Creating value in the age of digital transformation

The digital revolution has led to more businesses undertaking their own digital entrepreneurship by utilising digital operations, offering new digital products, and generating more profound digital insights. Professors Jahangir Karimi and Zhiping Walter at the University of Colorado Denver, USA, have studied the role of entrepreneurial agility in digital entrepreneurship in the newspaper industry, with a focus on creating business value in response to digital disruption. They say that, over time, firms need a cluster of capabilities to respond to digital disruption.

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The combination of digital information goods and computing and communication devices are impacting businesses and our society as a whole, particularly through five forces: 1) globalisation, 2) millenialisation (meaning the increasing influence of the millenial generation), 3) prosumatisation (meaning the convergence of producers and consumers), 4) business virtualisation, and 5) platformisation. These digital forces are most disruptive in the communications, information, media, and entertainment (CIME) industries.

**BUSINESS MODELS ARE DISRUPTED**
Print media remains one of the most disrupted industries with a growing number of newspapers being forced to shut down operations across the globe. Those newspaper companies that remain active on the market have seen dramatic changes in their traditional operating models. In response to digital forces, major CIME companies in both print and broadcasting have adapted their business models by focusing on new digital technologies to introduce new products and platforms and incorporate environmentally sustainable practices to realise new business models. Digital platforms are being deployed by developing and utilising new digital technologies to accelerate business transformation.

**DIGITAL-AGE OPPORTUNITIES**
However, a few newspapers are thriving in this new digital age. To respond to digital disruption, the newspaper companies need to change, extend, and adapt their current resources, processes, and values, to build digital platform capabilities to survive (see Figure 1). As such, reinventing the IT function to deliver digital products and services can provide a competitive advantage for incumbents in every business. Digital entrepreneurship creates new business opportunities for fostering sustainability by developing and using new digital technologies to accelerate business transformation.

**ACCELERATION OF BUSINESS TRANSFORMATION**
Digitisation presents significant threats, as well as opportunities, to all businesses by altering the structure of their competition, conduct, customer engagement, and performance. It fundamentally disrupts the dynamics of markets by changing the way customers experience, discover, explore, buy, and engage with products and services. Companies rely on new disruptive business models to introduce new products and platforms and incorporate environmentally sustainable practices to realise new business models. Digital entrepreneurship creates new business opportunities, fostering sustainability by developing and utilising new digital technologies to accelerate business transformation.

**ENTREPRENEURIAL AGILITY (ENTAG)**
The researchers’ most recent study focuses on the role of entrepreneurial agility in digital entrepreneurship, in response to digital disruption. Entrepreneurial agility (ENTAG) can be defined as managerial cognitive abilities to anticipate, visualise, and exploit entrepreneurial opportunities associated with digital entrepreneurship. ENTAG is a critical component of a firm’s strategic entrepreneurship decision-making component and has its roots in strategic management.

**Figure 1:** The impact of dynamic capabilities on digital platform capabilities, and performance of response to digitisation disruption.

**Figure 2:** Research model for the impact of Business Model Innovation Adoption (BMIA) and Business Model Performance (BMP).
Firms’ survival strategies in response to digital disruption will depend on the proper alignment between building digital platform capabilities for product and business-model innovation. Such an alignment will enable them to meet their digital platform ecosystem partners’ evolving needs in using these capabilities, and taking advantage of the digital platform ecosystems to innovate new digital products and business models. Over time, firms need a cluster of capabilities for sensing, seizing, and transforming digital entrepreneurial opportunities to enable a digital strategy for digital transformation.

By focusing on the cognitive aspects of strategic entrepreneurship decision-making, this study provided empirical evidence for the impact of ENTAG on digital entrepreneurship by combining or integrating opportunity- and advantage-seeking behaviours to create value in response to digital disruption. Direct associations were found between opportunity-seeking behaviour and the impact on creating value.

This study suggests that the managers’ cognitive abilities of opportunity foresight, systemic insight, and entrepreneurial mindset are necessary to anticipate, visualise, and exploit new digital opportunities. It highlights a definitive process and triggering events and the specific order through which the combination or integration of opportunity- and advantage-seeking behaviour must occur.

Further, it demonstrates that BMIA mediates the impact of building digital platform capabilities for digital entrepreneurship on creating value. These digital entrepreneurship behaviours will enable firms to take advantage of their digital platform ecosystems to develop new digital products and business models. Firms still face various challenges such as monetisation and creating data-enabled business models to leverage their data-driven insights. They will need to work towards making their digital strategy process more dynamic.