaining

power of suppliers, and rivalry among existing competitors) (Porter, 1979; 1980; 1985). However, in the 1980s, the interest of scholars shifted to the organization's internal factors – unique and idiosyncratic resources – as the main explainers of competitive advantage. In line with Penrosian thinking (Penrose, 1959), the resource-based view (Wernerfelt, 1984; Rumelt, 1984; Barney, 1986; Peteraf, 1993) saw an organization's valuable, rare, inimitable, and non-substitutable (VRIN) resources (Barney, 1991) as the sources of competitive advantage. Even if the basic Ricardian message of the resource-based view was largely accepted by scholars, it was also criticized for being static or at least retrospective in nature and thus unable to explain the sustainability of competitive advantage under rapidly changing circumstances. This discussion resulted in the rise of the dynamic capability view in the 1990s, through the seminal works of Teece and Pisano (1994) and Teece et al., (1997). They launched the idea of 'dynamic capability' as a tool to overcome the limits of staticness and to focus on change dynamics.

The dynamic capability view regards dynamic capabilities as key drivers for organizations when keeping their resource base unique and idiosyncratic in the constantly changing business environments. Dynamic capabilities are managerial and organizational processes that organizations deploy for sensing the opportunities and threats in the environment, for seizing these opportunities, and for reconfiguring their resource and knowledge bases to fit the changing environment (Teece et al., 1997; Helfat et al., 2007; Teece, 2007; 2012). Dynamic capabilities evolve through organizational learning (Zollo and Winter, 2002; Winter, 2003), which in turn is closely related to knowledge-related processes (Huber, 1991; March, 1991).

All three strategy research approaches (five forces model, resource-based view, dynamic capability view) mentioned above have explanatory power when explaining the sustainability of competitive advantage, thus complementing each other. From the perspective of this study, however, the special value of the dynamic capability view lies in its ability to include the dynamics of organizational change by linking the firm's internal organizational determinants of success with the changing environment. As change is the key element of my research interest, the dynamic capability view will be applied in this study. More precisely, this study utilizes the model presented in Teece's (2007) article, which focuses on the microfoundations of dynamic capabilities. In this seminal article, Teece categorizes the dynamic capabilities

into three clusters (capacities): sensing, seizing, and reconfiguring. The 'sensing' capacity is the firm's capacity to sense threats and opportunities in the environment by using different search activities. 'Seizing' refers to the capacity to seize the opportunities sensed by making timely decisions, such as on investments, business models, and acquisitions. 'Reconfiguring' refers to the capacity to renew, transform, and reallocate the resources to match the demands of the changing environment.

The other main theoretical approach applied in this study is the dominant logic research tradition launched by Prahalad and Bettis (1986). This belongs to the wider research tradition focusing on managerial and organizational cognition, which is interested in how organizations build and apply strategic frames or knowledge structures to process information and to simplify the complex reality. From the strategy perspective, the most important question is focused on how the cognitive frames affect organizational behavior, strategy formation, decision-making, and outcomes (Walsh, 1995, Kaplan, 2011; Narayanan et al. 2011; Eggers and Kaplan, 2013). Dominant logic is one kind of a knowledge structure: it is an organization's strategic frame that relates to its operating environment. Therefore, it defines the main imperatives of the operating logic (e.g. the main mission, customers, business models, products, processes).

In strategy research, the scholarly interest in managerial and organizational cognition started to increase since the mid-1980s. The decade ended up with one of the seminal works by Porac et al. (1989) on Scottish knitwear manufacturers, showing how their cognitive categorizations of competitors affected their choice of strategic actions. Along with these developments in strategic management research, cognition has become a strategically relevant success factor in the same way as unique idiosyncratic resources and dynamic capabilities (Kaplan, 2011; Narayanan et al., 2011).

Especially in recent years, there have been more studies that explore the effect of cognition on capability development and strategic actions. The main focus has been on managerial cognition (strategic framing) and its effects on an organization's capabilities, resource development, and outcomes (e.g. Kaplan, 2008a; Eggers and Kaplan, 2009; Laamanen and Wallin, 2009; see review of Kaplan, 2011). One of the classics in this field is the study by

Tripsas and Gavetti (2000) on Polaroid's managers' inability to change their strategic frame to cope with the new digital imaging technology, even if the organization had all the relevant knowledge and the right capabilities. In relation to the concept of dominant logic, there have been, so far, only a few studies in this field, for example on acquisition strategies (Côté et al., 1999), on the film industry (Jones, 2005), and on entrepreneurial orientation in transition economies (Oblój et al., 2010; Oblój et al., 2013). Among the scholars of the dynamic capability view, there has also been a growing focus and interest in managerial cognition and cognitive capabilities (Adner and Helfat, 2003; Zahra et al., 2006; Teece, 2007; Augier and Teece, 2009; Kor and Mesko, 2013). One of the latest theoretical contributions in this field is the study by Helfat and Peteraf (forthcoming) on the cognitive microfoundations of dynamic managerial capabilities.

The multidisciplinary approach of putting capability- and cognition-based research streams together can well be justified by referring to their common theoretical roots. They can both be traced back to the ideas developed within the behavioral theory of the firm tradition launched by March and Simon (1958) and Cyert and March (1963). According to the behavioral school, organizations are social entities, information processing systems, in which decision-makers have a limited capacity – bounded rationality – to cope with the flows of information. Therefore, they apply knowledge structures and decision-making heuristics to simplify the complex information processing. According to this view, organizational behavior is based on “standard operating procedures” (Cyert and March, 1963), which evolve path-dependently through learning from experiences (March, 1991; Pierce et al., 2002; Zollo and Winter, 2002). Along similar lines, the evolutionary economics developed by Nelson and Winter (1982) stresses the role of routines as ‘genes’ of organizational evolution. Being the outcomes of the organizational learning process, the routines act as archives of organizational memory. Routines or routinized behavior undergird the way organizations think and act, as a result of which the knowledge structures and the capabilities they underlie are persistent and difficult to change, in other words path-dependent. Hence, the past decisions and chosen paths; the accumulated resources, routines, and capabilities; and the strategic frames influence the way organizations address the changes.

Due to the routine-based fundamentals and characteristics inherent in organizations, the past and the future are in an ongoing tension, on both the organizational cognition and capability levels: the past partly dictates the future paths; there is no future without the past. Interestingly, this resembles another important organizational tension: change versus stability. Here, the change refers to desired goals and actions taken pursuing the goals, whereas stability refers to the learned and in-built resources and knowledge structures that form the stable fundament of the prevailing organizational order and way of functioning.

This study aims to tackle the complex and multi-dimensional organizational phenomena described above. It arises from a curiosity towards the world of tensions between past and future, and from a curiosity to understand how cognition and capabilities may both enhance and hamper organizational renewal. To get a comprehensive picture of complex renewal processes, this study utilizes both the dynamic capability view and the dominant logic research tradition. Consequently, this study will be linked to the young rising research tradition of combining the two different approaches, and it especially contributes to the modest number of empirical studies related to dominant logic.

1.3. The Finnish Broadcasting Company as a research object

The empirical analysis of my thesis will be based on data collected at the Finnish Broadcasting Company (Yle). As a research design, it is a longitudinal case study following the company's strategic renewal process launched at the beginning of 2011. The quantitative and qualitative data collecting started in the fall of 2011 and lasted until the spring of 2014.

First, however, some facts about Yle (based on the Yle 2014 website). Yle is Finland's public service broadcasting company, founded in 1926. It is a public limited company, which is 99.98% state-owned and supervised by an Administrative Council appointed by Parliament, and which operates under the Act on Yleisradio Oy. Yle employed 3173 permanent employees in 2013. A new Yle tax model was launched in 2013, and it replaced the old license fee-based funding. Yle's annual budget in 2013 was 500 million euros. Yle operates four television channels and six radio channels, with 25 regional radio stations. Yle has a dominant market position in the Finnish electronic media. Yle's share of daily television

viewing was 42% in 2013. Yle Radio Suomi also had a dominant market leader position, and Yle's radio listening share was 51%. During recent years, Yle has strengthened its position in the field of online content and services.

The Finnish Broadcasting Company, Yle, offers an excellent case for exploring the tensions that may emerge when strategic actions in pursuit of change collide with an organization's inherently stable and path-dependent nature. Yle is a good example of an incumbent organization challenged by rapidly changing operating environments. As mentioned, Yle is an organization with a long successful history, enjoying for decades the privileged position of a monopoly in the Finnish (TV and radio) media environment. However, recent history has been revolutionizing; Yle has not only lost its monopoly, but in recent years, it has also been challenged by new technologies enabling new online and multiplatform content production, new and constantly changing media usage habits of heterogeneous audiences, and rapidly increasing media competition. All of these phenomena represent something completely different from the world in which Yle – and the public media institution as a whole – was originally established and in which it has its deep roots (Lowe and Steemers, 2012).

Public broadcasting companies have been challenged to change their logic of functioning from transmission to communication (Bardoel and Lowe, 2007): from traditional broadcasting, which is delivering or distributing programs and information for large anonymous and passive audiences, towards communicating and creating content together with active listeners, viewers, and internet users. As expressed by media scholars and professionals, the public service broadcasting companies have become public service media, meaning the extension of content production from the traditional radio and TV to all platforms (Lowe and Bardoel, 2007; Bardoel and d'Haenens, 2008). The change process is far from simple, because, at the same time as they have to become more competitive in the media markets, their *raison d'être* is still to fulfill their public service task as defined by the law. The original "*enlightenment mission*" (Lowe, 2011, 22) is still there, but it needs to be redefined and updated for the digital era. Despite the national differences, Yle is a representative case of the change pressures and processes that the public media companies have been and are facing and experiencing, especially in north-west Europe, where the public media have traditionally had quite a strong position (Lowe and Steemers, 2012).

In addition to the technological and market- and customer-related pressures, public broadcasters are faced by economic and political pressures as well (Gulyás and Hammer, 2013). The extension of the public media remit to the internet has become a regularly debated and discussed topic. In Finland, like in many other countries, private media have questioned the role of public media on the internet and have accused it of distorting fair competition when offering its internet content for free (Nord, 2012; see statement of ENPA, European Newspaper Publishers Association). Politicians at national and EU level have also been active in redefining and regulating the public service task in the digital domain (Donders and Moe, 2011; Brevini, 2010; 2013). In addition to this, and relating to the increasing efficiency expectations of external stakeholders, public funding has been one continuous theme. Finland (being one of the few only publicly funded) is an excellent case: it took two governments to decide on the new funding system, and finally, in 2011 (during the research period of this study), the new tax-based funding system was introduced, replacing the former license fee model (e.g. Lowe and Berg, 2013). The long process of finding a political compromise shows for its part how politically and socially important public media companies are. The dependence on external stakeholders – referring here first of all to the political elite – is an important factor that plays an important role when redefining and renewing public media (Picard, 2012). The dependence of public media on political control and public funding is a characteristic feature of public organizations in general. Therefore, by having a public media company as the case organization, the scope of this study necessarily extends to the larger context of public organizations and public management (Bozeman, 1987; Piening, 2013). This domain will be covered later in the thesis.

Naturally, the new situation of public media has aroused keen interest among media professionals and scholars. Published articles, books, and essays deal with a multitude of issues, encompassing content (e.g. Trappel, 2008), funding (Enli, 2008; Lowe and Berg, 2013), defining and measuring public value (and overall performance) (Lowe and Martin, 2014), the new audience relationship (Lowe, 2010), regulations (e.g. Donders and Moe, 2011; Lunt et al., 2012), and legitimation strategies (Larsen, 2010). Interestingly, however, so far, there seems to be a research gap concerning studies that explore the ongoing internal change processes within public media organizations (Nissen, 2013). The need for these kinds of studies is obvious, because the change capacity of the media companies themselves is at

stake. They have been criticized for not actively changing their organizational structures, competencies, and processes (e.g. Steenfadt, 2011; Picard, 2012; Nissen, 2013). Despite this, the number of studies dealing with these issues has been modest so far. The recent book by Gulyás and Hammer (2013) addresses this need, and the cases described there serve as good illustrations and examples of the difficulties the broadcast-rooted cultures of public media companies meet when renewing themselves to be more digital, non-linear, and interactive in their content production and customer relationship. My doctoral thesis will, for its part, fill the gap in public media management research by exploring the internal dynamics of the organizational change in the Finnish Broadcasting Company, Yle, during the years 2011–2014.

1.4. Research framework and research questions to be studied

Figure 1 below illustrates the basic framework of the study that will be used when the main research question is formulated.

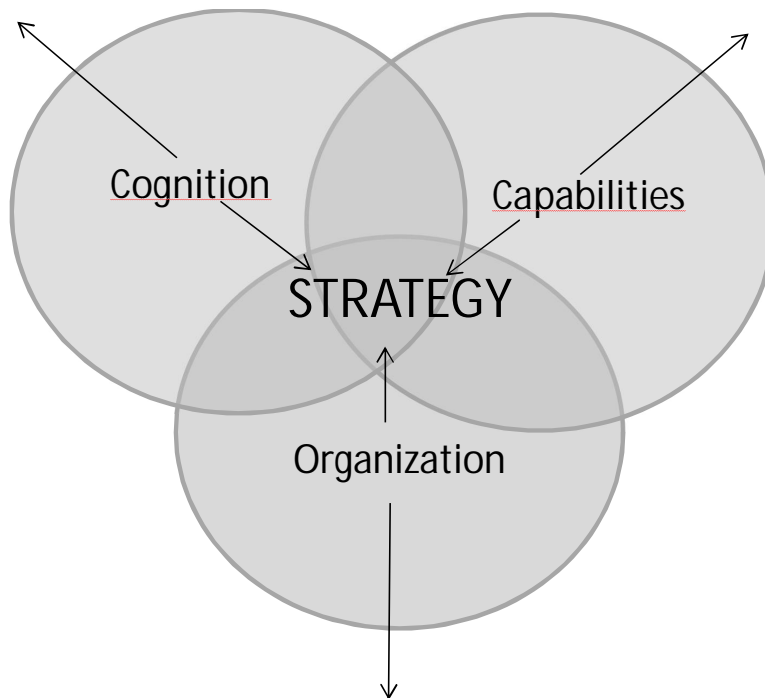


Figure 1. The basic framework used (modified from Maijanen and Jantunen, forthcoming).

The main idea of the basic framework is to emphasize the interrelatedness of the three elements – *cognition, capabilities, and organization* – in the strategic renewal. The way organizations or managers think affects the strategic actions and organizational learning, and vice versa (e.g. Barr et al., 1992; Tripsas and Gavetti, 2000; Kaplan, 2008a; Eggers and Kaplan, 2009; Laamanen and Wallin, 2009; Tripsas, 2009). Cognition and (static and dynamic) capabilities evolve through organizational learning (Levitt and March, 1988; Huber, 1991) and are therefore embedded in and an elementary part of the organizational context. In addition to capabilities and cognition, organizations comprise other elements that affect the functioning of cognition and capabilities, such as structures, investments in technologies and human capital, and resources. As accumulations of past decisions and experiences, these elements tend to cause path-dependence and structural inertia (Hannan and Freeman, 1984), but they also enhance the renewal process, such as through organizational reforms.

In Figure 1, the arrows pointing in opposite directions refer to the dual nature of cognition, capabilities, and organization: they all are important carriers of the strategic renewal, but they can also hamper it. In other words, they may act both as “*centripetal*” and “*centrifugal*” forces (Maijanen and Jantunen, forthcoming). They are centripetal when they promote and enhance the renewal process and organizational learning towards the desired goals, but they are also centrifugal, since they are all, in their nature, path-dependent, thus carrying the accumulations of past experiences in the ways of doing and thinking, and in the organizational structures and culture. This leads us to the tensions between stability and change that constantly underlie and affect the strategic renewal and that, as expressed in the main research question of this study, “*co-exist, intertwine, and collide in organizational cognition and capabilities during the strategic renewal*”.

The main research question (RQ) of this doctoral thesis can now be launched as follows:

RQ: How do the pursuit of change and organizational inertia co-exist, intertwine, and collide in organizational cognition and capabilities during the strategic renewal?

The main research question will be studied from different perspectives in six research publications. By analyzing the behavior of managerial and organizational cognition and the

role of different capacities of dynamic capabilities (sensing, seizing, reconfiguring), the many perspectives represented in the six publications will shed light on the fundamental question of how organizational inertia and change manifest themselves during the change. The sub-(research) questions (SQ) to be answered in the six publications are as follows:

SQ1: What kinds of mindsets arise in relation to the old and the new dominant logic during the strategic renewal process?

The first publication focuses on the organizational cognition during the first phase of the strategic renewal process of Yle. SQ1 will be quantitatively explored using the data collected by means of the first survey (fall 2011) at the beginning of the renewal process at Yle. It is based on the assumption that the organizational cognition is fractured and dispersed because the old logic is still strongly embedded in the minds and actions of the agents, thus creating organizational inertia and core rigidities (see, e.g. Balogun, 2007). The second sub-questions relates to the relationship between organizational cognition and dynamic capabilities as follows:

SQ2: How do the organizational cognition and dynamic capabilities relate to the organizational context (sub-unit structure)?

This question will be analyzed in the second publication, which deals with the context- and path-dependent nature of organizational cognition and dynamic capabilities (e.g. Nelson and Winter, 1982; Winter, 2003; Eggers and Kaplan, 2013). This publication is based on the first survey collected at Yle. Its purpose is to quantitatively analyze how, in complex organizations, the sub-units with different functions and tasks build different mindsets and dynamic capabilities. The units go forward at different speeds and with different levels of commitment to the strategic goals. The third sub-question relates to the role of different dynamic capability capacities (Teece, 2007; 2012):

SQ3: What is the relationship between the sensing, seizing, and reconfiguring capacities of dynamic capabilities in enhancing the change performance?

The third publication explores the behavior of dynamic capabilities. SQ3 will be explored by testing hypotheses derived from the ideas and concepts based on Teece's micro foundations-related model (2007) of the sensing, seizing, and reconfiguring capacities. The quantitative analysis is based on the first survey. Because the capacities form a logical chain of actions (the seizing is based on the sensing and, respectively, the reconfiguring activities are based on the seizing activities), the study quantitatively identifies and explores the interrelated relationships of the capacities in enhancing the renewal. For example, the analysis shows that the effect of the sensing capacity is mediated through the seizing and reconfiguring capacities. The fourth sub-questions deals with the historical evolution of dominant logic in light of Yle's annual reports:

SQ4: How has the dominant logic in the Finnish Broadcasting Company evolved during the last four decades?

The fourth publication takes a historical look at the evolution of managerial cognition. SQ4 will be explored by means of a thematic content analysis based on Yle's annual reports during the years of 1976–2012. As dominant logic is supposed to evolve path-dependently (Bettis and Prahalad, 1995; Bettis and Wong, 2003), the historical analysis is expected to shed light on the present situation. The qualitative analysis detects how Yle's dominant logic has evolved during the past decades, along with the changes in the media environment. The fifth sub-question deals with the special role of managers (Teece, 2012) when changing from the old to the new dominant logic:

SQ5: How do the co-existence of the old and the new dominant logic and Yle's role as a public service institution affect the managers' decision-making?

The fifth paper brings the strategically important managerial cognition into the analysis. It analyzes – using a fairly rare longitudinal perspective – what kinds of pressures the transformation from the old to the new dominant logic creates at the managerial decision-

making level. The analysis will be applied using a mixed method approach. The quantitative analysis is based on both surveys (surveys 2011 and 2014) and the qualitative analysis is based on semi-structured interviews with managers during the winter of 2013/2014. The purpose of these analyses is to show that the pursuit of the new strategy is not a straightforward learning process, but goes through a complicated dialog between the old and the new dominant logic. The reflections that managers make and the tensions they cope with are also manifestations of the learning process they are going through. In addition, the public sphere (i.e. the expectations of political stakeholders and pressures relating to public funding; see Bozeman, 1987) further strengthen the tensions. The last sub-question to be analyzed deals with the stability and dual nature of dynamic capabilities:

SQ6: How do the stability and the change-promoting task of dynamic capabilities manifest themselves during the strategic renewal?

The sixth paper analyzes the dynamic behavior of dynamic capabilities on a longitudinal basis. The paper explores the dual nature of dynamic capabilities. On the one hand, dynamic capabilities are supposed to be fairly stable in nature; on the other hand, they affect the performance through the changes in the resource-base (Teece et al., 1997; Eisenhardt and Martin, 2000; Zahra et al., 2006; Helfat et al, 2007). The quantitative analysis utilizes both surveys.

Table 1 below summarizes the publications with their research sub-questions and the data used in the analysis. The publications are listed according to the actual publishing order: the first publications are based on the data collected at the beginning of the strategic renewal of Yle; the last studies have a longitudinal nature and they are based on both the first and second surveys.

Table 1. Research questions and corresponding publications.

<i>Main research question:</i>		
<i>How do the pursuit of change and organizational inertia co-exist, intertwine, and collide in organizational cognition and capabilities during the strategic renewal?</i>		
<i>Publication 1: Cognition as a driver and barrier of strategic renewal: The case of the Finnish Broadcasting Company</i>	<i>Sub-question 1: What kinds of mindsets arise in relation to the old and the new dominant logic during the strategic renewal process?</i>	<i>Data: Survey 2011</i>
<i>Publication 2: Centripetal and centrifugal forces of strategic renewal: The case of the Finnish Broadcasting Company</i>	<i>Sub-question 2: How do the organizational cognition and dynamic capabilities relate to the organizational contest (sub-unit structure)?</i>	<i>Data: Survey 2011</i>
<i>Publication 3: Dynamics of dynamic capabilities - the case of public broadcasting</i>	<i>Sub-question 3: What is the relationship between the sensing, seizing, and reconfiguring capacities of dynamic capabilities in enhancing the change performance?</i>	<i>Data: Survey 2011</i>
<i>Publication 4: The evolution of dominant logic: Forty years of strategic framing in the Finnish Broadcasting Company</i>	<i>Sub-question 4: How has the dominant logic in the Finnish Broadcasting Company evolved during the last four decades?</i>	<i>Data: Annual reports 1976–2012</i>
<i>Publication 5: Decision-making under two dominant logics in public media</i>	<i>Sub-question 5: How do the co-existence of the old and the new dominant logic and Yle's role as a public service institution affect the managers' decision-making?</i>	<i>Data: Surveys 2011 and 2014, interviews with managers, winter 2013/2014</i>
<i>Publication 6: Stability and change - the dual nature of dynamic capabilities</i>	<i>Sub-question 6: How do the stability and the change-promoting task of dynamic capabilities manifest themselves during the strategic renewal?</i>	<i>Data: Surveys 2011 and 2014</i>

Figure 2 below illustrates the research focus of the publications using the basic framework.

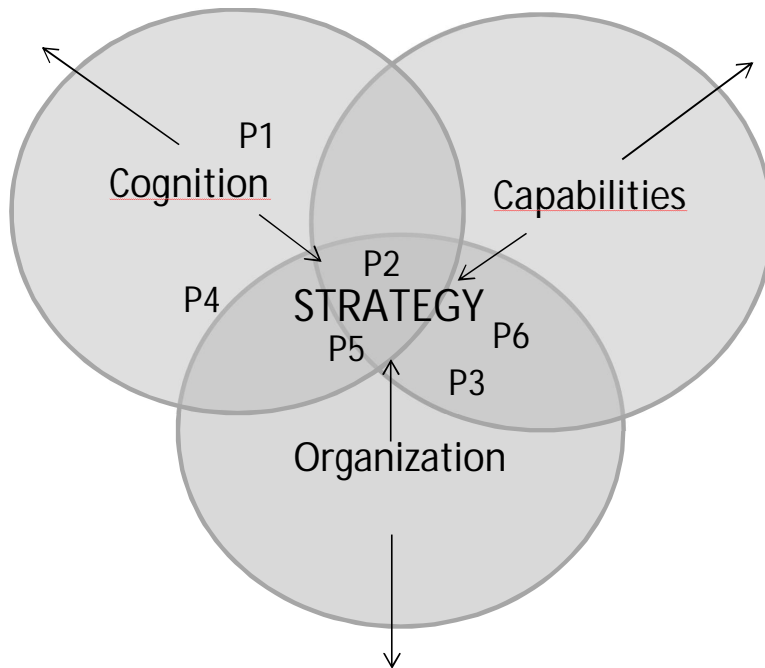


Figure 2. Research publications placed on the basic framework.

After introducing the research questions, it is now possible to outline theoretical positioning of the study. This thesis offers a multidisciplinary approach, combining the dynamic capability view and the approach of managerial and organizational cognition, in order to have a more comprehensive understanding of the internal dynamics of a strategic change process. Its purpose is to explore the organizational cognition and capabilities, and importantly, how the pursuit of change and organizational path dependencies (inertia) intertwine and collide during the renewal process. The study adds to the studies on the effects of cognition on strategic renewal (Barr et al., 1992; Tripsas and Gavetti, 2000; Kaplan 2008a; Eggers and Kaplan, 2009; Laamanen and Wallin, 2009; Marcel et al., 2010 ; see review of Kaplan, 2011). One unique feature of this study is that it encompasses the whole organization and not only role of managers. In the strategy research tradition, especially in the dynamic capability view, the dynamic capabilities are usually related to the managerial level. This is logical, since

managers are the agents of change. But having the whole organization as a research agenda opens up a unique opportunity to get a more comprehensive picture of the multi-faceted nature of the renewal process faced by organizations.

Furthermore, in the context of media management studies (Mierzejewska, 2005), this thesis offers an alternative perspective to analyze the ongoing changes in media organizations, and especially in the area of public media management. There are some studies on dynamic capabilities (Ellonen et al., 2009; Jantunen et al., 2012; Naldi et al., 2014; Oliver, 2014), and strategic frames (Gilbert, 2006) in the media context, but not in the public media context. Additionally, case studies based on both the dynamic capability view and managerial and organizational cognition, and using both quantitative and qualitative methods, are a rarity in public media management in particular, and in public management in general.

1.5. Definitions of the key concepts

In the following, the key concepts of the study – strategic renewal, capabilities, and cognition – will be defined in more detail.

Strategic renewal: In this study, the concept of strategic renewal follows the definition of Agarwal and Helfat (2009, 282):

“Strategic renewal includes the process, content, and outcome of refreshment or replacement of attributes of an organization that have the potential to substantially affect its long-term prospects.”

Starting from the word “strategic” and following the authors, one can conclude that when something is regarded as strategic, it means that one expects it to bring long-term success. Respectively, the idea is that strategic renewal – encompassing “the process, content, and outcome” – is carried out in the pursuit of long-term success. In the definition, the concept of “renewal” is expressed by means of the verbs “refresh” and “replace,” to express the renewal as one form of change. As the authors point out, however, changes can also take place without renewal, being just “*extension, modifications, or deletions without associated renewal*”

(Agarwal and Helfat, 2009, 282). What attributes (or issues) are refreshed and replaced depends on the situation, on what an organization defines as strategically important to refresh or to replace. Refreshment and replacement may be only partial. Renewal may include refreshment or replacement in a multitude of issues, such as strategic goals, products, processes, resources, routines, capabilities, and managerial and/or organizational cognition. As Agarwal and Helfat (2009) admit, it may be hard to understand what the refreshment and replacement really mean in practice. One could think that after the refreshment or replacement, the attribute has changed in a fundamental way, possessing new qualities and properties. The authors also remind us that refreshment can also mean reconfiguring the existing attributes.

The strategic renewal, as defined by Agarwal and Helfat, can well be applied as a general concept of this study for both theoretical and empirical reasons. The theoretical concepts applied in this study – dominant logic and dynamic capabilities – are strategically important organizational drivers that are needed to carry out the renewal process. It is with dynamic capabilities that organizations reconfigure – refresh and replace – the resource base to match changing environments, to create evolutionary fitness on a longitudinal basis (Teece et al., 1997; Helfat et al., 2007). Respectively, the content of dominant logic, the prevailing frame of the business logic, must be refreshed or totally replaced when radical changes take place (Bettis and Prahalad, 1995; Bettis and Wong, 2003; Kor and Mesko, 2013). Correspondingly, the right dynamic capabilities must be built to enhance the change as desired in strategies (Zahra et al., 2006; Helfat et al., 2007; Teece, 2007).

Strategic renewal describes well the changes the media environment and media companies are experiencing when trying to be competitive in the digital online world. The refreshment and replacement of dominant logic and resource bases is required, and dynamic capabilities (especially dynamic managerial capabilities; see Adner and Helfat, 2003) are badly needed to carry out the changes. In public media companies, the renewal refers to shifting from the traditional broadcast dominant logic to the new digital and online dominant logic, and to refreshing and replacing competencies, processes, skills, and capabilities to match new digital media markets.

A small remark on the use of the concept of strategic renewal in my doctoral thesis is worth mentioning. In the publications, beside the concept strategic renewal, I will also use more general concepts like organizational change or strategic change referring to the same matter. I hope this does not confuse the reader. Nonetheless, the use of more general concepts is in line with the terminology of strategic literature. However, the concept of strategic renewal offers a more specific name for the phenomenon under study.

Cognition: The definition of organizational cognition can be traced back to the tradition of behavioral theory, according to which organizations are social communicative systems affected by individual behavior (March and Simon, 1958; Cyert and March, 1963). Due to the limited capacity of decision-makers to process all information related to reality, organizations substitute the complex reality with models of reality. From this perspective, the organizations are interpretation systems (Daft and Weick, 1984) that create and deploy knowledge structures to simplify the complex reality and information processing (Lant, 2002), and to facilitate decision-making. According to Walsh (1995, 281) “*Knowledge structure is a mental template that individuals impose on an information environment to give it form and meaning*”. These knowledge structures are named differently in the studies of managerial and organizational cognition, for example as mental models (Porac et al., 1989), cognitive maps (Daft and Weick, 1984), and schemas (Bartunek, 1984). The concept much used in this study, dominant logic (Prahalad and Bettis, 1986), relates to this tradition and will be explained in more detail later in this study. In modern strategy research, one of the key questions is how these knowledge structures affect the content, processes, and outcomes of strategic renewal.

Capabilities: The definition of capabilities used in this thesis is rooted in the behavioral tradition (on earlier views, see also Richardson, 1972) following the evolutionary view, in which routines form the basic unit of organizational behavior (Nelson and Winter, 1982). Therefore, it is important first to define routines before moving on to capabilities. Routines can be defined as repetitive patterned activities that evolve through experience and that represent past and backward-looking solutions to specific problems in organizational behavior. According to Winter (2003, 991) routines are “*learned, highly patterned, repetitious, or quasi-repetitious, founded in part in tacit knowledge*”. Because of their persistent nature, they create stability and predictability in organizational life, but being hard

to change, they also result in rigidities, thus hindering organizational change. According to Nelson and Winter (1982), there are two types of routines: first-order or static routines, and higher-order or dynamic routines. First-order routines replicate the existing routines, thus forming the steady-state basis for organizations to earn their living on a daily basis. Higher-order routines in turn enhance change and organizational learning by changing the replicating first-order routines.

Being the “genes” of organizational behavior, the routines are the building blocks of capabilities as well (Nelson and Winter, 1982). Capabilities can now be defined as “*the ability to perform a particular task or activity*” (Helfat et al., 2007, 1) by utilizing an organization’s resource base. According to Dosi et al. (2000, 2): “*To be capable of some thing is to have a generally reliable capacity to bring that thing about as a result of intended action.*” Capabilities have an intent or desired outcome, they are repeatable, and they can be expected to carry out the task in a reliable manner. Furthermore, the different types of routines (first-order and higher-order) undergird corresponding types of capabilities: static or operational (or operative) and dynamic (or higher-order) capabilities (Winter, 2003; Helfat and Winter, 2011). Operational capabilities are to replicate tasks to make a living on an everyday basis. If the environment is stationary and there is no need for changes, the operational capabilities can do the job. Dynamic capabilities are to carry out changes by changing existing operational capabilities: organizations build and deploy dynamic capabilities in order to change their operational capabilities (and the resources that operational capabilities deploy when carrying out their tasks) to better match their resource base with the changing environments. The more turbulent the environment, the higher the demand is for dynamic capabilities.

1.6. Outline of the doctoral thesis

The thesis consists of two parts: Part I is the introduction, providing the general overview of the study; Part II presents the six papers published. In Part I, the first chapter presents the motivations of the study, its theoretical and empirical background, and the research objectives. The second chapter introduces the main theoretical approaches used in the study, the dynamic capability view and the concept of dominant logic. The chapter concludes by outlining a research model based on the main theoretical concepts used. The third chapter

briefly describes the empirical case of Yle, relating it to the main theoretical concepts. The case of Yle will also be analyzed in relation to the features of public management in general. The fourth chapter outlines the research design, data collection, and methods used. The fifth chapter presents the main objectives and results of the six publications. The sixth chapter summarizes the conclusions and contributions, presents the limitations, and launches ideas for further studies. Appendices 1 and 2 present the quantitative surveys carried out at Yle in fall 2011 and in spring 2014.

2. THEORETICAL BACKGROUND OF THE STUDY

In the following, the core concepts and underlying characteristics of the two main theoretical approaches – the dynamic capability view and then the dominant logic research tradition – will be presented and analyzed. The focus will be on the elements of the approaches that are relevant in this study. The last chapter will launch the conceptual model of this study, based on the two theoretical approaches.

2.1. Dynamic capability view

2.1.1. The core ideas of dynamic capabilities

According to the dynamic capability view, dynamic capabilities are core drivers of strategic renewal (the concept defined in Chapter 1.5.). With dynamic capabilities, firms may sustain their competitive advantage in dynamic environments. They help organizations to renew – by reconfiguring, modifying, and transforming – their resource base to match the constantly changing business environment.

Being launched just twenty years ago (Teece et al., 1990; Teece and Pisano, 1994; Teece et al., 1997), the dynamic capability view is still a young tradition without a consistent theoretical basis yet. As many reviews of different dynamic capability-related studies show, there are different, even more-or-less contradictory, views and definitions of the theoretical underpinnings and nature of dynamic capabilities (e.g. Zahra et al., 2006; Ambrosini and Bowman, 2009; Easterby-Smith et al., 2009; Helfat and Peteraf, 2009; Di Stefano et al., 2009; Barreto, 2010; Peteraf et al., 2013; Vogel and Güttel, 2013). Different understandings and conceptual ambiguity can be seen as quite normal and even necessary phenomena for an emerging theory.

Despite the variety of different orientations, there seems to be a general agreement upon certain aspects of dynamic capabilities. In the following, I will present four core features that are shared by most scholars of the dynamic capability view:

1. *Strategic relevance.* Dynamic capabilities are regarded as strategically relevant and important for firms' long-term success (Vogel and Güttel, 2013). They are regarded as relevant drivers in enhancing an organization's renewal capacity to cope successfully with the changing environment.
2. *Higher-order capabilities.* Dynamic capabilities enhance an organization's change capacity primarily by renewing and modifying its resource base – consisting of both tangible and intangible (especially knowledge-related) assets, comprising habits, skills, routines, and first- and higher-order capabilities (Teece et al., 1997; Winter, 2003; Zahra et al., 2006; Helfat et al., 2007; Helfat and Winter, 2011). In the hierarchy of capabilities applied in the dynamic capability view, the dynamic capabilities are so-called higher-order capabilities that affect an organization's performance (or renewal capacity) by changing the first-order operational (or operating) capabilities (Zollo and Winter, 2002; Helfat and Peteraf, 2003; Zahra et al., 2006; Helfat et al., 2007; Wang and Ahmed, 2007; Helfat and Winter, 2011; Hine et al., 2013). As dynamic capabilities are a part of the resource base, which must be changed in the same way as all the other resources, they are changed by higher-order dynamic capabilities, and so on (a clear presentation of this logic is offered by Winter, 2003; see also Helfat et al., 2007).
3. *Path-dependent and idiosyncratic nature.* Based on the ideas of evolutionary theory, dynamic capabilities evolve path-dependently through learning from past successes and failures (Teece et al., 1997; Pierce et al., 2002; Helfat et al., 2007). All organizations and their sub-units cumulatively build their own dynamic capabilities. The idiosyncratic nature of dynamic capabilities makes them a part of the value-generating, inimitable, non-substitutable, and unique resource base that lies at the core of competitive advantage. Importantly, the path-dependent way in which dynamic capabilities evolve makes them persistent, stable, and easy to predict, but difficult to change.
4. *Important role of managers.* The role of managers in the creation and deployment of dynamic capabilities is widely emphasized in the dynamic capability view (Teece et al., 1997; Helfat et al., 2007; Teece, 2007; 2012; Ambrosini et al., 2009). The concept of dynamic capabilities is often used in reference to the top managers. There is also a specific concept of *dynamic managerial capabilities* that – analogically with dynamic

capabilities – are “*the capabilities with which managers build, integrate, and reconfigure organizational resources and competences*” (Adner and Helfat, 2003, p. 1012; see also Helfat and Peteraf, forthcoming). The proactive entrepreneurial orientation and efficient decision-making of managers is important when overcoming an organization’s inherent path dependencies (Teece et al., 1997; Helfat et al., 2007; Teece, 2007; Ambrosini and Bowman, 2009; Augier and Teece, 2009; Teece, 2012). As to the whole organization, the proactive entrepreneurial orientation can be seen to comprise managers on all levels of the organization, because change must be carried out on all levels and in different sub-units (Helfat et al. 2007, 6; Pavlou and El Sawy, 2011).

The dynamic capability view was originally launched in the context of private profit-seeking companies. However, in recent years, the research on dynamic capabilities has been expanded into the domain of public enterprises as well. The interest has been both analytical and empirical: to build models that take into account the special features of public organizations (Harvey et al., 2010; Piening, 2013) and to empirically test what kinds of dynamic capabilities public organizations build, and how they deploy them. Empirical studies in this field cover such areas as public health care, public schools, and so on, and they support the assumption that the dynamic capability approach is fruitful for advancing the research on public organizations as well (e.g. Ridder et al., 2005; Pablo et al., 2007; Klarner et al., 2008; Piening, 2011; the review of studies is offered by Piening, 2013). Reasons for this shift can be traced back to the drastic changes in the operating environments of public organizations. The capacity to renew the ways of thinking and doing has recently become as relevant for public organizations as for private firms (Walshe et al., 2010; Klein et al., 2010; 2013). The change pressures come not only from the more competitive market environment and customers’ needs, but to a large extent from the external political stakeholders that control, fund, and regulate them. However, the dependency on public funding and political control makes the renewal processes of public organizations different from those of private firms. This phenomenon also describes well the situation the public broadcasting companies are going through at the moment. It will be tackled more closely later in this study.

The use of the dynamic capability view in the context of public organizations can also be justified by the theoretical approach itself. The dynamic capability view focuses on the internal domain of the organization, meaning the organizational resources, routines, and capabilities that enable the pursuit of better performance. These organizational elements exist in all kinds of organizations following the same logic, whether private or public. As Helfat et al. (2007, 6) point out: *“Both types of organizations have resource bases and both may face or initiate change”*.

2.1.2. The definition of dynamic capabilities applied in this study

This study follows the Teecean tradition firmly rooted in the seminal article of Teece et al. (1997), which launched the overall concept of dynamic capabilities, defining them as a *“firm’s ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments”* (Teece et al., 1997, 516). After years of further empirical and theoretical studies, the concept of dynamic capability was elaborated and crystalized by Helfat et al. (2007, 4) in the following succinct definition:

*“A **dynamic capability** is the capacity of an organization to purposefully create, extend, or modify its resource base.”*

The definition by Helfat et al. (2007) embodies the essence of dynamic capabilities as understood and applied in this study. As the authors note (p. 5), the word “capacity” denotes an organization’s ability to perform a task “reliably”, at least to some extent. In addition, the activities underlying the capability can be regarded as patterned and repeatable stable activities (Zollo and Winter, 2002; Winter, 2003; Helfat et al., 2007). Furthermore, the word “purposefully” refers to the intentional nature of capabilities (Dosi et al., 2000). Dynamic capabilities are always built and deployed to fulfill certain targets. Dynamic capabilities can be categorized using such general labels as learning, absorptive capacity, adaptation, integration, and so on. But in reality, the learning, adaptive, integrative, and absorptive dynamic capabilities get different attributes in different organizational and strategic contexts (Zahra et al., 2006; Helfat et al., 2007), as empirical studies show, for example, on adaptation and innovation capabilities enhancing transformation in the oil business (the Russian oil

company Yukos) in a transition economy (Dixon et al., 2014), mobilizing and transforming capabilities in the Hollywood movie industry (Lampel and Shamsie, 2003), absorptive capacity as a dynamic capability in product development activities (Pavlou and El Sawy, 2011), or experimentation as a learning dynamic capability in public health care organizations (Pablo et al., 2007) (a review of empirical studies; see Wang and Ahmed, 2007).

For further operationalizing, and looking for its micro-foundations, this study applies Teece's (2007) newer framework of dynamic capabilities. According to Teece (2007), the dynamic capabilities can be divided into three fundamental categories, which are the *sensing*, *seizing*, and *reconfiguring* capacities of dynamic capabilities. Each capacity is underlined by specific activities. The *sensing* capacity encompasses an organization's activities to scan, detect, identify, and interpret strategic opportunities and threats in the environment, concerning, for example, new technologies, target segments, changing customer needs, new innovations, and new business models. The *seizing* capacity refers to the ability to seize the opportunities sensed, by making timely decisions, such as on business models, investments, and resource allocations (Teece, 2012). It is also about designing effective decision-making procedures and building organizational structures that are able to enhance decision-making and combat cognitive and structural path dependencies underlying the decision-making activities (Teece, 2007; 2012; Helfat and Peteraf, 2009). The *reconfiguring* capacity is underpinned by patterned activities that enable the renewal, orchestration, and reconfiguration of the resources – assets, routines, and capabilities – in order to keep the resource base in line with the shifts in the operating environment (Helfat et al., 2007; Teece, 2007, Stadler et al., 2013). It is also learning new skills, developing and adopting new processes and organizational structures, and effectively applying knowledge management activities (e.g., knowledge sharing within the organization).

All three capacities are important in carrying out change. They form a logical interrelated chain of activities (Helfat and Peteraf, 2009) in which the sensing links the organization with the external environment, with the task of detecting new relevant information for the organization. The other capacities – seizing and reconfiguring – are more focused on the intra-organizational renewal, by integrating the new information in the organization.

2.1.3. Evolutionary nature of dynamic capabilities

Organizational learning processes underlie, in many ways, the functioning of dynamic capabilities: the way they evolve, the way they are used, and the way they make the organization change and learn new things. Organizational learning is here based on behavioral view of the firm, according to which organizations learn “*by encoding inferences from history into routines that guide behavior*” (Levitt and March, 1988, p. 320). Like all organizational behavior, dynamic capabilities – being built upon routines and patterned activities – evolve through experience-based learning (Pierce et al., 2002; Zollo and Winter, 2002; Zahra et al., 2006). Due to this deliberate path-dependent learning process, dynamic capabilities tend to be persistent and stable in nature (Pierce et al., 2002; Zollo and Winter, 2002). Organizations tend to hold on to the good solutions of the past, and to the dynamic capabilities that have turned out to be successful in the pursuit of change. This brings us to the inherent paradox of dynamic capabilities: they are to overcome inertia but are inert themselves (Zahra et al., 2006).

In addition, building dynamic capabilities is always an investment for an organization (Zollo and Winter, 2002) that requires time, money, and other resources, because their use is based on special expertise that has to be built inside the organization and/or acquired from outside. This is one element that necessarily causes structural inertia (Hannan and Freeman, 1984), and this is a reason why organizations want to preserve the capabilities once built and invested in. The structural inertia tends to increase as organizations become older; the older the organizations get, the more time and resources they have invested in building and accumulating capabilities (Zahra et al., 2006).

Learning is also related to the way dynamic capabilities enhance the renewal capacity. Learning can be seen as a higher-order capability that changes both dynamic capabilities and operational capabilities (Helfat et al., 2007). What kinds of concrete forms learning processes will take depends on the organizational context and strategic needs.

Importantly, learning is based on knowledge-related processes. The renewal and learning take place when new pieces of knowledge are integrated into the existing knowledge base, thus forming new processes, practices, routines, and capabilities. Learning is related to the

understanding of organizations as information processing systems, in line with the behavioral tradition (Cyert and March, 1963). Following the behavioral view, Huber (1991, 89) defines organizational learning as follows: “*An entity learns if, through its processing of information, the range of its potential behaviors is changed*”. In this context, he relates four underlying processes to learning: knowledge acquisition (obtaining the knowledge), information distribution (sharing the knowledge), information interpretation (developing shared understandings and meanings), and organizational memory (storing the knowledge in, for example, routines).

The knowledge-related learning perspective is strongly emphasized in the dynamic capability literature. Related to this, Zollo and Winter (2002) name two types of processes underlying the functioning of dynamic capabilities: knowledge articulation and knowledge codification. The mutual sharing of new knowledge or experiences affects the way organizations collectively adapt and learn new skills and routines. The flow of external knowledge into an organization and its use in the renewal of routines, capabilities, and assets is well captured in Teece’s (2007) model of sensing, seizing, and reconfiguring capacities, as illustrated earlier. Sensing capacity is about detecting and interpreting external knowledge, seizing capacity is about acting upon it with decisions that determine how the new knowledge will be utilized in the renewal process. Reconfiguring (or transformation) capacity is about integrating the new knowledge into the resource base, into new processes and capabilities, new skills learned, and so on.

As mentioned, learning and knowledge-related processes underlying dynamic capabilities are closely linked to those of knowledge management (Easterby-Smith and Lyles, 2003; Cepeda and Vera, 2007; Easterby-Smith and Prieto, 2008) and absorptive capacity (Cohen and Levinthal, 1990; Zahra and George, 2002; Jantunen, 2005). Teece (2007) regards knowledge management as an important part of the reconfiguring capacity of dynamic capabilities. Zahra and George (2002) regard absorptive capacity – the processes of knowledge acquisition, assimilation, transformation, and exploitation – as a dynamic capability that increases an organization’s flexibility and responsiveness (on absorptive capacity in public organizations see Harvey et al., 2010). This idea has been further operationalized in empirical studies on dynamic capabilities (e.g. Pavlou and El Sawy, 2011).

2.1.4. Dynamic capabilities and performance

The need to build and use dynamic capabilities is triggered both externally and internally. Dynamic capabilities are needed when the environment changes in such a way that the prevailing resource base loses its value. The concept of dynamic capabilities was originally related to the context of rapidly changing environments (Teece et al., 1997). Later, however, many scholars also found them useful in moderately changing environments, because the resource base needs to be changed there as well (Eisenhardt and Martin, 2000; Helfat et al., 2007; Ambrosini and Bowman, 2009).

In addition to the external antecedents, there has to be an internal desire and willingness to change (Zahra et al., 2006; Teece, 2007; Ambrosini et al., 2009). Therefore, the dynamic capability view stresses the role of managers – their entrepreneurial (Teece, 2007; 2012) and cognitive skills (Helfat and Peteraf, forthcoming) – in initiating and carrying out the change (Zahra et al., 2006; Helfat et al., 2007; Augier and Teece, 2009). It is important that managers know what they want and that the dynamic capabilities are built and deployed for the exact strategic needs. Logically, this also comprises managers on a lower level of the organization, since choices and decisions have to be made in different parts and sub-units.

Dynamic capabilities are expected to enhance an organization's strategic renewal and to sustain its long-term success. This effect is not straightforward, however. The causal link between dynamic capabilities and organizational performance is mediated by the changes in the resource base (Zott, 2003; Zahra et al., 2006; Helfat et al., 2007; Ambrosini and Bowman, 2009). The performance success depends on how well the resources renewed really affect the changes towards the desired strategic goals (Wang and Ahmed, 2007). The reasons for weak performance results can be many. For instance, dynamic capabilities – being stable and path-dependent – may become outdated in the new situation, or sometimes the wrong capabilities have been used due to misinterpretations by the managers or because of underlying uncertainties. When thinking in terms of Teece's (2007) micro-foundational model, an organization may, for instance, have a good sensing capacity but a poor seizing capacity that prevents the changes from happening. On the other hand, in some cases, bad sensing may, in turn, result in the wrong investment decisions, or a poor reconfiguring capacity – based on

organizational inertia – may prevent an organization from effectively reconfiguring its resources – from learning new skills, routines, competencies, and so on.

The path-dependent and context-bound nature of dynamic capabilities offers interesting implications in complex and multifunctional contexts. Different functional areas or sub-units form their own micro-contexts in terms of past experiences, resource bases, and routines, together with their future needs and sub-strategies (Cyert and March, 1963). Consequently, dynamic capabilities will also always be developed and deployed differently in different parts of the organization. Helfat et al. (2007, 7) put this idea concisely as follows: “*Dynamic capabilities not only have generic attributes, but also become tailored to the settings in which they function, including industries, technologies, functional areas, and organizations.*” Therefore, the nature and functioning of the dynamic capabilities differ between subunits. The organizational context also constrains how well or how weakly they are exploited.

2.2. The dominant logic research tradition

2.2.1. The concept of dominant logic

In my study, the cognitive dimension of strategic renewal will be analyzed by means of the concept of *dominant logic*. The dominant logic research tradition is linked to the managerial and organizational cognition tradition developed in the field of strategic management. It is rooted in the behavioral understanding of organizations as information processing (March and Simon, 1958; Cyert and March, 1963) and interpretation systems (Daft and Weick, 1984), which need and use simplifications for reality to be able to cope with them. March and Simon (1958, 151) express the need for simplifications in the following way:

“The basic reason why the actor’s definition of the situation differs greatly from the objective situation is that the latter is far too complex to be handled in all its detail. Rational behavior involves substituting for the complex reality a model of reality that is sufficiently simple to be-handled by problem-solving processes.”

The concept of dominant logic serves as a simplified model for the complex reality, similarly to other knowledge structures (Walsh, 1995) called mental models (Porac et al., 1989), schemas (Bartunek, 1984), and cognitive maps (Daft and Weick, 1984). Dominant logic is closely linked to the organization's business environment; it can be seen as a managerial frame that conceptualizes an organization's general orientation to its operating environment (Prahalad and Bettis, 1986; von Krogh et al., 2000; Oblój et al., 2010; Kor and Mesko, 2013).

Originally, the concept of dominant logic was launched as "*the general management dominant logic*" by Prahalad and Bettis (1986), to address the needs of companies to diversify their business in the 1980s. Later, the focus of the concept shifted to environment-related changes – with the question of how managers and organizations are able to cope with dynamic business environments (Bettis and Prahalad, 1995). According to the first definition by Prahalad and Bettis (1986, 490), dominant logic is:

“the way in which managers conceptualize the business and make critical resource allocation decisions – be it in technologies, product development, distribution, advertising, or in human resource management”.

This definition implies that dominant logic is related to managerial decision-making behavior, which underlies its direct strategic relevance and influence on organizational behavior. It articulates the managers' primary beliefs – negotiated and shared collectively – of what the organization stands for in its operating environment, which is then articulated in the functions, intentions, tasks, and other determinants of the business logic (Prahalad and Bettis, 1986; Grant, 1988; Bettis and Prahalad, 1995; Côte et al., 1999; Lampel and Shamsie, 2000; von Krogh et al., 2000). Kor and Mesko (2013) call it the world view of the managers – what they believe the business is all about.

Later, Bettis and Prahalad (1995) elaborated the concept of dominant logic by defining it as “an information filter,” a strategic frame that helps organizations capture and filter relevant information from the outside world (von Krogh and Roos, 1996; Krogh et al., 2000; Bettis and Wong, 2003; Oblój et al., 2013). Bettis and Wong (2003, 343) describe dominant logic as “*a cognitive simplification in top management teams.*” Dominant logic structures reality

and helps managers to cope with new information, thus facilitating their decision-making (March and Simon, 1958; Walsh, 1995; Kor and Mesko, 2013). However, by directing managers' attention (Ocasio, 1997) toward such information that corresponds with the prevailing strategic frame, dominant logic tends to path-dependently narrow and stagnate managers' world views, which in times of change can have fatal consequences for organizations and whole industries (Porac et al., 1989; Bettis and Wong, 2003; Tripsas and Gavetti, 2000; Prahalad, 2004; Jones, 2005).

As a young research tradition, the concept of dominant logic lacks a consistent theoretical basis, and therefore the concept has been applied in fairly few empirical studies so far. But the few studies that have been carried out show it to be a useful concept when analyzing how managerial thinking relates to the business environment – how it evolves and/or how it affects the performance and firms' long-term success. The longitudinal study of Côté et al. (1999) analyzes the path-dependent evolution of acquisition strategy in an engineering firm. Jones's (2005) study on the early American film industry shows how the early incumbent technology-oriented firms were tied up with their prevailing dominant logic, and therefore could not see the shift towards content orientation in the film business. Oblój et al. (2013) explore how managers of recently established Chinese firms created a defensive approach in the business environment that led to “a conservative strategic decision-making process”. The study by Oblój et al. (2010) on Polish firms shows that externally oriented, proactive, and opportunity-seeking orientations underlie the dominant logic of Polish high performers. Lampel and Shamsie (2000) point out in their study, dealing with complex corporations, that a consistent dominant logic may serve as a unifying force that guides different business units, thus decreasing internal inconsistencies in their real-world interpretations and strategic pursuits. In their comparative study on Nokia and Ericsson, von Krogh et al. (2000) operationalize the dominant logic into internal (people, culture, product and brand) and external (competitor, consumer and customer, technology) categories. Von Krogh et al. (2000) then use these categories to analyze how the shifts in companies' strategies and the width of their strategies (the more categories strategies included, the wider they were) relate to their performance.

All the studies described above show that dominant logic can be seen as one of the key drivers of an organization's long-term success (Nadkarni and Narayanan, 2007; Kaplan, 2011;

Narayanan et al., 2011). In addition, the studies show that, like all routinized behavior, dominant logic evolves slowly and path-dependently. The studies under the concept of dominant logic belong to the same category as other studies in strategy research related to managerial cognition and its effects (e.g. Porac et al., 1989; Tripsas and Gavetti, 2000; Kaplan et al., 2003; Nadkarni and Barr, 2008; Eggers and Kaplan, 2009; Laamanen and Wallin, 2009).

2.2.2. Evolutionary nature of dominant logic

The definition of dominant logic offers two approaches dealing with the same phenomenon. The definition of dominant logic as a conceptualization of the business that underlies the decision-making (Prahalad and Bettis, 1986) emphasizes the intra-organizational processes related to dominant logic. In their seminal article, Prahalad and Bettis (1986, 491) describe dominant logic as “*a mindset or a world view or conceptualization of the business and the administrative tools to accomplish goals and make decisions in that business*”. By underlying the decision-making, it gives the direction for organizational learning by determining what kinds of strategic actions are relevant (Bettis and Wong, 2003). Through the learning processes, the dominant logic gradually gets embedded in an organization’s routines and mindsets.

Another definition of dominant logic as “*an information filter*” (Bettis and Prahalad, 1995) links it to the external world and to the patterns and simplifications organizations use to interpret the world and to filter information about it. When looking at organizations as interpretation systems, Daft and Weick (1984, 285) emphasize the decisive role of managers: “*Upper managers bring together and interpret information for the system as a whole.*” Although other parts and levels of an organization do information processing as well, the managers are the ones who interpret the information for the organization. In this context, a strategically important question is how well dominant logic fits with the complex external world and how it evolves along with it (Bettis and Prahalad, 1995; von Krogh et al., 2000; Kor and Mesko, 2013).

Like all organizational behavior, dominant logic evolves through learning from past experiences. Over time, the behavior and mindset that are reinforced by performance success develop into the dominant way of behaving and thinking. Dominant logic has its roots in the organization's history and past successes (and failures) (Prahalad and Bettis, 1986). Importantly, dominant logic may be the mindset of the top management team at the beginning, but the important idea of dominant logic is that gradually it will expand and be adopted by the rest of the organization as well, turning from a managerial into an organizational phenomenon (von Krogh and Roos, 1996; Kor and Mesko, 2013; Oblój et al., 2013). The adaptation is based on a learning process that encompasses the whole organization (Côte et al., 1999; Bettis and Wong, 2003). As a result of the learning, the dominant logic will be embedded in the mindsets, routines, and capabilities of the whole organization. This makes it tacit in nature. Because of the tacitness, dominant logic may be quite difficult to express in words (Côte et al., 1999); it is, however, articulated and manifested in organizational practices, routines, capabilities, and functions. Furthermore, dominant logic is context-bound, meaning that every organization creates and follows its own dominant logic.

Because dominant logic cumulatively evolves by learning, it is profoundly path-dependent and difficult to change. Once embedded in the organizational behavior and routines and capabilities, the routines and capabilities go on reinforcing the prevailing dominant logic (Bettis and Wong, 2003). Dominant logic brings consistency, predictability, and goal congruence for the organization's behavior, as long as the environment stays stable or encounters only minor changes. However, problems arise when the environment changes radically, meaning that the prevailing dominant logic should be altered or a new one should be created. Because of its cumulative and path-dependent nature, it is resistant to changes (Prahalad, 2004).

2.2.3. Dominant logic and change

As mentioned above, dominant logic works well in facilitating managers' work and keeping the organization on the right track as long as the environment stays more or less stable. A radical shift in the business environment caused by radical innovations, and so on, results in a situation in which the prevailing dominant logic does not work anymore. In this situation, the

managers' ability to sense the change and act upon it is highly important. Unfortunately, as Prahalad (2004) points out, the prevailing dominant logic may then act like "a blinder," preventing the managers from recognizing the threats and opportunities related to the new challenges (e.g. Barr et al., 1992; Tripsas and Gavetti, 2000; Eggers and Kaplan, 2009; Oblój et al., 2013). The prevailing dominant logic tends to inhibit the learning of new logics, and the managers – together with the organization – tend to go on framing and resolving problems using the old strategic framing mechanisms. This may result in the competency trap. (Côté et al., 1999, Tripsas and Gavetti, 2000; Bettis and Wong, 2003; Teece, 2007).

Furthermore, even if the managers realize the need for the renewal of the dominant logic, it may take some time before the renewal processes take place in the organization. It takes time before there is a shared understanding between managers of the new strategic frame and actions, and it naturally takes much more time before it is shared further in the whole organization. Learning a new dominant logic always requires unlearning from the old logic (Bettis and Prahalad, 1995). This process is complex and time consuming, and it tends to correlate with the age of the organization: for older incumbent organizations, it takes considerably more time to unlearn than for younger organizations (Tsang and Zahra, 2008).

The integration of the new dominant logic into the behavior of the whole organization is of great importance. As Kor and Mesko (2013) point out, a successful strategy presupposes that the whole organization is committed to the dominant logic; it should be embedded in the routines, capabilities, processes, and mental minds of the whole organization, including the sub-units (Bettis and Wong, 2003). Therefore, dominant logic is not only a managerial-level concept, but an organization-level concept as well.

The move from the old to the new dominant logic is a complex and slow process in which the past tends to dictate and constrain the future options when moving ahead. The transition from the old to the new dominant logic may create a situation in which the two logics co-exist: the old one continues in the organizational practices, routines, and thinking at the same time as the new one gradually takes space through learning processes initiated by new strategies. The change proceeds in a dialectical process in which the old and the new ways of understanding interact (Bartunek, 1984; Balogun, 2007, also Labianca et al., 2000). Especially during radical

changes, the mental structure tends to split into pieces, and it takes a while before a new balance can be built again. As empirical studies show, during the transformation phase, an organization goes through different interpretative stages (Lewin, 1947; Bartunek, 1984; Isabella, 1990; Gioia and Chittipeddi, 1991) and, logically, different mental orientations or mindsets arise and evolve (Mohammed et al., 2010). During the initial stage, when the new strategies are announced and the first actions are taken, the old way of thinking still frames the way the organization sees and interprets the new actions and strategies. Gradually, however, along with more practical experiences of the new strategy, an organization learns to interpret the world through the lenses of the new cognitive frame.

The situation gets even more complex when the function-based sub-units come into the picture. As mentioned, the sub-units have their own sub-goals and sub-strategies. Because of the context-bound nature of cognition, one can expect that the map of mental mindsets in relation to the old and the new dominant logic varies between the sub-units, and the transformation unfolds differently and at different speeds in the sub-units. Of course, this further affects and complicates the renewal process of the whole organization.

The battle between the old and the new dominant logics inevitably reflects and creates tensions in managers' mindsets and decision-making. Managers have to somehow balance between the two simultaneously competing and complementary strategic frames when, for instance, dealing with new investments. Both dominant logics have to be taken into account for internal reasons (to cope with the process of learning and unlearning) and often also for external reasons, to address existing and arising future demands. Nevertheless, one can expect that in dual situations, effective change management requires that managers, as carriers of change, are more intensely committed to the change and oriented towards the new dominant logic.

2.3. Conceptual model of the study

Based on the preceding theoretical reflections, Figure 3 shows the conceptual model of the study. The model integrates the two theoretical frames used: the dynamic capability view and the dominant logic research tradition. As analyzed above, both the approaches deal with an

organization's ability to cope with a changing environment. In addition, they both look at the strategic renewal process from the organizational learning perspective, emphasizing the role of managers.

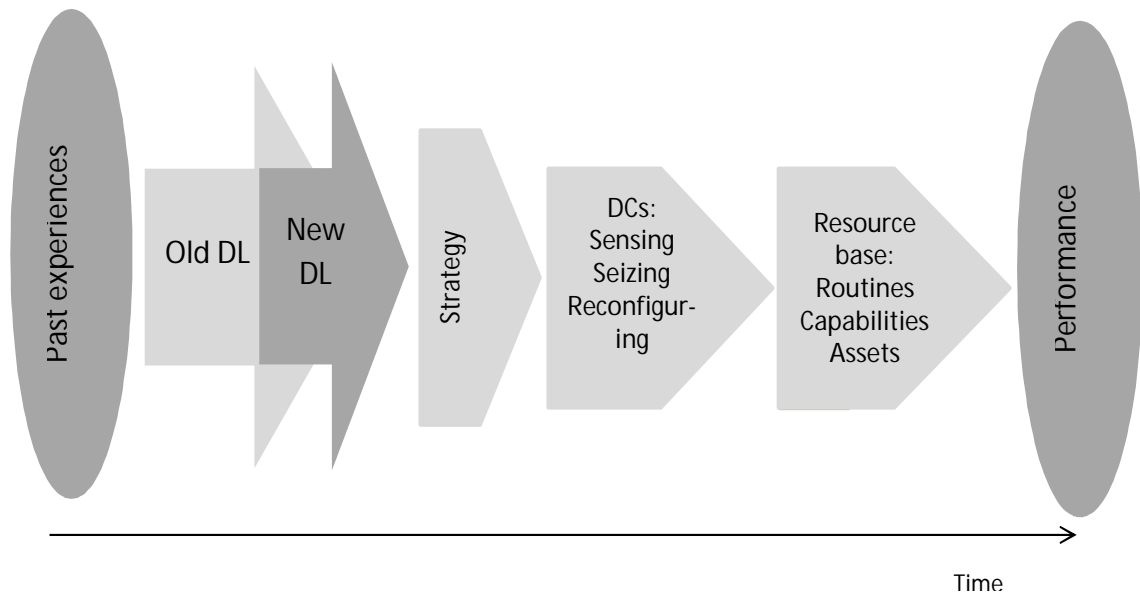


Figure 3. Conceptual model of the study.

The model outlines the dynamics of a strategic change at a certain moment arising from the past and heading for the future. It is an ongoing process in which the dominant logic based on past experiences directs the strategic moves forward. The dominant logic of the organization interprets the environment through its filtering mechanisms. This interpretation forms a basis for managerial decision-making strategy and gives a direction for organizational learning. The dynamic capabilities are the capabilities that make the strategic renewal outlined in the strategy possible. They put the strategy into action on the operational level, and renew and reconfigure the existing resource base to meet the new challenges coming from the competitive environments.

3. THE CASE OF YLE IN THE LIGHT OF THEORETICAL APPROACHES

3.1. Yle in terms of dynamic capabilities and dominant logic

In this chapter, I will analyze more closely the Finnish Broadcasting Company, Yle, in terms of the dynamic capability view and the dominant logic research tradition. In the second part, some conclusions will be drawn from the public management perspective as well.

As described in the first chapter, Yle's past can be characterized by many years of stability or quite moderate changes. However, the digital revolution of the past decade, and especially during the last few years with new media technologies, radically changing media usage habits, and dramatically increased competition, have put Yle – together with all media companies – in quite a different world, in which development and change cannot be based on traditional skills, competencies, processes, and structures alone.

The present situation requires strategic renewal (Agarwal and Helfat, 2009), in which dynamic capabilities are needed, as illustrated in Figure 4 below. The figure shows four different theoretical situations in terms of different environments (stable-dynamic) and capabilities (operational-dynamic). The arrow shows the direction of the change needed in the present turbulent situation faced by Yle.

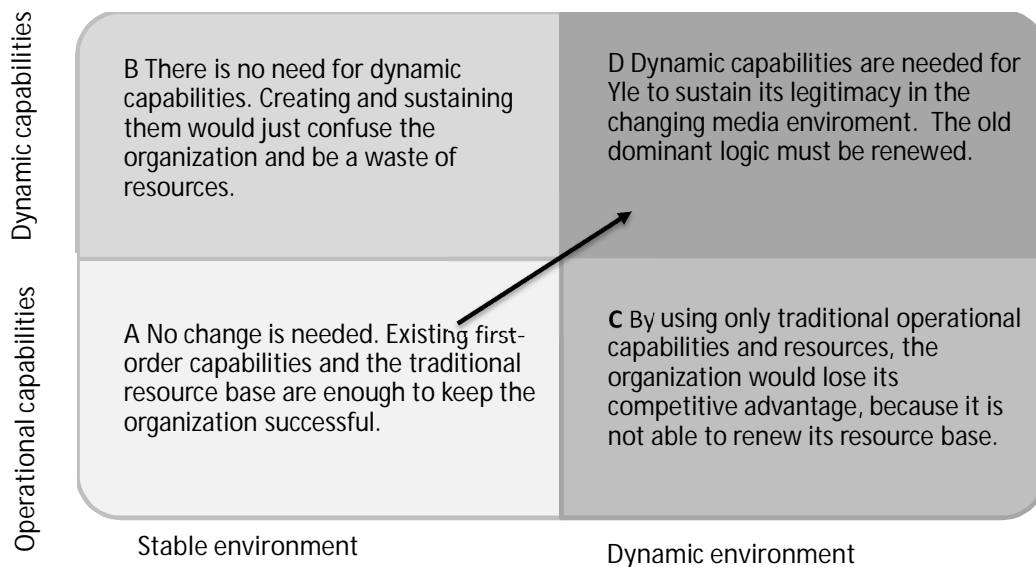


Figure 4. A four-field chart illustrating directions and elements of strategic change in terms of different environments and capabilities (modified from Maijanen, 2014).

Field A represents a (rather unlikely these days) situation in which the organization earns its living by replicating its operational capabilities in a stable environment. This works well in a stationary situation, because there is no need for change. *Field B* refers to a situation in which the organization is able and willing to build and deploy dynamic capabilities, even if there is no external need for that. In this situation, building and maintaining dynamic capabilities is a waste of resources. *Field C*, in turn, represents a situation in which an organization copes with changing environments by means of its existing operational capabilities solely. In the dynamic environment, this endeavor most probably ends up sadly and the organization loses its competitive advantage because of not being able to change its resource base. Finally, *Field D* represents a situation in which the organization manages to build up/acquire dynamic capabilities to face the challenges created by changing environments.

Fields C and *D* manifest the context of our study: because of factors related to external technology, competition, and changing user preferences, media companies – private or public – need dynamic capabilities in order to successfully cope with the rapidly changing media environment, or to shift from “no future” option C to “competitive advantage” option D. Figure 5 illustrates the four-field chart in the case of Yle.

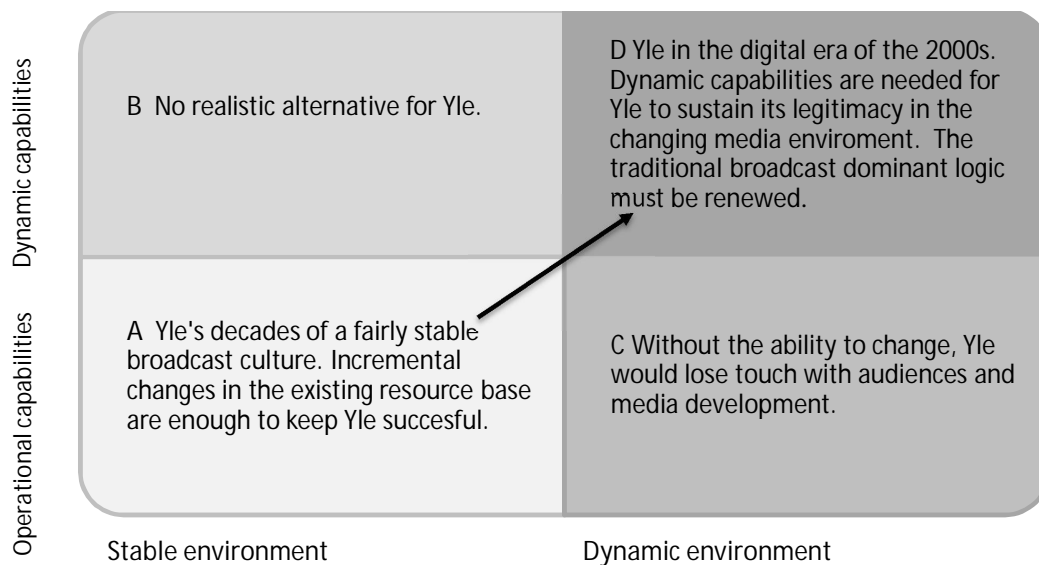


Figure 5. The four-field chart of Figure 4 modified to illustrate Yle's situation.

Field A describes Yle's situation until the end of the 1990s. Although the media environment had been liberalized since the 1980s, along with private radio and private TV broadcasters, there were no dramatic pressures and needs for change. Along with digital technology and the internet, the situation dramatically changed in the 2000s, and especially during the last few years, the shift to online media usage and content production has been dramatic. In this new situation, the strategic option described in field C would be a fatal alternative in the long-term perspective. Field D is the only sustainable alternative: Yle has to renew its dominant logic, meaning the redefinition of its task and position in the media environment. It has to be able to build/acquire and deploy dynamic capabilities to reach the new strategic goals.

An organization's change is a path-dependent learning process (Levitt and March, 1988) in which the past decisions constrain the variety of future options. The way Yle looks today is a result of a long process in which incremental changes have taken place during more stable times. Table 2 illustrates the evolution of Yle's dominant logic, thus offering one way to look at the developments that have taken place during the last decades, reflecting the changes in the media environment in general. Table 2 captures some of the main shifts and characteristics

of the managerial thinking during 1976–2012. It is based on the analysis of Yle’s annual reports, as presented in my fourth publication. The period under study can be divided into sub-periods according to the shifts in defining the company’s mission, new technologies, competitors, the relationship with audiences, and content. It shows how, as a result of experience-based learning, new things that have first been first regarded as a threat and not acceptable, have later become an accepted and natural part of the media world. For example, tape-recorders were first seen as a threat because they spread low-quality entertainment. Similarly, the emergence of private radio in the 1980s was regarded as threatening Yle’s position. Through the years, the audience relationship has been gradually changing as well, but the recent years have seen clearly the most radical increase in the emphasis of audiences. This can be interpreted as a result of the radically changed media usage habits and increased competition, especially on the internet.

Table 2. Main features of the evolution of Yle’s dominant logic during 1976–2012 (based on Maijanen, 2013)

<i>1976-80 Moral surveillance</i>	<i>1981-85 Self defense</i>	<i>1986-93 Countermove</i>	<i>1994-2004 Technological promises</i>	<i>2005-2012 Opening up</i>
New technologies spread commercial low-quality content	Criticism against private radio for e.g. intentions to break Yle’s monopoly	Praise of Yle’s own assets = diverse and meaningful content	To enhance the creation of an information society (the digitalization of society)	To reach all Finns; to open co-operation with partners
Yle’s mission to offer high-quality content	Yle’s competitive advantage lies in high-quality programs and truthful information	Yle is seen as necessary for the Finnish culture	Yle’s mission: Leading the digitalization of the broadcasting system in Finland	Emphasis on audience relationship
To guide people to use media in a meaningful way	Expressions of the need to come closer to listeners and viewers	Audiences are seen to consist of sub-audiences	To be “touchy”, to offer new experiences	Content comes first (regardless of platforms); to be open to the needs of all Finns

3.2. The years under study, 2011–2014

This dissertation especially focuses on the strategic renewal process at Yle during 2011–2014. As expressed in written strategies (Yle’s Annual Report 2011, 2012), the reforms launched in 2011 were focused on allocating more resources to the development of internet and multiplatform content production, including the development of the personnel’s skills and competencies. Yle aimed for better customer focus and for more flexibility, efficiency, and integration in digital content production. One of the main strategic focuses was on developing services and content to attract young audiences. Another important target was to shift resources from traditional broadcast content production to the internet. In terms of the concept of dominant logic, the purpose was to move from the old dominant logic (traditional broadcasting, i.e. content distribution for large audiences) to the new dominant logic (interactive online content production).

There had already been internet development going on for some years, but the changes were to intensify the process. One of the main reforms was the organizational restructuring introduced at the beginning of 2011, to remove barriers between radio, TV, and the internet. Six sub-units were established with different functions and tasks. Three of the units are content units: *the News and Current Affairs unit* covering news and current affairs content for all platforms; *the Creative Content unit* being responsible for all content except for news and current affairs, including culture, education, drama, entertainment, and so on; and *the Swedish Yle unit* covering all Swedish language content (including news). The other three units have strategic, coordinative, or supportive functions in relation to content production: *the Media unit* being responsible for the general planning, profiling of channels, and coordination of content in different platforms; *the Operations unit* being responsible for the larger program productions and technological infrastructure; and *the Joint Operations unit*, which is a matrix unit for planning and coordinating organizational resources (HR, Strategy, Legal Affairs, etc.).

3.3. Yle from the public management perspective

Yle as a public media company forms a special case among media companies. These special features have to be carefully taken into account when analyzing its renewal processes. To better understand the special nature of public limited companies like Yle, it is useful to look at it from the public management perspective. In the public management field, Bozeman's (1987) dimensional model is widely used to determine the level of publicness in different organizations (Boyne, 2002; Andrews et al., 2011; Piening, 2013). According to this model, the dimensions of publicness are *public ownership* (state vs. privately owned), *public funding* (tax-based or consumer payments), and *public control* (political vs. market control). Of course, they are all relevant in the case of Yle.

To better understand public management, it is important to highlight some of the main consequences that a higher degree of publicness has on change management and renewal capacity in public organizations. Due to the public ownership, funding, and control, public organizations lack the underlying bottom line of profit that drives private firms to innovations in hunting higher profits under competitive pressures (Boyne, 2002; Klein et al., 2013). In the

public sector, the competitive advantage is not based on profit seeking, but on intangible outcomes that are more difficult to measure (Rainey and Bozeman, 2000; Harvey et al., 2010).

Due to the *public control*, public organizations are constrained by the expectations and demands of external political stakeholders as well. As Bryson et al. (2007, 702) point out, public organizations' "*political, economic, and social existence depends on satisfying key stakeholders*". Managers have to spread their attention across a multitude of expectations and focus on short-term targets (Boyne, 2002; Piening, 2013). This may reduce managers' autonomy and desire to commit to long-term strategic changes (Fernandez and Rainey, 2006; Salge, 2011; Piening, 2013). In addition, the dependency on external stakeholders' acceptance may distract a manager's attention away from intra-organizational issues. Hence, the public control makes public organizations accountable for their actions and decisions (Ferlie et al., 2003). This, in turn, may increase the cautiousness and risk aversion of managers.

Yle can well be analyzed in terms of Bozeman's (1987) dimensional model. It is publicly owned, publicly funded, and publicly controlled. Among public media companies, Yle has quite a high level of publicness, because it is one of the few public media companies in the world in which all operations are publicly funded. During the years of my research process, a historical decision was made as the earlier license fee model was replaced by an Yle tax in 2013 (Ala-Fossi, 2012; Lowe and Berg, 2013). In terms of Bozeman's model of publicness, the earmarked tax funding can be regarded as a further increase in the level of Yle's publicness. Before, the funding was based on TV license fees, now the money is collected from citizens (and larger corporations) together with other taxes.

Yle is also publicly controlled. Its position and public service tasks are defined by law (Act on Yleisradio Oy), and it is supervised by an Administrative Council elected by the Finnish Parliament. Despite its editorial independence (Lowe and Berg, 2013), Yle has to cope with the changing political sphere, its expectations and will. The public disputes on Yle's position and remit that took place among politicians before the funding decision clearly manifested how closely the company is connected to the political sphere.

In the field of strategic management, public management-related research has focused on such questions as how the public nature of organizations affects their behavior and performance, and how the renewal capacity of public organizations differs from that of private companies. Even if there are no unequivocal answers, most recent studies in this field suggest that public enterprises or organizations do differ and publicness does matter in issues of how the organizations are managed and how they are able to renew themselves (Walshe et al., 2010; Andrews et al., 2011; Piening, 2013).

One problem related to public organizations is the fact that it is not easy to measure, for instance, how well they manage to create public value and enhance the equity goal often given to public services (Boyne, 2002). *Public funding* may reduce a public organization's responsiveness to customers' needs, because the financial success of the organization does not depend on their preferences (likes or dislikes) (Andrews et al., 2011). Public funding also creates the obligation to be accountable to the tax paying public and politicians for actions and decisions. This, in turn, may hamper managers of public organizations in making drastic decisions, even if they are needed. Questions related to the level of resources available are also relevant in terms of renewal capacity. In the Penrosian (1959) tradition, the organizational slack (i.e. excessive resources) is generally seen as one important precondition for innovations and establishing capabilities that enhance change. On the other hand, some studies suggest that a higher degree of publicness tends to moderate the positive effect of organizational slack (Klein et al., 2013; Piening, 2013). In addition, excessive tax-based slack can create a feeling of excessive security, under which decision-makers tend to prefer stability, instead of allocating resources to innovation and promotion of organizational learning (Salge and Vera, 2013).

In summary, the many pressures created by the different dimensions of publicness inevitably affect managers' mindsets and their decision-making ability. Based on the preceding reflections, the managers of public organizations seem to be prone to cautiousness and risk aversion. In a situation of dual management under old and new dominant logic, the publicness sphere may thus reduce managers' courage to make innovative and far-reaching decisions.

Nonetheless, as some studies show, the reality is perhaps not quite so desperate. Public organizations are also capable of renewing themselves (Piening, 2013). They have also had to learn to be more entrepreneurial, as the operating environments are getting more and more competitive and volatile. However, based on publicness-related studies, public organizations seem to be more likely to carry out incremental changes and to implement minor innovations instead of drastic changes (Pablo et al., 2007; Piening, 2013; Salge and Vera, 2013).

Yle has been undergoing these changes as well. In the timeline of the past changes, the period of 2011–2014, on which this study is focused, are the years of vast strategic and organizational changes initiated in 2011. This is the focus of my research, and it is important to understand how the public sector nature of Yle affects the way in which its dominant logic is created and what kinds of limitations the public nature of the organization sets to the formation of dynamic capabilities.

4. RESEARCH DESIGN

4.1. Mixed methods approach used in this study

This study is a longitudinal single-case study, which is composed of several sub-studies with research questions that all aim to enlighten the same main research question: *How do the pursuit of change and organizational inertia co-exist, intertwine, and collide in organizational cognition and capabilities during the strategic renewal?* As shown in Table 3 (p. 63), the sub-studies represent different time horizons, theoretical approaches, methods, and data. Two theoretical approaches – the dynamic capability view and the dominant logic approach – form the foundation for data collection, theoretical and empirical analyses, and interpretation of the results. In tightly explanatory studies (the third and sixth publications), the hypotheses or propositions tested are directly drawn from the background theories, but also in more exploratory publications, the research models are built on the theoretical frameworks.

The research design of this study has a quantitative emphasis, but in addition, qualitative data collection and analysis have been used as well. Therefore, this study can be interpreted as mixed methods research. In their review article dealing with the emerging tradition of mixed methods research, Johnson et al. (2007, 123) propose the following definition:

“Mixed methods research is the type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e.g. use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the broad purposes of breadth and depth of understanding and corroboration.”

Johnson et al. (2007) define two types of mixed methods research: (i) a mixed method study, meaning mixing within the study; and (ii) a mixed method program, meaning mixing within a program of research, such as across a closely related set of studies. As Creswell (2014, 15) states, mixed methods research refers to the way in which quantitative and qualitative databases can be integrated in the studies. For example, one database can help check the

accuracy of the other database, while another database can explain the other or explore different questions from the other. One database can also build on other databases and so on (Johnson and Onwuegbuzie, 2004; Johnson et al., 2007).

In this study, mixed methods research will be used as an umbrella concept on the level of the whole research project, but also within single sub-studies. On the research project level, the sub-studies consist of both quantitative and qualitative data and analysis methods based on them, thus complementing and validating each other when exploring the same main research question. In some cases, the mixed methods approach has been used even in a single sub-study. For instance, the fifth publication is built on both a quantitative survey and semi-structured qualitative interviews with managers in order to have a more comprehensive picture of the behavior of managerial cognition. Furthermore, the semi-structured interviews with managers conducted in winter 2013–14 helped construct new items for the second survey and better explain some of the results obtained by means of quantitative databases.

This research project has evolved and proceeded as a continuous learning process. The different theoretical frames, data, and analysis methods, together with the longitudinal approach, have complemented each other and deepened the understanding of the phenomena under study. Along with the research process, there has been an ongoing dialog between the results obtained and the objectives set, thus resulting in continuous refinements and adjustments in the research design until the final stage. Table 3 summarizes the research questions, theoretical approaches, methods, and publications of this study.

Table 3. Research design and the methods used

Main research question: <i>How do the pursuit of change and organizational inertia co-exist, intertwine, and collide in organizational cognition and capabilities during the strategic renewal?</i>					
CROSS-SECTIONAL ANALYSIS Publications 1-3			HISTORICAL ANALYSIS Publication 4	LONGITUDINAL ANALYSIS Publications 5, 6	
RQ1: To explore the organizational knowledge structure during the first phase of strategic renewal	RQ2: To examine the context-dependent nature of organizational cognition and dynamic capabilities	RQ3: To examine the relationship between different capacities of dynamic capabilities and their relationship with change performance	RQ4: To detect the evolution of dominant logic in the Finnish Broadcasting Company during the last four decades	RQ5: To explore the nature of managerial cognition and how co-existence of the old and the new dominant logic and the public organizational context affect the decision-making	RQ6: To explore the nature of dynamic capabilities and to examine their indirect effect on product performance
Theoretical frame: DL*	Theoretical frame: DL, DCV**	Theoretical frame: DCV	Theoretical frame: DL	Theoretical frame: DL	Theoretical frame: DCV
QUANTITATIVE APPROACH			QUALITATIVE APPROACH	MIXED METHODS APPROACH	QUANTITATIVE APPROACH
<i>Quantitative multivariate methods:</i> comparison tests, cluster analysis, chi square test of independence	<i>Quantitative multivariate methods:</i> comparison tests, cluster analysis, chi square test of independence	<i>Quantitative multivariate methods:</i> comparison tests, hierarchical linear regression analysis, linear regression analysis	<i>Qualitative thematic content analysis</i> of annual reports	<i>Quantitative multivariate methods:</i> comparison tests <i>Content analysis</i> of semi-structured interviews (9 interviews)	<i>Quantitative multivariate methods:</i> comparison tests, factor analysis, hierarchical linear regression analysis, linear regression analysis
Data: Survey 2011 (respondents = 1379, response rate = 39.4 %)			Data: Yle's annual reports 1976-2012	Data: Survey 2011 Survey in 2014 (respondents = 1134, response rate = 32.1%) Semi-structured interviews winter 2013-14 (N=21)	Data: Survey 2011, Survey 2014

*DL = Dominant logic approach, ** DCV = Dynamic capability view

4.2. Motivation for the use of a single-case study approach

Based on the preceding methodological reflections, the research design of this study follows Creswell's (2014, 14; see also Yin, 2014) definition of a case-study design:

“Case studies are a design or inquiry (...) in which the researcher develops an in depth analysis of a case, often a program, event, activity, process, or one or more individuals. Cases are bounded by time and activity, and researchers collect detailed information using a variety of data collection procedures over a sustained period of time”.

In this study, the case to be studied is the *renewal process at Yle* and the extensive data used is collected by means of different methods based on both the cross-sectional and longitudinal analysis.

Among the different case-study designs, this study is a single-case study. Yin (2014) classifies five rationales for single-case: critical, unusual, common (everyday situation), revelatory, or longitudinal. This single-case study dealing with Yle's renewal process clearly fulfills the critical and longitudinal rationales, and, at least to some extent, the revelatory rationale. According to the *critical rationale*, the case must be critical as to the “*theory or theoretical propositions*” (Yin, 2014, 51). The case of Yle is an example of an incumbent organization pursuing change in a rapidly changing environment. It is an ideal case in which to study the theoretical propositions/assumptions deduced from the theories concerning the path-dependent nature of organizational cognition and dynamic capabilities. The *longitudinal rationale* means studying the same single case at two or more different points in time. In the case of Yle, this rationale is fulfilled because the data is collected at different times during the renewal process, which makes it possible to study the evolution of the renewal process. In my opinion, the case of Yle also fulfills the basic elements of the *revelatory rationale*, which “*exists when the researcher has the opportunity to observe and analyze a phenomenon previously inaccessible to social science inquiry* (Yin, 2014, 52)”. This must be interpreted cautiously, because Yle has, of course, been an object for other studies as well, but not from the longitudinal case-study perspective encompassing the whole Yle organization.

The use of multiple data sources and analysis methods, as in this study, makes it possible to profit from *triangulation*, which strengthens the research and validates the results (Patton, 2002). Triangulation happens when different sub-studies and multiple sources of evidence converge, confirming each other. Based on Denzin (1978), there are four basic ways to achieve triangulation: data, investigator, theory, and methodological triangulation (see also Patton, 2002; Yin, 2014). In this study, *data-based triangulation* clearly takes place. The data used consist of both quantitative and qualitative data. In addition, the quantitative data are collected in two different time periods, thus allowing both cross-sectional and longitudinal analyses. Furthermore, qualitative data are collected both from historical archive materials and interviews with managers. In addition, throughout the study, different kinds of secondary data have been collected and used when conducting and analyzing the sub-studies and interpreting their findings, such as informal discussions, confidential strategic documents, and archive material. In this study, *methodological triangulation* can also be found; the analyses are based on using both qualitative and quantitative research methods. In a way, there are also elements of *theoretical triangulation*, when two distinct but related theoretical approaches, namely the dynamic capability view and the dominant logic approach, are used when interpreting data from multiple sources.

4.3. Data collection

4.3.1. Operationalization of the theoretical concepts used

Here, I will explain the main principles of the operationalization of the two theoretical concepts used in this study, namely the concepts of dynamic capability and dominant logic. The operationalization concerns the quantitative surveys, which form the main line of my study process. There are some challenges related to the operationalization of the theoretical concepts of dynamic capabilities and dominant logic. First, due to the limited number of empirical studies and the lack of consistent conceptualizations, there are no generally used measures available as to the dynamic capability view and the dominant logic research tradition. Second, to have the whole organization as a research object makes the operationalization of suitable measures even more challenging. The questionnaires and items must be formulated in such a way that all respondents with different functions, age, and work

experience could answer them. Here, the learning and knowledge-integration perspective (Huber, 1991; Zollo and Winter, 2002) to the strategic renewal, as presented in the second chapter, helped in the operationalization process, because learning encompasses the whole organization with different individuals.

The design of the items measuring dominant logic and dynamic capabilities started by first creating the main themes, based on the theoretical definitions and conceptualizations applied in the study. The further refinement of the items into the Yle context was based on both public and confidential strategic material. In the final stage, the questionnaire was pretested with a group of Yle people in a way that will be explained in more detail later.

Both quantitative surveys can be found in Appendices 1 and 2. To start with dynamic capabilities, the operationalization is based on the general definitions launched by Teece et al. (1997) and Helfat et al. (2007), and more concretely on the model of Teece (2007), which divides dynamic capabilities into three capacities called sensing, seizing, and reconfiguring (see Chapter 2.1). The items were furthermore linked with the concept of absorptive capacity by Cohen and Levinthal (1990) and Zahra and George (2002), and the learning and knowledge-integration perspective as presented by Zollo and Winter (2002). The case study of Pavlou and El Sawy (2011) has also been helpful when constructing the survey.

As the research process itself has been a continuous learning process, the construction of items measuring dynamic capabilities was also further elaborated for the second survey in 2014. This resulted in including some more items. However, the basic ideas of the item construction remained the same. Table 4 shows the list of items that were included in the analysis concerning the two surveys.

To put it briefly, the variable of *sensing* is about searching for and interpreting the information related to the operating environment, customers, other media, and so on. *Seizing* is based on items measuring the ability to make fast decisions and the capacity for seizing and incorporating external information for use by the organization. The variable of *reconfiguring* is about learning and knowledge sharing, experimenting, and developing and adopting new skills and working methods. The respondents were asked to evaluate the given items in the

context of their work units. This level of measurement is expected to give a more trustworthy evaluation. All the items were evaluated on a Likert scale of 1–5 (1=totally disagree; 5=totally agree).

Table 4. The items relating to the sensing, seizing, and reconfiguring capacities of the dynamic capabilities used in this study (Maijanen, 2014).

<i>Variable</i>	<i>Measuring items</i>
Sensing	<ul style="list-style-type: none"> Survey 2011 { 1. In my work unit, we actively scan other media. Survey 2014 { 2. In my work unit, we do not respond to customer feedback enough (reversed scale). 3. We are actively in contact with different stakeholders. 4. In my work unit, we actively follow changes in audience and customer behavior and needs. 5. Changes and trends in our operating environment are actively studied in my work unit. 6. Social media is actively followed in my work unit. 7. New ways of producing content and services are actively sought in my work unit.
Seizing	<ul style="list-style-type: none"> Survey 2011 { 1. In my work unit, the customer feedback and audience research are taken into account in the development work. Survey 2014 { 2. In my work unit, the changes agreed upon are carried out and not left unfinished. 3. In my work unit, we are capable of making fast decisions and changes in work practices when needed. 4. Decision-making is often slow in my work unit (reversed scale). 5. My work unit actively utilizes information related to the operating environment (for example, customers, media, technology). 6. New opportunities are promptly seized in my work unit.
Reconfiguring	<ul style="list-style-type: none"> Survey 2011 { 1. Sharing knowledge and learning new things is a typical way of working in my work unit. Survey 2014 { 2. In my work unit, the professional skills and expertise of personnel are developed through specifically targeted training. 3. My work unit is slow to adopt news skills and working methods (reversed scale). 4. My work unit actively comes up with new ideas and experiments. 5. Job descriptions and/or work duties are actively changed to correspond to the changing needs of the activities in my work unit. 6. New working methods and processes are actively introduced in my work unit.

The operationalization of the concept of dominant logic is based on the definition of Prahalad and Bettis (1986) (see also Bettis and Prahalad, 1995; von Krogh et al., 2000). The further tailoring to the Yle context is based on the literature of public media and Yle’s own strategic

material (e.g. Yle's Annual Report 2011, 2012, and 2013). The basic idea is that the old dominant logic represents traditional public service broadcasting, meaning transmitting or delivering programs for larger audiences, whereas the new dominant logic emphasizes interactive digital content production with a strong customer and market orientation.

Table 5 below offers two examples of the questions measuring the organizational cognition, meaning the commitment to the old and the new dominant logic (see Appendix 1 and 2).

Table 5 Questions measuring organizational cognition in terms of the old and the new dominant logic, used in the survey in 2011 and 2014.

Below is a group of statements related to the Finnish Broadcasting Company (Yle). In section A, the statement pairs describe Yle's current situation, while in section B they describe where operations should be focused from now on in your opinion. Assess the statements from your own perspective: the closer the alternative you choose is to the statement, the more you agree with that statement, and vice versa. Speak your mind boldly!

1 A. At the moment, Yle's operations focus primarily on:

content serving large audiences ○ ○ ○ ○ ○ ○ ○ ○ creation of interactive content taking into account the needs of smaller customer groups

1 B. In the future, Yle's operations should focus on:

content serving large audiences ○ ○ ○ ○ ○ ○ ○ ○ creation of interactive content taking into account the needs of smaller customer groups

2 A. At the moment, Yle's position within the media is based primarily on:

laws defining Yle's public service tasks ○ ○ ○ ○ ○ ○ ○ ○ success in media competition as one medium among others

2 B. In the future, Yle's position should be based primarily on:

Laws defining Yle's public service tasks ○ ○ ○ ○ ○ ○ ○ ○ success in media competition as one medium among others

In Table 5, the first argument pair manifests the strategic fundamentals of the old and the new dominant logic. The alternatives are: (i) to produce content to serve large audiences (old DL), or (ii) to focus on interactive content production for smaller audience groups (new DL). The second variable deals with Yle's legitimacy, giving the alternatives between: (i) legitimacy based on law (old DL), or (ii) legitimacy based on success in the media competition (new

DL). In addition, the respondents were asked to evaluate each argument pair in two time horizons, present and future: how things are done at the moment at Yle (present), and how things should be done in the future (future). The comparison of present and future evaluations made it possible to measure the perceived need and desire for change.

4.3.2. First survey in fall 2011

The first empirical data were collected in a survey for all the personnel in Yle in fall 2011. The response rate was 39.4% (1379 employees answered). The survey was carried out at a time when Yle was undergoing the first phase of changes launched by new strategic targets and a new organizational reform introduced at the beginning of 2011. The aim of the survey was to measure the employees' attitudes towards the changes, perceptions of threats, work motivations, and dynamic capabilities. The performance was also measured as a perceived change performance. Demographic variables such as age, gender, work experience, organizational level, and sub-unit membership were applied.

In the final stage of designing the questionnaire, the pretesting of the questionnaire was done using 30 people working at Yle, representing different functions, positions, age groups, and work experience. I personally met 13 of them and went through the items in detail. 12 people also gave me more detailed written feedback. The rest of the pretest group sent me the responses with short comments. The purpose of the pretesting was to make sure that the respondents really understood the items, that the questions were relevant to the respondents, and that the survey was not, for example, too long to answer during the busy working hours. The survey was carried out using Webropol 2 software. The data collected in the first survey were analyzed using multivariate analysis methods, using the SAS EG 4.2 software package.

4.3.3. Analysis of Yle's annual reports 1976–2012

The purpose of the content analysis based on Yle's annual reports was to analyze how the company's dominant logic has been interpreted and defined by the top managers of Yle in the years 1976 to 2012. During this period, Yle faced and went through dramatic changes because

of technological development and keener media competition, as well as changing media usage habits.

In this analysis, dominant logic was defined using five basic categories: *company mission*, *technology*, *competition*, *customer relationship*, and *content* (adopted from the study of von Krogh et al., 2000). These five elements are closely linked with each other in the Finnish media environment. The analysis aimed to scrutinize how each element of the dominant logic has been (re)defined over time, along with the changes, the kinds of shifts and periods that can be detected during the years under study, and the ways the different elements of the dominant logic have related to each other during the different periods.

In strategy research, annual reports have been quite widely used as a reliable source to study the influence of managerial cognition on strategic changes and actions (e.g. Bowman, 1984; Barr et al., 1992; Osborne et al., 2001; Kaplan et al., 2003; Cho and Hambrick, 2006; Nadkarni and Narayanan, 2007; Kaplan, 2008b; Eggers and Kaplan, 2009; Marcel et al., 2010). In the studies, annual reports have been, in particular, used to measure the managerial cognition conceptualized as, for example, managerial attention (Bowman, 1984; Cho and Hambrick, 2006; Kaplan, 2008b), strategic orientation (Eggers and Kaplan, 2009), mental models (Barr et al., 1992; Osborne et al., 2001), or industry-level strategic frame (Nadkarni and Narayanan, 2007). The use of annual reports has some advantages making them superior to interviews. Annual reports are regarded as serving as contemporaneous indicators of managers' strategic sense-making and concerns (Barr et al., 1992; Fiol, 1995; Cho and Hambrick, 2006; Kaplan, 2008b; Nadkarni and Barr, 2008; Kaplan, 2011), whereas in interviews, managers may easily reconstruct and reinterpret the past using knowledge of what happened later. Furthermore, annual reports supply material for systematic analysis in longitudinal analyses.

In the content analysis, Yle's annual reports were regarded as expressions of the underlying dominant logic, meaning the managerial world view and the main strategic focuses. From the annual reports, only the texts of Yle's top managers were analyzed. The texts were analyzed according to the thematic analysis and coding method (e.g. Patton, 2002; Miles et al., 2014) using Atlas.ti data analysis software. In the first round, each annual report was analyzed by

coding all expressions related to the five basic categories. After that, the codes of each annual report were analyzed by grouping together those with the same or similar attributes. The codes of different categories of mission, technology, and so on were kept separate all the time. The detected thematic groups were then put on the timeline from 1976 to 2012. Finally, the timelines (of five categories) were compared, to construct periods with overarching themes. The detected periods were then labeled with the main characteristic themes emphasized during that specific period.

4.3.4. Semi-structured interviews with Yle's managers during winter 2013-14

The qualitative analysis was based on semi-structured interviews carried out during the winter of 2013-14 with Yle's 21 top-level managers. The managers represented different sub-units, age groups, and work-experience. Most of them actively take part in the organization's strategy planning process. The interviews lasted from one hour to one and a half hours. The interviews were structured but were informal in nature (Eriksson and Kovalainen, 2008). In the interviews, the managers were asked about the past changes and their role in managing them. The main parts of the interviews loosely followed Teece's (2007) model of dynamic capabilities, which divides the activities into sensing, seizing, and reconfiguring capacities, meaning how the managers explore the environments (sensing), how they make investment decisions and reflect possible strategic alternatives (seizing), how they think the changes have succeeded, and what kinds of challenges they have been facing (reconfiguring). They were also asked to define Yle's mission and strategic challenges in the future.

All the interviews were taped, transcribed, and analyzed by means of Atlas.ti software. The interviews were analyzed using thematic and coding methods (Miles et al., 2014).

4.3.5. Second survey 2014

The second survey was carried out in February 2014. The response rate of the survey was 32.1% (1134 answered). Many questions from the first survey in 2011 were repeated in the second survey. Similarly to the first survey, the questions of the second survey dealt with change attitudes, future expectations, desires, and dynamic capabilities. The same

demographic variables were also used: sub-unit membership, gender, length of work career, division between managers and non-managers. In the second survey, more emphasis was put on resource-base development, and the performance was measured in a more diverse way than in the first survey. The interviews with managers were used to formulate the construction of the new items. In addition, the questionnaire was tested with six people working at Yle, representing different functions and age groups. The survey was carried out using Webropol 2 software.

5. SUMMARY OF THE PUBLICATIONS AND REVIEW OF THE RESULTS

5.1. Publications related to the conceptual model

This chapter reviews the six research papers of this study. First, they will be briefly presented and positioned in the conceptual model presented in Chapter 2.3. Next, the main research objectives, findings, and contributions of each paper will be briefly presented.

Figure 6 below shows how the six publications of this study are related to the conceptual model used. The arrows show the main objectives of each paper.

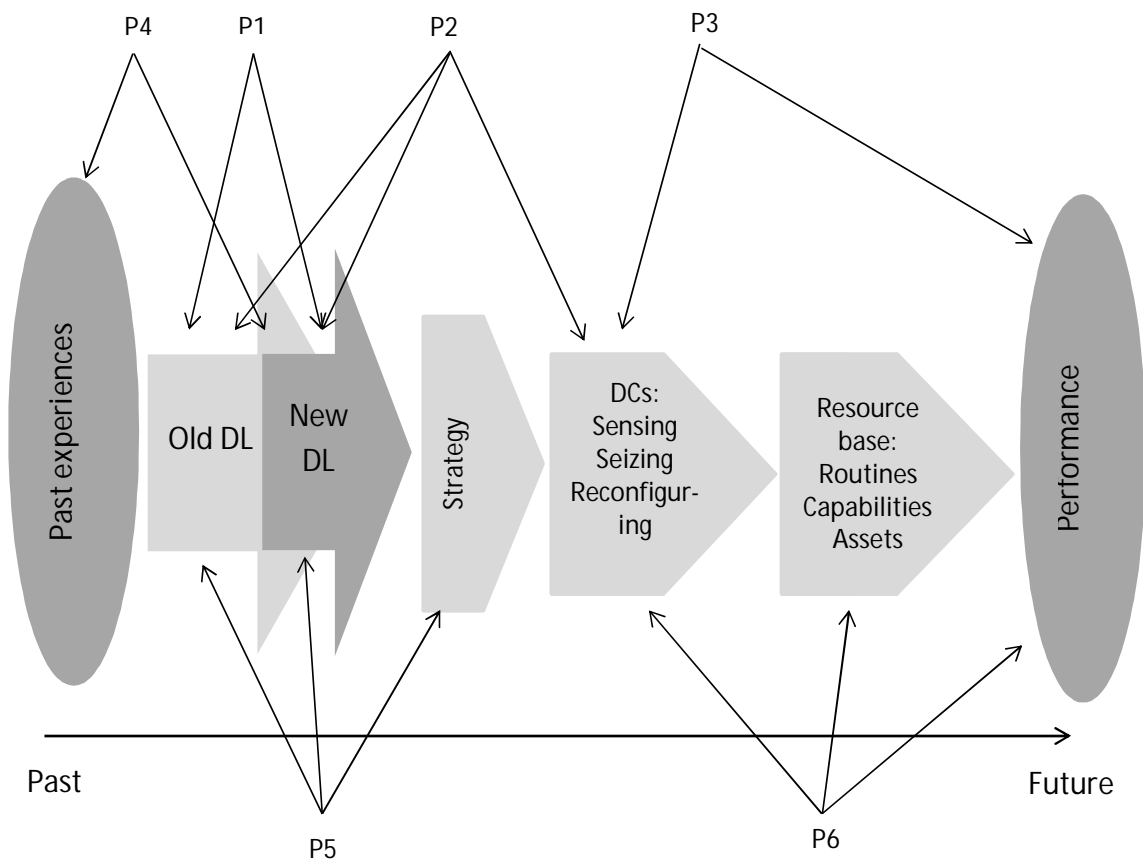


Figure 6. Publications positioned in the conceptual model of the study.

The first publication introduces the key concept of *dominant logic*, related to organizational cognitive reorientation and learning during the strategic renewal process. It shows that reorientation is an incremental learning process in which the old dominant logic has a strong hold on the organizational mindset.

The second publication continues along the lines of the first publication by exploring the context- dependent and path-dependent nature of cognition and capabilities, using both the *dynamic capability view* and the *dominant logic approach* as the theoretical framework. The findings indicate that different organizational sub-units – with different histories, functions, tasks, and strategies – build different mindsets and dynamic capabilities. Some sub-units are more committed to the changes than others.

The third publication focuses on *dynamic capabilities*. It explores how the three capacities of *sensing, seizing, and reconfiguring* (Teece, 2007) relate to each other and to organizational performance. The findings show, for example, that the effect of the sensing capacity on performance is mediated by the seizing and reconfiguring capacities.

The fourth publication explores the path-dependent and incremental evolution of *dominant logic*. It gives a historical perspective on the organizational life, based on the evolutionary idea that “history matters”: an organization’s past experiences dictate its future perceptions.

The fifth publication complements the main lessons derived from the earlier papers by means of a longitudinal study on the evolution and behavior of *managerial cognition* during the renewal process. One of the main topics here is how the co-existence of both the old and the new dominant logic complicates the decision-making of managers. The analysis also relates to the issues raised within the field of public management: how the expectations of external stakeholders bring extra pressures and tend to hamper decision-making that would enhance the strategic renewal. The transformation seems to be a continuous learning process in which managers continuously reflect the established ways against the desired strategic goals.

The final sixth paper continues the longitudinal analysis on the *capability* level by analyzing how *dynamic capabilities* evolve and affect performance. It tackles the dual nature of the

dynamic capabilities: they are stable by nature, but their task is to overcome stability. This paper also confirms that dynamic capabilities indirectly affect performance by changing the resource base.

To conclude, all six publications deal with how the pursuit of change and organizational inertia co-exist, intertwine, and collide during the strategic renewal process. The publications show without doubt that cognition and capabilities are important drivers of change, but they are also inherently stable and “backward looking” by nature. Each of the six publications tackles the same phenomenon from a different angle, perspective, and using different research methods.

5.2. Publication 1: Cognition as a driver and barrier of strategic renewal: The case of the Finnish Broadcasting Company

Research objectives

This publication is based on the idea that successful strategic renewal must be preconditioned by cognitive reorientation in the organization (Balogun, 2007). In the reorientation process, the role of managers is of great importance in initiating and leading the change. Nevertheless, in order to achieve real sustainable changes, the whole organization has to get involved and be committed to the new way of thinking. Using the concept of dominant logic, the paper makes an attempt to show that to be successful, the new dominant logic must be shared by the whole organization (Kor and Mesko, 2013). The paper explores to what extent the new dominant logic is shared.

The cognitive reorientation is based on an incremental path-dependent learning process, which takes time, because the old dominant logic continues to affect operational activities and thinking. It is therefore to be expected that organizational cognition gets dispersed, and different mental mindsets arise in relation to the old and the new dominant logic. This empirical study explores what kinds of shared mental mindsets arise during a strategic change in relation to the old and the new dominant logic, how the organizational level and work experience affect the commitment to the new dominant logic, and how the expectations for future developments differ from the perceptions of the present state of affairs. Empirical data

for this publication were collected by means of a quantitative survey that was carried out for all the employees of the Finnish Broadcasting Company in fall 2011.

Main contributions

The findings of the study show that the organization analyzed does not cope with change as one coherent unit. The results confirm the theoretical presupposition that cognition is a multifaceted construct that gets dispersed during the renewal change process. In addition, the findings confirm the inherently path-dependent nature of cognition; the renewal process is based on path-dependent learning. The cluster analysis divides the empirical data into six mindset groups concerning the present state of affairs. Four of them – covering 67% of the respondents – strongly or quite strongly relate to the old dominant logic. In addition, the analysis gives five mindset groups relating to future expectations. Two of them – covering 48% of the respondents – support the old dominant logic. The results show that the old dominant logic has a strong influence on organizational cognition in both cases. However, the comparisons between the perceptions of the present state of affairs and the future desires also indicate that there is a certain level of organizational learning process taking place toward the new dominant logic.

In addition, the comparisons between managers and non-managers, and between different groups of work experience, also show significant differences. Managers are more committed to the new dominant logic than non-managers, and employees with less than 5 years of work experience are more positively biased towards changes than employees with longer work experience. This, again, can be seen as an indication of path dependency and the context-bound nature of cognition. Managers build different knowledge structures due to their different strategic position. Logically, the ‘old way’ of thinking and doing is deeply rooted in the thinking and doing of the employees with longer work careers.

5.3. Publication 2: Centripetal and centrifugal forces of strategic renewal: The case of the Finnish Broadcasting Company

Research objectives

The second publication is based on the understanding of strategic renewal as a multidimensional process encompassing cognition, capabilities, and the organizational context (Agarwal and Helfat, 2009). They are all interrelated and exert influence as both ‘centripetal’ and ‘centrifugal’ forces in the strategic renewal process. They are centripetal because they are all needed and necessary in carrying out the renewal; they are centrifugal because they are all, by their nature, path-dependent, carrying the accumulations of past experiences in the ways of doing and thinking.

This paper continues the analysis of the first paper by exploring the context-bound nature of organizational cognition and dynamic capabilities. In the empirical analysis, the organizational context is operationalized in terms of organizations’ sub-units, each of which has its own functions and/or tasks. The empirical analysis confirms the presuppositions that the organizational structure differentiates the cognitive framing and the functioning of dynamic capabilities during a strategic renewal process. More concretely, the study explores how the sub-units, with different tasks and functions, form their own specific entities of cognition and capabilities during the early phase of a strategic change, when the old and the new dominant logic co-exist. The analysis approaches the renewal process using the concepts of dominant logic (Prahalad and Bettis, 1986; Bettis and Prahalad, 1995) and the sensing, seizing, and reconfiguring capacities of dynamic capabilities (Teece, 2007) as analytical tools. The empirical analysis is based on a quantitative survey made of the personnel of the Finnish Broadcasting Company in fall 2011.

Main contributions

This paper strongly supports the view that organizational strategic renewal processes are complex and multidimensional, thus encompassing both mental knowledge structures and capabilities. Furthermore, the renewal seems to be organization-specific, because the cognition and capabilities are developed and deployed in the contexts in which they function.

In addition, the organization does not change as one coherent entity, but at different speeds in different functional areas. Some units are more committed to the new dominant logic than others; some are capable of changing faster than others. The results clearly demonstrate that the units' tasks, functions, and past experiences influence the way the units relate to the change.

The quantitative analysis shows how organizations or their sub-units form their own distinct realities and sub-cultures; they are more than what the individuals think and do (Daft and Weick, 1984). Importantly, the analysis also clearly reveals the path-dependent nature of such established organizations as public broadcasting companies. The analysis shows that despite structural reforms, the old functions and patterned processes go on affecting cognition and capabilities.

5.4. Publication 3: Dynamics of dynamic capabilities - the case of public broadcasting

Research objectives

The third publication highlights the internal dynamics of strategic renewal by exploring more closely the functioning of dynamic capabilities. The study aims to contribute to the further understanding of the rationale of Teece's (2007) model, which divides the dynamic capabilities into three groups of capacities: sensing, seizing, and reconfiguring.

The analysis explores how the organization's capacities to sense, seize, and reconfigure relate to the organizational context and to each other when enhancing changes. According to Teece's model, the activities underlying the sensing, seizing, and reconfiguring capacities follow each other in a timely and interdependent manner: sensing conditions the activities of the seizing capabilities, which in turn condition the reconfiguration (orchestration) activities. Sensing brings in the information from outside, and the seizing and reconfiguring capacities transform sensed information into new strategic assets (Teece, 2007; Helfat and Peteraf, 2009; Barreto, 2010). Hypotheses relating to this view are built and tested, emphasizing the context-dependent nature of dynamic capabilities and their positive relationship to the performance. In addition, it is tested whether the sensing capacity affects the performance indirectly through

seizing and reconfiguring capacities (using the mediation model of Baron and Kenny, 1986). It is worth pointing out that, because my study concentrates on the internal change dynamics in one organization, the performance is not measured in comparison to other media companies, but the performance is understood as an organization's capacity to better learn and cope with changes. The empirical data was collected at the Finnish Broadcasting Company by means of a quantitative survey for all personnel in fall 2011.

Main contributions

This paper goes further in looking at the rationale of Teece's (2007) model, and highlights some interesting features relating to the nature and relationship of the sensing, seizing, and reconfiguring capacities of dynamic capabilities in my case organization, Yle. The tests confirm the idea of the chain model launched by Teece (2007), in which sensing is related to the external world, and the seizing and reconfiguring capacities are more related to the internal transformation activities. According to the empirical analysis, all capacities positively relate to the change performance, but the sensing capacity turns out to have an indirect effect on the performance, mediated by the two other capacities. Furthermore, the context-bound nature of dynamic capabilities is manifested in the way in which the capabilities enhance the change performance. Throughout the analyses, it holds true that the results obtained differ between the sub-units of the case-organization, Yle.

The study conceptually and empirically contributes to the emerging research tradition of applying the dynamic capability view in the context of public organizations, and especially in the context of public media. The study also offers ideas for further studies; for example, the mediation effect between different capabilities would be worth studying in different kinds of organization types and contexts as well.

5.5. Publication 4: The evolution of dominant logic: Forty years of strategic framing in the Finnish Broadcasting Company

Research objectives

The fourth paper adds to the preceding publications by opening up a historical perspective to the understanding of the nature of many strategic changes within my case organization, Yle. The analysis is based on the evolutionary idea that “history matters” (Nelson and Winter, 1982); the decisions of the past constrain the future options. Furthermore, the way managers frame reality affects how and in what direction the organization goes forward in its evolutionary change process. It can be argued that a manager’s cognitive capabilities are of high strategic importance, because the whole organization’s success – or failure – depends to a large extent on their interpretations of reality and strategic initiatives (Walsh, 1995; Tripsas and Gavetti, 2000; Kaplan, 2011).

Empirically, this paper analyzes how managerial strategic thinking has evolved during the past four decades (1976–2012) in the Finnish Broadcasting Company, Yle. The analysis sheds light on how managers have interpreted and framed the dramatic changes in the media environments. Since knowledge structures are path-dependent by their very nature, the analysis sheds light on how the traditions and past strategic framings affect the ways in which managers interpret the changes in technological and competition environments, and how these interpretations are reflected in the ways they frame Yle’s mission, technologies, competitors, audience relationships, and content. In addition, the analysis offers a historically motivated perspective on the present strategic framing in Yle, to be analyzed in other papers of the study.

The theoretical frame is based on the managerial cognition research tradition, with the focus on the concept of dominant logic (Prahalad and Bettis, 1986; Bettis and Prahalad, 1995; von Krogh et al., 2000). The empirical analysis of this paper is based on a qualitative content analysis of the annual reports of the Finnish Broadcasting Company during the years from 1976 to 2012. Those are the years of opening media markets, increasing media competition, and radical technological changes. The main idea of my empirical analysis is to detect how managerial framing has coped with the environmental changes; how it has altered and

redefined the basic elements of the dominant logic, interpreted through such elements as *a company's mission, technology, competitors, audience relationship, and content*.

Main contributions

The findings confirm my theoretical presupposition that dominant logic evolves path-dependently through shorter change periods. In addition, the changes in Yle's dominant logic, as manifested in the annual reports, reflect the changes in the media environment. Importantly, the longitudinal historical analysis deepens the understanding of the renewal process analyzed in the other publications of this study. The present state of affairs becomes more understandable when we know the preceding developments and paths.

The empirical analysis divides the period under analysis into five distinctive sub-periods. The sub-periods differ in the ways that managers emphasize and interpret the explored elements of dominant logic (Yle's mission, technology, competitors, audience relationship, and content). Following the path-dependent logic, the changes in the former period seem to give the direction for the changes in the following period. Each period gives new experiences and pushes the dominant logic forward by strengthening some elements of the dominant logic and weakening others (reflecting the changes in the environment). In addition, the dominant logic seems to evolve consistently. The five elements of dominant logic analyzed – Yle's mission, technology, competitors, audience relationship, and content – seem to be closely linked with each other, thus following the underlying principle of managerial thinking in each period. In addition, they change at the same speed and in the same direction, especially when more radical changes occur in the environment.

The findings also highlight the experience-based learning on which the changes in dominant logic are based. For example, the emergence of the first private radio in the 1980s was first regarded as threatening to Yle's monopoly position, and therefore Yle strongly defended itself by blaming its competitors for their "dishonest" intentions and their desire to break down the monolithic Finnish system. By the time the acquisitions calmed down, Yle had obviously learned to live with the new phenomenon called competition.

5.6. Publication 5: Decision-making under two dominant logics in public media

Research objectives

The fifth paper complements the earlier publications by focusing on managerial decision-making in the renewal process, by means of a longitudinal perspective. The results are based on the longitudinal analysis comparing the two quantitative surveys made at Yle (in 2011 and 2014), and combines the results with a qualitative analysis based on interviews with Yle's managers. The focus on the managerial level is justified by the highly important role of managers as the initiators and leaders of strategic renewal (Helfat et al. 2007; Teece, 2012). The purpose of the study is to offer insights into and understanding of the path-dependent nature of managerial thinking, by analyzing its evolution during change. In addition, it analyzes the contradictions, tensions, and challenges faced during the renewal process, in which the old ways of thinking and doing co-exist and collide with the strategic desires and actions supporting the renewal process.

Furthermore, the study complements the preceding papers by taking into consideration Yle's position as a public institution, being publicly controlled, owned, and funded (Bozeman, 1987). The purpose is to analyze how the context of a public organization adds to the tensions in the dual situation (with the old and the new dominant logic).

The theoretical frame used is based on theories of *managerial cognition* (the concept of dominant logic) and *public management* (Bozeman, 1987). The analysis applies a mixed methods approach based on both longitudinal quantitative survey data and semi-structured interviews with managers. The use of extensive data and various methods will offer a comprehensive understanding of the phenomenon under study. The qualitative analysis is expected to give insights into the question of what the reflections of dominant logic in managerial cognition and decision-making reveal about the immanent nature of dominant logic and the ongoing organizational learning process.

Main contributions

The analysis reveals the contradictory nature of managerial cognition: it reflects commitment to change but is itself quite stable. According to the findings, managerial cognition differs from the rest of the organization by being more committed to change. This supports the basic idea of modern strategy research, according to which managers are the carriers of change. However, on the other hand, the results reveal that the cognitive structure remains stable: managers' strategic thinking related to the underlying dominant logic did not change during the period under analysis.

Furthermore, the study shows that strong path dependencies are one of the focal sources of tensions and inertia in decision-making that aims to pursue strategic renewal. The learned patterns of behavior related to the traditional or old dominant logic (in the case of Yle, the broadcasting culture) seem to dominate. They live in the structures, decision-making procedures, and managerial attention. This becomes evident in the dual situation created during the renewal process, in which the old and the new dominant logic co-exist, intertwine, and collide. The constant fluctuations of managers between the old and the new dominant logic seem to be part of the continuous learning process, in which managers constantly redefine and reflect their perceptions of the old and the new dominant logic.

The analysis of the influence of the public context on the managers' decision-making clearly indicates that the public context – the expectations of the politicians and tax payers – increases the tensions faced by the managers. This also tends to hamper the decision-making in favor of the new dominant logic.

The fifth paper contributes to the understanding of the management of public media, which has long remained quite an untouched field in media management research (Nissen, 2013). In addition, the analysis offers an approach that can be used when analyzing change management in other types – private and public – of media institutions as well. Focusing on management of public media also extends the domain of public management studies to organizations other than typical public sector organizations.

5.7. Publication 6: Stability and change - the dual nature of dynamic capabilities

Research objectives

The sixth paper continues the path opened by the fifth paper, by exploring the nature of dynamic capabilities on a longitudinal basis. The study explores the dual or even contradictory nature of dynamic capabilities: they are stable, but their task is to overcome the inherent stability of organizations when facing changes in the environment. The empirical analysis is based on longitudinal data collected at Yle, with surveys carried out in 2011 and 2014.

Based on the logic of evolutionary theory (Nelson and Winter, 1982), the dynamic capabilities evolve through path-dependent and experience-based learning, and are therefore inclined to *stability*. As a result, we have an interesting paradox at hand: *the dynamic capabilities are stable by nature, but their 'raison d'être' is to overcome organizational stability*. This study seizes this paradox in the context of public media. The main purpose of the empirical analyses is to explore the nature and functioning of dynamic capabilities in the light of the basic assumptions of the dynamic capability view. The two main assumptions that this paper wants to tackle are: (1) dynamic capabilities evolve slowly due to their evolutionarily grounded nature; (2) dynamic capabilities indirectly enhance an organization's performance by changing and re-organizing the resource base (consisting of routines, operational or first-order capabilities, and higher-order capabilities) (Teece et al., 1997; Zollo and Winter, 2002; Helfat et al., 2007; Hine et al., 2013).

Main contributions

The sixth paper confirms the inherently stable nature of dynamic capabilities (Teece et al., 1997; Peteraf et al., 2013). Furthermore, the analysis shows that established organizations are able to change and build learning-enhancing capabilities. This questions the one-sided picture of them being burdened by organizational inertia, looking far more backward than forward. The analysis also confirms that the value of dynamic capabilities depends on how valuable the outcomes are that they carry out in practice on the operational level, in processes, routines,

and competencies. This challenges the managers at all levels of the organization to make sure that strategies turn into actions, and that the right dynamic capabilities are built and deployed in order to make the desired changes. The study continues the analysis of the fifth paper on dynamic capabilities related to Teece's (2007) model of the sensing, seizing, and reconfiguring capacities. The analysis confirms the earlier results of the different functions of the capacities, presented in the third publication: the sensing capacity is related to the external environment, whereas the seizing and reconfiguring capacities take care of the renewal process inside the organization.

Furthermore, the complex structures of public media companies make change management even more challenging, because different sub-structures and sub-units inside the organization learn and change in different ways and at different speeds, depending on their targets and desires. Therefore, in addition to the ability to sense the external environment, managers need to have the ability to sense the internal environment: the different needs and desires in different parts of the organization.

To conclude, Table 6 summarizes the main contributions of the articles.

Table 6. Summary of the publications with their main contributions.

Main research question:		
<i>How do the pursuit of change and organizational inertia co-exist, intertwine, and collide in organizational cognition and capabilities during the strategic renewal?</i>		
Publication 1: Cognition as a driver and barrier of strategic renewal: The case of the Finnish Broadcasting Company	Main contribution 1: Analyzes the path-dependent nature of organizational cognition.	Frame: Dominant logic Data: Survey 2011
Publication 2: Centripetal and centrifugal forces of strategic renewal: The case of the Finnish Broadcasting Company	Main contribution 2: Determines cognition, capabilities, and organizational structure as both drivers of and barriers to renewal. Analyzes the intertwining of cognition and capabilities in the renewal process. Reveals the context-bound nature of cognition and capabilities.	Frame: Dominant logic, dynamic capability view Data: Survey 2011
Publication 3: Dynamics of dynamic capabilities - the case of public broadcasting	Main contribution 3: Analyzes the interdependencies and different functions of the sensing, seizing, and reconfiguring capacities of dynamic capabilities.	Frame: Dynamic capability view Data: Survey 2011
Publication 4: The evolution of dominant logic: Forty years of strategic framing in the Finnish Broadcasting Company	Main contribution 4: Analyzes the path-dependent evolution of dominant logic from a historical perspective.	Frame: Dominant logic Data: annual reports 1976–2012
Publication 5: Decision-making under two dominant logics in public media	Main contribution 5: Analyzes the inert nature of managerial cognition and the effects of organizational and cognitive path dependencies on decision-making during strategic renewal. Analyzes the effects of the public context on decision-making during strategy renewal.	Frame: Dominant logic, public management Data: Surveys 2011 and 2014; interviews with managers, winter 2013/2014
Publication 6: Stability and change - the dual nature of dynamic capabilities	Main contribution 6: Analyzes the contradictory nature of dynamic capabilities: they are stable but their task is to overcome change. Confirms the indirect effect of dynamic capabilities on performance. Reveals the context-bound nature of capabilities.	Frame: Dynamic capability view, organizational learning Data: Surveys 2011 and 2014

Based on a review of the results of the six publications, one can conclude that *triangulation* takes place between the different publications. The results concerning the nature and behavior achieved in one paper are often confirmed by the results of one or more other papers. For example, the first, fourth, and sixth publications, based on quite different data and research methods, all come to the same conclusion, confirming the idea that both managerial and organizational cognition gradually evolve in a path-dependent manner. Respectively, the second, third, and sixth publications confirm the path-dependent and context-bound nature of dynamic capabilities. The first and fifth publications both show that the managerial cognition behaves, to a large extent, differently from the cognition of non-managers. Furthermore, the third and sixth sub-studies confirm each other with the results concerning the different roles and effects of the sensing, seizing, and reconfiguring capacities of dynamic capabilities.

6. CONCLUSIONS AND LIMITATIONS

6.1. Contributions of the study

The purpose of this dissertation is to look inside the organization and to shed light on the dynamics of an organizational strategic renewal process. This study deals with the important question of modern strategy research on how path-dependent and inert organizations manage to cope with dynamic environments. The main research question of my thesis is:

How do the pursuit of change and organizational inertia co-exist, intertwine, and collide in organizational cognition and capabilities during the strategic renewal in the Finnish Broadcasting Company?

The main research question of my dissertation has been answered with six sub-questions. Each sub-study explores the main research question from a different perspective, but eventually, they are all dealing with the same main question of how change and organizational inertia co-exist, intertwine, and collide in the renewal process. The use of different theoretical approaches, quantitative and qualitative analysis, and cross-sectional and longitudinal approaches, has made it possible to scrutinize the research question in diverse ways, in order to offer a comprehensive picture of the phenomenon under study. In the following, I will review how the six sub-studies referring to the sub-questions open and contribute to the main research question. After this, I will summarize the main theoretical and empirical contributions of the study.

Sub-question 1: What kinds of mindsets arise in relation to the old and the new dominant logic during the strategic renewal process?

My study clearly confirms that the organization learning process takes place gradually and that it does not move forward as one coherent unit. The old and the new ways of thinking co-exist and collide, as the cognition divides into several shared mindsets that commit differently to the old and the new dominant logic. Some are strongly tied to the old way of thinking, and some strongly to the new way. The comparisons between different work careers show that the

commitment to the old dominant logic is strongest among those who have been working the longest in the organization. It is also stronger among non-managers than managers. Newcomers and managers are the most eager to learn the new dominant logic – the mindsets committed to the old dominant logic emerge even here, but on a smaller scale than in other groups.

Furthermore, the study confirms that the pursuit of change and organizational inertia co-exist, intertwine, and collide on the organizational level. The strategic renewal collides with the past thinking, which still has a strong influence in the organization, in the ways it interprets the world and processes new information. It is not only on the level of cognition, but as behavioral theory indicates, it is also embedded in the organizational behavior, in the routines, capabilities, and processes. The organizational renewal process requires cognitive reorientation toward the new thinking, and if that reorientation has not happened, it is clearly a sign that the routines will follow the old way. This emphasizes the role of managers as catalysts of change.

Sub-question 2: How do organizational cognition and dynamic capabilities relate to the organizational context (sub-unit structure)?

My study explores the context-bound and path-dependent nature of organizational cognition and dynamic capabilities. The empirical analysis confirms the presuppositions that the organizational structure (operationalized as sub-units with different functions and tasks) conditions the cognitive framing and the functioning of dynamic capabilities during a strategic renewal process.

According to the results, the pursuit of change and organizational inertia co-exist, intertwine, and collide differently in different sub-unit contexts. Some sub-units are more committed to learning the new way of thinking and doing than others. In the sub-units with a stronger commitment to learning (on the cognitive and capability level), the pursuit of change and organizational inertia can also be expected to generate fewer tensions than in those that are more backward looking. The differences can be explained by the different histories and functions of the sub-units. Because organizations change path-dependently through

experience-based learning, the capabilities and knowledge structure built earlier do not change fast.

Sub-question 3: What is the relationship between the sensing, seizing, and reconfiguring capacities of dynamic capabilities in enhancing the change performance?

My dissertation explores dynamic capabilities as organizational drivers of change. The study sheds light on the internal dynamics of strategic renewal by scrutinizing the functioning of dynamic capabilities. In addition, it examines their context-bound nature, based on the theoretical presupposition that dynamic capabilities are tailored to the settings in which they are built and deployed (Helfat et al., 2007).

Following Teece's (2007) model of sensing, seizing, and reconfiguring capacities of dynamic capabilities, the study shows that each capacity has a different role in the logical chain of activities that they form. Sensing is to "collect" the relevant information for the organization, and its effect on performance seems to be indirect, mediated by the seizing and reconfiguring capacities. Furthermore, the study confirms the context-bound nature of dynamic capabilities. Their effect on the change performance varies among the different sub-unit contexts.

As to the main research question, the ability of dynamic capabilities to enhance the change varies between different sub-units, depending on their strategic desires and/or abilities to build and deploy dynamic capabilities. Furthermore, each unit is unique and differs in the ways in which the sensing, seizing, and reconfiguring capacities behave. A unit may have a high sensing capacity but a low seizing capacity, or vice versa. This manifests itself in the context-bound nature of the change happening through experience-based learning (Levitt and March, 1988); an organization or unit's ability to utilize dynamic capabilities develops through learning mechanisms, as well (Zollo and Winter, 2002). So, an organization or a unit may be better in a sensing than in a reconfiguring capacity. Naturally, these variations between the capacities of dynamic capabilities across the different functional sub-units make the management of the renewal process complicated.

Sub-question 4: How has the dominant logic in the Finnish Broadcasting Company evolved during the last four decades?

My study explores the path-dependent learning process of managerial cognition (in terms of dominant logic) from a historical perspective, analyzing the evolution of managerial strategic thinking during the past four decades in Yle. The analysis follows the evolutionary idea that “history matters” (Nelson and Winter, 1982); organizations carry the past with them as they are heading for the future, and the past experiences and decisions partly determine the future. The managers’ ability to interpret reality and to question the established ways of thinking are highly important in order to carry out strategic renewal successfully (Tripsas and Gavetti, 2000; Kaplan, 2011; Teece, 2012).

The findings confirm the view that strategic framing evolves path-dependently as an incremental learning process. When looking at the changes over a longer time horizon, the changes in managerial sense-making seem to proceed stepwise through shorter change periods. Following the path-dependent logic of a learning process, the changes – and experiences from the changes – in one period give the direction to the changes in the next period, and so on.

Sub-question 5: How do the co-existence of the old and the new dominant logic and Yle’s role as a public service institution affect the managers’ decision-making?

According to the results of my study, both managerial and organizational cognition evolve path-dependently. The longitudinal analysis shows that even though the managers are more committed to the new dominant logic and to changing their mental models than other employees, managers’ mental models are persistent as well. In addition, my study reveals that strong path dependencies are one of the focal sources of tensions and inertia that managers face when pursuing the strategic renewal process. The learned patterns of behavior related to the old dominant logic seem to dominate, thus hampering decision-making that promotes the new dominant logic. The dual situation between the old and the new dominant logic seems to create a decision-making situation in which managers constantly redefine and reflect their perceptions between the old and the new dominant logic.

Furthermore, the results indicate that the features arising from the public nature of an organization have an impact on decision-making. The expectations of the external stakeholders and taxpayers put extra pressure on managers, which seems to discourage them from making bold and radical decisions.

As to the main research question on the tension between the pursuit of change and organizational inertia during the change process, this paper offers evidence on the tension that path dependencies create during the renewal process. The old dominant logic is embedded in the routines on all levels – in cognition and decision-making processes.

Sub-question 6: How do the stability and the change-promoting task of dynamic capabilities manifest themselves during the strategic renewal?

My longitudinal study brings forth the contradictory nature of dynamic capabilities by showing that the pursuit of change and inertia co-exist and intertwine in the behavior of dynamic capabilities. In my study, the longitudinal analysis confirms the inherently stable nature of dynamic capabilities (Pierce et al., 2002; Teece, 2007). But despite their stable nature, dynamic capabilities act as so-called higher-order capabilities that enhance performance indirectly by renewing the resource base, meaning assets, routines, and capabilities (Zahra et al., 2006; Helfat et al., 2007). The analysis emphasizes that successful renewal requires dynamic capabilities that are built and deployed in line with the desired strategic targets. Furthermore, the longitudinal analysis offers evidence of the renewal capability of incumbent organizations such as Yle.

In the following, I want to summarize the main contributions of the study. First of all, my dissertation highlights and documents the evolutionary nature of organizational processes (Nelson and Winter, 1982), in which past experiences constrain future decisions, and established routines of actions and ways of thinking persist and affect organizational behavior during changes. My research brings forth the characteristics of organizational behavior as defined in the behavioral tradition (March and Simon, 1958; Cyert and March, 1963). According to this tradition, organizations are social interpretation systems (Daft and Weick, 1984) that apply mental models or strategic frames (Walsh, 1995) to cope with the complex

reality. Furthermore, my research clearly confirms the dual nature of cognition and capabilities: they are needed to enhance the path-dependently evolving renewal process (Agarwal and Helfat, 2009), but they themselves are inherently stable by nature.

Theoretically, my study contributes to the strategy research by applying, in a unique way, two different theoretical approaches – the dynamic capability view and the dominant logic research tradition – in the same study and even in the same papers. The study opens up a way for further development of a coherent model based on both the dynamic capability view and the concept of dominant logic. This opens up opportunities for new multi-faceted interpretations of the role of cognition and capabilities in the renewal process. The study continues the young tradition of studies on how managerial cognition intertwines with or affects organizational behavior in adapting to change (Agarwal and Helfat, 2009; Kaplan, 2011). The special contribution of this study is that it comprises the whole organization, and not only managers, as is usually the case.

Furthermore, my research contributes to the operationalization of the concepts used. As to the dynamic capability view, it further operationalizes Teece's (2007) model, which divides dynamic capabilities into three capacities of sensing, seizing, and reconfiguring. My analysis of dynamic capabilities sheds light on the different roles of these capacities in promoting change by changing the resource base in order to achieve a better evolutionary fitness (Helfat et al., 2007). In the domain of managerial and organizational cognition, the study adds to the few studies related to the concept of dominant logic (e.g. von Krogh et al., 2000; Oblój et al., 2013). My study serves as an example of how to operationalize the concept, as defined originally by Prahalad and Bettis (1986), as the strategic frame that defines the main beliefs of the firm's business strategy. It also confirms the usefulness of the concepts of domain logic in exploring the behavior of managerial and organizational cognition during strategic renewal.

My dissertation also contributes to the media management research (Mierzejewska, 2005). It sheds light on the challenges that managers of media organizations have to cope with in the digital era. There are only a few studies applying dynamic capabilities (Ellonen et al., 2009; Jantunen et al., 2012; Oliver, 2014; Naldi et al., 2014) or the concept of a strategic frame or dominant logic (Gilbert, 2006; Ellonen et al., 2014) in the media context.

The gap is even bigger in the public media context, so my study fulfills the urgent need for studies on public media management (Nissen, 2013). Yle offers an excellent case in which to explore the tensions between strategic renewal and organizational path dependencies using the concepts of dominant logic and dynamic capabilities. It is an old institution with long-established traditions, coping with a rapidly changing environment. It does not only highlight the challenges of public media management, but also public management in general. My analysis documents the characteristic features of public management (Walshe et al., 2010) coping with the pressures from outside stakeholders in terms of public funding and control (Bozeman, 1987; Walshe et al., 2010).

There is an emerging tradition of studies applying the dynamic capability view in the public sector context (Pablo et al., 2007; Piening, 2013), but this study extends the application of dynamic capabilities to the new context of public media. The theoretical frame based on the dynamic capability view (Helfat et al., 2007; Teece, 2007), the concept of dominant logic (Prahalad and Bettis, 1986; Bettis and Prahalad, 1995), and Bozeman's (1987) model of publicness form an excellent approach to analyzing public management. In this respect, my study offers a basis for further model development for strategy research in the field of public sector organizations.

Methodologically, this study confirms that a single-case study (Yin, 2014, 51) serves as an insightful tool to explore the strategic renewal process, especially when carried out using different theoretical approaches, methods, and databases. The mixed methods research approach (Johnson et al., 2007) – the richness of research methods and databases – makes it possible to form a comprehensive picture of the phenomena under study.

Furthermore, the different theoretical frameworks (dynamic capability view and dominant logic), research methods (qualitative, quantitative, historical), and databases (cross-sectional and longitudinal data, interviews, and archives) make it possible to take the triangulation process (Patton, 2002) very far. This, in turn, improves the validity of the results.

6.2. Managerial implications

This study gives rise to some implications for managers, who, as emphasized several times in this study, have an indispensably important role in leading the organizational renewal process. If managers are not committed to change, if they do not have visions and desires, the organization is most probably going to face hard times in coping with the competing and changing environment. When talking about managers, I would like to emphasize the important role of all managers at all levels of an organization.

This study has emphasized that – in line with the main research question – the pursuit of change and organizational inertia co-exist, intertwine, and collide in many ways and at many levels during the renewal process. The past experiences always come along when heading for the future, and the learned routines and capabilities constrain the learning of new things. Therefore, the managerial capabilities and practices are at stake. It is the managers who are in charge of enhancing and supporting the organizational learning, in committing the organization to change, and enhancing and supporting the learning in practice. In terms of organizational cognition and capabilities, which have been a focus of this study, the mindsets that an organization creates and the capabilities that it builds are both important drivers of renewal. Based on some of the results of this study, a commitment to change and the real-life practical changes seem to go hand in hand. Logically, one can argue that an organization's commitment (the sphere of organizational cognition) to the new strategies is a fundamental precondition in order to make the changes really happen. This challenges the dynamic capabilities of top-level managers (their leadership skills, knowledge management) to succeed in committing the organization to implementing new strategies.

This study has also shown that an organization does not change as one coherent unit, but different functional sub-units and groups with different work experiences form different kinds of mindsets in relation to the changes. Furthermore, different parts of an organization may carry out the changes at different speeds. This challenges the managers all the more in the pursuit of carrying out the organizational renewal. Here, I would like to refer to the model of Teece (2007), which divides dynamic capabilities into three capacities: sensing, seizing, and reconfiguring. As Teece emphasizes, the sensing is important in sensing the opportunities and

threats in the changing environment. I would also like to emphasize managers' abilities to sense the internal world: the opportunities and threats inside the organization. Knowing the organization would help managers to tailor their messages and support learning in a proper way in different parts of the organization.

This case study has also shown that the path from first sensing the need for change to really carrying it out is long and winding. As discussed in the sixth publication, in order to achieve results in performance, it is not enough just to understand well what is going on, and it is not enough to make good decisions. Although the sensing, seizing, and reconfiguring capabilities are important in carrying out changes, what really counts is making the change happen at grassroots level – in routines, capabilities, and competencies. Therefore, managers – and ideally also the whole organization – should know what they want, and what the strategic goals are. This is a precondition for building and deploying the right kinds of dynamic capabilities to enhance the renewal in the right direction. As discussed, dynamic capabilities are costly; it would be a waste of resources to sustain dynamic capabilities that do not serve the desired goals. Furthermore, like all organizational elements, dynamic capabilities are inherently stable by nature, and therefore managers have to actively refresh and renew them to match the changing goals.

As shown in this study, and especially in the fifth publication, managerial cognition and capabilities also evolve path-dependently. The desire for stability and the pursuit of change are in constant dialog and tension with each other. The ultimate question is how managers could manage themselves, keep their minds open and proactive, and get their dynamic managerial capabilities refreshed and renewed. Part of the answer could be found in absorptive capacity (Cohen and Levinthal, 1990; Zahra and George, 2002). Organizations need to build such mechanisms and capabilities that enable new knowledge and new ideas to be openly absorbed and interpreted from outside and from inside the organization. What that really means, and what else is needed at the top management (and dynamic managerial capabilities) level (Adner and Helfat, 2003; Helfat and Peteraf, forthcoming) to keep the managers' mindsets open and refreshed, is something worth studying in more detail. As discussed in the fifth publication, the need for openness and proactiveness is crucial,

especially in public organizations in which the managers' attention is distracted and burdened by a multitude of often contradictory expectations from external stakeholders.

6.3. Limitations and further research

There are some limitations to this study that I want to note. Even if this study combines and utilizes quantitative and qualitative methods and different databases, the triangulation could have been developed further. Especially the utilization of qualitative data remained relatively minor and was directly used in only two papers.

Another important question is how generalizable the results obtained from the one single-case study are in the context of management in general, and media management in particular. It is, of course, clear that all organizations face the need for strategic renewal, but it remains to be further studied how far my results can be applied to different kinds of organizations. Nonetheless, because all the analyses are strictly based on coherent theoretical frameworks, the results must be generalizable, at least to some extent.

One special limitation in the public media context is the inability to use objective financial performance measures, such as profitability, market value, and growth rate. Instead, I had to use indirect performance criteria, such as perceived subjective change performance and so on. Because of this problem, the performance of Yle is hard to compare with other media companies. Especially in the dynamic capability context, this is clearly a handicap. On the other hand, I am quite sure that many of the results obtained concerning the renewal ability also hold true when performance is measured by more objective criteria. This remains to be done in further studies.

One interesting feature that is of great importance (and that is relatively less studied) is the role of power relations within an organization. These certainly affect the way in which dominant logic is built and renewed, and how strong organizational rigidities are. Power relations are also important in the context of dynamic capabilities, even if this phenomenon is not much studied yet. I think that by explicitly taking power relations into account, the view

obtained in this study will become even clearer and deeper. This will be one of the further research directions to be followed.

One limitation is related to the fact that I analyzed dynamic capabilities in the context of learning and knowledge integration, which are quite general concepts. This limitation was caused by having the whole organization as a research object. Therefore, it was not possible to isolate such clear and specific dynamic capabilities that are typical, for example, of product development and innovation processes, and that are extensively analyzed in dynamic capability literature. In the future, this problem could perhaps be avoided by using more detailed qualitative data that makes it possible to put triangulation to greater use. On the other hand, having the whole organization as a research object also has its advantages. It makes it possible to get a more profound picture of the internal rigidities, contradictions, tensions, and potentials involved in the organizational renewal process.

As for further research, the limitations explained above already show the direction for further studies. One way is to deepen the triangulation further by better combining the qualitative and quantitative data. Another obvious direction for further research is to generalize the results obtained to the wider media context, even if the problem of performance measurement then has to be somehow tackled. One interesting question to be studied, in addition to the power relations question mentioned above, is the kinds of mechanisms by which managerial cognition really renews itself. Until now, this question has remained unsolved or at least little studied (Kor and Mesko, 2013). A more explicit combination of the two theoretical approaches used in this study could be a productive way to explore this important question.

My dissertation gives rise to further methodological developments. The operationalization of dynamic capabilities (Teece's model of sensing, seizing, and reconfiguring capacities) and the concept of dominant logic could be developed further and tested in other kinds of organizational contexts and for larger samples. Respectively, the model of this study, based on the dynamic capability view and the concept of dominant logic, could be further developed into a more comprehensive model, which could be applied to explore the intertwinement of cognition and capabilities in a more focused way. This could be developed further, for

instance, by means of the model of publicness launched by Bozeman (1987), in order to explore strategic renewal in the public organizations.

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APPENDICES

- Appendix 1. The questionnaire of the survey conducted at the Finnish Broadcasting Company, Yle, in fall 2011.
- Appendix 2. The questionnaire of the survey conducted at the Finnish Broadcasting Company, Yle, in February 2014.

APPENDIX 1. The questionnaire of the survey conducted at the Finnish Broadcasting Company, Yle, in fall 2011.

Yle's renewal

**Welcome to a survey on changes occurring at Yle! The survey has ten pages.
Don't hesitate to comment freely! Thank you in advance for your time!**

1. Gender

- Male
- Female

2. Age

- under 30 years old
- 30–50 years old
- Over 50 years old

3. The length of your work career at Yle

- less than 5 years
- 5-10 years
- 11-20 years
- More than 20 years

4. Have you been previously employed by a media sector organization other than Yle for more than one year?

- Yes
- No

5. Your employment contract is

- Valid until further notice
- Fixed term

6. Are you a manager?

Yes

No

7. Your organizational unit is

Media

News and Current Affairs

Creative Content

Swedish Yle

Operations

Other

8. Which of the following factors motivate you in your work at Yle? Select 3–5 alternatives and put them into order of importance. Mark the most important factor in column 1, the next most important in column 2, etc. You may also add some other alternatives.

You may choose five alternatives at maximum! You may only choose each level of importance (1–5) once.

You may change your choice by clicking on it again.

	1	2	3	4	5
Yle's independence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Safe employment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
An opportunity to influence social issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
An opportunity to put new ideas into practice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle's respected position	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Freedom of working	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
An opportunity to develop in your work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A good working atmosphere	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Salary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The quality of content produced by Yle	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The values of Yle	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My own work duties	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Large audience and customer numbers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Good technological resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, what? (In order to be able to write in the space, choose the order of importance first.) _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, what? (In order to be able to write in the space, choose the order of importance first.) _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Below is a group of statements related to the Finnish Broadcasting Company (Yle). In section A, the statement pairs describe Yle's current situation, while in section B they describe where operations should be focused from now on in your opinion. Assess the statements from your own perspective: the closer the alternative you choose is to the statement, the more you agree with that statement, and vice versa. Speak your mind boldly!

1 A. At the moment, Yle's operations focus primarily on:

content serving large audiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	creation of interactive content taking into account the needs of smaller customer groups
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1 B. In the future, Yle's operations should focus on:

content serving large audiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	creation of interactive content taking into account the needs of smaller customer groups
---------------------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	--

2 A. At the moment, Yle's position within the media is based primarily on:

laws defining Yle's public service tasks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	success in media competition as one medium among others
--	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	---

2 B. In the future, Yle's position should be based primarily on:

laws defining Yle's public service tasks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	success in media competition as one medium among others
--	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	---

3 A. At the moment, Yle takes care of its audience and customer relationship by:

focusing on maintaining existing audience and customer relationships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	focusing primarily on building new audience and customer relationships
--	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	--

3 B. In the future, Yle should take care of its audience and customer relationships by:

focusing on maintaining existing audience and customer relationships ○ ○ ○ ○ ○ ○ ○ ○ focusing primarily on building new audience and customer relationships

4 A. At the moment, Yle is reforming its operations primarily by:

developing its existing competence and activities ○ ○ ○ ○ ○ ○ ○ ○ renewing its operations in fields where Yle has no existing competence or activities

4 B. In the future, Yle should focus on developing its operations by:

developing its existing competence and activities ○ ○ ○ ○ ○ ○ ○ ○ renewing its operations in fields where Yle has no existing competence or activities

5 A. At the moment, Yle is responding to changes in the media environment by:

trying to retain its current practices and functions ○ ○ ○ ○ ○ ○ ○ ○ anticipating changes by changing its practices and functions to correspond to the new requirements

5 B. In the future, Yle has to respond to changes in the media environment by:

trying to retain its current practices and functions ○ ○ ○ ○ ○ ○ ○ ○ anticipating changes by changing its practices and functions to correspond to the new requirements

10. What threats do you perceive facing Yle's position? Answer the following statements on a scale of 1–5 according to how likely the statement regarding a threat is in your opinion.

1=not at all likely,
5=extremely likely

1 2 3 4 5

Responsibilities related to Yle's public service broadcasting will be handed over to commercial media.

Yle will lose young audiences.

Yle will gradually lose radio and TV audiences.

Yle will lose its credibility in public service broadcasting, which will be limited only to special duties.

Yle will not be able to reform its activities and competences to correspond to rapid changes in the environment.

Yle's funding will deteriorate.

Yle will lose professionals and competence elsewhere.

Yle will be unable to cut down and limit its activities to correspond to its funding.

Other, what? (In order to be able to write in the space, choose first _____ how likely you find it.)

Other, what? (In order to be able to write in the space, choose first _____ how likely you find it.)

12. In your opinion, in what respect does Yle need to change? How will Yle succeed in the future? Estimate the following statements on the scale of 1–5 according to how well you agree with the statement.

1=completely disagree,
5=completely agree

1 2 3 4 5

Yle's success depends on how boldly it will be able to benefit from opportunities afforded by new technology (social media, mobile, etc.).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The most important thing for Yle's success is to focus on public service broadcasting.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle will succeed if it is capable of close interaction with its audience and customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle has already found its place and will succeed under its current way of operating.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle's success requires the creation of unique 'hit products'.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Due to its public service status, Yle has to be moderate in its reforms.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Change must be based on the development of the competence of Yle's current staff.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the future, Yle must be able to act more boldly to retain its customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle must be careful in order to avoid critical debate about its position.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle's success depends on how well it reaches young audiences.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle needs to expand its competence through partnerships.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In order to succeed in the changing circumstances, Yle will need to recruit new experts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle has to have the courage to select the most important activities and give up unnecessary ones.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle needs to cooperate with commercial media.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. If you wish, you can assess Yle's need for change and success factors in your own words.

14. How would you assess Yle's ability to change? Estimate the following statements on the scale of 1–5 according to how well you agree with the statement.

1=completely
disagree,
5=completely agree

1 2 3 4 5

- | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Yle is capable of taking rapid action in its changing operating environment. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Yle finds it difficult to adapt to interactive practices of working in social media. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Yle is an innovative forerunner in the media sector. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Yle is incapable of changing its way of operating sufficiently quickly. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Yle is sensitive in recognising the changing media usage needs of its audiences. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Old ways are hard to change at Yle and change always takes time. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Yle predicts future changes and adapts its activities for them well in advance. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Commercial media are more innovative than Yle. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Public regulation limits Yle's ability to change its activities. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

15. If you wish, you may assess Yle's capability for change in your own words.

16. What is your attitude towards the organizational and strategic reform started at Yle in spring 2011? Estimate the following statements on the scale of 1–5 according to how well you agree with the statement.

	1=totally disagree, 5=totally agree				
	1	2	3	4	5
The reform will diversify my job and competence.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The reform increases uncertainty and work pressure.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The reform increases my opportunities for advancement in my career.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am afraid that my competence will not be sufficient to answer to the new challenges.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am enthusiastic about the reform and wish to participate in it.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I consider the reform unnecessary.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I trust in the management's ability to make decisions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I consider change necessary for Yle's competitiveness.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am afraid that I will lose my job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that my competence is not fully utilised in this reform.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am tired of constant change.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17. If you wish, you may describe your attitude towards Yle's reform in your own words.

18. Below are some statements about YOUR WORK AND the operating methods of YOUR WORK UNIT. (If due to nature of your work, you belong to several work units, choose the one you feel is closest to you. Estimate the following statements on the scale of 1–5 according to how well you agree with the statement.

	1=totally disagree, 5=totally agree				
	1	2	3	4	5
In my work unit, we actively scan other media.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my work unit, we do not respond to customer feedback enough .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We are actively in contact with different stakeholders.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my work unit, we actively follow changes in audience and customer behavior and needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I get a lot of ideas for my work by following and participating in various internet communities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my work unit, the customer feedback and audience research are taken into account in the development work.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My work unit knows how to utilise new methods enabled by social media to approach audiences and customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the last two years, new working methods have been developed in a significant way.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my work unit, the changes agreed upon are carried out and not left unfinished.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my work unit, we are capable of making fast decisions and changes in work practices when needed.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sharing knowledge and learning new things is a typical way of working in my work unit.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my work unit, the professional skills and expertise of personnel are developed through specifically targeted training.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My work unit is slow to adopt news skills and working methods.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My job description has expanded with the implementation of new media (for example, social media).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the last two years, I have developed my own competence in a significant way.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19. Evaluate your work unit's performance, considering the recent reforms, using the Finnish school grading scale of 4 to 10.

4 5 6 7 8 9 10

How well has your work unit coped with the reforms? ○○○○○○○○

20. Give a grade on the scale of 4–10 about how Yle has succeeded in the duties listed below.

4 5 6 7 8 9 10

How well does Yle take care of its public service duties? ○○○○○○○○

How well is Yle renewing its contents and operating methods? ○○○○○○○○

How well does Yle succeed when compared with commercial media? ○○○○○○○○

APPENDIX 2. The questionnaire of the survey conducted at the Finnish Broadcasting Company, Yle, in February 2014.

Success of Yle's renewal

Welcome to a survey on the success of Yle's 2011 reforms!
Please don't hesitate to comment freely! Thank you in advance for your time!

1. Gender

- Male
- Female

2. Age

- under 30 years old
- 30-50 years old
- over 50 years old

3. The length of your work career at Yle

- Less than 5 years
- 5-10 years
- 11-20 years
- over 20 years

4. Your employment contract is

- Valid until further notice
- Fixed term

5. Are you a manager? (director, producer, etc.)

- Yes
- No

6. Your organizational unit is

- Media
- News and Current Affairs
- Creative Content
- Swedish Yle
- Operations
- Joint Operations

7. During the last three years, have you worked at more than one unit at Yle (Media, News and Current Affairs, Swedish Yle, Operations, Joint Operations)?

- Yes
- No

8. What are your own experiences and thoughts about the changes that have occurred in the last two years? If your employment has started later, evaluate changes which have occurred during your employment contract. Assess the following statements on a scale of 1–5 according to how well the statements comply with your understanding and experience.

1=totally disagree,
5=totally agree

1 2 3 4 5

- | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| My job description has become more varied. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| My work pressure has increased. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| My competence has increased. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I feel more uncertain than before. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I now have better duties than before. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I do not consider the changes necessary. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I have had the opportunity to utilise my competence to the full. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I have participated enthusiastically in the changes. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I consider change necessary for Yle's competitiveness. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I trust in the management's ability to make decisions. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I am tired of constant change. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I felt that my competence is inadequate. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

9. If you wish, you can say more about your experiences during the last two years here in your own words.

10. Below is a group of statements related to the Finnish Broadcasting Company (Yle). In section A, the statement pairs describe Yle's current situation, while in section B they describe where operations should be focused from now on in your opinion. Assess the statements from your own perspective: the closer the alternative you choose is to the statement, the more you agree with that statement, and vice versa. Speak your mind boldly!

1 A. At the moment, Yle's operations focus primarily on:

content serving large audiences creation of interactive content taking into account the needs of smaller customer groups

1 B. In the future, Yle's operations should focus on:

content serving large audiences creation of interactive content taking into account the needs of smaller customer groups

2 A. At the moment, Yle's position within the media is based primarily on:

laws defining Yle's public service tasks success in media competition as one medium among others

2 B. In the future, Yle's position should be based primarily on:

laws defining Yle's public service tasks success in media competition as one medium among others

3 A. At the moment, Yle takes care of its audience and customer relationship by:

focusing on maintaining existing audience and customer relationships focusing primarily on building new audience and customer relationships

3 B. In the future, Yle should take care of its audience and customer relationships by:

focusing on maintaining existing audience and customer relationships focusing primarily on building new audience and customer relationships

4 A. At the moment, Yle is reforming its operations primarily by:

developing its existing competence and activities ○ ○ ○ ○ ○ ○ ○ ○ renewing its operations in fields where Yle has no existing competence or activities

4 B. In the future, Yle should focus on developing its operations by:

developing its existing competence and activities ○ ○ ○ ○ ○ ○ ○ ○ renewing its operations in fields where Yle has no existing competence or activities

5 A. At the moment, Yle is responding to changes in the media environment by:

trying to retain its current practices and functions ○ ○ ○ ○ ○ ○ ○ ○ anticipating changes by changing its practices and functions to correspond to the new requirements

5 B. In the future, Yle has to respond to changes in the media environment by:

trying to retain its current practices and functions ○ ○ ○ ○ ○ ○ ○ ○ anticipating changes by changing its practices and functions to correspond to the new requirements

11. In your opinion, in what respect does Yle need to change? How will Yle succeed in the future? Estimate the following statements on the scale of 1–5 according to how well you agree with the statement.

	1=totally disagree, 5=totally agree				
	1	2	3	4	5
Yle's success depends on how boldly it is able to utilize the opportunities afforded by new technologies.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle will succeed if it is capable of close interaction with its audience and customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle has already found its place and will succeed under its current operating model.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle's success requires the creation of unique 'hit products'.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Due to its public service status, Yle has to be moderate in its reforms.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle's content must also be a success on international markets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the future, Yle must be able to act more boldly to retain its customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the future, Yle must have a stronger role as a promoter of the creative sector	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle's success depends on how well it reaches young audiences.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle must be careful in order to avoid critical debate about its position.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle needs to expand its competence through partnerships.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In order to succeed, Yle must be able to show that it produces value to society with its operations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In order to succeed in the changing circumstances, Yle will need to recruit new experts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle has to have the courage to select the most important activities and give up unnecessary ones.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Yle needs to cooperate with commercial media.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. If you wish, you can assess Yle's need for change and success factors in your own words.

13. How would you assess Yle's ability to change? Estimate the following statements on the scale of 1–5 according to how well you agree with the statement.

1=totally
disagree,
5=totally agree

1 2 3 4 5

Yle is capable of taking rapid action in its changing operating environment.

Yle finds it difficult to adapt to practices of social media.

Yle is an innovative forerunner in the media sector.

Yle is incapable of changing its way of operating sufficiently quickly.

Yle is sensitive in recognising the changing media usage needs of its audiences.

Old ways are hard to change at Yle and change always takes time.

Yle predicts future changes and adapts its activities for them well in advance.

Commercial media are more innovative than Yle.

14. If you wish, you may assess Yle's capability for change in your own words.

15. Below are some statements about YOUR WORK AND the operating methods of YOUR WORK UNIT. (If due to nature of your work, you belong to several work units, choose the one you feel is closest to you. Estimate the following statements on the scale of 1–5 according to how well you agree with the statement.

1= totally disagree, 5= totally agree

1 2 3 4 5

- | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| In my work unit, we actively scan other media. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| In my work unit, we do not respond to customer feedback enough . | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| We are actively in contact with different stakeholders. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| In my work unit, we actively follow changes in audience and customer behavior and needs. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Changes and trends in our operating environment are actively studied in my work unit. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Social media is actively followed in my work unit. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| New ways of producing content and services are actively sought in my work unit. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| In my work unit, the customer feedback and audience research are taken into account in the development work. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Decision-making is often slow in my work unit. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| In my work unit, the changes agreed upon are carried out and not left unfinished. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| In my work unit, we are capable of making fast decisions and changes in work practices when needed. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| My work unit actively utilises information related to the operating environment (for example, customers, media, technology). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| New opportunities are promptly seized in my work unit. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| My work unit rewards innovative solutions. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Sharing knowledge and learning new things is a typical way of working in my work unit. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| My work unit actively tries to come up with new ideas and experiments. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| In my work unit, the professional skills and expertise of personnel are developed through specifically targeted training. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| My work unit is slow to adopt news skills and working methods. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Job descriptions and/or work duties are actively changed to | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

- The competence of the staff has become more diverse.
- Multimedia competence has increased.
- Implementation of ideas has become easier.
- Coming up with new ideas and experimentation have increased.

17. If you wish, you may assess the changes in your own words.

18. Evaluate your work unit's performance, considering the recent reforms, using the Finnish school grading scale of 4 to 10.

4 5 6 7 8 9 10

How well has your work unit coped with the recent reforms? ○○○○○○○○

19. Give a grade on the scale of 4–10 about how Yle has succeeded in the duties listed below.

4 5 6 7 8 9 10

How well does Yle take care of its public service duties? ○○○○○○○○

How well is Yle renewing its contents and operating methods? ○○○○○○○○

How well does Yle succeed when compared with commercial media? ○○○○○○○○

20. Compare the situation of your work unit to how it was two years ago. Assess how the below issues have changed at your work unit. If your employment has started later, evaluate changes which have occurred during your employment contract. Assess the issues listed on a scale of 1–5 according to how your work unit has developed regarding the issues mentioned.

1=much worse, 3=no change,
5=much better

1 2 3 4 5

How have the work processes and competence of your work unit developed? ○ ○ ○ ○ ○

How have the content/services/products in your work unit developed? ○ ○ ○ ○ ○

How have the audience and/or customer relationships developed in your work unit? ○ ○ ○ ○ ○

How have management and decision-making developed in your work unit? ○ ○ ○ ○ ○

PART II: PUBLICATIONS

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