Doctoral Thesis

Nurturing Entrepreneurial Venturing Capabilities

A study of family firms

Imran Nazir
We can only learn and advance with contradictions. The faithful inside should meet the doubtful. The doubtful should meet the faithful. Human slowly advances and becomes mature when he accepts his contradictions.

Shams of Tabriz

Beyond stars are even more worlds
There are still even more tests of passion.
You are falcon, flight is your task
Before you there are other skies as well.

Iqbal
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In the hours of night and dawn when this book was written, there was silence, moments of contemplation, of solitude and vulnerability. I needed this. Albert Einstein once said: ‘The monotony and solitude of a quiet life stimulates the creative mind’.

As my academic years went on, the list of women and men who made it possible to complete this project grew longer. I am almost sure that some of these precious names are going to escape me, though this is in no way lessens the importance of their presence and contribution. My heart thanks them beyond these pages with affection and gratitude.

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Abstract

The purpose of this dissertation is to improve our understanding of how family firms adapt to their dynamic environments through creating new businesses and to explore the role of dynamic capabilities driving firm’s strategic entrepreneurial activities. I address the above aims by conducting qualitative case studies of Hum Network and AVT channels, which are both family firms at the time of their entry into the deregulated TV industry of Pakistan in 2005. A deregulated environment is often characterized as highly dynamic owing to the rapid and frequent changes that occur in customer groups and product offerings and the mix of competitors. Reduced barriers to entry through government legislation often produce a massive shift in the structure of competition, as it attracts new entrants to the industry, intensifying the hostility of the business environment. The success and long-term survival in this increasingly dynamic environment often rests on building dynamic capabilities that transform firm resources and competences and revitalize existing firm businesses. However, we still lack detailed insights into how family firms build dynamic capabilities to facilitate the implementation of entrepreneurial initiatives, which focus on the creation of new corporate businesses.

In the literature of family entrepreneurship, the dominant view holds that family objectives concerned with ensuring longevity made family firms low risk-takers and conservative in their strategies and they are thus less likely to engage in venturing initiatives. Some scholars point to potential insufficiencies when family firms use their resources: they argue that family owner-managers often draw from a family pool rather than a wider market for talent which can stifle the development of capabilities needed to engage in entrepreneurial initiatives. Contrary to this view, one of the key insights that emerge from this study is that to cope with changes in the competitive environment, family firms adopt new business venturing as a strategic approach to establish and protect their position in a competitive industry. By a strategic approach, I mean the intent of family founding executives to seek strategic adaptation, particularly through continuously identifying unmet customer needs in the industry and exploiting these needs through producing new media products and services well in advance of their competitors. To enact or implement their strategic imperative, both firms develop a set of capabilities, which I call entrepreneurial venturing capabilities (EVC).

First, opportunity refinement capability refers to the ability to envision new possibilities in the market combined with the ability to evaluate and modify the opportunity according to new insights to shape the venture opportunity in ways that more effectively address the unmet customer or market needs. It reflects management’s abilities in imaging new venture opportunities based on the industry experience and to further refine these opportunities by deliberately
composing teams at the top management level with additional industry experience to collectively form judgements on the attractiveness of new opportunities.

Second, resource mobilization capability consists of an ability to develop and integrate the internal and external resources needed to develop new media offering for the new ventures. It reflects management’s ability in building enduring and trust-based relationships with actors inside the organization to accumulate and integrate resources as well as ability to form external collaborative relationships necessary to ensure the continuous development of new innovative products.

Third, customer orientation capability is the ability to develop and maintain close relationships with customers to ensure long-term success of the new venture in the competitive environment. Customer orientation reflects management’s ability in accumulating relational resources such as reputation, image, trust and credibility through promoting behaviors, this puts an emphasize on understanding and aligning with the customer’s cultural values proactively to collect and use customer information to adopt to their current and future needs as well as collaborating with the customers regularly.

Overall, the capabilities that I identify enable family firms to sense and calibrate the opportunities in the fast-changing deregulated environment, to rapidly mobilize resources for new product development to seize the opportunities, and to quickly transform their product and services by disseminating customer knowledge throughout the organization to meet the shifting demands of customers and gain market dominance.
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1. Introduction

1.1 Background of research

Strategy matters the most in times of change (Helfat et al., 2007, Whittington, 2001). Studies agree that with markets becoming more globally integrated, both large and small firms have increasingly operated in a business environment characterized by intense competition, shifting customer expectations and unclear product demands (Sirmon et al., 2007; Helfat and Winter, 2011). Therefore, to remain successful, all firms must adapt to external changes in their environment while remaining agile in capturing and exploiting attractive business opportunities sooner, faster and more effectively than competitors (Zahra et al., 2006; Teece et al., 2016). Recent scholarship provides several examples of companies, such as Apple, IBM, 3M, and Netflix, that have shown great strategic agility in their quest of new opportunities and relentlessly introducing new product and services and revitalizing their businesses. However, for every firm that succeeds, many other fall prey to ever changing competitive dynamics and are simply not able to adapt (e.g., Trahms, Ndofor and Sirmon, 2011).

In recent years, the dynamic capabilities view has emerged as a central concept to explain how firms can create new advantages as existing ones have been worn away by environmental changes. It focuses on developing and harnessing internal capabilities that allow firms to “[i]ntegrate, build and reconfigure internal and external skills, resources” (Teece et al., 1997, p. 516) in order to capture attractive and fleeting market opportunities in their environment (Teece, 2014). Eisenhardt and Martin (2000, p. 1107) further define dynamic capabilities as the firm processes that use resources—specifically the process to integrate, reconfigure, gain and release resources—in order to match and even create market changes. These processes compose a set of actions that repeat over time and that allow managers to accomplish business objectives (Bingham et al., 2007; Helfat et al., 2007). For instance, firms often use alliance and acquisition processes, by which firms gain access to new markets, add new resources that are outside the boundaries of the firm and efficiently upgrade or modify product and service offerings that match the market requirements (e.g., Bingham et al., 2015). Thus, these processes are not spontaneous responses; rather, they are result from intentional strategic efforts by the top executives of firms to adapt to changes in the competitive environment (Helfat et al., 2007; Sirmon et al., 2007).

Accordingly, dynamic capabilities are built rather than bought from the market, and they result from experience and learning within the organizations (Makadok, 2001; Teece et al., 1997).

The dynamic capabilities literature makes a conceptual distinction between firms’ resource base and capabilities on the one hand and dynamic capabilities on
the other. Following the resource-based view tradition, the resource base includes both tangible and intangible resources, where intangible resources include reputation, relationships, and knowledge and human resources (e.g., human capital) (Barney, 1991; Peteraf, 1993). The difference between capabilities (also described as functional or operational capabilities) and dynamic capabilities has ensued a greater debate in the literature (Zahra et al., 2006; Winter, 2003). Some scholars even argue whether this theoretical and conceptual distinction is even meaningful (Karana et al., 2015). Helfat and Winter (2011) note that although it impossible to draw a bright line between these two capabilities, they explain that operational capabilities enable a firm to effectively deploy its existing resources, using the same processes or routines to support existing products and services for the same customer population (Amit and Schoemaker, 1993; Helfat and Peteraf, 2003). A good example of operational capability can be a product development process in which firms combine and integrate existing resources in order to continuously produce the stream of products for its customers (e.g., Danneels, 2002). Thus, operational capabilities enable firms to excel in the existing line of business and to continue to survive in the present (Winter, 2003; Helfat and Winter, 2011; Karna, Richter, and Riesenkampff, 2015). In contrast, dynamic capabilities enable the firm to alter how it currently makes its living (Helfat and Winter, 2011). That is, they allow firms to build and renew resources and competencies that reform the way in which firms develop new products (e.g., Zahra et al., 2006; Eisenhardt and Martin, 2000); enter new market arenas (e.g., King and Tucci, 2002; Sapienza et al., 2006); and shape their external environment (Teece, 2007; Stadler, Helfat and Verona, 2013). Thus, they improve firms’ competitive parity in relation to their market rivals.

Various scholars (e.g., Teece, et al., 1997; Fainshmidt et al., 2016) consider that if a firm possesses capabilities but lacks dynamic capabilities it has a chance to make a competitive return for a short period but cannot sustain supra-competitive returns for over long term. For example, Augier and Teece (2009) explicitly argue that the ambition of dynamic capabilities can at least explain an enterprise-level competitive advantage over time. From a slightly different perspective, Eisenhardt and Martin (2000) and Helfat et al. (2007) propose that dynamic capabilities are necessary, but not sufficient, conditions for a competitive advantage. They view dynamic capabilities as “best practices”, although their idiosyncratic details can be similar across firms, and their impact on performance depends upon “how well dynamic capabilities enables an organization to create, extend or modify its resource configurations” (Helfat et al., 2007, p.7). Recent conceptual contributions, such as those by Peteraf et al., (2013) attempt to resolve this issue by suggesting that dynamic capabilities as best practices can be a source of competitive edge, as exercising them regularly allows firms to update their resource stocks on a regular basis, which is essential to survive and prosper in the face of environmental changes (Eisenhardt and Martin, 2000). Thus, in competitive environments, quick adoption of best practices (i.e., dynamic capabilities) can provide firms with a competitive edge over other firms that are slower in adapting such practices (Karna et al., 2015; Pezeshkan et al., 2016).
1.2 Open issues in the dynamic capabilities view

In a recent comprehensive review of the literature on dynamic capabilities, Peteraf et al. (2013) conclude that “from the intensity of research effort[s] and evident research interest in the topic, one might surmise that there exists a common understanding of dynamic capabilities”. However, this is far from the case. For example, Wilden et al., (2016) recently conclude that despite the avid scholarly interest in the topic, progress has been constrained because of the lack of empirical research. This is because the field of scholarship in dynamic capabilities has mostly advanced through conceptual discussions, as described in the previous section, specifying the nature of dynamic capabilities and how they contribute to a firm’s capacity to adapt to change and reconfigure resources and competences. The lack of empirical research led Danneels (2015) to reaffirm the conclusion of Kraatz and Zajac (2001, p.653) made over a decade ago: “while the concept of dynamic capabilities is appealing it is rather vague and elusive one which has thus far proven largely resistant to observations”, and it continues to be a black box (Pavlou and Elsawy, 2011; Danneels, 2011; Sirmon et al., 2007; Wilden et al., 2016). Emerging empirical research on dynamic capabilities tends to focus exclusively on single processes, such as alliances, acquisitions, internationalization, and new product development, which are often studied through a learning lens (e.g., Bingham et al., 2015). Therefore, in these studies, the focus largely remains on uncovering the learning mechanisms through which dynamic capabilities are developed. For example, in their study of alliance processes, Kale and Singh (2007) argue that alliance capabilities are built through various learning mechanisms, such as the internalization, integration and institutionalization of knowledge know-how. Consequently, the existence of dynamic capabilities is often assumed without specifying their exact components or mechanisms of how these capabilities operate and develop (Galunic and Eisenhardt, 2001; Danneels, 2011). In other words, we lack an understanding of the micro-foundations of dynamic capabilities—the underlying processes and individual or group-level actions that form dynamic capabilities (Eisenhardt et al., 2010; Felin et al., 2012).

A key theoretical contribution in understanding the micro-foundations of dynamic capabilities is provided by Teece (2007). He disintegrates dynamic capabilities into the processes of (1) sensing new opportunities and threats; (2) seizing new opportunities by making investments and deploying resources to develop new business models and products and (3) transforming the constant (re)alignment of tangible and intangible resources to keep pace with internal and external dynamism and continuously achieve strategic fit. Specifically, he emphasizes that these processes are often result from the skills and knowledge of top managers or the top management team. As he recently notes: “dynamic capabilities involve [a] combination of organizational processes and creative managerial and entrepreneurial acts” (Teece, 2014, p.338). Thus, as the
framework has evolved toward maturity (von den Driesch et al., 2015), various scholars, such as Teece (2012), Helfat et al. (2007), and Zahra et al. (2006), have developed a series of articles on the importance of managers, leaders and entrepreneurs in creating, implementing and renewing dynamic capabilities. Before, dynamic capabilities were regarded as being rooted in high performance routines operating inside the firm, embedded in the firm’s processes and conditioned by history (Teece et al., 1997). Now, it is increasingly recognized that dynamic capabilities reside to a large degree within a firm’s top management team (Teece, 2014) rather than within organization routines (Teece, 2012). As Teece, Peteraf and Leigh (2016, p.18-19) explain: “dynamic capabilities are never based entirely on routines or rules. One reason is that routines tend to be relatively slow to change. Good managers think creatively, act entrepreneurially, and if necessary, override routines.... [M]anagerial decision determine how the enterprise create[s] shape and deploy[s] dynamic capabilities”. Helfat and Martin (2015) amplify the role of top managers within the dynamic capabilities framework by suggesting that the sensing, seizing and transforming processes depends in part on managerial resources, namely, managerial human capital, managerial cognition and managerial social capital. Thus, creativity and innovation within an organization depends in part on the resources/competence of top managers to sense and seize new opportunities in response to the changing environment (Harris and Helfat, 2013).

Although there is an emerging consensus that dynamic capabilities govern adjustments in firms’ resource base (Helfat et al., 2007), empirical evidence for this theoretical assertion remains underdeveloped (Wilden et al., 2016). Therefore, despite the immense theoretical interest in the topic, there remains an equivocal understanding of the key characteristics often associated with dynamic capabilities (Wollersheim & Heimarkis, 2016; Laaksonen and Peltoniemi, 2017). For example, scholars such as Zollo and Winter (2002), Lavie, (2006), Zahra and Newey (2009) have asserted that the distinctive feature of dynamic capabilities inheres in their role of reconfiguring existing resources and competences to minimize core risk rigidities to help firms evolve with industrial and environment change. In this view, dynamic capabilities take time to develop, following an evolutionary trail with a refinement and (re)alignment of existing firm resources and capabilities (e.g., Rindova and Kotha 2001). Thus, dynamic capabilities bring systematic change to the resource base and allow organizations to accumulate knowledge about how to change, adjust or improve resources and capabilities and increase alignment with the environment (Fainschmidt et al., 2016). In their commentary on the dynamic capabilities framework, Wilden et al.(2016) note that this conceptualization focuses mainly on firms and managers ability to change organizational resources and capabilities incrementally through continuous learning and adaptation rather than through acting proactively in driving change in the external environment, a view at the heart of the Teece (2007, 2014) framework, who considers the above to be a shortsighted view of dynamic capabilities. For instance, Helfat et al. (2007) argue that the real value of dynamic capabilities lies in both adapting and shaping the future through creating new
resources rather than through upgrading existing ones (Sirmon et al., 2007). Despite this research agenda, to focus on both aspects, Pisano (2015) notes that much of the literature on dynamic capabilities concerns the adaptive aspect and shies away from the creative aspect of dynamic capabilities. Consequently, the role of dynamic capabilities in creating novel resource combinations remains under-researched both empirically and conceptually (Nonaka et al., 2016; Wilden et al., 2016; Danneels, 2012). For example, Laamanen and Wallin (2009, p.951) note that “although it is clear that some firms adapt to their environment by building a capacity which effectively exploit[s] the stock of existing resources, but understanding how firms create rather than combine existing resources to actively exploit new opportunities before others, in our view is a central question of strategy research”. Therefore, I argue that this understanding is important in the development of the dynamic capabilities field, as it helps to answer theoretically and managerially relevant questions of “what capabilities should the firm nurture to continuously create new resource positions to initiate change in the competitive environment” (Laaksonen and Peltoniemi, 2017, p. 17) and how managers individually or in a team proactively influence their development (Teece, 2014; Beck and Wiersema, 2013). With these explanations, missing “dynamic capabilities will remain vague and abstract” Grant and Verona, (2015, p. 67) and may risk losing its relevance in academia and for external practitioners (Giudici and Reinmoeller, 2012).

To unravel the mysteries surrounding the dynamic capabilities construct, various scholars such as Zahra et al. (2006) and Abdelgawad et al. (2013) advocate for empirical studies at a more micro-level within specific organizations, namely, the entrepreneurial activities that center on the identification and exploitation of new opportunities. These activities are especially essential in dynamic environments, reinforcing the firm’s position in existing markets as well as allowing it to enter new and more lucrative growth fields (Zahra et al., 2009) and often requiring top managers’ ability to sense and seize new opportunities and reconfigure the resource base accordingly (i.e., building dynamic capabilities). Teece’s (2012) essay also aims to morph entrepreneurship into dynamic capabilities. Specifically, he proposes that entrepreneurial activities add a new perspective that researchers can apply to understand dynamic capabilities. As he explains that the elements of dynamic capabilities are inherently entrepreneurial in nature, studying firms’ entrepreneurial initiatives is useful for understanding the nature of capabilities and for assessing the evidence on top management’s entrepreneurial thinking and leadership skills required to sustain and develop dynamic capabilities. Thus, the advantage of focusing attention on entrepreneurial activities is that they make concrete the link between managerial action and dynamic capabilities. For instance, Zahra et al. (2006) note that the creation of and use of dynamic capabilities correspond to the perception of opportunities by the entrepreneur or principal decision makers. As a result, there is growing and emerging research interest in the role of capabilities in promoting both established and new firms’ proactiveness in creating, adopting to and exploiting change (Abdelgawad et al., 2013; Autio et al., 2011; Bingham et al., 2007; Sapienza et
al., 2006). For example, Sapienza et al. (2006) theorize that building dynamic capabilities is a major driver of new venture internationalization and subsequent survival. In a recent study, Chen, Williams and Agarwal (2012) find that although building dynamic capabilities is important for entrepreneurial ventures to address the changing in the competitive, there is a greater challenge owing to the liabilities of newness and smallness, which limit their capacity to build and reconfigure the resources that are required to stimulate entrepreneurial activities on a sustained basis. Though informative, Koryak et al. (2015) note that research to date mostly focuses on established companies and the challenges that they face in developing the capabilities necessary to initiate, foster and sustain entrepreneurship. As a result, researchers have missed an opportunity to explore the implication of dynamic capabilities in entrepreneurial firms. In this dissertation, I contribute to this emerging research stream, and I do it in a common form of entrepreneurial ventures—family firms (e.g., Belenzon, Patacconi and Zarutsike, 2016). In doing so, I adhere to the recent call for context- or enterprise-specific studies on dynamic capabilities and the entrepreneurship nexus (Zahra and Wright, 2011; Simsek et al., 2015).

1.3 Family firms: An empirical context

Family firms are often considered the dominant form of enterprise throughout the world, and this is especially true among new entrepreneurial ventures (Hoy and Sharma, 2009; Westhead and Howorth, 2007; Shepherd and Patzelt, 2017). For instance, Miller, Steier and Le Bretton-Miller (2016, p.446) note that “the vast majority of successful new entrepreneurial ventures are not undertaken by lone entrepreneurs but are, instead, often embedded in resource-munificent contexts such as family or family business”. In an earlier study, Chua, Chrisman and Chang (2004) find that 77 percent of new ventures established in the United States are founded with significant involvement of family in the business and another 3 percent engage family members in business within two years of their founding. A similar pattern is also observed in European countries (Belenzon et al., 2016) as well as emerging economies, such as China (Pistrui et al., 2001), India (Sharma and Rao, 2000) and Pakistan (Zaidi and Aslam, 2006; Kureshi et al., 2009), where this study is conducted. For instance, the survey of Kureshi et al. (2009) reveals that in Pakistan, most SMEs are formed and still operated by the first generation of founding family members.

Most scholars concur that a fundamental difference between family and non-family firms is that factors such as long-term commitment to business and effective ties among family owners play a more important role in family firms than non-family firms (Le-Bretton Miller and Miller, 2006; Chrisman, Chua and Sharma, 2005). Hence, most of definitions of family firms focus on some combination of dimensions of family influence on a business in terms of ownership, management and succession (Chua, Chrisman and Sharma, 1999; Le-Bretton Miller, Miller and Steier, 2004). For instance, some authors define family
firms as those owned and controlled by a single individual or family, while others define family firms as those both owned and managed by family members. As a result, there is a lack of agreement on a single definition of family business and, most importantly, on what is meant by family involvement as a source of distinctiveness (e.g., Dyer, 2006). Subsequently, researchers have argued that family firms are by no means homogeneous; there is therefore a need to define and classify family firms by type (Westhead and Howorth, 2007; Nordqvist et al., 2014; Miller et al., 2011) in order to delineate the boundaries and sources of distinctiveness (Parada Balderrama, 2015). According to Miller and Le-Bretton Miller (2011), one distinction can be between lone-founder firms with no involvement of the founder’s relative as owners, managers and directors and family-owned firms with broader family involvement, dispersed ownership and non-family executives and family-founder firms with members of the family preset as co-founders, owners and executives in the top management with the intention to maintain family involvement in the firm. Miller et al. (2011) show that these differences influence the goals pursued, strategic processes adopted and entrepreneurial activities pursued. For example, they find that lone-founder firms often pursue entrepreneurial risk-taking strategies to pursue growth objectives, while family-owned firms rely on risk aversion and conservative straggles owing to their concerns for fostering family careers and security and preserving the firm for later generations. Family firms led by family founders viewing themselves as business builders and family nurturers are more likely than family-owned firms to embrace growth strategies. Because family members not only own but also lead the company, there are fewer conflicts of interests, and their vision is often aligned with regard to risk-adapting strategies. (Duran, van Essen, Kammerlander and Zellweger, 2016). Previous studies also suggest that the extent of family involvement in the business reflects differences in capabilities to effectively deploy resources (Sirmon and Hitt, 2003; Lumpkin et al., 2011). For example, Webb et al. (2010) note that when family members enjoy a dominant position in top management, they most likely ensure the firm’s long-term prosperity via strategic entrepreneurship. In this dissertation, therefore, I use the term family in the restrictive sense of a dominant collation (e.g., Belenzon et al., 2016), who with their involvement in the management and ownership of the business has the power to influence in both positive and negative ways wealth-creating activities, such as business formation and subsequent entrepreneurial development (Sirmon and Hitt, 2003; Melin and Nordqvist, 2010).

This means that a firm is co-founded and owned by family members. These owner founders have senior management responsibility (CEO, President) and shared ownership. Thus, I differentiate them from lone-founder firms, in which there is no other family relative in the business beyond the founder and family-owned firms with dispersed ownership. In other words, in this study-the firm called a family firm is owned and managed by the team of family founders who share common goals, shared commitment and mutual accountability (e.g., Schoedt, Monsen, Pearson and Barnett, 2013). This definition is line with what Miller and Le-Bretton Miller (2011) refer to family founder firms.
Owing to family firms’ prevalence, as an important form of business organization worldwide with a noticeable contribution to wealth creation, job generation and economic development (e.g., Lumpkin et al., 2011; Pistrui et al., 2001), there is an increasing interest in research to understand how entrepreneurship occurs within family firms. This means the processes and practices by which family firms create new businesses and initiate strategic renewal and innovates (Sharma and Chrisman, 1999; Covin and Miles, 1999; Shepherd and Patzelt, 2017). This increased interest is manifested through a number of quality review articles that map the theoretical and empirical research results related to entrepreneurship in family firms (McKelvie et al., 2014; Nordqvist and Melin, 2010; Lumpkin, Steier and Wright, 2011; Goel and Jones 2016). These reviews, however, have identified two contradictory views on the propensity of family firms to act entrepreneurially. Whereas some scholars depict family firms as a context in which entrepreneurship flourishes because of unique founding family characteristics, such as the idiosyncratic knowledge of family members (Sirmon and Hitt, 2003; Miller et al., 2011), social capital (Salvato and Melin; 2008), quick decision making (Ensley and Pearson, 2005) and concern for long-term continuity (Miller et al., 2011; Cruz and Nordqvist, 2012). Others view family firms as too conservative and inflexible to take the necessary risks and to engage in proactive transformation in order to become more entrepreneurial (Naldi et al., 2007; Graves and Thomas, 2008; Zaefarian et al., 2016). Recently, scholars have begun to emphasize and use a contingency approach, with an external environment context, to better understand the family’s influence on firm’s entrepreneurial behavior. For example, Casillas, Moreno and Barbero (2011) find that environmental hostility has a positive influence on family firms’ tendency to engage in risk-taking behavior. Recently, Revilla, Perez-Luno and Nieto (2016) find that in times of economic crisis, family involvement in management reduces the risk of business failure by decreasing the entrepreneurial posture of the firm to ensure the continuity of the business. Despite these research efforts, Le-Bretton Miller, Miller and Bares (2015) note that there is a need to reconcile ambiguous and contradictory empirical findings in order to better understand entrepreneurship in family firms.

I believe that these contradictory views may arise because most studies discerning the entrepreneurial potential of family firms have adopted a broad definition of firm-level entrepreneurial behavior- entrepreneurial orientation (EO) (e.g., Cruz et al., 2015). Entrepreneurial orientation is a firm’s disposition to act autonomously, willingness to innovate and take risks, and tendency to be proactive and aggressive toward competitors (Lumpkin and Dess, 1996). EO is thus viewed as a frame of mind or perspective that reflects a firm’s dedication to entrepreneurship (Dess and Lumpkin, 2005). In their exhaustive literature review, McKelvie et al. (2014) find that family scholars have extensively examined EO dimensions, such as autonomy, risk taking, innovativeness and proactiveness, to infer the family firm’s entrepreneurial behavior. Although extant research on EO has provided useful insights into family firms’ tendencies to act entrepreneurially as well performance implications such as growth (e.g., Kellermanns et al., 2008;
Chirico et al., 2011), this focus on orientation provides little explanation on the entrepreneurial process and the activities that family firms undertake in identifying, evaluating and exploiting opportunities to enter new market arenas through the creation of new businesses. As Gomez Meija et al. (2011, p.685) note, “with respect to venturing, empirical research examining new business creation by family firms is practically non-existent”. Although new venture creation is considered a suitable strategy for family founders operating in dynamic environments to strategically rejuvenate and reinvent their firm’s operations (Zahra, 2005; Kellermanns et al., 2008), the ability of family firms to achieve this strategic transformation remains unexplored (Lumpkin et al., 2011; Minola et al., 2016). Specifically, little effort has been done to apply a dynamic capabilities lens to examine the entrepreneurship process in family firms (e.g., Cruz et al., 2015; Salvato and Corbetta, 2014). This is surprising given that various scholars, such as Zahra et al. (2006), Jones et al. (2013), and De Massis et al. (2017), argue that family firms need dynamic capabilities since they are important means for upgrading, skills, resources and competencies and therefore necessary to explore and exploit new opportunities to achieve growth and sustain their competitive dominance.

Despite the importance of dynamic capabilities for family firms’ long-term survival and continuity, emerging research on the topic highlights that family firms often face unique challenges in their attempt to build dynamic capabilities. For example, Chirico and Nordqvist (2010) study four Italian family firms and find that family firms’ attempt to create entrepreneurial change capabilities is constrained owing to a conservative, risk-averse culture and an incipient resource base. As a result, they rarely engage in new ventures that are proactive, that involve risk taking and that are innovative. Recently, Cruz et al. (2015) propose that while family firms may excel in building the capacity to recognize new opportunities (sensing) because of in-depth knowledge and external networks of family founders, but lack of diversity in their top management teams, and their parsimonious approach toward resources may impede the development of seizing capacity necessary for exploitation of opportunities. Thus, when it comes to SMEs in general and family firms especially, “little is known about the ways in which dynamic capabilities help SMEs to become entrepreneurial and enable adaptation in [an] ever-changing competitive environment” (Lanza and Passarelli, 2014, p. 2)

1.4 Purpose and research questions

The purpose of this dissertation is to improve our understanding of how family firms adapt to their dynamic environments through creating new businesses. I intend to pursue this aim by developing a fine-grained understanding of the development and utilization of dynamic capabilities.

Guided by the overarching purpose, I have conducted an-in-depth qualitative case study on two family firms operating in recently deregulated Television
industry in Pakistan. I retrospectively studied their development from their entry into the deregulated Television industry in 2005 to 2012. A deregulated environment is often characterized as highly dynamic owing to the rapid and frequent changes that occur in customer groups and product offerings and the mix of competitors (Madsen and Walker, 2007). Reduced barriers to entry through government legislation often produce a massive shift in the structure of competition, as it attracts new entrants to the industry, intensifying the hostility of the business environment. Aggressive competition from established firms often poses a great challenge to family firms, putting their long-term survival at risk (Dencker et al., 2009; Chirico and Salvato, 2008). However, despite the competition, both case firms not only survived but also achieved tremendous growth relative to other entrants in the industry by becoming the leading media networks. This means that both firms successfully built a portfolio of different channels, with each channel producing its own dedicated specialized content for different market and customer segment. Indeed, each channel is considered to be a separate business with its own product and services and revenue base, but their operations reside within the existing organization (Sharma and Chrisman, 1999). All these ventures were initiated in quick succession, enabling both companies to achieve a dominant market position in the competitive Television industry. This brusque entrepreneurial growth by both firms in the face of tough competition makes them well align to the purpose of the study. Hence, it is assumed that details from the in-depth qualitative examination of the entrepreneurial venturing activities of two firms can provide useful insights into the micro-foundation of the dynamic capabilities that underlie such sustained and robust growth in a competitive industry. As Flyod et al. (2011) note, through such a grounded approach, the concept of dynamic capabilities can become more grounded in the vivid visualization of the processes and agency involved in transformation of a firm’s resources.

Consistent with the in-depth case study tradition (e.g., Eisenhardt, 1989), I did not set any ex-ante propositions or construct a detailed theoretical framework and allowed the findings to emerge from my case analysis. Thus, my analysis was done in an iterative rather than in linear way (Eisenhardt, 1989; Langley and Abdullah, 2011). This, in practice, involves many cycles of iterations between data and theory in each iteration of identification of new themes or concepts and directs the researcher to further explore the theme by revisiting the raw data and to relate to existing theories or add new literature to further clarify the emerging concepts or themes (Orton, 1997; Santos and Eisenhardt, 2009). For instance, this study starts with the overall aim to explore the role of dynamic capabilities in entrepreneurial family strategic adaptation, after the exchange with empirical cases reveals an interesting theme that family founders of both firms used entrepreneurial venturing as a deliberate approach to cope with competition in the industry. In other words, the development of new businesses in the existing market was considered critical for the long-term survival of the firms. This finding led me to further explore the literature on corporate venturing and related but emerging stream of research that examines the role of dynamic capabilities in
understanding firms’ strategic entrepreneurial activities that result in the creation of new businesses (Zahra et al., 2006; 2009; Teece, 2012; 2016; Abdelgawad et al., 2013). The raw interview data were re-read, critical passages were highlighted, and cases were re-written, detailing the development of each venture by incorporating the interviewees on the reasons for the launch of different ventures, problems that they face during the process, and how they overcame these challenges. After developing rich case descriptions, I focused on the processes involved in the creation of each venture to get to the core of managerial action, activities through which different ventures in both firms are created. I began to match the processes observed in the data with the theoretical concepts. As I proceed with this iteration, the goals of analysis became more refined. Hence, the data analysis focused on the following interrelated research questions: ‘What entrepreneurial capabilities do family firms need to engage in the successful creation of new businesses?’ ‘How do family founders leverage their resources (human, cognitive and social) to shape the development of entrepreneurial capabilities?’

In answering these questions, this research offers several contributions for the family entrepreneurship and dynamic capabilities literature. First, it attempts to resolve the on-going debate on the potential of family firms to engage in entrepreneurship by integrating the dynamic capabilities view. The dynamic capabilities view provides a framework that helps to understand what processes family firms needed to transform their enterprise strategically as they face competitive pressures from rivals. Existing literature acknowledges the importance of resources and capabilities required for family firms to act entrepreneurially (Miller et al., 2015; Lumpkin et al., 2011). However, little is known about how family firms access the resource and capabilities that they need to exploit successfully entrepreneurial opportunities (e.g., Wright and Kellermanns, 2011; De Massis et al., 2017). Based on the case analysis, as well as the existing literature on dynamic capabilities, I address this research gap by identifying a specific set of capabilities that allowed family firms that I studied to successfully build, accumulate and leverage resources and constantly engage in repeated acts of entrepreneurial activities. Hence, I provide a fine-grained understanding of processes that helps family firm engage in the proactive creation of new businesses.

Second, by using dynamic capabilities to explain how firms engage in business venturing, I refine and extend our understanding of dynamic capabilities theoretically and empirically. Such an empirical contribution is important to the literature given that most prior work on the dynamic capabilities framework has been conceptual (e.g., Teece, 2007; Teece, 2014). In particular, this study highlights the importance of dynamic capabilities for the analysis of corporate entrepreneurship. By examining how dynamic capabilities influence strategic entrepreneurial activities, this study provides a better understanding of the potential impact of dynamic capabilities on resource creation and modification. This is a theoretical issue not address in detail in existing literature on dynamic
capabilities (Wilden et al., 2016), which focuses on enabling firms to adapt or modify existing resources and evolve with their environment.

Third, by asking how family entrepreneurs develop the capabilities for new business creation, this study contributes to the micro-foundation of dynamic capabilities (Helfat and Peteraf, 2015; Felin et al., 2012). While Teece (2007) recognizes that dynamic capabilities reside to a large degree in a firm’s top management team, mainly in human, cognitive and social resources, Helfat and Peteraf (2015) note that research on the relationship between managerial resources and dynamic capabilities remains largely unexplored. Thus, by examining how managerial resources influence dynamic capabilities, this study contributes to the literature by enriching the dynamic capabilities framework and deepening our understanding of how dynamic capabilities can originate within the top management level.

Fourth, by emphasizing the role of individuals and how their resources promote organizational capabilities, this study contributes to the heterogeneity of family firms—notably through their involvement in strategic decision making and ownership of the firm. Family structure, family ownership dispersion and succession intentions are used as key factors of heterogeneity in family firms. However, this study highlights that one source of heterogeneity can be the presence of family members in top management as co-founders, owners and executives (Miller and Le-Bretton Miller, 2011) and examines to what extent they influence a firm’s capabilities to develop new opportunities. In doing so, this study contributes to recent call for conducting empirical research in different types of firms in order to better understand “circumstances [under which] family firms are most entrepreneurial” (Le-Bretton Miller et al., 2015, p. 58)

1.5 Structure of the thesis

Chapter 1 presents a brief overview of purpose and context of this thesis. It begins with a short discussion of the background and focus of the research, explains the current state of knowledge of the concept of dynamic capabilities and identifies the open issues in the current research literature. This followed by the presentation of the empirical context of the study. The chapter concludes with the purpose and research questions of the study. Chapter 2 starts with the overview of the capabilities based view in the strategic management literature. However, the main emphasis is on the concept of dynamic capabilities. First, it introduces several definitions for the term, explains the inconsistencies and ambiguities in the literature and provides a more refine definition of dynamic capabilities. Next, the micro-foundations of dynamic capabilities are discussed in more detail. Finally, the context of entrepreneurial family firms for studying dynamic capabilities is presented and discussed. In Chapter 3, the focus lies in explaining the qualitative research design adopted for this study. It first discusses the usefulness of qualitative methods for achieving the overall purpose of this research. After that, the case-study research strategy is explained. Next, it outlines the industry context
I Introduction

selected for this study. Finally, the chapter explains the data collection procedures and how I have done my analysis work. The chapter concludes by describing how issues of quality were addressed within the research process.

Thereafter, Chapters 4 and 5 contain the two empirical case descriptions. In these chapters, I introduce two case firms that were selected for the empirical study. I describe the historical development of both firms in three phases: the family run production house, the entry into the deregulated market, and the growth that allowed them to become leading media networks with the launch of three different channels. The chapters are deliberately structured to explain the creation and development of each channel (i.e., ventures) in as much detail as possible and to contain many quotations from the people who were actively involved in the creation of each channel. Chapter 6 presents the findings and an analysis of the research. In this chapter, I first present the results from the case analysis of Hum Network and AVT channels, and it is structured around their entrepreneurial venturing capabilities, which emerged during the case analysis of both firms. Afterwards, a cross-case synthesis is presented. Finally, a theoretical conceptualization of entrepreneurial venturing capabilities is discussed. Chapter 7 is the final chapter. In this chapter, I outline the conclusion and implications of my research. This includes the contribution to the dynamic capabilities literature, research on family firms and practitioners. The final part of the chapter discusses the limitations of the study and suggestions for future research.
2. Literature Review

2.1 Origin and foundation of the capabilities-based view

The concept of capabilities can be traced back to the seminal work of Penrose (1959)—particularly the notion that the firm is best thought of as a bundle of resources. She further emphasizes that “while these resources are available to all firms, the ‘capability’ to utilize them productively gives each firm its unique character” (1959, p.22). In a sense, capability implies a function and activity performed by firm managers to effectively deploy its existing resources far superiorly than its competitors, hence enabling their firm to expand into new lines of businesses (Penrose, 1959). Her insights inspired several strategy scholars in 1980s. Thus, a significant body of research has developed, suggesting that firm resources, capabilities and competencies help firms gain competitive advantages that, in turn, produce high performance (Teece, 1986; Hitt and Ireland, 1985; Prahalad and Hamel, 1990). For instance, Hitt and Ireland’s study of industrial firms provides early evidence that firms that excel in building distinctive competencies in one or more of the firm’s functional areas, such as financial management and production/operations, achieve higher growth through both internal and external means. The empirical observation by Mitchel (1989) confirms early work by explaining that firms possessing industry-specific capabilities in the form of direct distribution systems are in a better position to exploit new technology in the US diagnostic imaging industry. Therefore, some authors suggest that possession of unique ‘competencies’ or ‘capabilities’ is an important source of performance differences (e.g., Nelson 1991).

Building on this early work, the Resource-based view of the firm conceptualizes resources and capabilities along two lines. One stream of research (Barney 1991, Peteraf, 1993) defines resources broadly. Resources ‘include all assets, capabilities, organizational processes, firm attributes, information and knowledge possess by a firm that enable the firm to conceive of, choose and implement strategies that improve[] its efficiency and effectiveness’ (Barney 1991, p 101). The main argument of this line of research is that firms hold heterogeneous resources and capabilities that provide them with key strategic advantages over rivals in the market. Different terminologies are used to indicate the character of strategic resources, such as attractive (Wernerfelt, 1984), valuable (Barney 1991; Mahoney and Pandian, 1992), scarce (Peteraf, 1993), rare (Barney, 1991), unique (Peteraf and Barney, 2003), immobile (Barney 1991; Peteraf, 1993), nontransferable (Peteraf, 1993) and non-substitutable (Barney 1991). These stocks of resources, which include capabilities, affect the potential of a firm to capture more value than its rivals.
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This branch of the resource-based view is based on two main assumptions: firms are internally heterogeneous in terms of their resources endowments; the composition of the endowments is due to historical or chance events or the result of luck (Barney, 1991, Peteraf and Barney, 2003). Empirical research in this stream has tried to measure the link between heterogeneous resource endowments and performance. For example, Miller and Shamsie (1996) and Ahuja and Katila (2004) show that innate resources that are hard to buy or imitate are the main determinant of the performance and competitiveness of firms. Many scholars also empirically examine the role heterogeneous resources and capabilities on firm strategies, such as entry into new markets (Schoenecker and Cooper, 1998; Marsh and Ranft, 1999), mergers and acquisitions (Harrison, Hitt, Hoskisson and Ireland, 1991), and international diversification (Hitt, Hoskinson and Kim, 1997). For example, Schoenecker and Cooper (1998) argue for the importance of knowledge, a firm-specific resource attributed to successful entry into new markets. They find that the two categories of knowledge-based resources, technological and market knowledge, significantly contribute to first-mover advantages because they are rare, socially complex and difficult to imitate. However, this overly inclusive definition of resources has been criticized for not sufficiently differentiating between resources that are inputs to the firm and capabilities that enable the firm to acquire and deploy resources (Kraaijenbrick, Spender and Groen, 2010). However, Peteraf and Barney (2003) note that possession of resources is not sufficient, and it is only being able to deploy these resources that allows organizations to develop value-creating strategies. Helfat and Peteraf (2003) argue for a clearer conceptual understanding between resources and capabilities to explain the sources of firm heterogeneity.

Scholars in a related research stream split the overall construct of resources into resources and capabilities. For instance, Amit and Schoemaker (1993, p 35), define resources as stocks of available resources that are owned or controlled by the firm. Capabilities, in contrast, refer to the firm’s capacity to combine effectively several resources to engage in productive activity and attain a certain objective. This conceptualization is similar to the earlier suggestion of Diericks and Cool (1989) that resources can be differentiated as either asset flows or asset stocks. According to them, the firm’s asset stocks at one point in time represents its accumulated know-how developed in a path-dependent manner through strategic investments in its capabilities (flows). In other words, a firm capability is usually a firm-specific process embedded in organizational activities that enable a firm to deploy existing resources advantageously (Makadok, 2001). Similarly, Helfat and Peteraf (2003, p 999) distinguish between resources and capabilities: ‘[a] resource refers to an asset or input to production (tangible or intangible) that an organization owns, controls, or has access to on a semi-permanent basis. An organizational capability refers to the ability of an organization to perform a coordinated set of tasks, utilizing organizational resources, for the purpose of achieving particular end result’. The scholars in this stream of research shift the focus of analysis to the processes and activities within the organization that are linked to the effective utilization of the firm’s resources from the stock of
resources owned or controlled by the firm (Newbert, 2007; Ray, Barney and Muhanna 2004).

2.1.1 What are capabilities? Definitions

Although several definitions of capabilities have been suggested (see Table 1), there seems to be a convergence on several themes. *First*, capabilities focus on organizational processes, which are goal-oriented sets of actions or activities that are used to accomplish some business purpose. For example, Stalk, Evans and Shulman (1992. p 62) state that ‘a capability is a set of business processes strategically understood’, while Ray et al. (2004. p24) describe such “business processes as actions that firm engage into accomplish some business purpose or objective”. Common processes discussed in the capabilities literature involve developing products and services (Sanchez, Heene and Thomas 1996; Verona, 1999; Roberts, 1999), entering markets (Helfat and Liberman, 2002;) and pursuing business initiatives (McGrath, MacMillan and Venkataraman, 1995). Empirical evidence supports the importance of these organizational processes. For example, Danneels (2002) finds that product development helps firm provide a flow of innovative products. Similarly, Kim and Min (2012) show that early creation of market entry capabilities provide firms with greater opportunities to enter new product market segments faster than competitors. Scholars have used different terminologies to describe these capabilities. Winter (2000, 2003) characterizes them as “operating capabilities”, which enables organizations to ensure the continuity of their current operations. For Zahra, Sapienza and Davidsson (2006), they are “substantive capabilities”, which allow organizations to develop and implement solutions.

*Second*, there appears to be agreement that capabilities involve collections of patterned and repetitive behaviors, as seen in phrases such as “…decision options for producing significant outcomes of a particular type” (Winter 2000, p. 983), “repeated and reliable performance of an activity” (Helfat and Peteraf 2003, p. 999), and “capabilities involve organizational activity and the exercise of capability is typically repetitious in substantial part” (Dosi, Nelson and Winter 2000, p 4). To describe these regular and predictable pattern of activities, Nelson and Winter (1982) use the term ‘routines’ to describe activities made up of a sequence of coordinated actions by individuals. These routines are argued to originate from the prior experience of the founding team (Helfat and Liberman, 2002) and to gradually develop through ‘doing’ and repeated practices (Narduzzo, Rocco, and Warglien, 2000) as managers gain an understanding of why what works and factors leading to desired outcomes (Bingham, Eisenhardt and Furr, 2007). This suggest that capabilities take time to develop, that they are embedded in the skills and knowledge of a firm’s employees and that overtime they take the form of learned routines or activities that can be codified and captured in manuals and guidelines, such as standard operating procedures and work manuals (Salvato, 2009). *Finally*, there seems to be a consensus that capabilities help organizations improve their productivity. Several studies show that capabilities are important
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for “improv[ing] performance” (Maritan, 2001, p. 54), “increas[ing] the productivity of its resources” (Makadok 2001, p. 389), “producing[ing] significant outcomes (Winter, 2000, p.983) and “provid[ing] a competitive advantage (Leonard-Barton, 1992, p. 113). Although much work assumes that capabilities enhance organizational performance or create organizational-level “value” (Grant, 1996, Makadok, 2001), important empirical and conceptual work offers a different viewpoint (Haas and Hansen 2005; Helfat and Winter, 2011). Scholars have emphasize that firm capabilities are not necessarily associated with increased performance but are related to a firm’s ability to do specific things (Winter, 2003), reasonable objectives that a firm tries to achieve (Dutta, Narasimhan and Rajiv, 2005) and may vary in their impact on overall performance (Ethiraj, Kale and Krishnan, 2005). In a more recent attempt to clarify the notion of capabilities and their reference to performance, Helfat and Winter (2011, p. 1244) suggest that ‘repeated and reliable capacity is a particularly important feature of a capability and success implies nothing about economic viability, much less superior performance’

Table 1 Key Definitions of Capabilities

<table>
<thead>
<tr>
<th>Author</th>
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<tr>
<td>Stalk, Evans and Shulman (1992, p.62)</td>
<td>A capability is a set of business processes strategically understood.</td>
</tr>
<tr>
<td>Amit and Schoemaker (1993, p.35)</td>
<td>Capabilities refer to a firm’s capacity to deploy Resources, usually in combination, using organizational processes, to affect a desired end.</td>
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<tr>
<td>Collis (1994, p.145)</td>
<td>Organizational capabilities: the socially complex routines that determine the efficiency with which firms physically transforms inputs into outputs</td>
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<tr>
<td>Grant (1996, p.377)</td>
<td>Organizational capability: a firm’s ability to perform repeatedly some productive tasks which relate either directly or indirectly to a firm’s capacity for creating value through affecting the transformation of inputs into outputs</td>
</tr>
<tr>
<td>Sanchez, Heene and Thomas (1996)</td>
<td>Capabilities are repeatable patterns of actions in the use of resources to create, produce and /or offer products to a market</td>
</tr>
<tr>
<td>Dosi, Nelson and Winter (2000, p. 4)</td>
<td>Capabilities involve organizational activity and the exercise of capability is typically repetitious in substantial part.</td>
</tr>
<tr>
<td>Winter (2000, p. 983)</td>
<td>An organizational capability is a high-level routine (or collections of routine) that, together with its implementing input flows, confers upon an organization’s management a set of decision options for producing a significant output of a particular type.</td>
</tr>
<tr>
<td>Makadok (2001, p.389)</td>
<td>A capability is defined as a special type of resource- specifically, an organizationally embedded nontransferable firm-specific resource whose purpose is to improve productivity of other resources possessed by the firm.</td>
</tr>
<tr>
<td>Martian (2001, p. 514)</td>
<td>A capability is defined as a firm’s capacity to deploy its assets, tangible or intangible, to perform a task or activity to improve performance.</td>
</tr>
<tr>
<td>Helfat and Peteraf (2003, p.999)</td>
<td>An organizational capability refers to the ability of an organization to perform coordinated set of tasks, utilizing organizational resources for the purpose of achieving a particular end result</td>
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To summarize, the prior research on conceptualizing capabilities has made great strides in explaining the importance capabilities for firm action. Despite the recent discussion on whether capabilities relate to firms’ performance, what has been suggested is that such capabilities consist of specific processes and activities to accomplish firms’ strategic objectives. Moreover, for business process to constitute a capability, they must have a ‘specific and intended purpose: as an example, ‘the capability to ‘manufacture a car’ has specific and intended purpose to produce functioning automobile’ (Helfat and Winter, 2011, p. 1244). This means that the development of capabilities entails intent and deliberation; organizational processes are not capabilities per se until there is an element of a purpose that a firm wants to achieve (Eggers and Kaplan, 2013, Hoopes and Madsen, 2008).

2.2 How organization’s develop capabilities?

Despite their fundamental importance for understanding firm action, it is unclear how organizations develop such capabilities. ‘We have limited understanding of where capabilities come from or what kinds of investment in money, time, and managerial effort is required in building them (Ethiraj, et al., 2005, p.25). The answer to these questions is particularly relevant to understand the problems confronted by firms in developing their capabilities, as revealed by Leonard-Barton (1992) in her seminal article on core rigidities. Therefore, firm must continuously develop their capabilities (Lei et al., 1996) to avoid the capabilities that become core rigidities, which inhibit innovation (Leonard-Barton 1992). However, few empirical studies have studied the capability building processes (Eggers and Kaplan, 2013). Therefore, theory on capability development remains underdeveloped (Danneels, 2002; Teece, 2014; Vogel and Guttel, 2012). Reflecting on the absence of a capability development-focus in the literature, Helfat et al. (2007, p. 46) emphasize the importance of this research direction by arguing that ‘rather focusing solely on key capabilities that organization possesses and whether they add value to the firm the important questions scholars should be asking are where capabilities come from, and how they change’. There are two lines of inquires that try to answer these questions: one recognizes the path dependent nature of capability development; the second recognizes the dynamic capability perspective, which involves the dynamic improvement of firm capabilities to change or envision the new strategic direction of the firm.

2.2.1 Capability development as a path dependent process

The early literature both in behavioral (Cyert and March 1963) and evolutionary (Nelson and Winter, 1982) traditions suggests that firms develop capabilities through incremental adjustments to path dependent activities. The work in this tradition uses the concept of ‘local search’ to describe path dependent behavior
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Local search has been defined as the behavior of any firm to search for solutions in the proximity of its current expertise and knowledge (Rosenkopf and Nerkar 2001). The search for new capabilities is most often local; that is, the firm’s search path is strongly influenced by its existing knowledge and capabilities. Therefore, the search for new solutions is most often confined to the existing search zone (Rosenkopf and Nerkar 2001). For example, in their analysis of market entry strategies of both new and incumbent firms, Helfat and Liberman (2002) explain that the choice of new market entry decisions is strongly influenced by firms’ existing capabilities at the point of market entry. This means that firms’ existing capabilities form the starting point of the search process for building new capabilities. Firms’ capability development is thus a history(path)-dependent process. In other words, the capabilities of the firm are constrained by and dependent on its history. Therefore, firms tend to develop new capabilities by modifying existing capabilities or redeploy existing capabilities into new domain of application within the market (Neslon and Winter, 1982; Helfat and Liberman, 2002).

Empirical evidence documents the propensity of the firms to engage in local search in their problem-solving activity, including problem solving related to capability development. For instance, Helfat (1994) demonstrates that the R&D capabilities of petroleum firms evolve through incremental adjustments overtime. She finds that the allocation of R&D spending among various lines of technology exhibits greater persistence on a local search path. Martin and Mitchel (1998) study new product introductions during new product market formation and find that the new product designs introduced by firms are heavily influenced by the design of existing products. Their study demonstrates that even during times of new technology introduction, firms’ search for new product design ideas is confined to their existing knowledge base. This means that the capabilities that a firm holds influences how it perceives market opportunities and its and its ability to react. A firm’s existing capabilities therefore prime the development of new capabilities as well as refinements to the firm’s existing capabilities. This view aligns with Karim and Mitchel (2000) study of acquisitions in the medical sector, as they find that firms most often use acquisitions as a mechanism to extend their current product lines or to alter existing capabilities in a novel way.

Studies using patent citations to assess firms’ ability to launch new products also supports the prevalence and effects of local search directed at producing change in firms’ production capabilities. For example, Stuart and Podolny (1996) study large Japanese semiconductor firms and show that the patenting activity of firms tends to concentrate in similar technological domains over a period of 10 years. Similarly, using patent citation data, Katila and Ahuja (2002) study new product introductions and demonstrate that firms deeply reuses their existing knowledge not only for modifying their existing products but also for creating solutions for new product designs. Nerkar and Roberts (2004) demonstrate that firms build new products in the close proximity of their existing knowledge where they are most successful in gaining the acceptance of their products from customers. Holbrook, Cohen, Hounshell and Klepper (2000) demonstrate in their
study of the early semiconductor industry that the firms’ differing pre-founding and early post-founding experience largely explains the heterogeneous production development capability among different firms.

Additionally, in-depth case studies provide us with a rich illustration of the path-dependent process in building new capabilities. Raff (2000) studies two US book superstore chains, Barnes & Noble and Borders, and documents that firms develop capabilities over time through a gradual and incremental process. The study shows that as these companies develop their businesses, the original starting positions led them to develop different capabilities by responding to changing customer needs and market situations. Barnes and Noble, with the history of retailing, developed a superior mass retailing capability, and Borders focused early on assortments to help them gradually develop capability in software design. Similarly, Rosenbloom (2000) provides an example with NCR’s persistence in practices that had been part of its capabilities even after their entry into the computer industry. These qualitative studies highlight that capabilities tend to follow an incremental path of refinement (Winter, 2003). History matters; firms are imprinted by their existing capabilities or starting positions, and overtime firms gradually build up capabilities by matching their current capabilities and market needs (Helfat and Liberman 2002).

To summarize these arguments, cumulative empirical evidence suggests that firms capabilities do change while acknowledging the impact of existing capabilities and path dependency that they can crate. Therefore, firms are constrained in their range of choices and that, most often, lead firms to develop capabilities in areas in which they are already experienced (Fleming, 2001). This means that a firm’s existing capabilities do not change radically in a short period, and in most cases, this is a complete departure from their existing capabilities that are difficult to achieve (Helfat, 2000, 2003). Hence, firms should be more likely to seek improvements or search for the new solutions for products and services in the areas where organizations already have expertise (Nelson and Winter, 1982). Firms, in this manner, gradually accumulate capabilities (Diericks and Cool, 1989) and become specialized in their domain of expertise (Rosenkopf and Nerkar 2001). This greater engagement with similar knowledge is rewarding in terms of enabling firms to develop capabilities that are particularly valuable, that may be difficult to imitate, and that become a source of differentiation (Nelson, 1991, Barney, 1991)

2.2.2 Why the local search is (most) often not advantageous?

Although many firms are adept at building on existing knowledge and capabilities, much research also emphasizes the role of inertia in many organizations, which stems from searching close to existing solutions over a long period. For example, Leonard-Barton (1992) argue that capabilities have flip side-core rigidities, which develop when firms become increasingly reliant on their existing knowledge and skills. A typical example is a long period of success for a
company and the corresponding loss of alertness for new market trends. Therefore, an overemphasis on core capabilities eventually leads a firm to develop core rigidities that inhibit the ability of the firm to develop new capabilities to adapt to changing markets and technological generations (Leonard-Barton 1992). Similarly, Dougherty (1995) shows that firm core incompetencies evolve from what had at one time been the firm’s core competencies. Supporting this insight, Sull (1999), in his detail in-depth historical study of Firestone Tire & Rubber, finds that during new technology introduction, a firm can struggle to adapt to changing situation owing to its focus on the incremental refinement of existing products and eventually loss of its leading position in the tire industry. In a study of the typesetter industry, Trispas (1997) shows that an incumbent firm’s ability to launch new products can be hampered by the tendency to persist in activities that contributed to their past success. Therefore, for many firms, the continuous focus on existing resources leads to limited experimentation with new ideas (Gilbert 2006), which limits their likelihood of creating new solutions relevant to changing scenarios and, hence, leads to the obsolescence of the firm’s innovative activities in the long run (Sorenson and Stuart 2000).

Likewise, there is a persuasive argument in the seminal contribution of Leventhal and March (1993) that in an environment where opportunities change in a rapid and unpredictable manner, a greater level of reliance on a firm’s own prior development to build new capabilities increases the risks of the organization to engage in ‘myopic behavior’ or to fall into ‘competency traps’. Building on these insights, the study by Ahuja and Lampert (2001) indicates that established firms face three traps to maintain their ability to develop new innovative products. The familiarity trap arises out of the natural inclination of the firm to assimilate and integrate new knowledge that is strongly associated with its past activity (Cohen and Levinthal, 1990). The maturity trap stems from the need of firms to improve immediate performance and become competent in specialized areas by repeatedly performing tasks successfully (Martin and Eisenhardt, 2004). The propinquity trap is formed in the process of searching solutions extensively and universally in the neighborhood of old solutions (Ahuja and Lampert 2001), concentrating attention on a limited range of potential alternatives, which leaves large areas of possible solution domains unexplored. Therefore, when faced with new situations, firms are likely to be limited in their ability to develop novel solutions, which most often require firms to look beyond their accumulated expertise and depart from their existing trajectories (Leonard-Barton 1992; Ahuja and Katila 2004). As Markides and Williamson (1994 p.164) explain, ‘simply exploiting existing strategic assets will not create long-term competitive advantage. In a dynamic world, only firms who are able to continually build new strategic assets faster and cheaper than their competitors will earn superior return over the long term’. This means that that firm must develop an ability to acquire new resources or recombine existing resources in innovative ways in order to exploit new market opportunities to respond to shifts in the business environment (Sirmon, Hitt and Ireland, 2007; Gilbert, 2006).
Scholars have used different constructs in order to capture the firm ability to effectively deploy exiting or capture new resources to support the development of new capabilities. For example, Kogut and Zander (1992) define ‘combinative capability’ as the ability to synthesize and apply current and acquired knowledge. Built in this definition is the idea that the firm’s ability to integrate and recombine new external and internal knowledge with the existing knowledge stock is the main source of capability development. In addition, recombining the components of the existing knowledge stocks without integrating new knowledge can also be seen as part of combinative capabilities (Zander and Kogut 1995). Similarly, Henderson and Cockburn (1994) study pharmaceutical firms and show that ‘architectural competence’, the ability to integrate disparate knowledge elements into valuable new combinations, is instrumental in developing new capabilities related to drug discovery. Building on the earlier work Yeoh and Roth (1999) in the pharmaceutical industry, the authors demonstrate that firms with the ability to use existing resources and capabilities in new or flexible ways, which they define as integrative capabilities, can develop innovative capabilities.

The common thread connecting the above concepts is that each emphasizes the importance of firm abilities in the recombination and reconfiguration of resources in innovative ways that develop new capabilities to overcome inertia and market irrelevance (Leonard-Barton 1992). For example, the empirical works of Henderson and Cockburn (1994) and Iansiti and Clark (1994) demonstrate that in dynamic competitive environments, high strategic value capabilities are created from a firm’s ability to integrate diverse knowledge bases. Similarly, Lei, Hitt and Bettis (1996) suggest that in rapidly changing environments, capabilities cannot remain static; firms that continuously develop their capabilities by incorporating new knowledge through continuous experimentation can discover opportunities for new value-creating options and co-evolve with market changes (Levinthal and Mayat 1994). Such studies call for more attention to understanding the dynamism of capabilities or the ability of the firms to replenish capabilities constantly in order to stay competitive. As Reed and DeFillipi (1990 p.101) note, ‘sustained competitive advantage is not derived from a fixed stock of competencies. Rather it arises from a continual competency accumulation’. Following this observation, the salient perspective that has emerges since Teece and Pisano (1994) coined the term is that of the dynamic capability view, and this the subject of the next part of this section

2.3 Dynamic capabilities.

At the root of dynamic capabilities is the question of how organizations build their capabilities in response to changes in the business environment. The contribution by Teece, Pisano and Shuen (1997) is generally accepted as the founding paper on “dynamic capabilities”. It defined dynamic capability as “the firm’s ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments” (Teece, Pisano and Shuen, 1997: 516). Dynamic
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capabilities, thus, are broadly ‘concerned with the firm’s ability to carry off the balancing act between continuity and change in capabilities, and to do so in competitively effective fashion (Dosi et al., 2000 p.6). The seminal paper by Teece and colleagues has received more than 1180 citations, and there are more than 500 papers published incorporating the concept of dynamic capabilities in ISI journals (DiStefano, Peteraf and Verona, 2010). The main argument of Teece and Pisano (1994) and Teece et al. (1997) is that to gain a sustainable competitive advantage, firms need to develop dynamic capabilities that will allow organizations to more intelligently and swiftly adapt to environmental changes. In doing so, they position dynamic capabilities as a key concept for understanding strategic renewal in the face of competition and changing circumstances and lay the ground work for further theoretical developments. Subsequent work has refined and expanded the original definition of dynamic capabilities, as summarized in Table 2.

Table 2. Key definitions of dynamic capabilities

<table>
<thead>
<tr>
<th>Authors</th>
<th>Definitions</th>
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<tr>
<td>Teece et al., (1997)</td>
<td>Firms’ ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environment</td>
</tr>
<tr>
<td>Eisenhardt and Martin (2000)</td>
<td>Firms’ processes to integrate, reconfigure, gain and release resources to match or create market change</td>
</tr>
<tr>
<td>Zollo and Winter (2002)</td>
<td>A learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness</td>
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<tr>
<td>Winter (2003)</td>
<td>Those capabilities that operate to extend, modify or create ordinary capabilities</td>
</tr>
<tr>
<td>Zahra, Sapienza and Davidsson (2006)</td>
<td>The abilities to reconfigure a firm’s resources and routines in the manner envisioned and deemed appropriate by its principal decision maker</td>
</tr>
<tr>
<td>Helfat et al., (2007)</td>
<td>The capacity of an organization to purposefully create, extend or modify its resource base</td>
</tr>
<tr>
<td>Wang and Ahmed (2007)</td>
<td>A firm’s behavioral orientation to constantly integrate, reconfigure, renew and recreate its resources and capabilities and, most importantly, upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage</td>
</tr>
<tr>
<td>Teece (2007)</td>
<td>The ability to sense and then seize new opportunities and to reconfigure and protect knowledge assets, competencies, and complementary assets with the aim of achieving a sustained competitive advantage</td>
</tr>
<tr>
<td>Barreto (2010)</td>
<td>A dynamic capability is the firm’s potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market oriented decisions, and to change its resource base.</td>
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Listing these definitions gives an indication that, as research on dynamic capabilities has evolved, so too has the definition of dynamic capabilities. On a conceptual level, there seems to be a consensus about the dynamic capability construct: (1) dynamic capabilities are organizational strategic processes that are patterned, repeatable and persistent, (2) they are entrepreneurial in nature, where
they are proactive, shape the environment and adapted to the environment, (3) they intentionally change firms resource base, and (4) they are built, path dependent and embedded in the firm. A closer observation of these definitions, however, also reveals difference regarding the basic nature of dynamic capabilities (Zahra et al., 2006). The literature also reveals inconsistencies and ambiguities and leaves us with mainly unanswered questions (Salvato, 2003, 2006). Recently, Arend and Bromiley (2009) question the effectiveness of dynamic capabilities as a viable perspective for understanding the strategic renewal of organization. In what follows, I will first discuss and analyze the most influential and considered the foundational papers within the body of dynamic capabilities research (DiStefano, Peteraf and Verona, 2010); then, I illustrate the ambiguities in these definitions. After that, I present the counter-arguments that have been put forward for the dynamic capabilities view and the more refined definition of dynamic capabilities.

2.3.1 Conceptual foundation of dynamic capabilities

Teece and colleagues conceived dynamic capability as a firm’s ability to develop new capabilities by proposing that this ability is a firm capability in its own right. The term dynamic refers ‘to the capacity to renew competencies and resources to achieve congruence with changing environmental conditions’ (Teece et al., 1997: 515). In their work, dynamic capabilities are conceptualized along three dimensions: (1) asset positions, (2) processes, and (3) and paths. The asset position and path dimension highlights the role of firm history, which means that the firm’s ability to renew its capabilities is dependent on its prior paths (firm history, previous investments) and asset positions, i.e., its stock of technological, complementary, financial, reputational and structural assets. Therefore, building on evolutionary economics (Nelson and Winter, 1992) arguments, these dimensions explain that firms, past and present, guide the future paths of capability developments. In other words, a firm’s ability to adapt to changing environmental conditions, i.e., its dynamic capabilities, is dependent on the heterogeneous and complementary endowment of resources. For example, Helfat (1997) studies the petroleum industry and shows that during the period of rising oil prices, firms with complementary R&D processing technological resources in the oil refining market were most successful in building R&D capabilities in synthetic fuels market. Similarly, in her historical study of the type-setting industry, Tripsas (1997) describes that during a major market shift, the incumbent firms possessing complementary assets (sales/service networks, established contacts with customers) were able to develop dynamic technical capabilities to keep pace with successive typesetting innovations.

The heterogeneous resource positions, according Teece et al. (1997), are not the only determinant of firms’ dynamic capabilities; the firm-specific processes that are shaped by firms’ asset positions are also a key source of dynamic capabilities. The first process, integration and coordination, describe firms’
ability to coordinate and integrate knowledge resources to shape new capabilities (Zahra et al., 2006; Miller and Shamsie, 1996). The second process, learning, involves internal learning through trial and feedback, enabling the firm to both perform existing tasks better and more efficiently and to identify product opportunities in new market domains (Helfat and Raubitschek, 2000). The final process, the reconfiguration and transformation of activities are fundamental for a firm that operates in unstable business environment, and it requires constant surveillance of markets and technologies and the ability to quickly accomplish changes in the firm’s current resource positions (Teece et al., 1997). The overall implication is that the firm’s ability to renew its capabilities, i.e., dynamic capabilities, rests on the firm’s prior paths, unique asset positions, which either enable and constrain specific organizational processes taking place inside the firm, and influence organizational adaptability in changing environment conditions. Therefore, the path-dependent and idiosyncratic histories of knowledge accumulation make dynamic capabilities heterogeneous across firms. This, in turn, requires them to source competitive advantage in changing environments (Teece et al., 1997). However, dynamic capabilities conception has been criticized by Williamson (1999) and Kraatz and Zajac (2001) as elusive and vague. This is because the emerging literature has been consumed with asset positions and prior path dimension of the framework and how they contribute to firms’ dynamic capabilities rather than specifying exactly what dynamic capabilities are and how they contribute to firms’ capacity to adapt to change and reconfigure their competencies and resources.

Eisenhardt and Martin (2000) aim to overcome this critique by arguing that dynamic capabilities should be understood as clearly definable organizational processes. They define dynamic capabilities as ‘processes that use resources – specifically the processes to integrate, reconfigure, gain and release resources – to match and even create market change’. In their conceptualization, dynamic capabilities represent processes that are used to make ongoing adjustments in firms’ resource configurations. For example, Eisenhardt and Martin (2000) view the new product development process as a dynamic capability for integrating and recombining resources to create new products and reconfigure existing ones. The dynamic capabilities that focus on creating new resources include internationalization (Sapienza, et al., 2006; Bingham, Eisenhardt and Furr, 2007), acquisitions (Zollo and Singh, 2004) and alliances (Hoang and Rothaermel, 2005). In their study, Bingham and Haleblian (2008) show how technology-based entrepreneurial firms use internationalization process for acquiring new knowledge on customer preferences, which help them to adjust their product offerings. Karim and Mitchel (2000) study firms in medical sector and provide evidence of the acquisition mechanism used by firms for making changes in their products and services.

Eisenhardt and Martin (2000) distinguish between the nature of dynamic capabilities in a moderately changing environment and in highly dynamic markets. In moderately changing environments, dynamic capabilities take the form of strategic process centers on routines to leverage existing knowledge
resources to pursue new strategies (Nelson and Winter, 1982). In other words, dynamic capabilities in these environments follow the logic of leverage (Bingham and Eisenhardt 2008). A recent study, Danneels (2011) illustrates this logic by showing how a global typewriter manufacturer, Smith Corona, leveraged its market-related resources, brand and distribution channels to enter new product categories. However, in high velocity markets, such as nascent and intensely competitive markets, changes are disruptive dynamic capabilities and are based on entrepreneurial logic of opportunity (Bingham, Eisenhardt and Furr, 2007). Therefore, under this logic, dynamic capabilities are simple, experiential processes used by firms to create novel knowledge with the purpose of enabling change in response to emergent situations (Eisenhardt and Martin 2000). Dynamic capabilities in high velocity environments are conceptualized as the ability of firms to adjust to changing situations, which through spontaneous and improvisational actions, leads to the creation of market change as well as the response to exogenous change (Helfat et al., 2007).

These authors extend the original definition of dynamic capabilities by suggesting that the nature of dynamic capabilities varies with degree of market dynamism. Further, Eisenhardt and Martin (2000) term dynamic capabilities as “best practices” used by the firms with the purpose of enabling change in their resource base by integrating, creating, recombining and releasing resources. For example, they may be the best practices for acquisitions, internationalization, spinout creation, product innovations (Eisenhardt and Sull, 2001). Therefore, commonalities can exist between the dynamic capabilities of different firms (Eisenhardt and Martin 2000). This definition specifies that the role of dynamic capabilities is primarily to reconfigure firms’ resource base in a desired way. Therefore, dynamic capabilities, according to Eisenhardt and Martin (2000), are not necessarily linked to firm performance; rather, they create value by changing the resource base in response to emergent situations.

The definition of Zollo and Winter (2002) implicitly distinguishes between dynamic capabilities and operational capabilities. Following Winter (2000) and Nelson and Winter (1982), who view routines as ‘constituent skills’ of an organization, Zollo and Winter (2002) define capabilities as operating routines that enable firms to develop a stable and predictable pattern of behavior. At the next level, dynamic capabilities as higher-level routines or innovative routines that systematically modify, create and amend operating routines (Zollo and Winter, 2002), this logic that dynamic capabilities operate on other capabilities comes close to the conceptualization provided by Collis (1994), who first purposed that there might be different level of capabilities. According to Winter (2003, p 992), the hierarchy begins with zero-level capabilities, also called ordinary or operational capabilities. See also the definitions of capabilities in the previous section), those associated with “how we earn living now” activities. For example, an operational capability “enables a firm to perform an activity on ongoing basis using more or less the same techniques on the same scale to support existing products and services for the same customer population” (Helfat and Winter, 2011, p.1244). The next level in the hierarchy involves first-order change.
or dynamic capabilities, which alters how firms currently make their living (Winter, 2003). These include changing product or services (Winter, 2003), improving the effectiveness of existing capabilities (Zollo and Winter, 2002; Lavie, 2006), and serving new customer and markets (Helfat and Winter, 2011). Danneels (2002) has empirically developed these ideas by proposing that there are two competencies types: First-order competencies constitute the ability of a firm to serve a particular group of customers by exploiting its existing resource base (Ambrosini et al., 2009). Second-order competencies constitute the ability to add new customers by involving specific activities of identifying new customers, developing knowledge about those customers and gaining access to them through sales and distribution channels (Danneels, 2002). According to Danneels (2002), second-order competencies refer to dynamic capabilities, as they enable the creation of new resources necessary to serve new customers. Similarly, Zahra et al. (2006) distinguish between substantive capabilities (ordinary capabilities) and dynamic capabilities, stating that the former relate to firms’ ability to solve problems and carry out tasks or to achieve a result, while dynamic capabilities concern the ability to change the way that firms solve their problems. Thus, they distinguish one type of ability (e.g., the substantive ability to develop new products) from another type of ability (e.g., the ability to change the way the firms develop new products).

The definitions suggested by Zollo and Winter (2002) and Winter (2003) indicate that firms can use dynamic capabilities even when the environment is not subject to any disruptive change or changing at slower pace. According to Madsen (2010, p. 227), in Zollo and Winter’s (2002) conceptualization, “dynamic capabilities are seen as structured and permanent in the meaning of learnt, stable and structured, and as such do not comprise a set of disjointed elements whereby the firm is linked to the environment”. Zollo and Winter’s (2002) argument is that the use of dynamic capabilities can be invoked on a repeated basis by both endogenous organizational pressures and exogenous environmental events to increase the effectiveness of their operating routines. However, the association between environment change and changes in capabilities or operating routines is that environmental change can serve as a trigger for internal evolutionary processes of experimentation and trial and error (Lavie, 2006). Zahra et al. (2006) corroborate this view by suggesting that a volatile or changing environment is not a necessary component of dynamic capabilities; firms may need to change their routines because of internal organization pressures. However, both Zollo and Winter (2002) and Zahra et al. (2006) agree that dynamic capabilities are most valuable when the external environment is changing rapidly or unpredictability.

In addition, unlike that of Teece et al. (1997), in this conceptualization, dynamic capabilities do not necessarily lead to superior performance. The real value of dynamic capabilities lies in their dynamic ability to change or reconfigure existing operating capabilities in the pursuit of improved effectiveness (Zollo and Winter 2002; Zahra et al., 2006). This point is further endorsed by Helfat and Petrak (2003 p 999), who observe that dynamic capabilities ‘do not involve production of a good or provision of a marketable service’. They are ‘dynamic’
in the sense of enabling the organization to renew its resources by continuously reconfiguring, transforming, and recombining the firm’s resources (Sirmon et al., 2007).

2.3.2 Inconsistencies and ambiguities in the literature

Based on the discussion presented in key foundational papers on dynamic capabilities in the previous section, researchers have different opinions on the nature, role, outcome and relevant context for dynamic capabilities. These different opinions have led to debate and confusion on how to define dynamic capabilities (see also Zahra et al. 2006; Ambrosini and Bowman 2009; Arend and Bromiley, 2009). When Teece et al. (1997) first defined the term, it was noted that “we have merely sketched an outline for dynamic capabilities approach”. In what follows, their definition has been expanded and refined by subsequent authors. In the process, it has been modified, producing conflicting understandings regarding critical issues, including the nature of dynamic capabilities and their effect on organizational outcomes (Di Stefano et al., 2010).

One of the reasons behind these conflicting statements is explained by Esterby-Smith et al. (2009), who state that scholars who have provided definitions for dynamic capabilities have come from different research traditions. Therefore, they have viewed the phenomenon with different disciplinary lenses reflecting their different backgrounds. For example, Zollo and Winter (2002) and Winter (2003), drawing on evolutionary economics, define dynamic capabilities in terms learned patterns of collective routines, whereas Teece et al. (1997), using a more integrated approach including evolutionary economics and the resource-based view (Schreyögg and Kliesch-Eberl, 2007), define dynamic capabilities in terms of capacity or ability. Eisenhardt and Martin (2000) conceive of dynamic capabilities as specific and identifiable processes whose nature varies with the degree of market dynamism and that take the form of experiential processes in high velocity environments (Bingham and Eisenhardt, 2008). These differences in theoretical orientation are reflected in the considerable differences between the various views for understanding the dynamic capabilities construct. Dynamic capabilities have therefore been criticized for lacking a precise definition (Williamson, 1999), being mysterious and confusing (Winter, 2003) and having vague or inconsistent theoretical roots (Arend and Bromiley, 2009).

Most researchers seem to be in agreement over the role of dynamic capabilities as related to changing, reconfiguring, creating and transforming firms’ resources. However, Barreto (2010) recently noted that the chosen locus of change varies across different elements, such as competencies or capabilities (Teece et al., 1997), resources (Eisenhardt and Martin, 2000), operating routines (Zollo and Winter, 2002), and resources and routines (Zahra et al., 2006). In many ways, authors agree over the central nature of dynamic capabilities. For example, most of them refer to dynamic capabilities as processes (Teece, et al., 1997; Eisenhardt and Martin, 2000) or high-level routines (Zollo and Winter, 2002) which are used
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by organizations to effectively alter their resource base. However, a domain in which Di Stefano, Peteraf, and Verona (2014) observe an even split between researchers is whether dynamic capabilities change existing resources or create something new. For example, Zahra et al. (2006) and Zollo and Winter (2002) argue that dynamic capabilities reflect those processes that reconfigure firm resources or routines. On the other hand, Teece (2007) and Augier and Teece (2009) criticize the above as a shortsighted view and argue that benefits of dynamic capabilities often materialize in the form of changing or creating new resources or competencies in order to outpace competitors in entering new markets, developing and introducing new products or adopting new business models (Teece, 2016). According to Pisano (2015), this distinction is important for further developing a theoretical understanding of dynamic capabilities. As he notes, “how do firms’ managers make their firms more adaptable is a very different question than what capabilities should managers build to create new strategic resources faster and cheaper than competitors”. (Pisano, 2015, p.11).

Tightly connected to the issue of changes in resources is the disagreement on the question of the extent to which dynamic capabilities necessarily confer a competitive advantage (Helfat and Peteraf, 2009). Teece and colleagues forcefully argue for a link between dynamic capabilities and competitive advantage, and this has been further enforced recently by Augier and Teece (2009, p.567) by arguing that dynamic capabilities are ‘the foundation of enterprise-level competitive advantage in regimes of rapid (technological) change’. Eisenhardt and Martin (2000) take a very different view by characterizing dynamic capabilities as best practices and offer commonalities that make them equally effective across firms. Therefore, as best practices, they cannot be a source of competitive advantage and superior performance. Similarly, Zollo and Winter (2002) and Zahra et al. (2006) agree that defining dynamic capabilities by their outcome leads to unnecessary tautology.

Another often discussed difference between the fundamental views of Teece et al. (1997) and Eisenhardt and Martin (2000) is related to the conditions under which the dynamic capabilities construct is applicable. For Teece et al. (1997), rapidly changing environments are integral to their conceptualization of dynamic capabilities. In contrast, Eisenhardt and Martin (2000) explain that dynamic capabilities are relevant for both stable and dynamic environments. The latter view is supported by Ambrosini et al. (2009), who suggest that dynamic capabilities are not restricted to fast-paced environments. For example, in stable environments, dynamic capabilities can support ongoing businesses through incremental adaptation of resources, and in high velocity environments, more radical modifications and changes in the resource base are needed. Recently, Helfat and Winter (2011) support this view by stating that firms can change their resources in environments that are relatively stable. However, a recent study by Drnevich and Kriauciunas (2011) shows that dynamic capabilities are more useful in dynamic environments and less effective in more stable environments. As the above discussion suggests, there are contrasting views on the action and aim of dynamic capabilities and their importance in rapidly changing environments. This
internal inconsistency has led to numerous complaints about the degree of confusion in the dynamic capabilities research domain (Drnevich and Kriauciunas 2011; Winter, 2003; Danneels, 2008). Therefore, scholars argue for a coherent definition of dynamic capabilities (Arend and Bromiley, 2009).

2.3.3 Toward a more refined definition of dynamic capabilities

In view of such fundamental disagreements and criticism with regard to the scope and usefulness of the dynamic capabilities approach, a group of scholars have aimed to clarify some of the concepts that seem to be open to different interpretations. One notable effort in this direction has been made by Teece and Winter and other key contributors to the dynamic capability literature (Helfat et al., 2007). Building on early work, they provide a refined definition of dynamic capabilities as ‘the capacity of an organization to purposefully create, extend or modify its resource base.’ (Helfat et al., 2007:4). This definition has been gaining empirical support (see, e.g., Newey and Zahra, 2009; Laamanen and Walin, 2009; Sirmon and Hitt, 2009; Stadler, Helfat and Winter, 2013). This definition can also be considered useful for guiding the understanding of the dynamic capabilities concept in this study.

According to Easterby-Smith et al. (2009), this definition is precise enough to be meaningful yet broad enough to allow scholars to learn more about the nature of the construct, its specific role and the relevance of dynamic capabilities in either changing or stable environments. The definition highlights the role of intentionality (i.e., purposefully) to distinguish it from the concept of rigid routines that are utilized in automatic fashion (Felin et al., 2012). Therefore, dynamic capabilities enable managerial discretion and can be conceptualize as well-targeted strategic processes that are used by managers to achieve strategic goals (e.g., Zahra et al., 2006; Eisenhardt and Martin, 2000; Helfat and Peteraf, 2009). For example, Bingham et al. (2007) conceptualize internationalization as a strategic process utilized by entrepreneurial firms for capturing new opportunities.

Past studies have been divided on their suggestion whether dynamic capabilities are relevant for stable or high velocity environments. To reconcile these differences, Helfat and colleagues make no attempt to tie the definition to any environmental conditions. Therefore, they make a few priori assumptions and leave open the possibility that dynamic capabilities may bring about organization changes unrelated to environmental changes. They thus attempt to reconcile both Teece et al.’s (1997) view that dynamic capabilities enable a firm to respond to environment change and the broader notion of Eisenhardt and Martin (2000) that dynamic capabilities have importance in both moderately dynamic and more fast-paced technological environments. A recent study by Protogerou, Caloghirou and Lioukas (2012) shows evidence of dynamic capabilities in both high and low levels of environmental change. They further conclude that firms operating in
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competitive industries use dynamic capabilities to bring out incremental changes in their resource base as compared to firms in high velocity industries.

To avoid some of the performance tautology critiques of past definitions, this definition does not make a direct connection with competitive advantages or performance. The real utility of dynamic capabilities according to Helfat et al. (2007 p. 7) “refers to how well the capability enables the firm to make a living by creating, extending, or modifying its resource base”. The firm’s resource base includes both tangible and intangible assets and capabilities. For example, firms can create new resources and capabilities through alliances (Schikle and Goerzen, 2010), as well as through entrepreneurial activities to identify and exploit opportunities (Zahra et al., 2006; Teece, 2007). This come close to the conceptualization of dynamic capabilities by Eisenhardt and Martin (2000), who argue that dynamic capabilities can create value indirectly by modifying the firm’s resource base. Building on this definition, Ambrosini and Bowman (2009) further suggest that dynamic capabilities are not firm specific and unique, as normally assumed by researchers (Teece et al., 1997). They conclude that owing to this indirect link between dynamic capabilities and competitive advantage, dynamic capabilities can be interpreted as processes that can be similar across firms (Eisenhardt and Martin, 2000) and used as strategic processes to bring out change in firms’ resource base (Protogerou et al., 2012; Schikle, 2014).

2.4 Micro-foundations of dynamic capabilities

The attempt by Helfat et al. (2007) is the first step in the development of a common understanding for the dynamic capabilities construct (Esterby-Smith et al., 2009). However, despite this cooperative effort to establish a common theoretical grounding for the concept, it remains abstract and intractable (Danneels, 2008, 2015). This is because much remains to be learned about the underlying processes or activities associated with dynamic capabilities (Esterby-Smith et al., 2009). For example, Galunic and Eisenhardt (2001, p.1229) noted already in 2001 that a “good portion [of] work examining dynamic capabilities assume[s] the existence of these capabilities but do[es] not focus on the specific micro processes and manager’s role that form these capabilities”. Similarly, Felin and Foss (2005, p. 442) argue that “many of the problems associated with capabilities-based work are a result of the focus on collective level constructs (e.g., capabilities) at the expense of individual-level considerations”. Consequently, there is an increasing interest in identifying and exploring the underlying managerial and organizational processes and their interplay that generate dynamic capabilities and that lead a firm move from its initial resource positions to a new modified strategic path (Eisenhardt, Furr and Bingham, 2010).

The underpinning micro-foundation of dynamic capabilities was first proposed by Teece in his 2007 paper. He identifies the three clusters of capabilities that constitute dynamic capabilities—sensing opportunities and
threats, seizing opportunities and managing threats and transformation. The framework identifies mechanisms by which firms can sense or identify new opportunities; seize the opportunities and capture value from innovative use of resources; and transform internally not only to survive but to thrive. Teece (2014) maintain that when guided by the strategic vision, skills and knowledge of the leadership team, these three capabilities enable a firm to keep adapting and creating market changes in fluid and uncertain conditions.

2.4.1 Sensing capability

Sensing is an important process that allow organizations to adapt to volatile markets and unpredictable competitors (Harrell et al., 2007; Day and Schoemaker, 2016). The sensing capability is defined as the ability to spot, interpret, and pursue opportunities in the environment (Pavlou and El Sawy, 20011). Thus, at its core, sensing involves exploring, understanding, and interpreting markets, technology and competitor moves, which, according to Teece (2007), are necessary for business enterprises to proactively respond to changes in the business environment by generating a set of valuable growth opportunities ahead of competitors. As he recently explained: Of the components involve[d] in dynamic capabilities sensing is most immediately recognizable as entrepreneurial. Sensing in dynamic capabilities involves constant vigilance through scanning, searching and exploring—developing forecasts about how technologies and markets will evolve and how quickly competitors and customers will respond to develop informed conjectures about future customer and market needs (Teece, 2016, p. 212). For Teece (2007), this requires firms to develop procedures and activities to regularly collect information about customers and competitors, engage in networking with customers and suppliers and suppressing biases inside the organization by allowing various insights to further calibrate opportunities. Thus, building sensing capabilities enables organization to outpace competitors in entering new markets through the development of new products and services or the adoption of new business model, which requires seizing capabilities, as discussed next.

2.4.2 Seizing capability

Once organizations have sensed the opportunities in the environment, they must decide on what to do with the new insight. Day and Schoemaker (2016) argue that this is where action and commitment become important, as firms need to reconfigure their resources and capabilities to exploit the sensed opportunities. As Teece (2007) notes, it is firms’ sensing capability that influences to what degree new opportunities that have been sensed are achieved. In particular, the sensing capability includes the development of new products and services and the design and development of new business models to capitalize on new opportunities (Teece, 2007). Thus, while the sensing of new opportunities may require limited resources, the seizing of new opportunities involves substantial investment in both tangible and intangible resources because it allows firms to generate economic
value from opportunities that have been sensed (Teece, 2007; Pavlou and El Savy, 20011). Although Teece (2007) largely focuses on developing procedures for committing resources and investment in developing and designing business models, which entails changes to and the modification of product and services, he also acknowledges that the introduction of new products to the market is a part of a firm’s seizing capability. As he notes, developing product and services that address new market or existing market in new ways requires seizing capabilities to effectively deploy and develop firm-specific knowledge base assets (Teece, 2016, p. p 210). Hence, a firm’s seizing capability reflects its abilities in accumulating resources internally and accessing complementary resources outside the boundaries of the organization (Zahra and Nielsen, 2002; Danneels, 2002; Danneels, 2011) to develop completely new products or modify existing products that meet the customer’s needs in targeted market segments (Augier and Teece, 2009; Miller, 2003). Accumulating resources internally, for instance, involves procedures or activities to generate new combinations of existing knowledge or leveraging existing knowledge for new purposes or in new ways to enter new markets with innovative product solutions (Zahra and Nielsen, 2002; Eriksson, 2013; Sirmon et al., 2007).

2.4.3 Transforming capability

Sensing and seizing new opportunities, if successful, can lead to firm growth and competitive dominance in the market or industry. However, Teece (2009, p 34) rightly points out that “a key to sustained profitability is the ability to recombine and reconfigure organization assets—its resources and capabilities—as the organization grows, and as markets and technologies change, as they surely will”. This ability is the third leg of the dynamic capabilities triad, which Teece (2007) refers to as the transformation capability, which is needed to manage threats and transform assets to prevent inertia. Thus, in dynamic environments, a firm’s transformation capability is essential for gaining competitive parity over time rather than for merely gaining competitive dominance at one particular moment. The transformation capability involves strategic renewal and asset orchestration (Helfat et al., 2007; Teece, 2007). Strategic renewal refers to proactive modification of a firm’s products and services to address the changes in the external environment, such as technology change or changes in customer needs (Helfat and Agarwal, 2009). This is achieved through the integration, recombination and reconfiguration of knowledge-based assets or resources-asset orchestration (Helfat et al., 2007; Teece, 2007; Sirmon et al., 2007).

Teece (2007) highlights that the successful manifestation of these capabilities in the organization hinges on the knowledge and abilities of its top managers. Thus, he embraces the notion that micro-foundations of dynamic capabilities reside in top management’s strategic intent and choices in the way resources are built and deployed to align with changing circumstances (Sirmon and Hitt, 2009; Sirmon et al., 2007; Felín et al., 2012). Eisenhardt and Martin (2000 p.1107) also acknowledge that a firm’s senior managers influence the nature of the firm’s
competitive advantage through its dynamic capabilities, which depend on the human ability to reconfigure, combine and integrate resources to create appropriate strategies. The next section will develop these arguments in more detail.

2.5 The role of top management in shaping dynamic capabilities

Consistent with Teece’s (2007, p.1346) argument that “dynamic capabilities reside in large measure with enterprise’s top management team”, the role of individuals is crucial to understand the dynamic capabilities (Eisenhardt, Bingham and Furr 2010). For example, Augier and Teece (2009) put forward an argument that top managers have a critical role in building within their organization the capacity to both sense and seize the opportunities, which they term as the essential functions of dynamic capabilities that enable firms to adapt to changing circumstances. Salvato’s (2003) study of the results of Alessi and Modafil provides an example of how product development capabilities develop through a combination of employees’ daily activities and top managers’ deliberate interventions. Similarly, Rosenbloom’s (2000) historical study of NCR explains that in the face of disruptive technological change, leadership actions to introduce new products and break away from existing ways of doing things lead to successful transformation. Pablo, Reay, Dewald and Casebeer (2007) find that trust between leadership and the employees of an organization lead to the emergence of capabilities to effectively recognize and find new and innovative ways to deliver services. In this sense, individuals in their capacity as managers in the organization serve as enablers or triggers that effect the successful development of dynamic capabilities (Ambrosini and Bowman, 2009; Teece, 2007). However, a manager’s ability to do so depends on factors such as motivations, skills and experiences (Zahra et al., 2006), which implies that top managers may differ in their abilities to proactively search for new opportunities and in their subsequent decision making on effective utilization of resources to seize the opportunities and engage in continuous renewal (Ambrosini et al., 2009; Helfat et al., 2007; Teece, 2014). For instance, Augier and Teece (2009) note that although managerial ability is a critical factor undergirding dynamic capabilities, not many managers have the necessary skills, and fewer will succeed in building dynamic capabilities. More recently, Al-Aali and Teece (2014 p. 106) reinforce the role of the entrepreneur manager or entrepreneurial team in asserting that “dynamic capabilities are derived from some combination of top management skills, and the firm’s history, values and activities”. Therefore, it is important to determine the characteristics of top managers (especially the top management team) in order to understand the role that they play in shaping firm dynamic capabilities (Felìn et al., 2012).

To shed more light on top management’s role behind dynamic capabilities, Ander and Helfat (2003, p 1012) introduce the concept of ‘dynamic managerial
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capabilities’ to refer to the abilities of managers to create, extend, or modify the resource base of an organization. Ander and Helfat (2003) identify the three fundamental elements of dynamic managerial capabilities as (1) managerial human capital, (2) managerial cognition and (3) managerial social capital. All three elements of dynamic managerial capabilities separately or in combination directly influence managers’ strategic assessment of the firm’s internal and external environment, which in turn affects managerial decisions and specifically their decisions toward building sensing, seizing and transforming capabilities, which renew the firm’s resources base (Helfat et al., 2007; Ander and Helfat, 2003; Helfat and Martin, 2015; Martin, 2011)

2.5.1 Managerial human capital

The concept of managerial human capital refers to managerial abilities rooted in the knowledge, skills and experience of managers that serve as a basis for their decision making (Ander and Helfat, 2003; Martin, 2011). The literature on managerial human capital further distinguishes among knowledge and skills gained at the firm level and from industry-level experiences (Kor 2003; Castanias and Helfat, 2001). This is based on the premise that the knowledge that these managers hold is often idiosyncratic, developing and expanding as they spend more time in specific firms and industries (Kor, 2003; Ander and Helfat, 2003). For instance, firm-specific managerial human capital refers to managers’ tacit knowledge of the firm’s historical evolution, resources, capabilities, strategies and routines of operational activities (Bailey and Helfat, 2003; Kor, 2003). Although managers bring to their firm specialized knowledge in the form of their education in a field, enabling them to execute tasks with expertise, they develop firm-specific knowledge and skills after many years of experience in the firm (Kor et al., 2007; Castanias and Helfat, 2001). Nonetheless, industry-specific experience involves interactions with customers, suppliers, and distributors, which produces knowledge about opportunities, threats, competitive conditions and government regulations that are unique to each industry (Kor et al., 2007; Kor, 2003). In this sense, managerial human capital becomes the source of variety of skills, such as expert knowledge of the firm’s functional (i.e., sales, marketing, and products) domains; greater skill in managing firm employees; an understanding of the competitive environment and customer needs, which managers often draw on to increase their firm’s abilities in sensing new opportunities and threats; size opportunities, and the reconfiguration of resources to achieve continuous renewal (Kor, 2003; Sirmon et al., 2007; Zahra et al., 2006).

Concerning firm-specific human capital as managers continue to work in firms, each of area of their skills becomes embedded in the context of the firm making their firm-specific knowledge least mobile and non-transferrable to other firms (Kor, 2003; Castanias and Helfat, 2001). Miller (2003) argue that this deeply embedded knowledge that is not easily codified confers favorable knowledge asymmetries between top managers across different firms. Managers utilize this
knowledge to identify commercially viable opportunities for their firm and to successfully exploit these opportunities by productively deploying its resources and knowledge, i.e., matching opportunities with firm resources and capabilities (Kor, 2003; Miller, 2003). For example, Miller (2003) describe how executives at Denmark’s International Service System (ISS), a major industrial service firm, utilize their firm-specific knowledge in sterilization and in cleaning slaughterhouses to sense new opportunities in the hospital cleaning business. Specifically, he finds that managers with deep knowledge of firm resources and capabilities adopt a dual emphasis: “they ask not only where the opportunities are, but also why their firms should be able to capture and exploit these opportunities better than the competitors” (Miller, 2003, p. 971). Thus, managers possessing firm-specific experience not only envision new opportunities but also assess more precisely the opportunities that fit with firm internal resources and capabilities (Kor et al., 2007; Kor, 2003) and increase the firm’s potential to exploit these opportunities. Consequently, managerial human capital plays a crucial role in developing processes to seize new opportunities through the effective development of internal resources. This is because, as discussed earlier, managers’ firm-specific experience provides them with intimate knowledge of their employees’ skills and therefore allows them to develop managerial tacit knowledge inside the organization that they often assign to relatively inexperienced managers to work on product development projects along with experienced managers (e.g., Sirmon et al., 2007). In doing so, they develop a pool of people with specialized knowledge, which has been argued to be instrumental to seize new market opportunities (Sirmon et al., 2011). The same logic also applies to transforming firm resources, in which managers are likely to rely on their human capital when making decisions to alter firm resources in order to proactively modify its products and services (Helfat and Martin, 2015; Helfat and Agarwal, 2009). For instance, Agarwal and Helfat (2009) show that in IBM, top managers’ deep knowledge of firm resources enables them reconfigure core and complementary resources, such as R&D personnel, brand, and customers, and to successfully transform IBM from a computing hardware company to a computing business service company.

Analogously, industry-specific managerial experience represents top managers’ knowledge of the industry dynamics, profitable niches, customer preferences, industry rules and norms that are unique to each industry (Kor, 2003; Castanias and Helfat, 2001). As new developments and technologies within an industry often follow a path-dependent pattern, experience-based knowledge of the industry evolution enhances managers’ ability to understand current and predicted future industry dynamics (Kor et al., 2007). Thus, experience in a specific industry not only provides knowledge concerning how industry works but also provides experience for managers to gain the skills to anticipate future market opportunities and threats, changes in technology and customer preferences (Kor, 2003; Kor et al., 2007; Helfat and Liberman, 2002), which is often considered crucial for building sensing, seizing and transformation capabilities (Teece, 2007; Tecce, 2014; Helfat and Martin 2015). For example, Klepper and
Simons (2000) show how firms with top managers who have prior knowledge in the manufacture of radios are the first ones to enter the TV industry, are more innovative in their research and development, achieve greater market share and survive longer in the TV industry. Similarly, King and Tucci (2002) find that firms’ entry into the disk-drive industry is strongly influenced by managers’ prior experience in the related industry. Moreover, they show that managers with sales experience in one market segment not only increase their choice of entry into new markets but also encourage entry into such markets. Thus, contrary to the argument that firms often have difficulty in adapting to changes because of the path dependencies associated with initial endowments, King and Tucci (2002) demonstrate that managers’ prior experiences can be useful in adapting to changing circumstances by developing processes such as searching for new market opportunities (*sensing*) and entering into the new markets with innovative products (*seizing*). Cattani (2005) reaffirms and extends the importance of manager’s industry experience by showing that in the fiber optics technology industry, managers’ relevant knowledge and skills are the source of firm transformative capabilities that allow firms to enter new technological domains much faster than competitors.

In sum, the preceding analysis has shown that across different firms, significant heterogeneity can exist with respect to the knowledge, skills and experience of top managers (Felin and Foss, 2005; Felin and Hesterly, 2007). Recent research has suggested that managers’ firm-specific and industry-specific human capital is an important antecedent of firm dynamic capabilities (Kor and Mesko 2012; Maritan and Peteraf, 2011). This is because with the unique knowledge of firms’ resources and their business environment, including knowledge of the industry and the customer base, top managers can effectively respond to the demands of an evolving environment by successfully engaging in activities of discovering new opportunities and reconfiguring resources necessary to seize the opportunities for their firms (Teece, 2007; Augier and Teece, 2009, Teece 2012).

### 2.5.2 Managerial cognition

Managerial cognition, according to Ander and Helfat (2003), is central to the understanding of firms’ actions toward building dynamic capabilities. For example, in their study of corporate managers in the American petroleum industry, Ander and Helfat (2003, p. 1023) conclude that their study reveals that “even though the studied corporate managers were facing similar conditions in the external environment, corporate managers in different companies respond differently reflected in their decision making for corporate renewal decisions”. Ander and Helfat (2003) attribute such differences in managers’ decisions partly to their cognitive abilities for anticipating, interpreting and responding to changes in the business environment. Building on Ander and Helfat (2003), Kor and Mesko (2012) and Teece (2007) argue that any explanation of firm dynamic
capabilities will be incomplete without an understanding of how managers, individually or as a team, perceive, process, and interpret new information and respond to it when making decisions. This resonates with the earlier argument by Gavetti (2005 p. 599) that "research on capabilities needs micro-foundations that capture more fully what we know about cognition and action in organizations".

Managerial cognition embodies managerial beliefs and mental models that serve as a basis for decision making (Ander and Helfat, 2003). Such managerial mental models are knowledge structures or cognitive representations through which managers perceive and interpret organizational resources and their business environments (Gary and Wood, 2011; Bar et al., 1992; Walsh, 1995; Kiss and Barr, 2015). The literature suggest that through previous experiences in specific firms and industries (Levitt and March, 1988), managers develop these cognitive representations and strategic beliefs regarding their firms’ external environment and internal situations that enables interpretation and action in such an environment—be it pursuing new opportunities or allocating resources for product development or new technologies (Walsh, 1995). For example, Hambrick and Mason (1984) argue that the top managers carry their job-related experience as part of their cognitive make-up (i.e., their learned and expert frameworks about their firm’s resources and environment), which influences their strategic choices. They further elaborate that in many decision-making situations, such as in evaluating strategic opportunities for business growth, managers face almost an infinite set of options. In such situations, managers cannot contemplate all the possible options and their consequences; therefore, they become restricted in their field of vision, and they will most likely selectively perceive a number of opportunities that lie within the field of vision. These perceived opportunities are hence not the objective number of opportunities that might be available in the business environment; rather, they are the outcome of the manager’s interpretation of the firm’s business environment that they make it through their cognitive biases (Hambrick and Mason, 1984).

Similarly, Prahalad and Bettis (1986) argue that managers’ pre-existing knowledge of the core of their business induces them to develop a mental model (dominant logic) for their businesses and its environment. Managers’ use this dominant logic as an information filter or a funnel when searching for and interpreting new information and when making decisions (Prahalad and Bettis, 1995; Walsh, 1995). Elaborating further the notion of mental models, Gavetti (2005, p.599) argues that “manager’s mental model of their strategic decision problem” limits both their ability to identify all action alternatives that are available and induces them to estimate the expected outcomes of different decision options. In other words, the development of mental models that selectively consider information in firms and the industry affects managers’ ability to interpret the value of resources currently held by the firm (Kunc and Morecroft, 2010) and where the firm stands in its business environment (Garry and Wood, 2011). Thus, top managers with different experiences and knowledge can perceive the same industry and the potential application of their firm resources differently (Gavetti, 2005, Mahoney, 1995; Ander and Helfat, 2003), which in
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turn shapes their decision making on how organizations develop capabilities to sense and seize new opportunities and efficiently transform the resource base (Teece, 2007; Hodgkinson and Healey, 2011; Laamanen and Wallin, 2009).

Empirical research has documented the diversity in top managements’ cognition with respect to their knowledge and beliefs, and subsequent interpretation about both their organizations and competitive environment can either constrain or enable organization actions toward building dynamic capabilities. In a study of the typewriter company Smith-Corona, Danneels (2011) shows that top managements ‘resource cognition’, defined as managers’ understanding of the existing resources and their potential to be used in new markets, is an important source of firms’ ability to exercise dynamic capabilities. According to Danneels (2011), Smith-Corona’s attempt to build dynamic capabilities starts with top managers’ understanding of questions such as “what are our resources?” and “what are the potential applications of our resources in creating new markets?”. Danneels’ (2011) in-depth case study reveals that managers’ perception of the brand and understanding of customers as key resources affects the way that they try to exercise dynamic capabilities. For example, Danneels (2011) observes that top managers’ deeply rooted belief in their brand’s superiority does not allow them to consider the alternative opportunity of committing substantial funds and organizational efforts toward building its competence in the manufacturing of electronic components, which might prove to be valuable for firm entry into new business domains. Instead, management increasingly cut down investments for manufacturing resources. Furthermore, Danneels (2011) observes that Smith-Corona’s top managers’ belief that their understanding of customer needs is a valuable resource result in them designing products to satisfy customer needs, which later may turn out to be fatal decisions regarding new product introductions. The numerous product introduction may not be accepted by customers, which according to Danneels (2011), shows that top management lacks an in-depth understanding of customer needs. Hence, top managements’ misunderstanding of which company resources have value prevented Smith-Corona from successfully using resources toward potential new uses and ultimately contributed to the company’s demise.

In an earlier study, Tripsas and Gavetti (2000) document that top managements’ cognition in terms of their beliefs about their business prevented Polaroid’s successful transition from analogue to digital imagining technology. Tripsas and Gavetti (2000) find that senior managers’ source of cognitive inertia is not a lack of awareness of changes in technology; rather, their strong belief in the razor/blade business model was a source of profits prevented them from sensing new opportunities in the digital world and combining existing skills and resources to develop profitable products. Similarly, Barr et al. (1992) conclude that top management often recognize environmental change correctly, but they still fail to adjust or align their beliefs with market opportunities. Their
comparative study of two railway companies, Rock Island and C&NW, over a twenty-five-year period shows that the both firms were similar to begin with, but one eventually went bankrupt, while the other survived. They attribute these differences to the top managers’ abilities to amend their beliefs to link environmental changes with appropriate actions inside the organization.

As discussed above, research has increasingly noted the difficulty of top managers to update or amend their beliefs and knowledge structures (i.e., mental modes) in response to changes in the external environment, which are often critical for firms’ sensing and seizing capabilities (Teece, 2007). However, Helfat and Peteraf (2015) recently argue that some managers can develop expert knowledge structures about the external environment and firm resources that enable them to search and explore new market opportunities both locally and distant from the organization and seize opportunities by aligning firm resources and assets. This observation is consistent with emerging research in entrepreneurship that highlights the differences between novice and expert entrepreneurs and their abilities to develop sensing and seizing capabilities. (Gruber et al., 2013; Ucbasaran et al., 2009). For example, Gruber et al. (2012) note that technology start-ups with a combination of industry experience and entrepreneurial experience within the founding team identify a larger number of market opportunities. They explain this finding by arguing that founding teams with domain-specific expertise tend to possess distinctive cognitive frameworks that facilitate the development of “market sensing capabilities”. Similarly, Bingham et al. (2007) find that top managers or founders of entrepreneurial firms with prior internationalization experience often use expert heuristics and simplify decision rules, which enables them to sense new opportunities in international markets and seize those opportunities through effective entry modes and product introductions.

2.5.3 Managerial social capital

Teece (2007) proposes that whether firms can develop sensing, seizing and transforming capabilities depends on top managers’ abilities to access and/or acquire resources inside and outside the boundaries of their firms. Specifically, they depend on the social capital that managers develop through developing reciprocal and trustworthy relationships with internal and external organizational actors (Ander and Helfat, 2003; Beck and Wiersema, 2013). Social capital is defined as “the sum of resources, actual or virtual, that accrue to an individual, group or an organization as a result of the development of personal and social networking relationships” (Acquaah, 2007, p. 1238). In a sense, it involves access to all forms of capital, including top managers’ relationships with respect to financial resources, intellectual resources, human capital or even the social capital of those others (Beck and Wiersema, 2013; Fainshmidt and Frazier, 2016, Blyler and Coff, 2003). Several scholars distinguish between internal social capital that derives from relationships and ties between individuals and groups working inside
the organization and external social capital that develops through relationships with external entities (Adler and Kwon, 2002; Hitt and Ireland, 2002; Leana and Pil, 2006).

The internal dimension of social capital is focused on personal relationships that organizational members develop with each other through shared experiences within firms (Coleman, 1988; Adler and Kwon, 2002). More precisely, internal social capital is defined in terms of both the content and structure of the relationships between the top management team and whom they lead as well as relationships across all organization work units that facilitate the exchange of resources, that contribute to cohesiveness and that foster collective action (Hitt and Ireland, 2002; Leana and Van Buren, 1999; Moran, 2005). Nahapiet and Goshal (1998) propose three facets of internal social capital: structural, relational and cognitive. The structural dimension of social capital refers to the connection among actors—with whom and with what frequency they share information (Leana and Pill, 2006). In other words, it embodies strong ties among actors in organization-social interactions, routines of communication and information exchange among top managers, middle managers and other employees (Zheng, 2010; Hitt and Ireland, 2002). Strong ties promote frequent interactions and create value by providing channels for information and resource exchange and enhance the organization’s ability to achieve novel resource combinations (Zheng, 2010; Tsai and Goshal, 1998). For example, Sanchez-Famoso et al. (2014) note that close interactions permit organizational actors to know one another, share important information, create a common understanding of task issues and goals and gain access to each other’s resources, thus promoting collective learning. Helfat and Martin (2015) argue that such information and knowledge flows enhance the organization’s ability to sense and seize new opportunities and transform resources. For instance, Blyler and Coff (2003) attribute IDEO’s product design success to firms’ internal social capital, that is, working patterns and continuous interactions (i.e., brainstorming sessions) that allow design engineers to interact and share information about their ongoing projects. This continuous exchange relationship among the engineers in the design department, they argue, facilitates knowledge integration throughout the organization for continuously capturing the new opportunities in product design and in bringing such innovative designs to market. More recently, Kemper, Schilke and Brettel (2013) empirically show that senior managers’ strong ties within their network enable novel resource combinations that enable firms’ to effectively assess the potential of new markets as well as customer needs and to constantly improve the product development process to provide customers with unique benefits. Similarly, Martin (2011) provides empirical evidence indicating that when general managers of separate business units work as episodic teams, sharing both their expertise and the resources under their control, it enhances firm potential to reconfigure existing assets and resources in novel ways and to adapt to changing conditions in their industry environment.

The relational dimension of social capital describes the nature of personal relationships that people have developed with each other through the history of
interactions within a firm (Nahapiet and Goshal 1998; Leana and Pill, 2006). In contrast to the structural dimension, the relational dimension refers not to connections between actors but to the underlying basis or quality of relationships. Among its key attributes, as per Moran (2005), are the level of trust and familiarity among actors. Both familiarity and trust describe the closeness in interpersonal relationships, such as solidarity, encouragement, reciprocity and mutual respect, constructed through personal interactions and cooperative efforts in the organization (Moran, 2005; Nahapiet and Goshal 1998). Most scholars agree that trustworthy relationships and the degree of familiarity among actors often result in knowledge sharing—where the transmission of valuable information pertaining to customers and competitors inside the organization (Tsai and Ghoshal, 1998; Yli-Renko, Autio and Tontti, 2001) reduce opportunistic behavior and encourage organizational members to share novel ideas and insights (Moran, 2005; Zheng, 2010), engage in collective learning, and accumulate knowledge (Subramaniam and Youndt, 2005; Sirmon et al., 2007). Thus, this aims to foster an environment of collaboration and knowledge exchange that influences or enhances the firm’s abilities to sense and seize new opportunities in the environment and to more effectively reconfigure the resource base for continuous renewal (Helfat and Martin 2015; Tecce, 2014; Fainshmidt and Frazier, 2016). For instance, Fainshmidt and Frazier (2016) empirically demonstrate that a climate of trust in an organization is often positively related to sensing, seizing and transformation capabilities. Specifically, they argue that trust among organizational members encourages information sharing and cooperative interactions and facilitates collective reflection about the current way of doing things, which results in the discovery of new opportunities. Furthermore, they argue that because trust increases actors’ willingness to rely on new knowledge from peers, it thus promotes a stock of tacit knowledge residing in the organization that allows the firm to readily mobilize and combine resources to capture new opportunities with innovative products and to constantly renew its innovation processes.

Nahapiet and Goshal (1998) argue that as individuals interact with one another as part of the collective, they are better able to develop a common set of goals and a shared vision of the future of the organization. This is what they refer to as the cognitive dimension of social capital. Leana and Pill (2006, p. 354) argue that the “cognitive aspect of social capital is both reinforced by, and reinforcing of the structural and relational components”. This is because when organizational members maintain close interactions, it engenders familiarity and mutual trust and respect for each other’s abilities and promotes social cohesion and group potency (Zheng, 2010). As a result, it diminishes misunderstandings or relational disputes, promotes open discussions and frequent communications among members of the top management and other employees in the organization, and facilitates the negotiation and establishment of a share cognition on the future direction of the firm (Ensley and Pearson, 2005; Nahapiet and Goshal 1998). Shared cognition thus refers to the integration of diverse knowledge structures in a group or among organizational members that is used to assess, evaluate and reach consensus on the future goals and strategies of the firm (Ensley and Pearson, 2005). In this
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respect, shared cognition represents a collective thought process inside the organization (Walsh, 1995). It thus involves continuous deliberation among team members on how to go about solving problems at hand creatively by experimenting with different ideas, seeking support from each other and reflecting on different solutions (Shalley and Perry-Smith, 2008). Thus, shared cognition is a result of both high-quality relationships among actors and frequent interaction and information sharing (Leana and Pill, 2006). In other words, it serves as a bonding mechanism that enables organizational members to integrate each other’s ideas and knowledge and to create a collective output (Foss et al., 2008). However, Zheng (2010) claims that shared cognition may sometimes blind decision makers to changes in the market, reducing firm capabilities to response to changes in the environment. In a recent study of technological innovation, Lanza and Passarelli (2014) demonstrate that the sharing of knowledge among top managers allows the development of collective learning, which facilitates the development of firm capabilities for evaluating new technological opportunities and scrutinizing the potential value of new technology that is being developed even when outcomes remain uncertain.

External social capital is an outcome of the relationships and connectivity between top managers with other actors or groups beyond their organizations (Adler and Kwon, 2002). The external ties of top managers, often in the form of past and current professional experience in a specific industry, provide them with an opportunity to develop social relationships with executives in other firms, such as suppliers, distributors (Geletkanycz and Hambrick, 1997) and major customers (Acquaah, 2007). Several studies have shown that top managers’ network relationships with the actors outside the organization provide them with access to valuable resources, information, and knowledge, which can be used to sense and seize new opportunities for their firm. For example, Prashantham and Dhanaraj (2010) find that the top managers of entrepreneurial firms who have professional experience in multinational enterprises successfully leverage their contacts with former employers to expand their knowledge of new markets and internationalize their firm operations. In addition, Kor and Sundaramurthy (2009) provide evidence that top managers’ prior positions in the industry are the main source of goodwill and connections with key industry players, such as investors, suppliers, and distributors. With these connections, top managers help firms to mobilize the resources required for capturing the growth opportunities within the industry (Kor and Sundaramurthy 2009; Geletkanycz and Hambrick, 1997). Managerial ties with customers have also been suggested to be a great source of market information, ideas and opportunities for the firm (Acquaah, 2007). The study of top managers’ in Chinese firms conducted by Peng and Lou (2000) demonstrates that managers with high customer network ties benefit from an increased understanding of the market and customer needs, which aids the effective transformation of firm resources and facilitates the adaptation of products in changing conditions.

Furthermore, the network relationships that top managers develop through prior positions in different firms in a specific industry strongly influence their
ability to manage or develop their future set of relationships with other firms in order to expand their social capital on an ongoing basis (Gulati, Nohria and Zaheer, 2000; Hite and Hesterly, 2001). The literature suggests that an organization’s existing network position strongly influences its future ties because organizations tend to repeatedly form ties with the same partners and/or their partners’ partners (Gulati, and Gargiulo, 1999; Hallen and Eisenhardt, 2012). Moreover, the experiences and connections of top managers are significant in shaping these new relationships (Arregle et al., 2007; Maurer and Ebers, 2006). For instance, with experience in the focal industry, top managers can help their firm identify and choose the right potential business partners and initiate collaborative business relationships (Eisenhardt and Schoonhoven 1996; Geletkanycz and Hambrick, 1997; Hallen, 2008). Such relationships, often in the form of formal and informal alliances with the selected firms, enable top managers to gain access to needed resources in order to effectively compete and foster their firm’s capability to seize new opportunities in the market (Gulati, 1995; Hitt and Ireland, 2002; Li, Eden, Hitt and Ireland, 2008). For example, Ozcan and Eisenhardt (2009) show how existing ties of top managers help them to form new ties with desired alliance partners in order to gain access to novel information, knowledge and technology to enable the firm to exploit opportunities in the emerging wireless gaming market. Prashantham and Dhanaraj (2010) further show that top managers in the studied firms, who have purposefully explored new alliance opportunities for their firms, not only acquire valuable information about new potential markets but also become aware of relevant new competitors and customers, which was instrumental in shaping their firms’ internationalization capability.

Hallen and Eisenhardt (2012) recently argue that top managers’ ability to strategically build and manage new collaborative relationships places their firms in a central network position in the industry and provides more possibilities to form future connections with desirable partners in order to ensure continuous innovation. Maurer and Ebers (2006) find that executives of biotechnology firms who engage in making alliances with new partners on a continuous basis are more successful in making their firms adaptable to changing market conditions with the ability to introduce new products. More recently, Sirmon, Hitt, Ireland and Gibert (2011) theorize that firms’ effective management of resources necessary for reaching desired objective, such as entering new markets and successfully competing in new markets through novel product offerings, is facilitated by the senior managers’ relational abilities with external partners. For example, Brinckmann and Hoegl’s (2011) study of technology-based firms reveals that top managers’ relational abilities are positively related to the growth and profitability of the firm. Related research has shown that multi-firm collaborative networks with the right partners improve firms’ efforts to access their partners’ complementary capabilities needed to introduce products and services in order to serve new market segments (Davis and Eisenhardt, 2011; Ozcan and Eisenhardt, 2009), fulfill its information and resources (e.g., human, knowledge and financial), fill gaps for fostering continued growth (Hallen, 2008, Shane and
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Cable, 2002), and increase the possibilities for mutual learning and knowledge sharing (Powel, Koput and Smith-Doerr, 1996; Laursen, 2012), which enhances firms’ ability to seize entrepreneurial opportunities on an ongoing basis (Ketchen, Ireland and Snow, 2007).

2.5.4 Relationships between managerial human capital, cognition and social capital

Ander and Helfat (2003) highlight that although managerial abilities rooted in managerial human capital, managerial cognition, and managerial social capital play an instrumental role in firms’ ability to adapt to new circumstances, most of the literature has focused on each of these managerial abilities separately. It suggests that a fuller understanding of top managers’ role requires a focus on how such managerial abilities in combination affect the ability of firms to adapt to change through continuously searching and seizing new opportunities. This is illustrated, for instance, by Kor and Mesko (2013), who recently propose that the three elements of managerial capabilities jointly determine top managers’ assessment of firms’ internal and external environment, which in turn revitalize firms’ ability to purposefully identify new trends and opportunities, seize new opportunities and reconfigure resources for continuous renewal.

First, managerial cognition, as discussed earlier, is shaped by knowledge, specialized skills, and experience gained from prior professional experiences (Ander and Helfat, 2003). Such experiences influence managerial inclinations, strategic choices, and biases toward sensing and seizing opportunities (Kor and Mesko, 2013; Hambrick and Mason, 1984). This is because prior experiences shape top managers thinking, frame of reference and perceptions about firms’ internal and external environment (Wlash, 1995; Bar et al., 1992). Kor and Mesko (2013) argue that this human capital-based managerial cognition and information processing enable managers to scan the environment for relevant information, make sense of new information and determine how such information can be utilized to identify new opportunities for a firm. In addition, mental models held by top managers provide the direction in which resources can be best utilized to seize opportunities in the form of new products and services (Danneels, 2011).

Second, managerial cognition and social capital as well as social ties inside the organization, as discussed earlier, shape and influence the collective beliefs inside the organization (Kor and Mesko, 2013; Nahapiet and Goshal, 1998). Strong ties and trust promote a healthy mix of debate among the management team and other members, which stimulates members to think differently and consider new insights as well as to gain a shared sense of respect, support and care for different actors that in turn affects the development of shared cognitive schemas (Foss et al., 2008). In addition, managerial cognition shapes the social ties that lead to social capital (Ander and Helfat, 2003; Helfat and Martin, 2015). For instance, Foss et al. (2008) argue that top managers with extensive experience working together develop familiarity about each other’s skills, strengths and weaknesses and hence are more likely to have high-quality relationships with one
another and to interact with one another and share information regularly. This in turn reduces the possibility of relational conflict and promotes disagreements on strategic tasks, which reduces groupthink and behavioral inertia (Foss et al., 2008; Felin and Zenger, 2009). For example, Fischer and Pollock (2004) hypothesize and find support that firms’ whose top managers work together for a long duration of time develop a shared language and pattern of communication among themselves. They find that this perception of trustworthiness among top management facilitates an exchange of ideas and resources within the organization, which fosters the firm’s abilities to sense and seize new opportunities (Teece, 2007; Helfat and Martin, 2015).

Finally, the knowledge and information that top managers gain through social relationships is significant in expanding their skills and abilities to effectively manage their organizations (Coleman, 1988; Gelatkanycz, and Hambrick, 1997; Florin, Lubatkin and Schulze, 2003). Similarly, the human capital of top managers is influential in building their social capital (Adler and Kwon, 2002; Kor and Sundaramurthy, 2009). As Florin et al. (2003) have found, the interaction between managerial human capital and social capital has a positive effect on firms’ ability to explore and exploit new opportunities for continuous growth. Kor and Sundaramurthy (2009) find that managerial human capital (industry experience) and social capital (multiple board member experience) are complementary to each other and play an important role in the growth of technology-based firms.

Overall, the literature suggests that, independently and in combination, managerial human capital, managerial social capital and managerial cognition are critical determinants of firms’ strategic decisions concerning the development of dynamic capabilities. Top managers’ actions play an essential role in identifying and capturing new strategic opportunities and affect how firms’ resources are effectively utilized (Sirmon et al., 2011; Augier and Teece, 2009). These strategic actions are rooted in top managers’ experiences, skills and expertise (Human capital), the ability to strategically develop new relationships (social capital), and the belief and mental models (cognition) through which managers perceive and interpret the firm and its environment.

2.6 Dynamic capabilities and entrepreneurship: A way forward

As discussed above, much theoretical effort has been made to understand the micro-foundation of dynamic capabilities—that is, organizational and managerial processes that underlie and shape dynamic capabilities. Processes relating to sensing and seizing opportunities are often invoked to understand or explain the heterogeneity in performance among firms or adaptation to changing circumstances (Wilden, et al., 2013). In addition, they are used for analyzing the role of top managers in developing such capabilities through the study of dynamic managerial capabilities, including managerial human capital (Sirmon and Hitt,
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2009) managerial cognition (Helfat and Peteraf, 2015) and managerial social capital (Blyler and Coff, 2003).

Despite this increase research effort, there remains a significant gap in developing an empirically grounded understanding of the practice of dynamic capabilities—that is, how sensing, seizing and transforming capabilities are used as well as the crucial role of managers or top management team members in developing these capabilities. This is because, except for Wilden et al. (2013), to date, the Teece (2007) framework has been largely promoted through conceptual and theoretical discussion (Wilden et al., 2016; Danneels, 2015). Thus, an empirical analysis that provides validity to the framework and that offers ways to refine it is needed to establish dynamic capabilities as a theoretically and practically well-formed construct (Grant and Verona, 2015; Giudici and Reinmoeller, 2012). Although Teece (2007) explicitly notes that dynamic capabilities are largely rooted in top managers’ knowledge, cognitive and social abilities, empirical studies on the role of managerial capabilities in the development of dynamic capabilities remain underdeveloped (Eggers and Kaplan, 2013; Teece, 2012; Foss 2011; Helfat and Martin 2015). This leaves a significant gap in our understanding of the association of top managers’ decisions, actions, and behaviors with respect to the emergence and development of dynamic capabilities (Eisenhardt, et al., 2010; Teece, 2016; Helfat et al., 2007). As Helfat and Peteraf (2015, p.850) recently argued, ‘untangling the relationships between managerial and organizational dynamic capabilities both empirically and theoretically remains largely unexplored but has the potential to provide a deeper understanding of the nature and development of dynamic capabilities’.

Teece (2007) notes that the dynamic capabilities framework is predominantly occupied with sensing new opportunities sooner than rivals, seizing them efficiently with novel resource combinations and reconfiguring existing resources and competences to stay ahead, yet it is tightly related to entrepreneurship research. For instance, he argues that entrepreneurship is an incarnation of dynamic capabilities because it involves processes (sensing, seizing, transforming) that lead to the creation of new businesses through product-market and technological innovation promoted by an individual or team within organization (Teece, 2008). This is in line with Zahra et al. (2006), who earlier suggest that dynamic capabilities are important for continuously creating, discovering and exploiting entrepreneurial opportunities. Specifically, they argue that the dynamic capabilities literature has given scant attention to younger firms or SME’s as they create, discover and exploit opportunities. Thus, scholars have misses the opportunity to develop unique insights in the creation and exploitation of dynamic capabilities, as they explain: ‘in new ventures the creation and subsequent use of dynamic capabilities correspond to entrepreneur, or entrepreneurial team’s capacity to amass, integrate and reconfigure resources to identify and capture new opportunities’. (Zahra et al., 2006, p. 918). Similarly, Teece (2012) recently argues that in smaller and less established ventures, dynamic capabilities may be based on the skills and knowledge of an entrepreneur or entrepreneurial team. This is based on the premise that in contrast to established
firms, entrepreneurial firms seldom start with a set of firm-specific resources and capabilities to compete effectively in the market (Zahra et al., 2006; Autio, George and Alexy, 2011). Thus, entrepreneurial firms and their top managers or founders need dynamic capabilities in order to be able to proceed from launching a venture (Rasmussen, Mosey and Wright, 2011; Newbert, 2005) to a value-creating firm that repeatedly engages in entrepreneurial activities centered on the discovery and pursuit of opportunities (Barreto, 2010, Zahra et al., 2006; Zahra, Filatotchev and Wright, 2009; Arthurs and Busenitz, 2006). The creation of such capabilities within an organization requires effort from top managers or the founder in the development of routines/activities for the identification of opportunities and the exploitation of opportunities through the mobilization of knowledge-based resources aimed at extending the resource base of the organization (Zahra and Newey, 2009; Sirmon et al., 2011; Helfat et al., 2007).

In this sense, consistent with Teece (2007; 2012), I argue that micro-foundations of dynamic capabilities can lie at the core of the entrepreneurial activities of entrepreneurial firms aimed at extending the resource base of organizations (Teece, 2012; Zahra et al., 2006; Bingham et al., 2007). As Teece (2012) recently note that dynamic capabilities are rooted in the complex histories of entrepreneurial firms, my premise is that investigating how entrepreneurial firms conduct corporate entrepreneurial activities, such as launching new ventures, moving into new markets, building new resources or combining existing resources in new ways in order to revitalize their operations, can provide an interesting context to open the ‘black box’ of how dynamic capabilities operate in organizations (Sirmon et al., 2011; Zahra et al., 2006; Teece, 2012). O’Connor (2016) recently conclude that there is a need to elaborate on dynamic capabilities view to incorporate corporate renewal via creation of new corporate businesses. Such elaboration will help progress thinking about the nature of capabilities often associated with the creation of endogenously driven entrepreneurship (e.g., Teece, 2012) especially in entrepreneurial ventures (Zahra et al., 2009).

A cursory review of the literature illustrates the multiple ways in which scholars have operationalized entrepreneurial firms in order to explore dynamic capabilities and how they can be important means of building new firms’ competitive repertoire. These range from entrepreneurial SMEs (Lanza and Passarelli, 2014; Koryak et al., 2015; Bingham et al., 2007) to new ventures (Macpherson et al., 2015; Arthurs and Busenitz, 2006) to family firms (Chirico and Nordqvist, 2010, Cruz et al., 2015; Miller et al., 2015). Miller (1983) advice researchers to consider the specific type of entrepreneurial firm that they investigate in order to focus on the specific features of these firms and their effects on entrepreneurial activities. Salvato (2004) makes notes that researchers more often do not pay attention to Millers’ advise, which has resulted in contradictory results that do not cumulatively add to empirical and theoretical advances in the field, as it is difficult to synthesize across studies where there is little commonality in firms’ characteristics. Consequently, attention to the context is essential for understanding the activities that a firm undertakes that stimulate entrepreneurship. Therefore, firm type, size, ownership, top management team and age can be the
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possible characteristics that may influence the entrepreneurial capabilities in a specific firm (Lumpkin and Dess, 1996; Nordqvist and Melin, 2010; Zahra, Wright and Abdelgawad, 2014). Following the above advice in this dissertation, I considered a specific type of entrepreneurial setting: the family firm. Family firms are often viewed as the most common form of enterprise throughout the world, and this is especially true among new entrepreneurial ventures (e.g., Miller et al., 2016 Westhead and Wright, 2011). A common feature of family firms is the involvement of family members, who in their capacity as owners and founders shape the strategic direction of the firm. Owing to this unique feature, family firms have attracted the attention of scholars in entrepreneurship to explain and understand whether the involvement of family members in management hinders or supports entrepreneurial behavior and whether the development of dynamic capabilities for the continuous orchestration of resources necessary to pursue new opportunities regularly and systematically also does so. This is the focus of the subsequent sections in this chapter.

2.7 Family firms

In recent years, family firms are increasingly recognized as a relevant context for studying an entrepreneurial activity, especially family firms, which are newly formed and going through the early stages of development (Zahra, 2005; Nordqvist and Melin, 2010; Sharma and Salvato, Salvato, 2011; Zahra, 2012; g; Kellermans, Edleston and Hoy, 2012). This scholarly interest in entrepreneurship in the context of family firms has risen for two reasons. First, family firms make up, worldwide, the largest form of business organizations (Hoy and Sharma, 2009; Lopez de Silanes, La Porta and Schleifer, 1999), and consequently, they make an important contribution to new business activities and wealth generation (Habbershon and Pistrui, 2002; Shanker and Astrachan, 1996). Second, the specific effects of family members’ involvement in terms of family ownership and family management, such as long-term orientation and long tenure of top management, positively affect firms’ ability to manage resources (financial, human and social) for promoting and sustaining entrepreneurial capabilities in firms (Aldrich and Cliff, 2003; Chrisman, Chua and Steier, 2003; Sirmon and Hitt, 2003).

For example, in a study of new ventures that received assistance from the Small Business Development Center in U.S.A by Chua, Chrisman and Chang (2004), most of these firms showed that the presence of family members provides access to an array of valuable financial, human, and social capital resources that play a pivotal role in facilitating venture creation and subsequent business development. Similarly, Rogoff and Heck (2003, p,559) recognize the family as the ‘oxygen that feeds the fire of entrepreneurship’. Involvement of family members in the top management team as co-founders, owners or executives who are actively engage in founding and managing the organization illustrates that these firms are most likely to adopt entrepreneurial strategies rather than
managerial strategies (Miller, Le Breton-Miller and Lester, 2011; Sharma, 2011; Kellermanns, Edleston, Barnett, Pearson, 2008). For example, Salvato (2004) finds that family-based top management characteristics, namely, firm-specific knowledge and experience of establishing their business, strategic orientation toward growth, and willingness to pursue opportunities, influence firms’ capacity to engage in entrepreneurial behavior. Similarly, McCann, Leon-Guerrero and Haley (2001) show that when family members work jointly at the top management level, are more likely to develop entrepreneurial capabilities such as product market innovation, continuous search for opening in new markets for their products and services and search for new and better ways to manage resources to grow their business. Along the same lines, the study by Ensley and Pearson (2005) shows that familial entrepreneurial teams that consists of family founders are more likely to develop a shared strategic consensus on the future direction of the firm, which thus enhances the firms capacity to quickly respond to and take a greater advantage of innovative business opportunities. As Stewart and Hitt (2012, p, 70) argue, “when the members of a firm understand one another as member[s] of kin normally do, they become adept at the mutual accommodation that facilitates adaptation to change”.

As the above discussion suggests a fundamental difference between family and non-family firms with respect to factors such as long-term commitment to business and effective ties among family owners, such factors may play a more important role in family firms than in non-family firms (Le-Breton Miller and Miller, 2006; Chrisman, Chua and Sharma, 2005). However, there are numerous definitions of family firms (Chua et al., 2004; Chua, Chrisman and Sharma, 1999). As a result, researchers have increasingly recognized that family firms are not the same; indeed, they are very heterogeneous, and a major source of heterogeneity can be the extent of family member involvement in top management positions, ownership dispersion, succession intentions and the desire to keep the business in the family (e.g., Chua, Chrisman, Steier and Rau, 2012). Moreover, there also may be the need to define the family business by type. For example, Westhead and Howorth (2007) distinguish between firms with close family ownership and those with diluted ownership outside the family, as well as firms with family dominated management and those that have non-family dominated management, on the basis of their mix of financial versus family objectives. Hoy and Sharma (2009) use a life-cycle approach and explain that while some firms are born with family involvement, others turn into family firms at later stages of their development. Building on this idea, Miller and Le-Breton Miller (2011) distinguish among lone-founder firms with no involvement of the founder’s relative as owners, managers and directo, family-owned firms with broader family involvement, dispersed ownership and non-family executives; and family founder firms with members of the family preset as co-founders, owners and executives in the top management that have the intention to maintain family involvement in the firm. All the differences outlined above suggest a high level of heterogeneity within this group of firms. Several authors argue the extent of family involvement in management and ownership can be an asset or a liability
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(Chirico and Bau, 2014), as it influences the way in which resources are managed to exploit new opportunities (Webb et al., 2011; Sirmon and Hitt, 2003).

In this dissertation, therefore, I use the term family in a restrictive sense of a dominant collation (e.g., Belenzon et al., 2016; Chua et al., 1999) that with their involvement in the management and ownership of the business has the power to influence in both positive and negative ways wealth creating activities such as business formation and subsequent entrepreneurial development (Sirmon and Hitt, 2003; Melin and Nordqvist, 2010).

Hence, the firm is co-founded and owned by family members. These owner founders have senior management responsibility (CEO, President) and share ownership. Thus, I differentiate them from lone-founder firms, in which there is no other family relative in the business beyond the founder and family-owned firms with dispersed ownership. In other words, in this study-the firm called a family firm is owned and managed by the team of family founders who share common goals, shared commitment and mutual accountability (e.g., Schoedt, Monsen, Pearson and Barnett, 2013). This definition is line with what Miller and Le-Bretton Miller (2011) refer to family founder firms

2.7.1 Are family businesses truly entrepreneurial: Two opposing views of the role of family involvement

Lumpkin, Brigham and Moss recently remark that despite the avid interest, “there has been surprisingly small amount of research on entrepreneurship in family firms” (2010, p.245). However, research in this field has been growing steadily over the years. Scholars active in family business research have drawn inspirations from strategic management literature—that is, corporate entrepreneurship in studying the impact of the family’s influence in terms of ownership and management of the business on entrepreneurial initiatives. Corporate entrepreneurship generally refers to both firm-level entrepreneurial activities (Sharma and Chrisman, 1999; Dess and Lumpkin, 2005) and firm-level entrepreneurial attitude or mindset (Miller, 1983; Zahra, 1991; Covin and Selvin, 1991). The former refers to corporate entrepreneurship as strategic renewal and corporate venturing activities with the aim of creating new businesses and integrating them into the firm’s overall business portfolio (Narayanan, Yang and Zahra, 2009; Covin and Miles, 1999). The latter refers to the entrepreneurial orientation and its components: innovativeness, proactiveness, risk taking, autonomy and competitive aggressiveness (Covin and Lumpkin, 2011; Covin and Wales, 2011). Corporate entrepreneurship originally developed by researchers to examine the efforts a larger and well-established firms aims to stimulate innovation and encourage calculated risk taking throughout its operations (e.g., Stopford, Baden-Fuller, 1994; Burgleman, 1983; Miller, 1983). However, recent research has begun to highlight the importance of corporate entrepreneurship in younger companies, which allows them to survive, achieve profitability and
stimulate growth (Zahra and Filatotchev, 2004; Zahra, Filatotchev and Wright, 2009; Fini, Grimaldi, Marzocchi and Sobrero, 2012). Thus, the corporate entrepreneurship framework has become increasingly popular in recent years in its understanding of the extent to which family businesses are entrepreneurial in their firm-wide activities that centers on strategic renewal and new business creation (Hall, Melin and Nordqvist, 2001; Nordqvist and Melin, 2010; Uhlaner, Kellermans, Eddleston, and Hoy, 2012).

A recent literature review of corporate entrepreneurship in family businesses by McKelvie, McKenny, Lumpkin and Short (2014) presents two opposing views and evidence for the ability of family firms to enact entrepreneurial behaviors. One presents family businesses as incompatible with entrepreneurship because they are usually tradition bound, multi-generational, risk averse and inflexible organizations. The other perspective regards family businesses as having a highly entrepreneurial context that is dynamic and change oriented because they are willing to explore new opportunities, to undertake new approaches to innovation, to venture into new domestic or international markets, and to create new businesses.

Proponents of the positive view highlight the unique family businesses characteristics, such as idiosyncratic knowledge of family founders, ownership and culture, that help family firms promote firm-level entrepreneurial behavior. For example, Zahra (2005) finds that family ownership provides owners the incentive to take calculated risks required for venturing into new domestic and international markets, thereby successfully creating new revenue streams to enrich family members. Memili, Eddleston, Kellermans, Zellweger, and Barnett (2010) suggest that ownership provides family with the discretionary power over the firm’s resources that allows it to invest for the long term to protect the firm and its reputation. Thus, family firms can be more prone to take necessary risks to bring forth new ideas of innovation that are necessary for entrepreneurship. Miller and Le-Breton Miller (2006) argue that the long-term nature of family ownership allows family-based top management teams to stay longer in their positions, hence providing them the opportunity to accumulate knowledge and experience about the business, industry, customers and suppliers. This idiosyncratic knowledge enables family management to act entrepreneurially when needed, to proactively search for new opportunities, to find new market niches and to aggressively challenge its competitors (Carbera-Saurez, Saa-Perez and Garcia- Almeida, 2001; Miller and LeBreton-Miller, 2005). This is in line with the study of Nordqvist and Cruz (2012), who find that family firms run by family founders tend to be more dynamic, innovative and proactive in their behavior. Most recently, Boling, Pieper and Covin (2015) find that family firms run by family CEOs for a longer duration of time are more innovative in introducing new products and services, commit resources for the long run and continuously seek opportunities to outsmart their competitors.

Additionally, the majority of researcher propose that family involvement in the business is reflected in a decentralized, empowering and long-term oriented culture, which encourages the firm’s disposition toward promoting and pursuing
entrepreneurial opportunities. For example, Zahra et al. (2004) find that the distinct characteristics of family firm culture, long-term orientation, and balanced individual and group orientation allows such firms to evaluate opportunities judiciously and appreciate the risk and rewards of acting entrepreneurially. The role of family founders in the development and creation of culture that promotes an entrepreneurial frame of mind has been widely recognized in the literature (Dyer, 1988, Brundin, Nordqvist and Melin, 2010; Fletcher, Melin and Gimeno, 2012). A recent study by Roessl Fink and Kraus (2011) suggests that the willingness of family founders to carry out risks creates a culture that allows the of questioning attitudes and established routines and that enhances the family firms’ capacity to innovate. This willingness to change becomes a crucial component of family firms’ entrepreneurial behavior, thereby making them to remain competitive over the long run (Kellermans and Edleston, 2006).

There is also a growing recognition that the participation of family members in the entrepreneurial team is also beneficial for creating a culture that promotes entrepreneurial practices within organizations. For example, a study by Cruz, Hamilton, and Jack (2012 p. 157) shows that in family firms, ‘entrepreneurial cultures focused on the identification and pursuit of opportunities emerge by the early guidance of senior generations, the participative of junior generations in the entrepreneurial process and the positive relationships between the members’. Similarly, Chirico et al.’s (2011) study reveals that family member’s involvement positively influences firm entrepreneurial orientation when it is accompanied by highly participative strategy, where there is an empowering culture to engage in open discussions, share ideas, knowledge and experiences.

Other research on family firms has suggested a pessimistic view, arguing that family involvement is the liability of firms’ entrepreneurial efforts. As per this perspective, the natural tendency of family founders is to preserve family wealth, where the sense of losing familial control and concern for future generations makes family firms reluctant to engage in entrepreneurial risk-taking behaviors (Naldi, Nordqvist, Sjoberg and Wiklund, 2007). For example, Gomez-Mejia., et al. (2007), in their longitudinal study of small olive oil mills in Spain-shows that family firms run by family CEOs are more prone to avoid risky projects with uncertain outcomes owing to the fear of jeopardizing the financial and social being of future generations. Family firms with dominant family members managing the firm are also often criticized for not inducing change necessary to redefine and renew their firms. Some scholars suggest that the tendencies of family top managers to adopt conservative strategies (Miller, Le Breton-Miller and Scholnick, 2008) owing to overly rely on past traditions of running a business (Salvato, Chirico and Sharma, 2010; Roessl et al., 2011) and inclusion of only family members in the strategic decision making (Gomez- Mejia et al., 2010; Dyer, 2006) impede the family firms from being innovative and proactive with respect to the necessity to engage in a strategic renewal process. For example, Hall, Melin and Nordqvist (2001) argue that in family firms led by dominant family teams, traditional family business practices form the basis of future strategic actions. Therefore, in these firms, the status quo prevails, which stifles
the creation of new ideas and hence discourages firm renewal. This stagnation may also stem from nepotism, group thinking and the inclination to cling onto past successful initiatives (Roessl et al., 2011; Vago, 2004). Consequently, family firms are less likely to be proactive in the search for new ideas that are impulsive, spontaneous and innovative (Hayton, Chandler and DeTienne, 2011).

Two competing views on entrepreneurial dynamics in family firms characterize the academic debate. The reason for the divergent views may be because most the studies studying entrepreneurial efforts in family firms adopted a broad definition of firm-level entrepreneurial behavior (such as entrepreneurial orientation) rather the specific entrepreneurial activities relating to the recognition and exploitation of business opportunities with the aim of creating new ventures inside the organization (McKelvie et al., 2014; Marchisio et al., 2010; Minola et al., 2016). While entrepreneurial orientation has been informative in explaining the family firm’s disposition toward innovative, proactive, and risk-taking behaviors in its operations, an emphasis on entrepreneurial orientation has hampered our understanding of the family firm’s activities, such as the identification and pursuit of opportunities necessary for new business creation-business venturing. Nordqvist and Melin (2010) argue that entrepreneurial orientation and business venturing must be addressed as two separate constructs in order to enhance the understanding of entrepreneurial dynamics in family firms. However, a recent comprehensive review of entrepreneurship in family firms by Sciascia and Bettinelli (2015) reveals that business venturing is the most underrepresented issue in family business research. Recent literature on strategic entrepreneurship in family firms (e.g., Lumpkin et al. 2011; Web et al., 2010) has begun to highlight the importance of strategic processes within firms associated with exploration (i.e., exploring new business domains) and exploitation (i.e., orchestrating resources) to launch novel business initiatives. In other words, these studies underscore that the family business literature should place greater attention on conceptualizing business venturing as an entrepreneurial act resulting from the family founders or their top management team’s capability to identify and exploit entrepreneurial opportunities (Chirico and Nordqvist, 2010; Sirmon and Hitt, 2003; Wright and Kellermanns, 2011).

2.8 Business venturing in family firms

The emergence of scholarly interest in business venturing is based on the realization that to prosper in dynamic environments, firms needs to use business

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1 Researchers use different expressions to refer to the entrepreneurial activities in the organization. For example, intrapreneuring (Pinchot, 1985), internal corporate entrepreneurship (Schollhammer, 1982), strategic renewal (Guth and Ginberg, 1990) and corporate entrepreneurship (Zahra, 1991 and Burgelman, 1983) are used interchangeably. Following Sharma and Chrisman (1999) and Zahra (1996), I will use the term business venturing.
venturing initiatives as part of their business development strategy (Zahra, 1991; Stopford and Baden-Fuller, 1994, Covin and Miles, 2007; Ireland, Covin and Kuratko, 2009; Meyer and Heppard, 2000; Miles and Covin, 2002). The existence of business venturing as a firm’s business development strategy implies a strategic intent to continuously and deliberately leverage entrepreneurial opportunities for growth and advantage-seeking purposes (Kuratko and Audretsch, 2013; Ireland et al., 2009). However, in the literature, there has been lack of consistency in defining what exactly constitutes business venturing. According to Sharma and Chrisman (1999), some scholars view business venturing as a firm’s attempt toward strategic renewal (e.g., Guth and Ginberg, 1990). In other works, it is viewed as the creation of new businesses by internal or external means (e.g., Burgelman, 1983; Keil, 2004). In yet other works, business venturing encompasses a certain degree of innovation in firm’s products and services (e.g., Zahra, 1991, 1996).

Indeed, researchers tend to define concepts in the context of their study and specific research questions and goal. This has confused the term business venturing. To overcome this confusion, Sharma and Chrisman (1999) suggest a classification scheme; therein, they separately define the terms business venturing, strategic renewal and innovation. Sharma and Chrisman (1999) argue that although these three constructs are highly related, they are conceptually and procedurally different processes. For example, business venturing rests on entrepreneurial activities in the organization that result in the creation of new organizational entities, whereas strategic renewal encompasses the firm’s on-going efforts in reconfiguring its goals, products and services. While business venturing is clearly closely associated with strategic renewal, it is distinctive in its focus on the steps and processes of new business creation (Hill and Georgoulas, 2016). Therefore, in the context of present dissertation and line with both Sharma and Chrisman (1999) and Burgelman (1983), business venturing refers to the set of organizational strategic activities instigated by top managers to create new businesses in existing or new markets and industries with the intention to integrate the new business into the firm’s overall business portfolio (Narayanan et al., 2009). Although firms do engage in business venturing activities that originate outside a firm’s internal environment and include the leveraging of external partners in the process of creating and developing new ventures (Sharma and Chrisman, 1999; Keil, 2004), this dissertation focuses on only those venturing activities that reside within a firm’s internal corporate context, and they come from internal innovations that exploit new markets in the exiting industries with new product offerings (e.g., Miles and Covin, 2002; Garrett and Covin, 2015; Hill and Georgoulas, 2016).

The benefits of embracing business venturing as a strategic approach to promote organization-wide entrepreneurial initiatives are well documented in the literature. For example, Covin and Miles (2007) show that firms pursue venturing for at least three primary reasons: to remain competitive by capturing new market spaces that were not previously recognized or actively pursued; to learn about the potential of new products and markets; and to capture greater value from their
existing competencies or to expand the firms’ scope of operations into areas of strategic importance. Kuratko (2010) suggest that business venturing is primarily used as a source of strategic adaptation to the realities of a firm’s external environment through deliberately exploring and exploiting entrepreneurial opportunities in the market and product categories of strategic importance to stimulate growth of the firm core business. Kuratko, Covin and Garrett (2009) find that creating new ventures that are strategically related to firm existing industry and product categories helps firms sustain and improve its core competencies by providing them strategic advantages over rivals. This is possible by gaining experience in new product/market categories and recombining existing resources in a way difficult for competitors to imitate or match (Thornhill and Amit, 2001). Thus, venturing is considered an important mechanism to promote a firm’s entrepreneurial spirit, which provides a foundation for product and process innovation practices (Heller, 1999; Zahra, Neubaum and Hayton, 2016), making firms more adaptable to adjust to a dynamic and competitive environment by capturing new product markets more swiftly than competitors.

In his seminal article, Burgelman (1983) argues that internal business venturing strategies surface in the organization through two models—induced strategic behavior and autonomous strategic behavior. Induced strategic behavior captures formal entrepreneurial behavior, which frequently initiates from the top of the organization, whereas autonomous strategic behavior is concerned with entrepreneurial behavior that surfaces autonomously in the firm and is often initiated from bottom up. Although both are induced and autonomous strategic behaviors that are important for a firm’s venturing efforts, the induced strategic behavior model occurs more frequently in family firms (Mckelvie et al., 2014; Minola et al., 2016; Moog, Mirabella, and Schlepphorst 2011; Zahra et al., 2009). In family firms, family founder’s motivation and commitment to entrepreneurship often nurtures and supports firms’ attempts to recognize and exploit entrepreneurial opportunities (Minola et al., 2016; Pearson, Bergiel, and Barnett, 2014). For example, Minola et al. (2016) explain that family founders often view themselves as business builders and family nurturers; therefore, they typically have an incentive and motivation to support entrepreneurial activities as a means for creating wealth and long-term continuity. Supporting this view, Miller et al. (2011) show that family firms that are run and managed by founders often show strong commitment toward entrepreneurship. They explain this finding by suggesting that since family founding executives have established the business, they act as entrepreneurs and hence adopt a mission and strategy of growth through venturing and innovation.

Thus, firm top managers (especially family founders) have skills, knowledge, creativity, imagination and alertness for opportunities to nurture and support firms’ attempts to pursue entrepreneurial activities (Minola et al., 2016; Greidanus, 2011). These activities, according to Greidanus and Mark (2012), are often improvisational and are based on informal management practices rather than on planned entrepreneurial activities that center on the discovery and pursuit of new opportunities. Greidanus (2011) argue that this informality is often
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advantageous for family firms, as it allows family founders to make quick decisions, enter new market niches, introduce new products and organize their firms in ways to ensure flexibility. However, Ireland et al. (2009) and Salvato, Sciascia and Alberti (2009) argue that the mere presence of venturing initiatives does not signal a systematic firm-level strategic approach toward replicating entrepreneurial activities overtime. As Lumpkin, et al. (2011) note that to explore and exploit new opportunities on a sustained basis, family founders must develop processes aimed at acquiring, organizing and deploying resources. Consistent with this view, McGrath and MacMillan (2000, p. 301) note that “the most important job of top managers is not to find new opportunities or to identify the critical competitive insights. Their task is to create an organization that does these things for them.” Therefore, in this dissertation, I argue that a family firm’s ability to nurture business venturing initiatives rests not only on top managers’ idiosyncratic knowledge, motivation or intentions but also on management’s ability in the ongoing acquisition and development of new resources and new ways of reconfiguring the resources necessary to pursue new business opportunities. Thus, a set of capabilities may be needed to pursue business venturing that creates new businesses inside the organization with the aim of revitalizing the firm resource base (e.g., Phan et al., 2009; Zahra, Nielsen and Bogner, 1999).

Existing research on corporate entrepreneurship (Le-Bretton Miller et al., 2015; Sciascia and Alberti, 2015) and business venturing (Minola et al., 2016; Marchisio et al., 2010) in family firms has used a broader lens of resources. These can be defined as the multifarious input factors (e.g., Lumpkin et al., 2011), such as financial capital, human capital, patient capital and social capital (Sieger, Zellweger, Nason and Clinton, 2011; Sieger and Miola, 2017), needed to engage in continued entrepreneurship. Merely looking at a family firm’s unique resources provides an incomplete understanding of how entrepreneurial family firms access the resources and capabilities that they need to successfully exploit entrepreneurial opportunities (Wright and Kellermanns, 2011; Sirmon and Hitt, 2003). Thus, we know little about which processes or capabilities help family firms engage in repeated acts of entrepreneurial activities and renew or transform themselves strategically (Lumpkin et al., 2011; Le-Bretton Miller et al., 2015). Recently, Brumana, Minola, Garrett and Digan (2017) conclude that to effectively engage in business venturing, family firms must make considerable effort to develop entrepreneurial capabilities inwardly. These capabilities, according to Cruz et al. (2015), are sensing, seizing and transforming, where sensing refers to opportunity identification, seizing to exploitation of these opportunities and transforming to the firm’s ability to renew its existing knowledge base in order to remain competitive in the market. Miller et al. (2015) note that developing these dynamic entrepreneurial capabilities (Teece, 2007; Teece, et al., 2016) is important for family firms operating in highly competitive environments, and it often rests on family senior managers’ abilities to build the entrepreneurial capabilities necessary for the continuity of corporate entrepreneurial activities.
focused on creating new businesses by redefining the company’s products and services.

A capability focus thus suggests that it is the combination of resources, capabilities and managerial action that ultimately drives the firm’s continuity of corporate entrepreneurial activities (e.g., Baert, Meuleman, Debruyne and Wright, 2016). Despite these recent insights, Minola et al. (2016) note that family business scholars have not yet drawn on the dynamic capabilities view to understand how family firms engage in the practice of business venturing and how they do so consistently. Salvato and Corbetta (2014) find this lack of research surprising given that processes relating to sensing and seizing opportunities and transforming the resource base are often invoked to explain firms’ entrepreneurial performance, as determined by their entrance into new markets, innovation in both products and processes and adaptation to changes or creation of changes in the market to stay ahead of its competitors. Therefore, I suggest that studying family entrepreneurship by incorporating the dynamic capabilities literature is an important endeavor, as it can provide useful insights into the processes that family firms can adopt to transform themselves strategically, the role of key family actors and the influence of their resources on entrepreneurial capabilities.

2.9 Capabilities-based framework for studying business venturing in family firms

The dynamic capabilities framework has been recognized as a potential source of a model of the entrepreneurial firm to accomplish strategic objectives, i.e., create new businesses by redefining the company’s products or services and/or by developing markets in the existing industries (Abdelgawad, Zahra, Svejenova and Sapienza, 2013; Teece, 2012). The framework prioritizes the identification of organizational processes and managerial competencies that can help firms repeatedly and proactively identify opportunities and then orchestrate the resources needed to innovate products and resources that address them (Teece, 2007; Teece, 2012). For instance, sensing emerging threats and opportunities is a fundamental process of a firm to adapt to volatile markets and unpredictable competitors. This requires generating new knowledge on customer and market needs as well as competitor moves by scanning, searching and exploring. Thus, it facilitates strategic flexibility and proactiveness and offers a first-mover advantage. Seizing processes enable firms to mobilize resources in order to capture new opportunities, i.e., enter new markets through new product solutions that are valuable to customers. Transforming processes are essential for sustaining superior performance in newly captured market through self-renewal by regularly renewing product and services in order to address ever-shifting customer market expectations. Thus, jointly, the three capabilities form a firm’s dynamic...
entrepreneurial capabilities (Abdelgawad et al., 2013; Teece, 2016), which can ensure the continuity of corporate entrepreneurial activities and enable new firms to move from ad-hoc opportunity identification and exploitation to the development of a process for promoting sustainable entrepreneurship.

Dynamic capabilities as espoused in the literature center on two aspects: the processes by which organizations alter the ways in which they make living, including creating and reconfiguring organizational resources (Helfat et al., 2007), and the key role of top management’s entrepreneurial action in integrating and reconfiguring both resources and capabilities to achieve adaptation in the external environment (Teece, 2007). Thus, top managers play a prevalent role within the dynamic capabilities framework. As Teece (2007, p.1346) explains, dynamic capabilities reside to a large degree within a firm’s top management team. The role of top managers in the capabilities literature has been included under the designation of managerial capabilities, introduced by Ander and Helfat (2003) and further elaborated recently by Helfat and Martin (2015). The managerial capabilities literature focuses on three fundamental managerial resources, namely, managerial human capital, managerial cognition and managerial social capital, which provide top managers with the capacity to shape the development of organizational-level dynamic capabilities and alter existing organizational resources and capabilities (Martin and Helfat, 2015; Kor and Mesko, 2013). For example, Helfat and Martin (2015) recently show that top managers’ cognitive resources—beliefs and mental models shaped by professional experiences—can be strongly associated with the identification of new trends and opportunities. The concept of managerial capabilities thus relates to entrepreneurship, especially entrepreneurial firms (Zahra et al., 2006; Abdelgawad et al., 2013). As in the analysis of dynamic capabilities for entrepreneurial firms, Teece (2012) notes that in smaller and less established ventures, dynamic capabilities may be based on the skills and knowledge of an entrepreneur or founder team. This is the case in family firms, in which the founder is often responsible for reconfiguring organizational resources and capabilities to sustain entrepreneurship (Chirico and Nordqvist, 2010; Cruz et al., 2015). However, the literature suggest that some family founders have superior resources, such as human capital and social capital, which enable them to build capabilities aimed at sensing and seizing opportunities as markets evolve (De Massis, Audretsch, Uhlaner and Kammerlander, 2017; Miller et al.2015). In contrast, others falter because of a lack of talent owing to over-reliance on the family’s pool of resources (Le-Bretton Miller et al., 2015). For example, Graves and Thomas (2006) find that family firms often lack the ability to identify new international opportunities owing to insufficient managerial resources in the entrepreneurial team. Thus, we understanding little about ‘whether these firm possess, develop, or can acquire the resources they need to build dynamic capabilities to both explore and exploit entrepreneurial opportunities’ (Lumpkin et al., 2011, p. 301).

First, consider sensing capabilities. Teece (2016, p. 212) notes that sensing as a dynamic capability is very similar to the concept of ‘opportunity recognition’
by individuals or top managers of existing organization that has been developed in the entrepreneurship literature. As a concept, however, the term opportunity remains vague in the literature, although there have been many attempts to define the concept (e.g., Alvarez, Barney, and Anderson, 2013). For instance, Short, Ketchen, Schook and Ireland (2010, p. 55) define an entrepreneurial opportunity as an ‘idea or dream that is discovered or created by an entrepreneurial entity and that is revealed through analysis over time to be potentially lucrative’. They later differentiate two types of opportunities: discovered and created. This distinction between discovery and creation has generated much debate in the literature (e.g., Alvarez and Barney, 2007). Therefore, Alvarez et al. (2013) acknowledge that scholars are far from reaching consensus on the concept of entrepreneurial opportunity. Although Alvarez and Barney (2007) find differences between the opportunity and creation views, they also find similarities. Both views acknowledge that the goal of managers is to form and exploit opportunities. In addition, both views recognize that opportunities exist when competitive imperfections exist in the market or industry (Alvarez et al., 2013). Therefore, Short et al. (2010) insist on a reasonable middle ground position. Recently, Foss and Klein (2017, p. 3) suggest the following middle ground position: ‘opportunities for entrepreneurial profit do not exist, objectively, waiting to be discovered, but neither are they created at will.... The essence of entrepreneurship is the actions undertaken to bring about the future and the outcomes that result—new firm, new products or new markets’. Thus, sensing new opportunities is an entrepreneurial action (Teece, 2012) that begins with the firm’s top managers scanning and interpreting the current market or industry conditions in order to discern the possibility of new and better competition position, e.g., profitable venture or product (Foss and Klein, 2017; Teece, 2016). In this sense, I see opportunity sensing as a deliberate search process for new opportunities in response to industry conditions that can involve alert scanning and searching as well as experimenting (Abdelgawad et al., 2013). This process or capability is supported by or rests on top managers’ idiosyncratic accumulation of knowledge and experience and their cognitive schema or mental model models that allow them to detect patterns within this knowledge (Baron and Ensley, 2006). Hence, it contributes to their firm ability to discover new opportunities that leads to the creation of new businesses (Short et al., 2010; Gruber et al., 2012).

Some studies suggest that family firms led by founder teams may be in a favorable position with respect to sensing new opportunities. Family founders are often considered a key resource that provides the basis for renewal, innovation and entrepreneurship (e.g., Miller, Steier and Le-Bretton Miller. 2016). For example, Le-Bretton Miller et al. (2015) suggest that when accomplished founders are present in the company, there is ample managerial and entrepreneurial experience that contributes positively to the firm’s ability to engage in entrepreneurship. In particular, the long tenure of the family founding team allows them to develop a deeper level of understanding of each other’s expertise, a high level of familiarity with existing resources and deep tacit knowledge about their markets and industries (Sharma and Salvato, 2011). This
profound expertise enables founders to develop expert knowledge structures that they can proficiently use to identify and actively generate new opportunities (Patel and Fiet, 2011). In other words, family firms lead by founders or the founding team may enhance their opportunity identification capabilities by being able to draw on each other’s tacit knowledge and experience (Patel and Fiet, 2011).

However, by contrast, it has been argued that family firms in the early stage of development, given their relatively limited endowment of resources and network relationships, tend to identify fewer innovative opportunities for new venture creation (e.g., Hayton et al., 2011; Zaefarian et al., 2016) For example, Hayton et al. (2011) find that family firms with a greater number of parental and kinship ties in the founding team have a greater likelihood of sharing decisions on pursuing opportunities with the family firm. Although these strong connections increase the knowledge exchange among family members, they may inhibit information flow from external sources, which are an important source of capabilities for sensing new opportunities. Similarly, Zaefarian et al. (2016), in their study of international opportunity identification among family SMEs, find that a long-term tenure for family founders makes family firms risk averse; thus, they rarely engage in the proactive search for new opportunities. In an earlier study, Gomez-Mejia et al. (2010) find that firms with strong family involvement in the management team may have less inclination toward venturing into new markets, since new market entry requires expertise from external actors, and firms with family involvement are less likely to incorporate outsiders’ opinion in their internal decision making. Thus, founders of family firms are more likely to develop rigid mental models because of the lack of cognitive diversity in the founding team, which reduces the firm’s capacity to sense and explore new market opportunities (Koing, Kammerlander and Enders, 2013; Kellermanns and Barnett, 2008). For example, Koing et al. (2013) argue that the long tenure of family founders in the firm is often detrimental to family firms, as it often fosters groupthink and insensitivity to environmental changes; hence, it reduces the firm’s overall capacity to proactively search for, interpret and pursue new opportunities in the environment (e.g., Teece, 2007). In summary, studies have shown that family firms may demonstrate different behavior in their search for new opportunities. Thus, our understanding of the sensing capabilities of family firms remains limited. To my knowledge, only a few studies have explored the sensing capabilities of family firms, and the literature thus far has yet to consider the influence of family founders on firms’ sensing capabilities (e.g., Cruz et al., 2015).

Second, consider seizing capabilities. According to Teece (2007), seizing is an important process to address opportunities regarding new products and services or business models. In other words, firms’ seizing capabilities ensure that new opportunities that have been discovered are realized (Abdelgawad et al., 2013). Thus, seizing is similar to opportunity exploitation, which involves the creation of new business through the introduction of new or modified products and services in the market (Miles and Covin, 2002; Hayton and Kelly, 2006). Teece (2007) largely focuses on business model design and technological innovation as
part seizing capabilities. In contrast, in this thesis, seizing capabilities are understood as firm’s abilities to create and introduce new products or services that lead to the commercialization of a new venture (e.g., Zahra and Nielsen, 2002; Antoncic and Hisrich, 2001). Seizing therefore involves the acquisition, accumulation and integration of both internal and external resources to achieve the successful commercialization of a new venture (Sirmon et al., 2011; Carnes et al., 2016). The orchestration of resources often rests on top management's human and social resources (Helfat and Martin, 2015; Tecce, 2016). For example, Blyler and Coff (2003, p.680), in discussing the role of individual or a team of managers in orchestrating resources, argue that ‘firms would be unable to acquire, recombine and release resources without the social capital of key actors’. Recently, Martin (2011) shows the importance of managerial human capital in seizing new opportunities. He finds that in the case firms that he studies, episodic teams of managers in making product development decisions often rely on their firm-specific and industry knowledge, which proves valuable in generating innovative product outcomes for firms.

Some family business scholars argue that family firms, because of family founders’ deep understanding of existing resources and special bonds with actors inside and outside the organization, have superior human and social resources, which they use to build seizing capabilities in order to create new and innovative products and services (De-Massis et al., 2015; Duran et al., 2016; De-Massis et al., 2017). For example, Duran et al. (2016) note that family firms run by founder CEOs are endowed with superior knowledge about their firm members, routines and stakeholders, and they argue that such knowledge will enables superior orchestration of the resources need to create new products. Similarly, Miller et al. (2011) suggest that since family founders have known the business since its inception, they have unique human capital, particularly knowledge about firm resources, which leads to a unique combination of resources and hence novel product outcomes (De- Massis et al., 2017).

However, other studies suggest that firms with a strong family founder presence in the management team may have some disadvantages in developing seizing capabilities because of nepotism, selection from a limited management pool and thorough preservation of resources (e.g., Cruz et al., 2015). Some scholars nonetheless argue that family firms and founding teams may overcome these deficiencies by building enduring relationships inside and outside the boundaries of the organization’s external partners that are useful in gaining access to new knowledge and resources needed for seizing new opportunities. Thus, family businesses may excel in developing social capital (e.g., Arregle., et al, 2007; Chirico and Salvato, 2016), which arises from the strength of relationships among family members and among non-family members, and such relationships result in collaboration among people who share their ideas perspectives and build trust through networks of interaction and learning. This diffusion of information and sharing and assimilation of knowledge is often considered the key mechanism for family firms not only for generating novel product outcomes (Chirico and Salvato, 2016; Sanchez-Famoso et al., 2014) but also for developing seizing
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capabilities (Miller et al., 2015). For instance, Salvato and Melin (2008) suggest that the success of family firms’ different strategic initiatives, such as seizing opportunities, depends on the family founding team’s abilities to actively renew and recombine mutual relationships inside the organization. They term this ability the specific ‘dynamic family capability’ that is important for resource access, creation and recombination to help the family firm seize new opportunities with innovative new product offerings. Similarly, Zahra (2010) finds that family firms led by family founders excel in the capacity to successfully build relationships with external stakeholders—by investing in new ventures, joint venture and alliances. This thus enables them to access different sources of knowledge and complementary resources necessary to address new opportunities with new products in new or existing markets.

Despite the importance of relationships generated by family involvement in the business, some authors have questioned their efficiency for the following reasons. First, Kellermans et al. (2008) point out that a greater number of family members in the management team often leads to different perspectives on the firm’s innovative outcomes, and these differences generate tension, irritation and suspicion, which engender conflict. Schulze et al. (2003) argue that such conflict persists and surfaces in most types of relationships, including those among both family and non-family members. This creates distrust, which impedes knowledge-sharing activities, the accumulation of knowledge and collective thought processes inside the organization that are necessary for the firm’s capacity to seize new opportunities in new markets with novel product solutions (Miller et al., 2015; De Massis, Di Mitelli and Frattini, 2015). Second, developing seizing capabilities often entails greater involvement of specialized human capital and managerial expertise, which are often not available to family firms led by family founders. For these reasons, these firms are often considered to be reproducers rather than developers of new products to venture into new markets (Goel and Jones, 2016; Nordqvist and Melin, 2010). This is because family firms rarely develop collaborative networks with new partners and make less efforts to maintain such relationships (Miller et al., 2015), which are often necessary to produce a continuous stream of innovative products in newly seized markets and to stay ahead of competitors.

Finally, transforming capabilities are essential to manage threats and transform assets in order to prevent inertia (Teece, 2007) Thus, in dynamic environments, transformation capabilities are essential for sustaining new venture performance over time rather than for merely gaining a first-mover advantage in a targeted market. Transformation capabilities thus involve the strategic renewal of products and services to remain relevant while customer expectations and industry demands shift (Abdelgawad et al., 2013; Teece, 2016). Therefore, they involve transforming the firm’s both tangible and intangible resources by top managers in order to keep knowledge and skills up to date (Agarwal and Helfat, 2009). In other words, to continue the commercial success of the new venture, the firm needs a transformation process to continuously build maintain and adjust its product offerings (Zahra and Nielsen, 2002). Antoncic and Hisrich (2001) believe
that the continued redefinition of the knowledge on which the new venture is built is essential for long-term survival in the competitive industry. According to Teece et al. (2016), in order to enable this agility or transformation, top managers must favor decentralization in their decision making because it can bring top managers close to changing technologies, customers and the market. Abdelgawad et al. (2013) make a similar argument. They suggest that dynamic transformation of organizational talent can extend the repertoire of current knowledge, especially at the apex level. For example, they explain that redefinition of the business (i.e., the products and services) rests on the knowledge and skills of senior leaders. Senior leaders who promote and integrate diverse views in a coherent manner are more apt in making renewal happen—altering the way in which the firm develop its products and resource base (Abdelgawad et al., 2013).

Considering the above arguments that firm entrepreneurial activities do not end once the firm discovers new opportunities and develops products that serve new market needs, transformation capabilities are important for family firms to remain competitive in their market or industry. However, Cruz et al. (2015, p.510) note that ‘the influence of family founders on the transforming capacity of the firm has not yet empirically established’. Emerging research on the topic, such as that by Carnes and Ireland (2013), suggests that owing to unique human capital and social capital as well as flexible decision making, family firms can transform resources strategically, which leads to the continuous renewal of existing products and services. However, Chirico and Nordqvist (2010), in their study of Italian family firms, observed that with respect to family firms’ transforming capabilities, resource combination is hampered because of the prevalence of a paternalistic culture. They argue that family firms managed by family founders promote strong imprinting cultures and routines, which lead to inertia and inflexibility. Thus, they stifle firms’ attempts to develop new knowledge and skills necessary for developing transformation capabilities required for the renewal of products and services (Wright and Kellermanns, 2011).

Thus, the development of dynamic entrepreneurial capabilities in family firms represents an idiosyncratic situation where the objectives, preferences and resources of their dominant coalitions may enable or constrain the development of the capabilities needed to engage in venturing initiatives (Cruz et al., 2015; Zahra et al., 2009). The limited research on this topic views venturing activities in family firms to largely result from the knowledge and skills of the family founder or founding team and to be based on ad-hoc intuition and informal practices (Greidanus, 2011; Zahra et al., 2009). Thus, a key question that arises concerns what processes help family firms and founders to engage in repeated entrepreneurial activities such that they can engage in creating multiple ventures (Lumpkin et al., 2011; Baert., et al., 2016). The previous discussion indicates that dynamic capabilities can generate processes for family firms to engage in continuous entrepreneurial activities. However, Salvato and Corbetta (2014, p, 302) note that no efforts have been devoted to applying dynamic capabilities to family firms, especially with respect to the entrepreneurial process. As Cruz et al. (2015, p. 505) point out, “the need to develop dynamic entrepreneurial
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capabilities may be even greater for family firms because of their desire for long-term continuity .... [A]dditional research is needed on this topic in general and development of dynamic entrepreneurial capabilities in particular”

Thus, I argue that incorporating the dynamic capabilities literature into the study of family entrepreneurship is important for understanding the role of capabilities in driving firms’ strategic entrepreneurial activities to create new businesses. Accordingly, I propose the following research questions: ‘What entrepreneurial capabilities do family firms need to engage in the successful creation of new businesses?’ ‘How do family founders leverage their resources (human, cognitive and social) to shape the development of entrepreneurial capabilities?’
3. Methods

3.1 Qualitative research

Edmondson and McManus (2007) suggest that the decision to approach a study quantitatively or qualitatively depends on the research questions driving the study and the desired contribution that the researcher wishes to make. Often, the state of the literature on a given topic will demand qualitative examination or re-examination to provide in-depth empirical understanding of previously unexplored issues that in turn reveal novel insights (Pratt, 2008; Sutton, 1997). For instance, in a recent review of the dynamic capabilities literature, Vogel and Guttel (2012) conclude that the theoretical basis of dynamic capabilities has been advanced mainly through conceptual papers, and qualitative research that elucidates the micro-mechanisms of activities, practices, or decision-making patterns of top management can advance the theoretical understanding of dynamic capabilities. Similarly, Ambrosini, and Bowman (2009, p.44) argue that ‘for dynamic capabilities to be a useful construct, it must be feasible to identify discrete processes inside that firm that can be unambiguously casually linked to resource creation’, which can be possible through in-depth qualitative field investigations providing detail descriptions of these processes and examining the role of key actors and their actions (Esterby-Smith et al., 2009; Ambrosini and Bowman, 2009; Helfat and Peteraf 2015).

In a similar vein, recently, Bluhm, Harman, Lee and Mitchel (2011) suggest that qualitative research methods are particularly useful for providing rich, detail descriptions of the actual actions of actors in the natural setting of organizations. Hence, rich qualitative data are particularly relevant when a investigators’ goal is to capture the pattern of strategic actions performed by key individuals in the organization (Sutton, 1997; Eisenhardt, 1989). In this sense, qualitative research gives a voice to the key informants and humanizes management research and theory (Gephardt, 2004; Bartunek, Rynes, Ireland, 2006). Several scholars, however, argue that qualitative research is difficult to pin down, because of its flexibility and emergent nature (Chenali, 2009; Graebner, Martin and Roundy, 2012). The myriad of different data collection possibilities and flexible analysis techniques perpetuate the view that there is no recipe or cookbook for qualitative research (Pratt, 2009; Bansal and Corley, 2012). Scholars working on qualitative projects are often advised to embrace the diversity of qualitative methods in conducting and reporting their research (Corley and Gioia, 2011; Lee, 1999). The diversity of methods in qualitative research is reflected in the many possible strategies that are used by qualitative researchers to generate and analyze qualitative data. For instance, Denzin and Lincoln (2000) describe and discuss several different strategies of inquiry—case studies, ethnography,
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phenomenology, clinical research, etc. Gephardt (2004) discuss many of these as well, most of them under ‘well develop methodologies’ for qualitative research. Pratt (2009) argues that just like quantitative research, qualitative studies have many strategies to collect and analyze data; however, this strategy must be clearly articulated and explained in relation to the research objectives.

This study uses a qualitative case-study approach as an overall research strategy. Conducting case studies as a research strategy is suitable way of establishing valid and reliable information or research findings that can add to the accumulated knowledge on the internal workings of organizations (Miles and Huberman, 1994; Eisenhardt, 1989). In this way, the organization becomes the case, and the researchers investigate an event, activities, or process within the organization to develop an in-depth understanding about the organization. This makes case-study research an appropriate strategy to adopt for this research, as capabilities are processes and are often deeply rooted in the activities of the organizations that managers undertake to shape the development of capabilities (Teece, 2012, 2007). Thus, case-based research has the potential to offer penetrating insights into the origins and development of dynamic capabilities and their link to managerial action (Grant and Verona, 2015). In the next section, I will explain the chosen research strategy in detail.

3.2 A qualitative case-study approach

The strength of the case-study approach as a research strategy lies in illuminating concrete, historically grounded patterns among small sets of cases to create, elaborate or extend theoretical constructs not previously discussed in the literature (Eisenhardt and Greabner, 2007; Leonard-Barton, 1990; Miles and Huberman, 1994). As Stake (2005, p. 443) aptly puts it, the ‘case study is not a methodological choice but a choice of what is to be studied’. Yin (2003, p. 13) defines a case study as ‘an empirical inquiry that investigates a contemporary phenomenon (case) within real life context, especially when the boundaries phenomenon and context are not clearly evident’. This research strategy provides researchers with necessary rich data on the nature of the case, its historical background and setting and the informants’ activities and actions through a variety of data sources, such as face-to-face interviews, direct observations in the field and archival documents (Pettigrew, 1997; Langley, 1999). Thus, it allows a deeper understanding of the dynamics present within a single setting with the goal of providing insights into unexplored issues in the literature (Eisenhardt, 1989). Siggelkow (2007) views the case-study approach to be usefulness in terms of providing persuasive theoretical arguments, as it (1) facilitates conceptual development by poking holes in existing theories and showing that something is missing in theory, (2) helps sharpen existing theory by pointing to gaps and beginning to fill them, and (3) provides empirical illustrations or examples of abstract theoretical arguments. Thus, case studies are often recommended when the research addresses how and why questions to identify or refine constructs by
expanding an existing theoretical perspective to a range of new empirical context, which is the aim of this research (Lee, Mitchel, and Sablynski, 1999; Pratt, 2009). Since little is known about the capabilities necessary to initiate, foster and sustain venturing activities in the family firm setting, I combine the dynamic capabilities view with the family entrepreneurship literature to better understand unexplored dynamics of capability development in family firms. To achieve this, I adopt a multiple case-study design because of its strengths in providing a richer empirical description of the focal phenomenon.

3.2.1 Case study design

Yin (2003) points out that case studies can be distinguished in terms of the number cases chosen to achieve the overall research objectives. Single-case studies are often used because they provide revelatory, extreme or unique exemplars describing the existence of a significant phenomenon (Yin, 2003). Single-case research can provide an in-depth understanding of an individual case, such as a specific organization, a particular individual or group of individuals, or a program within the firm under rare or extreme circumstances (Miles and Huberman, 1994; Stake, 2005). Single-case studies also involve the in-depth investigation of one case, where there is an explicit aim to use the insights for the creation and refinement of theoretical concepts (Siggelkow, 2007; Stake, 2005). Although single-case studies can be effective, multiple-case studies are often used to extend the theoretical insights learned from one case to a broader set of cases. As Eisenhardt (1991, p. 622) argues: “The appropriate number of cases depends upon how much is known and how much new information is likely to be learned from incremental cases”. Replicable findings from multiple cases are considered the goal of building novel theoretical constructs. More specifically, each case is treated as a series of experiments, with each case serving to confirm or disconfirm the inferences (theoretical relationships) drawn from previous cases (Eisenhardt and Graebner, 2007; Yin, 2003).

The multiple case-study approach has been identified as a prevalent practice in use for case studies in the organization and management field (Langley and Abdallah, 2011; De Massis and Kotlar, 2014). The reason is that several cases provide good opportunities for theory development through comparisons of findings from each case study by either replicating or countering the replication of findings in other cases (Eisenhardt, Graebner, and Sonenshein, 2016; Eisenhardt and Graebner, 2007). Literal replication entails comparing findings in multiple cases according to their similarities, thereby strengthening the emerging theoretical concepts found across cases. Yin (2003) points out that the cases for literal replication are often extreme cases with exemplary outcomes in relation to the phenomenon being investigated, which allows robust and compelling theoretical arguments. Fitzgerald and Dopson (2009) point out that it is unlikely that identical cases will be found, because the variable nature of organizations. They use the term ‘matching cases’ when the findings of each case are extended through the use of additional cases, highlighting the similarities among the cases.
3 Methods

for the extension of theoretical insights. Contrary replication focuses on comparing differences between the set of cases. In this regard, comparisons between extremes, such as high performing and low performing cases, enable the observation of contrasting patterns in the data (Eisenhardt and Graebner, 2007). Although the specifics of individual cases importantly contribute to the nature of the constructs induced from the data, setting up comparisons to maximize differences on one key dimension (e.g., performance, market entry) enables the extension of emerging theoretical ideas (Langley and Abdallah, 2011; Eisenhardt, 2015). For example, Ozcan and Eisenhardt (2010) study how entrepreneurial firms form alliance portfolios in the nascent wireless gaming industries. They select cases (entrepreneurial firms) that differ regarding their entry into the wireless gaming industry. Some of their chosen firms began at the start of wireless gaming, but others entered about two years later, which provides the opportunity to theorize on the differences between the portfolio strategies of initial and late entrants.

In this thesis project, I have chosen to conduct multiple case studies, and more precisely, I have included two cases in the study. Indeed, Eisenhardt, (1989, p. 537) reasons that in the case-study research, ‘multiple cases are chosen to replicate previous cases to extend the emergent theory’. This what my study aims to do. Not only do I want to understand and learn more about each individual case, but I am also interested in comparing the similarities of each case to strengthen the emerging theoretical constructs. This study is therefore not designed to contrast cases along selected dimensions (cf. Eisenhardt and Graebner, 2007). The aim is to conduct an in-depth investigation of each case and extend its findings using additional cases. Thus, cases are used for literal replication (Yin, 2003). This is also reflected within the presentation and structure of the thesis. As will be seen, much space is devoted to describing each case, which is followed by in-depth analysis of each case. Thus, the findings of the first case are replicated in the second case in order to elaborate and extend the emerging theoretical insights. Gilbert (2005) uses a similar approach to investigate sources of inertia and modes of overcoming them in the newspaper industry. Although he studies four companies, the insights from each case are used to verify and elaborate emerging theoretical constructs to explain the firm-level behaviors that cause inertia in response to discontinuous change.

Another issue involved in recent debate concerns clarifying the theoretical contribution in case-study research (Eisenhardt and Graebner, 2007; Graebner et al., 2012; Ridder, Hoon and Baluch, 2014; Langley and Abdallah, 2011). According to Eisenhardt (1989), case studies can be used to accomplish three aims: provide description, generate theory or test theory. Similarly, Yin (2003) points out that single or multiple case studies can be used to confirm, challenge, explore and modify theory. Lee et al. (1999) argue that case-study research necessarily seeks to generate, elaborate, or test theory. Eisenhardt and Graebner (2007) recently stress that the potential of case-study research in making theoretical contributions needs to be clarified. That is, they are interested in whether multiple case studies are used for developing new theory, extending the
current theory or testing the theory with well formulated hypotheses (Pratt, 2008, Bluhm et al., 2011). Thus, it may be useful to further elaborate on the differences between theory building, elaboration or testing, since these three aims entail different theoretical contributions, as well as influence the procedures for gathering data (i.e., case selection) and subsequent analysis (Graebner et al., 2012; Ridder et al., 2014).

Eisenhardt (1989) proposes that theory building is more appropriate from multiple case studies, especially in new areas of research with little prior theory and empirical evidence, which may result in the creation of new theory in the form of testable propositions. Similarly, Graebner et al. (2012) argue for the usefulness of case studies for theory generation when the phenomenon being studied is new or previously uninvestigated—or when existing theory contains inherent contradictions. As Eisenhardt and Graebner (2007, p. 26) recently note, ‘theory building research using cases typically answer[s] research questions that address how and why in unexplored research areas’.

Eisenhardt and Graebner (2007) view theory building as means of discovering new concepts, detecting theoretical constructs, building a novel conceptual framework and propositions or developing a mid-range theory. Shepherd and Sutcliffe (2011) argue that this approach is oriented toward induction—that is, bottom-up theorizing, which involves using case data to document new phenomenon or examine existing phenomenon from a new perspective. In this way, the data describe the phenomenon in-depth and reveal something new, and the emergent theory connects to a prior theoretical conversation to expose the phenomenon in new light, thereby changing or fundamentally advancing the theoretical conversation (Bansal and Corley, 2012; Corley and Gioia, 2011).

A recent review of case studies published in the Academy of Management journal and the Journal of Management Studies between 1999 and 2011 reveals that theory development has been extensively used by researchers for justifying their theoretical contributions (Welch, Plakoyiannaki, Piekari and Mäntyäki, 2013). However, Pratt (2009) argues that case studies are equally important for theory elaboration to extend and refine an existing theory by adding a new concept and/or new relationship or by showing how a theory typically applied to one issue can be applied to another issue. This involves reconnecting and redirecting the theory and empirical research toward issues not previously addressed in the literature (Lee et al., 1999). Theory elaboration involves building on previous work while developing it in new directions on the basis empirical findings of the case material (Langley and Abdullah, 2011). Thus, it is about broadening the relevance of a theoretical perspective to a range of empirical contexts other than those in which they were first developed or intended to be used (Ridder et al., 2012; Edmondson and McManus, 2007). According to Zahra and Newey (2009),
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applying existing theories to new phenomenon or in new settings not only improves understanding of these theories but also extends and refines these theories by questioning their assumptions and addressing gaps in existing theory. As Pratt (2009, p. 859) points out, ‘theory elaboration means that existing theory in the area exists but gaps and oversights needs to be filled in’. In this way, collection of empirical material, i.e., case studies, is to some extent guided by gaps in existing theoretical constructs. This interplay between data and theory stimulates new ways of thinking in an existing theoretical conversation (Siggeklow, 2007), aiming to extend and reinforce the extant literature (Alvesson and Sandberg, 2011; Graebner et al., 2012).

Finally, theory testing is a means of testing a theoretical proposition or hypothesis outlined at the beginning of the case study (Yin, 2003). This approach is advocated by Bitektine (2008), who describes it as a prospective case study design in which a theory-based hypothesis concerning organizational processes is first developed and then tested with the observed process in the case data. However, compared to theory building and elaboration, theory testing is the least common method used to develop theoretical understanding from case studies (Lee et al., 1999).

Acknowledging the differences between theory building, elaboration and testing approaches and recent suggestions by Pratt (2008, 2009), Graebner et al. (2012) and Welch et al. (2013) in order to be more precise regarding the aim of the case-study research and how and when constructs and relationships emerge during the research process, this thesis project might be described as theory elaboration or extension (Lee et al., 1999; Pratt, 2009). In my interpretation, theory elaboration means that preexisting ideas provide a foundation for new research, thereby ‘obviating the need for theory generation through purely inductive grounded analysis’ (Malitis, 2005, p. 24). This approach builds more on the refinement or elaboration of existing theory rather than on the invention of new ones (Ridder et al., 2009).

As Jacobides (2005) points out, this does not mean that the researcher imposes the theoretical constructs or frameworks; rather, he or she considers how the detailed evidence gathered in the field might inform or extend the existing theory or construct. In doing so, it allows different concepts or themes to emerge from the empirical material, and this guides the research toward the relevant concepts. Hence, it makes the research endeavor partly planned and partly emergent, ‘shifting back and forth between the raw data, the pattern emerging from the data and extant theory’ (Graebner, 2009, p. 440). This iteration may in turn result in identifying a new concept for further empirical and theoretical inquiry. In this study, for instance, entrepreneurial venturing capabilities were not a specific concept that was identified a priori as being of interest but one that emerged from the data as important capabilities nurtured by family founders to enact their business venturing strategies. A subsequent review of the business venturing literature on family firms and dynamic capabilities revealed that little empirical work has been done to link dynamic capabilities to corporate entrepreneurship activities. Although recent research suggests that the dynamic capabilities
framework can help us understand the form of corporate entrepreneurship—business venturing—it largely remains on a conceptual level and is mostly advanced from the viewpoint of large firms as opposed to family firms. Based on the detail cases of entrepreneurial activities, I elaborate the theory of dynamic capabilities in a setting of corporate venturing, thereby refining and complementing existing concepts (Baert et al., 2016). Through this elaboration, I help progress thinking about the nature of capabilities associated with fostering endogenously driven firm entrepreneurship, which requires the creation of new resource combinations to capture fleeting new opportunities faster than competitors. Thus, I provide a more nuanced understanding of entrepreneurship in family firms by specifying the role of capabilities in building new resources and deploying them efficiently to sustain strategic entrepreneurial activities.

Subsequently, the organizations (i.e., the selected family firms) in this thesis considered the case of business venturing, defined and conceptualized in chapter two. The primary unit of analysis is consequently business venturing activities; the embedded units of analysis are the firms and their founder teams. In practice, I thus focus on studying the venturing activities in each firm to identify and describe what capabilities are needed for each firm to launch new ventures and who were the actors involved in building these capabilities, as well as comparing the findings of each case with other cases. This approach is consistent with that of Gilbert (2005), who analyzes the online ventures of newspaper organizations responding to digital media with newspaper organizations and their corporate management as the embedded unit of analysis. Hence, I move beyond the specifics of each case to develop a theoretical understanding of what capabilities enable studied family firms to develop new ventures and how do firms dominant collation influence the development of these capabilities.

3.3 Research context

The research context refers to the empirical setting in which the case study is embedded (Pettigrew, 1990). Hence, it is the historical, economic, political and business sector environment in which a firm operates that exert an influence on the behavior and actions of top managers (Pettigrew, Woodman and Cameron, 2001; Zahra et al., 2014). In other words, the research setting delineates the where and when dimensions of the theoretical phenomenon of interest (Whetten, 1989). Where refers to the industry, competitive and national economic environment. The when perspective draws attention to historical influences on the nature of today’s business environment, such as regulatory changes in an industry. In other words, the research setting represents the exogenous environment conditions—the industry structure and competition in which the organization and its actors exist. Zahra et al. (2014) suggest that incorporating these dimensions into a study’s research design provides an important foundation to link the study’s theoretical tenants to the context in which they more likely to be applicable, thereby increasing the study’s potential to provide richer theoretical insights. This
is increasingly recognized in dynamic capabilities research as scholars begin to emphasize the importance of considering environmental conditions in empirical studies (Wilden et al., 2013; Karna et al., 2015). For example, Wilden et al. (2016, p. 1027) recently note that “the relationship between dynamic capabilities and the organization resource base and, ultimately, firm performance is likely to depend upon environmental conditions, such as industry dynamics and competitive intensity. Ignoring this complexity leads to under-specified conceptualization of the dynamic capabilities”.

The research context for this research is the deregulation of the television broadcasting industry in Pakistan, which took place in 2002. The television industry comprises firms that produce and broadcast media content (i.e., products) in different genres—entertainment, news production, music, sports and so on. Several reasons make the deregulation of the TV industry an attractive context for the study of firm dynamic capabilities. First, deregulation represents a significant shift in the landscape of competition in the industry (Madsen and Walker, 2007). The reason is that deregulation allows the development of a market segment that was previously controlled or protected by government regulations (Helfat and Liberman, 2002; Reger, Duhaime and Stimpert, 1992). The government of Pakistan decided to deregulate the television industry for two primary reasons: (1) to encourage private enterprises to establish private satellite channels and (2) to promote healthy competition, thereby ensuring the quality of television productions. The reduction of restrictions on market entry barriers affected the competitive structure of the Pakistani broadcast industry, as different firms, such as diversified firms and entrepreneurial firms, entered the market armed with different resource mixes and novel and innovative product ideas. While the entry of competing firms in the industry, on the one hand, increased the demand for the media products and broadcast that the industry began to develop, on the other hand, it contributed to the oversupply of media products that potential viewers can choose from at any given time. These choices in turn affected customer expectations and thereby increased the intensity of competition, as the battle to meet the customer preferences intensified. Therefore, intense competition and changing customer expectations made the deregulated environment highly uncertain for the broadcast firms and their executives. To deal with the uncertainty from competitive rivalry and changing customer expectations, firms need to develop dynamic capabilities to sense new market trends and unmet customer demands and to acquire new resources and combine existing resources to seize new opportunities before competitors can achieve a dominant position in the market (Teece, 2007; Teece, 2014; Zahra et al., 2006). Yet, despite this awareness, Wilden et al. (2013, p 73) note that “research within dynamic capabilities largely ignore[s] the bounding assumptions such as environment conditions. Therefore, there is a need to determine the relevant context within the dynamic capabilities approach”. Next, I will further elaborate on Pakistan’s television broadcast industry.
3.3.1 Overview of the television broadcast industry in Pakistan

Television was formally introduced in Pakistan in 1964. In 1961, the government of Pakistan invited the experts of Japanese National Television (NHK) to explore the prospects of introducing TV in Pakistan. The NHK team comprised technical experts who spent considerable time in Pakistan, and in 1962, they presented a comprehensive report that ascertained the government’s idea of developing the television industry in the country. The positive findings of the report led the government to hold a National Publicity Conference in October 1963. At the end of the conference, it was decided to introduce a television network in the country under the control of the Ministry of Information and Broadcasting. Subsequently, a legislative bill permitting the establishment of a general purpose television service was passed by the national assembly.

The government planned to introduce television service on an experimental basis. According to the plan, ‘it was decided that government will not spend money on setting up the pilot project; all expenses were the responsibility of the foreign party. However, after the expiry of the 90-day experimental phase the money will be reimbursed if television succeeded in Pakistan’ (Nasir, 2012). Accordingly, letters were sent out to interested parties inviting them to undertake the television project in Pakistan. The Nippon Electric Company (NEC) of Japan was selected, and a formal agreement with the government of Pakistan was signed to set up two pilot television stations at Lahore and Dhaka. A team of television professionals employed by the NEC arrived in Lahore in August 1964 to make preparations for setting up television. Their task was to run the pilot project for three months to show that the experiment would work (Nasir, 2012).

Pakistan entered the broadcasting age on November 26, 1964, from a make-shift experimental studio established in a portion of the Radio Pakistan building. Black and white television transmission was designated for three hours of programming six days a week, with Monday being an off day reserved for maintenance (Shaikh, 2007). Within a month of the Lahore launch, the NEC established the second pilot station at Dhaka. All the programs were live on air, as no recording machines were available (Nasir, 2012). In the first ninety days, live television programming consists of indigenous drama productions, news bulletins, music programs, and quiz shows. The main source of inspiration behind the formats of the program was the British Broadcasting Corporation (BBC); only fifty percent of the programs were produced indigenously; live in-house television production was alternated with acquired BBC documentaries and dramas (Nasir, 2012; Shaikh, 2007).

On the completion of the 90-day experimental phase, a private company was established in partnership with Nippon Electric Company (NEC), the Gosho Company Ltd. of Japan, Thomas Television International of the United Kingdom, and the government of Pakistan holding the majority shares. It was named Television Promoters Company. The company was incorporated on February 10, 1965, which paved the way for television to be set up on a permanent basis in
Pakistan. Subsequently, on May 30, 1967, the company was converted into a public limited company under the name Pakistan Television Corporation Ltd. (PTV). The new status aimed to ensure that the organization was run on professional and corporate lines and that it would grow and operate as a commercially viable organization. However, the government remained powerful. All the appointments at the senior level were made with the approval of the Ministry of Information and Broadcasting. In 1970, a television license fee was introduced by the government. However, unlike other types of public sector television, PTV was allowed by the government to generate additional revenue through commercial advertisements.

The period between 1967 and the late 1970s can be termed as the decade of television development in Pakistan. Several decisions were taken by the government to expedite the growth of the television sector in the country. One of these decisions was to establish the television centers in all the major cities of the country. After the success of the Lahore television station, Pakistan television launched its Karachi station on November 2, 1967. It was the first full-fledged station housed in its own building fully and properly equipped with better technical equipment for production by electronic methods: it had four main studios, including one designed and equipped for news’ (Nasir, 2012). In the same year, a television station was established in Islamabad. Subsequently, the stations in Peshawar and Quetta were launched in 1974. These stations were responsible for developing ideas for attractive programing formats, hunting for the talent and introducing new writers, actors and producers. These stations produced almost 80% of their program indigenously in the national language, which made PTV a popular medium of entertainment for most television viewers in the country. From its inception in 1964 until the late 1980s, state-run Pakistan television dominated the television market as the only entertainment and current affairs content provider in the country.

In the 1990s, state-run televisions’ monopoly over the airwaves came under threat with the development and widespread use of satellite transmission. Television viewers for the first time had access to international channels through their dish receivers. In the beginning, having a dish receiver was restricted only to the urban cities. However, in a short span of time, the rooftops of houses in cities, towns and even small villages in Pakistan were dotted with dish antennas of various sizes to receive signals directly from satellite. Most of these channels were broadcasting Free-to-Air (FTA), with no subscription expected from viewers. Of these 15 to 20 channels, Indian channels were the most popular among Pakistani viewers of all ages. This is because the Indian satellite programs were in Hindi, which is an easily understandable language in Pakistan, being a close cousin of Pakistan’s national language Urdu. According to a 1994 survey of satellite television viewers by Pakistan’s newspaper quoted by Shaikh (2007), Indian channels, Star TV and Zee TV were the most watched channels in both the entertainment and news categories. Thus, Pakistani consumer good companies started to spend a considerable amount of their advertisement budget on Indian channels, especially Zee TV. Facing fierce competition from Indian satellite
television channels, Pakistan’s national broadcaster PTV began to lose its audience and its advertising revenue.

In 1989, the newly elected government decided to set up a semi-government TV channel, Peoples Television Network (PTN). The idea behind the new channel was to install transmitters in selected cities and to sell air time to the private sector. PTN, later named Shalimar Television Network (STN), started its broadcast from Islamabad with news programs from international satellite channels, mainly from CNN international. In 1992, 24-hour broadcasting was agreed upon between CNN international and STN. The broadcast later expanded to major cities in Pakistan. PTN remained operational for a couple years, but it did not receive considerable attention from television viewers owing to its sole focus on international news. However, with the invasion of foreign TV channels through satellite dishes and to cater to the growing demand for television entertainment, the government decided to increase the entertainment content of the channel. During the mid-1990s, a contract was signed between STN and Network Television Marketing (NTM) to launch Pakistan’s first semi-government entertainment channel.

As per the agreement, NTM purchased the prime-time hours of 7:00 PM to 11:00 PM daily and 6:00 PM to 11:00 PM on Saturday and Sundays from STN. During these hours, NTM had the freedom to produce or acquire its own entertainment programs. At the same time, PTV also started a new policy to sell its daily prime time slots to interested production houses. The production houses were required to bid for entertainment time slots, and successful bidders were awarded a contract on a yearly or quarterly basis. As a result, Pakistan’s media sector opened up for the first time, and there was a sizeable increase in the number of production houses in the country. Most of these production houses were set up by the former and current producers/directors of PTV. In addition, there were production houses that were launched by aspiring entrepreneurs who did not have any direct media experience. All these production houses were associated with PTV or NTM. Their main function was to produce entertainment content: drama, music shows, celebrity shows, etc., for NTM and PTV. The news and current affairs programming remained under the control of state-run television. NTM remained operational for about four years. In 1999, the channel was closed because of constant battles between PTV and NTM over its control. The launch of NTM and the policy of opening its air time to production houses have PTV much needed diversity in its entertainment content, and to some extent, it was successful in winning back its audience. However, the national broadcasting airwaves remained under the control of state-run PTV, and Indian satellite channels continued to lure audiences with their entertainment programs and more wide-ranging international news and current affairs programs (Shaikh, 2007).

In 2002, the government of Pakistan announced that it was going to deregulate the broadcast media by allowing the private sector to open independent television stations, hence ending the monopoly of PTV. In March 2002, the President of Pakistan issued an ordinance for setting up an autonomous body, Pakistan Electronic Media Regularity Authority (PEMRA). Its primary role was to issue licenses for private TV stations. Between 2002 and 2005, a total of 16 licenses for
satellite television channels were issued by PEMRA. This number increased dramatically in the next five years, with the number of licenses awarded reaching 81 in 2010, and in 2014, the total number reached 87, of about 65 operational channels. The substantial rise in the number of privately owned television channels, according to Nasir (2012), can mainly be ascribed to the government’s decision to allow cross-media ownership. Hence, there was no restriction on applicants for TV channels who already owned newspapers, magazines or advertising agencies. According to the PEMRA annual report in 2006, about half of the applications received in 2002 for private channels were from the owners of newspaper publishers and advertising agencies.

In their recent 2014 annual report, PEMRA divided operational satellite television into the two broad categories of entertainment and news & current affairs. The entertainment categories include general entertainment channels (i.e., channels broadcasting entertainment content in both national and regional languages), sports channels, fashion and lifestyle channels, food channels, movies channel and music or youth channels. The news & current affairs channels can be further divided into channels that broadcast news, political talk shows, documentaries in the national language and those that broadcast news & current affairs content in regional languages. Since 2002, its been estimated that there has been a cumulative investment of 4 billion US Dollars in the television media industry in Pakistan. Between 2002 and 2014, television viewership increased from 40m to 124m, which is about 75% of the total population in the country. Advertising expenditures on satellite channels also increased dramatically, which according to the Gallup Pakistan survey of 2013 stands at Pakistani Rupees 21.73 billion. Advertisement is the main source of revenue for satellite channels. All Pakistani satellite televisions are mainly free to air. The subscription-based revenue market is non-existent in Pakistan. Therefore, the entire industry competes for advertisement revenue.

The firms that have entered Pakistani deregulated markets during last ten years can be categorized into the three different types suggested by Helfat and Liberman (2002): diversified firms, parent company ventures, and entrepreneurial ventures. In the Pakistani broadcast media context, diversified entrants are established firms that were active in print media (e.g., newspapers and magazine publishing) or that operate advertising agencies. These firms entered the television industry generally for internal growth, where the parent company treated the newly launched television channel as part of its organization or as an extension of its media business portfolio. Parent company ventures are established firms that do not own or operate any form of media business. These firm entered the television industry by setting up a legally separate company. The parent companies retained control of the new business, but at the same time, the new satellite channels are new companies. Finally, the entrepreneurial firms are stand-alone companies that do not have any ties to the established organization. These firms were either founded by the owners of the production houses associated with Pakistan state-owned television (PTV) or by individual entrepreneurs who do not have any ties to the television industry.
These three cohorts of firms dominate the competitive landscape of Pakistan’s broadcast media sector. These firms (broadcast media companies) compete in a highly competitive and dynamic environment aiming at two distinct but closely related markets, one for viewers and another for advertisers. Competition is primarily based on creating unique and innovative media content that can attract a great number of viewers. The greater the number of audience members attracted to a channel, the more desirable it is for advertisers to buy air time from the channel. Thus, the TV channels need to continuously devise innovative ideas for programming content to satisfy both advertisers’ and the audience’s needs to remain competitive. As discussed earlier, the environment is also fraught with uncertainty in terms of understanding customer needs and the ever-changing competitive scope. Because of this environment, between 2008 and 2014, six firms exited the market, and ten firms that were granted licenses by PEMRA did not enter the market. Despite these competitive conditions in the industry, eight firms have been able to grow their operations and evolve into television networks—firms that have launched and that operate multiple TV channels (Picard, 2005; Liu, Putler, and Wienberg, 2004). These new channels are often launched because managers continuously explore and exploit new market opportunities in the industry. In doing so, firms successfully reach a new audience segment by developing new media content. In this sense, each new channel creates its own dedicated specialized media content to cater the selected market segment. For instance, a firm operating a news channel may decide to launch a new channel in the entertainment category by creating entertainment-oriented content that consists of dramas, comedy shows, quiz shows, and reality shows targeting entertainment desired by the audience and advertisers. In 2011, when this research started, there were eight TV networks operational in Pakistan’s television industry. Three of these TV networks are owned and founded by diversified firms who have their roots in the media sector, two are ventures of a parent company, and the remaining three are entrepreneurial ventures founded by the owners (often family members) of production houses. The TV networks, channels and founding context are presented in table below:
Table 3: Major TV Networks in the Pakistani TV Industry.

<table>
<thead>
<tr>
<th>Television Networks</th>
<th>Channels</th>
<th>Founding Context</th>
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</thead>
<tbody>
<tr>
<td>Geo TV Network (PVT) Ltd.</td>
<td>GEO Entertainment</td>
<td>Owned and founded by Independent News Papers Corporation (Pvt.) Ltd.</td>
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<tr>
<td></td>
<td>GEO News</td>
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<td></td>
<td>GEO Sports</td>
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<td></td>
<td>AAG (Youth/music channel)</td>
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<tr>
<td>TV One</td>
<td>TV One Entertainment</td>
<td>Owned and founded by Interflow Communications leading advertising content (both print and electronic) producer of Pakistan</td>
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<td></td>
<td>TV One News</td>
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<td></td>
<td>Waseb TV</td>
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<tr>
<td>ARY Communications (Pvt.) Ltd.</td>
<td>ARY Entertainment</td>
<td>Owned and founded by ARY Group. A diversified group with interest in several sectors.</td>
</tr>
<tr>
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<td>ARY NEWS</td>
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<td>ARY Zouq</td>
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<tr>
<td>Kashish Television Network (PVT) Ltd2</td>
<td>Kashish Entertainment</td>
<td>Owned and Founded by Kashish News Paper (Pvt.) Ltd.</td>
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<tr>
<td></td>
<td>KTN News</td>
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<td></td>
<td>KTN</td>
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<tr>
<td>Television Media Network (PVT) Ltd.</td>
<td>Express Entertainment</td>
<td>Owned and founded by Lakson Group of Industries.</td>
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<td>Express News</td>
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<tr>
<td>AVT channels (PVT) Ltd.3</td>
<td>AVT Khyber</td>
<td>Entrepreneurial Venture.</td>
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<tr>
<td></td>
<td>Khyber News</td>
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<td>K-2</td>
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<tr>
<td>Hum TV Network Ltd.</td>
<td>Hum TV Entertainment</td>
<td>Entrepreneurial Venture.</td>
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<td></td>
<td>Masala TV</td>
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<td>Style 360</td>
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<tr>
<td>Indus TV Network (PVT) Ltd.</td>
<td>Indus Vision</td>
<td>Entrepreneurial Venture.</td>
</tr>
<tr>
<td></td>
<td>Indus Music</td>
<td></td>
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<tr>
<td></td>
<td>Indus News</td>
<td></td>
</tr>
</tbody>
</table>

3.4 Case selection

In case-study research, the sampling strategy is of central importance. Stake (2005) even claims that a proper selection of cases may be the most important issue in multiple-case studies. This is because in case-study research, the focus is mainly on small samples (i.e., cases) that are selected purposefully to explore an issue in depth and in detail. The term purposeful sampling refers to the selection of cases that are linked to the purpose of the study (Pratt, 2009). As Eisenhardt (1989) emphasizes that ‘cases should not be selected randomly and for statistical reasons, but for theoretical reasons’. This involves selecting cases for the presence of the focal phenomenon and its ability to enhance theoretical understanding. In other words, the sampling strategies of multiple-case studies are driven by a specific logic that serves a particular purpose (Patton, 2002). Similarly, for Eisenhardt and Graebner (2007), the choice of cases is based on their appropriateness in providing good opportunities for illuminating an unusual phenomenon, replicating findings from a previous case or elaborating emergent theory. Considering the limited number of cases that can be studied, Patton (2002)

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2 Regional language television network. Broadcasting media content in Sindhi language.

3 Regional language television network. Broadcasting media content in Pashto language.
Jönköping International Business School

recommends that researchers also purposefully select cases to either show extreme situations (extreme cases of outstanding success or notable failure) or to provide maximum variation (polar type).

Following the logic of purposeful sampling, in this study, I decided to select the entrepreneurial family firms that entered Pakistan’s deregulated broadcast media industry. This sampling approach was useful because it enables a comparison of similar ventures under the same industry and competitive conditions and suits the purpose of this research. When selecting the cases, a crucial issue concerned the question on how to identify family firms. To identify and select the firms, I used my definition of family firms as a point of departure. For instance, I wanted a distinct group of firms in which family involvement is an essential characteristic and is an essential indicator of the firms’ ability and willingness to continuously discover and exploit entrepreneurial opportunities. In other words, the formal selection criteria were both the presence of family members in the ownership/management of the business (i.e., firm is co-founded and owned by family members, founding family members firm hold executive positions such as the CEO or President) and the firms’ entrepreneurial characteristics—that is, the firm has shown a proven ability and willingness to pursue opportunities to create new businesses in order to remain competitive in the nascent and emerging broadcast market and create value for the founding family.

To identify companies that fit the above-stated criteria, I first used Pakistan Electronic Media Regularity Authority’s (PEMRA) reports, which have been published annually since 2006 and are available on PEMRA’s website. These reports contain important information on firms’ founding context—that is, whether these firms are owned by diversified entrants or set up by a parent company as a separate legal entity or entrepreneurial venture, which are newly formed and have no associations with an established organization and have independent ownership. Additionally, these reports provide information on the firms that have shown exceptional growth and that have launched multiple channels. These reports were helpful in identifying three firms that can be tentatively characterized as entrepreneurial family firms owing to their relentless pursuit of new opportunities and their status as not being part of any established organizations and formed and managed by family members. In order to gain further information on these firms, I contacted a number of actors who are well-acquainted with Pakistan’s broadcast industry. In total, I interviewed four media industry experts. These experts have been associated with the broadcast industry for over twenty years, and one of them has written a book on the history of Pakistan’s television broadcast industry. In their capacities as media experts, these people have provided consultation to different broadcast media companies, and in the process, they have developed many contacts with media companies. During the interviews, I solicited their opinions on the three companies; specifically, I asked them to provide information on the founding conditions, key actors who were involved in founding these firms, their backgrounds and the managerial responsibilities that they hold in the firms. All the experts interviewed
were well acquainted with these firms, and one of them was even approached for expert advice. Based on the information gathered from the media experts, all three firms can be described as entrepreneurial family firms, as the firms were co-founded and managed by family members and have shown commitment to entrepreneurial activities by launching multiple ventures (i.e., new channels) in a short span of time (see Table 3 for different channels launched by the firms).

For instance, HUM TV Network Ltd. was founded by a mother and son who were former owners of the production house Momal Productions. Hum Network launch its first channel in 2004. The firm was formally listed on the Karachi stock exchange in August 2005. The son is the CEO of the network, and the mother is the President. The founding family members who started the business own a majority of shares together with their family. Regarding the board, there are only two external board members, and family members dominate the board, with five family members on the board. AVT channels (Pvt.) Ltd. was founded by two brothers who previously owned and ran a production house—AVTEC. AVT launched their first channel in 2004. AVT is jointly owned by four brothers, with each having an equal share in the business. Two brothers hold the positions of CEO and COO in the firm. The remaining two brothers serve on the board, with one external board member. Similarly, Indus TV network also evolved from a production house—combined productions. The production house was jointly owned by two brothers-in-law. Indus TV started its operations in 2004 as a partnership between two brothers-in-law. One person dominated though, being the majority owner and the firm’s CEO. He can be described as the real founder because of his active role in the founding of the firm and involvement in the day-to-day operations of the business. He also has his two sons working in the firm in executive positions. One of his sons joined the firm from the start in 2004, while the other joined after completing his education in 2006. Both of his sons do not have an ownership stake in the firm. All three firms at the time of my empirical study were 7-9 years old. As discussed earlier, in the short span of their existence, all three firms exhibited exceptional growth as they evolved into leading media networks owning to a diverse set of TV channels. These firms can be characterized as the extreme examples or cases, with respect to growth and entrepreneurship. Although Eisenhardt and Graebner (2007) and Pettigrew (1990) recommend that one should choose diverse cases to ensure richness of theory development, I conquer with Patton (2002), who argues that selecting case firms that are good examples and relatively similar in many aspects allows deeper theoretical understanding. This is because extreme cases are often information rich and provide the opportunities to gain certain insights that other organizations would not able to provide (Siggelkow, 2007). In addition, studying extreme examples in a single industry enables more valid comparisons of similar firms (Halen and Eisenhardt, 2012), as it helps control for extraneous variations (Gilbert, 2005).

I approached the three firms in Spring 2011 with a request for participation in the study. I made first contact through a telephone call to the CEOs of all three firms. The relationships that I developed with the media experts were instrumental
in providing me the contact information of CEOs and their backgrounds. During the brief telephone conversations, I informed them about my personal, educational and professional background. I further explained that the research that I am conducting is part of my doctoral dissertation at Jönköping International Business School. All three CEOs have shown their willingness to be part of my research project and invited me to their office for a meeting.

After receiving the green signal from the selected companies, the next step was to decide who to interview. I have some ideas regarding whom to select for an interview based on the information that I gathered from media experts. Following Eisenhardt (1989), who argues that one must select multiple informants to gain much richer and elaborated information, I decided to select internal informants based on the following criteria: (1) top family executives, CEO, and President who are founders/co-founders and owners, which would provide deep and first-hand knowledge of the firm founding conditions and the event chronology for the launch of different ventures; (2) non-family senior managers who have long tenure in the firm, ideally since the inception of the firm, and who have direct involvement in at least some venturing initiatives, which would allow me to obtain a variety of perspectives; and (3) interviewees providing functional and hierarchal variety, allowing information to be confirmed by several sources.

My first meetings with Hum Network, AVT channels, and Indus Network were made in Spring 2011. I personally met the CEOs of the companies. During these meetings, I tried to explain what kind of participation would be required from them. For instance, I explained to the CEOs that to gain in-depth knowledge on their organization’s various venturing initiatives, I would conduct at least two rounds of interviews between 2011 and 2012. I further elaborated that this means that I would spend a considerable amount of time in their organization talking to different employees. At this point, I also presented my criteria for participants to whom I wished to gain access. The CEOs of both Hum Network and AVT channels granted me full access to interview. I was also provided with the names of the informants that, according to the CEOs, met my above-stated criteria. In total, the CEO of HUM network suggested eight people, including himself. These include founder family executives, namely, the CEO and President, as well as non-family senior executives, most of whom have been with the organization since its inception in 2005. Similarly, the CEO of AVT channels nominated seven people, who include founding family executives, namely, the CEO and COO, and non-family senior executives who have a long tenure in the firm. At my request, the CEOs also provided me with the name of functional managers, such as the producers and anchors of media content.

As compared to the CEOs of both Hum Network and AVT channels, the CEO of Indus Network agreed to participate in the study with some reservations, owing to a major organizational change initiative that he started at about the time of my interviews. During our first meeting, he informed me that he was willing to be part of the study, but it would be difficult for him to spare enough time for the interviews. He suggested that owing to his other commitments, he would be willing to spare time for a short interview lasting 20 to 30 minutes. When I
discussed the informant criteria with him, he indicated the high employee turnover over the last seven years, where almost all the senior managers who were the first employees left the firm, often to work for other media companies. He further explained that his eldest son, who started the firm with him, was not working in the firm anymore. He left the firm in 2009 and is currently working for a multinational firm. The youngest son, after completing his studies, joined the firm in 2010, and he is working as a senior executive producer. The CEO suggested the names of employees who hold senior management positions in the firm and gave me permission to conduct interviews. However, he informed me that most of them likely do not fit my selection criteria, as all of them were recruited within a year. Even though I did not have the desired informants, I decided to start interviewing the CEO and other senior managers. This is because the key informants sometimes emerge when the researcher starts the interview process, which may be targeted for further interviews (Alvesson and Ashcraft, 2012).

However, after a couple of interviews with the CEO and senior managers, I realized that I had not been successful in generating rich and insightful accounts on the founding of the firm and its development over the years through the different venturing activities. This is because most of the senior managers that I interviewed joined the firm after all the venturing initiatives had been taken. My only source of information for the development of the firm was the CEO.

After conducting four interviews, two with the CEO and two with senior executives, I decided to not to include the Indus Network as a case in my research project. I met the CEO in Summer 2011. I thank him for agreeing to participate in the study and informed him about my decision. I further explained to him the reasons for not including Indus Network in my research project. However, the information that I gathered through my interviews with the CEO was insightful, as his interviews provided intricate details on the Pakistani media industry, as well as perceptive details on the founding conditions and development of the other two case firms—Hum Network and AVT channels. I asked for his permission to include his interviews in my research project if needed, to which he agreed.

In 2011, I was left with two case firms—Hum Network and AVT channels—both of which granted me full access to interviews with key informants. After the loss of Indus Network, I did not actively search for a new firm. This is because the remaining firms that evolved in media networks through venturing activities were either diversifying entrants or parent company ventures. Thus, they did not meet the purposeful sampling criteria. Although both Hum Network and AVT channels have similar characteristics, they are also different from each other in several respects. They, for example, have different governance systems. Hum Network is a public limited company with responsibility toward both family and shareholders. Hence, Hum Network is not solely dependent upon the owner family’s willingness to invest in the business. In contrast, AVT channels is a privately owned company; hence, the owner family enjoys greater autonomy in decision making. It can be assumed that these differences with respect to governance structure have implications for the venturing activities of the firms.
A more intriguing similarity when considering the focus of this study is their founding context and family founding teams. Hum Network was launched by a mother and son team. Both the mother and son had extensive experience in the television industry. While the mother had worked as a senior producer/director of drama in state-owned television since 1974, the son gained his knowledge of the media industry while working alongside his mother in a production house, affiliated with state-owned television. Similarly, the founders of AVT channels, although they can be described as serial entrepreneurs, also gained media industry experience by setting up a production house in late 1990s. Additionally, although both firms were successful and have shown exceptional entrepreneurial success, the opportunities that both firms identified for entering the broadcast industry and their subsequent venturing initiatives were first in the industry—in terms of the targeted market segment and products. For instance, Hum Network entered the broadcast market with an entertainment channel, which was followed by a cooking recipe channel and fashion lifestyle channel. AVT channels, on the other hand, followed a more niche market entry strategy by launching a first national channel focusing on a regional language. This was followed by a regional language news channel and bilingual channel, which was a montage of different regional languages. Thus, studying case firms that were in many respects similar in terms of the unit of analysis (i.e., venturing activities and family-based founding team) improved the likelihood of rich theory, as it can make the emergent constructs and theoretical relationships observable (Santos and Eisenhardt, 2009; Laamanen and Wallin, 2009).

3.5 Data collection

My objective of data collection in selecting case firms was to gather empirical material to track the historical development of each firm from their entry into deregulated media industry to promote an understanding of specific events, the challenges that the founders and management team faced, and the strategies they pursued to compete effectively in a highly dynamic industry. Both sample firms were approximately eight years old at the time of data collection and made all their venturing decisions within the four years prior to data collection. This period was sufficiently recent to allow accurate, rich descriptions of the events under study, and it was consistent with prior research on tracking the evolution of entrepreneurial firms (e.g., Bingham et al., 2007)

Both Yin (2003) and Eisenhardt (1989) recommend a kind of multi-method approach to gather empirical material to enhance methodological rigor in a case study. This is because the use of multiple sources of evidence can help substantially in improving the credibility of the case-study research (Patton 2002). These data sources often consist of but are not limited to face-to-face interviews with key informants, participant observation and archival sources. De Massis and Kotlar (2014, p. 19) believe that ‘each data source is one piece of the “puzzle”, with each piece contributing to the researcher’s understanding of the whole
phenomenon. This convergence adds strength to the findings, as the various components of data are interwove together to promote a wide-ranging understanding of the case'. Given my aim to comprehensively track the historical development of the selected firms, i.e., founding conditions, venturing activities and related decisions, a multi-method design was adopted for collecting the empirical material within the two selected firms using three sources: (1) interviews with key internal informants, (2) interviews with external informants (i.e., industry experts), and (3) archival data.

3.5.1 Interviews

In case-study research, interviewing is often the source of primary data. This is because interviews are acknowledged as a highly efficient way to gather rich, empirical descriptions of recent events and activities under investigation (Eisenhardt and Graebner, 2007). However, interviewing can take many forms, for example, with respect to formality and structure. Wengraf (2001) distinguish among (a) structured interviews, (b) semi-structured interviews and (c) narrative interviews used within the organizational literature. Although studies adopting a case-study approach often rely on semi-structure interviews, wherein informants are asked to share their own perspectives and experiences on phenomenon of interest, Alvesson and Ashcraft (2012) recommends employing varied degrees of interviewing structure in a single project. Such tactic knowledge, according to them, can elicit deeper insights, as it allows researchers to follow news leads and improve their evolving understanding of the cases. In this research, I have used both narrative and semi-structured interviews during the two rounds of interviews during my two field visits to Pakistan. The first round of interview was carried out in Summer 2011. The second round was conducted in Spring 2012. In total, 26 in-depth interviews were conducted with different individuals. All the interviews were recorded by the permission of the informants and later transcribed. The numbers and positions of all the interviewees in the two cases are shown in Tables 4 and 5.

Table 4. Interviews in HUM TV Network in the Two Stages of the Research Process

<table>
<thead>
<tr>
<th>Person Interviewed</th>
<th>First Stage in Spring 2011: No. of times</th>
<th>Second Stage in Summer 2012: No. of times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founder/CEO</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Founder/President</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Senior Vice President</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Vice President</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Chief Marketing Officer</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Business Unit Head, Hum TV</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Business Unit Head, Masala TV</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Business Unit Head, style 360 TV</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Industry experts</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>
Table 5. Interviews in AVT Channels TV Network in the Two Stages of the Research Process

<table>
<thead>
<tr>
<th>Person interviewed</th>
<th>First Stage in Spring 2011: No. of times</th>
<th>Second Stage in Summer 2012: No. of times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founder/CEO</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Founder/COO</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Head of Programming</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Director of Finance</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Head of Projects</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Senior executive producer K2 channel</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Industry experts</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

As shown in tables above, I conducted the first round of interviews in Spring 2011. Interviews in both case firms were conducting in parallel. My first interviews were with the founding family members of each firm and lasted on average for three hours. Following a narrative interview approach (Wengraf, 2001), the founders were asked to describe their own stories and the story of the firm from its inception to date, with a minimum of interruption. The main aim of using narrative interviews at this stage was to reconstruct the events surrounding the venturing process from the perspective of the founding executives as directly as possible (Rasmussen et al., 2011). All founders openly described what they had been thinking at different points in time, their actions, and the key events surrounding the pre-startup process, start-up process and subsequent venturing initiatives in a chronological order. To gain more detailed information on the critical events and actors involved, I asked probing questions concerning events such as ‘when did this happen’, ‘what happened before/after’, and ‘who was involved in this event’. This is because a focus on events is likely to be less subject to cognitive biases and impression management (Miller, Cardinal and Glick, 1997; Golden, 1992). After conducting the interviews with founders, I expanded the interviews to individuals who were not family members. All the managers that I interviewed held comparable positions in the selected firms and had a long tenure with the two companies. During their professional career with the firms, they had been actively involved in the venturing process. The interviews with these informants started with questions on their professional background, when they join the firm, and reasons for joining the firm. After these questions, I asked my informants to describe his or her involvement in and knowledge of the various venturing activities. The informants were allowed to tell their story of the firm surrounding the market entry and subsequent venturing initiatives as they observed it, but they were encouraged to focus on key events and narrate their story in chronological order. These interviews lasted on average from 90 to 120 minutes. Reliance on multiple informants helps yield a more complete and thus more credible picture of events through complementary perspectives and granularity (Eisenhardt and Graebner, 2007; Huber and Power, 1985). I complimented these internal informants with external informants—industry experts who were particularly knowledgeable about the industry, the case companies and the founding family executives. This enabled me to have an
outside perspective on the firm evolution, which not only enhanced my understanding of the firm and their venturing activities but also allowed the information to be confirmed by several sources (Chen, Farh and Macmillan, 1993). In both firms, a total of 14 interviews were conducted in stage one over a three-month period. To avoid theoretical biases influencing the data collection, the concepts of resources and capabilities were not explicitly referred during the interviews (Rasmussen et al., 2011).

The second round of interview was carried out in Summer/Winter 2012. Before the start of the interviews, the founding family executives were presented with the event chronology and asked whether I had covered all the key events. While the first round of interviews was concentrated on ‘what’, ‘where’ and ‘when’ questions that focused on the start-up and venturing events, the second round of interviews focused on ‘how’ and ‘why’ questions probed through semi-structured interviews from the same informants and occasionally adding a new informant. At this stage, the interviewees were asked a set of open-ended questions. Each interview was divided into the following three parts: (1) start-up phase (launch of the first venture), (2) launch of the second venture, and (3) launch of the third venture. The aim was to probe the underlying reasoning and challenges that the founders and other managers faced in the different stages of firm evolution. Each part included questions such as the following: Why did you decide to launch an entertainment channel? Did you consider an alternative? How did your company produce its first media content for its channels? Do you face any challenges in production? How did you overcome those challenges? Why did you decide to launch a second channel? These focused questions helped me avoid the broad speculation that was not grounded in specific events and hence provided a stronger grounding for emerging theoretical insights (Eisenhardt, 1989; Bingham and Davis, 2012). At this stage, 13 interviews were conducted. Finally, interview data gathered in two rounds were supplemented with the archival information described in the next section.

3.5.2 Archival documents

The archival documents that I collected are based on both internal and external sources. Although archival data regarding the pre-start-up and start-up activities of entrepreneurial ventures are scarce, from the beginning of the research, I systematically started collecting news clippings in the media on the two case firms. I used popular online posts and news clippings from English daily newspapers such as Dawn, The News, Express Tribune and the monthly news magazine Aurora (Marketing and Advertising magazine). The items collected through newspapers and magazine, for example, include the following: the profile features of the founders of the both firms, online interviews of the founders of Hum TV, a profile of Hum TV Network and AVT channels, special promotional features detailing the inauguration of their new channel ventures, which include the profile of the founders, and short interviews describing the reasoning behind the launch of a channel and future aspirations. In total, I gathered 10-15 items for
each firm, totaling more than 30 items. In addition, I found some videos on YouTube featuring the founder of HUM TV and online videos on their website celebrating both firms’ annual anniversaries featuring interviews with the founders. Since Hum TV Network went public soon after its creation in 2005, the company’s annual reports were readily available on the website. Through these annual reports, 9 in total, the firm communicated extensively with its shareholders and potential investors about its ongoing operations and future initiatives. For instance, these reports included information on each channel’s ongoing strategies for creating innovative media content, targeted audience for each channel, promotional strategies undertaken to attract viewers, relationships developed with different product houses, consumer good companies and future plans for the development of each channel. For AVT channels, my second case firm, I was not able to collect extensive internal documents; however, during the interviews, one informant did share with me the content of the internal business plans for each channel and minutes of meetings. I was allowed to take notes but not permitted to make copies because of confidentiality. These documents constituted a valuable source of data that offered a way not only to corroborate the interviews but also to enhance my understanding of certain critical events occurring during the development of the firms. These documents were later synthesized to construct the rich case descriptions for each firm.

In addition to collecting internal and external secondary material on the case firms, I extensively gathered material on the research context—the broadcast industry. The data sources include books on the Pakistani media broadcast industry, publications of Pakistan Media Regulatory Authority (PEMRA) and newspaper and magazine articles on the industry. In total, I used three books charting the history of the Pakistani broadcast industry from its humble beginning to significant growth after deregulation. The publications of PEMRA include annual reports, which include detailed information on the changing dynamics of the industry with yearly breakdowns of the number of firms entering the market or exiting the market, information on media companies and their channels and owners, different categories of channels, procedures for awarding licenses, and the authority’s future plans for the industry. Since the deregulation was a big event in the history of Pakistan’s broadcast industry, it attracted extensive coverage in the print media. These newspaper media articles cover the broadcast sector extensively, with special features on the industry evolution.

Overall, adopting a multi-method approach in collecting data, with a combination of interview data from internal and external informants and rich archival data on the focal firms and the industry context, enabled a rich, triangulated and relatively robust understanding of the phenomenon (Jacobides, 2005). For example, internal interviews with key actors revealed the key events, activities, intents and decision processes within the firms surrounding venturing initiatives, while interviews with external informants and archival materials provided complementary perspectives on the internal accounts. The data on the broadcast industry helped me understand the competitive dynamics that the
founders of the case firms faced in the deregulated industry that affected venturing decisions inside the firms.

3.6 Analysis

Mintzberg (2005) notes that data analysis involves weaving together many insights. Such weaving is inherently recursive and iterative to which Klag and Langley (2013) refer to as making a conceptual leap—that is, bridging the gap between empirical data and existing theory to deliver a conceptual insight beyond the data in order to enrich current theoretical understanding (Klag and Langley, 2013; Bansal and Corley, 2011). In this process, as Banal and Corley, 2012, p. 511) notes, ‘the data and theory are tightly interwoven—so interwoven that it is sometimes difficult to isolate either’. In other words, researchers cycle back and forth among theory and data. In this way, existing theory is used as a backdrop for interpreting the case data, but as the analysis proceeds, new constructs can be developed and refined in a continuous interplay with the existing literature that guides the study (Graebner, 2009; Maitlis, 2005; Orton, 1997). Such an approach is often referred to as theory elaboration (Lee, 1999), and it has guided the fieldwork and analysis process of this study. Thus, my data analysis took an iterative rather than linear path and occurred through three overlapping stages of analysis, but for simplicity, it is presented here in distinct stages (e.g., Graebner, 2009).

3.6.1 Engagement: Knowing the data to seed ideas

As describe before in the interview section, I concluded my interviews in late 2012. After each interview, I listened to the interviews immediately, and I wrote down my initial analytical thoughts in an electronic file. Nordqvist (2005) refers to this activity as a kind of ‘instant analysis’, which is useful in making an early impression of the data. The interviews that I conducted in the first round in 2011 were transcribed directly afterward. This was helpful for enhancing my understanding of the evolving case material and for framing future interview questions. During this stage, I started collecting and reading the archival material on the industry and the case firms and continued listening to the tapes to write down further ideas and reflections on what I read or heard. Apart from writing down the initial thoughts during the transcription process and reading the archival material, I deliberately waited with a more intensive analysis until I had all my interviews transcribed in a computerized text and archival material stored electronically, which was completed in Spring 2013. The transcription of all my interviews generated rich data on the evolution of the case firms. I printed the transcriptions of each case and started reading them carefully. I read and reread my data several times to develop in-depth understanding of the empirical material. As I read through the data, I made notations on the margins,
which were my initial hunches, themes and ideas. I recorded these ideas into my evolving electronic file of ideas. Some of these emerging ideas turned out to be of great value during the intensive analysis. This process helped me to reflect on what I was thinking at the initial stage and to compare it with emerging themes to refine my understanding.

As my reading and analysis of the interview transcripts progressed, I realized that the respondents often shift backward and forward in time in their accounts of events in describing the evolution of their firms. While the date of the event is known, their story was generally chaotic, which is usually a norm in qualitative in-depth interview data. Therefore, to achieve the continuity of a story and to careful position the respondents’ comments within a chronology, I adopted a temporal bracketing strategy (Langley, 1999). This strategy is particularly useful in subdividing the data into phases separated by time periods that could be used later for in-depth analysis. I demarcate the phases by different ventures, activities, managerial actions in those activities and the changing environment (e.g., Garud and Van de Ven, 1992). Three phases of a firm’s evolution emerge from this analysis. First, there is the pre-entry phase in which the family founders of the case firms engage in building their production houses. Second, there is the market entry phase, which starts with the deregulation of the broadcast industry in which the family founders started evaluating opportunities and actively engaging in activities to launch their firm. Third, there is a phase that can be called an expansion phase, in which managers’ actions and decisions lead to the launching of their second and third venture. This procedure helped me produce the time line of the evolution of two case firms, i.e., different venturing activities, and it helped me structure the case histories’ chronologically that could then form the basis for further in-depth analysis.

3.6.2 Writing case descriptions

I began writing the case histories by organizing the cases according to the phases identified in the previous step. I blended the interview data with archival material to write each phase as richly as possible. The aim at this stage was the reconstitution of phases using extended verbal and archival accounts into ‘thick descriptions’ of each firm (Eisenhardt, 1989; Langley, 1999). I did this because Miles and Huberman (1994) describe this as an analytical tool of data reduction, crafting the empirical data into a coherent account, which then becomes the platform for in-depth analysis. Another aim behind these rich descriptions was to integrate the interview data related to the past and present in order to create an understanding of the overall firm evolution. This understanding was important, as it allowed me to iterate between theory and different phases of data systematically, enabling the identification of emerging themes and patterns within each case (Miles and Huberman, 1994; Siggeklow, 2007). Thus, rich case descriptions are used as a heuristic device for generating and exploring new conceptual insights (Abbott, 2004). For this reason, writing rich descriptions is often considered an important first step in case analysis (Eisenhardt, 1989). As Buchanan (2012)
3 Methods

notes, it is during this step that ‘aha’ moments or deep insights often appear, based on juxtaposing the rich descriptions with extant theory. To achieve this, actual quotes by the different informants were used wherever possible to present the liveliness, originality and accuracy of the remarks. Furthermore, while writing the chronological histories, I paid attention to the certain challenges that the top managers faced in each phase, the activities and actions that top managers enact to overcome these challenges, and their aspirations, motivations, successes and failures. I then blended the verbal accounts with archival sources and industry information. This resulted in the construction of case descriptions that were very rich with quotations from the interviews, that contained excerpts from the archival documents studied and that contextualized knowledge of the industry. The final case chronologies were about 75 pages long for each firm and took me approximately three months to write for each firm. The shorter versions of these cases are reported in chapters 4 and 5 of the dissertation.

3.6.3 Within-case analysis and cross-case synthesis

After writing the rich case histories, my next step in the analytical work was to conduct within case analysis. Here, the aim was to develop intimate familiarity with a single case to learn more about the intrinsic aspects of each case. At this stage, apart from my pre-understanding of the literature reported in chapter two, I did not have a formal framework or propositions to guide the analysis (Rindova and Kotha, 2001; Laamanen and Wallin, 2009). The goal was to allow the findings to emerge from the case analysis. Siggeklow (2007) call this ‘let the case talk to you’. The approach is then to allow immersion in rich case data and use it as inspiration for new ideas. To achieve this, Klag and Langley (2013) advise exploring the case data with generative questions, such as ‘what is going on in the case?’, ‘what is the main story here?’, ‘what is the situation?’, ‘what is the central problem faced by the key actors in this situation?’, and ‘how are the key actors managing the situation?’. I continued the in-depth exploration of both cases by focusing on the three phases that I identified in stage one. I examined each phase using the lens of generating questions to search for emerging patterns and themes with the intention to reach an understanding and insight.

At this stage, I began the case analysis of Hum Network, in which the unit of analysis was different ventures, developing preliminary concepts and a rough explanation of the launch of new different ventures. Once the within-case analysis was underway, I cycled among the emerging concepts, case data and preliminary framework reported in section 2.9. This involved the interplay of existing concepts/theories and the themes or patterns emerging from the case analysis. Orton (1997) refers to this process as ‘iterative grounded theorizing’, in which the analysis of data and exploration of the literature occur in conjunction, often providing fruitful concepts and moving the researcher toward new understanding. Thus, I continually tried to match the insights and observations with the preliminary framework. In this process, after some iteration, my attention was
drawn toward the comments on business venturing as a strategic approach used by the founders of the entrepreneurial firms to cope with uncertainty and competition in an ever-changing environment. I next moved to analysis of each venture by treating them as a separate event to search for how new venture opportunities were identified and how resources were managed to launch different ventures. To further guide the analysis, different quotes of different actors describing the different activities for the launch of different ventures were compared in tabular form to search for consistent patterns (Miles and Huberman, 1994), allowing me to get closer to new constructs by seeing a concrete and illustrative example of every construct (Siggelkow, 2007). Thus, using within-case replication logic (Yin, 2003), I developed preliminary concepts from the analysis of the first venture and tested them on other ventures to further validate and refine the concept. Once this analysis was underway, I used the literature to further refine the emerging concepts, definitions and overall theoretical logic of the emerging concepts (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). This in-depth case analysis of the first case revealed three main categories of entrepreneurial venturing capabilities used by the case firm to continuously explore and exploit venture opportunities.

After the within-case analysis of the first firm, I turned to cross-case analysis. Here, the aim was to further develop and validate the findings of the first within-case analysis by looking at similarities with the second case (Fitzgerald and Dopson, 2009, Eisenhardt, 1989). The overall objective of this analysis was not to draw comparisons in terms of high performing and low performing cases but to learn from each individual case. In other words, I took a single case design and extended its power by using an additional case to further develop and refine the conceptual understanding (Fitzgerald and Dopson, 2009). In this sense, each case was analyzed separately, by using a literal cross-case replication logic (Yin, 2003), which in practice involves analyzing a second case systematically by going through each phase of the second case to search for similarities regarding the extent to which they had built entrepreneurial venturing capabilities. The similarities in the cases were noted and further refined by going back to the literature to sharpen the conceptual underpinnings of my findings. The aim here was to go beyond each case and to develop an overall theoretical understanding (Eisenhardt, 1989).

3.7 Quality of research

Pratt’s (2008) contribution suggests that the quality of qualitative research and validity are embedded into the careful crafting of research design and transparency of methods and analysis used to achieve the research objectives. Although several lists of criteria for judging qualitative research have proposed, Tracy (2010) believes that we can identify a few criteria that are common to qualitative research, despite the myriad different data collection procedures and analysis techniques. She proposes the following criteria of qualitative research
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independent of research strategy undertaken: (1) rigorous methods that transparently explain the research effort, reflection and meticulous practice; (2) credibility through the use of multiple sources of data and analysis techniques; (3) resonance that makes the research conclusion meaningful to the audience through transferability—gathering direct testimony, providing rich descriptions and writing accessibly and invitationally so that the findings can be applicable to different settings; (4) a significant contribution that improves the current theoretical understanding and that informs practice; and (5) meaningful coherence that eloquently interconnects the research design and data collection analysis with the literature. Her list of criteria echoes the recent recommendations of Welch et al. (2013) that in qualitative research, matching the research method, data collection, sampling strategy, context and analysis with the research purpose is probably the most important building block to assure research quality.

The criteria described above have general applicability for conducting qualitative research. However, various researchers (e.g., Eisenhardt and Graebner, 2007 and Symon and Cassell, 2012) insist that the criteria for judging the quality of research should be specific to the research strategy adopted. This means clearly articulating the field procedures and analysis techniques pertinent to the research strategy adopted. To assure the rigor and relevance of case-study research, there are four criteria that have been proposed: internal validity, construct validity, external validity and reliability (e.g., Yin, 2003; Gibbert and Ruigork and Wicki, 2008; Gibbert and Ruigork, 2010). In the coming sections, I will discuss these criteria with regard to this study.

3.7.2 Internal validity

Internal validity refers to establishing a phenomenon in a logical and credible way (Yin, 2003; Gibbert et al., 2008). This means providing compelling and logical explanations for the patterns and relationships that emerged during the analysis phase. Gibbert and Ruigork (2010) call this ‘logical validity’ of analysis, which is rooted in the concrete research actions that were taken and are cogent enough to defend the findings or conclusion of the study. In this research, I used following strategies to enhance internal validity. First, the theoretical framework from the outset is formulate in an open and tentative way, guided by the conceptual ideas in the dynamic capabilities literature. Therefore, the data analysis proceeds in an iterative manner, where I shift back and forth between the case data, the patterns emerging from the data and the preliminary framework. This results in a greater understanding of the emerging concepts and produce grounded theoretical knowledge (Orton, 1997). Second, such openness was supported by the purposeful case selection and interview approach adopted in this study. Third, internal validity was enhanced through cross-case pattern analysis, as suggested by Eisenhardt (1989) and exemplify by Rasmussen et al. (2011). In this process, I first constructed the rich case descriptions of each firm, which were followed by a within-case analysis of each firm focused on searching for patterns and themes.
in each firm. The emerging patterns and themes were further matched across the two cases. From this search and matching of patterns and themes, ideas about firms’ venturing capabilities emerged. Finally, these emerging ideas were compared with extant literature to refine and develop my theoretical understanding.

3.7.3 Construct validity

Construct validity deals with the question whether appropriate operational measures are established for the theoretical concepts being studied (Yin, 2003). In practice, this requires taking a well-coordinated set of actions to assure that the study investigates what it claims to investigate, that is, the procedures led to a corroborated and accurate view of reality (Gibbert and Ruigork 2010; Reige, 2003). Several actions were undertaken to enhance construct validity. First, the preliminary theoretical framework delineating the key concepts and expected relationship among concepts along with the research design were presented in the form of a PhD research proposal for the feedback from academic colleagues. These initial theoretical ideas were further translated into conceptual papers and presented in conferences and workshops to allow for modification and increased coherence. Second, after the first phase of analysis, which resulted in rich case descriptions, were distributed among departmental colleagues (Gibbert and Ruigork 2010). The aim was to discuss and validate the ideas and patterns emerging from the case data. These initial findings were partly presented in the form academic articles in conference proceedings, subjecting the findings and conclusions to the scrutiny of academic peers.

Following Yin (Yin, 2003) and Eisenhardt and Graebner (2007), multiple sources of evidence were used which includes interviews and archival information. Moreover, to enhance conformability, multiple informants both inside and outside the firm were used. The use of external informants offered an outsider perspective on firm venturing activities and brought a ‘reality check’ to the internal accounts (Santos and Eisenhardt, 2012). To supplement the interview data, I went to a great length to collect data from secondary sources. Fortunately, such data were available for both selected firms, as the Pakistani broadcast industry has been subject to strong media coverage. Furthermore, I discussed and presented initial case reports to key informants to ensure the consistency and accuracy of key events. Finally, by presenting rich case descriptions in chapters 4 and 5, this study aimed to keep the ‘chain of evidence’ (Yin, 2003) and the link between evidence and findings as transparent as possible.

3.7.4 External validity

External validity concerns with the challenge of establishing the domain to which the case study’s findings can be generalized. Gibbert and Ruigork (2010) suggest that case-study research is conducted not to provide ‘statistical generalization’ but to provide ‘analytical generalization’. Analytical generalization concerns the aim ‘to generalize a particular set of results to some broader theory rather than a
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population’ (Yin, 2003, p.37). To increase external validity, the research context—deregulation of the broadcast industry—was chosen on conceptual grounds rather than for representation. (Pratt, 2008). The aim was to select a research context that would generally match the aim of the research and research questions (described in the research context section). This purposive selection of the research context, according to Jacboides (2005, p. 469), can assure external validity, as it ‘makes the theoretical findings applicable to other industry settings and provides a grounded theoretical framework that can be tested in other settings in subsequent research’. To facilitate comparison among the similar cases, two extreme cases were chosen from the broadcast industry, and the criteria for choosing cases and purposeful logic are discussed in detail in the case selection section. Moreover, to enhance external validity, in line with Yin’s (2003) suggestions, a multiple-case study design was used.

3.7.5 Reliability

Reliability involves the question whether the research process if repeated by another researcher would produce the same result. Thus, the aim is to ensure transparency and replication of the research procedures (Reige, 2003). Based on Yin (Yin, 2003) and Gibbert and Ruigork (2010), the following actions were taken to ensure reliability. First, using a narrative interview approach, data were collected for the event chronology using multiple informants inside the case firms. Second, data were collected at multiple points in time, which allowed me to refine the focus and methods of the study. Keeping the aim of data collection in mind, where I tracked the historical development of each firm from inception to present, all the interviews were recorded with the permission of the informants. These interviews were later transcribed verbatim, and the transcripts were stored in electronic files. Moreover, secondary data were collected systematically throughout the research process and organized electronically in different folder files. Finally, an effort was made, as evident in this chapter, to explicate the strategies adopted and steps taken for case selection, data collection and analysis.
4. HUM NETWORK LIMITED

“When we started our channel, our own drama production was dead because all other private channels have adopted the Indian dramas and soaps. People said if you do not do the same, you will die in competition but I said no I would do my own drama production…. I love doing new things taking risks is in my veins”.

(Sultana Sidiqui, President)

4.1 A Brief description of the development of the firm

Eye Television Network limited (ETNL)—now known as Hum Network Limited—received a license from Pakistan Electronic Media Regulatory Authority (PEMRA) on October 30, 2004, to operate an international satellite television channel. The network launched its first full-fledged channel, HUM TV, on January 17, 2005, to air a wide variety of programs, including entertainment, information, health, and music. The initial public offering for Hum Network Limited shares was made in June 2005, and the company was formally listed on the Karachi Stock Exchange in August 2005. The Hum Network currently operates three different channels in different genres and has over 250 employees in three offices in Pakistan. The mission of Hum Network is:

“To enable the origination of outstanding content on subjects of interest and relevance to a range of audiences while using the best professional practices and ensuring long-term continuity”.

Hum Network takes great pride in associating itself with innovative productions and professionalism. The Network’s set-up is highly professional; its foundations were laid down by professionals from the television industry who understand the broadcasting business. With a woman as president and the chairperson of the board who has been associated with the television industry for the last thirty years, this was the first for any television channel in Pakistan. According to Sultana, Founder and President of the Network:

“When our competitors say we professionally run this network this is because the senior management team who started this network with us were all media professionals”. (Sultana, President)

One of the network’s greatest achievements is that it was the first channel to be listed on the Karachi stock exchange, providing it with a sound financial and governance structure that no other Pakistani channel has been able to achieve.
The founder and CEO Duraid describes the reason behind its corporate approach:

"After my MBA, I knew that I have to set up my own public listed company. The dream came as my brother has already set up a public listed company. After my graduation, instead of joining any other corporate environment, for example, a multinational corporation or the banking sector, I joined my brother’s sugar business knowing that I can get connected to business people in that environment which will help me get funding for my own independent project. I learned from my education and looking at my brother’s success that if I need to build the value of a company than I have to go for a very corporate approach, so my goal was very clear from the start”. (Duraid, CEO)

The founding family from the start dominated in both ownership and the management of the network. The mother (Sultana Siddiqui) is the President of Hum Network, and her son (Duraid Qureshi) is the CEO. Sultana is responsible for the media productions—development and acquisition of media content of the network in the form of dramas, soaps, live programing and so on. Her responsibility lies in ensuring the quality of content produced by the network to meet the demands of the audience. Duraid manages the business side of the business, which involves selling and marketing the production content to major advertising clients-consumer good companies, government agencies, non-governmental agencies and major advertising agencies. His job is to ensure long-term relationships with these clients to secure the advertising revenue for the network on a sustained basis. The firm has had a group executive team consisting of non-family members since its beginning. The three executive team members were the colleagues of the Sultana and have a long career history with state-owned television in senior management positions. One of the senior management team members, Akhter Waqar, who the readers will meet in the coming sections of this chapter, was the managing director of state-owned television (PTV). He took early retirement and joined the Hum Network in 2004 as Senior Vice President. The other two members are Ather Azeem, a former general manager of PTV, and Muneza Hashmi, former director of programing at PTV. Both joined the firm in 2004. However, when this study started in 2011, Muneza had left the company after serving as a member of the executive team for seven years. All three members were actively involved in the founding of all three ventures along with Sultana and Duraid. “We had a professional team from the start; they were my mothers’ former colleagues, and they contributed immensely with their expert knowledge”. (Duraid, CEO)

The family as a group is a largest shareholder of the network. In 2014, according the networks’ annual report, the founders, Sultana and Duraid, held 20% of the shares. The oldest son of Sultana, Shuanid Qureshi, held 24% of the total shares through his holding company Al-Abbas Sugar Mills Ltd. Shuanid is not involved in the day-to-day operations of the business, but she serves as a member of the Board of Directors. Jahangir Siddiqui, the elder brother of Sultana, held 14% of the shares through his company Jahangir Siddiqui & Co. Ltd. The rest of the share were divided among financial sector companies and the general
public. The CEO, Duraid, explained the evolution the shareholding pattern in the following way: “myself, my brother, my mother and other family over the period kept on increasing our shareholdings; for example, today, me and mother have 20 %; before we had 4 %.... As a group now, the family is the largest shareholder”. (Duraid, CEO)

The owner family is quite dominant in the Board of Directors, with five members present. The members of the family serving on the board include Sultana’s eldest son, Shuanid and her two elder brothers, Mazhar ul Haq Siddiqui and Munawar Alam Siddiqui. Shunaid is one of the most prominent industrialist of Pakistan. He is the founder and CEO of Al-Abbas Sugar Mills Ltd and chairman of Falcon (Pvt.) Ltd, the fastest growing automobile tracking company in the country. Mazhar ul Haq Siddiqui is a retired civil servant and has held many senior positions with the government of Pakistan. Munawar Alam Siddiqui is a retired Air commodore from the Pakistan Air force. Sultana is the chairman of the board, and Duraid is also a member. The board also has two non-family members, Mahtab Akbar Rashidi, a prominent educationist, and Muhammad Ayub Younus Adhi, an imminent investor of the Karachi stock market. Regular meetings of the board are held every year. In 2013, the board held six meetings. The board does not play an active role in dealing with strategic decisions. The board members meet to fulfill the requirements of law and regulations and ensure transparency in corporate practices, as the President, Sultana, explains: “The board and audit committee meetings are held to ensure that the accounts and the decisions are transparent. Fair and transparent corporate practices in my eyes provide the company with solid foundations and increase trust among the investors”.

Hum Network entered the market with their first venture HUM TV, Pakistan’s first 24-hour pure entertainment channel. At that time, all the other channels in the market were either operating as news channels or composite channels with strong emphasis on news and current affairs programing. Hum TV was the first channel that started as a pure entertainment channel focusing on drama productions. The President of the Network describes her strategic vision:

“When we were in the process of launching HUM TV, there was a lot of discouragement from people. They were telling me that you will not be successful because you don’t have a news segment in your channel. Their advice was to have news after every hour during the transmission and don’t run the channel on pure entertainment. I replied, when I travel around the world, there they have different channels for entertainment; drama channel is different; comedy channel is different; etc. We should do the same. Their answer was this won’t work in this country. We took on this risk to be the first 24-hour entertainment channel, and it worked very well”. (Sultana, President)

Over the years, drama production became the strength of the network. HUM TV managed to show its viewers that it is comparable to any high quality international channel with regard to its productions as well as content, which incorporates culturally sensitive themes. In its first year, in terms of viewership ratings of satellite channels, HUM TV, which offered programs in general entertainment, managed to secure the second position (Annual report, 2006), and
this position has been consistent for the last 7 years. In fact, today, according to a recent survey, HUM TV is the most watched channel in the entertainment category (Media Logic Report, June 2012).

In November 2006, Hum Network launched its second venture, Masala TV, which is Pakistan’s or even South Asia’s first 24-hour channel dedicated entirely to South Asian food recipes, specifically targeting housewives and fast consumer good company (FMCG) advertisers. With its regular six hours of live programing, Masala TV became a household name. Following the success of Masala TV, other networks launched their own food channels. Currently, there are three food channels running in Pakistan. The launch of three dedicated food channels also helped established many independent production houses, which started developing programs for these food channel. Masala TV, in a way, played a key role in creating the niche market of producing food-based cooking programs. The CEO, Duraid, stated the following about the success of their food channel:

“Masala TV is an innovation, which nobody in the world other than the food network was doing; now, Indian TV Networks have their own food channels. I think we are the inspiration behind this and creating this niche for the Asian TV audience”.

In 2008, Hum Network hired a team of the small lifestyle channel ‘Style world’ and launched a new channel by the name of Style 360— the first complete lifestyle and fashion channel. Building on the contacts and experiences of the hired team, Hum Network developed programing that reached wider audiences all over the country, not just one region. In a newspaper interview before the launch, the newly hired GM of Programing stated the following about the vision of the style and fashion channel:

“Hum Network has been a trendsetter in many ways. When they started HUM TV, they initiated the tradition of quality dramas, and with the launch of Masala, they started a trend of food channels. With Style 360, we are tapping yet another unexplored avenue and will surely become pioneers in this field as well. It is better to be trendsetter than a follower”.

The network took the first step toward internalization in 2010 by launching the network’s most watched channels, Hum TV and Masala TV in the USA, through the DISH Network corporation, which is the third largest pay-TV provider in the USA. With an overwhelming response in USA, the network created a wholly owned subsidiary in 2012 and marked its physical presence in North America.

Overall, Hum Network is great story of success and rapid growth. The Senior Vice President summarizes the different ventures of Network as follows:

“All the channels have their specialized fields. Hum TV, Masala TV and Style 360 all are different ventures and have different audiences and a different type of programing. All of them are in one way or another successful in their targeted audience; people do watch their programing and appreciate the content”.

In 2012, all three channels had their own designated managers, who were given the title of business unit heads. All of them were non-family employees. These unit heads led the teams of producers, technical staff and a dedicated staff that looks after the channels’ online platforms—website, Facebook, YouTube
channel and customer phone calls. Their main responsibilities include managing the programing content (i.e., dramas, events), developing live show formats and films, and compiling viewer feedback for their respective channels. These managers work very closely with the executive team, especially Sultana, who makes the final decision on any programing content to be either outsourced or acquired through independent production houses or developed internally by the channels’ own producers. All the channel heads hold a weekly meeting with Sultana to discuss programing-related issues, such as viewer feedback on their ongoing content and weekly ratings of their channels compiled by television rating agencies. Even though all the channels have their own heads, Sultana stresses that her active involvement in all the programing content decisions is essential. She explains, “we have business unit heads for each channel, but being a professional in TV production for last 30 years, my role is integral in planning, acquiring and developing the content either through external sources or in-house... pre-production, production and how the audience receiving the content is all my responsibility, and my input in the process is important to help our unit heads.... Well this does not mean I impose things; I believe seniors experience and juniors experimental thinking is essential for success”. While each channel has their own heads, there is also a separate department of sales and marketing, headed by the Chief Commercial Officer (COO). The department is responsible for developing a marketing and sales strategy for the production of content for all three channels. “I have a team of around twenty people, and we are responsible for the commercial aspects of the business in-terms of who are the best advertising clients for our media products, and we sell the products to the best clients and sustain these relationships”, the COO explains. The COO directly reports to CEO Duraid. “He (Duraid) has a hands-on approach in sales and marketing; it’s fun working with him, as he understands the marketing and sales of the media content and gives us good advice”, the COO noted.

4.2 Family: The founding team

4.2.1 Ms. Sultana Siddiqui (President of the network)

Sultana Siddiqui started off her career with Pakistan Television (PTV) back in 1974. “I was very good in giving new project ideas”, she stated. “Managing Director PTV told me that you have very good ideas; you should apply for the producer’s job”. After a rigorous selection process and training, she was selected as a producer. She gave the following reasons for her selection as a producer: I have always had a strong interest in creative things; I worked in many different positions at the start of my career, helping senior producers in their production. “I was very interested in this work (TV Production), and it helped during the selection process”.
She started her producer job by producing programs for children. “I wanted to do something different: they call drama production big work, but in my view, doing children programs is more difficult”. She brought many new things to children and music programming. She explains, “I received awards for children programs and was selected as a best producer; in music, I also did different things; for example, they never used to do music shows outside the studio. I started audience-based shows with thousands of people.... In 1981, I received the best producer award for music programming”.

Sultana worked hard in her job as a drama producer. She explains her early days as drama producer, “I was becoming a threat for people who were doing drama productions (in PTV), so I faced some hindrances because there is nothing easy. With those hindrances, when you work, I believe you work much better when you accept challenges and when you have less facilities, and it’s expected from you to do quality work so that you have to do double work; you have to do homework; for example, with this camera, I will do this work with the other camera, and I would take extra shots, and I used to write all that down on paper, which was not common at that time. I was doing all these things when I did my first drama; I also received a best drama award”.

Sultana described her family as very supportive. “At home, whatever I was doing, they encouraged me a lot.... With my job at PTV, I was doing other things; at the same time, for example, in partnership, I even supplied heavy machinery, and I was always a risk taker from day one”, Sultana said.

During the 1980s, Sultana started working on independent projects. She explains, “I have started some private work, but with permission (from PTV), because people working for PTV did not have permission, there were many people who were working without permission with different names, which I thought was unethical; it was training from home, and there was no need to do work like that, and I also don’t like that my creative work goes by some other name. I got the permission; PTV had this rule; and if any employee does private production whatever, they earn 33%, and they have to give to PTV. I accepted that and said ok my name should be there. During that time, I worked with Ever Ready pictures; I have produced and directed shows, for example, music challenges and acting challenges, and through these shows, many new people were introduced—all these shows were my ideas.” All these programs are now considered classics, and people associated with the television industry give her credit for introducing new faces who later became big celebrities on the TV screen.

Her other independent projects include producing dramas in partnership with even people from abroad. She stated: “[In] 1989, some people approached me from America to make a drama serial for them. That was the first serial in America that I shot on digital—digital was not common at that time. I shot that in San Francisco in partnership—but with permission from PTV. I told PTV that the program will run on your channel, and the MD PTV gave me permission”.

A turning point of her future was realized by doing these private productions. She explains: “After doing these projects, in 1994, I thought I should quit the job and do my own independent work.” She went on to say that she made this decision
because “had I been offered a lot of independent work, and I realized that there is lot of potential in doing that, and not many people were willing to take this initiative, so I decided if I take this initiative and sell my things locally and internationally, it will be better for me.”

She launched her own private production, by the name of Momal Productions (PVT) limited, in 1994, with the aim of producing programs and selling to PTV. She gave the following motive behind her production house: “because in PTV, they tie your hands like you have to work in these parameters; when you do private work, you have your own thoughts and your own finances, and you have the freedom to bring your thoughts forward”.

However, during 1994, her former colleague became the new MD of PTV and requested her to stay. Sultana explains: “When I started to leave, the government of the people’s party came, and the new MD was Rana Sheikh; she asked me why you want to leave PTV; I said because I wanted to do my own private work”. The managing director of PTV seemed to recognize her professional ability, as she gave her permission to do her own independent work while being employed at PTV. As sultan explains, “she told me that I will give you permission to do private work because I need somebody professional like you to be my program manager. She then become the GM of Programing for PTV”. This was a senior management position involving managing the programing portfolio of PTV.

“After becoming program manager, I realized that this job is important for my progression”, Sultana said. “Because I was thinking when I will manage my production house, I will be most likely be responsible for the management of my production house. I had some management experience before, but when you work on the senior management level in a public sector organization, you learn to do it properly, so I learned that” (Sultana, President)

Sultana’s production house produced many successful dramas during the time period 1994-2000. Most of them aired on PTV and also on NTM, which was launched by PTV as a second alternate channel. “Most dramas were sold and marketed by outsiders”, she noted. “I have no idea about marketing and sales. I was not interested in that; I was more into creative things”. All the marketing of her production was outsourced to a company named Ever New. “My younger son, who was doing an MBA from Lahore University of Management Sciences at that time, always asked me why don’t you market them yourself; you give a large portion of revenue to marketing”, Sultana reported. Her reply to him was “how much work can I do—direction, storyline, etc. This is not my work; if I do this, I lose focus on creative things”. Later on in 2000, the youngest son and daughter-in-law joined the production house with the intention to evolve the production into Satellite Television. Sultana describes the first conversation she had with her Son on launching a TV channel: “When they came back from America, and said we will work with you and we make this production house bigger, I said ok. They said you look after the production; we will do sales and marketing. I said to him you left the big job and work in a small production house, why do you want to do that…. He said we will launch a channel. I was in a shock and said I can’t; he replied you have expert knowledge, and you know your work and have been
working in the industry for a long time. I didn’t believe him at the time; I was thinking in my heart that he is wasting his time, but I have this habit: I tell all my children which ever field they wanted to go, they go and experience it..., but I encourage them to move forward. I always like big vision; I believe if you know your work, you should make it big”. (Sultana, President)

4.2.2 Mr. Duraid Qureshi (CEO of the Hum Network)

Duraid is the youngest son of Sultana Siddiqui. When he was young, his mother moved to live with her brothers. He was raised in a joint family system: “It was a big house, with my elder uncle Mazhar-ul-Haq Siddiqui, a civil servant and Jahangir Siddiqui, a business man, and we were all living in the same house with my mother and grandmother…; it was big family—altogether we are in a way a very close knit family”. (Duraid, CEO)

As he was growing up, family was source of inspiration for him. “I wanted to become doctor. One of my uncles, Dr. Qamar Siddiqui, was a doctor, and in my family in the second generation, two or more are becoming doctors. All the brothers of my mother are very intelligent and hardworking people; they are some kind of role model for all of us. At least to me, they were like fathers” (Duraid, CEO). However, his dreams of becoming doctor did not materialize: “my grades fell short a few marks, so I couldn’t get admission into medical school…. I did my bachelors in Political Science and Economics”. (Duraid, CEO)

Duraid’s elder two brothers are highly educated. The eldest one studied industrial engineering and founded the Al-Abbas Sugar Mills Public Limited in his late twenties. The other brother has completed a computer engineering degree and MBA from the USA and is now living there. “As I was the youngest among three brothers, for my mother to see me doing a master’s degree was important”. This was not Duraid’s original plan. “I thought about becoming a teacher, but my mother wanted me to do further studies, at least a masters…. I took admission in an MBA program at Lahore University of Management Sciences and finished my MBA in 1997”. (Duraid, CEO)

The MBA education and the founding of the Sugar business by his brother influenced Duraid’s future career. “After my MBA, I decided to set up my own public listed company; my MBA education already taught me about public listed companies, and this inspiration came from my elder brother who had already successfully founded and managed a public listed company” (Duraid). He joined his brother’s sugar business soon after graduation. His first position was resident director, and soon afterward, he was promoted to Chief Operating Officer. After working there for two years, he moved to the USA to launch his own company, e-sugar exchange. The idea of this new venture came from his brother, who was living in USA. Duraid explains the idea behind his business: “It was during dot com boom that my brother asked me to look into this opportunity, and having experience in the sugar business, I thought I would make an e-sugar exchange firm; it will be an international sugar exchange company on the net, and the
trading was meant to be done through this exchange”. He got initial funding from the sponsors to do a feasibility study and to explore this opportunity in the USA. However, in 2000, after the dot com bubble crash, he suspended his project. He told his sponsors that the environment was not conducive to make money on this project, and he moved back to Pakistan in 2000.

After coming back from the USA, he thought about his next career. One option was to go back to his brother and join his Sugar business or to look for opportunities for his independent project. He had many discussions with his mother and elder brother about his future career. His mother, who had set up her production house since 1994, was another option. During that time, the government of Pakistan was already in the process of deregulating the media/broadcast sector by allowing private channels to operate independently. His mother gave him the option to join her private production. “Joining the production house was too small of a cup of tea for me because my dreams were much bigger, so I asked her, if I join you, will you agree to launch a private channel? It was 2000, and no other private channel had started by that time, but the government announced that it would allow private channels”. (Duraid, CEO).

After some discussion, his mother moved forward in helping him realize his dreams. He and his wife joined Momal Productions in 2000, and their intention was to expand their production house further and to evolve the production house into a private satellite channel. Duraid’s role was to look after the sales and marketing operations of the production house while the mother and daughter-in-law looked after the production of programs.

4.3 Expansion of Momal Productions, 2000-2003

In 2000, Duraid joined the production house as chief executive with the aim to launch a private channel. As he explains, “to launch a channel at that point in time was early but for me to think of just a production house relying only on PTV was too small” (Duraid, CEO). When he joined the production house, there was no private satellite channel operating at that time. Most of the independent production house business was based on doing productions and airing them on state-owned television (PTV). PTV, at that time, had a policy where it was offering/selling time slots to independent companies. These companies were buying these time slots from PTV to air their productions and sell them to advertisers. Momal Productions had a fixed time slot on PTV to air their dramas. They were producing dramas, but they were not responsible of actual selling and marketing of their drama, which was done by a third party. They had a very small team headed by Sultana Siddiqui, which looked after the production process.

The first step that Duraid took was to develop the sales and marketing side of the production house. He explains:

“I did not want to do a production side; I was more interested in sales and marketing, the business side, though I’m not saying that the production side
doesn’t have the business side also, but I was not into what my mother was doing, which was drama direction and production, and I focused on understanding the sales and marketing part of the production business”. (Duraid, CEO)

The first challenge he faced was to buy time slots on state-owned television (PTV). Duraid explains, “I started off first as taking non-prime time slots on PTV, which was non-rewarding time; there were other people who were also doing similar things”. That was very challenging, as Sultana explains:

“Sometimes, he used to go, poor soul, to get one minute of advertisement time; his university class fellows were inside. and he used to wait for hours to meet them. They used to say to him, what are you doing Duraid, you are wasting your time, but they never knew what his vision was. I knew, but I was thinking it is so difficult that it was not an easy thing”.

Despite these obstacles, Duraid’s goal was clear in his mind. “In that time period, my learning from PTV and the goal was very clear to launch a channel”. (Duraid, CEO). He soon started buying prime time slots on PTV for his production house and started producing different kinds of projects and placing them in that time slot. He explains his progress in marketing and sales:

“When I was doing PTV work, in just three to four years, I became the biggest marketing/sales person for PTV buying time and selling it. So, in just three years, I had built from nothing to something that was extraordinary. At one-point time, PTV started a policy of stopping encouraging or giving more time slots to one individual, especially prime time. I went to all the people who have prime time and asked them to give their time slots to me. I was buying from everybody and reselling the slots. That was the unique thing that I did, and that was something nobody believed can be done. I did not make money during this process, but doing so was a big thing at that time, as having five slots out of seven slots of prime time was a huge experience for me. Even today, nobody imagined doing that.” (Duraid, CEO)

He further elaborated on his experiences:

“I was doing private productions, taking time slots from PTV buying productions and placing those productions on those slots and selling the commercial air time to advertisers. So, I was basically running a small channel on the PTV platform…. So, I developed an understanding of how to sell commercials, do advertising and start learning more, but the intention to launch a channel was very clear from day one, and here was no ambiguity”. He went on to say: “During this period of time, Indus TV started, and GEO TV and ARY also started their channels. So, my dream of launching a channel was becoming more reasonable, as others were doing similar things”. (Duraid, CEO)

While Duraid was looking after the marketing and sales side of the business, Sultana and Momina (Daughter in law, CEOs wife) were responsible for productions. Initially, Momal Productions were making limited productions, and their only client was PTV. With the launch of new channels, they had the opportunity to grow further, as then they had more time slots available to place their products. The Business Unit Head of Masala TV, who previously worked for the production house, explains:
“Normally, what happens is you produce a project, be it a drama serial or chat show; it’s an independently produced thing that you either sell it to channel or buy the air time on the channel and sell to advertisers. You never sell directly to one brand. In Momal Productions, we started a new thing; we were syndicating projects from direct clients. For example, we would go to Unilever and give them a presentation on the shows to explain to them if we make this project for you, it would be pre-sponsored by you, and we will air it for you on a channel at this time. One of the projects that we did was ‘sprite cool films’, which was a project that was initiated by Momal Productions and sprite together. We made series 8-10 telefilms, and then we aired a program owned by PTV; we aired it on INDUS TV as well. We were the facilitators; we were getting a brand on board and making a project, and then, we aired it on a channel. The channel then earned because we bought a slot from them so that we could pay for the slot, and the client (brand, e.g., sprite) paid us for the slot and program, so that’s the way we did it.” (Business unit Head, Masala TV)

He goes on to describe another project:

“We were working with fair and lovely on a very good project called ‘Kismat Key Sitarey’ (Destiny of Stars), which was aired for three years, and we had some of the top celebrities as guests in the show. We were dealing directly with Unilever through their agency Mindshare; we were producing the show; we were making sure that all their branding aspects were there; and we allocated a time slot on PTV, Indus TV and whichever channel they wanted”. (Business Unit Head, Masala TV)

In 2004, Momal Productions became one of the best production houses in the country. “Every year, the drama we were making was winning an award for best director, best writer, best actor” (Business Unit Head, Masala TV). At one point, all the top actors preferred working for Momal Productions. The business unit head of Masala TV explains the reasons: “It was the environment and quality of work, and it was because of Sultana Siddiqui and Momina; the environment we had was highly professional.... We had a very professional team; we have seen other production houses working with seventy to eighty people; we were working with only twenty people; we had three directors on our panel who were churning out about four to five drama projects and other entertainment shows in a year, which was not easy.... Directors were in house; we had a script department, which was something that Sultana and Momina themselves used to manage, and they had a team of three four writers working on different ideas, but the final thing would be done through their table. That was important, because the script is the main thing, so the script was taken carefully by them; then, we have a production manager, who would manage all the productions and everything, ensuring all the locations are in place and all the camera equipment editing these kinds of things are totally in house; we still take pride in the fact that we have one of the best editing teams in the market; the editors we still had at Momal, I think, most of them as far as I can remember have been there since the beginning.” (Business Unit Head, Masala TV)
The quality of their production increased their credibility in the market. The production house worked with top celebrities, and their productions was in great demand, and most of their projects were sold even before production. As the Senior Vice President commented:

“Very rarely do you see this kind of growth in the Pakistani media sector, where you have one production house and the production house evolves into a full entity and becomes a media network.” (Senior Vice President)

4.3.1 From Momal Productions to the first satellite channel: Early activities

Duraid worked in Momal Productions for about three years. During his three-year period as chief executive, Momal Productions became one of the leading production houses in Pakistan that was producing drama content for private channels and state-owned television (PTV). “This success, I believe, gave him confidence, and he came to me and said, mom, we should start working on our channel”, Sultana explains. The initial work on launching a satellite channel started in early 2004.

“I was ready in about three years’ time. I set up the company Eye Television limited in February 2004. I made a public limited company, but it was not listed on the stock exchange, and the idea was first to establish the company and then to list it on the stock exchange…. I established the company and started talking to a private equity firm and other people to fund the initial phase”. (Duraid, CEO)

He further elaborates on the activities of securing the financial funding needed to establish the company.

“I approached Jahangir Siddiqui & Co. Ltd., the company owned by my uncle (mothers’ brother). I paid the fee that he would charge everybody as a financial advisor, so we took him as a financial advisor, and they promised to invest, and they invested 14%, and we (Sultana, and Duraid) invested 12% from our savings, and my brother who has his sugar business invested 20%. So, 46% was raised, and the remaining investment came from others, for example, investors. My brother knew a lot of potential investors, and he recommended my project to them, and they agreed to invest”. (Duraid, CEO)

During this time, in 2004, there were also serious discussions between Duraid and Sultana on a well-formulated channel idea to enter the broadcast market. “We had discussions on the nature of channel; we wanted to launch: will it be the same as other channels currently on air or something new? (Duraid, CEO). This was the challenge for both the mother and son as the market was relatively new and as the only recipe available was to follow the ideas of already running TV channels. “It was a very challenging time; there was a lot of investment involved in launching a channel, and I wanted to have a channel that was close to my expertise”, Sultana explained. She further added, “Duraid has expertise in market
and sales from working in Momal Productions for three years, and I have expertise in drama productions, so we discussed different channel ideas, and our different expertise worked well together”. (Sultana, President) After these discussions, Duraid came up with the idea of a pure entertainment channel.

“I have this idea that we should not put a news in this channel; we wanted to be Pakistan’s first complete 24-hour entertainment channel. At that point, GEO TV was a hybrid, ARY was a hybrid, and ARY channel was just one ARY channel that had Shahid Masood (a famous news anchor) who would have a current affairs program followed by news, GEO had two hours of entertainment and remaining news, and every channel had some kind of news segment. TV ONE started and had a two-hour news segment, but the idea to not have news was unique”. (Duraid, CEO)

Sultana really liked the idea, and they decided to develop it further. Duraid and Sultana started experimenting with different ideas of programming content, which included music shows, chat shows, dramas, and cooking shows, before deciding on drama production as the core of their channels programming. However, disagreement emerged on developing the content of the drama productions of their entertainment channel.

“After we decided on the entertainment channel with a focus on drama production, I asked my mother to produce a drama like Star Plus (Indian Channel) because Star Plus and all the Indian dramas were popular and being watched by audiences; my idea was that we will follow the formula of Star plus dramas to produce our own on similar story lines and acquire some dramas from the Indian market, but she did not agreed. She was of the view that she can produce her own dramas with a better story line and production quality. I am not expert in drama, but I was thinking how will we ensure the quality of production that is better than Star TV”? (Duraid, CEO)

Sultana, however, was confident that the entertainment channel without the foreign (Indian) content would be more appealing to the audience and make their channel more competitive:

“Duraid is thinking from the market and sales point of view; the Indian dramas were popular among the audience and were the source of advertising revenue for channels running at that time. Duraid was right in his approach, but I was thinking that people will appreciate if they get to watch good production made locally, which none of the channels were providing to audiences at that time. My thinking was the female audience will watch drama, but it should be our own drama; I place more emphasis on that ...; there was a risk that we could have lost money, but I thought that it doesn’t’ matter; I know my job and try to do the best work”. (Sultana, President)

Duraid explained that he had a series of discussions with his mother on the content of the channel; he eventually agreed to his mother’s vision for having a drama production that is to be produced locally and that the channel will not rely
on acquiring any foreign media content. He gave the following reasons for his agreement with his mother:

“I had the initial idea in terms of we will not put news in the channel. But I think she refined it. She is the professional who has been doing production for the last thirty years. I had complete faith in her, and other than mother and son trust, I had trust as a professional in her. We decided to have our own drama production in the channel”. (Duraid, CEO)

The business unit of head of Hum TV explains how this combination of both expertise was advantageous for the channel:

“Sultana is a good producer and director of drama, which has given her an overall view of television production, be it story selection, managing actors, finding the right director…. Our CEO has been associated with TV marketing since 2000; he knew exactly how television is marketed”. (Business unit Head Hum TV)

During this time, Sultana decided to expand her team by adding new members who had prior drama production experience. They were seen as necessary to provide the expertise needed for an entertainment channel. She reached out to most of her former PTV colleagues: “initially, my colleagues Ather (Former Director PTV), Muniza (Former Director of Programing, PTV) and Akhter (Former MD of PTV) were hired; they were all seniors and well experienced in drama productions and its programing… Their experience was important especially in the early days”, Sultana explains.

These people who were hired became the first non-family members of the executive team. Ather was given the title of Senior Vice President, and Akhter became the Vice President. The Senior Vice President and Vice President provide insight into their backgrounds, reasons for joining the team and the role they played in the initial days:

“I have a long history in television. I have been in this profession for the last 42 years. Sultana is also from PTV; she asked me to join HUM TV…. When I joined, HUM TV was not launched—just a work in progress…. there were many issues in the beginning, and Sultana and Duraid decided to focus on entertainment, especially drama production, but the question was what type of dramas and how to get them produced. Sultana was overall responsible for programing decisions, but all three of us, Muneesa Hashmi, who was the former director of programing at PTV, Sultana and me had intensive meetings to discuss which dramas we should do, which ones we should not do, and the type of dramas that will be most likely appreciated by the audience”. (Senior Vice President)

The Vice President, former Managing Director of PTV, provides his reasons:

“When I was Managing Director of Pakistan Television (PTV) and I was planning to leave my position as MD, although there was some time left in my retirement, I had made up my mind that I should join the private sector. My thinking at that time was that I worked so long for PTV; therefore, I should join a private channel that is not purely commercial, but they know their work professionally. Of the options that were available to me, the best among them was Hum TV. Sultana is professionally very sound, and she is a good director of drama
and music programs and was my colleague at PTV. I saw both things: one she was my colleague and I have known her background, so I knew in this channel the work will be professionally very sound.... When she gave this option to join Hum TV, I didn’t have to think very much” (Vice President)

Sultana and Duraid were able to assemble the senior team of professionals. Their work in launching a first entertainment channel continues in this smaller group of newly hired executives who meet regularly to decide the needs and requirements for the new channel. Their discussions focus on the production of the content for their channel but also, most importantly, on hiring new people with some kind of TV production experience. However, this was a challenge because the media industry was a new phenomenon in Pakistan; there was a lack of well-trained people. To overcome this, the challenge involved newly hired executives utilizing their own contacts to search for suitable employees:

“We at Hum TV have this advantage: from day one, they had a professional team. The team has its own contacts, so they knew which suitable person is available from the limited people available”. (Vice President)

Sultana and her team also adopted this approach in hiring people, even with limited or no experience, with the intention to train them internally working along the executive team:

“[T]he market was limited, and not many people were available; this did not worry us much; what we did was we got a new person from the market and got them trained and groomed so that they can perform and give better results.... Most of the people received on-the-job training; it was difficult, but these new people came with new ideas. On one side, we had difficulty training them, but we also had an advantage to get new ideas and concepts, and we then mold these ideas to our needs and gained an advantage” (Senior Vice President).

4.4 HUM TV: A 24-hour entertainment channel

“I strongly believe that founders’ professional experience matters ...; unless you don’t have the professional knowledge, it will be difficult to produce innovative production and compete effectively.... We started the trend of Pakistani drama, and slowly people stopped watching Indian dramas, and our drama became so popular that many News channels started their own separate entertainment channels”. (Sultana, President)

Hum Network entered the media industry in January 2005 with the launch of their first channel HUM TV, a general entertainment channel. During that time, the Pakistani media scene was dominated by Indian content. Indian channels such as Zee TV and Star TV network were the most watched channels in Pakistan. Their programs, especially dramas, were popular among Pakistani women. Many young TV viewers were also hooked on Indian entertainment channels. As a result, many advertisers started opting for Indian channels for the promotion of
their products. As a result of relaxed media policy, several Pakistani channels were also on air at that time. Prominent among them were GEO TV, a venture by the Jang Group of News Papers; ARY Channel, a venture by a Dubai-based commercial group; Indus channel; and TV ONE. All these channels were launched in quick succession. Most of these channels at that time were composite or hybrid channels where a large portion of their programing was dedicated to news and current affairs. Showing news after every hour was a prominent feature of their daily programing. However, they had small portion of entertainment programing, which mostly consisted of acquired productions of Indian channels or their own productions that followed the recipe of successful Indian dramas.

Hum TV positioned itself as Pakistans first 24-hour pure entertainment channel. This positioning was the outcome of Sultanas’ vision for the new channel and strong belief in her expertise in entertainment productions:

“When I used to travel abroad, I saw many things there. For example, in the USA, there were different channel for entertainment and comedy etc., and they don’t mix it together, so I really liked that. So, when there was an opportunity in Pakistan for launching a private channel, we thought of an entertainment channel, and I also have my expertise in entertainment”. (Sultana, President)

For their entertainment channel, Duraid and Sultana, and the senior team, started developing the content of their entertainment channel. The content creation involved work on the concepts of different programing formats:

“We started from scratch; we did not have any content. For 24 hour-transmission, you need at least six hours or eight hours of programing content. We started developing content for different programs. Initially, we developed 20 minutes of content for various entertainment programs...; we developed reality shows with celebrities from the TV industry, music programs with new and upcoming artists, and chat shows...; our president (Sultana) is a good producer of music program, and I have been a producer and director of reality shows in state-owned television, so together, we discussed the ideas of these programs and started recording them”. (Senior Vice President)

HUM TV, during that time, had about 40 people working for them. Most of these people were providing production and technical support to produce the above-mentioned programing content. The generating ideas of these programs and their subsequent production and post-production was done by the senior executive team, especially Sultana, the Senior Vice President and the director of programing. Developing these programs was important to ensure the programing requirement for six hours of transmission, but the drama production was envisioned as the core of their programing content by Sultana and Duraid. The Senior Vice President indicates this when he states:

“We started as an entertainment channel. Then, naturally, we needed to look at what we will do in entertainment. Sultana and Duraid decided that we should focus on drama production”. (Senior Vice President)

After deciding on drama production, Sultana, being responsible for drama production for the channel, tried to ensure that the quality of production was on
par with the drama content airing on rival channels. This turned out to be a formidable challenge:

“Our (Pakistani) drama was dead when I started this channel because all the other channels have adopted the Indian drama formats…. People said to me if you don’t follow the Indian formula or acquire Indian dramas you will die in competition, but I said no; I would do my own drama production…. It was a challenge that demanded hard work in drama production, especially on the script writing, plot, characters, actors, and dialogues and ensured the quality of production, which suits the audience needs”. (Sultana, President)

The Chief Commercial Officer who was working for a rival channel during that time agrees with this challenge:

“I was working on the ARY channel at that time. ARY, GEO and all other channels followed the Indian content; they were all convinced that following the Indian formula will get us ratings and that Pakistani dramas were not the choice of the channels and advertisers”. (Chief Commercial Officer)

Facing these challenges, the focus of Hum Network in the first year was to develop original drama content that was conceived, produced and develop in Pakistan. The aim was to strategically position HUM TV as the channel associated with quality Pakistani drama productions:

“I wanted to give a new life to Pakistani drama productions. The productions aimed to compete with any foreign drama content”. (Sultana, President)

To ensure the quality of the drama production, Sultana and her team required a team of script writers, producers and directors. The Pakistani TV industry during that time was just starting, and finding a team of experts in TV production was difficult, if not impossible. The Senior Vice President stated that assembling people with expertise, that is, those in script writing, direction, and post production, was important to make sure that the production was of high quality. Sultana realized the importance of her production house, Momal Production, and decided to expand the production house to meet the needs of drama programing:

“Our competitors have other strengths; for example, GEO TV has its Group of News Papers, and TV ONE has a media buying house. I did not have this background. I only had my production house…. The production house is the backbone of the channel; we decided to use Momal Productions for our drama productions”. (Sultana, President)

After the decision was made, Momina, Duraids’ wife, was given the responsibility to develop the production house further under the supervision of Sultana. She became the chief executive of the Momal Productions. Momina worked in the production house from 2000 to 2003, where she helped Duraid and Sultana in production and business-related work:

“Me and my wife did our MBA together. She initially started her work in the production house by helping my mother on the production side…. It was not a , but we as a family decided to enter the media business, and she wanted to help, so she started looking after the productions”. (Duraid, CEO)

Sultana adds:
“We were deciding on who will take the responsibility of the production; production is the backbone of the channel…. Momin has worked with me in the production house; she took the responsibility of the production and started to work alongside me”. (Sultana, President)

When Momin took over the responsibility of the production house, it had the existing staff of about ten people. The staff included technical people, production assistants, and marketing managers who were responsible for pitching Momal projects for various TV channels. When the work on launching their first channel started with Duraid and Sultana, the production house became less active in developing new productions. A former marketing manager (who is currently working in Hum Network as the head of Masala TV) explains that the whole operation of the production house during this time involved finishing their existing projects. Momin was given the responsibility to initiate new drama projects by Duraid and Sultana to work on the story ideas, screenplays and casting, which fits with the vision of Hum TV. The Business Unit Head of Masala TV, who previously worked in the production house, explains:

“Once Momin took over the production house, she started developing a new team; she inducted new script writers and drama directors, but overall the working mechanism was already there. We did not need to develop any new routines; the budgeting, pre-production, production, editing were in place...; the only change was that Momin replaced Sultana as the head of the production house. Our target was clear to provide the original drama productions to Hum TV”. (Business Unit Head, Masala TV)

Momal Productions in 2000 to 2003 was developing a maximum of 3 to 4 drama projects and selling them to other TV channels. To become the sole provider of drama content for HUM TV the, production houses needed a bigger team. Momin started building a new team in close collaboration with Sultana. With her experience in drama production, she helped Momin hire a famous playwright to evaluate the production house’s drama scripts. The script department was developed under the supervision of Sultana and Momin. “We engaged my new writers and gave them the opportunity and freedom to create new drama series and serials...; initially, we did engage establish people because in this field experience counts especially from a commercial angle, but we also tried to introduce new people, always to bring new thought. We picked the writers and artists who were not established in the market and started working with them”, Sultana explains. It seems that the production house was the first choice of TV stations in 2000-2003, given that the task was to create new and innovative programing for HUM TV. “The major client for us was Hum TV...; we knew exactly which days they are going to broadcast our drama, and we started to set our targets in consultation with Hum TV” (Business Unit Head, Masala TV)

As indicated above, in the first year of its operation, the majority of drama production was made through Momal Productions, and only a small number programs were acquired through the market, which were mostly music programs (annual report, 2005). However, because of the newness of the market, intense competition from rival Indian entertainment channels and substantial investment
involved in the drama production in the first year, only a few dramas were produced through Momal Productions and broadcasted on the channel. “We only planned for the short term, and gradually, we increased our drama productions”, the Vice President explains. Sultana further explains that to get advertisers attention and understand viewers’ needs, Hum TV focused on the quality of drama production rather than quantity: “There was some difficulty in the beginning...; we had to work very hard to get one minute (of advertising revenue) from the market. We tried to broadcast our best product for the first six months because we did not have much advertisement in the beginning”. (Sultana, President).

In producing these dramas, Hum TV (especially Sultana) and the production house (Momina) worked in close cooperation:

“Hum TV definitely had an edge with Momal Productions being a sister firm catering to its prime-time drama programing.... Momina had a very clear idea of Hum TV’s production requirements. She provided Hum TV scripts; accordingly... the projects we made were shared with Hum TV...; after mutually agreeing on the project, we had a timeline in which we delivered the episodes, and their (Hum TV) preview team (Headed by Sultana) watched the episodes and gave us green signal so we can shoot the next episodes...; we delivered a bunch of 4 episodes...; we never shot 13 or 26 episodes right away”. (Business Unit Head, Masala TV)

This close collaboration worked, and Hum TV’s dramas gradually found the acceptance of viewers and advertisers. Under the slogan ‘pure entertainment’, original Pakistani drama programing become central to HUM TV’s success. An earlier vision to revive the Pakistani drama and not to emulate Indian dramas gradually worked. HUM TV produced major blockbuster dramas in the first year of its transmissions. All of their drama content revolves around the cultural sensitive themes of Pakistani society. For instance, their dramas broadcasted on the channel in the first two years raise the issue of women empowerment in society, the importance of family relationships, and religious tolerance.

“I started my dramas taking issues from society related to women and family relationships.... (in dramas) I believe there is no need to show close-up a girl smoking a cigarette or holding a bottle of liquor and drinking it, which is on air in most of the channels (Indian channels as well as foreign content on Pakistani channels) .... I have this in writing that these things should not be there (Drama content) .... I believe that our local culture should get promoted... when they (viewers) watching Pakistani drama they should see Pakistani culture”. (Sultana, President)

After the success of their original dramas to further ensure the quality of programing, HUM TV invested Rupees 236 million in the production of programs in 2006 with a major chuck of this investment in drama productions (Directors, report 2006). In terms of viewership ratings of satellite channels in Pakistan, HUM TV in a short span of over a year secured 2nd position (annual report, 2006). HUM TV continued to increase its investment in programing in the coming years. In 2007, the total investment for programing was Rupees 248 million (annual report, 2007). In 2008, HUM TV, apart from being the number 1 channel among the Pakistani entertainment channels, also managed to beat the ratings of the
popular Indian channels (annual report, 2008). Most of their dramas were produced in collaboration with Momal Productions, as Sultana proudly notes: “Momal Productions is the backbone of our channel”. HUM TV started becoming a household name, and the majority of viewers started switching from Indian channels:

“When HUM TV started its own original programing and started producing quality dramas, automatically people started switching back to the Pakistani Channel. If you look at our media sector, there were lots of changes in terms of viewership ratings. Hum TV pulled back the audience from Indian channels. So, their strength has always been in drama production, and because of this strength, their prime time slot, which is 7:00 to 10:00, has always been number one”. (Industry Analyst)

Following the success of HUM TV, most of the other media networks launched their own entertainment channels. The Pakistani media industry witnessed an increase in entertainment channels between 2007 and 2008, with three entertainment channels (PEMRA annual report, 2008). Although the competition intensified for HUM TV, according to an industry analyst, the real advantage that HUM TV had over other entertainment channels was in their ability to develop their own production house, which worked in close collaboration with the channel to ensure the quality and consistency of drama programing. The business unit head of Hum TV also points out this advantage:

“Momal Productions was developed by our President and now headed by Momina, to look after the interest of the channel (Hum TV) ...; when you outsource to other production houses, at times, they cut corners, which can compromise quality, but Momal Productions makes sure that whatever they produce, either a drama serial, series or even a long play, it’s of a very high quality in terms of script, casting and production values, and having its own production house is a very big edge that we have over competitors”. (Business unit head HUM TV)

The collaborations between Momal Productions and HUM TV continued. Momina took over complete responsibility of the production house. “I don’t know when I sneaked out and gave her the full responsibility, but obviously we have continuously learned from each other” (Sultana). Momina and her team pitched ideas for different drama projects to the HUM TV executive team. “In our discussion meetings, we briefed them on scripts; we lined up artists whom we are considering and our choices of the drama directors…. Duraid, Sultana, the Senior Vice President and the business unit head of HUM TV all provided their inputs, but the final decisions on script, casting of the artists, and hiring the director were taken by Sultana and Momina”. (Business unit head HUM TV)

This close cooperation turned out to be a great asset for Hum TV, as the information was continuously exchanged between Sultana and Momina to ensure the quality of drama content.

“We at HUM TV are constantly getting ratings of our dramas. Sultana closely monitors them, and if she feels that the promotional design needs to be changed or that production values are not up to the right standards, she calls up meeting
with the Momal team and explains what she feels needs to be done; obviously, her experience and wisdom are always a great help”. (Business unit Head HUM TV)

According to Duraid, separating Momal Productions operations from its own CEO, operating team, and physical location was a strategic decision. This separation, he explains, helped them avoid the nitty gritty of production matters, because in production, there is an issue to be resolved every day. Moreover, TV channel management should not be resolving everyday production issues; they should concentrate on whether we are giving the right promotion to our projects, what is the competition doing, how are they doing their promotion, how are they are changing their FPC (daily programing schedule), what are the ratings of our programs, and what is the feedback from advertisers and viewers. These are the import issues, according to him, that a broadcast channel should be analyzing in selecting the right drama content, deciding which content is suitable for the channel and building new relationships with external production houses. Sultana agrees with him and stresses the importance of building new relationships with external production houses. She expressively states:

“I just don’t rely on Momal Productions; I do acquire the content from other production houses”. (Sultana, President)

To promote the development of new production houses in 2006, HUM TV organized a telefilm festival. The basic purpose was to encourage new productions and to provide an exhibition platform for telefilms of different genres that feature new artists, producers and directors. The jury of renowned media personalities were constituted based on their evaluations, and thirteen new and original productions were selected to be broadcast on HUM TV. After the success of the festival, it was decided that festival would be an annual event, which will enhance the production skills of independent production houses by encouraging healthy competition along with giving new production houses a platform to showcase their creativity and get recognized (annual report, 2006, 2007, 2008).

According to the Senior Vice President, to build relationships with new production houses, HUM TV emulated the approach that they adopted for Momal Productions. That is, they aimed to work in close collaboration with production houses from the idea stage to actual production. Sultana explains:

“I evaluate productions thoroughly. I meet with the teams of production houses and explain to them all the work from A to Zee and keep an eye on them regularly to ensure the quality of the productions. For me, quality is everything”. (Sultana, President)

According to the Vice President, working in a close collaborative approach enables HUM TV to adopt unique process for acquiring their drama productions from the market:

“Hum TV drama is very popular. One reason is that management has adopted a unique approach for acquiring the drama content from external production houses. The normal way that is common in Pakistan is that production houses make the whole program and then take it to different channels to sell it. In this process channel, it has a very little contribution; mostly, it is the production house that has made the drama, based on their thought and judgment, and whichever
channel likes it eventually buys the drama, or whoever paid extra will get the production. Our management has decided that we must have a role in that process. Rather than buying directly from the production house, we try our best that the production houses making the drama should come to us at the idea stage. When they contact us at the idea stage, we discuss the idea with them, and we discuss the storyline with them, we discuss the casting with them, we give our suggestions regarding the cast, script…. [T]hey send us the drama in limited episodes over time so that even if we have to suggest changes in the story, casting and any other way, we can suggest that so that it doesn’t become the drama of somebody from the market; we also play a major role in its development”. (Vice President)

The Senior Vice President explains that building close relationships with the production houses not only ensures the quality of the content but also enables HUM TV to control the process of content development to suit their channel needs. This is also indicated by Duraid, who explains that these relationships with content providers secure access to quality content and enable them to create a package of quality productions to meet advertisers’ and customers’ needs:

“So, you acquire the content and carefully select the content. Basically, [you] create the whole package with quality programming and say to advertisers which program you want from this package…; this is very important for a channel to select content and sell the content” (Duraid, CEO)

As indicated above, the Pakistani television industry mostly runs on advertising funding. Therefore, HUM TV, being an advertising funding television channel, has to develop relationships with the providers to ensure quality products, as well as with customers and advertisers, who pay the channels to broadcast their marketing campaigns during the programming schedule. While Sultana looked after the production side, Duraid was responsible for building the marketing and sales of the channel. “Duraid started working on the extension and development of sales and marketing; he said to us, you are looking after production, so I will concentrate on marketing. In that, Duraid has a lot of contribution…. Duraid devoted all his attention to building the sales and marketing side of the business and managed the sales himself” (Senior Vice President)

The COO endorses Duraid’s contributions:

“One good thing that Duraid did in the early days was that he did not have a proper sales team because when you start a new business you give all your attention to how to establish the product in the market, and if your product is not established, you have a big sales team of 25 people where they can’t do much. You do things with time, and the priority is always to establish the product in the market, and in the second phase, you focus on sales. That’s what he did; he first established his product during the first years that he managed the sales himself”. (Chief Operating Officer)

The Chief Operating Officer explains the role of the CEO in securing the advertising budgets:
“He had done the proper salesman work, where you go out individually and sell (Drama content). The person who goes out himself and sells therefore knows the nitty gritty, knows everybody, understands industry trends—for example, where the industry is heading.” (Chief Operating Officer)

He further adds:

“The president has a production background; Duraid has done sales himself, and he has worked in the market as a salesman, so obviously, that’s a strength we have in the market. Even if you look at production in ratings, we are number one and sometimes number two, but if we look at the sales figures, we are better than all the rival channels”. (Chief Operating Officer)

The quality content (Production) coordinated with effective marketing/sales has contributed to overall success of Hum TV according to the COO:

“Yes, we do know which program is being made, what type of programing is coming out, and we had that information early. Like if sales don’t get that information, it will be difficult to sell. Before finalizing the end, product sales will get all the information”. (Chief Operating Officer)

Both Duraid and Sultana take a lot of pride in their development of the first pure entertainment channel in Pakistan’s TV industry. On their 10th anniversary, the annual report states the following proudly:

“Ten years ago, when HUM Network Ltd decided to launch its flagship channel HUM, Pakistani television audiences were glued to watching Indian TV soaps, and the erstwhile glorious dramas of PTV days had died a natural death. HUM entered the fold of existing channels with a mission to bring back audiences to Pakistani plays and to once again give quality dramas to viewers. HUM quickly made a name for itself, and within no time, people started turning away from Indian soaps and watching HUM plays. So great was their pull that other local television channels that had previously felt it was unfeasible to invest in high-quality plays and had been telecasting look-alikes of Indian soaps also started to invest in plays depicting Pakistani culture”. (Annual report, 2013).

4.5 MASALA TV: 24-hour food channel

“I think that was one smart move because, obviously, there were lot of people from entertainment going into news and current affairs; the trend is from current affairs to entertainment and from entertainment to current affairs/news; it is consider a natural transition. So, you are an entertainment channel, and you move to be a current affairs/news channel but come up with a food channel; I think it was a brilliant idea because at that time there was no other food channel; it was the first food channel not just in Pakistan; I would say it was the first food channel in Asia. Food is something that Asians and Pakistani are crazy about, because the only source of entertainment in Pakistan is food. So, it was well timed, and I think it was a brilliant idea. It was Duraid’s (CEO) own idea”.

(Business unit head HUM TV)
Hum Network (Eye Television Network Ltd launched their second channel “Masala” in October 2006. It was a pure food-related channel mainly catering to South Asian food recipes. According to the network’s annual report in 2006, the strategic decision of launching a new venture was taken considering the cultural norms in the country, and it would also supplement their first channel philosophy, i.e., entertainment. Under the slogan it’s not just cooking but cooking with style, the aim of the new channel was to place the network as a leader in specialized channels. Advertising funding was decided to be a potential source of revenue, especially from fast moving consumer good companies dealing with food-related items, and the main target audience was women, especially housewives (Annual report, 2006). The channel was the first of its kind in South Asia dedicated entirely to food recipes. There were no additional investments made for the launch of the channel, and the launch was made by managing the already existing resources of Hum TV (annual report, 2006).

According to Duraid, he came up with the idea of a food channel in early 2006. The COO explains that Duraid had an aggressive attitude and that he was very ambitious, always looking for new ideas in order to expand his business. The business unit head of HUM TV agreed with the chief operating officers’ observation, in stating:

“Duraid has been associated with media since 2000; this made him aware of the needs of the market, how it is developing and what are the new opportunities for expanding the network audiences”. (Business unit Head Hum TV)

According to Duraid, he first shared the idea of a food channel with his mom while she was in America. On her return from America, the idea was discussed more formally, as Sultana explains:

“It was Duraid’s idea. He discussed the idea with me, and I asked him have you done some work in terms market (target audience, advertisers); his reply was there are one or two consumer good companies that are interested. I agreed; I had confidence in my son.... I love doing new things and get inspired by new creative ideas”. (Sultana, President)

According to Sultana, after their initial discussion, they mutually decided to discuss the idea with their executive team to further develop the concept of a food channel. The Senior Vice President explains that Duraid came into his office and asked his opinion on the idea of a food channel: “I liked the idea; there was no other channel dedicated to cooking shows; it was similar to HUM TV; when it started, there was no entertainment channel”, the Senior Vice President notes. After this discussion, the Senior Vice President detailed meetings with Duraid and Sultana to further discuss the concept of a food channel. The discussion was not just on developing the concepts of the program but on how to produce these programs, the Senior Vice President explained. He further explained that because he has been producer of reality programs and game shows during his days with state-owned television, Duraid and Sultana consulted with him regularly on designing the productions of the food channel. He further gives insights into these early meetings:
“I sat down with them (Duraid and Sultana) and started discussing what will be in the programing? How many hours of programing, 4 hours or 6 hours? What will be the nature of the program? How much equipment do we have? How many programs will we have in house, and how many programs will we need to acquire? We continuously worked on these issues...; the channel was a result of teamwork; we made a decision together after discussing the idea” (Senior Vice President)

After these discussions, it was decided that the channel would be a 24-hour recipe channel, and its programing would be recorded cooking programs on Southeast Asian cuisine especially targeted at a female audience that would be internally produced under the supervision of the Senior Vice President and Sultana. “Our decision was this channel will be a recipe channel, especially recipes of Pakistani food; we decided to hire some chefs and record programs with them. The idea was to add the edge of entertainment to cooking, increasing the value of productions by making them appealing to our audiences”, the Senior Vice President explains.

Masala TV started with just 4 hours of fresh programing in October 2006, and all of the programs were recorded in house. Masala Channel did not have its own programing department, so all of its programing was done through Hum TV. “We started with five people. They were already working at Hum TV. We had equipment which was used for Hum TV’s recorded productions.... We started with a couple of recorded programs in Hum TV’s studios...; again, it was limited programing because there was no other food channel”, the Senior Vice President explains.

After approximately three months from its launch, in February 2007, the CEO decided to hire a new channel head for Masala TV to look after its programing. The new head of Masala was a former marketing manager of its production house, Momal Productions. The new business unit head of Masala started his career with Momal Productions as an assistant manager of production in 2002. In 2006, he became the marketing manager of Momal Productions. During his time as manager his job was to interact with the Hum TV production team, pitch to them new project (Drama) ideas and manage the process of collaboration between Hum TV and Momal Productions. In late 2006, he left the media sector and joined an insurance company as vice president of sales. While he was at his new job, Duraid (CEO) offered him a position in Masala.

“I was working there (insurance sector), and Duraid called me and said I am having problems with Masala, and I want you to come and join Masala.... He (Duraid) was concerned about many things: the content, programing and overall business plan. Imran Mehboob (Head of Programing at Hum TV) was looking after the programing of Masala, but he told me we need a programing head for Masala on a permanent basis. Since I had experience in production while working at Momal Production, he said if you are interested, I would like you to join.... I worked with Sultana and Duraid in their production house and pretty much learned everything from the family. So, I feel I have a more comfort level with them as compared to other employees. I have a clear understanding of how the
family works, and they have a good understanding of my abilities. So, I decided to join them.” (Business Unit Head, Masala TV)

He explains the situations when he joined the “Masala”:

“The programing director of Hum TV was in charge of Hum TV and Masala.... Hum TV was working on a centralized formula where some junior directors and line producers from Hum TV were assigned to Masala TV because as an entity this network was designed for Hum TV, for one channel; Masala was not planned initially...; when I joined, Masala was doing hardly two to three hours of fresh programing every day”. (Business Unit Head, Masala TV)

After joining Masala, the new head of Masala had a detailed discussion with the CEO about the future and nature of their channel:

“After my induction, I had a very detailed discussion with Duraid (CEO). ... We formulated a clear vision of what we are going to do; we have seen other channels going for a hybrid formula, having entertainment, food, and politics in their programing, but we were clear that we are just a recipe channel; we are not even a lifestyle channel”. (Business Unit Head, Masala TV)

He further explains that he was given full support from the family founders to design and initiate the programing concepts of the channel, but he worked in close collaboration with the top management team to implement the programing concepts:

“I had major support from the family in terms of decision making. I had freedom in designing and developing the concepts of new shows and could decide on what kind of people and talent were needed to produce these shows, but all the decisions had to be justified to the top management team. So, there was a process of collaboration where we had to pitch our programing proposals to top management, which includes the CEO, President and Senior Vice President. The President gives us suggestions on the programing content, and the CEO does so mostly on the business potential of the concept from the advertiser’s point of view. Together, they give us a very good lead on how to go about working effectively”. (Business Unit Head, Masala TV)

After he was given the responsibility to produce the content of the new channel. The new business unit head of the channel began assembling the resourced needed to produce the shows for the channel.

“Most of the resources were allocated to us by Hum TV; for example, they informed me that if we had a surplus of three people, you can take them so, I was just assigning them on different projects.... I made my team of 12 or 13 people; most of them started off as production assistants, which is a starting point in production.... We are proud of the fact that we started off with our own team; we started from scratch, and today, most of them—at least three of them—are producers at the senior level. One of them is looking at the content, and two of them are directors for projects”. (Business Unit Head, Masala TV)

After getting its own team, Masala was still broadcasting in-house recorded shows. Most of the producers/directors who were making the recorded shows were assigned by Hum TV. “We started with one director working on three different projects; a quality compromise was there, but we tried to compensate
him wherever we could. For example, we would give him three line producers for three different projects so at least he would have one assistant for every separate project, but we have one person working on three separate projects”, the Business Unit Head of Masala explains.

After one year into its launch and as the first food channel in the country, the response from the advertisers, especially consumer goods companies dealing in food, was not encouraging (annual report, 2007). The companies dealing with food-related items that were initially targeted as a major source of revenue were all skeptical about the popularity of channel among the targeted audience:

“We did a lot of research in trying to understand what the audience really wanted because it was challenge at that time. There was no food channel, and most people—advertisers mostly—told us it’s not going to work, it’s a very niche channel, and we don’t see any scope for Masala. I met a lot of people in advertising agencies and discussed things with them. What’s your feedback, what do you want us to do for you, what would you like in the next quarter? Most of their feedback was very reserved at that time. Even they did not understand the industry at that time”. (Business Unit Head of Masala TV)

The new market was not the only challenge faced by Masala. There was a lack of trained chefs who would come on TV and conduct the show.

“The challenge in the initial years for me personally was that the industry was not there. There was no food industry, there were no culinary institutes, there were no trained chefs, and there weren’t any production houses that would produce quality content for a food channel because there was no food channel.... The industry (food) was made from scratch...; when we started off, the biggest challenge was finding talent in Pakistan because you don’t have trained chefs in Pakistan, and you don’t find any chefs who have a certificate or degree in food—hardly anyone. Even today, we don’t find chefs working in Pakistan with a degree in food.” (Business Unit Head of Masala TV)

Finding the appropriate talent (chefs) and convincing advertisers were the main challenges faced by the new channel (annual report, 2007). The channel’s prograning content was recorded cooking shows that were mainly produced in-house. However, the targeted audience, housewives, were watching these shows, and they were contacting the channel via e-mail. These e-mails gave them the idea to make major changes to their prograning. “I think the turnaround of Masala came when we went to a live platform,” Duraid notes.

The Head of Masala explains how the viewers’ response made them shift from recorded cooking shows to live programing:

“We received compliments that it’s a new form of entertainment that we can watch with our kids our family, and it is something that is very close to our heart because we cook every day. So, we had a very direct connection with the viewers and primarily our target audience, which was females who cook themselves.... We learned when we were airing shows the very next day, and the feedback that we were getting was only through e-mails. The only platform of the viewer to get back to us is through an e-mail, and 90% of the emails were about how they missed the show yesterday and whether we would kindly give them the recipe and
kindly give advice on the recipe. So, we realized that we should give them real-time interactivity where they can call live into the show and ask the chef directly. You (Chef) were making a certain dish yesterday, and can you guide me? I missed one step. Or what are you making today? I am watching your show.... We shared the e-mails with Duraid (CEO) and said to him that we are doing recorded shows, and this is the audience response. He asked me what do you want to do? I said I wanted to do a live show.... We pushed (top management) for live productions, which was not part of the original plan. Masala was not initially planned for live productions. It was recorded shows broadcasted on the channel.... This idea came once we studied what our viewers were suggesting, so we sold the point to top management that we have to be interactive; we have to be live to attract our audience.” (Business Unit Head of Masala TV)

Going to a live format where the viewers can interact with TV shows via live calls required a considerable amount of investment in building new studios and equipment that was not available to Masala TV:

“At that time, we did not have a bigger set-up where we could have time slots available for Masala whenever we want. We started pitching within network for the resources that we required. For example, Hum TV was doing a live morning show from 9:00 to 13:00, and I wanted to do my morning cooking show from 11:30 to 13:00. There was a clash within network. We did not have studios where we (Hum TV and Masala) could do individual live shows.... A very big challenge at that time was that we wanted to do a lot of live shows, but we couldn’t because Hum TV already had those slots and the studio”. (Business Unit Head of Masala TV)

Masala started the transition to live programing on a limited budget.

“We agreed with management on starting our live program on one time slot. Our pitch from Masala to management was that we would start with one live show, and if it generated good revenues, then I would increase my budget and ask for a separate studio.... Management gave us a clear picture of the resources available to us. We designed FPC (daily programing schedule) according to the budget that was allocated, so we had to restrain our programing costs to the given budget. We had our costs marked by management—what we can spend on Masala. We had it very clear. Obviously, it was done after a lot of debate”.

(Business Unit Head of Masala TV)

In its second year, Masala was still mainly broadcasting recorded shows, and just one live show was part of the daily programing schedule. Building on earlier viewer feedback, the head of Masala saw it as necessary to establish platforms for their viewers to interact with the channel, making viewer feedback and interaction a priority.

“When we went live, we established our online platforms. We started getting feedback from different platforms through SMS, through live calls, through recorded calls and through the website and especially Facebook. The biggest thing that we realized was that the female audience was thanking us for giving them a form of entertainment that they can watch 24/7”. (Business Unit Head of Masala TV)
At the end of the second year of operation, Masala, owing to its live programming and interactions, started gaining acceptance among its targeted female audience. Many consumer good companies dealing in food-related items and other companies whose main target audience was female started advertising on the channel (annual report, 2008). This gave top management confidence to invest in studios for live programming. The Business Unit Head of Masala TV explains: “When we started delivering targets, we were given the go ahead by management to have our own studio and equipment”. (Business Unit Head of Masala TV)

While Masala channel had secure resources to conduct live shows, according to the Business Unit Head, the next challenge was to find chefs who would conduct these live shows, interact with viewers and prepare recipes according to their needs. Most of the chefs were selected based on their experience in South Asian food recipes and trained for television shows by the Masala TV production team:

“The talent end has always been a challenge. What we did was we looked at their physical appearance. Obviously, for the screen, we look at how people communicate, but most importantly, we look at their experience in food. For instance, Shreen Anwar (Chef) has been giving cooking classes for the last 25 years in her home. So, that was one category of people that we picked. Women who have been giving cooking classes from home compose one category. Another category is people who have been working in the hotel industry. For instance, Chef Gulzar was working for Pakistani Food restaurant before we auditioned him and we brought him on TV”. (Business Unit Head of Masala TV).

The Business Unit Head further explains the audition process: “In our auditions, we don’t let them plan anything. We just put them in an environment, and we tell them you have to create something out of these ingredients. I think that is the best trial of a chef, and through that, you also pick a lot of things. You see how the person is handling their knives, how they are behaving in the kitchen, and what their body language is. This gives you very clear picture of how comfortable they are and how much experience they have with food. So, that’s how we developed the raw talent.” (Business Unit Head of Masala TV)

After the audition process, these chefs were provided training in conducting live TV productions. The Head of Masala provides one example: “Most of the people we build ourselves. For example, one of the biggest names in the industry now is Chef Zakir. He was working in a catering company. Once we had dinner at the president’s house, and the owner of the catering company was there. Zakir was cooking dinner. The owner told the president that he (Zakir) is one of my best chefs. You (President) have a food channel, so why don’t you audition him? So, that’s how the idea came about, so we just auditioned him. When he came initially, we still have that audition tape. He did not even know how to communicate with the cameras and all these kinds of things. We spent about three months grooming him and training him. With all the talent (Chef) we
According to the Senior Vice President, the decision to develop the chefs internally corresponds with top management’s desire for them to be authentic in live productions. They believed that as a recipe channel, the only way to build a relationship with viewers is to provide them with valuable cooking experience. The Head of Masala and top management were convinced about building chefs internally, not only to increase the credibility of live productions, but also to make these chefs celebrities among the viewers.

“We (Masala) were very clear from day one that we never wanted to bring celebrities on Masala and fake it, as some of the channels are doing where they are bringing in celebrities and asking them to cook. We were very clear that we are a food channel, and everything we show has to be authentic. Our strategy as a channel was that whatever we show (cooking) in the live broadcast, the chef must start it from scratch and finish the whole recipe in the live show. If they (chefs) can’t finish it during the live transmission, they should admit on the live show that the dish is not finished. You (viewers) keep on cooking for another half hour, and it will be done…. It was our (Hum Network) policy from day one. We knew as a food channel that our credibility is the strongest thing..., so that’s where we (Masala) have been very strict on the idea of not getting celebrities. That was the decision that we took.... If Masala going to become a brand, it had to make its own celebrities. So, that’s why we made Zakir (Chef) into an overnight star. He is now a big star; before that, nobody knew him. We mean this in a very positive way because we took him when he was earning 8000 Rupees in a catering firm, and we took him to a level where he is earning much more than the best MBA in Pakistan.” (Business Unit Head of Masala TV)

According to the Head of Masala TV, management also had a deliberate policy to retain the chefs that they were building internally:

“For Masala, we (top management) had a very clear policy from day one that all talent that works for us has to sign a contract for at least three to 5 years. We were very clear that they have to be exclusive. They can’t work anywhere else on any other channel. They can have jobs; they can work in a restaurant or something like that, but they can’t work on media. So, we had a very clear strategy that if we are going to build our talent (chefs), we need to lock them in. We were very clear on that. Initially, we built Rahat (Chef), Shai (Chef), and Mehboob (Chef).” (Business Unit Head of Masala TV)

According to the company’s annual report, management’s strategy to build chef’s internally and to be authentic in their cooking shows was a huge success. In 2008, just after two years of its launch, all these chefs had become household names (annual report, 2008). Their live shows gained popularity among housewives in Pakistan. The channel alleviated all the earlier concerns of advertisers, and all the top companies started advertising on the live programs of Masala’s star chefs (annual report, 2008). The Head of Masala explained that during 2008, the Masala team also took various marketing initiatives to promote
and build their chefs, which provided them with the opportunity to increase the visibility of their channel and chefs. He provides one example:

“In 2008, we did our first ground event. We did one in Karachi, Lahore and Islamabad. We partnered with DAWN (News Paper) and DAWN Lifestyle magazine; now, we do it every year. The first time that we did our food court, we had attendance of about 30 to 40 thousand people in three days, and even we were not expecting how popular our chefs were because when Zakir (Chef) came on stage and when Shreen Anwar (Chef) came on stage, the audience went crazy. I have seen women taking their gold rings and chains and giving them to our chefs, so that was an eye opener for us to know that we have such a strong connection with our viewers that they treat us like their own family. We (Masala Team) were moving around in the audiences, and we had feedback forms with us, and we were requesting that they fill them out for us. We were also asking their personal opinions. So, a lot of people were telling me directly that I came from Sahiwal (a different city) specifically to meet Chef Zakir. That was an eye opener for us.” (Business Unit Head of Masala TV)

Building on the response, the management of Masala started investing in building another studio to shift all their programming to a live format (annual report, 2009). They started to expand their independent team to look after the programming of Masala. In 2008, after seeing the success of Masala, a rival network launched a food channel, and other competitor network also started planning to launch a food channel in the future (annual report, 2009)

While other networks were just launching or planning to launch their channels in the food genre, Masala TV, after seeing the tremendous response of the audience at their live shows and ground events, launched Masala Food Magazine in 2009 (annual report, 2009). The magazine content includes feature articles on chefs and their most famous recipes, the Head of Masala explained. He further explained that the magazine was huge success, as the first three published issues were sold out. The Head of Masala provides reasons for the launch of the magazine:

“We were very clear that our content is not something that grows old over time. A recipe is something that you will keep for years and years, and every month, every individual issue is as good as the first issue because we don’t repeat our recipes. The thing that we have in mind is that our content is very important” (Business Unit Head, Masala TV)

Masala Food Magazine became a publicity tool for their TV channel and helped increase the visibility of their chefs conducting live shows on TV (annual report, 2009). However, competition intensified with the launch of another food channel in late 2010, according to the Head of Masala:

“Masala was the first, “Zouq” was the second, and “Zaiqa” is the third channel in the food genre. The competition is very tough; one of the reasons is that the viewership trend in the food sector is not very consistent, unlike news channels and entertainment channels where you know this segment of viewers is always going to be my viewers. Sometimes, the number might go up, and sometimes, it might fall every time.” (Business Unit Head of Masala TV)
With the increase in competition, Masala management intensified efforts to gather information on its competition and the viewership trends of its channel:

“We started research for Masala. Now, we do it every quarter with detailed in-house research on viewership trends every week…. The research numbers have been fluctuating. Sometimes, we get very high ratings from the female audience. Sometimes, that trend moves toward drama when the same female audience goes toward entertainment. Sometimes, the same female audience goes toward fashion, so the trends are always changing in the food sector. I am talking about the food sector that is all the channels. First of all, the changing trend (from food to entertainment) in the food sector has been visible. Second, when going through channel to channel as competition, we realized that our viewers had drawn clear boundaries about what (chefs) they want to watch on TV. Viewers were following chefs, and they have preferences. For example, for ‘Lasagina’, I want it to be made by Shreen Anwar (Chef), and if it’s dessert, I would like to have it made by another chef” (Business Unit Head of Masala TV)

This information led them make changes in their live productions and align their productions with newly identified customers:

“What we did was we gave specialty to every chef. For example, for chefs like Aniqa and other young girls, we made them specialist in desserts,..., first, because they were professionally trained in baking and similar things. Then, we did research, and we saw that younger girls in Pakistan, when they go to the kitchen, the first thing they cook is not our regular spicy food; it’s baking. For most of the young girls between the age of 13 years and 17 years, their interest in food comes from cupcakes and cakes. So, the connection was clear. We needed a young presentable female as a role model for these young girls. We started off with this idea, and now, it has come to a level where viewers talk about Aniqa (Chef). They know exactly who she is; she is specialist in desserts. Then, we have profiles like Zubada Tariq (Chef), who is a grandmother, and she will give viewers advice on everyday household remedies. She will teach viewers about all kinds of Pakistani food in her show. With Shreen Anwar (Chef), we built a specialty that she will teach you cuisine from all over the world, e.g., Chinese, Italian, and Thai. With Zakir (Chef), we were very specific, and with Gulzar (Chef), we were very specific”. (Business Unit Head of Masala TV)

In 2012, every chef in Masala had their own special field and conducted their live shows from Monday to Friday. This was not the only thing that the Masala team did; they also aired the live shows in specific time slots while keeping viewers in mind:

“Every chef has a specialty, and today, viewers are saying the best chicken is made by this chef, the best dessert is made by this chef, and the best pasta is made by this chef. There are lot of things, but you need to understand how you are building (chefs). Another thing that matters is the time slot during which the chef is doing the live show. For example, we knew that if we are targeting a younger, female audience, they are watching TV at 7pm, but if you are targeting housewives, the best time to target them is from 11:00 to 13:00 because their kids are at school, and their husband is at work, so they have the time to watch TV.
So, that is also a major factor when you are planning which slot you are airing live shows.” (Business Unit Head of Masala TV)

Masala TV discovered the importance of viewer feedback in 2007, which helped them change their productions from recorded shows to a live TV format. Over the years, establishing, maintaining and increasing the relationship with viewers through different platforms (Facebook, e-mail, website, live calls) became the key task of the Masala team. Managing these platforms became part of their weekly routine.

“We have weekly team meetings. Every Monday, it’s a team meeting. What happens is that we go through all these platforms (Facebook, website, SMS Live calls to chefs). We look at how people responded to our show and the recipe that we posted online. We don’t look at all the opinions; we look at the relevant top five opinions; we look at the five highlights from viewers that stand out or that most of the viewers are suggesting…. When viewers are saying last week, I could not understand your recipe, now that’s a red flag, and I want to know why. If viewers are saying your recipes are monotonous, I want something new, that’s again a red flag. So, in this kind of meeting, we have our team manage all these platforms. It’s the same team that monitors the live shows, and then, they sit and work on all the suggestions” (Business Unit Head of Masala TV)

This feedback is then shared with the chefs, and they are evaluated on the information from rating agencies and the feedback from viewers:

“We show them (chefs) this is the rating, and this is the feedback. If there is not a single sponsor on your show, what should we do? We should correct our ways…. We have a very transparent way when we evaluate our talent (chefs). Basically, we sit with them every month, and we tell them look at last month; this was your performance: it’s good and wonderful. If it’s not, we need to work on that, and so basically, it all depends on how strong your feedback is, and we use all these tools to make our chefs into what they are…. What we did and do is that we take these chefs and make them into a brand. We show them their growth if their (shows) are getting sponsored; then, their (chefs) growth is linked to that”. (Business Unit Head of Masala TV)

The role of top management in these evaluations comes on a quarterly basis:

“We don’t think management should be involved on a daily or weekly basis. We involve them on a quarterly basis, where we sit with top management and discuss the quarterly results…. Every channel works independently. For Masala TV, I am responsible for everything, so my evaluation is done between me and top management, which includes the CEO (Duraid), President (Sultana), Senior Vice President and COO. We sit together with a centralized evaluation. That is where the comparison is also drawn within the network on which team (channel) is performing well, and they evaluate all the feedback that we receive.” (Business Unit Head of Masala TV)

Although they have a separate team, the team is well coordinated with the Hum TV team, and most of the technical facilities and marketing activities are coordinated through a centralized system:
“When it comes to my core programing team, that is totally separate from my employees and my talent (chefs). Everything is separate when it comes to the technical end. Somethings are shared. For example, equipment is shared, and editing suits are shared. For the graphics, yes, it’s a shared team that reports to the network’s creative head…. If I want to do a marketing campaign, I will get the marketing team on board, and I will brief them on what my plans are for the next quarter. For example, I will ask for branded buses, hoarding, and a mass SMS campaign, so the same marketing team is working on Hum TV and on Masala TV’s campaign. This department (marketing) is shared again”. (Business Unit Head of Masala TV)

Masala TV has proven to be a great success for Hum Network (annual report, 2010). “It was the first food channel when it started its operations, and it has spread like anything. Today, we have more than 20 to 25 million dollars invested in the only food market. That’s a very big achievement, which we feel we created an industry in itself”, he Head of Masala notes. This point is further endorsed by Vice President of the Hum Network: “Masala channel is a very successful channel. Its success you can gauge from this angle that it has become so popular with viewers, and following its success, we now have two more food channels. In a way, we created a new market, which is a big thing”. (Vice President)

The Head of Masala further adds: “Since we are pioneers in the market, other channels followed us rather than coming in as competitors…. Today, if you watch the other two channels, they have copied us to the smallest detail. For example, if I put a live show at 5, they do their live show at 5. If I take that show and put it at 6, they do the same. We tried this to see how our competitors will react…. It’s a small market (food channel), and everybody knows one another. I know people who are working for the other two channels; most of my talent (chefs) who were working for me are now working for them. We are still in touch; we hear about everything happening on those channels. At Masala, we have a three-month plan; everything is planned to the smallest detail—which recipes are going to be made and by which chief and what kind of marketing campaign we are going to launch. For example, next month, if our chefs are focusing on kids, we get different schools on board, and we get a child nutritionist to come on the shows…. In addition to short-term planning, we have a five-year vision in place. None of the other channel have this short- and long-term vision”. (Business Unit Head of Masala TV)

He elaborates on the future vision of Masala: “... taking the brand Masala and expanding it vertically and bringing in our merchandise line, the idea basically is to have a small revenue stream generated apart from advertiser money…. Masala Food Magazine is part of our merchandising line; it was the first test for us, and we wanted to see if a magazine would be a success…. One of the major things in coming years is to work on our books. It will be a cook book. Now, we have a magazine, and in a magazine, you have different recipes from 5 or 6 chefs. A book is going to be one book for each chef”. (Business Unit Head of Masala TV)
Masala has developed its distinctive programing based on a call-TV format, where viewers interact with TV shows by calling telephone numbers flashed on the screen and through text message to vote and answer the quiz questions. Most of Masala’s TV productions are live and developed in house. “Today, almost 80% of our programing is live; only 20% percent is recorded”, the Head of Masala explains.

Masala TV’s productions are completely different from Hum TV, where the focus is on drama productions and involves using their own production house or commissioning them from external production houses and managing the whole process. The Head of Masala explains the difference:

*Masala TV has a very evolved version of a production house.... In a production house, we are producing things that we had to come up with an idea of. We had to come up with the script, and we had to hire people and the talent. We had to personally get involved in the production and execution in Masala. It’s the same; everything that we produce we have to come up with the concept for, and we have to design it. We have to hire the talent, and we have to do everything. We have to execute it. If I was at HUM TV, it would be bit different... because then I would be managing 20 production houses to make sure that I acquire the best content. The difference is that I have to decide on buying, how much I want to spend, should I buy now, should I delay, should I negotiate—these kinds of decisions. But, in a production house, you are not doing all that; you are just focused on am I going to make this type of project, which is a challenge in itself. Risks are involved, but I feel bigger risks are involved when you have bigger investment. If you are buying something from someone else, then you also have to ensure that the third party is giving you the quality that you want because you are not directly producing it. Somebody else is producing it, and you have to keep checking on every step and every minor detail to make sure that the third party delivers the quality you want. That’s a totally different ball game”.* (Business Unit Head of Masala TV)

4.6 STYLE 360: Fashion and Lifestyle Channel

“My vision from the start is to have specialized channels, with a separate entertainment channel, food channel and music channel. If we have the opportunity, we will start a comedy channel.... We want to become a leading network in the entrainment category.... We launched the channel style 360, in which we have lifestyle programs and fashion shows; I strongly believe we should have this channel”. (Sultana, President)

Following their vision of specialized channels, Hum Network launched a 3rd channel, Style 360, in August 2008. Style 360 was envisioned as a fashion and
lifestyle entertainment channel, with its content focusing on fashion events and people’s lifestyle. According to the network’s annual report of 2007, detailed market research was initiated by the network to understand the potential of this niche market segment. It was decided that the channel would not acquire international fashion programing and that all the channels programing would be produced in Pakistan. “The best thing about style 360 is that everything is according to our values and culture…. The viewers will find a lot of association in this channel; it is almost wholly a Pakistani brand, showcasing the best of Pakistan”. The Senior Vice President explained the concept of Style 360 in an interview prior to launch.

According to Duraid, the idea of the new channel was the result of their earlier vision to become a niche network in the entertainment category. He explains:

“I think the idea came from the reference that from day one we never wanted a news channel, and Style 360 provides the opportunity to do something other than news…. As a strategy for our network, we wanted to have a bouquet of entertainment, food, fashion and music, and fashion was and still is a very lucrative market”. (Duraid, CEO)

Although the idea of a fashion channel was in line with the overall vision of the network, there was also an existing fashion channel available to viewers. Fashion TV, an international franchise, was on air for a couple of years. The channel was launched and operated by the rival network ARY. Its programing was mostly in English, and only a few programs were recorded in Pakistani. Therefore, in order to differentiate itself from the Fashion channel, after careful deliberation and discussion in the top management team, it was decided to launch a channel that was not just about fashion shows but that had complete lifestyle programming. That means that the channel’s programing was not restricted only to fashion shows; it included programing content dedicated to health, beauty tips, travel, make overs, well-being and celebrity interviews. Sultana elaborates on how the concept of a fashion channel evolved into a lifestyle channel:

“When we were thinking of the concept of style 360, there were existing channels like Fashion TV and many others, but we observed that there was no channel that focused on different lifestyles. So, we thought this would be a unique channel that would fill a void. Whenever we launch a channel, we do research and consultation thoroughly to introduce a channel that helps broaden our viewer’s vision”. (Sultana, President).

Duraid provides further insight into the process:

“We shared the idea in our senior team (President, Senior Vice President, Vice President); we do not take any major steps unless we are all convinced of the feasibility of the idea and the (programing) content of the new channel…. Fashion TV was a fashion channel only…. Our canvas was much broader, hosting a variety of programs. A 24-hour channel requires a varied programing mix. We decided to cover the complete circle of style and have programing content that will stun the style-sensitive audience”. (Duraid, CEO)

Hum Network’s new channel, Style 360, was launched by hiring the management team of a small cable channel, the Vice President explained. Style
Dunyia (world) was a cable channel that was mainly operational in Lahore. According to the Vice President, the cable channel concentrated on the lifestyle industry of Pakistan and was quite successful as a small-scale cable channel in selected regions of Pakistan. Style Duniya (world) had been operational as a cable channel since 2003. The channel exported its programs to different channels in the UK and Canada for South Asian and Pakistani viewers. In the initial days, Hum TV also acquired some content from them for a few segments in their transmission, Duraid notes. The channel was headed by two brothers, Omar Qamar and Nomi Qamar. Hum Network hired the two owner brothers and their small team of Style Duniya (World) to launch Pakistan’s first fashion and style channel.

“Style Duniya (world) has been a small cable channel operating in Lahore (a major city in Pakistan), but as a lot of money is required to run a channel successfully, they had been reduced to a very small team producing programs on cable and for local/foreign channels. We found them to be a group of very talented and hardworking young people. I met the team and made them a very lucrative offer for their experience. I was very clear that this team can produce the programing that will fill the gap of lifestyle programing in Pakistan’s channel scene”. (Duraid, CEO)

The Vice President agrees:

“They (Style Duniya) were doing programing on cable and selling their programing to different channels; they did not even imagine that a full channel of style can be launched…. We engaged the people (owners of the cable channel)…. When they signed the contract with us, they became part of our organization; they became salaried employees. They have their contacts and experience on that basis, and they were doing programing, and then, they started doing programing as part of our team”. (Vice President)

In their new role, Nomi Qamar became the General Manager of Programing and his brother was given the responsibility of Business Unit Head of Style 360. They also hired Vaneeza Ahmed, a famous model as Art Director. Both brothers were given the responsibility to design and produce the content of the channel, while the top management provides them with financial, production and creative support to ensure their continuous development and to make programing content according to channel’s envisioned philosophy.

“Style 360 was about fashion and lifestyle; its programing was given to youngsters (newly hired team) .... We (top management team) provided them with professional support, creative support and financial support, but the programing responsibility was given to the youth who have new ideas. So, we gave them the opportunity to develop, which I believe no other channel provided.... The senior people (top management team) are always looking over them.... The senior people monitor their programing ideas to either mold the ideas or fix them. So, we work with them closely”. (Vice President)

Although Hum Network has its headquarters and production facilities in Karachi, it was decided that the channel will produce programing from both Karachi and Lahore. Sultana explained that it was a strategic decision because the
Pakistani fashion industry is largely based in Lahore and the newly hired Style Duniya team historically operated from Lahore. Therefore, they have close relationships with the fashion industry. The Style 360 team conceived and developed different programing segments in close cooperation with the fashion industry in Lahore, and Hum Network in Karachi provides technical and production support.

“They (the Style 360 team in Lahore) were organizing different programing segments, and we were providing them with production support…. It is always wise to build on a new channel with the input of already existing ones…. Contribution from sister channels is a must, with limited resources, and there are always limited resources no matter how much you keep investing: it was decided to launch a new channel with the input of already existing ones”. (Duraid, CEO)

The Style 360 channel was launched with a spectacular event both in Karachi (Hum Network Head quarter) and Lahore (where Style Duniya was based). (Annual report, 2008). After the launch events, new General Manager of Programing attributed the success to the close cooperation of the Lahore and Karachi teams and stated the following in an interview after the launch event:

“They were the best events of the year in 2008, and it was all possible because we had the best team, the best production team, along with designers, make-up artists, choreographers and models”. (Nomi Qamar GM of Programing, online interview, 2008)

When asked about the programing and competition for Style 360, in the same online interview, the Business Unit Head stated the following:

“We don’t regard Fashion TV as our competition, since its content is restricted in the sense that it’s solely a fashion channel and it’s a franchise…. We are basically a lifestyle channel. Apart from fashion, people can expect art, culture, beauty, music and basically a lot more than what an ordinary fashion channel has to offer”. (Omar Qamar Business Unit Head, online interview, 2008)

Similarly, Duraid was also of the view that to fully assess and understand the market potential of the new channel, it should not be restricted to targeting a particular segment of customers (i.e., female audience) and programing (i.e., fashion shows only). As he explains: “Style 360 will have content unlike any other channel: short format programs, fashion tips, what is in and what is not, entertainment from the film industry, gossip and lifestyles of the rich and famous. We do not plan to follow any particular style of programing. It is also a learning process for us to see what the international trends are and what the audience wants and to try to incorporate this in programing. We do not have any target market, so we are not limited in our approach toward programing”. (Duraid, CEO, online interview, 2008)

Six months after the launch event, Style 360 started production from both Karachi and Lahore (annual report 2008). The Lahore team and Karachi team produced content in close cooperation. The channel maintained steady growth in its viewership in the coming years. With its diverse locally produced programing devoted to fashion and lifestyle, the channel successfully created a niche market
for itself. “The ratings of Style 360 are showing an upward trend and thus establishing the channel’s acceptability in the local market” (annual report 2010).

After this initial acceptance from viewers, the top management team along with the Style 360 team focused its efforts on bringing in the latest fashion trends directly to their viewers’ home by producing a week-long series of events and catwalks where fashion designers and fashion houses display their latest collections. One such event was Bridal Couture Week, which started in 2009 in both Lahore and Karachi. The week-long fashion shows showcased presentations of prominent designers and were broadcasted live to channel viewers. This fashion week was made possible through collaboration with Pakistan’s leading mobile phone service provider, Telenor, and the show was named Telenor Bridal Couture Week. The COO explained that this collaboration with Telenor was a win-win strategy for both companies. “We were producing the fashion event and making sure that their branding aspects are visible (naming the show Telenor Bridal Couture Week). So, they paid us for the time slots (time period in which the show is broadcasted to the viewers) and program”. (Chief Commercial Officer). In this way, Telenor increased its visibility and reached consumers by associating itself with Pakistan’s first big fashion event, and Style 360 received money in advance, which was used to produce the content of the show. The show and its program turned out to be a great success, and the event was held twice a year. In an interview with an online TV magazine at the launch of the 10th Telenor Bridal Couture Week, the President gave her vision for the initiation of the event:

“Bridal Couture Week is the most profitable segment for the Pakistani fashion industry. Telenor Bridal Couture aims to tap this segment while helping the consumer to get the most out of our talented designers and bridal wear available in the country. With the objective of showcasing the trends and designs for the upcoming season by leading fashion designers, Telenor Bridal Couture Week also provides a platform for designers to generate excellent business opportunities”. (Sultana, President, online interview, 2012)

After two years of being part of Style 360, the business heads of the channel, Nomi Qamar and Omar Qamar, decided to leave the channel and move abroad. The Senior Vice President explains the reasons for their departure:

“We had a good relationship with them. They worked very hard, and we worked together very well. After that, they decided to move abroad, and they shifted to Canada. It was not like any disagreement; it’s just that they decided to move out of the country”. (Senior Vice President)

Soon after their departure, Sultana and Duraid hired a new Business Unit Head of Style 360. The new head, Nousheen Masood, was two months into her new role when I sat down for an interview with her. Nousheen has been associated with the TV industry for the last twenty years. She knew both Duraid and Sultana, as she assisted Sultana in various drama productions. In the past, she was approached by Duraid and Sultana and offered a position in the network.

“I have been in the Industry for about 20 years. I worked with Indus TV Network for five years.... I helped them (Indus Network) launch their first channel,
which was Indus Vision. I was also involved in setting up their (Indus Network) music channel and news channel; I was part of the whole thing.... After I left Indus, I got a couple of offers. This company (Hum Network) was one of them, but I was a single mother of two kids, and I felt that I needed something that was less time consuming.... In 2010, they approached me again, and my children were grown up by that time, so I joined in May 2010”. (Business Unit Head, Style 360).

Duraid explains the priorities that top management set for new head of channel soon after she joined:

“We briefed her that now it’s her job to develop the concepts while looking at the competition and the type of audience that she will be targeting, and she should come back to us and a make a presentation”. (Duraid, CEO)

The new Business Unit Head rejoices this new responsibility:

“All the content is my responsibility.... I have to make the whole plan for this channel; that’s how they (top management) want me to proceed, which is great” (Business Unit Head, Style 360)

She started collecting detail information about the channel’s viewers in order to formulate ideal programing for the channel:

“We collect facts from various sources.... There is rating information that we get from research companies.... We do our own research... to identify the ideal viewers of our channel, their tastes, their backgrounds, viewing habits...., what they want to see, what they are watching, and what time they are watching TV to formulate ideal programing and present it to top management” (Business Unit Head, Style 360).

She explained that there are no intentions to completely change the programing of the channel. The channel will continue to revolve around the major categories of lifestyle, health and beauty, art and culture and fashion. “I am not making any changes; I am not making a lot of noise about things. I am just trying to figure out our ideal viewers.... I have already identified the age group, which is 18 to 35; there is a lot of focus on engaging them”. (Business Unit Head, Style 360). She further explained that in the coming months, apart from engaging young viewers, strengthening the relationships with major fashion brands and advertisers will be her top priority. “My focus is also on building new but also sustaining relationships with fashion brands”. (Business Unit Head, Style 360)

Sultana and Duraid were optimistic about the potential of their niche channel to penetrate the market in the years to come. “We think it’s a good genre that has lot of potential.... It is a new concept, but I think it is a channel that is much needed”. (Duraid, CEO). Sultana also expressed a similar view: “Style 360 is all about fashion and lifestyle; I think we need this kind of channel in Pakistan to build our image.... We did Bridal Fashion Week which, was never done in Pakistan before”. (Sultana, President)
4.7 Epilogue: The entrepreneurial journey continues...

The entrepreneurial journey of family founders and Hum Network continued even after I left the field in December 2012. Although I finished my face-to-face interviews, I kept on monitoring their progress through websites, online interviews in newspapers, video recordings, e-mail exchanges and occasional phone contact. In the next section, I will provide a brief overview of their new ventures, which shows the family founders’ intent to continuously explore and exploit emerging opportunities; however, these new ventures are not part of the analysis of this thesis:

4.7.1 Hum Publications

Hum Publications is the publication wing of the network, which started in 2013. Under the umbrella of Hum Publications, the network produces and distributes two monthly magazines and one bi-yearly fashion/bridal catalogue: Masala TV Food Mag, Glam and Bridal Catalogue. Masala TV Food Mag is an exclusive monthly food magazine carrying recipes in Urdu and English language. The magazine provides topics related to food, such as healthy living tips, and detailed interviews and information about Masala TV’s chefs. Glam is a fashion, lifestyle and entertainment monthly magazine that launched in 2015. The magazine covers all sorts of fashion and lifestyle areas, including the latest Pakistani fashion trends, showbiz news, the latest Pakistani models, designer clothing, fashion shows, health and culture. The magazine specifically targets women, provides them with the latest fashion and lifestyle information and keeps them updated with local and international fashion and clothing trends. Bridal Catalogue is a bi-yearly magazine that contains traditional information regarding bridal fashions. This catalogue aims to inspire Pakistani women on traditional bridal fashion—clothing, makeup and beauty tips for the wedding day.

4.7.2 Hum SITARAY: A channel with a blend of local and foreign content

Hum Sitaray (Galaxy of Stars) is the fourth channel launched by the network in late 2013. Hum Sitaray is a 24-hour entertainment channel that is an exciting blend of both local Pakistani and global entertainment. The channel broadcasts more specialized local content, such as comedy programs, programs for kids, live music shows, and morning shows specifically designed for women. Along with local content, the channel also broadcasts imported programs, mainly dramas from Turkey and India.
4.7.3 Hum Films

Hum Films is the most recent venture of Hum Network. By launching Hum Films, Hum Network has entered into the film production and distribution business. Since its launch in 2014, Hum Films has produced and distributed both Pakistani and Indian movies in Pakistani cinemas. In October 2014, Hum Films distributed its first Pakistani film, which was followed by its production in July 2015. Hum Films has also signed various contacts with Indian distribution houses and will be distributing Indian movies in the coming years.
5. AVT Channels (Pvt.) Limited

“I still remember: it was September 2003, and me and my brother were walking in the evening. I said to him, we have learned that when you don’t have enough resources, then you find a niche for yourself. I said to him, we should find a niche and specialized in that. We won’t be able to compete with big players entering the market”.

(Kamran Hamid, Founder, CEO)

5.1 A Brief description of the development of the firm

AVT Channels (Pvt.) Limited currently operates three different satellite channels from its head office in Islamabad. Its employs over 200 people in its offices in Islamabad, Karachi, Peshawar, Quetta and Dubai.

AVT Channels (Pvt.) Limited was founded in 2003 by two brothers, Kamran Hamid and Jawad Hamid, the former owners and founders of AVTEK, a media production house. Their two elder brothers and family friend, who were retired Army officers, also joined AVT on its board of directors. The formal application for a satellite TV license was made to Pakistan Electronic Media Regulatory Authority (PEMRA) in late 2003. After the license application was made, there were many discussions among the family members on the nature of their intended channel. In their discussions, they have evaluated various options, including an entertainment channel, a sports channel, and a channel targeting the youth of the country. After evaluating all the options and resources, it was decided to launch a regional language (Pashto) channel. The strategy was to develop programming in Pashto language and become a niche player in the market. The mission of AVT Channels is as follows:

“To provide a positive entertainment for Pakhtuns while explaining their codes of hospitality, honor and pride in the right perspective”.

The term ‘Pakhtun’ generally means Pashto-speaking people. Pashto is the predominant language of the people in the North-Western Province of Pakistan as well as in Afghanistan. According to the government of Pakistan, Pashto is the first language of about 15.42% (28-30 millions) of Pakistan’s 173.2 million people and 42% of the total population of Afghanistan (United Nation Human
Moreover, there are large numbers of Pashto-speaking people living in the major metropolises of Pakistan. According to one estimate, there are at least 7 million Pakhtun’s living in Karachi, the major urban city of Pakistan. A sizeable number of migrant Pakhtun’s workers exist in the Middle East, especially in the United Arab Emirates. Government of Pakistan Statistics place Pashto-speaking people among the highest number of expatriates working in the United Arab Emirates (People of NWFP, 2010).

The socio-cultural life of Pakthuns is strongly influenced by the religion of Islam. Religion is an important component of Pakhtuns’ life and is given special consideration while performing social actions, as it guides the overall interaction pattern of Pakhtuns within the society and with other societies. Another core value of Pakhtun is hospitality, and people from other parts of Pakistan call the North-Western Province the land of hospitality. Pakhtuns also seek to live with honor-based practices. Thus, Pakhtuns’ identity is based on religion, honor, dignity and hospitality. Celebration in social festivities is an important component of Pakhtun life. Music and folk dance are essential features of Pakhtun celebrations. Most of their music themes revolve around love and religious introspection.

AVT Channels (PVT) Limited entered the market with their first channel, AVT Khyber, Pakistan’s first channel dedicated to fulfilling the entertainment needs of the Pashto-speaking population. The name originates from the Khyber Pass, a mountain-pass that links Pakistan’s North-Western Province and Afghanistan. The channel started with only six hours of programing in July 2004. The channel was launched as a composite channel with major programing consisting of interactive music programs, talk shows, and dramas. AVT Khyber also had a small segment of current affairs programs, which includes running news bulletins every hour. After receiving an overwhelming response from viewers, the channel shifted to 24 hours of programing in February 2005. The channel has its own designated head of programs, Hamid, who leads the team of producers responsible for designing the channel’s media content.

Within the short span of its history, AVT Khyber, with its main studios in Islamabad, has opened offices with studio facilities in Peshawar, Quetta, Karachi and Dubai. “AVT Khyber’s programing team produces more than 90% of its programs in house”, the CEO reports. According to the Director of Programing, “few entertainment dramas are outsourced to market producers, which is also by design to encourage Pakhtun artists to enter the private sector”. The channel is marketed as a channel for Pakhtuns, with its slogan “Pride of the Proud”. In order to be close to its customers, the top management of AVT Khyber from the start devised a system of feedback for improving its programing content on a continuous basis. The viewers were encouraged to contact the channel on a daily basis, giving their suggestions on the channel’s productions. According to the Director of Programs:

“From the beginning, all the productions of Khyber and its programing content were purely based on people’s opinion. We used to develop an idea for a program, and after putting the program on air, if we don’t get a positive response, within 24 hours, we used to scrap the idea and close the program.”

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This initial strategy over the years made the channel interactive and provided a sense of ownership to the viewers. The CEO takes a great pride in this achievement: “I have loyal viewership, but to me, its ownership not viewership. I don’t see them as customers; they are my board of governors”, he explains.

In October 2004, three months after the launch of their first channel, AVT created a separate company, AVCOM Marketing (Pvt.) Limited. Arshad Mir, a close family friend, was appointed as CEO of the company. The company comes under AVT, but it is not located in the head office in Islamabad. It is strategically based in Karachi, which is the commercial hub of Pakistan. AVCOM has its own team of sixteen people responsible for the marketing and sales activities of AVT channels.

After the success of their entertainment channel, AVT launched its second channel, Khyber News, in July 2007. It was Pakistan’s first ever 24-hour regional news channel. The channel’s programing content included 24-hour news coverage, current affair programs, talk shows, documentaries and field reports in Pashto language. The channel differentiated itself from other news channel in the country by providing in-depth coverage of news of North-Western Province of Pakistan and neighboring Afghanistan. The news channel broadcasts its programs from the head office in Islamabad. The channel has its own Head of Programs, Hassan Khan. He has his own separate team of producers, news anchors and field reporters responsible for the daily content of news programing. AVT Khyber also has news bureau offices in different cities in Pakistan as well as in Afghanistan and Dubai. Similar to AVT Khyber, the talk shows and current affairs programs of the channel promote customer interaction and communication.

AVT channels extended its portfolio of ventures by launching the channel KAY 2 in August 2008. The channel was launched as Pakistan’s first multi-lingual television channel targeting the youth of the country. KAY 2 created new programing content for its viewers, which was different from its other two channels. These new programing formats were designed to cater to the youth of the country, and it includes interactive talk shows, comedy programs, regional music programs, reality shows, and documentaries. All these programs are presented in the different regional languages of Pakistan, especially Northern Pakistan. “We call KAY 2 a channel by the youth of the North to the rest of the country”, COO Jawad explains. The channel has its own separate studio facilities in AVT’s headquarters. Zaki Khan, the Channel Head, is responsible for the programing of the channel. He leads a team of young producers, anchors, actors and singers.

AVT is registered as a partnership between four brothers. Kamran is the CEO of the company, and Jawad is the COO. Their two elder brothers, Brigadier Mansour Hamid and Air Marshal Shahid Hamid, after their retirement from the Army, also joined the company as Chairman and Vice Chairman of the firm. A close friend of the family, General Zahid Ahsan also joined the firm as an executive director. Together, these three were appointed as the board of directors of the company.
The board does not play an active role in running the business; rather, the board provides an informal arena for family discussions and input in various strategic issues. “We call it a board meeting, which is nothing, but we (brothers) sit together and discuss business decisions”, the CEO Kamran explains. The Director of Finance further adds, “all these people (board members) are big names, which makes our company profile attractive…. The people sitting on the board have their own experiences. They have run and developed public sector organizations. For example, General Zahid is the founding member of the National Database Regulatory Authority, and Brigadier Mansoor was Special Advisor to the Prime Minister; therefore, he has a lot of connections with influential people. The board does exist, but you can say it is very informally; we do not do board meetings in the way that public limited organizations normally do, but we do make decisions with their input”. Kamran’s two sons, after completing their studies, also joined the firm in 2009. They are now working as program producers. “My sons joining the firm has nothing to do with the business. I just want my children close”, CEO Kamran reports. Both CEO and COO see their business as a family business that is run and managed by four brothers. “It is a family business run by family members…. We do not allow outsiders to have a stake in the business…. We will never do a partnership with anybody”, the COO Jawad explains. Other than family members, the top management of AVT channels also has non-family employees: the Director of Finance (Ahmer), Director of Programs and Head of AVT (Hamid), GM of Programing (Asim), Director of Projects (Arif), Head of the News Channel (Hassan) and Head of KAY 2 (Zaki) are all non-family members employed in senior positions. “We consider our top management team as our permanent employees. Under them, there are always changes; people come and go, but the top management is still the same who started our first channel Khyber”, Kamran reports.

5.2 The beginning: Kamran Hamid, Founder, CEO and the family

“I think of myself as a warrior who is sitting on a horse, and he has to conquer territories”. (Kamran, CEO)

“Kamran is the main vein behind the entire businesses. He started the business, and we (all brothers) joined him,” Jawad reports. Kamran, after high school, wanted to join the Armed forces. “I always wanted to join the Army; it is in my blood. In our family, the young men always have a dream of joining the Army”, Kamran reports. His two elder brothers were Army officers when he graduated from high school. After his high school graduation, Kamran’s family insisted that he should at least finish his graduate studies before joining the Army. He enrolled in a Bachelors of Economics program at the University of Punjab.
“When I started studying for my graduation, I was intoxicated by the education environment and wanted to continue my studies”, Kamran explains. However, his family insisted that he should joined the army after his graduation, but he decided to continue his studies and finished his MBA in 1976 from the University of Punjab. After his MBA, Kamran joined Pakistan Tobacco Company (PTC) as a sales manager. He left his job after one year with the ambition to establish his own business. His family again resisted his idea of self-employment. “My family always insisted on me joining the Army. It used to hurt me to think that for them, joining the Army is the only preferable job option, but I decided in my mind that I will do something different”, Kamran reports.

Kamran attempted to launch a couple of ventures, but he was not very successful in building them beyond the early stage. After some attempts, he decided to move into the defense trading business, which involves the import and export of military equipment. “Defense trading fascinated me, and family’s Army background led me to start this business”, Kamran explains. Defense trading was a success. Building on his family connections, Kamran signed many lucrative trading deals with British and American defense departments. He built up his office in Islamabad and started expanding it further.

While he was making progress with his trading business, a personal tragedy made him leave the business in 1990. This was one of the most difficult periods in Kamran’s life. “That incident put me into a spin; I started thinking, why is this happened to me? I was not in the right frame of mind, and my mother was really worried. Both of my elder brothers were serving in the Army, and my younger brother was practicing law in a different city, and I was staying with my parents,” Kamran reports.

However, Kamran survived the hardships of that period with family support. “My family did a lot; they provided me all kinds of support”, Kamran explains. In 1992, he opened a school for special children in Islamabad. “It was a small school. And I started going there regularly. I was among those special kids daily. There, I found cancellation and got out of my negative frame of mind; I realized that I was not the only one with troubles and tragedies. Then, my ambition came back”, Kamran explains. During that time, Kamran asked his younger brother Jawad to join him, and together, they explored business opportunities. “I am a lawyer by profession. I was practicing law in Lahore, and my brother had been doing the trading business for some years. He asked me to come and join him in his business”, Jawad reports.

“We didn’t start our defense trading business as people who were once my contacts in the Army have started their own businesses”, Kamran reports. He further added that they started thinking of trying something new. They had some money saved from defense trading, and finally, they decided to open a textile manufacturing unit in an industrial district. Two small textile units were set up in the industrial district. One was Professional Weavers (Pvt.) Limited, and the other was Spearhead Textiles (Pvt.) limited. The projects were funded through banks loans and with the help of the Asian Development Bank. Professional Weavers was set up for manufacturing plain cloth for local market. Spearhead Textiles’
5. AVT Channels (Pvt.) Limited

main business was manufacturing sport socks for the international market. For sock manufacturing, high-tech machines were imported from Italy. Jawad also attended training sessions in Italy. Both textile units started operations in 1993.

The projects remained operational for 5 years. Kamran and Jawad sold the business on January 9, 1999. The Director of Finance offers the following reasons for their exit from the textile manufacturing business:

"The main reason was market conditions. There was a slump in the market. Two consecutive years of floods destroyed the cotton crop. The good cotton crop was getting expensive, as the cotton price was increasing and the ratio of profit margin was getting lower and lower. The project was not feasible anymore. The project was funded through bank loans. We sat down and decided that we should dispose the project quickly before it becomes a big liability. I think it was the right decision". (Director of Finance)

Kamran provides his views on the exit in a following way:

"I realized that to become profitable, you have to temper with the material. Because cotton was getting expensive, everybody was tampering with the material. Tampering with the material was the only way to become profitable under those conditions. But I told my brother, I won’t do it. This is against my values and what I stand for". (Kamran)

5.3 Entry into the media business

5.3.1 Media Magic - 1998-1999

Despite being not so successful in the manufacturing business, Kamran and Jawad started thinking of their next business venture. "All brothers used to sit together; two were serving in the Army; therefore, it was mostly the two of us (Kamran and Jawad) who started thinking what we can do; it was in late 1998. We had done many businesses over the years, but we were unable to do any long-term profitable venture, and I was feeling bad about it, Kamran reports. There were many informal brainstorming sessions in which both brothers discussed different business opportunities. We could see that our population was approaching 140 million, and it was becoming a services-driven society, and our entertainment sector was starving", Kamran explains. In 1998, courtesy of their friend, they entered into the electronic media business.

In partnership with their friend, they formed a small company called Media Magic. Media Magic was a partnership between Kamran, Jawad and their friend Malick. The company bought classified advertisement time on the channel STN. STN was an associate channel of state-owned television (PTV). The operation of Media Magic was only limited to the regions surrounding the capital, Islamabad. "We used to air still advertisements on STN, which was local advertisement", the Director of Finance reports. He further explains the operations of Media Magic: "STN has a local TV screen for Islamabad. If you travel 40km from Islamabad, they have a separate TV screen for the next city, and they had some screens that
were for the whole of Pakistan. It was similar to FM Radio stations in the country. We purchased five minutes of time slots for airing the local advertisements” (Director of Finance). The operations of Media Magic did not last long: “The Media Magic project did not work because we did not have experience in media”, Jawad explains. However, this experience gave them exposure to electronic media, and they seriously started thinking of pursuing it further. In 1999, through their former partner of Media Magic, Malick, they entered into broadcast media by launching a production house, AVTEK (Pvt.) Limited.

In 1999, the electronic media sector was going through different changes. The new government clearly indicated the possibility of opening up electronic media to the private sector. PTV was also increasing its bouquet of satellite channels. Two channels of PTV, World and PTV-3, were launched in quick succession. PTV also sold the broadcasting rights of the associate channel STN to private investors from America. STN was re-launched as Prime Television, a channel dedicated to the fulfillment of the entertainment needs of the Pakistani community in Europe and USA. Prime Television used PTV’s transmitters and equipment to broadcast their programs in the UK and USA. PTV, in 1999, was running three channels, PTV Home, PTV World and PTV3. To enter the electronic media business, the only way possible was through private productions with an agreement with PTV. Through these agreements, production companies were allocated air time by PTV on its three channels. PTV charged a fixed amount for airtime, and productions companies had the liberty to sell their productions to advertisers for commercials (Interview with Industry expert).

The state-owned television’s (PTV) policy of selling its transmissions for commercials fostered the growth of many production house associated with PTV (Interview with Industry expert). Malick suggested an idea to both Kamran and Jawad of investing in one of the production houses associated with PTV. The production house was owned by two former producers of PTV. The production company was looking to expand its operations, and they were in need of finances. Kamran liked the idea, but before investing in that project, he sent his Director of Finance to the production house in order to assess the feasibility of the project. “Before investing money, Kamran asked me to go there and see whether this project is feasible or not. One of the reason for sending me there was that none of us knew anything about media production.... I spent 16 days in the company. There were many accounting irregularities. I first streamlined their accounts and started assessing them from an investment point of view; after that, I presented my findings to Kamran”, the Director of Finance explains.

After detailed discussions with his brothers and the Director of Finance, Kamran decided to invest in the project. “After discussing the financial aspects, there was a sigh of relief that we are on the right track.... We started investing our money in the production house”, the Director of Finance reports. Kamran and Jawad signed a partnership with one owner of the production house. “We came as a financial supporter of Eijaz Warriach (partner in the production house). We signed a partnership with him, but we were not in partnership with the other owner. The partnership lasted for about a year”, Jawad explains. This
partnership provided an opportunity for Kamran and Jawad to get directly involved in the media production business. In collaboration with the production house they produced many dramas. Jawad and Kamran became directly involved in the productions. They started making frequent visits to the production house; Kamran assigned production work to himself and became actively involved in the production process, the Director of Finance reports.

5.3.2 AVTEK Pvt. LTD: An independent production house run by family founders

Meanwhile, Kamran and Jawad decided that rather being investors in the production house, they should start their own production company. There were many factors involved making this decision, as explained by the Director of Finance: “when we ventured into media and made up our mind at that time, the environment was developing in broadcast media. The government had decided that there will be private satellite channels in the future, and Jang group (the largest news group) in Pakistan had started to acquire the technical equipment for satellite channel. PTV had also increased the portion of its air time to be used for commercial purposes on all of its three channels. There was also mushroom growth of production houses, and people were making lot of money”.

Thus, the new company, AVTEK (Pvt.) Limited, was created in late 1999. The company was registered as a partnership between Kamran and Jawad. The main business of the company was to produce entertainment programs such as dramas, live shows and music programs. AVTEK started making investments in buying all the technical equipment needed for production. “We bought equipment worth of millions of rupees, such as cameras and editing equipment…. We started developing a small team of camera man and technical people and also started developing small studios”, the Director of Finance reports.

AVTEK’s founding team, Kamran, Jawad, and their Director of Finance had no direct experience with media production. Most of the production houses that were providing productions for PTV at that time were run by former senior producers and directors of Pakistan Television. “In the media field, there were many players with years of production experience as compared to us, Kamran explains. “When we started, we were considered novices—people who do not know much about broadcast media…. There was a kind of rejection for us…. They (other production houses) used to say about us that in this set-up, all these brothers sit together and make decisions; the job of one person is been done by four people. They made it into a joke…. There was no concept of running it as a business. Not many production houses have a business plan about what they wanted to do…. Corporate culture was not there in most cases; it was a one man show. Only one person was running the production house, who goes to PTV to negotiate the airtime, make decisions, do marketing and do sales—all the things done by one person. We used to sit down discuss ideas and the feasibility of projects”, Jawad adds.
Owing to their lack of experience in entertainment productions, AVTEK adopted a strategy of doing joint productions with other production houses. In 1999, they bid for producing the National Film Awards. The show was produced jointly by AVTEK and Ever Ready pictures and was telecasted live on national television. Similarly, they produced a show for the Pakistan Tourism Development Corporation and made documentary dramas for the Pakistan Army and Anti-Narcotics Force. In 2001, together with two other production houses, they formed a production company called Teleworld. Teleworld bid for time slots on PTV channels. The company was awarded five and half days of air time on PTV’s channel. These five days were divided among the partners. “This company was a pool, where five and half days were distributed among the partners…. We got one and half days, and two days each were distributed among the two other partners. So, each company provided its input in terms of productions. After that, we divided the profits, and each firm got its share depending on their investments,” the Director of Finance explains. AVTEK continued this partnership for one year. The company closed down because PTV has this policy of giving a contract for one year, and each year, they invite applications for new contracts”, the Director of Finance explains.

These joint productions provided the founders with unique learning opportunities. “We learned a lot, especially the core team. We learned how production work is done when we started doing it ourselves, and we learned the nitty-gritty and secrets of the production business, which unfolded in front of us”, the Director of Finance explains. He further adds, “there was a time when none of us knew anything about media. After that, we started producing programs, and we designed the programs for governmental agencies…. We started to become known in the market, and the market started recognizing us as a media company”. (Director of Finance)

During the two years of operation, AVTEK’s team produced a number of innovative productions. AVTEK was the first production house to develop the concept of bringing live shows on the PTV screen. For two consecutive years, they received contracts from PTV to produce national film awards, which were mega events and started the trend of live award shows in Pakistan. To promote tourism in Pakistan, AVTEK designed and produced an event with the Pakistan Tourism Development Corporation, and PTV provided live courage of the entire event. In joint production, they also produced dramas and sitcoms. AVTEK is given credit for being the first to develop a non-prime time slot on PTV. With their concept of music programs featuring younger musicians, they developed the non-prime time slot: “…the 9:30 slot at PTV was considered to be a non-rewarding time slot; we developed it through our music program, and afterwards, it become one of the hottest selling PTV slots”, Jawad reports.

5.3.3 AVTEK’s acquisition of Prime TV

The year 2001 witnessed the launch of the first independent private channel in Pakistan. The channel, Indus Vision, was a partnership between COMBINE, a
production house, and Shaheen Foundation. The production house owns 25%, while the foundation owns 75% of the shares. The foundation was a subsidiary of the Pakistan Air Force. The foundation has its own radio channel and had a license to operate satellite television channel (Interview with Industry expert). Kamran, in 2001, tried to be part of the first channel. “When Indus Vision started its operations, I used to watch it and thought that there is a lot of potential in this venture. I met with people in Shaheen Foundation and asked them to give us the rights, but we had a problem with finances”, Kamran reports.

Kamran’s ambition of having their own channel was realized in late 2001 with the acquisition of Prime Television. Prime Television, as described before, was an affiliate channel of PTV, a channel dedicated to the fulfillment of the entertainment needs of the Pakistani community in Europe and USA. Prime Television has two owners; one was looking after the channel’s operations in the UK and Europe, while the other was responsible for the USA market. Prime Television has its studio in Lahore, Pakistan. Its programing was produced in Pakistan, and it was using PTV transmitters to broadcast programs in the UK and USA (Interview with Industry expert). AVTEK negotiated and bought the rights of Prime Television’s USA operations. AVTEK bought Prime Television (USA) with all its assets and liabilities. “Prime Television gave us a big canvas to work on. We had six full days of programing before we were sharing it with other production houses. Now, we have our own time, and we have the freedom to design the programing”, the Director of Finance explains.

The project turned out to be disastrous for AVTEK, and they suffered heavy losses. “It lasted for about one year; we lost lot of money”, the Director of Finance reports. According to Jawad, “in all our business experiences, Prime Television was the worst experience; it was a business failure”. The Director of Finance further explains the reasons for the acquisition: “we took this project overwhelmingly because we were in the industry and we were doing successful things over the years. We took this project thinking that it is a big project and that our spectrum is increasing—that was our mindset at the time. But when we started, we found many problems in the project that we inherited. For example, we had a lot of receiving money stuck in the market worth millions of rupees, and the project was sinking”. Other than financial problems, Prime TV’s programing was monitored by PTV. AVTEK had the freedom to design the program, but the programing content had to be approved by PTV management before going on air. Kamran was very frustrated with this situation, as he explains:

“I wasn’t very happy. Also, what I wanted to achieve was different. I wanted to influence minds. I, whether right or wrong, wanted to give a message in-terms of our values, traditions—that’s what I wanted to do. I designed the programing and gave presentations, which were not accepted because there was a lot of idealism as compared to commercialism. I still remember that the Secretary of Information call me and told me that you have the contract, but the things you are suggesting, image building, etc., you want be able to achieve, and they will not have an effect on our nation. But I did not believe him”. (Kamran)
Jawad further elaborates on the problems: “when we entered the media business, we always had partnerships with other production houses. Of all these experiences, Prime TV was the worst experience. Its model from a business point of view was accurate…. There was room for expansion in international markets. PTV was an integral part of it, but there was fight over its control, the roles were not defined among the partners, and we lost money due to that…. What we learned was that what we do in the future, we should do it ourselves…. We will not do partnerships with anybody; we will do it ourselves, and if we can’t do it, then we leave it”. (Jawad)

However, there were many other positive things that also came out of the Prime Television experience. “If we sum the Prime Television experience, I would say that through this project we gained confidence. We entered a big market, and people started recognizing us as a serious group in electronic media that is running a full channel. We also got some trained people and equipment through this project”, the Director of Finance explains. Jawad sums up the experience with Prime Television in following words: Prime TV was a lesson; it was a degree, which we obtained from an expansive university in the world.

5.3.4 From AVTEK to AVT Channels (Pvt.) Limited: Early activities

In March 2002, the government of Pakistan established the autonomous body Pakistan Electronic Media Regulatory Authority (PEMRA). Its primary role was to issue radio and TV licenses to private firms for operating in the Pakistani media market. PEMRA, through public notice, invited applications from the private sector for setting up satellite television channels in 2003. Kamran, in consultation with Jawad and his other brothers, acted on this opportunity and decided to apply for a license.

A new company, AVT Channels (Pvt.) Limited, was created in 2003. The company was registered as a partnership between the four brothers: Kamran Hamid, Jawad Hamid, Brigadier (retired) Mansor Hamid and Air Marshal (retired) Shahid Hamid. Kamran and Jawad became the CEO and COO of the newly formed company. The two elder brothers were given the role of Chairman and Vice Chairman. Their close family friend General (retired) Zahid Ahsan also joined as Executive Director. Together, these three were appointed as the Board of Directors of the company.

After forming the company, the process for license application to PEMRA started. “After that (registering the company), we made our profile of electronic media all the work we had done in last four years, and we made a document in book form…. In our profile, there was also Prime Television. Prime was known as an entertainment channel, and even today, you mention the name Prime, and people remember the Prime name and its logo. In that way, we had an edge when we made our application. Prime TV made our profile attractive”, the Director of Finance reports. Having retired senior Army officers as their directors also made their company profile more legitimate and helped them in obtaining the TV
5. AVT Channels (Pvt.) Limited

license. “There is no denying that we used our Army connections; we were among the first seven who had been granted a license from the government for television in 2003”, Kamran reports.

After the approval of their license application, the biggest challenge that Kamran and Jawad faced was the availability of financial resources to run and compete with other channels entering the market.

“I still remember it was in September 2003. Me and my younger brother Jawad were walking in the evening. I said to him, we have learned that when you don’t have enough resources, then you find a niche for yourself. Then, I said to him, we should find a niche and specialize in that. We won’t enter the main stream because now we have big fish in the sea, like GEO TV and ARY Network. We won’t be able to compete with them. They are business people, and we are not. We don’t belong to any business family. How are we going to muster the financial resources? How many loans can we get from banks, and how many properties can we mortgage? So, we should find a niche”, (Kamran, CEO).

Apart from the lack of resources, the idea of going for a niche channel was also deeply rooted in their previous businesses experiences. “The license we had was for a mainstream channel, but we had a mainstream channel (Prime TV) before and suffered huge losses. This bad experience taught us a lot…. We learned from Prime TV about how to financially manage a project and make it more feasible”, Jawad explains.

Thus, both Kamran and Jawad started searching for different options, as Kamran explains:

“We thought about sports, and we then realized that it requires too much investment. For a kids channel, the market was not ready for it. Now, we have a kids channel, but I am talking about the situation in 2003. Then, we thought of our own regional language (Potohari). But the true thing is that we, people from Potohar like Punjabi, are ashamed of our regional language. I said to my brother we can launch this channel, but nobody will watch it. And we kept on thinking” (Kamran, CEO).

The Director of Finance provides further insight into the process.

“First of all, the question was which channel should we launch. At that time, all the Indian channels were being watched on satellite and cable, and our own Pakistani channels were also coming. At that time, GEO TV, ARY Network and INDUS TV were operational. So, the discussion was that there is a lot of entertainment, a lot of dramas, so what shall we do? All these things are available in the market, so how are we going to compete? There was also news in the market about the new players who were planning to enter the market. And all these new entrants were financially very strong; we did not have the money to compete with them” (Director of Finance).

Finally, after many discussions, Kamran came up with the idea of a Pashto channel. “Kamran had this vision to launch a Pashto channel. Although none of us is Paktun (people who speak this language), it was Kamran’s vision that we should launch a Pashto channel…. He (Kamran) always tries to do things
exclusively and doesn’t want to follow what others are doing”, the Director of Finance notes.

Kamran describes his reasons for initiating the idea of launching a regional language (Pashto) channel as follows:

“...A couple of reasons led me to think of a Pashto channel. One is the situation in Afghanistan. I said to Jawad, there will be developmental work in the region when different NGOs (non-governmental organizations) come to this region. Foreign governments will spend money, and all this will happen. TV runs on commercials, brands, and sponsored productions, and we can sell our air time, but we had no idea at that time where it will go. I could not read the situation. I am not a great interpreter of politics. But I was thinking that in couple years, there we will be peace in Afghanistan. Our region bordering Afghanistan will be developed, and the channel will be placed as an only-Pashto channel, as there is no other player, and we will have a monopoly’’ (Kamran, CEO).

Kamran discussed his idea with his younger brother. Although his brother liked the idea of a niche channel, he was skeptical about a Pashto language channel, because both Kamran and Jawad were not familiar and fluent in the Pashto language. Kamran explains his early discussions with his brother on the Pashto language channel idea:

“My brother liked the idea, but he asked me, do you know Pashto? I said no, but then it’s always the way I am when I joined PTC (Pakistan Tobacco company); I never used to smoke. During that time, I was reading readers digest regularly, so there was a small joke. I don’t remember exactly, but it was something about a sales man of women’s undergarments who said “I don’t have to wear them to sell them”. Even in my job interview when the manager asked me you don’t smoke, how you will sell the cigarettes, then I quoted the same. I don’t have to wear the lipstick to sell it. I have to be a good marketer. Then, I said to my brother, let’s market it well, and there are less expenses involved...—because it is a raw area. The new area of media industry is what we need” (Kamran, CEO).

After couple of discussions, both brothers decided to go with this niche channel idea. This was the first media venture in which Kamran and Jawad did not involve any outside partner. In this venture, it was just family.

5.4 AVT Khyber: 2004

“We develop new innovative ideas in Khyber. I am an experienced person who has worked in TV industry since 1990, but the experience I had in Khyber or the opportunity to experiment was very different from what I did in the past”. (Director of Programs)

After deciding on the Pashto channel, Prime TV’s operations were closed down in December 2003. “We shut Prime TV because we know about how to run a channel. We also lost interest because the project become sick, and there was no
point to put extra effort into that”, the Director of Finance reports. However, through the Prime TV project, they inherited some technical equipment, including cameras, editing suites and studio equipment. Some of the technical staff was also retained; in total, they had seven people in December 2003. “We started from basically nothing”, Kamran reports. Jawad further describes the initial conditions: “we started totally from scratch, zero, nothing, not even a song, and we did not have any content to put on air”.

After deciding on the idea of a Pashto language channel to become a niche player in the industry, both Kamran and Jawad tried to learn about their target customers, especially their demographics, customs, values, preferences, etc. They also consulted various industry experts to get their opinion. One industry expert explains their preparedness: “I asked them (Kamran and Jawad) how will you run this channel? They said, we done our homework, and the viewership of Pashto language programs will be more than any other channel. They told me that Peshawar, Karachi, and the UAE—all these places—have a huge Pashto population; they even told me the population of Paktuns living in these cities” (Industry Expert).

However, despite being aware of their target market, the first major challenge for AVT Khyber was the non-availability of productions in Pashto language in the market. All the production houses in the country were producing programs in the national language; state-owned television (PTV) had only a few programing segments in Pashto language. Moreover, these segments were only limited to half-hour weekly shows on regional music. There was no real entertainment, and news programs were never produced in Pashto language. “Pashto language was the biggest obstacle. In Pashto language, there was no electronic media, so the main electronic media market was and still is in the national language. There were also very few Pashto-speaking people working in media. The language barrier was huge”, the Director of Finance reports. As a result, there was a lot of ambiguity on the idea of the channel and whether it would be commercially successful. According to the Director of Finance, it was the most difficult phase, as he explains, “in the first few months, we had no idea whether it will be a success or not.... None of us is Pashtun.... We had little idea about the content (programing) of the channel.... Will there be news, entertainment, information, and music on our channel?... It was a very tough time. But there was dedication” (Director of Finance).

Facing the above challenge, in the first phase, the priority of the founders was to employ people who have some understanding of the design and content of Pashto productions. The Director of Programs, who was the first employee of AVT Channels, describes the situation as follows: “One of my old colleagues who was working in AVTEK introduced me to Kamran and Jawad.... When I came here, the first person I met was Kamran. He told me that we have this plan to launch a Pashto channel. I was surprised because Kamran and Jawad were from Islamabad and could not speak the language. We had a discussion, and Kamran said to me that there will be a proliferation of channels, and the people who will be successful in the end are the ones who specialize in one segment.... I
understood their idea, and it seemed logical given the market conditions at that time” (Director of Programs).

After employing Hamid, the first Pashto-speaking member of AVT, Kamran and Jawad continued to assemble the team of people to further aid Hamid in developing the content ideas of the channel. A small office was set up in Peshawar. Peshawar is the provincial capital of the North-Western Frontier Province, and a Pashto-speaking population lives in Peshawar and its surrounding districts. The office was set up to attract Pashto-speaking people to the channel and to inform them about the launch of the Pashto language channel. From February to March 2004, we hired eight people, Kamran reports. Thus, early on, all the effort was focused on developing a team of people with an understanding of Pashto language and media. “The people we were hiring after seeing their potential were included in our think tank. It was Kamran, Jawad, Asim, and me as part of AVTEK. Then, Hamid, Firdous Jamal, Arif, and Amir came, and the number of people in the think tank was increasing”, the Director of Finance explains. He further explains that most of these people were hired through the personal connections: “none of these people were with us during the AVTEK days; we have connections in the media industry, and this gave us choices…. We used connections to build up a team”.

After getting the initial team together, work started on developing ideas for the overall concept of the channel. There were many brainstorming sessions. There were hundreds of papers made every day on different ideas on programing and types of programs to be included in the channel, as Kamran reports.

Although Hamid had the responsibility of developing content ideas, through these brainstorming sessions, a conventional programing concept of the channel was eventually made. It was decided that the programing content would consist of weekly dramas, music programs, children programs, news to be broadcast daily and current affairs discussion programs for in-depth discussion of the prevailing situation in the region. “After thoroughly discussing, we realize that the Pashto-speaking audience has been watching different programs on the national scene, and we should give them these programs in their own language. Keeping that in mind, we developed the overall concept of the channel”, the Director of Programs explains.

The overall concept of the channel that finally emerged was to create entertainment content in Pashto language. It was decided that the channel would be launched as a composite channel, which means that the channel would create and broadcast a variety of programs, including news and current affair programing, entertainment programs, music programs, and programs for kids. “The goal was to launch a complete family channel”, Kamran explains.

Khyber TV was the first Pakistani Pashto language entertainment channel with a vision to offer quality entertainment TV programs for the entire family dedicated to serving the needs of Pashto-speaking people. It stands out from other channels in the industry because of its specific focus on producing entertainment programing for the Pashto-speaking community with a line of programs ranging from drama productions to news programing. However, the biggest challenge for
Kamran, Jawad and their team was the actual production of the envisioned programs. In launching a TV channel, the standard formula is to produce at least six months of programing in advance before the actual launch of the transmission. This, in practice, requires financial but, most importantly, human resources to create the media content of the channel. As the Director of Finance explains: “we were launching a language channel. It was very difficult, and we had to develop a team in that language. We needed writers and Pashto actors and to produce programs, and we needed people who can produce these programs”.

As Both Kamran and Jawad did not have direct experience with actual TV production—being behind the camera—especially in Pashto language, they assigned the overall responsibility of content production to Hamid. In his new role, Hamid became the Director of Programs. The Director of Finance told me that Hamid was an obvious choice because he has experience in Pashto productions from PTV, and as the first employee of AVT, he has developed good relationships with Kamran and Jawad. He notes the following about the relationship between Hamid and Kamran: “He has a good comfort level with the CEO; they have been interacting (since the beginning of the idea of the channel), and a good understanding has developed among them…. Hamid is like a family” (Director of Finance).

Hamid as the Director of Programs has taken up the responsibility of designing and implementing the overall content of the channel. This first step includes designing the fixed-point chart, which involves the detailed outlay of the programing ideas to be broadcast daily. This is a move from having an overall philosophy of the channel to actual programing content ideas that can be included in the daily transmission for customers. He explains the directions that he received from Kamran after his first meeting: “I did not have this backing by the owners that we have unlimited resources to do whatever you want. No. They told me that the resources are very limited, and within these limited resources, we have to develop the programs”. Facing this situation, he started using his contacts in the Pashto media scene to start assembling a team of some producers, anchors and technical people. However, the biggest challenge that he faced was the actual design of the fixed-point chart for daily transmission for the first six months. As it was the first channel in Pashto, it was difficult to formulate a list programs to include in daily transmission. “Because we were venturing into something..., it was very tough, to be very honest. I worked on an Urdu (the national language) channel, but I had never worked in Pashto, though because I am from that region, I knew a little bit about Pashto programing from my PTV days. PTV had very few segments of Pashto programs; other than that, I do not have in-depth study and no observation on who is doing what in Pashto…. In the national language scene, you are watching what other channels are doing and which projects they are bringing on the screen, so in that sense, you are very current with what is happening in the media scene”. (Director of Programs)

With his experience in managing the segments of PTV’s Pashto language segments, the Director of Programs created a conventional daily programing chart for a week, which proposes five hours of prime time daily programing. Starting
at 7:00, there are comedy programs, and 8:00 to 9:00 there are dramas. Then, from 9:00 to 9:30 there is news, and after that, there is current affairs programing until 10:30. Finally, from 10:30 onwards, there are music shows.

During that time, Kamran was responsible for the content side of the programing, while Jawad was looking after the financial issues. Kamran has assembled a team of other Pashto media personnel, which includes Firdous Jamal, a veteran Pashto drama artist, and Arif Qazi, a famous Pashto comedy director. The Director of Programs has previously worked with these team members. He further discussed the programing schedule with different senior team members and Kamran, which resulted in further refinement of the schedule. As he explains: “It was an interesting work environment. In the initial days, we started a practice, which is still with us today.... We (all team members at the senior level) used to sit together and have discussions about the programing ideas of the channel.... We realized that there are a number of great Pashto young singers who have made modern compositions of Pashto folk songs and are very popular. Kamran had the idea that music shows must be an integral part of the daily schedule. He further gave an example of programs, which he developed with Arif Qazi. We have developed very innovative and different ideas of programs, but most of our inspiration was the result of a close knit team. For example, we developed an idea of a comedy satire program, which was pitched by Arif Qazi because of his comedy production background” (Director of Programs).

Overall, through interaction with different senior team members, the Director of Programs managed to create a collage of program for weekly transmission. With some these programs, on June 30, Khyber launched their test transmission. “Our first transmission loop was 4 hours, with a mix and match of songs and some recordings of Pashto live shows.... We had very few programs, and the -hours transmission consisted of repeats of programs, and other than that, we played basic music of Khyber on the static screen”, the Director of Programs reports. “It was a very humble start. We had staff of 20 plus people. We did not have any content; we developed our own content and launched test transmissions”, Jawad notes. After doing the test transmission for 10 days, the channel officially started its transmission on July 9, 2004.

During their test transmission as Khyber to get viewer responses, Khyber put their telephone numbers on the TV screen. “During our initial transmission, we flashed our telephone number on the screen and requested viewers to contact us and give suggestions. We received so many phone calls, lots of appreciation and emotional calls. People called and told us this is the best thing, which is in line with the history of Pashto-speaking people; we know have our own representative channel. We got excellent feedback, and people started contributing to us”, the Director of Programs explains.

After the success of their test transmission, the Khyber team started thinking of producing different programing segments, which they had conceived earlier. The initial focus was to develop enough content to run 12 hours of transmission. “The biggest problem earlier on was quantity; we decided that we would do quality later”, the Director of Programs notes. All the initial productions that were
going on air were developed internally. Many Pashto singers approached the channel and offered them their songs, and the Khyber team started making videos of those songs. “Although the production was very weak, it was helping us develop our music library”, the General Manager of Programming reports. Other than music videos, Khyber’s camera team started visiting different cities of the region to inform people about the launch of the channel and started recording roadshows where people were invited to give their comments on the launch of the channel. In addition to the Islamabad studio, a small studio was also set up in Peshawar to record some religious shows and children programs. The news and current affairs programs were also part of the transmission. In current affairs programs, different politicians and journalists discussed the prevailing situation in the region. Through these programs, Khyber continued its test transmission.

“After the test transmission and the official launch when we started getting feedback from the viewers, we then decided now is the time; we should start developing our regular programs. We have the existing programming schedule…. We looked at the original programming and laid it out to see what can we make”, the Director of Programs reports. Khyber, at that time, had a studio in the headquarters in Islamabad, which was part of the AVTEK operations. They also, by that time, had developed a small team of anchors and producers. Although they had a basic content strategy for the channel, which included drama productions, music shows, and children programs etc., rather than following their laid out content strategy, the initial discussions concerned what they can produce from the technical and production resources that they had. Khyber’s team started evaluating different concepts of programs from a resource point of view. “We used to assess the idea from a resource point of view. We evaluated our productions very practically regarding what resources we have, how much budget we can spend on the program and whether we have the talent in-house to produce the program. So, we tried to do our productions very practically”. (Director of Programs).

Through these discussions, the first idea developed was of interactive programing or a call-TV format, where viewers interact with TV shows through live calls. “We designed the program with two anchors who had a phone in front of them, and we flashed the telephone number on the screen. We decided that in this program, we will have a music playlist, and we will have that music, but we will mostly interact with people. The name of the program was Khyber Beats. We developed it as a music program because by that time, we had made some music videos, and some singers were also sending us music videos. But the main idea was to interact with people and get their opinions about the channel”, the Director of Programs reports.

Kamran, who initiated the idea of interactive programing, explains his reasons for developing interactive programing format rather than going for more conventional TV entertainment programs such as dramas: “In the beginning, we focused on that (interactive programing) because we did not have any programs. This was the easiest thing to do and the cheapest; live programs consume less resources. Post-production treatment is time consuming, and you need equipment...
that we did not have at that time. In interactive programs, the only cost is anchors’ salaries, and there is no post-production cost” (Kamran, CEO).

The Director of Programs provides further insight

“We did not do any long-term planning because we were not in such a position. With limited resources, we developed the programs as I told you before. We did not have backing from the owners to have unlimited financial resources.... We had technical people and some anchors who can speak the language.... Keeping that in mind, we started production” (Director of Programs).

Khyber Beats turned out to be a great success. “The first program we put on air was Khyber Beats; we got a lot of feedback, and people loved the music and program”, the General Manager of Programming reports. Building on the success of their first experiment, Khyber’s team continued developing new formats for interactive programs. The Director of Programs provides insight into the process of making of interactive programing formats: “We always started with an idea. The normal way of doing productions is that you have pre-production, production and post-production, and after that, its distribution and marketing, but our distribution and marketing was non-existent. There was no uniformity in that sense; there was no routine that on this day we would sit down and have a programing meeting. Basically, we used to develop an idea and decide that these people will host the program. We would quickly do the budgeting and decide to put it on air quickly” (Director of Programs).

As the Khyber Team started developing new interactive programing formats, their next challenge was to find people who are fluent in the language and who have the ability to host live shows. “In the first six months, we could not find artists”, the GM of Programming notes. However, after the test transmission and launch, many Pashto-speaking people approached the newly launched channel for the auditions to be included in the production team. “All these people coming to us had no prior experience in front of camera, and we started providing them with training”, the GM of Programing notes. The Director of Programs further adds that training was not in the sense that me as a programing director held classes. It was on-the-job training. For example, a person came, and I did the audition. The next day, I put him on a live show. I threw him in deep waters and told him that you have to swim across; I am giving you the platform to perform, so go and do it”.

Through on-the-job training, most of Khyber’s anchors and producers learned about production. The Director of Programs provides an example of on-the-job training for their program hosts: “The anchors who were joining us had no training in terms of transmission and production. We did on-the-job screen training. I used to produce the Khyber Beats program, and I used to sit on a panel for three hours at that time. We did not have any commercials, and we did not have any breaks, but the song that we played on the program was our break time. We used to play three to four minutes of Pashto songs. At times, I used to run across the studio to my anchors and tell them this is wrong, what you have said. Although we had microphones in their ears to convey messages, these guys were not trained. I used to speak much less with them through the ear piece, so that they don’t get confused and say something wrong. So, during the break, I used to
run into the studio to tell them what to say next and how to interact with the audience. There were many flaws in the beginning, but we moved forward.... We were very unorthodox in our live programing—there was no manual, no book, no proper scripting. We used to give outline of themes to our anchors and ask them to interact with viewers on these themes. There was no proper script to guide them to say particular things at particular times in the show; most of time, it was extempore. Through that process, our anchors developed, and we developed and extended those programs. For example, we developed a character (puppet), and the anchor used to discuss social evils in society, and customers were joining in through live calls to participate in the discussion” (Director of Programs).

Khyber continued their strategy of producing interactive formats. The Director of Programs provides examples of some of these programs. “Other than music programs, we also developed a comedy program, which again was interactive with live calls and feedback on the program at the same time. We also started a comedy satire series, and a good thing was that Pashto-speaking viewers participated in the true sense, and in this way, the programs became so popular”. Khyber’s initial concept to interact with the audience through live calls in the show helped them to activate the audience and make them part of the channel’s programing. “These programs received overwhelming appreciation from the viewers, and we were not expecting that the people would respond in that way.... The idea (of live calls) was that your viewers should communicate with you; they (viewers) should have an opportunity to communicate whatever was on their mind, even if it’s a music program or comedy program, and we received a lot of feedback through these live calls”, the GM of Programing reports.

The overwhelming response and feedback from the viewers led the AVT Khyber team to adopt a unique process of producing their programs. “We were working on short-term planning; we were producing the programs and asking people for feedback on the program as long as the feedback is good when the program is on air; meanwhile, we developed new ideas and put them on air”, the GM of Programing explains.

In the first year of their launch, Khyber developed innovative ideas for programs. A large portion of their programing content focused customer interaction and connectivity. All the productions were conceived and produced by Khyber’s own production team. The viewers were the main source of inspiration behind the creation of the content and the themes of their program. “All the content of Khyber—all the programing content—was purely based on people’s opinion. Why? Because right from the test transmission, we got so much feedback, which was unbelievable, and people contributed to us. To just to give you an example, when we launched a program, it didn’t get very good feedback, we started asking people what changes would you suggest, and after doing these changes, if the viewers were satisfied, we kept the program on air. If they did not, we scrap it. We learned a lot from viewers”, the Director of Programs explains.

He further provides an example of a program that was solely developed on the opinions of viewers:
“Other than the feedback we were getting from Pakistan, huge feedback came from Pashto-speaking people living in the Middle East, especially in Dubai, because there were many expatriates living there. When they saw the launch of the Pashto channel, they were happy because while living in Dubai, they can now watch Pashto programs. They helped us and provided us with encouraging feedback and suggestions. Based on their feedback, we started roadshows where we used to send our camera team to different cities in the region to show the latest development and happenings in those cities to give information about different cities and talk to people in those cities” (Director of Programs).

As the audience started appreciating the newly launched channel, Khyber started increasing the content of their programs. The studio was expanded, which was initially set up in Peshawar to produce roadshows and children programs. They also started religious programs, and a religious scholar from the region (North-Western Province) was contacted to host a daily program on religious issues. At that time, the process of hiring intensified, owing to the increased demand for content from viewers. “I still remember that there were 20-25 people when we launched, and within six months, they increased to 70”, the Director of Finance reports. All these new people started getting trained on the job. “It was on-the-job training. The senior member of any given department was training these people and bringing in these people. It’s like if somebody had some related knowledge, we inducted them, and we then polished and trained them, and slowly were people groomed. They were trained at one time, and we became famous as a nursery”, the Director of Finance further adds.

To increase its entertainment content, Khyber also started its drama productions. The first drama was produced by Khyber’s own production team. However, after seeing the appreciation of the channel by the audience, many private production houses were set up. “When we started, there were no Pashto production houses; after that, the private producers became active, and all the camera man from PTV’s Peshawar center started approaching us to make productions in Pashto language”, the GM of Programming reports. Khyber started assigning productions to them. “When we started getting good responses from viewers, we started assigning productions, and we started acquisitions because our demand was increasing”, the Director of Programs reports. In May 2005, after less than year of the launch, AVT Khyber moved to 24 hours of transmission.

“It took us less than a year to put our transmission on for 24 hours; after that, in our small studio in Islamabad where we were doing live program shows, we started our live morning transmission…. By that time, we also had some trained anchors, and we put them in the morning transmission. We were doing live morning shows from the same studio because we didn’t have many resources. So, we started live morning transmission with one program a week”, the Director of Programs reports. Khyber continued to assign projects to the people on a regular basis, and most of them became attached to Khyber. “We make them (private production houses) part of Khyber…; these people who came in the beginning helped us a lot, and we started giving them projects on a regular basis. We were telling them one of your projects is running; when this completes, you make the
Khyber in its first year started gaining viewship among the Pashto-speaking population. The viewship of the channel was not restricted to Pakistan but was also in Pashto-speaking communities living in Afghanistan and the Middle East. Although the channel was increasing its viewship, advertisers were skeptical about the future of the channel. “We were focusing on a very niche area, and there was a lot of trouble in the region because of the war in Afghanistan, which raised many questions from a commercial point of view. We tried to hire a marketing firm to do a viewship survey in the region; they declined to do the survey because of the trouble in the region”, the Director of Finance reports. Despite these problems, the founder (Kamran) was convinced that there is a need for a Pashto language channel and that viewers will appreciate its programing. “They (Pashto-speaking people) want to have their own media. That thing was developing very strongly in me. And there was a need for it. At that time, we were not getting many commercials, and not many benefits were not coming, but I knew they would come. I was getting to know my customers, and I started feeling very close to them”, Kamran explains. In October 2005, a natural disaster struck in Northern Pakistan. This unfortunate event brought AVT Khyber even closer to its customers by providing 24-hour live coverage of the disaster.

The interactive programing format continued to dominate their programing schedule in the coming months. Most of their earlier programs formats remained popular among the audience and remained on air. “Khyber Beats as our first program has become so popular that we will put it on air for years. The love of music is very strong in Pakhtuns, because it is integral part of their society”, the Director of Programs reports. Keeping their viewers in mind, new content was also developed. “Because our mission was to promote the values and culture of Pakhtuns, all our interactive programs have a theme—whether it’s a comedy program or music program. The themes are mostly reflective of the current situation in their region, and we ask viewers to share their opinions through live calls and interactivity”, the GM of Programing explains.

“It took us almost three years to streamline our operations in Khyber”, the Director of Programs notes. “In the early days, we used to do loose programing—to just develop programs and put them on air. After that, we started to plan our quarters; we design our programing quarterly. We held proper meetings in programing department. Our senior producers and programing people started having meeting regularly, and the meetings were chaired by the CEO. In those meetings, programing ideas were discussed and finalized. How many programs would we acquire, and how many will we produce in-house? We also made budgets for these programs and gave the go ahead for production”, the Director of Programs explains. He further explains the differences between the production work in the early days and the following years: “In the beginning, it was multitasking. No one had a clear job description defined for them. It was like one big family, one working unit. The core team was always here, and leading from
the front was the CEO (Kamran).... The job was meant to be done by three persons, and we were doing the same job of one person. We had limited resources and limited people.... All the ideas were developed in a close knit team; we used to discuss them, evaluate them and implement them. We didn’t take much time, no detail planning; it was very instant” (Director of Programs).

In the first couple of years, most of the entertainment content was produced by Khyber’s own production team, which included interactive call-TV format programing, children programs, roadshows, news and current affairs programing, dramas and comedy programs. A small portion of dramas and comedy programs were outsourced. “(Our production was) mostly in house. There was no one doing entertainment production in Pashto language. Only PTV (state-owned television) was making a few segments of Pashto entertainment programs. We trained our production staff and made them producers.... In the early years, 80% of production was in house, and it was outsourced rarely”, COO Jawad explains. However, Khyber increased the acquisition of entertainment content, especially dramas, in the coming years. Kamran, CEO, explains the reasons: “I feel that I have a responsibility, but you can call it being clever. I did start outsourcing my programs because the community I am drawing my talent from I want them to develop more and more. The dramas that I outsource sometimes their quality is not good, but I still put them on air.... It is to give them (private producers) the feeling that the channel is their family. And the development of independent production houses will be beneficial for us in the future. He further explains his reasons for assigning the dramas to private production houses. When I make my dramas in house, there is a drawback; my resources are limited. My producers, my cameras, my machines are all consumed in making drama productions. For the other programs we have to produce, we face difficulties in executing them” (Kamran, CEO).

This strategy works in the sense that there was the birth of many production houses producing Pashto entertainment content. “When we started growing, many production houses grew with us. There are now more than 10 production houses attached to Khyber”, COO Jawad reports. The GM of Programing further adds that we have production companies attached to us from the beginning, because we looked after them. They have now invested money in studios and equipment, and they are part of our team.... Although they are not producing great productions, they are still learning, and we provide them with guidelines.... (For drama production), we give them ideas and concepts for dramas, and we advise them that they are not supposed to show rivalry and murders and portray their (Pakhtun) culture as peace loving and show the positive side of their culture and values.... We are providing them with a platform to learn and develop themselves.... There is a new Pashto drama industry that has developed owing to our channel” (GM of Programing).

“The Pashto entertainment industry is new; it just came about in the last 8 years. Slowly, these production houses will develop, but it will take time. PTV was made in 1964. We are just 8 years old, and we can’t compare ourselves to Urdu (national language) channels. We have limited artists and producers to create
dramas for us”, COO Jawad reports. To develop the entertainment industry, Khyber also offered many incentives to the artists and producers. “(When we started), artists and technicians were non-existent and very few. I started drama competitions and gave trophies and cash prizes to the artists and producers. I told them, you are my generals. I meet them on a regular basis…. There was a veteran Pashto artist; he worked for PTV for 25 years and had no recognition. Two years ago, I gave him a lifetime achievement award; I called him on stage in front of 500 people and gave him a cash prize and trophy. Now, whenever he comes to see me, he has tears in his eyes and tells me that through Khyber, his work was recognized”, CEO Kamran explains.

Khyber not only works toward building strong relations with external production houses, but customer interaction and interactivity has also become a permanent feature of their content development strategy. “Viewers’ relations with our channel are similar to the relations one has with their family. They note everything in the program and give us a call straight away, and then, our CEO discusses that with us, and we all discuss audience views in meetings. For example, if we are getting negative feedback, why are we getting this? This shouldn’t be the case, and what can we do to satisfy them?”, the GM of Programming reports.

This process has made AVT Khyber interactive and has provided a sense of ownership among viewers. It is ownership, not viewership: “I don’t call them customers; they are my board of governors…. I listen to my customers a lot; the strength of my channel is its interactive environment, where viewers decide what they want to see”, CEO Kamran explains. Jawad further adds: “we have a lot of interactions with viewers, and we work hard on that; the viewer response holds a lot of credibility here”.

Over the years, Khyber has successfully developed a system to encourage viewers to contact them on a daily basis and give their suggestion on their new programs. Through live calls in their programing, viewers are encouraged to critically analyze their programing content and their anchors. Moreover, Khyber has continuously incorporated changes in light of viewers’ comments and suggestions. “We don’t have any set routine for programing meetings…. I sit down with my programing team depending on whatever feedback we had from viewers, and I tell them that this is what I heard from viewers. What should we do? I always try to bring changes to the programs, Kamran explains. Jawad further provides an example of this process: We had our drama on air, and we were not getting positive responses; we stopped the drama halfway through, because our viewers did not like it”.

In order to make this process of instant changes in programing content work, the CEO (Kamran) created an environment of open communication with less formal procedures to implement and generate new ideas for programing.

“All of the professionalization is done out of necessity; all the department are developed out of necessity. Out of necessity, things are developed, and HR is evolving. I never said that I will not run the organization until the time I have my HR. No, all the departments are being developed because we need those
departments, as our employees are increasing, and we need that department so that we can make policies for our employees, which I don’t read. The booklets will come every quarter, and they submit their booklet. I don’t read them. All my heads of departments follow and read them. I always have fights with this school of thought, which says that we have to be very professional, and we have to follow a certain path. I do not and will never do that as long as I am here; everything will be upside down. For example, if we get feedback from viewers, the process is not that I will note it down and put it down in writing; it will go to the Director of Programs, and it will take 3 months. I will call a meeting the same day and suggest changes in our programing…. It’s not that I have a programing schedule fixed for three months, and after three months, I will accommodate my viewer’s suggestions. I will change it as quickly as possible” (Kamran, CEO).

He further adds:

“In our programing meeting, we discuss the scripts. It’s not that they write the script, and I listen to the script. I just put the script in the meeting and ask for everybody’s opinion; then, I have my own style, which may be wrong. I give importance to the sensitivities of my planners. Sometimes, there is a disagreement about who will anchor the show; there may be personal differences, and I then have to convince these people. Sometimes, you are stuck on one thing for hours. But all the decisions have to be unanimous because all of them will be working on the program. If one person is angry, during the program telecast, there is a chance that something will go wrong. And if all are not on board, probably it can also stop the creative input…. This democracy is very important for me; again, it is my mindset. I do not impose my decisions…. For every decision that I take, I sit down with anchors. It does not matter to me how junior they are—because they are my ambassadors. I am not the one who appears on the TV screen. The do…. We have this working environment, and everyone knows that if I make a wrong decision, I will apologize even to younger people, as I consider them my army: I love them, but I also shout at them, and they love it” (Kamran, CEO).

“If you have an idea, you can go to Kamran any time; if the idea clicks, you can call him on intercom. There is no formal procedure here where the idea goes through different layers…. This environment is created by Kamran; he eliminated differences…. That is our culture; Kamran always says we are family, and people who take this statement as family members have been treated as family members, and they become part of family”, the Director of Finance explains.

The GM of Programing further explains the environment:

“Our management gave us an atmosphere of respect; we have this family environment in our channels…. our CEO takes us on board in everything. He can make a decision on programing content if he wants to and dictate a decision that we are obliged to follow, but we have meetings daily, and he considers our opinions to make a decision. We have this respect in our organization, from our owners, which is not common in other organization. He never forces his ideas, never. The decision is always made after reaching a consensus, and we feel happy that our opinion matters” (GM of Programing).
This open culture and the informal meeting over the years become have the norm in the organization. Through these daily meetings, the Khyber team continuously monitors feedback on their programs and discusses ideas for new concepts. “We have programing meetings daily; other channels do it monthly or quarterly, but we have daily meetings to evaluate programing.... This is a common practice; this trend has been with us from the beginning, the GM of Programing notes. He further adds that there are daily meetings and interactions in the room. First, there is the meeting with the Khyber team, where we discuss Khyber. The focus is Khyber’s programing content. After that, we discuss our Khyber News programing. Here, more people are added from the Khyber news team. The same is with KAY2. In addition, all the people from the other two channels gain experience through these meetings (GM of Programing).

In the last 8 years, AVT Khyber has continued to hold its monopoly position as the only Pashto language entertainment channel. “Our main competitor is the Pashto channel coming from Afghanistan. I watch that channel to see what type of programing they are producing. In Pakistan, we have a monopoly, being the only Pashto language channel.... We created a certain flavor of programing.... The primary objective of the channel is to promote Pakhtun culture and the cultural values of Pakistan, as well as our family values and customs. Pakistan is not only about what you watch on other channels.... Khyber is now a household name. If there is a Pashto song, our drama viewers call it a Khyber song and drama. Khyber has become synonyms with Pashto language programing”, Kamran explains.

The Director of Programs summarizes the whole experience of AVT Khyber in following words:

“Our core team has always remained intact. They are as important as they were before. Although it has become bigger over the years, the founding members are still the same from day one. From our past experiences, we have learned a lot; now, whenever we try to develop new programs, we keep our past experience in mind.... There is no alternative of experience. In the beginning, all the hard work with limited resources and limited people has benefited us. I believe that made us what we are today; there is no alternative to practical experience. So, whenever we discuss in our meeting programing, members of the team automatically remind us about this. For example, if I suggest something, a member of the team will point out the last time we developed a similar program that was not appreciated by our audience. If we do it again, it might not work. All the early work we did, we learned a lot from that” (Director of Programs).
In 2007, Pakistani broadcast media was going through rapid expansion. Reduced barriers to entry into the media market have open the doors for many aspiring entrepreneurs and companies to enter the market. It was in 2007 that the Khyber channel monopoly in the Pashto market came under threat, with the news of a new TV channel for the Pashto-speaking community. “I received the news that PTV (state-owned television) was planning to launch a Pashto channel…; at that moment, I decided that I would not let anybody come into my space and in competition…. My experiences taught me that I have to expand my business into many areas; then, ultimately, my projects will start helping each other, strengthening each other. That’s how I can become a force. Otherwise, one TV channel only may not help me survive” (Kamran, CEO). It is with this background that the search for a new channel idea started in AVT.

AVT launched its second channel, Khyber News, on July 16, 2007. The goal was to provide in-depth news coverage of the North-Western Province of Pakistan and neighboring Afghanistan. “During that time, many news channels had been launched in Pakistan. Pashtun also needed information in their own language, so we felt that they would appreciate news programming given in their own language. Keeping that in mind, we launched Khyber News” (Jawad, COO).

AVT’s first channel, Khyber, was a composite channel that included 2 to 3 hours of news programming. Therefore, the work on developing a news segment team started in parallel with the development of an entertainment programing team. Many people of the news and current affairs team were also trained internally. “There were no trained people for news and current affairs in Pashto language; all the people who came to us were from print media. They were absolutely raw people, and we had them trained by our General Manager in news”, Jawad explains.

In 2005, one year into the operation, AVT Khyber had 3 hours of news programing segments. These segments included one hour of recorded news bulletins daily. In addition, there was two hours of current affair/discussion shows, where politicians, journalists, and experts on international affairs were invited to discuss the prevailing situation in the region. “It was a very humble start for our news team; I would say it was a humble beginning, and we were learning along the way”, Jawad reports. However, in October 2005, during the earthquake coverage, the news team had opportunities to learn and experience live programing 24/7 for two to three weeks. During that time, all the entertainment programing was stopped, and for one month, the channel aired live news and
discussion programs. “We sent our team to the region; they were sending us footage, and our news team was adding it to our live news telecast.... (For the earthquake telecast), we developed a set for live transmission, where our news anchors were presenting live transmission.... The response that we were getting was very good; it was an overwhelming response”, the Director of Programs reports.

The response from viewers led management to start thinking of opening a news channel. “Although we had made the decision to launch our Youth channel first, we were doing preparations for the launch of the channel KAY 2, but due to viewers’ appreciation of and demands for news and current affairs programing, we launched Khyber News”, the GM of Programing explains. “In early 2007, we decided to launch Khyber News. We saw that our viewers were appreciating our news and current affairs programing, and they were demanding similar programs”, the Director of Finance reports. It was a strategic decision because once viewers’ demands were increasing, our content of news was also increasing, and news people needed a separate platform. Internal and external things were moving in that direction, Jawad further adds.

The Director of Finance provides further insight into the process of launching a news channel:

“It was Kamran’s idea. All the strategic decision of this nature were made by Kamran. He shared the idea with me, Jawad and Hamid (Director of Programs) .... For the news channel, the first thing that we looked at was cost. For example, if we separate a news channel, how much of a financial burden would it have on us? Our first channel was a composite news channel that was part of Khyber’s programing. Khyber has a few segments of news; it has its own team, especially for news. We thought that if we take news to 24 hours, what will be the extra cost? We made a feasibility report and calculated the cost. It was not a huge difference; it was bearable” (Director of Finance).

After looking at the cost, work on the channel started. “We applied for a separate license for a news channel and started working on it in March-April 2007”, Jawad explains. In July 2007, three months into the process, the channel was launched. It was Pakistan’s first regional 24-hour news channel. “It was a routine thing for us. All we needed was a new license. There was no extra effort because we had everything. We just needed new equipment, and we gradually started acquiring the new technical equipment.... It was like coordination. With the news people who were first working in Khyber, we just gave them a new platform and a separate TV screen”, Jawad explains.

The Director of Finance agrees:

“Initially, we developed our news department parallel to entertainment productions. In our Khyber channel, the production was a mix of entertainment programs and news segments. People who were working for Khyber news segments were diverted and made the Khyber news staff”.

To lead the content creation of the news channel, Kamran and Jawad selected a GM of News Programing of Khyber Channel, Hassan Khan: “The head of the news segment of Khyber was with us from the beginning. He knew the
requirements of a news channel” (Kamran, CEO). By bestowing confidence on the new Head of the News Channel, Kamran allowed him to develop new programing content ideas for news programing and increased it from 3 hours of programing to 24 hours of daily programing. The General Manger of Programing explains that starting the news channel was not difficult as compared to the first one: “we had been through a tough situation for our first channel, Khyber. So, launching this channel was not difficult, because we already had the resources, we had a base, and we had a setup” (GM of Programing).

However, one of the key challenges that the new head of news and the other member of senior management faced was how to differentiate the channel from the other news channel in the industry. This engendered a great discussion in the top management team. Kamran consulted his friend Mateen, from the print news idea to provide his expert opinion. “Mateen is a big name in print news media and a good friend of Kamran; he regularly attended our discussions” (Director of Finance). Kamran explained that he wanted news programing without any sensationalism, which he though most of the current news channels were doing. “I wanted to promote Pashtun culture and history through this channel“(Kamran, CEO). After thorough discussion, finally, the decision was that rather than a pure news channel, Khyber News would be an infotainment channel, which would broadcast along with news and current affairs programs, discussion shows, documentaries, etc. Again, in these programs, there would be interaction with customers, so people could discuss the issues. “Our aim was that through our programing, we not only provide people information about happenings in their region but also try to take their issues/problems directly to politicians through our live shows” (Director of Programs).

In the last six years, Khyber News has moved on to become the sole news content provider and producer for Pakistan’s first 24/7 news channel in Pashto language. The channel is broadcasting live news 24/7 from its news studio in Islamabad. The channel’s news correspondents are based in all major cities in North-Western Pakistan, and the channel has open bureau offices in different cities in Afghanistan to provide up-to-date news coverage of the region. As a result of this news-gathering capacity specific to one region, Khyber News has gained regular viewing among the Pashto-speaking population, not only in Pakistan, but also in Afghanistan and the UAE. A small office was also in set up in Dubai, for the immigrant Pakhtun population living in the UAE. Apart from covering and providing in-depth news coverage of the region, Khyber News has also developed and produced news and current affairs shows. These programs are a permanent feature of its daily programing schedule. These programs are a mix of interactive discussion programs, in-depth field reporting programs, and cultural shows. For example, Dateline Peshawar, which broadcasts live daily, is an interactive discussion program in which the audience interacts with the anchor to discuss political issues. Khyber Watch is an example of an in-depth field reporting program, where the anchor provides detail analysis of news concerning the region. The Mehfil program is designed to promote the poetry and history of the region.
The Director of Programs explains the difference in programing content between the two channels:

“AVT Khyber is now purely entertainment; it has its own team that looks after the design of its entertainment content. Khyber news is all about news and current affairs; its programing is news bulletins or news-related discussion programs” (Director of Programs).

5.6 KAY2 TV, Youth Channel: 2008

“I believe strongly that I keep on expanding so that if there is competition in the future, competitors will face difficulty regarding where to target. This strategy has worked in the sense that to beat me in entertainment, it was probably easy, so I launched a news channel. So, when the competition will come, they have to bring two channels together. Then, I started a bilingual youth channel, so I gave strength to my other two channels” (Kamran, CEO).

Launched on August 7, 2008, KAY 2 TV is Pakistan’s first bilingual television channel. The channel was the first bilingual channel targeting the youth of the country. Its programing content consists of interactive talk shows, music, reality shows, documentaries, lifestyle shows and comedy shows. All the programing content represents the regional languages of Northern Pakistan. “KAY 2 was an experiment that I started. I wanted to represent all the languages of the North of Pakistan with this channel…. I call it a youthful family channel. We wanted to have a full media network; the benefit of expansion is that you increase your base for revenue generation”, Kamran notes.

The idea for the channel emerged from earlier attempts to launch their first channel. The Director of Finance explains:

“When we were discussing the launch of our first channel, at that time, we considered the feasibility of a channel named Next Generation…. Kamran had this idea about targeting the generation of 25-30-year-olds and making a niche channel for them. But I think when we established ourselves and learned the process of running a satellite channel, we developed a team and infrastructure, so Kamran’s early idea of launching a channel for youth become KAY 2. Nevertheless, we made it bilingual, and the idea was to promote regional languages and target the younger generation” (Director of Finance).

Kamran’s vision was to differentiate the channel from other youth-oriented channels in the country. He explains:

“(I decided) there must be a distinction in this channel, as it will represent the middle class. The channel will represent a certain mindset…. When I was in the process of launching the channel, many people said to me, Kamran you are very conservative; the winds of change have started blowing; the things you are talking about—values and tradition—belong to the dinosaur era. I replied to them that I
am from the dinosaur era; I will draw a circle around me and like-minded dinosaurs and protect it. If there are people who believe that we should keep our values and beliefs, they will join me. If they do not, there are 80+ channels that they can watch them. These channels have viewership, and I am not denying that, and I am not suggesting that they are wrong. However, I have my own values; these values represent 70% of the Pakistan population, and I am producing programing for them” (Kamran, CEO).

Kamran’s vision provided the guidelines for the content of programing developed by the KAY 2 team. “It is a channel for the youth and bilingual; we also produce a certain type of programing content; we do not put any foreign content in our channel, as we want to promote culture and values in this youth channel”, the GM of Programing explains. He further adds: “our programs are different from other youth channels; we are theme oriented, and all our programs have a certain message that represents our culture and values”.

To manage and design the programing of the new channel, a producer/anchor of Khyber was given the responsibility. “When we decided on the channel, we started working on the programing of the channel. We had in our mind that this channel must have a different programing flavor than Khyber…; it must be youth oriented in the sense that we provide a platform for the youth of the North and represent them…. We looked into our Khyber channel to decide who has the tendency to match the theme of the channel”, the Director of Finance reports. Zaki Khan, the producer/anchor of Khyber, was made the head of the new channel. “The KAY2 head has been with us for the last 8 years. He was trained in our Khyber channel. He speaks many languages. He is one of our best creative employees”, CEO Kamran explains.

After putting him in charge, KAY 2 started developing its own team. “We started with a very small team, with just 4 hours of daily programing…. The biggest difficulty was finding experienced and talented young people”. Jawad explains. After seeing the potential, the Khyber team was providing them with support and training, especially from Hamid, who was Director of Programs, and Zaki, who was heading the channel…. It was on-the-job training where we were giving them platform to perform, Jawad further adds.

The initial programs developed by KAY 2 were in four languages: Pothari, Hindku, Dari and Urdu. All these programs were designed to be live and interactive. All programs were interactive. Other channels were airing youth-oriented programs, but they were mainly recorded. We gave the youth the platform to express their views with direct interaction with our channel. And through this program, we gave opportunities to young singers of regional language, the GM of Programing explains.

KAY 2 in last 4 years has gradually extended its team of anchors/and producers. The production team consists of assistants, associates, producers, directors, anchors, and hosts of discussion shows. The production team mainly consists of young people aged from 20-30, who have never had experience in electronic media. We gave new people a chance, who have never been on screen. All the screen faces were newly hired. We gave them liberty to design the program
or develop new ideas for programs and formats different from the other two channels. We developed musical programs, regional music programs, chat shows, and discussion shows, the Director of Finance explains.

From its initial beginning with limited hours of programming, KAY 2 has now become a 24-hour channel. I am happy that the middle class that I was targeting has responded positively to KAY2 channel and that people are watching it, Kamran notes.
6. Analysis

The purpose of this dissertation is to improve our understanding of how family firms successfully adapt and reinvent themselves by creating new businesses and to explore the role of dynamic capabilities driving firm’s strategic entrepreneurial activities. I have address the above aims by conducting both within-case analysis and a cross-case matching process with a concentration on the processes of new business creation in two family firms at the time of their entry into a newly deregulated broadcast industry. This chapter first presents the in-depth case analysis of HUM Network Ltd. and AVT Channel (PVT.) Ltd., and it is structured around the entrepreneurial venturing capabilities developed by the family firms to ensure strategic adaptation within the changing environment conditions. This is followed by a cross-case synthesis. Finally, the theoretical conceptualization of entrepreneurial venturing capabilities is presented.

6.1 Entrepreneurial venturing capabilities in HUM Network Ltd.

Deregulated environments are often characterized as highly dynamic owing to rapid and frequent changes that occur in customer groups, product offerings and the competitor mix (Madsen and Walker, 2007). This is because deregulation typically involves the elimination of specific regulatory control, such as market entry restrictions, which result in the continuous influx of new entrants into the industry, thereby incurring a significant influence on the landscape of competition. This was evident in Pakistan’s Television broadcast industry after its deregulation in 2002. Reduced barriers to entry through government legislation produced a massive shift in the structure of competitions, as it attracted new entrants to the industry, intensifying the hostility of the business environment. The case data indicate that these ongoing changes in competition posed a great challenge for the founders of HUM Network Ltd. For instance, they found themselves competing against powerful, established firms that considered the deregulation of the television industry to be an attractive opportunity to expand their business and that possessed crucial complementary resource advantages from operating in proximate markets of newspaper publishing and advertising (see table in Chapter 3). For the founders of Hum Network, the entry of these firms posed a significant competitive threat, making entry and survival in the new market a formidable challenge. As the President of HUM Network explains:

“When we started our first channel, there were many established and big players entering the market at the same time…. Many experts told us that we won’t survive the competition and will lose our investment…. There was GEO Network, which had the strength of its newspapers business, and TV One, which had the support of its media buying business. We had none of that background”.

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For the founders of HUM Network, survival and success in this ever-changing competitive landscape depended on continuously exploring and exploiting new market possibilities to satisfy unmet customer needs through new and innovative product offerings. For example, the President/Founder told me “...we did not have an option to crawl our way forward; we had to stand and start walking... by taking risks on new project ideas and producing quality media content appreciated by customers”. I found that to achieve this objective, the founders leading their firms adopted business venturing as a strategic approach to succeed in the highly competitive market. By a strategic approach, I mean the top managers’ (i.e., family founders’) vision and directed reliance on pursuing entrepreneurial initiatives that purposefully and continuously rejuvenated their organization and shaped the scope of its operations through the recognition and exploitation of opportunities for creating new ventures in the firm’s existing market domain (Ireland et al., 2009; Garrett and Covin, 2007). As the President/Founder explains, “my vision from the start was to have specialized channels, with a separate entertainment channel, food channel and music channel. If we have the opportunity, we will start a comedy channel.... We wanted to become a leading network in the entrainment category”. HUM Network’s Vice President reiterates his firm’s strategic intent toward new entrepreneurial initiatives in the following words: “I envision more channels. There are many ideas that we are working on. Currently (in the organization), there is a debate going on about whether we will launch an infotainment channel, or not in that channel, we want media content that focused on both current affairs and entertainment. The discussion is ongoing.... We are always thinking of how can we expand and which new markets to target”. In HUM Network, it seems that launching new channels, that is, continuously pursuing new entrepreneurial initiatives that require new market entry with new media content/products, is seen by top management to be the main source of long-term survival and successful adaptation in its competitive environment.

Though HUM Network’s top management sees the continuous search for new and relevant business ideas for business expansion as an important strategic imperative to compete and succeed in the dynamic environment, without exception, the top managers in their interviews acknowledged the importance and need for certain capabilities to enact this strategic imperative. For instance, the President/founder explains: “I strongly believe that the founders’ professional experience matters.... If you don’t have professional expertise, it will be difficult to produce innovative productions and compete effectively”. Further, the business unit head of one of the channels explained the importance of the capabilities needed to sustain the edge over competitors by developing new products to address different market segments, as she states: "I think the major competitive edge that Hum TV or Hum Network has over its competitors is the ideas (new ventures) and content (TV productions) of its different channels.... The founders (President and CEO) understood the Television business from day one, that is, how the productions should be done and how to market the productions to advertisers and customers. That’s the edge because they are professionals, and
they know their fields(...). When you have this combination of expertise, it increases our (Hum Network) potential to explore the market”. Additionally, the Vice President, who was among the first people to be recruited by the network, was very conscious of the capabilities needed to succeed in the competitive environment, as he recalls the early days and explains: “when we started, many people said to us that we will lose money because of competition.... I believe professional expertise is very important to run a channel successfully... The foundation of HUM TV was laid by the veterans of the TV industry.... We were successful in developing a team of professional people”.

As I further analyzed the data, I identified three capabilities that were important for HUM Network to enact their business venturing strategies. The first capability that I identified related to the continuous search and discovery of novel opportunities and the ability to further refine and conceptualize the opportunity to match with the firm’s resources and unmet market or customer needs. I refer to this as the opportunity refinement capability. The second capability that I identified related to the acquisition and accumulation of resources to create new products that are required in newly identified market segments. I refer to this as the resource mobilization capability. The final capability that I identified related to top management’s commitment towards creating a customer responsive organization by building enduring relationships with customers to sustain their dominance in target market segments. I refer to this as the customer orientation capability. In the next sub-sections, I present the three capabilities and discuss how they contributed to help the founders of HUM Network to create, develop and sustain new ventures in order to succeed in a highly competitive environment.

6.1.1 Opportunity refinement capability

The journey from Momal Productions to Hum Network started when Duraid (CEO of Hum Network) joined the production house managed and owned by his mother, Sultana (President of Hum Network), in late 2000, with an aim to launch a satellite TV channel. At that time, there was no private satellite channel operating in Pakistan, but the government had given the indication of deregulating the media sector in the near future. Although his mother was skeptical of making this big leap in the beginning, she eventually moved forward to help her son. Sultana is considered a veteran of the television industry, with more than 25 years of experience working as a producer and director in Pakistan’s state-owned television (PTV). After her retirement, she successfully launched a private production house in 1994. Her production house was renowned for its innovative productions, which were regularly broadcasted on state-owned television (PTV). While Sultana has both industry domain-specific experience (e.g., knowledge of TV productions, customer preferences) and entrepreneurial experience (e.g., knowledge of starting a new firm), Duraid, a MBA graduate, started with limited industry-specific skills. Duraid started to work alongside his mother in the production house to acquire and develop relevant knowledge and experience, which he thought would help him to realize his dream of launching a satellite
channel. Duraid became the CEO of Momal Productions in 2000. In his role as a CEO and with a MBA degree, he consciously made an effort to learn the business side of the production house, which involved marketing and selling of Momal’s drama productions to PTV (state-owned television) and advertisers. For him, acquiring knowledge and expertise in marketing and sales functions was important to gain a holistic understanding of the media business, which he thought his mother and her production house lacked. As he explains, “I did not want to do the production side; I was more interested in sales and marketing—the business side…. I was not into what my mother was doing, which was drama direction and production. I was focused on understanding the sales and marketing part of the production business.” By focusing on learning the business side, he was able to obtain a deeper understanding of the business aspects, such as how to buy prime-time slots from PTV, how to build relationships with commercial advertisers and how to effectively sell his production houses’ media products to them. Thus, he gained management experience, i.e., knowledge of how to manage and operate a media business. Gaining management skills was important because, historically, the business aspects of the production house were outsourced to other firms by his mother, as she has a lower inclination toward business-related issues and focused on producing quality media products, which were then sold to PTV by outsourced firms. Duraid’s strong orientation toward the business side coupled with Sultana’s expertise in product development made Momal Productions a leading production house in 2003. “In just three to four years, we expanded the production house, which was extraordinary…. My mother was doing productions, and I was buying slots from PTV and placing our products on those slots and selling the commercial air time to advertisers…. At one point, we had the most prime time slots on PTV..., basically running a small channel on the PTV platform”. This success gave the family founders confidence to make the giant leap toward launching their satellite channel, which was the intention of the founders from the beginning.

Both Duraid and Sultana possessed the requisite experience and knowledge for the business opportunity to be created and to venture into the deregulated media industry. However, as I mentioned above, owing to deregulation, they found themselves facing a competitive environment. Deregulation opened opportunities for both entrepreneurial and established firms, which resulted in a continuous influx of competitors in the market. Considering this ever-changing competitive landscape, the family founders devoted significant effort to building abilities in refining opportunities—that is, based on their industry knowledge, continuous search and discovery of novel opportunities in the market. In addition, they aimed to be able to revise and refine opportunities that could lead to the development of new ventures that could fulfill unmet customer needs. In doing so, the founders attempted to avoid competition from powerful firms by identifying new market segments for media products, which might have overlooked by competitors entering the market. Thus, the founders successfully conceived of alternative ways of creating value in the new market, among myriad
competitors, to achieve market leadership and a defendable position in the everchanging environment.

To refine the opportunities, the case data indicate that the family founders engaged in two activities: imagining novel possibilities in the market and creating an opportunity dialogue. Imagining novel possibilities is an act of searching and conceiving novel opportunities in the industry by drawing on the knowledge of the past and of how things currently work in the industry. Creating an opportunity conceptualization dialogue is defined as a series of discussions among the family founders and adding non-family founding members for further refinement of opportunities to determine the product/service characteristics for their new ventures, which has the potential to satisfy the unmet needs of customers. Table 6 illustrates the activities for opportunity refinement, as the family founders started with conceiving new opportunities for their ventures and then refined these opportunities by engaging in a dialogue to define the product offers that could result in establishing new ventures in the market.
### 6 Analysis

#### Table 6: Activities that Underpin Opportunity Refinement Capability

<table>
<thead>
<tr>
<th>Activities for opportunity refinement</th>
<th>Hum TV</th>
<th>Masala TV</th>
<th>Style 360</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imagining novel possibilities</td>
<td>“I have this idea that we should not have news in our channel; we wanted to be Pakistan’s first complete 24-hour entertainment channel” (CEO)</td>
<td>“Masala TV was innovation... which no one else believed would be possible” (CEO)</td>
<td>“My vision was to have a separate channel filling the gap of fashion in Pakistan’s channel scene” (President)</td>
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<td></td>
<td>“Duraid’s idea was an entertainment channel...: none of the existing channels were broadcasting without news...: our channel was the first entertainment channel in the industry” (President)</td>
<td>... it was a brilliant idea because at that time there was no other food channel; it was the first food channel not just in Pakistan, it was the first food channel in Asia” (Business Unit head, Hum TV)</td>
<td>“Style 360 was a very interesting concept, a very niche channel designed for a fashion conscious audience” (Business Unit Head, Hum TV)</td>
</tr>
<tr>
<td>Creating an opportunity conceptualization dialogue</td>
<td>we had the initial idea in terms of we will not put news in the channel. But I think she (Sultana) refined it.... She discussed the idea (of channel) with me, giving it support and meaning in terms of its (programing) content.... She is a professional, and I have complete trust in her abilities. (CEO)</td>
<td>“I sat down with them (Duraid and Sultana) and started discussing, what will be the content of the channel? How many hours of programing, 4 hours, 6 hours? What will be the nature of the program?... We continuously worked on these issues.... The channel was a result of teamwork, and we made a decision together after discussing the idea” (Senior Vice President)</td>
<td>“I shared the idea of a fashion channel with our senior team, as we do not take any major steps unless we have all discussed and convinced of the feasibility of the idea and the (programing) content of the new channel. (CEO) The original idea was of a fashion channel, but there was an existing fashion channel in the industry, which made them revise the idea of a fashion channel into a lifestyle channel “Style 360 is all about lifestyle. Fashion TV is fashion only. Our canvas was much broader, featuring a variety of programs, not just fashion. (CEO)</td>
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<td></td>
<td>“we had discussions on the content of the channel. What will be the programming, what will be our focus...? Our drama production was dead when we were starting our channel; all the other channels have adopted Indian drama content...; we decided to produce our own drama.... I also have my expertise in drama production; I decided to revive our (Pakistani) drama tradition” (President)</td>
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A good example is the entertainment channel (HUM TV), the first channel launched by the network. The family founders began with the intention to enter the deregulated television industry, they did not have a clear concept of a channel or well-defined product characteristics or a customer set. They tried to understand the market to position their new channel relative to competitors currently operating or entering the market. Although their prior industry experience provided the family founders with the ability to understand the industry dynamics to frame the business idea for their market entry, it was difficult. This was because, as was has been stated earlier, deregulation creates a number of challenges for family founders to fully understand the potential of new markets. There was intense competition from the powerful firms as well as high demand and uncertainty owing to instability in customer preferences (e.g., Madsen and Walker, 2007). Such environmental conditions made it challenging for the family founders even with prior industry experience to make correct judgements regarding which market segments of the industry hold the most potential in the long run. As Sultana, the President of the network, explains: “It was a challenging time; no one had a clear idea of the market yet…. There were big firms, such as GEO, ARY, and TVONE, entering the market, and there was news in the industry that many others had applied for licenses”.

Facing these environment conditions, the family founders began to keenly observe the behavior of other firms currently operating or entering the industry in an attempt to discern the market or customer segments that these firms were targeting. Duraid shared how he closely observed the behavior of the firms entering the industry to gain an understanding of the media content that they were producing for their audience: “before we started, GEO, ARY and TV One were on air. I think GEO was the first to enter the market…. We observed that all the channels on air at that time were hybrid channels with a focus on news production and current news programing”. His mother (Sultana) was also observant of their competitors’ media content: “… GEO was mainly a news channel, with some portion of entertainment content, and ARY and other channels had news bulletins every hour in their programing schedule”. This active engagement in observing their competitors became the catalyst for imagining novel possibilities in the market. The new information acquired through active observation enabled the family founders to envision new market segments that their competitors had missed or not thought of. In particular, this imagination involves developing informed conjectures about unmet customer needs that could eventually realize into or take the form of a new venture. For example, Sultana explains the vision of their new channel: “Our channel (HUM TV) was the first channel with the vision of pure entertainment”. Duraid concurs: “HUM TV, since its inception, was conceived as an entertainment channel…. The idea to not have news that was unique”. Thus, the concept of an entertainment channel was the act of imagining a new terrain in a market that was getting crowded by channels obsessed with news and political programming. It seems that the belief in the idea of an entertainment channel was the result of iteration between the both the founders’ expertise and what the current channel was offering in the industry. As Sultana
notes:  *we thought of an entertainment channel because I have expertise in entertainment....  No other channel (founding team) has such expertise*”. Therefore, industry experience in the founding family team was important for them to be able to observe and evaluate the media content of existing channels and utilize their expert knowledge to conceive of viable business idea in the market that could match the existing skills and capabilities of the founding team.

Although the idea of an entertainment channel seemed promising for entering the market, it was also very ambiguous. This is because Duraid and Sultana still needed to decide on the media content (media products). The channel would have to be produced for the audience. This decision was important to make the idea of an entertainment channel become a commercial reality. To reach the decision, Duraid and Sultana engaged in an *opportunity conceptualization dialogue*—a series of discussions to refine their idea in the form of future media products that will serve the targeted entertainment segment of the market and make their concept commercially viable.

Duraid and Sultana debated different programing concepts, including a broad range of genres—music programs, chat shows, live entertainment event programing, films, dramas, and so on. They discussed what will be the core of their programing that could satisfy the need and attract entertainment-conscious consumers. After a series of discussions, they eventually decided on drama programing—television program content that is scripted and broadcasted in the form of series, serials, comedy sitcoms and tele-films.

After the initial decision and consensus that drama programing will be the core of the daily programing, transmission of the entertainment channel led to more engaging discussions on how and what should be developed. This concerned the content and process of drama programing—drama concepts, story line, plot, characters and themes for drama series/serials, which eventually will be broadcasted on the new channel and will result in creating a new entertainment segment in the emerging media industry. This was an important judgement to be made by the family founders in order to emphasize the uniqueness of their new venture. Because although there was no exclusive entertainment channel on air in Pakistan, the foreign channels, especially Indian entertainment channels, were available to consumers through satellite. The drama programing of Indian channels was immensely popular among the TV audience owing to the proximity of language and culture of both countries. The COO of Hum Network, who was working for another channel at that time, describes the popularity of the Indian dramas and the competition that the family founders faced: “*All the (TV) audience was shifted toward Indian channels, and not much local content (entertainment) was produced because no channel was willing to invest in drama programing*”.

Duraid and Sultana in their discussions grappled with the decision to either produce original drama programing or imitate the content of Indian entertainment channels that were popular among the Pakistani TV audience. The focus of the dialogue shifted toward the assessment of drama programing that could meet the specific market requirements and customer needs. In their discussions, Duraid was of the opinion to follow the recipe of Indian drama content and to produce
dramas with similar themes, story lines and characterizations, which were hugely popular among the Pakistani TV audience. In contrast, Sultana was in favor of original drama programming to give the TV audience a new experience of drama programming that is not only original in content but produced locally. It seems that these differences in interpreting the competitive environment stemmed from the family founders’ different knowledge and skills acquired in managing the production house. Duraid’s managerial experience made him highly sensitized to advertisers and audience demands. This is because, as a CEO of the production house, he had frequent interactions with advertisers, who were allocating the bulk of their advertising budget to Indian dramas owing to their popularity among the TV audience. For Duraid, advertising revenue was the key for the success of their yet to be launched entertainment channel, and he found it difficult to predict the success of original drama content. In contrast, Sultana, with her combination of entrepreneurial and drama production experience, interpreted the competition of Indian drama as an opportunity to produce original programming that, according to her, would be risky but would have the potential to provide the channel with a unique identity in the entertainment genre. As she explains:

“Duraid is thinking from the market and sales point of view. Indian dramas were popular with the audience and were the source of advertising revenue for channels running at that time. Duraid was right in his approach. I was thinking that people will appreciate if they get to watch good productions made locally, which none of the channels were providing to the audience at that time. My thinking was that the female audience will watch dramas, but it should be our own dramas. I emphasize that…. There was a risk, and we could have lost money, but I thought it doesn’t matter; I know my job and try to do the best work”.

Duraid and Sultana, during the opportunity conceptualization debate, developed what Ensley and Pearson (2005) call a cognitive conflict-disagreement among family team members related to their differing ideas and beliefs to reach a solution. This dissimilarity in understanding the environment among family members, according to Kellermanns and Benett (2008), potentially inhibits the development of the consensus needed to make timely judgements on the feasibility of opportunities. However, this surfacing of dissimilarity/conflict can be productive, as it can enable family founders to reach mutual understanding, which can increase the commitment to opportunities. By injecting diverse point of views into the discussion, they can allow room for considering alternatives and enable meaningful participation in discerning the future course of action. This meaningful participation in which conflicting ideas and alternatives are debated can pave the way for the development of collective understanding. For example, as Sultana notes, “we had many discussions with the freedom to speak up…. I have confidence in my son and his ideas. I believe that we learn a lot from each other. For that reason, there is always space for discussion and debate”.

Engaging in an opportunity conceptualization debate thus allowed the family founders to build on each other’s insights, to challenge each other ideas stemming from individual fields of expertise, to use seemingly conflicting suggestions for further refinement of opportunity and to eventually reach a consensus based on
cooperation, faith and trust in each other’s abilities. In this process of dialogue, where the original idea of an entertainment channel was refined, consensus was achieved on original drama programming, as succinctly described by Duraid:

“She is a professional who has been doing drama production for the last thirty years. I had a complete faith in her, and other than the mother and son trust, I had trust as a professional in her…. When she said, I can produce a better product (Pakistani Drama), there was no question that the product will not be good enough…. We decided to have our own drama production in the channel”.

Although strategic consensus has been reached among the family founders on the entertainment channel, which will broadcast, uncertainty remained regarding the original drama programming. This is because delivery of original drama programs demands high-quality production, which is not only on par with competitors but also has a unique appeal that attracts the audience to the new channel. Facing this challenge, Sultana felt that she needed to acquire further expertise to position their productions relative to available and immensely popular Indian entertainment channels. She recruited her former colleagues from state-owned television (PTV), who had over the years acquired valuable knowledge in entertainment programing. These people included a former general manager of entertainment programing, a former director of drama programing and a managing director of state-owned television. These people had a long history of working alongside Sultana in PTV. Working together with these people over an extended period, Sultana not only developed good working relationships but also made her assured of their skills and abilities, which she thought were critical for the success of an entertainment channel. As Duraid explains: “We had a professional team from the start; they were my mothers’ former colleagues…; they contributed immensely with their expert knowledge”.

Thus, Sultana and Duraid successfully constituted an executive team. The involvement of non-family members is similar to what Klein (2000) refer to as mixed constellations, a team at the top management level that has the cooperation of family and non-family executives. Three newly hired non-family members were given the senior management positions of Vice President, Senior Vice President, Executive Director of Programing to avoid the feeling of exclusion from the founding family and were given the responsibility to not only evaluate opportunities with respect to the entertainment channel but also recognize the enhancements that could bring the opportunity close to market and customer needs. The Vice President of the network, who was among the first people hired, explains how he contributed in the opportunity conceptualization:

“In PTV, I started as a producer of live programing, and then, I was promoted to the head of current affairs programing, and eventually, I became general manager of the entertainment division, which involved evaluating and approving the entertainment content for PTV…. Sultana gave me an offer to join her. The channel was not launched at that time; it was just a work in progress…. Sultana and Duraid had an idea of an entertainment channel, with a focus on drama programing…. But obviously if you are focusing on drama production, in the daily transmission of a channel, you also need other productions because no channel
broadcasts dramas continuously. In our discussions, I suggested different concepts of entertainment programs, such as music programs, reality shows, and morning shows, which will support our main drama programing. Basically, you need to have a complete package of entertainment programing suitable for six to twelve hours of daily transmission”.

Sultana and Duraid agreed to the suggestions of their newly hired Vice President, and as an experienced producer of entertainment programing, he was given the responsibility to develop the concepts of the entertainment programs, which were to be further discussed and debated among the executive team to ultimately reach a decision on the programing of the channel. Indeed, the inclusion of non-family executives helped the family founders bring in new knowledge and insight, which reduced the uncertainty surrounding the opportunity to position their channel as the first pure entertainment channel in the industry. It seems that the purposeful hiring of experienced non-family executives was instrumental in providing family founders with the cognitive diversity needed for the further assessment of opportunities, and it gave them confidence that the opportunity of an entertainment channel was possible in the form of entertainment programing that will satisfy the unmet needs of the market and customers. Eventually, the opportunity of an entertainment channel shaped up in the executive team, and consensus was reach on the concept of an entertainment channel to produce original drama programing and to broadcast a variety of entertainment programs—all conceived and produced in-house by the channel. Thus, they conceived the name HUM TV, which in spirit means locally produced entertainment for local audience/viewers. All of us made a decision together after discussion and debate...; we had a professional team..., where our coordination and our team work because of that it (concept of the entertainment channel) became possible (Vice President).

A consistent picture emerges of a repeatable pattern of activities adopted by the family founders to conceive new ideas of ventures in the market and to further refine the ideas into potential opportunities through iteration and dialogue in the executive team in order to reach consensus on the feasibility of the opportunities (Table 4). An interesting insight was that although the family founders’ concept of strategy—a vision directed by reliance on pursuing entrepreneurial initiatives for the firm’s long-term success, was the main driver for imagining unmet needs in the market with the potential to offer new market entry, the decision to venture into the market was unfolded via a sharing process (i.e., opportunity conceptualization dialogue) in the executive team. The family founders’ belief in the venture idea was repeatedly shared in the executive team made up of non-family executives whose knowledge of the television media business was critical for the validation of the new venture ideas. Feedback from non-family executives not only refined the venture idea in the form of future media products of the channel but also offered much needed consensus regarding the feasibility of the opportunity. This was clear in the venturing efforts of both Masala TV and Style 360, where the industry experience of non-family executives helped the family founders to make sense of the usefulness of their ideas and how it could be
transformed into a viable business opportunity. Such team-based entrepreneurial
discovery and judgement move individual beliefs in the new venture idea into a
viable business concept collectively within the firm (Table 6).

In all ventures, the initial idea has to be refined before it can gain mutual
understanding. Thus, opportunity refinement capability can be seen as the ability
to envision new possibilities in the market combined with the ability to evaluate
and modify the opportunity according to new insights to shape the venture
opportunity in ways that more effectively address the unmet customer or market
needs. Thus, opportunity refinement capability is dependent on the diverse
knowledge in the executive team. All the members pool their knowledge and skills
in different ways to shape the opportunity and collectively make decisions, and
this was critical for the family founders in pursuing entrepreneurial strategies in
order to form accurate judgements regarding the potential of opportunities, as they
tend to rely on the knowledge and competence of one dominant founder or close
family member in making decisions (Gomez-Mejia et al., 2007). Thus, family
founders likely need additional knowledge and skills in their teams in the form of
non-family executives and to endow them with responsibility and ownership to
be able to develop an opportunity refinement capability:

“From the beginning, Sultana said that this is a family channel; all of us have
responsibility and ownership, and this is our channel. This has made lot of
difference. This was the positive thing in the beginning. In the initial days and
even today, the CEO, President, and Senior Vice President are not seen as having
designated tasks and roles; there is an open discussion in which everyone gives
suggestions on how to change ideas (new channel ideas, programing content
ideas) and to give suggestions for amendments so that it (the idea) becomes
suitable for the market” (Vice President)

6.1.2 Resource mobilization capability

After judiciously deciding on the opportunities, the family founders and their team
must exploit the opportunities, which mainly involved the production of television
programs to broadcast on the channels. The importance of ensuring the quality of
media productions was explicitly referred to by many of my interviewees. This
may be because Hum TV faced fierce competition from Indian entertainment
channels, which were enormously popular among Pakistani viewers. Therefore,
offering media content that was not only innovative in its content but also on par
with the competitors in terms of production quality was seen as critical in the
development of the channel’s reputation in the eyes of both viewers and
advertisers. This is because offering watchable (i.e., high quality or innovative)
media content could attract a greater the number of viewers to the channel. The
number of ‘eyeballs’ watching a program drives the advertisers to spend more for
air time on the channel. In this respect, the founders of HUM Network entering
the deregulated market faced a highly competitive and dynamic environment in
managing two distinct, but they were closely related markets, one for viewers and
the other for advertisers. However, viewers’ response is the factor that matters
most to TV broadcasters in general (Picard, 2005) and, more important, for entrepreneurial firms entering the deregulated market, as the market is at the early stage of formation posed unique challenges for the founders. Founders leading their firms in a deregulated market need assess and need to meet viewers’ expectations. Therefore, producing the media content that is not only unique but also meets the wants and needs in the marketplace to ensure commercial success is of importance for continued success.

Ensuring the quality of media content (i.e., uniqueness and relevance to viewers’ needs) almost always requires access to financial resources. Having financial strength is often seen as the most desirable resource to produce quality entertainment programing (Zampetakis et al., 2011). However, most people that I interviewed, along with financial resources, stressed the importance of access to and effective utilization of both knowledge and market-related resources for the design and production of media offerings for their ventures, i.e., TV channels. For example, The Senior Vice President of HUM Network explains: “It was not just the ideas of channels; we had to produce the content. For that, we needed people with experience in television production.... (As a broadcaster), you must develop a team with the responsibility of (producing the content) of the channels.... Producing content requires not only financial resources but also the best production team.... Advertisers get interested once you establish credibility by producing quality content”. The Vice President of the network expands on this: “When you start a new channel, it takes time for the market to trust you. We (HUM Network) had this advantage to use our contacts in finding the suitable people who we can trust in programing.... From the initial stage and even now, we have developed a strong professional team with a combination of experienced people and young people. This ratio of experienced people and younger people is very important, and we able to gel it well... (HUM Networks’) creative ideas (of programing content) come from young and creative members”.

Regarding this ability to acquire, utilize and combine resources for developing the media offerings for their channels, I call it resource mobilization capability. The resource mobilization capability is the ability to effectively manage the media production process, which involves effective development, integration and coordination of resources to produce the media content and ensure the quality of the content so that the content is appealing to the viewers and is sine qua non for the channel’s success.

The case data show the three activities that family founders used to effectively mobilize resources to create product offerings for their media ventures: nurturing product champions, improvising product solutions, and ensuring collaborative relationships. “Nurturing product champions” refers to acquiring/identifying and guiding suitable individuals that take charge of initiating, designing and producing the content of channels. These individuals, whom I call product champions, are family members or non-family members who possess knowledge regarding media productions and who have worked alongside the family founders in the past; hence, they enjoy the trust and respect of the family founders. Although the champions were officially given the autonomy in their roles to
instigate new content ideas and to select team members and the talent necessary to create product ideas, these champions are strategically encouraged to work in close co-operation with the family founders and executives. This not only allows these champions to have access to critical knowledge and expertise but also creates an environment of collective knowledge sharing and learning from others.

“Improvising product solutions” is an activity by which the founders of family firms leverage existing resources in innovative ways to create product solutions while being sensitive to changing market needs. This involves deliberate actions to create a product solution without a detailed planning and optimal utilization of resources. This helps family founders to make incremental or gradual improvements in their media offerings while reducing the risk of over-commitment of resources.

“Ensuring long-term collaborative relationships” refers to expanding and sustaining the relationships with external stakeholders, such as independent production houses and advertisers. Building collaborative relationships with independent production houses is a deliberate action to encourage the development of new production houses in the industry by providing them with support and a platform to showcase their productions. This enables family founders and their channels to develop new strategic partners for collaborative media productions. Such collaborations not only provide access to new knowledge and ideas but also maintain the continuous development of innovative media content. In addition, building close relationships with advertisers gives founders of family firms a competitive edge over competitors. As deep commercial relationships again enable the development of new programming content in partnership with advertisers, this benefits family firm founders in creating a variety of programming content without direct financial investment. Table 7 provides evidence of the activities used by HUM Network to mobilize resources—gathering, integrating, leveraging and accumulating resources for developing media content of their different ventures.
### Table 7: Activities that Underpin Resource Mobilization Capability

<table>
<thead>
<tr>
<th>Activities for resource mobilization</th>
<th>Hum TV</th>
<th>Masala TV</th>
<th>Style 360</th>
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<tbody>
<tr>
<td>Nurturing product champions</td>
<td>We were deciding on who will take the responsibility of production; production is the backbone of the channel.... Momina has worked with me in the production house; she took the responsibility of the production and started to work alongside me.... I don’t know when I snuck out and gave her the full responsibility, but obviously, we continuously learned from each other (President)</td>
<td>I worked with Sultana and Duraid in their production house and pretty much learned everything from the family. So, I feel I have a greater comfort level with them as compared to other employees. I have a clear understanding of how the family works, and they have a good understanding of my abilities. (Business Unit Head, Masala TV)</td>
<td>We engaged the people (former owners of cable channel) and provided them with professional support and creative support. (Senior Vice President)</td>
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<td></td>
<td>My mother in law has been associated with the industry, as she worked for PTV at the beginning. I was helping in the family’s production house. I was only looking after the finances. I didn’t know that I would be stepping into the creative side of things. I produced my first independent drama for Hum TV; it was to help my husband and mother-in-law.... whatever I am today, it is because of my mother in law. I have learned everything from her. (CEO Mommal productions)</td>
<td>I had freedom in designing and developing the concept of new shows and deciding on what kind of people and talent were needed to produce these shows, but all the decisions must be justified by the top management team. So, there is a process of collaboration where we have to pitch our programming proposals to top management, which includes the CEO, President and Senior Vice President (Business Unit Head, Masala TV)</td>
<td>We found them to be a group of very talented and hardworking young people. I met the team and made them a very lucrative offer for their experience. I was very clear that this team can produce programming that will fill the gap of lifestyle programming in Pakistan’s channel scene. (CEO)</td>
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<tr>
<td>Improvising product solutions</td>
<td>...We only planned for the short term, and gradually, we increased our drama productions.... Initially, we used our production house for drama productions. (Vice President)</td>
<td>Masala was started with five people; they were already working in Hum TV.... We had equipment that was used for Hum TV’s recorded productions.... We started with a couple of recorded programs in our Hum TV studios. Again, it was</td>
<td>...it is always wise to build on a new channel with the input of already existing ones.... The best thing is that it was a first Pakistani Fashion channel built on the strength of our</td>
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<td></td>
<td>Once the channel was launched, Duraid and Sultana had minimal</td>
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### Analysis

<table>
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<tr>
<th><strong>Ensuring long-term collaborative relationships</strong></th>
<th>I believe we should give our production houses a platform to develop... and increase in new production houses to foster new talent in the industry..... I don’t only rely on my production house; I buy from different production houses.... I evaluate productions thoroughly. I meet with the teams of production houses and explain to them all the work from A to Z and keep an eye on them regularly. (President) We do collaborations with different production houses. Mostly in the initial stage, they bring their own story, casting suggestions, and we engage them before the completion of the project. (Senior Vice President)</th>
<th>We made exclusive deals with top brands to create content that suits the brand needs (Business Unit Head, Masala TV) The major brands were locked for three years in exclusive deals for different shows on Masala TV (Business Unit Head, Masala TV)</th>
<th>We produced bridal fashion week shows every year for our channel in association with the leading advertisers, which has never been done in Pakistan. (President) Today, wedding has become a lifestyle statement.... With the co-operation of Telenor, Style 360 taped this segment of the market (President)</th>
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<tr>
<td><strong>Production and Programing</strong></td>
<td>Influence in the production house. Finalizing the script, selecting the actors and identifying the directors were Momina’s responsibility; communication was there, especially with Sultana in the production process. (Business Unit Head, Masala TV)</td>
<td>Limited programing because there was no other food channel. (Vice President) We pushed (top management) for live productions; it was not part of the original plan. Masala did not initially planned for live productions.... It was recorded shows broadcasted on the channel.... This idea came once we studies what our viewers were suggesting, so we sold the point to top management that we have to be interactive— we have to be live to attract our audiences.” (Business Unit Head, Masala TV)</td>
<td>We do not plan to follow any style of programing. It is also a learning process for us to see what international trends are, what our audience wants and how we can incorporate this in our programing. We don’t have and target market a (only female viewers), so we are not limited in our approach toward programing. (CEO)</td>
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<td><strong>Communication</strong></td>
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Hum TV is a good example. As noted earlier, Hum TV was conceived as Pakistan’s first pure entertainment channel, with original drama as its core programing. This required an ability to access and develop knowledge-based resources in the form of highly skilled employees to create new media products because in creative industries such as the TV industry, expert knowledge is often attributed to the success or creation of the innovative media content or products. As the media industry was recently deregulated, there was a dearth of skilled individuals who can be recruited to take on the responsibility of the drama production process. Most of the individuals with appropriate experience and expertise in TV production were either engaged by the rival big media firms or reluctant to work for the new firm. This created a peculiar situation for the founders because, to succeed as the first private entertainment channel in the industry, Hum TV needed to broadcast or produce entertainment drama content that was of high quality, unique and watchable, and this required sufficient human capital with appropriate experience to lead the production process. To solve this problem, the family founders started nurturing product champions. As the Senior Vice President explains:

“In our field (TV production), experience counts especially for commercial success (of production). When we started, the market was new, and not many people (with expert knowledge) were available, but this did not worry us. We used our contacts to select suitable individuals…. These individuals brought in new thoughts, ideas and concepts of programing..., and we provided them with guidance and molded their ideas to our channel programing needs.”

To champion the content of Hum TV, Sultana and Duraid selected Momina. She is the daughter in law of Sultana (President) and wife of Duraid (CEO). Momina, an MBA graduate, although she did not have extensive experience in producing media content, she had worked with Sultana in the family production house. Thus, this gave her well-grounded knowledge of the family’s media production business and a better understanding of the competitive challenges associated with the development of media productions. In addition, being part of the family business put her in a better position to recognize the evolving business needs, and she had a more personal commitment toward fulfilling those needs. This helped Momina quickly adapt to her new position in the family business with the responsibility to assess the drama production needs of the channel, to instigate new ideas for the drama content and to gather necessary resources to oversee the complete production. In order to perform these roles, Momina worked in close co-operation with the founding family and non-family founding executives. Therefore, her behavior as a product champion could be best described as a knowledge broker in the development of product solutions for Hum TV (Hargadon, 2002). Knowledge brokering here refers to gaining access to the people with knowledge and expertise, sharing the information of new product development initiatives with them, and soliciting their continuous support to solve problems or make improvements in the project proposals based on expert feedback. This means, for instance, that knowledge brokers not only recognize the expert knowledge inside the firm and effectively utilize this knowledge but
also continuously learn through this knowledge exchange to develop and implement new product solutions. For example, Sultana (Founder and President) repeatedly mentioned in the interviews with me how she coached her daughter in law (Momina) in the initial days, giving her feedback on framing new story ideas, finding her the best script editor, advising her on selecting the right talent and getting her connected with people in the TV production business. This nurturing eventually helped Momina to take over complete responsibility of the family production house, which became the creative arm of Hum TVs’ drama production. Overtime, Momina, in her role as a product champion, continued to facilitate the process of knowledge exchange between the production house and the channel, whereby the ideas of new media products were continuously exchanged between the production house run by Momina and the executive team of the channel, especially those of Sultana. In this reciprocal process, Momina developed her own skills in drama production and also brought in new innovative product ideas for the channel, which were collectively honed to meet the drama programing needs of the channel.

It appears that being part of the family enabled Momina to successfully connect with relevant sources of knowledge in the channel, to assimilate and to integrate this tacit knowledge in developing the product ideas for the channel. Thus, being part of the family made it easier for the family founders to nurture Momina in a champion role, as the close ties that she developed were part of the family and as business associates in the production house helped her to gain access to sources of expert knowledge in firms, to seek their inputs, and to learn from them in developing new product ideas.

After strategically selecting and nurturing champions for the programing of the channel, the family founders, along with their champion, now have to translate the product ideas for their channel into media offerings. This in a TV business that often involves detailed planning (i.e., type of programing, drama, live shows, and musical programs to be produced) and scheduling (i.e., days on which these programs are to be broadcasted). As a rule of thumb, TV channels often plan their production six months or a year in advance to effectively manage the stages of TV production: budgeting, pre-production, production and post production (Kung, 2008). For Hum TV, this means that to begin their commercial transmission, they must have a number of finished media products, while the others are in different stages of development. With the original drama as the core product achieving this, they must gain access to substantial financial capital for either commissioning the drama production to a third party or develop them internally. While the industry has been newly deregulated, there were not enough production houses that could produce original dramas, and producing a large number of dramas in-house requires investment in technical and human resources. In addition, drama production is often considered the most expansive form of media products, with substantial risk and a high chance of failure owing to the inability to predict the size and type of viewers before full production (Picard, 2005).
Facing this situation, the family founders began *improvising product solutions*. For example, they started utilizing their production house to produce original dramas for their channel. As the business unit head of one channel explains: “*The idea of entertainment channel was new…. Because Momal Productions was the number one production house in Pakistan every year, the dramas that we were making were winning awards for best director, best story, and best actor, so we decided that we had the best production house and used the production house to cater to our new channel.*” Thus, rather than investing in new resources, the founders applied their current resources to meet the drama programming needs for their channel. In this way, their improvisation behavior was used to meet the preexisting needs rather than to discover what could be possible with a new combination of resources (Baker et al., 2003). “*We did not need to develop any new routines regarding the budgeting, pre-production, production, and editing—all these kinds of systems were in place…. The only change was that Momina replaced Sultana as the head of the production house*”, the Business Unit Head of Masala TV explains. Thus, the existing skills and knowledge was strategically reconfigured or leveraged to meet the challenges of product development.

However, as discussed earlier, owing to newness of the media industry and the substantial uncertainty associated with the original drama production, Hum TV started its transmission with only six hours of daily programming. The production house only produced two dramas. The initial programming of the channel was planned in a way that only on two days new episodes of drama were broadcasted and on the remaining days these episodes were repeated in transmission with the fresh programming of music shows, chat shows, etc. This improvised planning helped to limit the resources committed in developing the drama production, to gauge the audience/advertisers’ response to the productions and to provide them with the flexibility to change the product offering if needed. In order to make this action oriented toward planning work, there was a continuous flow of information and interactions between the production house producing the dramas and the broadcaster, Hum TV. This ensured that the production house and Hum TV were able to develop dramas collaboratively and to leverage the knowledge in the best possible way to meet the channel’s needs. The Business Unit Head of Masala TV provides an example of this collaboration: “*Hum TV had an edge with Momal Productions being a sister firm catering to its prime-time drama programming…. Momina had a very clear idea of Hum TV’s production requirements. She provided Hum TV with scripts accordingly…. The projects that we made were shared with Hum TV…. After mutually agreeing on the project, we had a time line in which we delivered the episodes, and their (Hum TV) preview team watched the episodes and gave us the green signal so that we could shoot the next episodes…. We delivered a bunch of 4 episodes…. We never shot 13 or 26 episodes right away.*” Thus, this synchronization between the production house and the channel was achieved by mutually setting milestones in advance, and it ensured a process of continuous and timely feedback and effective utilization of resources in producing the drama projects. Also, making the ongoing adjustments in media offerings if need made it possible to meet customer expectations.
After approximately one year of transmission, Hum TV’s original drama programming found the acceptance of viewers and advertisers. According to one industry analyst, Hum TV successfully revived the Pakistani drama tradition. This early success meant that the channel now had to increase its drama productions and to broadcast fresh drama programming regularly. In practice, this required the development of 7 to 14 drama projects to meet the channel’s weekly transmission needs. The biggest challenge was to produce these drama productions locally rather than acquiring foreign media content. As the channel epitome, original Pakistani drama productions were required.

In addition, after witnessing Hum TV’s success, rival channels also began to increase the entertainment content of their transmissions. Although the channel had its production house developing original productions, developing a large number of projects turned out to be a daunting task for a single production house. Hum TV needed a continuous stream of new ideas for drama production, not only to sustain its development, but also to sustain its strong position in the industry. To accomplish this, the founders of Hum TV engaged in building collaborative relationships with independent production houses. To build these collaborative relationships, Hum TV’s strategy was twofold. First, Hum TV strategically encouraged the development of new production houses in the industry by providing them with technical support and a platform (i.e., air time on the channel) to showcase their productions. For instance, Hum Telefilm festival was organized in 2006 and 2007, where the best independent productions were awarded. This nurturing approach helped Hum TV expand its collaborative networks, identify and select potential future partners and evaluate their skills and abilities.

Second, in forming the product development collaborations with the independent production houses, the Hum TV founders relied heavily on a less formal approach, which is based on close cooperation in the production process to fulfill mutually desired objectives. For instance, a new independent production house may be able to hire a good writer with interesting drama concept but who is probably not able to have sufficient resources to hire a good director or actor or engage in a post-production process. A channel, on the other hand, will have the resources and credibility to attract high quality talent in acting, directing and other technical specializations. Thus, working together, they will bring all the elements required to produce a quality drama project. Thus, as oppose to a contractual agreement in which the norm in TV productions concerns where roles are set in advance, i.e., the production house makes a production and sells it to the channel for profit negotiated in advance, close cooperation with the channel enables young production houses to build their credibility, to learn the different elements of production and to gain quick access to the market. In contrast, the channel can reduce the cost of its production, exploit the innovative drama concepts, have input throughout the production process and most importantly closely monitor the development of the product to ensure that production meets the channel’s requirements. This collaborative approach is explained by the Vice President:

“Hum TV drama is very popular one for the reason is that management has adopted a unique approach for acquiring the drama content from the external
production houses. The normal way that is common in Pakistan is that the production houses make the whole program, and then, they take it to different channels to sell it. In this process, the channel has a very little contribution—mostly it is the production house that has made the drama, based on their thought and judgment and whichever channel that it eventually buys for the drama or whoever paid extra will get the production. Our management has decided that we must have a role in that process. Rather than buying directly from the production house, we try our best that the production houses making the drama should come to us at the idea stage. When they contact us at the idea stage, we discuss the idea with them, and we discuss the story line with them. We discuss the casting with them, and we give our suggestions regarding the cast and script…. They send us the drama in limited episodes over time so that even if we have to suggest changes in story, casting and any other ways, we can suggest that so that it doesn’t become the drama of somebody from the market; we also play a major role in its development”.

Overall, a consistent picture emerges in the use of activities to effectively mobilize resources to create new products for the ventures. Table 7 represents the data on the ability to mobilize resources. For instance, in order to develop new products for their ventures, the Masala TV and Style 360 family founders strategically selected champions utilizing their networks. However, these champions were not selected based only on their past relationships; rather, they have skills and abilities and a proven track record in media productions. For instance, to lead the productions of Masala TV, the founders selected a former general manager of Momal Productions. He was groomed by the family founders in his job. This gave the family founders a clear understanding of his skills and abilities, and while working alongside family in productions, he deepened his connection with the family and their evolving business needs. This mutual and shared understanding allowed the family to trust him with the product development responsibilities, which in turn helped him in his new role to connect with the familial knowledge of the business and continuously learn from them and, hence, to increase his tacit knowledge of the firm.

Similarly, for both ventures, the family founders followed a product improvisation strategy by working with the resources in hand to create new product offerings, giving them the flexibility to adjust their offerings based on customers’ and advertisers’ responses, if needed. For example, Masala TV began its transmission with limited recorded cooking shows, utilizing existing resources, i.e., people and studios of Hum TV. After the initial struggle to find acceptance in the market, Hum Network changed its programing to an interactive and live cooking show format. This was made possible through the continuous flow of information between the product champion of Masala TV and Hum Networks’ top management team (Duraid, Sultana and other senior executives). The new information from customers and advertisers was shared within the network, which made the transition to a new programing format possible (Table 7). Furthermore, both channels made the successful transition work with resources on hand to access new resources outside their boundaries, which were necessary for their
Analysis

For example, Style 360 effectively made collaborative relationships with advertisers to not only create new ideas of programming but also to commercially make new productions viable, as these productions were pre-sold to advertisers before transmission. A good example of this could be the programming of Pakistan’s first bridal fashion week, which was made in close collaboration with the leading mobile network of the country.

To sum up, resource mobilization is the ability to manage internal and external resources to develop new media offerings for ventures. The resource mobilization capability could be defined as the ability to effectively bundle internal (nurturing product champions, improvising product solutions) and external (collaborative relationships) resources to not only create but also sustain the development of new media products. This requires enduring internal relationships as well as external relationships needed to be able to develop a resource mobilization capability.

6.1.3 Customer orientation capability

I identified a final capability related to the commitment of family founders to create a customer responsive television network. The case data illustrate very clearly the importance of maintaining close relationships with customers, which is a top priority of family founders. This may be because customers have significant power in the media business, especially in TV broadcasted programs. According to Picard (2005), television products differ significantly from products and services of other industries owing to the limited degree of product price competition and the oversupply of media content from which customers can choose. Thus, broadcasters compete primarily on product attributes that are appealing to customers (Liu et al., 2004), as opposed to objective criteria of functionality. Therefore, the successes and failures of media products are often determined by the identification of customers with the media product offerings. Therefore, customer satisfaction is considered particularly important in ensuring long-term success, which is reflected in the vision and mission of Hum Network:

Vision:
“Inspired by the finest cultural, corporate, and creative values to present content that entertains and enriches audiences”.

Mission:
“To enable the origination of outstanding media content on subjects of interest and relevance to a range of audiences while using the best professional practices and ensuring long-term continuity”.

Concerning this manifestation of value orientation and an underlying belief system, where the focus is put on the ability to build relationships with customers through creating media content that is oriented toward satisfying customer needs to ensure long-term success, I refer to as customer orientation capability. The case data indicate three set of activities that enabled the family founders to embody a customer orientation focus throughout their TV Network—that is, making a norm for the network to consistently strive for a high level of customer satisfaction by building enduring relationships. These activities include aligning media offerings
“Aligning media offerings with customers’ cultural values” refers to gaining an in-depth understanding of customers’ social and cultural values—widely shared beliefs about what is desirable and offering media content espousing these values. This resulted in maintaining closer relationships with customers, which helped Hum Network develop relational capital, such as reputation and image, which allowed it to gain customer loyalty and commitment.

“Envisaging customer needs” refers to activities directed toward the assessment of product consumption, expectations and satisfaction by customers both present and future. This proactive information gathering on customers can help the ongoing adaptation of customers’ needs while facing competition from rival local channels as well as in identifying new potential customers and developing new media content for these customers. Thus, it can enhance the visibility of a channel committed to customers’ relationships on a long-term basis.

“Engaging in collaborative dialogue with customers” refers to activities in which customers are provided various platforms to directly communicate ideas for improving the media content of the network. This activity to solicit input from customers helps a network to gather real-time information on customer preferences on its diverse product offerings and to use this information to decide which media content to develop while making further improvements or taking off from the broadcasting schedule. Thus, more than listening and reacting to customer needs, it fosters deeper engagement and empathetic understanding, giving customers a sense of ownership and personalized experience of media offerings as well as the ability to continuously learn and improve. Together, these activities ensure the vision of a customer-focused network. Table 8 summarizes the data on customer orientation activities.
Table 8: Activities that Underpin Customer Orientation Capability

<table>
<thead>
<tr>
<th>Activities for customer orientation</th>
<th>Hum TV</th>
<th>Masala TV</th>
<th>Style 360</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aligning media offerings with customers' cultural values</td>
<td>The key factor that leads to our success is that we have been able to connect our audience to their roots and cultural values.... There are dramas you produce for the integrity of the channel... as they are image builders (President) Our outstanding viewership ratings are testimony to our belief that we are a culturally rich nation, and any content springing from our roots wins viewers and their hearts. (Annual Report, 2014)</td>
<td>Masala is a pure food-related channel mainly catering to Southeast Asian food recipes.... considering the cultural norms in our part of the world, which also supplements our first channel’s philosophy. (Vice President)</td>
<td>.... and the best thing about Style 360 is that it’s a Pakistani brand; everything (programming content) is according to our values and culture. (Senior Vice President) Various fashion shows (broadcast on the channel) promote Pakistani culture and traditions (President)</td>
</tr>
<tr>
<td>Envisaging customer needs</td>
<td>For our dramas, we regularly do focus groups, celebrity meets and customer surveys, which give us a somewhat clear understanding of our customers and gives us direction. (Business Unit Head, Hum TV)</td>
<td>We do a lot of in-house research to understand what our audience wants... After every quarter, we do this detailed research on our targeted customer segments. (Business Unit Head, Masala TV). We did detailed research, and we saw that younger girls in Pakistan when they go to the kitchen, the first thing that they cook is not our regular spicy food, it’s baking. For most of the young girls between the age of 13 years and 17 years, their interest in food comes from cupcakes and cakes, so the connection was clear that a young presentable female (chef) as a role model for these young girls would be preferred.... We started off with this idea (to design our programs (Business Unit Head, Masala TV)</td>
<td>We collect facts from various sources.... There is rating information that we get from research companies.... We do our own research... to identify the ideal viewers of our channel, their tastes, their backgrounds, their viewing habits.... what they want to see, what they are watching, and what time they are watching TV to formulate ideal programming (Business Unit Head, Style 360).</td>
</tr>
</tbody>
</table>
Engaging in collaborative dialogue with customers

Hum TV is very good in promotions... They (Hum TV) started this routine where the entire cast of every drama, writer and director appeared regularly in their morning shows and interacted with viewers through live calls. (Business Unit Head, Masala TV)

We established our online platforms.... We get our feedback from websites, live calls during the show, recorded calls, SMS and Facebook.... We have weekly team meetings, so a team meeting is every Monday, and we go through all the communication generated through these platforms.... We look at the five highlights from viewers that stand out or that most of the viewers are suggesting. When the viewers are saying that last week, I could not understand your recipe, now that's a red flag, and I want to know why? If the viewers are saying that your recipes are monotonous, and I want something new; that’s again a red flag. (Business Unit Head, Masala TV)

... The age group of our viewers is 18 to 35.... there is a lot of focus on engaging them (Business Unit Head, Style 360)

Hum TV is a good example for illustrating customer orientation activities. As discussed earlier, Hum TV positioned itself as the first 24-hour entertainment channel in the industry, with original drama productions at the core of its programing schedule. While Hum TV was uniquely positioned in the recently deregulated industry, it faces competition from Indian channels (see prior sections). Given this possible threat from foreign channels, the founders decided that in order to entice customers to a new channel and build a reputation, they must develop drama content that is aligned with their cultural values. These cultural values are religious beliefs, social customs and collective family values, which are central to how Pakistani people define themselves and are defined by others in society. Thus, the drama productions of Hum TV portray the themes of religious values, the importance of close knit family values and the issue of women empowerment and the social/economic problems of women. This close adherence to cultural values was the result of the founders’, especially Sultana’s (President), deeper understanding of customers’ social/cultural context and the belief that culturally sensitive drama content will resonate with viewers. As she explains: “I started my dramas by taking issues from the society related to women and family relationships.... (in dramas) I believe there is no need to show close-up girls smoking cigarettes or holding a bottle of liquor and drinking it, which is on air on most of the channels (Indian channels as well as foreign content on Pakistani channels) .... I have this in writing, and these things should not be there (drama content) .... I believe that our local culture should get promoted.... When they (viewers) are watching Pakistani drama, they should see Pakistani culture.”

Thus, being close to customers’ cultural values (i.e., themes and content of dramas that reflect Pakistan’s societal values) can be seen as an attempt by the family founders to build a favorable image and reputation of their channel in the eyes of its customers, which provided the basis for strong identification of
customers with the channel as well as loyalty and commitment in the viewership. For example, according to the network’s annual report of 2006, in terms of viewership ratings of satellite channels in the country, Hum TV in the short span of one and half years secured the second position. This image and reputation overtime became a cherished value of Hum TV, which was communicated consistently to customers through their drama content that incorporated culturally sensitive themes as well as through official documents such as annual reports. Thus, it made their relationship with customers more enduring and personal. As the annual report of 2012 reads:

We take pride being renowned for our drama content, inspired by the finest cultural values that entertain and enrich our audiences worldwide.

Having increased their popularity and acceptability in the eyes of the viewers, the founders of Hum TV faced rivals from the other Pakistani channels, who after seeing the success of Hum TV started their own entertainment channels offering original drama productions. This situation led the Hum TV founders to engage in aggressive marketing activities in an attempt to carefully assess customer expectations for their media content and to gain insights into evolving customer needs to sustain their position in the industry. This involved an allocation of resources for activities such as focus groups, customer surveys, new drama launching ceremonies, door-to-door activities in major cities and monitoring data on viewership ratings provided by rating agencies. All these initiatives revealed important information related to customer satisfaction with Hum TV’s current media content (e.g., customer surveys), competition (e.g., viewership ratings) and customer preferences (focus groups, viewership ratings). This proactive information gathering effort on customers was extremely useful in developing new knowledge about customers’ current and future needs, which made it easier for Hum TV to ensure the development of media content that was reflective of customers’ wishes and that remained relevant to its viewers’ despite the upcoming competition of alternative local entertainment channels. In doing so, Hum TV strengthened its relationships with customers and effectively built the credibility of a channel that was committed to its customers on a long-term basis.

In order to further strengthen its customer-driven focus to differentiate the channel’s programing from rival channels, the founders of Hum TV also made a deliberate effort to communicate directly with their customers by providing them with various platforms to express their opinions and views on the improvement of the content of the channel. This was done by introducing different interactive platforms for communication, such as live telecasts, where the audience can directly communicate with the drama cast and crew, and blogs on the website, which encouraged viewers to provide feedback and even criticism on the content produced by the channel. This interactivity allowed Hum TV to engage in richer dialogue with its customers through a two-way conversation, i.e., customers directly communicated ideas for improvement in the media offerings of the channel. This form of engagement not only enabled Hum TV to respond quickly to customer needs but also gave the impression of a channel that is empathetic for understanding and fulfilling the needs of its customers. As a result, customers
reciprocated and developed a bond with the channel, which helped Hum TV retain its credibility in the eyes of the customers essential for sustaining long-term customer relationships.

The similar pattern of activities aimed at building and maintaining close relationships with customers was also observed in other two ventures: Masala TV and Style 360 (Table 8). Both Masala TV and Style 360 were also good examples of the family founder’s customer-centric orientation. That is, they had underlying values, beliefs and mindset that were oriented toward making the enduring relationships with all different customer segments a priority. For instance, Masala TV was launched as a niche food recipe channel. The concept was completely new for the Pakistani TV industry. In order to get close to their targeted customers, i.e., housewives, Masala TV designed and produced cooking shows for Pakistani food recipes. It seems that Masala TV’s deliberate targeting of housewives and producing shows of Pakistani recipes were the result of a deeper understanding of the Pakistani social/cultural context. This is because food plays an important role in various celebrations in Pakistani society and is considered an important source of family entertainment. Thus, having a clear customer focus and adhering to their needs and preferences allowed Masala TV to build a favorable reputation and image in the eyes of its targeted customers right from the start of the channel’s transmission. “We received compliments (from female viewers) that it’s a new form of entertainment that we can watch with our kids and our family, and it is something that is very close to our heart because we cook every day. So, we had a very direct connection with the viewers and primarily our target audience, which was females who cook themselves”, the Head of Masala TV notes. To further build its relationship with customers, Masala TV proactively gathered information on its targeted customers through traditional methods, such as in-house quarterly research as well as non-traditional methods of face-to-face interaction with customers. An example of this could be the Masala food court festival, which was organized in the major cities of the country. This active information gathering helped Masala TV to not only quickly adapt to customer needs but also discover new customer segments, which could be targeted with new programing content. An example of this could be a dessert cooking show specifically designed and designed for young girls (Table 8). In order to foster deeper engagement and build credibility in the eyes of its customers, Masala TV also utilized various interactive platforms, such as Facebook and live calls into the show to engage in ongoing dialogue with its customers. Through this interactivity, Masala TV successfully provided its customers with personalized experience in its media offerings.

To sum up, customer orientation capability can be seen as the ability to develop and maintain close relationships with customers to ensure long-term success in the competitive environment. In particular, customer orientation can be seen as the ability to accumulate relational resources such as reputation, image, trust and credibility by promoting behaviors that place emphasize on understanding and aligning with customers’ cultural values, proactively collecting and using customer information to adopt to their current and future needs and
collaborating with customers regularly. It seems that this relationship orientation that pervades the mindset, values and behaviors of the entire network was the result of the prior knowledge of the family founders, coupled with their concern for long-term continuity, for which customer satisfaction, reputation and consideration were considered the top priority. The prior interactions with customers not only helped them understand customer preferences but also cemented their belief in creating customer satisfaction to ensure long-term continuity in the competitive environment. Hence, this attitude further shaped the ability for the creation of enduring customer relationships.

6.2 Entrepreneurial venturing capabilities in AVT Channels (PVT.) Ltd.

The founders of AVT channels were among the first four firms granted a license to operate a satellite television channel in the recently deregulated industry. As discussed earlier, deregulation represents an environment with lower barriers to entry for new entrants, which creates greater competitive intensity. Hence, the family founders of AVT channels found themselves competing against powerful firms with a superior resource mix. The director of finance describes the situation in the following words: “There was news in a market with new players who were planning to enter the market. All these new entrants were financially very strong”. Anticipating this threat, the family founders adopted an aggressive posture to maintain their dominance in the market and survive in the long run. As the founder/CEO explains: “I think of myself as a warrior who is sitting on a horse, and he has to conquer territories.... I am crazy when it comes to my channels.... I won’t let anybody come into my space.... I have to do it.... I believe strongly that I should keep on expanding. So, if there is a competition in the future, competitors face difficulties in where to target.... That’s how I will become a force (in the industry); just one TV channel will not help me survive in the long run”.

Thus, launching new channels, i.e., business venturing, is adopted as a strategic approach to succeed in the highly competitive market. This strategic approach reflects the family founders’ vision directed at reliance on pursuing entrepreneurial initiatives to purposefully and continuously rejuvenate their organization and shape the scope of operations through the recognition and exploitation of opportunities for creating new ventures in the firm’s existing market domain (Ireland et al., 2009; Garrett and Covin, 2007).

Though the family founders strongly believe that by pursuing an entrepreneurial vision—regularly and systematically recognizing and exploiting opportunities—was essential for long-term survival and success, without exception, the founders and top managers in their interviews acknowledged the importance and need for certain capabilities to enact this strategic vision. For instance, the COO/founder explains: “we have learned through our experiences..., and our experiences taught us how to make projects (ventures) commercially successful”. The CEO/founder explained how their prior
entrepreneurial experiences were crucial for the growth of the firm. “From one channel to network in seven years, I feel that it was possible through experiences.... I have learned through experience. My MBA didn’t teach me much; it’s the failures and successes of my ventures that make us what we are today”. The Director of Programs stressed the importance of the ability to develop and retain the top management team: “our core team has always remained intact. Although it has become bigger over the years, the founding members are still the same.... From working together, we have learned a lot.... Whenever we launch a new channel or develop a new programing concept, we rely on each other’s expertise.... There is no alternative to practical experience. All the early work (launching a first channel) we did together, and we learned a great deal from that”.

As I further analyzed the data, I identified three capabilities that were important for AVT to enact its business venturing strategies. The first capability that I identified related to the continuous search for and discovery of novel opportunities and the ability to further refine and conceptualize the opportunity to match with firm resources and unmet market or customer needs—opportunity refinement capability. The second capability that I identified related to the acquisition and accumulation of resources to create new products required in newly identified market segments—resource mobilization capability. The final capability that I identified related to top management’s commitment in creating a customer responsive organization by building enduring relationships with customers to sustain its dominance in target market segments—customer orientation capability. In the next sub-sections, I present the three capabilities and how they contributed to help the founders of AVT to create, develop and sustain new ventures in order to succeed in a highly competitive environment.

6.2.1 Opportunity refinement capability

In contrast to the founder of HUM network, the founders of AVT channels did not have direct experience in the media business. That is, they had never been associated with the television industry in the capacity of producer or director of media products. The founders of AVT channels can be described as serial entrepreneurs, as they have launched different ventures across different industries, such as defense contracting and textile industrial units. Their exposure to the media industry started in 1998 with a launch of the media advertisement company Media Logic. As the market for media production began to open, they pursued this business further and became investors in a production house, producing media products for state-owned television. Their hands-on experience in media productions started with the launch of their own production house AVTEK in 1999. AVTEK produced several innovative productions for state-owned television (PTV), which included live award shows, music programs and drama productions. Hence, it gained valuable skills, knowledge regarding media production and credibility in the media industry. “We learned a lot, especially the core team. We learned how production work is done. When we started doing it
ourselves, we learned the nitty-gritty and the secrets of the production business unfolded in front of us.... We started to become known in the market, and the market started recognizing us as a media company” (Director of Finance).

As their confidence grew, the family founders took a major step in acquiring Prime TV. Prime TV was a subsidiary of state-owned television PTV broadcasting programs for the Pakistani diaspora in the USA and UK. AVTEK took over the USA leg of Prime TV. In other words, AVTEC started running their own channel by utilizing the PTV platform. Although Prime TV was an attractive project for AVTEC to expand its operations, it turned out to be unsuccessful. As a result, the family founders lost a substantial amount of money and characterized it as a failure. “In all our business experiences, Prime Television was the worst experience; it was a business failure” (COO/Founder). However, the failure was seen by the founders as a learning opportunity, providing them with deeper knowledge of the media business. “Prime TV was a lesson; it was a degree that we obtained from an expensive university in the world” (COO/Founder). Thus, when the television industry was deregulated in 2002, the family founders perceived this as a great opportunity to utilize their knowledge and to enter the market with their own private channel.

Although the family founders possessed the relevant knowledge and motivation necessary to make the leap and enter the deregulated industry, as they navigated the environment, they quickly realized that they would be competing with powerful firms and that they did not possess enough resources to compete with them directly:

“I still remember: it was September 2003, and I was sitting with my brother in the evening. I said to him, we have learned that when you don’t have enough resources, then you should find a niche for yourself. I said to him, we should find a niche and specialize in that. We won’t be able to compete with the big players entering the market” (CEO/Founder).

As a result of this insight, the founders devoted significant effort to building the ability to capture the unfulfilled opportunities in the market place and to further refining these opportunities by bringing them closer to customer needs. Hence, they differentiated themselves from competitors on a sustained basis.

In order to refine their opportunities, case data indicated that the family founders should engage in two activities: imagining novel possibilities in the market and creating an opportunity conceptualization dialogue. Imagine novel possibilities refers to forming informed conjecture on unmet needs of both customers and new but unserved market segments in the industry based on active observations of competitors’ moves and behaviors. Creating an opportunity conceptualization dialogue refers to the deliberate team composition at the top level with relevant skills and knowledge for further discussions on the refinement of opportunities, to determine the product characteristics for their newly perceived market segments that can match firm resources and have the potential to satisfy the unmet needs of customers. Table 9 illustrates the activities for opportunity refinement, as the family founders started with conceiving the new opportunities...
for their ventures and then deliberately added new members in the team to refine the opportunities by engaging in a thoughtful dialogue.

**Table 9: Activities that Underpin Opportunity Refinement Capability**

<table>
<thead>
<tr>
<th>Activities for Opportunity Refinement</th>
<th>Khyber TV</th>
<th>Khyber News</th>
<th>K2: Bilingual Youth Channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imagining novel possibilities</td>
<td>We thought about a sports channel and then realized that it needs too much investment. We thought about a channel for children, but the market was not ready for it.... Then, we even thought of our own regional channel,... and we thought about a youth channel to target young viewers; we thought about it for some time. But ultimately we realized that the market is not big enough (CEO). The first problem was that we were launching a satellite channel, but for who and what type of channel should we launch? First, we thought of an entertainment channel, but we foresaw many entertainment channels entering the market, so from a business point of view, there was a possibility of intense competition, and it will be very difficult to make our own space.... We also thought of Punjabi, music and youth channels.... Finally, after a lot discussion, the idea of a Pashto channel came to Kamran’s mind, which he shared with me (COO).</td>
<td>Although we had an idea of launching a youth channel first, we were doing preparations for a youth channel, but because of viewers’ demand for news and current affairs programing, we thought of creating a separate news channel (Director of Finance) It was the situation in the area (with the ongoing war in neighboring Afghanistan),.... and we thought people in the region needed news in their own language, and they also increasingly demanded news content. Internal and external things moved us in that direction (news channel). (CEO)</td>
<td>We were thinking we should do something (launch a new channel) to fill the vacuum so that we can get an edge.... When we were thinking of our first channel, we had an idea of a youth channel....; we used the same idea but made it bilingual.... The idea was to promote the languages of the north and target a younger audience. (Director of Finance) The idea was a channel for the youth but also a bilingual channel with all the languages of the North. It was (conceived as) a channel from the North to the rest of the country. (CEO)</td>
</tr>
</tbody>
</table>
Creating an opportunity conceptualization dialogue

Initially, we focused on hiring people with relevant media experience...; we hired a famous Pashto language actor and made him director of content since he had a Pashto language background...; we hired our Director of Programs with experience in Pashto productions, and the team started developing and... all these people who joined were bringing relevant expertise (CEO).

We had many discussions on the programming of the channel. In the discussions, many inputs came, and then, ideas started getting refined. It was not 100%, but at least everyone got the overall concept of the channel (Director of Finance).

It was a very interesting work environment.... All the ideas were developed in a close knit team.... We had discussions on the philosophy of the channel and what sort of programs that we will have in our channel. (Director of Programs)

We discussed the idea in our core team and evaluated what we have (resources) and what needs to be done (Programming content).... We decided that our channel will not be a pure news channel; it will be more like an infotainment channel. In its programming, we will include comedy satires, discussion shows, documentaries and road shows from different cities of the region. (Director of Programs)

It was not a decision of a single person; it was a big discussion, as we were launching a 24-hour news channel.... We had 2, 3, and 4 discussion meetings.... where everybody gave ideas and different concepts for programming; after that, there was a concept on which every person agreed to be finalized (i.e., an infotainment channel) (GM of Programming)

There were many channels that were targeting youths, but after discussing the final idea behind K2, the aim was to target 25- to 30-year-old customers and to address their needs. It was all about entertaining them and informing them, so these types of programs we aimed to develop. We decided that it will not be a just Pashto channel. The idea was to promote languages while keeping their (target customers) needs in mind (GM of Programming).
A good example is AVT Khyber, first regional language channel conceived and launched by AVT channels (PVT.) Ltd. As noted before, the family founders saw the deregulation of the industry as an excellent opportunity to utilize their knowledge accumulated over the years and to enter the market with their own private satellite channel. Although they had the experience and belief in their abilities to carve out a market space for themselves, they faced unique challenges owing to the dynamics of the de-regulated environment. As they began to scan the environment, the founders observed a continuous influx of powerful firms either entering the market or applying for a satellite TV license. All these firms were targeting the obvious market segments of news or entertainment and thus were aiming to differentiate themselves from the competing firm’s family founders, and they started imagining novel possibilities to strategically position themselves in the industry. In particular, this imagination could be described as the ability to extrapolate an image of how things will work in the future, i.e., untapped market segments and the types of products and services that might be needed by drawing on the observations on the trends in the industry. In other words, they started developing informed conjectures on different possibilities that family founders must pursue. The table 9 above illustrates how the family founders actively generated and considered various possibilities for their first venture. It is through this proactive imagination that they family founders envisioned a regional language channel.

“A couple of reasons led me to think of a Pashto channel. One is the situation in Afghanistan; I said to Jawad (co-founder/brother) that there will be developmental work in the region with different NGOs (non-governmental organizations) coming to this region. Foreign governments will spend money, and the region will develop. With TV run on commercials and on branded or sponsored productions, we can sell our air time, but I had no idea at that time where it will go, and I could not read the situation. I am not a great interpreter of politics. But I was thinking that in couple years, there will be peace in Afghanistan, and the region bordering Afghanistan will develop and the channel will be placed as the only Pashto channel, as there would be no other player, and we will have a monopoly.... I had the language that was spoken in all of Kabul (Afghanistan). That’s what I was thinking.... If this market (regional channel) was developed, then it would be very difficult for me. The new area of media industry I needed” (Kamran, CEO/Founder).

Thus, the concept of a regional Pashto language channel was the act of imagining novel possibility space in the market with the potential to create value for the founders in the long run. It seems that the founder’s prior experience provides the impetus for imagining novel options in the market. The knowledge gained through prior experience—starting a production house business—enables founders to not only interpret the competitive environment but also allows them to form realistic judgements on their own skills, abilities and resources and thus influences them to consider and generate different possibilities for their new venture and finally to decide on the Pashto channel. As the founding CEO and COO describe: “.... they (competing entrants) are business people, and we were
not. We don't belong to any big business. (we asked ourselves): How are we going to muster financial resources? How many loans we can get from banks? How many properties we can mortgage? So, we should find a niche (CEO, Kamran). The license we had was for the mainstream channel, but we had a mainstream channel (Prime TV) before and suffered huge losses, and this bad experience taught us a lot.... We learned from Prime TV how to financially manage a project and make it more feasible” (COO, Jawad).

As the above statements indicate, the founders have formed a strong belief and motivation to launch a niche regional language channel because it would have consumed less resources because of no direct competition and because it has value creation potential—becoming a niche player in the market. However, the founders still needed to assess the merits of their new venture idea. That is, they needed to discern the product characteristics of their channel in order to make them desirable to the target customer segment—the Pashto-speaking audience. This was a great challenge because both founders did not originally belong to the Northern Region and they do not speak and fully understand the language. Indeed, they had media production experience but never produced and developed productions in the Pashto language.”We worked in Urdu (the national language) but never worked in Pashto (the regional language of their envisioned channel). PTV (state-owned Television) had only a few segments of Pashto programming” (Director of Finance). Hence, although they were convinced of their venture idea, they found it difficult to fully assess the market potential. In other words, they lacked the ability to make informed judgments on the future media products of their channel. Therefore, to access this ability and boost their confidence, they recruited people specifically for this task, with prior experience in media productions. For example, Hamid, a former producer of a Pashto language segment of PTV, was hired as General Manager of Programming; Firdous Jamal, a veteran TV actor from the region, was made Director of Programming; Arif Qazi Pashto, a language writer and broadcaster, was hired and given the role of manager of creative content; and Amir Mateen, a close friend of the family and a broadcast journalist, was hired as a consultant. Thus, the family founders deliberately composed a team at the top level with complementary skills and abilities, which was seen as important for the further refinement of the venture idea by making it more plausible.

After assembling the team founders engaged in what I call an opportunity conceptualization dialogue, during the dialogue, disparate ideas and possibilities on future media content were collectively debated, argued and reconciled. This was done by creating an environment in which dissident opinions from non-family members in top management were encouraged and respected. “I think every organization has its own temperament which is created by influential people (founders) who run the organization.... When I joined Kamran, he said to me that we are like a family... (in our discussions); we had arguments many times...; it does not matter to us whether he accepts or rejects my opinions or give his own logic on my opinions because he has always said to us that I want an unbiased opinion.... This is a common practice” (Director of Programs). As a result, all
the team members share their knowledge, challenge each other’s ideas, and raise doubts and concerns about the concepts of the future products of their channel. This iterative process, where the original idea of the language channel is collectively refined through a brainstorming process, was described by the Director of Programs:

“There were many brainstorming sessions. Hundreds of papers were made every day on different programing ideas, programing schedules and types of programs to be included in the broadcasting schedule of the channel”.

Hence, by exploring multiple options, seeking different perspectives and combining different viewpoints through a brainstorming process, a strategic consensus was eventually reached on a composite channel. A composite channel refers to a general entertainment channel that has programing segments for the entire family, including news segments, entertainment programs, music shows, religious programing, and programs for children. Basically, the idea was to launch a complete family channel, the CEO Kamran explains. The Director further explains the upcoming programing of the channel: “After thoroughly discussing, we realized that the Pashto-speaking audience has been watching different programs on the national scene and that we should provide them with similar programs in their own language. Keeping that in mind, we conceived our programing”. It seems that emulating the programs from national scene was a less risky strategy for the founders and their team owing to the uncertainty surrounding the first language of the industry.

A similar pattern of activities was also observed in the creation of the other two ventures—Khyber News and K2. The family founders proactively generated new ideas for new ventures and then engaged in dialogue with their top management team to further assess and mutually refine the sensed idea (Table 9). For example, for their second venture, the founders first thought of launching a youth channel; however, owing to the demand of customers and seeing the success of other news channels in the industry as well as the internal need for the expansion of news and current affair segments, they imagined the possibility of a 24/7 news channel in Pashto language—the first ever regional news channel. Although the idea seemed desirable because of customer demands and the successful model of national language news channels in the industry, it was further discussed in the top management team to mutually form an informed judgement of the nature of their channel, i.e., the type and content media products to differentiate the channel from other mainstream national language channels and make it more customer specific. It was through this discussion and debate that a shared consensus on an infotainment channel emerged (Table 9). Similarly, as the market for channels targeting youth began to grow, the family founders envisioned a third channel for their network. It would be a channel consisting of a collage of regional languages of the North of Pakistan targeting the youth. The idea was further reasoned and argued among the top management team, and the final idea emerged as a bilingual channel with the programing designed to engage the younger generation through live interactive shows, music programs and reality shows based on social issues affecting the younger generation.
In all ventures, the initial idea had to be refined before gaining mutual understanding. This team-based entrepreneurial discovery and judgement moved individual belief in the new venture idea into a viable business concept, collectively developed in the firm through consensus and shared understanding (Table 9). Thus, opportunity refinement capability can be seen as the ability to envision new possibilities in the market combined with the ability to evaluate and modify the opportunity according to new insights. Thus, opportunity refinement capability can be seen to result from deliberate team composition at the top level, which allows collective reasoning, justification and shared understanding and moves the initial idea into feasible commercial reality.

### 6.2.2 Resource mobilization capability

After imagining the novel ways to create value in the competitive environment, the family founders and their team needed to exploit the perceived opportunities. This involved the design and production of media content (i.e., products) for their envisioned market segments in the industry. According to my interviewees, this required effective management of resources, i.e., gathering, integrating and leveraging both knowledge and market-based resources. These resources are seen as critical for producing the media content that will meet customer expectations. For example, the Director of Finance explains: “In the mainstream market (national language programming), we had contacts. We knew, for example, who were the technical people, production people, actors, hosts, and writers and how to access them, but we were focusing on language channels, and the market was difficult. We needed to develop a team in that language, and we needed production people. We needed writers, and we needed actors for our news segments. We needed hosts who can produce these programs and come on screen”. The Director of Programs further explains: “With unexperienced people, you cannot launch a new channel, especially a project like a language-based channel. The thing is for launching a channel, you can have financial feasibility and technical feasibility, but when you come to the development of content, human resources matter, meaning that people who either come on screen or design the production…. It was a very difficult time, and we had the technical staff available, but the people who will come on screen, getting them was a challenging task…. We used our connections and gathered 10 to 15 people from Peshawar (Capital city of Northern region) and provided them with training”.

Thus, developing media content represents an embodiment of knowledge. More specifically, development of products in the perceived market segments (i.e., new channels) involved assembling the individuals or teams with TV production experience and effectively utilizing and integrating this knowledge with the existing knowledge to create innovative product solutions. The ability to achieve this, I call the resource mobilization capability.

The case data indicate that three activities were crucial for the effective mobilization of resources: nurturing product champions, improvising product solutions, and ensuring collaborative relationships. “Nurturing product
champions” refers to identifying or selecting talented individuals that can take the responsibility for initiating, designing and producing the content of channels. These individuals whom I call product champions are non-family member who possess knowledge of media productions and enjoy the trust and respect of the family founders. These champions in their roles work closely with the family founders to instigate new content ideas and assemble the talent essential for the development of media content. This not only allowed these champions to gather requisite resources and gain access to critical knowledge and expertise but also created an environment of collective knowledge sharing and learning from others necessary for developing innovative product ideas.

“Improvising product solutions” is an activity by which the founders of the family firms leveraged or reconfigured existing resources in innovative ways to create product solutions while being sensitive to changing market or customer needs. These involve deliberate actions to create a product solution without a detailed planning and optimal utilization of resources. This helps family founders make incremental or gradual improvements in their media offerings while reducing the risk of over-commitment of resources.

“Ensuring long-term collaborative relationships” refers to expanding and sustaining the relationships with external stakeholders such as independent production houses to further grow their ventures. Building collaborative relationships with independent production houses is a deliberate action to encourage the development of new production houses in the targeted language segment of the market by providing them creative support. This enables family founders for their channels to develop new strategic partners for collaborative media productions. Such collaborations not only provide access to new resources, knowledge and ideas for the media content but also ensure the continuous development of innovative media content. Table 10 provides evidence of these activities organized around exploiting the recognized opportunities through gathering, integrating, leveraging and accumulating resources to bring new products to the market.
### Table 10: Activities that Underpin Resource Mobilization Capability

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<tr>
<th>Activities for Resource Mobilization</th>
<th>Khyber TV</th>
<th>Khyber News</th>
<th>K2: Bilingual Youth channel</th>
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| Nurturing product champions         | Kamran (Founder, CEO) said to me that I am giving you the responsibility to design the programing for a Pashto channel (Director of Programs)  
As a director of programs, he started to make programing formats for the channel...; he has the liberty to develop the concepts of the programs; then, he discusses then with Kamran. Kamran sometimes adds things, and sometime, the concepts get rejected. It is team work. (Director of Finance) | Our head of news segment was with us from beginning; we made him in charge of our News channel... (Director of Finance)  
The director of news is Pashtun (the people who speak the Pashto language). He started as news anchor in Khyber TV... he does the programing (of the news channel) .... My director of programs is a very capable man. He is very wise. (CEO/Founder) | When we started the K2 channel, we decided that this channel must not have the image or influence of Khyber TV. For that, we needed a person who will develop its programing...; we looked into the team of Khyber channel to decide who has the tendency to match the theme of the channel.... We made Zaki Khan GM of the channel... because his background was similar to what we wanted for K2 (Director of Finance)  
K2’s head has been with us for the last seven years. He was trained in our Khyber Channel. He speaks many languages. He is one of our creative employees. (CEO) |
| Improvising product solutions       | We did very interesting things in Khyber; we did not do any long-term planning because we were not in such a position... I did not have this backing of the owners that we have unlimited resources...; they told me that the resources are very limited, and within these resources, we have to produce programs. (Director of Programs).  
In production, you have pre-production, post-production and distribution, and it was not existent. We used to develop the concept of the program; then, we | We already had an equipment and small team of Khyber TV’s news segments; we just utilized them...; we had a setup where we did not have to develop a team from scratch. The head of the news channel was working with us from the beginning; he knew everything about what need to be done.... slowly, we started developing programing formats and started acquiring technical equipment (Director of Finance) | It was a very small set up—not a very big one... We started with only four hours of programing daily, and we expanded it gradually. (COO)  
The new concept (bilingual channel) was introduced to the market, and it always takes time to develop viewers.... It was started as an experiment.... It has a small team that made its programs. We brought in youngsters (production staff) and experimented with them. (CEO) |
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<th>Jönköping International Business School</th>
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<td><strong>used to look at it technically and from the resource point of view. We used to assess it practically: what resources we have, how much budget we can spend on it or the talent needed that was available or not. So, we did our productions very practically; this is possible; this is not possible…. We used to do the budgeting and broadcast it next day</strong> (Director of Programs)</td>
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<td><strong>Ensuring long-term collaborative relationships</strong></td>
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Khyber TV is a good example. As noted earlier, Khyber TV was conceived as the TV industry’s first regional language composite channel—entertainment channel for the whole family. This required an ability to assemble resources, especially knowledge-based ones to design and produce media content to broadcast on the channel. As the channel was envisioned as a composite channel, the family founders and their team needed to produce content for a diverse genre, such as entertainment programing (comedy shows, dramas, etc.) music shows, children programing, news segments and religion-based shows for their viewers. Therefore, substantial human capital was essential, and most importantly, it was necessary in the regional language. In other words, expert knowledge of TV productions and the language was necessary to develop new products. Knowledge of the language along with production expertise can help in understanding particular customer needs and translating them into new products.

For this reason, the family founders needed someone with requisite skills and abilities to champion and exploit new product opportunities. Hamid, the General Manager of Programs, was select for this role. This can be seen as a strategic selection, as Hamid was an experienced media professional. He has worked in state-owned television (PTV) and NTM, a subsidiary of PTV as a producer and a program manager, and most importantly, he is from the Pashtun region and has worked on some Pashto language segments during his PTV days; hence, he has good knowledge of the language and customers. Moreover, as noted earlier, he was among the first employees of AVT and played an instrumental role in the assessment of a language channel opportunity. So, he has developed a good relationship with the family founders and the other top management team members and understands the channel’s programing needs.

Therefore, after given the responsibility, Hamid started assembling resources such as technical personnel, producers, hosts, and anchors for the news segments. Although it was difficult because the Pashto language programing was non-existent other than the few segments in the national language, using his connections and that of the founders, some essentials people were hired. For example, the Director of Programs explains: “All the people that I gathered I worked with them in the past. We were hiring people according to our needs. We were using old references—old friends and old colleagues”. As the team started developing, Hamid began initiating the programing ideas. This involved keeping the nature of the channel in mind by developing the different concepts for a weekly programing of the channel. Although Hamid has given the responsibility and autonomy to pursue new ideas for the programing of the channel, he has worked very closely with the founders in this process. He provides an example:

“The rule of thumb in TV broadcasting is that prime time starts in the evening from 6 pm and then finishes at 11.00 pm. Each day, you have 5 hours of fresh programing…. In previous experiences I had with PTV and NTM, I recalled them and started developing concepts…. I proposed that our transmission starts at 6pm, and from 6 to 7, we will have children programs, and between 7pm and 8pm, we will have comedy programs, because Pashtuns needed regular entertainment in their own language. From 8pm to 9pm is the time for a Pashto drama. From
9pm to 9:30pm, there should be a news bulletin, and from 9:30pm to 10:00pm, there should be current affairs programs. From 10:00pm onwards, I proposed music shows because Pashtun’s love for music and their very rich music tradition and interest in live programs, which are anchor based. So, I designed a conventional FPC (FPC is the daily chart of different programing concepts to be broadcasted on TV) .... I started meeting with Kamran and Jawad, and I have less interaction with Jawad and more with Kamran and also with Arif Kazi, and we discuss the programing (FPC) of our channel’s transmission and how it should be done practically”.

It appears that the product champion (i.e., Hamid) was nurtured to perform important roles—taking responsibility of the media content of the channel, utilizing his knowledge to pursue, designing new ideas and passing on his ideas, especially for family founders in galvanizing support. Thus, his role could be described as a knowledge broker (Hargadon, 2002) who not only initiate new product ideas but also makes them meaningful by getting people such as top managers involved. In doing so, the broker gains access to critical knowledge and expertise, providing him with opportunities to learn from others and thereby making the development of new media content a collaborative endeavor with the combination of diverse knowledge sources.

It seems likely that this nurturing of product champions that encouraged autonomous efforts to instigate new product ideas and facilitated the sharing and integration of diverse expertise for the development of innovative programing concepts was the result of strong internal social relationships. Because the prior collaborations between the founders (Kamran, and Jawad) and the champion (Hamid) during opportunity assessment activity enabled them to develop strong bonding with each other and made them aware of and allowed them to develop trust with each other knowledge and abilities. As a result, the champions performed knowledge a brokering role effectively—getting the right people involved, seeking their inputs and learning from them. In other words, they ensured the integration or assimilation of diverse knowledge resources in developing new product ideas.

After deciding on the designs’ programing concept of the composite channel through the nurturing of the product champions, the family founders along with their champion now had to translate the product ideas for their channel into media offerings. This involved actual productions of the media content to launch the channels’ transmission. This, in practice, means the development of diverse media products, such as dramas, comedy shows, news segments, music programs, and interactive chat shows necessary for a composite language channel. Producing such diverse programing required substantial investments in technical but most importantly knowledge based resources. As the Director of Programs explains:

“First, we thought of a test transmission; a test transmission is normally three to four hours long, and it runs continuously for 12 hours...; we had a small studio, cameras and lights and other equipment.... When we started working on it, practically, I really got scared. To attract people (to the channel), we did not have Pashto music; we did not have any dramas—not even a comedy or a children’s
program…. We had some technical people but not enough people (with production experience) who can speak the language”.

Therefore, the family founders faced a peculiar situation. As the market of language was non-existent, there was a dearth of skilled employees as well as suppliers and production houses that were specialized in regional language productions. The case data revealed that the family founders responded to this situation by improvising—they started with short-term planning, where the available resources were assembled and re-assembled to develop the media content of the channel. For example, the General Manager of Programming explains: “we started with basic short-term planning. The first thing that we thought was what was needed for the test transmission…. We had the existing programing schedule..., and we analyzed the original programing layout to see what we can produce”.

Khyber TV’s first production Khyber Beats is a good example of the improvisational response. As noted before, Khyber TV’s original programing schedule included a diverse range of programs targeting the entire family. But due to internal and external resource constraints, the founders judiciously assessed how the current resources (i.e., human, financial and technical) can be leveraged to meet their production requirements. As a result, rather than producing more conventional media content (dramas, comedy shows, etc.), the founders conceived and produced a studio based on live entertainment shows—Khyber Beats. Khyber Beats was an interactive entertainment show in Pashto language that invited viewers to interact with the show hosts through live calls and requested Pashto video songs, participated in quizzes and gave views on the launch of the first entertainment channel in the Pashto language. The program was produced by the director of the program (Hamid) and hosted by Arif Kazi (manager creative content) along with a female anchor and broadcasted from the channel’s own studios. In this way, the existing resources were effectively leveraged or improvised to adapt to the circumstances, i.e., resource constraints in creating the more conventional media products.

With an interactive program and some other recorded productions, such as video songs of Pashto singers, and small segment of news and current affair program, on June 30, Khyber TV launched their test transmission, which was only 4 hours long. Khyber Beats turned out to be a great success, as the viewers watched and actively participated in the show and appreciated its content. With this initial success, it continued its improvisational practice to increase the channel’s programing content, where the ideas of different programs were quickly developed and broadcasted (Table: 10). One reason for this could be that Khyber TV did not have enough content to increase its programing schedule, so it developed different interactive programing concepts, gauged viewers’ response on these concepts to make ongoing modifications in the content of these program if necessary and incrementally increased its productions. It seems that this improvisational response was made possible through fostering an environment of minimum structure and richer firm-internal communications. For instance, there were daily meetings in which feedback from customers was evaluated and
concepts of new programing were realized. “We did not have a set routine for a programing meeting. I sat down with my programing team depending on whatever feedback I had from viewers, and I told them that this is what I heard from viewers what shall we do next…; the process was and still is not that I will note it down (the viewers feedback) and put it in writing and it will go to director of programs. I called a meeting the same day and asked for suggestions…. We did not have a fix programing schedule, and we tried to accommodate viewers’ suggestions and make changes as quickly as possible…. For every decision, I discussed it with my programing team; it does not matter how senior and junior they are because they are the ambassadors of the channel. I am not the one who produces the program and appears on the TV screen as they are…. I have my own style, which may be wrong, but I give importance to the sensitivities of my programing team” (Kamran, Founder/CEO).

Hence, the interchange of ideas and knowledge between the founders and the programing team fosters shared and mutual understanding around the product development goals, which encourages the effective combination of existing knowledge resulting in continuous improvement in the products that can satisfy customer expectations.

After approximately one and half year from its transmission, Khyber TV successfully penetrated the language segment of the industry. As the demand for the production began to increase, Khyber TV decided to increase the media content and resort to more regular programing, such as drama and comedy productions, which was part of the original programing schedule discussed earlier. In order to achieve this, Khyber TV started to build collaborative relationships with independent production houses. That involved promoting and nurturing new production houses and producing media content in the Pashto language. These firms were created by independent entrepreneurs from the region to exploit the opportunity of the first Pashto language channel. “The camera men and other people from PTV Peshawar (the technical or production staff of state-owned television from the region) started their production houses and started approaching us to sell their programs to Khyber” (GM of Programing). Although these production houses did not have a track record in TV production, they were created by the former employees of PTV, who were hailed from the region and hence had deeper knowledge of the customers and their preferences. Therefore, Khyber TV started to actively contribute to the development of these production houses by undertaking joint drama productions with them, which provided the young production houses with a platform to showcase their productions and to continuously learn and develop, while Khyber TV reduced the cost of productions, gained access to new programing concepts and gained insight into customer preferences. Thus, Khyber TV and production houses engaged from mutually beneficial relationships that created a win-win situation for both of them.

The general manager programing provided insight into the collaborative activities:

“… when these people (production houses) came to us to sell their drama, our team used to carefully look at the overall production and quality of the
production. Sometimes, we used to give them ideas and concepts for the drama and provide them with guidelines. For example, they were not supposed to show rivalries, tribal fights, and murders; instead, they portrayed the Pashtun as a peace-loving community. Although it was not a great production (i.e., production techniques) and although they were still learning, we provided them with guidelines and gave them a platform to develop. So, they could grow and with them, Khyber could grow too”. (GM of Programming)

K2, the bilingual youth channel, AVT’s third venture is another example of the ability to mobilize resources to produce media content. Soon after the decision was made on the opportunity of a bilingual youth channel, family founders and their team decided to select and nurture Zaki Khan in a product champion role in order to give the channel programing content a youth-oriented flavor and focus. Zaki Khan was among the early producers hired for Khyber TV. He was groomed by the Khyber TV’s senior team. During the early days of Khyber TV, he produced and hosted the successful interactive shows. Thus, he earned the trust and respect of the family founders and developed the close relationships with the senior members of the team. This helped him in his role worked closely with the family founders to select the required production team and galvanize support for its programing ideas. As director of finance explained: “We gave him liberty to develop programing. Then, he pitched the programing ideas. First, he discussed with Hamid (director of programs). Hamid assessed the potential of the program its commercial aspects then discuss it with Kamran (CEO). Ultimately, the head of the channel (Zaki Khan) was responsible for programing”. Through frequent interactions between the product champion and the senior team, knowledge integration made product development for a new channel a collective endeavor. As a result, the initial programing content agreed upon included factual entertainment, reality shows, sports shows, music programs in the regional languages with upcoming singers and theme-based interactive talk shows all to be produced internally.

As K2 was the first bilingual channel of the industry in order to create the above programs and started the channel’s transmission, an improvisational strategy was adopted. That is working with short-term planning and utilizing the existing resources to create product solutions. For instance, the channel began its transmission in August 2008 with only 4 hours daily programing and its regular transmission (24 hours programing) was started in March 2010. In this way, K2 not only assessed the market potential of its programing content and used its existing resources, such as knowledge, skills, and technical to serve their new customers. The director of programs provided insight into how a small team of anchors without the knowledge of television production was trained on the job to produce the channel’s initial programing:

“The biggest difficulty was talent...; we gave new people a chance who never came on screen and made them anchors. We provided them with training. It was not training in a sense that senior management held classes; it was on-the-job training... it was risky but adventurous also... we did auditions, and the next day
in the evening, they were doing the live shows…. on job, they learned productions, and then, they started producing their shows (Director of programs)

Thus, in the first two years of its transmission, K2 successfully developed a team of young anchors and producers that hosted and produced the programing content tailored to satisfy the youth. Most of these programs were again studio based-sports shows, live interactive music programs and discussion-based programs that highlighted the issues faced by the younger generation—promoted for love of the homeland and social norms, all of which were produced and broadcasted by utilizing existing technical resources and infrastructure. After seeing the positive response from the targeted customers, top management decided to increase its programing content and resort to regular programing, which means six to eight hours of diverse daily programing. As this required substantial investment in both human and technical resources, top management made a deliberate effort to tap into external resources by forging relationships with independent production houses. For instance, the studio-based programs were produced in-house by the internal team, and more traditional form of TV production such as dramas and music videos were made in collaboration with external production houses. “We broadcasted dramas in Dari, Hindko and Pothwari (different regional languages of north of Pakistan), and we have production houses attached to us, and we assigned them productions that we have to look after, as they supported us in the beginning of Khyber and gave us productions and it does not matter how good those productions were that they supported us and that we are now supporting them”. (GM of Programing). Thus, enabled the channel to broadcast a full spectrum of entertainment programing for its viewers.

A similar pattern of activities to mobilize resources for the production of media content was also observed in the second venture of the network—Khyber News Pakistan’s first Pashto language news broadcast channel. Table 9 presents data on the activities for effectively mobilizing resources. The former news anchor of Khyber TV, Hassan Khan, was promoted to champion the news and current affairs programing. In his new role, the champion was assigned the task to increase the news and current affairs output of the Khyber TV’s existing news programing so that the opportunity of 24 hours’ regional news language could be realized. Being from the region (North of Pakistan) and with the knowledge of news productions, he designed the news and current programing content, which in subject matter reflecting the needs of the target audience. That is, the cover stories and cover issues regarding current affairs programs are not covered in other mainstream news channels. As the GM of Programing explains: “we developed different programing themes for the channel…. The main people (who were involved in the designing the content) were Kamran, Hamid, Jawad, Arif Kazi and Hassan Khan the Director of news channel…. The news channels probably have its own political agendas, but our aim was straight forward; we decided that we just need to give information to the people regarding what is happening and to discuss their problems and issues…. Keeping this in mind, we have developed our programs to give them education and awareness”.
The above-mentioned programs—that is, news content and current affair shows—were produced through effective coordination and utilizing firms’ existing resources, such as knowledge, labor and technical resources, and gradually their increased programing content (Table 10). This is an improvisational approach that has been adopted, combining available resources in the best possible manner to serve customers’ news and current affairs programing needs while being economically sustainable. For instance, the director of the news channel led the existing team of news anchors, reporters and producers and started broadcasting regular news bulletins and current affairs talk shows in which the emphasis was on detailed analysis and discussion of news stories or social issues in the region. Initially, no new investment was made in technical equipment as well as in human resources. The new investments in technical resources and human-based resources such as reporters to increase the news-gathering system was progressively made over time. The current affairs programing, which was the most watched segment of the channel included interactive discussion shows such as Khyber Watch, Dateline, and District Diaries as well as documentaries on Pashtun history and culture. They were all hosted, produced and broadcasted by the Khyber News and indigenously developed. The team met regularly with the family founder, especially Kamran and other founding team members, to discuss customers’ feedback on the ongoing programs and collectively made decisions on further improvements on their programing:

“We have different times (for daily programing meeting). Khyber TV has different times where we discuss Khyber TV (its programing content), after that, its Khyber News, and here, we focus solely on that. New people joined the discussion. The hosts and producers of Khyber news who were getting trained and joined the discussion…. There was daily interaction in his (CEO’s) room; there were always meetings going on. He has this involvement with all the channels... our management (family founders) created this environment; they gave respect to everybody’s opinion; we have this family-like environment in our channel” (GM Programing).

These strong interpersonal relationships not only enhance the potential of Khyber news to stimulate innovative product ideas but also keep improving the existing programs and news gathering skills and become the leading news provider for the targeted region. The GM of Programing explained the channel’s success in the following statement: *Khyber News has now become a demand wherever the Pashtun is living. They demand this channel from their cable operators* (GM of Programing).

To sum up, resource mobilization is the ability to bundle internal and external resources to develop new and innovative media offerings for the ventures. Strong internal organizational relationships through which product champions are nurtured, and existing knowledge and skills are leveraged, and cementing relationships with external resource providers is essential for building resource mobilization capability.
6.2.3 Customer orientation capability

Similar to Hum Network family- founders of AVT channels have shown strong orientation toward creating and maintaining long-term relationships with their customers to sustain their dominance in targeted niche market segments. Being able to understand customer needs, what they value in the product offerings, and continuously managing customer expectations are recognized as essential elements for long-term continuity and competitive success. For example, Kamran, the CEO and founder, explains: “I don’t see them as customers; they are my board of governors…. I listen to my customers…. I accommodate their feedback…. our biggest strength is in all three channels that we developed an interactive environment where the viewers decide what they want to see…. (I believe) with love (accommodating customers’ requirements), you can build strong relationships”. Jawad COO and founder shared a similar view: “The viewer’s response holds a lot of credibility here. We take it very seriously because they are the ones who are watching… if the viewer is not happy with your product there is an automatic rejection. From the start, we still are working on this premise”.

This set of beliefs where the focus is put on the ability to accomplish customer satisfaction through understanding their needs and building reciprocal relationships to ensure long-term success I refer to as customer orientation capability. The case data indicate three sets of activities that enable family founders to create and maintain a long-term relationship with all the diverse customers and obtain their commitment and satisfaction. These activities include aligning media offerings with customers cultural values, which refers to the generation of information pertaining to customers social and cultural values and offering media content espousing these values to obtain and build reputation; envisaging customer needs, which refers to proactive information gathering on customers’ future and current needs and translating this information into new product offerings; and engaging in collaborative dialogue with customers, which refers to building personalized relationship with customers by providing them with various platforms to directly communicate ideas for the improvement of media content. Thus, this involves giving customers a sense of ownership and personalized experience of media offerings. Table 11 summarizes the data on customer orientation activities of different channels.
### Table 11: Activities that Underpin Customer Orientation Capability

<table>
<thead>
<tr>
<th>Activities for Customer Orientation</th>
<th>Khyber TV</th>
<th>Khyber News</th>
<th>K2: Bilingual Youth Channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aligning media offerings with customers’ cultural values</td>
<td>I read about them (Pashtuns). I read their poetry in English... I fall in love with them, and they are preserving their culture... It is not necessary; everybody must agree with that (cultural values) ... I decided I should follow the mindset of customers (CEO)</td>
<td>The concept was apart from regular news programing that we should show and promote the culture of Pashtuns.... Our focus was to offer unique insights into Pashtun’s history through our programing (COO)</td>
<td>It is a channel for the youth and bilingual. We produced a certain type of programing content; we did not broadcast any foreign content in this channel, and we aimed to promote culture and family values. (GM of Programing)</td>
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<td></td>
<td>Khyber Beats is our first program to become so popular that we broadcasted it for years. The love of music is very strong in Pashtuns; it’s an integral part of their culture (Director of Programs)</td>
<td>Khyber News promoted culture and language... what we decided was to take Pashtuns to the world and show what these people are like regarding their culture and values... we worked on that by using the power of media (CEO)</td>
<td>Our programs are different from other youth channels; we are theme oriented; all our programs have a certain message that represents our culture and values (COO)</td>
</tr>
<tr>
<td>Envisaging customer needs</td>
<td>During over initial transmission, we flashed our telephone number on the screen and requested viewers to contact us and give suggestions. (Director of Programs)</td>
<td>We set up a bureau offices in major cities of the province. All over, staff (news team) meet the community—that is one interaction. The other is live programing (live current affairs shows where viewers are encouraged to participate through live calls)... we had good feedback (on programing content) through that (GM of Programing)</td>
<td>(We get feedback) mainly through live calls but through word of mouth; we get a lot of information...: our young artists who come from the region and live there, they get feedback and inform us. They tell us people are not watching certain programs and their opinions about some programs (GM of Programing)</td>
</tr>
<tr>
<td></td>
<td>(I sat down with my programing team depending on whatever feedback we had from viewers and I told them that this is what I heard from viewers, what shall we do next. (CEO)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engaging in collaborative dialogue with customers</td>
<td>From the beginning, all the productions and its programming content was mostly based on people’s opinion. We used to develop an idea of the program and after putting it on, we asked people’s opinion. If we don’t get any positive response, within 24 hours, we used to scrap the idea and close the program. (Director of Programs) ... People contributed to us. Just to give you an example, after we launched (broadcast) a program, we started asking people what changes would you suggest (for the content of program). After doing these changes, if the viewer is satisfied, the program remained on air, and if they were not, we cancelled the program. We learned a great deal from viewers (GM of Programing)</td>
<td>Huge feedback came from Pashto-speaking people living in the Middle East especially in Dubai, because there were many expatriates living in Dubai... based on their feedback, we started program district diaries where we sent our news team to different cities in the region to show the latest development and happenings in those cities (Director of Programs) We have continuous interaction with our viewers,... there were many programs remained on air due to their positive response like our political satire program... the program broadcasted for two years just because people like it. (COO)</td>
<td>We provide a youth platform.... to express themselves... made program accordingly (Director of Programs)</td>
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</table>

Khyber TV is a good example for illustrating customer orientation activities that enabled the channel to create and maintain long-term relationship with their customer to sustain their dominance in the nice market. Since the inception of regional TV channel idea, the founders made deliberate effort to gather information on their customer in order to better understand the market potential of a niche Pashto language channel. An industry expert who was consulted before the launch of the channel gave an example of their preparedness:

“I asked (founders) how will you run this channel (being the first regional language channel); they told me that we have done our homework. The viewership of Pashto channel language channel will be more than any other channel. They
told me that Peshawar, Karachi and UAE, all these cities have a huge Pashtun population, and they even told me the population of Pashtuns living in these cities”. (Industry Analyst)

One reason of this strong will to acquire knowledge on their customer could be that being part of the TV industry, they understood the important role of customers for the success of a TV channel as discussed earlier success and failures of the media products are often determined by the identification of customers with the media product offerings (cf. Picard, 2005). Thus, founder tried to learn who their customers are and what they want and need from the channel and how to best satisfy these needs. As table 11 illustrates before launching the Khyber TV founders effectively conducted research not only on the customer’s demographics but also on their attitude and behaviors—social-cultural life through reading their poetry, history and literature—all in an effort to accurately assess their customers. This understanding seemed important for the founders, as they did not belong to the region and had limited understanding of their customers. This generation of information provided family founders valuable insights into the Pashtun way of life. That is, cultural values—religious beliefs, social customs, celebrations, ethical rules—by which the Pashtuns according to their understanding distinguish themselves from other ethnic groups in Pakistan. Based on this detailed knowledge, founders decided to conceive and produce the media content adhering to Pashtun cultural values. For instance, Khyber Beats the Khyber TV’s first program was an interactive music program that celebrated and promoted Pashtun folk music. Similarly, religious programs were an integral part of the daily programming schedule. Later on, as the channel expanded its programming, a deliberate effort was made to ensure that the acquired drama productions portrayed the Pashtun culture in positive light and had story lines and themes that highlight family values, nationalism and Pashtun honor.

Thus, understanding customers/viewer’s cultural values and then developing media content espousing these values enabled Khyber TV to build and maintain close relationships with its customers who not only built a favorable reputation with Khyber TV in the eyes of customers but also enabled the channel to obtain customers’ loyalty and commitment. As the GM of Programing explains: “Our viewers’ relationships with our channel are similar to the relationships that one has with their family”. (GM of Programing).

Soon after the launch of Khyber TV, to better envision viewers’/customers’ needs and expectations, the founders and their team also started to directly interact with customers for the improvement of its media content so that the customer needs could be efficiently managed. This proactive gathering of information took various forms—ranging from more passive methods, such as e-mails and websites, to more active methods, which included phone calls to the channel as well as live calls on different shows. Customers were encouraged to give their impression and suggestions on the programs and also to critically analyze the content, method of presentation and style of anchors/presenters hosting various shows. Based on this information, daily de-briefing meetings were held to improve of customers’ needs and expectations and incorporate changes in the
programing content. “They (customers) noted everything and gave us a call straight away, and then, our CEO discussed that with us, and we all discussed customers’ views and suggestions in meetings. For example, if we had negative feedback (on a program that we discuss in meeting), why are we getting this feedback? This shouldn’t be the case, and what can we do to satisfy them (customers)?” stated the GM of Programing.

While the above proactive information gathering activities enabled Khyber TV to satisfy customers’ needs effectively to further strengthen the relationships with customers, management started to work closely with its customers. That was engaged in an ongoing collaborative dialogue. In this dialogue, customers directly communicated with the channel for both the improvement of ongoing media content as well as suggested new ideas for media content. In other words, customers were given a voice to decide on what type of media content they wanted to see on the channel. In Khyber TV, this solicitation from customers occurred in the form of telephone calls to the channels as well as live calls during shows. Customers were asked to voice their opinions on different programs, and they would like to remain in the broadcasting schedule and to indicate what type of program that they would like to see in the future. The COO and founder gave an example of a drama that was taken of air after a couple of episodes owing to negative customer feedback. The Director of Programs also shared an example of a comedy satire program that was developed and broadcasted on the customers’ request. This engagement provided customers with a strong voice and sense of ownership in the development of media content, which enhanced customers’ trust with the channel and strengthened the relationships.

A similar pattern of activities was also observed in the other two ventures—Khyber News and K2—a bilingual youth channel, which enabled these ventures to understand customers, assess and satisfy their needs to differentiate themselves from competitors and also enhance relationships with their targeted customers. For example, although K2 was the first bilingual youth channel of the TV industry, it was not the first youth channel. There were other channels that were targeting the youth segment and that were broadcasting programs specifically designed for the youth. In order to differentiate itself from other channels and entice customers, it was decided not to broadcast any foreign media content or foreign media influenced content, which was the norm for other channels. That is broadcasting American music shows and other reality TV formats. The K2 channels’ music shows were designed to promote regional and national music and artists. The discussion-based TV formats were conceived and designed to reflect social norms, and their content promoted the issues faced by the youth. In addition, various reality-based music talent shows were broadcasted to promote young musicians and singers.

Similar to Khyber TV, in order to generate knowledge on their targeted customer needs and translate them into new media content K2 channel also interacted directly with the customers through websites, e-mails and telephone calls. This information was utilized to exceed the expectations of the customers by continuously making improvements in the content (see table 11). K2 channel
further cemented their relationships with the customers by providing them opportunities to collaborate in providing media content ideas or prototypes. For example, customers were invited to submit their content such as music videos, programing concept prototypes through K2’s web portal. From these videos, the K2 team selects set of videos for the broadcasting with the words of appreciation and explicit recognition. Thus, it makes relationships with customers reciprocal and enduring. Similarly, in the news channel, in addition to providing regional news bulletin. Khyber news broadcasts programs that promote the Pashtun culture and history. For instance, various infotainment programs include documentaries on Pashtun intellectuals that were produced regularly. This was the result of founders, especially Kamran/CEO’s deeper understanding of Pashtun history and attempt to promote this heritage using the medium of News channel. In doing so family founder successfully build the image and reputation of the channel. To further make their news channel reflective of customer needs and expectations, the Khyber News team made proactive attempts to communicate directly with their customers for the suggestions and improvements of news and infotainment content. Khyber News also invited its viewers to directly contribute in its programing, especially infotainment programing. As Table 11 illustrates, the example of a program district diaries programs, which was initiated on the whims of the customers. Thus, making its content attracted to its customers, developed trust, and loyal relationships with customers.

6.3 Cross-case synthesis of the development: Entrepreneurial venturing capabilities in the case firms

To survive and prosper in deregulated business environment characterized by intense competition and emerging product market domains due to the elimination of market entry and exit restrictions, both firms—Hum Network and AVT—adopted business venturing as a strategic approach. That is, the family founders of both firms have shown commitment to proactively identify and develop new opportunities to create news business that closely match the demand characteristics of market and customers. In doing so, both founders attempted to make news business creation an integral part of their strategic intent. That is, to continuously grow through taking entrepreneurial initiatives and stay ahead of their competitors on sustained basis, they did so.

For example, the family founders of Hum Network from the start exhibited strong intentions to become the leading network in the entertainment category. Through the successive creation of Hum TV (the industry’s first pure entertainment channel broadcasting original drama content), Masala TV (the first of its kind in the industry, with a channel broadcasting live cooking shows of South Asian and international food recipes) and Style 360 (a channel dedicated to fashion and lifestyle programing), Hum network was able to create and capitalize
on entertainment-related new market, product-based opportunities that were unseen or unappreciated by the other competitors entering the deregulated environment. Thus, their strategy can be seen as not simply of product development or related diversification but reflects the vision and strategic intentions of the founders to purposefully and proactively expand the scope of the business by making their firm a leading entertainment network in the TV industry.

Similarly, the family founders of AVT continuously leveraged new opportunities and created multiple ventures for growth-seeking purposes. While HUM network tried and successfully captured entertainment-related market segments of the industry, AVT and its founders targeted a niche market of language-based TV channels. Similar to HUM TV, the AVT founders also exhibited purposefulness and intentionality with respect to entrepreneurial initiatives to achieve dominance in their targeted niche market. That is, in a short span of four years, three ventures offering different media content were started, making AVT the leading and sole provider of media content in regional languages (Pashto, Hindko, Dari) in the North of Pakistan. For example, Khyber TV was the TV industry’s first channel to broadcast entertainment programs such as music shows, dramas specially designed for the Pashto-speaking customers. After two years, AVT extended the scope of its operations by creating a 24 hours’ news channel, which disseminated news on current events as provided infotainment programing in the Pashto language. And finally, to achieve the market leadership and dominant position in the regional language channel market, a bilingual channel was started that targeted youth with its programing content. Overall, although both firms targeted the different segments of the market, both continuously strived for broader market presence and market share and tried to adopt an almost monopolistic imperative of dominating their target segments to succeed in the competitive environment. Thus, it seems that entrepreneurial family firms operating in dynamic and competitive environments adopt proactive strategic orientation that encourages the creation of new opportunities. For them, market expansion is essential for succeeding in highly competitive markets.

Zahra, Nielsen and Bogner (1999) argue that harboring strategic intentions for venturing activities necessitates the development of capabilities. This is because new venturing initiatives often requires the ability of top managers to identify unmet opportunities and to effectively build and leverage their resources to exploit opportunities (Burgelman, 1983; Garret and Covin, 2007; Zahra et al., 2009). Consistent with the above observation, both firms were equally effective in building what I refer to as entrepreneurial venturing capabilities. Specially, empirical analysis reveals three classes of entrepreneurial capabilities: opportunity refinement, resource mobilization and customer orientation, which allowed the founders of both firms to continuously explore and exploit new opportunities and achieve a dominant market position in highly dynamic environment.

Interestingly, the analysis reveals these capabilities are often synergistic. That is, opportunity refinement, resource mobilization and customer orientation are not necessarily sequential. In both cases, they took place simultaneously and
reinforced each other. Customer orientation activities lead to envisioning the untapped market segments and evaluating the potential of new opportunity by discerning the product characteristics that customer will find attractive. In turn, a deeper understanding of customers’ product needs facilitates a firm’s ability to mobilize resources in novel ways to create product solutions. Media products were then constantly upgraded by incorporating customers’ information on a regular basis, which not only leads to effective product innovations serving the current and future needs of customers but also deepens their relationships with customers. For example, AVT’s proactive information gathering to understand their targeted customers enabled them to understand the market of language-based channels (e.g., founder’s effort to understand the demographics of the Pashtun customers and their cultural heritage). This information allowed the founders to make informed predictions on how the business will do in the future and what media products will be most desirable to customers. This in turn influenced activities for product innovation, such as gathering, integrating and leveraging resources to create new products (e.g., nurturing the right person to take on product development responsibilities and leveraging existing resources through improvisation). The resource mobilization activities also influenced by continuous customer interaction, such as adding new resources to increase the product portfolio (e.g., developing collaborative relationships with external firms). Thus, three capabilities were closely intertwined and enabled AVT to continuously identify, evaluate and exploit new opportunities and achieve a dominant position in their distinct market—language-based TV network.

6.4 Conceptual development of entrepreneurial venturing capabilities

Dynamic capabilities have been criticized mostly in the literature as vague and elusive, which remains to a large extent hard to observe and analyze (Arend and Bromiley, 2009; Danneels, 2016). Some perceive the concept to be confusing and abstract owing to a lack of consensus on the nature of dynamic capabilities and their micro-foundations (Di Stefano et al., 2014). For instance, Zollo and Winter (2002) and Lavie (2006) argue that the distinctive feature of dynamic capabilities inheres in their role to recombine the firm’s endowment of resources and competences and emerges in the organization through deliberate acts of learning following an evolutionary path. Thus, dynamic capabilities are important for creating new combinations of existing resources to keep up with changing market needs. Teece (2007) and Helfat et al. (2007) insists on a more proactive role of dynamic capabilities in creating new resources to shape the future and create new values. For Teece (2007), they are set of capabilities in sensing, seizing and transforming, which are guided by top management’s vision and enable firms to sustain market dominance as customers, competition and technologies change. In other words, dynamic capabilities enable organizations to proactively drive change through shaping (and not just adapting to) the environment. Therefore,
there is an increasing call for developing an empirically grounded understanding of dynamic capabilities that can help overcome confusion surrounding the concept (Wilden et al., 2016) as well as bring ways to refine it to better understand the role of dynamic capabilities in shaping new markets (Pisano, 2015).

In answering the above call, I explore how dynamic capabilities govern and support corporate venturing activities in family firms, which often face unique challenges due to the lack of managerial resources and competences to sense and seize new opportunities and reconfigure the resource base accordingly (i.e., building dynamic capabilities). Through in-depth case analysis of two family firms, I identify three specific capabilities that allowed firms to explore and exploit opportunities for new business creation, which I call entrepreneurial venturing capabilities (EVC). Especially, capabilities I observe comprises a portfolio of processes that top managers use to purposefully change organizational resources by creating, extending and modifying them (Helfat et al., 2007) to ensure the implementation of entrepreneurial initiatives. In this sense, entrepreneurial venturing capabilities (EVC) can be considered as special type of capabilities whose aim is to change the scope of a firm’s operations by allowing them to venture into new market segments regularly to adapt and even create market change (Teece, 2007 Helfat et al., 2007). EVC incorporate capabilities for opportunity refinement—sensing and evaluating new opportunities, resource mobilization—gathering, integrating and leveraging resources to address new opportunities and customer orientation—continuous adaptation of products and services in relation to customer needs through generation of new customer knowledge. Thus, EVC are not simple replica of dynamic capabilities proposed by Teece (2007), in a corporate venturing setting. Rather EVC represent important capabilities for founders and owners of family firms to implement their entrepreneurial strategies—creating new business as primary means for strategic adaptation and change in the external environment (Ireland et al., 2009). EVC thus represent specific processes by means of which new resources are developed and deployed to foster business venturing activities (Zahra et al., 2009)—enabling founders of family firms to sustain the continuity of their business in highly competitive environment. In a sense, EVC incorporate unique characteristics worth a comment.

For example, opportunity refinement capability is not akin to Teece (2007) in terms of sensing, scanning, searching and exploring across technologies and markets both local and distant. I observe that in the context of de-regulation where the competitive environment and customer expectations are always in a state of flux, sensing new opportunities is a complex process that involves making informed judgements about changing customer expectation and competitors moves. In this environment, as I will explain later, the sensing process involves activities of imagination-creative search process to conceive new opportunities through direct interaction with the environment including customers and competitors and assess to the viability of new opportunities through constructing a dialogue with the key individuals inside the organization. These dialogue interactions accumulate collective knowledge inside the organization necessary
to make collective judgements on feasibility of new opportunities in terms of its economic potential. Likewise, resource mobilization to commercialize new venture comprises a set of activities with each depending on the nature product and customer demands resources that are built, leveraged and accessed externally so that products of new ventures can be flexibly extended and evolved. Thus, resource mobilization is different from seizing capability (Teece, 2007), in which new resource combinations and business models are created to support sense opportunities. Instead, resource mobilization capability, as I will elaborate later, is a flexible approach to resource configuration, which allows adaptation to new situations—customer demands and competition. Finally, the capability to create new customer knowledge that builds new relationship with customers not only enables innovations but also makes new venture sustainable in the face of competition.

Therefore, EVC is distinguished from the Teece (2007) generic dynamic capabilities, as it focuses on how firms can proactively shape its environment by capturing the unfulfilled spaces in the markets, orchestrate the combination internal and external resources to produce new products that closely match the demand characteristics of market and its customers. Thus, ECV insinuates the creation of new capabilities rather than the modification and recombination of existing ones (e.g., Helfat and Petraf, 2003; Lavie, 2006), as the creation of new capabilities are essential to venture into new arenas, to transform internal and external resources and to create new products for targeted customers, especially in the face of intense competition (Autio et al., 2010; Zahra et al., 2009). Therefore, the EVC concept highlights what capabilities are required to create market change in competitive environment, such as de-regulation, where firms continuously face the threat of entry from new rivals armed with superior resources and capabilities.

Advancing the above theoretical argument, the extant literature on dynamic capabilities suggest that dynamic capabilities reside, in part, with individual managers and top management teams (Teece, 2014). This is especially true in entrepreneurial ventures, such as family firms (Zahra et al., 2006; De Massis et al., 2017). For example, Cruz et al. (2015) note that family firms’ creation of dynamic capabilities often corresponds to family owners or founder’s abilities and skills to reconfigure, combine and integrate resources to adopt to a changing environment. However, the abilities of family founders to achieve this transformation is theoretically acknowledged but not empirically well understood (Cruz et al., 2015; Salvato and Corbetta, 2014). While in the dynamic capabilities literature, there is a growing desire to understand micro-foundations—individual and group-level actions that shape dynamic capabilities activities for the creation and combination of resources in novel ways to cope with dynamic environments (Eisenhardt et al., 2010; Teece, 2014; Helfat and Martin, 2014).

I argue that such a theoretical gap can be addressed by advancing the EVC argument. As noted earlier, EVC moves beyond the generic attributes of dynamic capabilities. Rather, EVC are unique to entrepreneurial family firms because they constitute important capabilities for the enactment of family founder’s strategic
intent to continuously and deliberately leverage new opportunities for new business creation to ensure the long-term continuity of the business. In both firms with entrepreneurial venturing capabilities, I observe that they have their roots in the family with a dominant collection of family members (founders and top executives), whose collective resources/competences shape the firm’s entrepreneurial capabilities. In both cases, the key managerial resources that influenced the development capabilities for new business creation include human capital, cognition and social capital. Thus, EVC entails the role of individuals (family founders and their team) who are proactively leveraging their resources to build entrepreneurial capabilities (see figure 1). Each capability has its roots in one or more managerial resources, and this makes it stand apart from other capabilities, but they are all aimed at sensing and seizing new opportunities for creating new businesses. To enrich our present understanding of dynamic capabilities, in the coming sections, I further theoretically clarify the three dimensions of EVC described earlier in the light of the existing literature on dynamic capabilities while putting emphasis on the development of capabilities that allowed both family firms to engage in repeated acts of entrepreneurial activity.

![Figure 1. Entrepreneurial venturing capabilities: characteristics and sources](image-url)
6.4.1 Opportunity refinement capability: Identification and assessment of new opportunities

Teece (2007) suggests that in highly competitive markets, an ability to sense new opportunities is one of the key dynamic capabilities in businesses. Similarly, Helfat et al. (2007) argue that one of the main purposes of dynamic capabilities is to enable firms to enter new businesses through continuous sensing of new opportunities. Pavlou and Al Saway (2011) define sensing capability as the ability to spot, interpret, and pursue opportunities in the environment. Abdelgawad et al. (2013) more recently try to explicate the concept further and explain that sensing capabilities encompass three activities: alert scanning, searching and experimenting that organizations key decision managers often employ to sense new profitable businesses for their firms. Overall, sensing is often portrayed in the literature as an entrepreneurial set of activities that enables organizations to gather intelligence on market needs, customer preferences and competitor moves to sense opportunities sooner than rivals to adapt to volatile markets, technological uncertainty and unpredictable competitors (e.g., Teece, 2007; Barreto, 2010).

While Teece (2007) largely purposes sensing an emerging opportunities largely consisting of constant vigilance through scanning, searching and exploring to gather timely intelligence to decide which technologies to pursue and which market segments to target, I propose the concept of opportunity refinement capability, which consists of the ability to envision new possibilities in the market combined with the ability to evaluate and modify the opportunities in ways that more effectively address the unmet customer or market needs. Thus, opportunity refinement is distinguished from sensing capabilities because it involves both the identification and assessment or refinement of opportunities. In this sense, opportunity refinement lies between opportunity identification and opportunity exploitation. It is similar to what Ardichvili et al. (2003) refer to as opportunity development or opportunity assessment (Wood and Mckelvie, 2015). I observe that assessing new opportunities is a critical organizational activity, particularly in a more dynamic environment such as deregulation in which customer expectations and competitor moves are ambiguous and less predictable (Madsen and Walker, 2007). This complexity of the dynamic business climate poses tremendous challenges in deciding the most favorable business opportunity for launching a new venture. Hence, opportunity assessment activity refines and shapes the venture idea from the realm of imagined future ventures to feasible action path (Shepherd, 2015). In other words, it involves discerning the potential opportunity to successfully bring into existence future products and services (Wood and Mckelvie, 2015). This result in confidence is that the opportunity at hand is feasible and has the potential to be converted into a new venture. For example, in both firms, sensing ideas for new ventures was always the first step in the opportunity refinement process. The second important activity was the conceptualization of the opportunity through an open dialogue—assessing the
product—with competition-related dimensions of the new venture opportunities among the family founders and with the non-family executives. These dialogues were especially helpful to incorporate diverse and sometime conflicting points of view to discern future products attributes for the new venture and to promote mutual understanding. Therefore, the analysis reveals that opportunity refinement capability can be understood through two interrelated activities: (1) **imagining novel options** and (2) **opportunity conceptualization dialogue**. This understanding is important because, to a large extent, the existing literature has been occupied with sensing processes and has thus far not explored the refinement of opportunities, which is crucial for our understanding because in dynamic environments, organizations not only need to sense but also need to decide on the which opportunities to pursue that will create changes in the external environment (Pisano, 2015).

First, imagining novel options refers to family founder-owners search for activities that involve keenly observing the behavior of competitors in the industry, and based on these observations, they imagine novel options to open new opportunity spaces in their industry. In other words, imagination is the ability to conceive of new opportunities that are creative and economically viable and that flow from purposeful novel combinations of internal and external knowledge (Miller and Le-Bretton Miller, 2017; Felin and Zenger, 2009). Thus, imagination can seen as a purposeful or creative search process (Pandza and Thorpe 2009), which involves engagement and envisioning. Engagement is intense observation of the external environment that involves acquiring information on customers and competitor moves. Through such active observation, founders update their knowledge stocks and imagine novel options for courses of future action, i.e., imaginary combination of products/service offerings and means of bringing the offering into existence through creation of a new venture (Davidsson, 2015). For example, founder-owners of AVT channels for their first venture actively gathered new information on the industry-competitor moves and the market and customer segments that they are targeting. Based on that information, they envision the idea of a niche channel that matched their existing resources and had the potential to be successful due to a lack of competition. Thus, imagining novel options is a multi-stage search activity: founders first actively gathered information through engagement and knowledge gained through observations that is used for supposing and conceiving new venture ideas (e.g., Felin and Zenger, 2009). This is consistent with the findings of Dyer, Gregersen and Christensen (2008), who find that entrepreneurial firms with the most novel ventures exhibit specific search behaviors, such as questioning the status quo, asking what if questions, observing the behaviors of competitors and examining the present to envision a new future. Interestingly, I found that in both case firms, rather than an episodic event, it is the propagation of this activity that results in the creation of novel ventures. Thus, imagining novel options is more than sensing activities of analyzing and detecting new trends among customers and the market (Tecce, 2007). Instead, it is to purposefully create, modify and extend the knowledge stock
through a creative search process and conceive of novel opportunities for new ventures sooner than rivals to not only adapt to but create market change.

Research points out that entrepreneurs’ search activities are often shaped by their prior knowledge and experiences, as it provides a framework for acquiring, organizing, and processing information to make simplified representation of the market, how it will be in the future and how new opportunities will be perceived (Teece, 2007; Shane, 2000). The literature broadly suggests that prior knowledge and prior experience in a context enable top executives (founders or founding executives) to build knowledge structures such as mental models against which the new observations from the environment is often compared to make judgements or conceive new opportunities that organizations might pursue. The literature also emphasizes that prior knowledge can be a source of inertia, especially in the face of major industrial transformation or change such as deregulation, where the market is continuously in a state of flux in terms of emerging product market categories and competitors (Santos and Eisenhardt, 2009). In such situations, prior knowledge most often leads to rigidity in mental models (e.g., Helfat and Peteraf, 2015; Miller and Ireland, 2005). This is because historical views on competitive dynamics, and customer expectations, most likely distort their perceptions and imagination of new opportunities in the industry, as demonstrated, for example, by Tripsas and Gavetti (2000). This is recurring in the family business literature, which suggest that family influence, particularly family involvement in management, increases mental models within the organization to become more rigid (König et al., 2013). This is because decision making is often concentrated in a few entrenched individuals, who, in their desire for continuity, are always biased toward both successful and recent experiences, which induce a tunnel view and reinforce commitment to the status quo (Revilla et al., 2016). Consequently, family firms are reactive rather than proactive regarding new information gathering behaviors to experiment and change the status quo (Dyer et al., 2008); hence, they identify fewer opportunities for novel ventures (Hayton et al., 2011; Kontinen and Ojala, 2011).

However, in keeping with prior research, analysis of this study points to the importance of the expert cognition of family founders in the specific domain-specific knowledge gained through creating, managing and running a production house in the TV industry, which influences their perceptual abilities to sense new opportunities for new ventures (Shepherd et al., 2017; Gruber et al., 2012). As Corbert and Neck (2010) argue that people who are experts at a particular task are able to outperform others because overtime, they develop domain-specific knowledge structures or mental models that confer an ability to recognize new opportunities, as they arise before the competitors (Teece, 2007) owing to context-specific knowledge and experience gained through years of experience in the field of interest. Similarly, Helfat and Peteraf (2015, p.838) point out that “prior beliefs may distort perceptions, particularly when information is ambiguous, and context-specific knowledge and experience may provide a mitigating factor”. Consistent with their argument, I observe that by operating in a media industry for extended period, family founders of both firms develop in-depth knowledge
about product characteristics, customer preferences, opportunities, threats and competitive conditions that are unique to the industry (e.g., Kiss and Barr, 2015). As a result, they build richer and more specific mental models of their environment (Baron and Ensley, 2006; Kor et al., 2007) on which they draw on to search and perceive new information expertly and sense new opportunities before they become obvious to others (Cornelissen and Clarke, 2010; Helfat and Peteraf, 2015; Maitland and Sammartino, 2015). Gruber et al. (2012, p. 1428), in their study of technology-based ventures, also find that “specialized knowledge of creating and managing firms in a specific domain enables entrepreneurs to develop expert cognitive schemata that facilitates the identification of opportunity patterns”, as they enhance their ability to connect dots between seemingly unrelated information cues (Baron and Ensley, 2006), and in this process, they can identify a larger set of opportunities for new ventures (Ucbasaran et al., 2009). For example, Hum Networks’ ideas of an entertainment, food, and lifestyle fashion channel were all the first in the industry. Similarly, AVTs’ niche market channels were the first of its kind and created a demand for regional language channels in the industry.

Thus, this study provides unique insights into opportunity sensing abilities of family firms. Prior research presents a rather pessimistic view, and the empirical analysis of this study shows that family firms often excel in identifying new opportunities within their domain of expertise (e.g., Patel and Fiet, 2011; Miller et al., 2015). This is because years of accumulated practice and experience within the industry allows family founders to understand, extrapolate and interpret new information expertly. As a result, family founders not only respond to changes in the business environment but also create change by envisioning new product categories within their industry that are not recognized by others (Shephard, 2015; Gregoire and Shepherd, 2011; Kiss and Barr, 2015). Thus, findings of this research deepen our understanding of connection between expert cognition and how firms develop successful entrepreneurial capabilities. While previous research on cognition and capabilities proposed divergent views (e.g., Helfat and Peteraf, 2015), the findings of this study suggest that the sensing capability of an organization depends upon expert cognition—amassed through years of experience in a specific domain that allows the firm’s top executives to actively search and recognize emerging opportunities in the environment.

As noted above, Teece (2007) largely focuses on sensing activities through which individuals for their firms actively shape their environment by actively searching for new opportunities; however, empirical analysis reveals that it represents an incomplete picture. In dynamic environments, sensed opportunities need to be refined, which involves making judgements on the future product features of new ventures. For example, in both case, firms’ (Hum Network and AVT) family founders engaged opportunity conceptualization dialogue among themselves as well as with deliberately composed top management team of non-family members with complementary knowledge and actively work together to make judgements on the future products of new ventures. I observe that these exchanges of ideas on future products were important for family founders because
it provides them confidence that the sensed opportunities are indeed feasible and that they can take the form of a new venture (i.e., new channel in the industry). As Felin and Zenger (2009, p. 138) argue, by assembling individuals and then discussing the attractiveness of opportunities, can “move ideas from the realm of conjecture and possibility to increase certainty”.

Therefore, I argue that while sensing of opportunities dependent on family founders’ prior knowledge and experiences, opportunity refinement through conceptualization dialogue makes it a collective endeavor. As Teece (2009, p. 12) notes, “while certain individuals in the enterprise may have the necessary cognitive and creative skills the more desirable approach is to embed scanning, interpretative and creative processes inside the enterprise itself. The enterprise will be vulnerable if the creative functions are left to the cognitive traits of a few individuals”. Hence, the opportunity conceptualization dialogue is such a process or activity that promotes the collective thought process inside the organization. As it widens the firms’ knowledge base (Kor et al., 2007) and paves the development collective reasoning—conscious deliberation among the team members in which disparate ideas on the future products of the ventures are argued, vetted, and defended (Felin and Zenger, 2009). This sharing process thus encourages the development of a shared understanding and commitment because by bringing in diverse points of view, it allows all team members to build on each other’s knowledge, ideas and thoughts and to voice their concerns and collectively refine the new venture opportunities.

Of course, promoting a collective thought process inside the organization can be paralyzing (Abdelgawad et al., 2013; Felin and Zenger, 2009). For example, Miller, Burke and Glick (1998) note that a diversity of knowledge in the top management team can promote cognitive conflict (i.e., task-oriented conflict); although it can be advantageous, it can inhibit the development of common ground and mutual understanding, and this could eventually lead to dysfunctional conflict, which is personal and emotional (Ensley and Pearson 2001, 2005). However, I observe that family founders excel in promoting cognitive conflict and discouraging the development of relational conflict during opportunity conceptualizing activity, thus facilitating the development of collective understanding and consensus on the future products and services of the channel.

First, consistent with Miller et al. (2011), I observe that when founders are present as co-founders, owners, or executives in the top management team, leadership is often shared, which flows through a collaborative process. Viewing themselves as business builders, they actively engage and encourage the practice of thoughtful dialogue among themselves and the other members of the top management team to ensure the best outcome for their firms (Ensley, 2006; Ensley, Hmieleski and Pearce, 2006). As a result, they create an environment that promotes substantive discussion and encourages members of the team to question each other ideas to develop a common understanding regarding entrepreneurial opportunities. For example, AVT’s founders conduct brainstorming sessions in which the product ideas of new ventures are debated and discussed. In these sessions, the team explores multiple options, incorporates different viewpoints
and collectively reaches a decision on the future products of their ventures. Second, I observe that family founders effectively safeguard against the risk of turning differences in opinion into relational disputes. This is because both family founders build close relationships and reciprocal loyalties with non-family members in the top management team. The founders of the both firms take great pride in keeping intact the non-family members. This is consistent with the findings of Miller, Minichilli and Corbetta, 2013; and Miller et al., 2011) that family firm founders strive to build up long-term, trust-based relationships with key internal employees and that the tenure of non-family top managers is substantially longer, which promotes a healthy mix of debate as well as a shared sense of respect and faith toward each other’s abilities (Kellermans and Barnett, 2008). Thus, when conflicting suggestions arise, familiarity with each other’s knowledge makes them more considerate of each other opinions, leading to active cooperation in discussing various ideas and thus their ability to collectively hone and refine the new venture ideas (Shepherd and Patzelt, 2017; Miller et al., 2016).

In sum, the study highlights that while sensing is an important capability for the firm, it represents an incomplete picture of firms’ entrepreneurial capacities and the opportunity needed to be assessed and refined to be converted into a viable business concept by defining the future products or services that match the environment and customer needs. This study thus provides a deeper understanding of the role of several individuals who jointly participated in opportunity identification and assessment at different points in time to different degrees and enhanced the firm’s entrepreneurial capacities. Thus, opportunity refinement capability is dependent on individuals’ both expert judgement and collective intelligence. Abdelgawad et al. (2013) recently argued that the entrepreneurial capabilities of the firms are strongest when its leaders allow or create processes that require the collision of new possibilities with the established “taken-for-granted” views and practices.

6.4.2 Resource mobilization capability: Creating a novel combination of resources

Teece (2007) proposes that after discovering an opportunity, it is necessary to seize the opportunity through new products and services that can address the customer and market needs. In particular, seizing capability includes strategic investments in research and development and in the design and execution of business models that can lead to the development and commercialization of products and services (Teece, 2014; Helfat et al., 2007). Thus, seizing capability allows firms to benefit from its sensed capabilities through gathering resources from internal and external sources to develop and implement its business models, which also involves changes and modifications to the products that a firm offers. While Teece (2007, 2009) largely focus on the abilities to importance of commitment in investments in research and development and crafting business models, as he notes, the capacity of firm to create, adjust, adjust, hone, and, if necessary, replace a business model is foundational to dynamic capabilities
I propose the importance of the firm capability in building its resource portfolio—resource mobilization capability, which enables a firm to enrich its endowment of resources by adding to existing resources and developing new ones. As such, it highlights the value of productive combination of internal and external resources to conceive and develop new product solutions necessary for the creation and commercialization of new internal ventures (Burgelman 1983; Antoncic and Hisrich, 2001; Narayanan et al., 2009).

The ability accumulate resource internally and harvest through external networks is often labeled as a critical component of dynamic capabilities (Eisenhardt and Martin, 2000; Sirmon et al., 2007). As it enables large firms and even small firms to continuously create, extend and modify their resources (Helfat et al., 2007), it is thus essential for exploiting changes in their business environment and achieving internal growth, i.e., entering new businesses and extending old ones with new products and services (Zahra et al., 2006; Abdelgawad et al., 2013). Recently, Sirmon et al. (2011) conceptually argue that organizational abilities in structuring resources are especially relevant for the entrepreneurial firms (i.e., family firms in this dissertation) pursuing entrepreneurial or growth-oriented strategies, as it allows them to overcome resource constrains and build a specialized resource base to enter new markets aggressively and successfully through the development of innovative product solutions. Resource structuring involves (1) accumulating resources internally (e.g., building knowledge inside the firm) and (2) acquiring external resources, as well as divesting unproductive resources. Thus, this study adds to this emerging literature by introducing the concept of resource mobilization capability.

Consistent with Sirmon et al. (2011), resource mobilization capability manifests through three activities: nurturing product champions to build and integrate knowledge inside the venture for conceiving new product ideas; improvising product solutions, i.e., utilizing available resources to create new products while simultaneously adopting to changing customer and market needs; and building long-term collaborative relationships to gain access to new sources of knowledge supporting continuous growth of innovative products.

Extant research suggests that top managers (e.g., founders and founding executives) play an important role in orchestrating firm resources. For example, as Zahra et al. (2006, p. 918) explain, “the ability to reconfigure firm resources is largely determined by the motivation, skills and experiences of the principal decision makers”. Similarly, Teece (2014) emphasizes that top managers are responsible for continually evaluating and deciding on asset deployment such that their knowledge and expertise of firm resources will influence the ways that resources are managed (Sirmon et al., 2007). As such, these arguments underscore the importance of the firm’s founding executives’ human capital for the structuring of firm resources. For instance, in family business, founders’ tacit knowledge about their firms’ resources (individual, group and organizational level) has been found to be essential for superior orchestration of resources (e.g., Duran et al., 2016; Carnes et al., 2017). However, the analysis of this study points to the key role of top managers’ social capital. Although top managers’ human
capital is present in the data, top managers or founding teams’ social capital—social ties within their internal networks as well as external networks—was dominant and strongly influenced resource-structuring activities described above, which I will describe and conceptualize next.

The literature on business venturing since long highlighted that promoting champions in the organizations is an important activity as it allows organizations to build a critical resource who can take the responsibility and moves the new product ideas from its initial conception to market launch (e.g., Burgelman, 1983; Day 1994). This is even more important in dynamic and competitive environments such as deregulation where there is often scarcity of industry specific knowledge based resources that can support and lead the introduction of new products and services (Madsen and Walker, 2007; Sirmon et al., 2007). Extant research suggest that as compared to large and established firms, entrepreneurial family firms often operate at a resource disadvantage in terms of human capital while creating new ventures in the dynamic environments (Helfat and Liberman, 2002; Zahra et al., 2009; Sirmon and Hitt, 2003). Therefore, in dynamic environments, founders of family firms need to acquire and develop employees internally who can champion the product development initiatives for the new ventures (Sirmon et al., 2011; Green et al., 1999). For example, Howell (2005, p. 177) notes that ‘it is incumbent on leaders to strategically recruit, select and develop champions, to provide opportunities for them to build internal and external relationships and go beyond their prescribed role to spark new ideas. Building on this insight, the findings of this study extends the concept of championing by showing that how champions can be nurtured for the knowledge brokering activities inside the organizations (e.g., Hargadon, 2002). For example, in both firms, the product champions of different channels were strategically selected and nurtured while working in close cooperation with founders and other top management team members. Thus, the findings of this study augment the theoretical suggestion of Hitt, Ireland, Sirmon and Trahms (2011) that in dynamic environments, it is advantageous for the firms, especially young firms to engage in activities that synchronize internal knowledge, thereby developing the collective tacit knowledge necessary to create innovative product ideas.

Interestingly, I found that this advantageous collective exchange of knowledge among the champion and the family founders was the result of internal social relationships developed through history of prior relationships. For example, in Hum Network, the product champion of Hum TV is the wife of the CEO and daughter-in-law of the president. For the second venture, the family founders selected their former general manager of the production house to lead the product development activities of their second venture—Masala TV. Similarly, the founders of AVT promoted the producers of Khyber TV (the first venture) to lead the product development team of News Channel and K2, the youth channel. These prior relationships with family founders allowed the champions to build reciprocal relationship which was critical for knowledge brokering activities—gaining access to the critical knowledge and expertise reside inside the firm, learning from
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each other’s experiences and gaining knowledge to collectively create new product ideas (Hayton and Kelly, 2006; Hargadon, 2002).

Extant research largely focuses on the family top managers’ relationships outside the organization, which provides access to new resources such as hiring senior executives or board members who can promote and champion the new product development activities (Zahra et al., 2009; Nordqvist and Melin, 2008; Sirmon et al., 2011). The findings of this study show how top manager’s internal relationships (i.e., promoting and nurturing the product champions) facilitate intra-knowledge sharing activities. Specifically, this study highlights the importance of a firm’s internal relationships that promote champions into brokerage positions and that thereby link knowledge from diverse domains to collectively hone product ideas for different ventures. Thus, the results of this study extend the arguments of Arregle et al. (2007) and Salvato and Melin (2008) and Sirmon and Hitt (2003) that although social ties are present in all firms, family firms foster unique internal social ties among family members and non-family members that foster collaborative norms necessary to create innovative product ideas. For example, Chirico and Salvato (2016) find that the members of the controlling family develop intense relationships with each other through history of interaction both inside and outside the work context that enable them to effectively internalize each other’s knowledge, which, in turn, facilitates the development of novel product outcomes.

While nurturing of the product champions is an important activity that enables both firms to develop an important resource that synchronizes internal knowledge and creates innovative product ideas for the internal ventures, these collectively developed product proposals often need to be translated into product offerings—the creation of new products and introduction of them to the market (Zahra and Nielsen, 2002). This often represents a greater challenge for the family firms, as it requires capabilities to effectively integrate internal knowledge with external knowledge to develop or create new products for the commercialization of new ventures (Teece, 2007; Sirmon et al., 2011). Extant research posits that family firms have superior ability in combining existing tacit and procedural knowledge for developing new products owing to family founders’ extensive exposure to the business. This is because since founders know the business from its inception, knowledge from the past-industry specific knowledge, technical knowledge gained through producing the similar innovations enables them to produce superior products for entering new markets (De Massis, Di Minin, and Frattini, 2015; Duran et al., 2016; Cruz et al., 2015). As such, new product development for the new market entry in family firms is accomplished by “creating the new from the old” (Nordqvist and Melin, 2010, p.224). Therefore, there is an emerging consensus in the literature that family firms often lack the ability to form collaborative relationships with external partners to leverage external knowledge, which is often necessary to induce diversity in the product development process and ensure the continuous flow of innovative products (e.g., Gomez-Mejia et al., 2007; De Massis, Frattini and Lichtenthaler, 2012).
However, analysis reveals that both family firms successively pursued internal and external resource accumulation activities to ensure the expedition of new products. Interestingly, I found that the family firm’s ability to mobilize resources internally and to acquire through external sources was the result of the product strategy of its new ventures (e.g., De Massis et al., 2015). Product strategy here refers to the commitment of founders and their team to develop products that help them differentiate their new ventures from competitors in the industry (Sirmon et al., 2011). For example, the founders of both firms along with their champions deliberately targeted market/product niches for their new ventures, with an aim to provide differentiated value to customers vis-a-vis competitors. Empirical analysis of the venturing activities of both firms reveals that the adopted product strategy defines the way that the venture “goes to the market” and hence provides the founders with a mobilizing vision regarding when and how to orchestrate internal and external resources to facilitate the development of its strategic objectives, i.e., offering differentiated products (Chirico et al., 2011; Sirmon et al., 2011).

As noted, although both firms target specific niches in the market with new and differentiated products to avoid direct competition with more established firms, they also create uncertainty in terms of forming accurate judgements regarding the long-term success of their products of new ventures. This is especially so in the deregulated environment, which is associated with rapid and unpredictable change in customer preferences and the competitive landscape. For this reason, in both cases, the founders avoided detailed planning, i.e., making large investments in internal resources—hiring specialized employees and technical resources (Zahra and Neilson, 2002, Teece, 2007) and capitalizing first on existing resources and producing a limited number of products for all their new ventures. To use the terms of Baker et al. (2003), this implies that both family firms improvised and worked with the resources on hand, and followed an incremental path to product development. Thus, as opposed to experimentation, where firms often plan to create different products in order to generate a systematic experience, improvisation implies that how the bundle of current resources can be effectively applied to generate novel solutions for the situation at hand (Hmieleski and Corbett, 2006). For instance, facing the uncertainty of judging the acceptability of original drama productions, Hum Network for their first venture utilized their production house to develop original drama productions and only produced limited dramas. Similarly, AVT, being the first network targeting the niche market, started broadcasting its first channel Khyber TV with a test transmission with a limited number of in-house interactive programs. This kind of improvisation response is based on a rich combination of existing resources, which provided much needed resource flexibility (Sirmon et al., 2011) to make ongoing modifications in the product portfolio of the new ventures possible in response to changes in the environment—market and customer demands. For instance, in both cases, almost all the products of new ventures were continuously evolved based on the market and customer feedback. Masala TV, the second venture of Hum Network, is a good example, where the existing
recorded cooking shows were modified into live shows to match customers’
expectations. Similarly, in Khyber TV, AVT’s first venture market and customer
information led to significant changes in the daily programing of the channel. Thus, I argue that improvisational behavior may be a key mechanism, particularly
for family firms for thriving in dynamic industries, as it refrains founders from
over-committing resources and enables adaptation to new changes in the market.

Researchers have observed that the improvisation ability of a firm rests on
firms’ internal social resources—limited structure, extreme interaction and
continuous information exchange inside the organization (e.g., Brown and
Eisenhardt, 1999; Eisenhardt and Martin, 2000)—which allows the ideas on
products to emerge in new and creative ways and enables the firm to make on-
going changes in its product offerings. Consistent with these observations, both
case firms adopted unstructured and flexible approach to create new products for
their ventures. In both cases, the product champions of different ventures were
given decisional autonomy to lead and make ongoing changes in the products, but
there was continuous interaction and feedback. To give an example, the product
champion of Hum TV (first venture of Hum Network) was given the freedom to
lead the production house and develop drama products for Hum TV, but the
production house never completed the full drama production in advance. The
dramas were always sent to the Hum TV team in a bunch of four episodes. The
setting of milestones not only serves as a moments for feedback but also provides
an opportunity to make on-going adjustments in drama productions in response to
market and customer feedback. This type of bounded delegation (De Massis et al.,
2015) seems unsurprising given that family firms often have a strong preference
for informality, i.e., greater internal communication, coordination, and
cooperation, which lessen the need for standardized control and enable them to
make decisions on new product improvements quickly and collegially.

While improvisation helped both firms to cope with the limited resources and
dynamic environment, scholars claims that in order to grow firms must gather
resources, especially knowledge from outside its borders through nurturing and
developing long-standing relationships with other companies in the industry (Hite
and Hesterly, 2001, Ozcan and Eisenhardt, 2009). Otherwise, they run the risk of
stalled growth and an inability to produce a continuous stream of innovative
products (Zahra et al., 2009; Duran et al., 2016). Thus, firms must excel in their
ability to build and leverage external networks. Empirical analysis indeed showed
that to develop the product portfolio of their ventures founders of both firms
purposefully searched and formed collaborative relationships with other firms in
the industry, such as production houses and advertising brands. In particular, both
firms continuously broadened their network and successfully created multi-firm
collaborative networks (Ketchen et al., 2007; Prashanthan and Dhanaraj, 2010)
with different production houses. This was made possible through by utilizing
their prior connection in the industry. This finding is consistent with previous
studies that found that network expansion is a path-dependent process, where the
founding team’s industry experience strong influences its ability to expand and
form new relationships with desirable partners (Hallen and Eisenhardt 2012;
Prashanthan and Dhanaraj, 2010). This finding is nonetheless in contrast to the literature, which suggests that the founders of family firms are often reluctant to form collaborative relationships owing to their fear of losing knowledge stocks, brand name reputation and control over product development activities (Schulze et al., 2001; Gomez-Mejia et al., 2014; 2007). However, consistent with De Massis et al. (De Massis et al., 2015), the empirical analysis reveals the importance of the choice of collaborative partners and how these relationships are managed. First, rather than choosing competitors or powerful suppliers as partners (e.g., Ozcan and Eisenhardt, 2009), founders of both cases set-up collaborations with new and young production houses in the industry. This reduces the loss of reputation, as founders contributed in the development of their partner production houses by providing them with both creative and technical support, which allowed them to closely monitor the product development so that it fits with their venture needs. Second, as opposed to more formal cooperation such as alliances where cooperating firms act essentially in other own self-interest (e.g., Santos and Eisenhardt, 2009), both case firm relied on informal collaborations, in which the firms worked closely with each other to achieve mutual benefit outcomes (Ketchen et al, 2007). For example, working in close relationships with television networks (i.e., entrepreneurial family firms), young production houses gain quick access to market complementary assets and distribution channels (Zahra, 2010), while family firms gain diversity of thought and experience, which help spur growth and development of innovative products. As a result, this relationship ensures joint commitment and equitable treatment, thereby making relationships more enduring and personal.

6.4.3 Customer orientation capability: Creating new customer knowledge to build relationships

It is well established in the literature that firms operating in environments where competitor activities are in constantly in a state of flux must continuously renew or re-define their product and services to stay ahead of competitors. To achieve this, Teece (2007) suggests the importance of building a transforming capability. As he notes, once opportunities are recognized and have been seized, transforming dynamic capabilities are needed to achieve “asset orchestrations and corporate renewal” (Teece, 2007, p. 1335). Corporate renewal involves continuous modification of a firm’s innovative process to address competitive threats and new opportunities (Teece, 2007; Helfat and Agerwal, 2009). Asset orchestration includes continuously renewing and recombining core and complementary knowledge, such as customers, product design, research and development to capture new product categories or renew existing ones to retain competitive position in the market (Helfat et al., 2007; Sirmon et al., 2007, 2011). Similarly, Abdelgawad and colleagues (2013, p, 398) argue that to enter new markets and sustain dominant entrepreneurial capabilities to synchronize knowledge assets with the exogenous changes is essential, “as it harmonizes the firm’s innovative
activities with the speed of the environment”. In contrast to the suggestions of Teece (2007) and Abdelgawad (2013), I was not able to find evidence of transformative capability. Instead, the empirical analysis reveals that to stay ahead of competitors in the targeted market segments, the founders of both firms from the beginning made considerable effort in building close relationships with customers, which involves identifying and understanding customer and translating customer needs into new products. To which, I refer to as customer orientation capability.

Marketing scholars have long argued that in competitive environments market-oriented firms often excel in recognizing productive opportunities, developing products that satisfy unmet customer needs and continuously adapting product and services to changing customer needs (Narver and Slater, 1990; Kohli and Jaworski, 1990). In the literature, market orientation captures a firm’s propensity to understand evolving customer needs and successfully refine and adapt its innovations to meet these needs, thereby staying ahead of its competitors. Specifically, Slater and Narver (1998) explain that firms with market-oriented capabilities (1) proactively generate intelligence on customers through market research, focus surveys, and engaging customers in the early stages of product development and (2) systematically collect information on current and potential competitors in the industry in terms of their strength and weaknesses and based on that information identify novel and meaningful ways to satisfy customer needs. As a result, they enhance their creativity, leading to more effective innovation. Bruni and Verona (2009) argue that the ability to integrate customer and competitor knowledge corresponds to dynamic capabilities. They introduce the concept dynamic marketing capabilities, which reflects a firm’s ability to develop, release and integrate market-based knowledge that allows the development of superior product solutions for targeted customers. They argue that to adapt to changing customer needs, firms must be able to both explore and exploit market based knowledge, as it allows the firms to develop accurate insights into customers, market trends and competition that facilitate the renewal of firm products and services.

However, the capability that I observe during empirical analysis corresponds to a firm’s ability to create, maintain and enhance long-term relationships with customers. Dynamic marketing capabilities, although they have a strong emphasis on generating knowledge on customers, the customer orientation capability that I propose emphasizes the importance of customer relationships. In fact, customer orientation capability specifically focuses on a firm’s activities aimed at gathering information on customers evolving needs through repeated interactions (i.e., indirect and direct communication with customers) and translating this knowledge into developing products and services to gain customer loyalty and commitment. In this regard, customer knowledge provides an important point of reference to manage and deepen customer relationships (Barrales-Molina, Martinez-Lopez and Gazquez-Abad, 2014). It allows firms to adopt their product offerings according to customer wishes, which signals organization commitment toward customers and engenders customer loyalty and satisfaction, which are essential to
succeed and maintain dominance in the competitive environment. Customer orientation capability is thus similar to what others have labelled customer linking capabilities (e.g., Day, 1994; Deshpande, Farley, and Webster, 1993; Lin, Sanders, Sun, Shipton and Mooi, 2016).

There is an emerging consensus in the literature that the creation of customer orientation capability is dependent on the organization culture. A culture that emphasizes the importance of being customer centric and driven by an understanding of customer changing needs (Day, 1994; Slater and Narver, 1998). In other words, customer centric culture represents overall organization and its members’ belief that the most effective way to achieve long-term success is by proactively seeking to build and maintain long-term relationships with customers (e.g., Deshpande et al., 1993). This belief in turn promotes or influences firm behaviors and activities aimed at acquiring knowledge about customers evolving needs and responding to them through the addition of innovative products or services to increase the quality of relationships (Shah, Rust, Parasuraman, Staelin, Day, 2006). These behaviors that prevail in the organization are often the result of top managers’ or founding entrepreneurs’ values (Schein, 1995). In family firms, values such as responsiveness toward customers and commitment in delivering superior customer satisfaction, have been found critical in building customer-focused organizations (Jones and Rowley, 2011; Tokarczyk et al., 2007). These values are often the result of family entrepreneurs’ knowledge and experience. For example, Garcia-Alvarez, Lopez-Sintas (2001) find that family founders with prior entrepreneurial experience exhibit values such as innovation, ambition, and long-term orientation, which influence a firm’s growth activities. Similarly, Day (1994) and Urban and von Hippel (1988) show that founders’ prior knowledge of customers through serving them in the past strongly shapes founders’ customer-oriented values, thereby providing norms and behaviors for creating a customer-responsive organization. Consistent with these findings, I observe that in both cases, firms’ family founders values such as reputation and trust serve as the basis for firms’ activities that are oriented toward creating and maintaining long-term relationships with customers to obtain their loyalty and commitment.

First, reputation is often considered a key value of family founders, especially those leading their firms in creative industries, such as the television industry (Le-Bretton Miller and Miller, 2015). This is because the television broadcast industry, particularly the one in the early stage of development, creates uncertainties for founders and their firms in terms of judging the demand for products before full production (Picard, 2005), oversupply of media content from which customers can choose (Zampetakis, Vekini, and Moustakis, 2011), and competition on product attributes that appear valuable to customers (Le-Bretton Miller and Miller, 2015). As a result, to succeed in this environment, family founders often emphasize the maintenance of image and reputation for the long-term viability of the firm (Layman, 1991; Le-Bretton Miller and Miller, 2015) to ensure the strong customer association with the company and its products and to build stronger relationships. Consistent with these arguments, I observe that in
both firms, the family founders’ prior knowledge of television production and customers made them value reputation in the eyes of customers to be essential in creating long-term relationships. Thus, they decided to develop products that are not only of high quality but also socially and culturally appealing to their perspective customers, and as consequence, they can build favorable visibility. To achieve this, the family founders promoted two practices inside the organization: (1) acquiring in-depth knowledge of their prospective customer cultural and social needs, developing products adhering to these needs, and (2) proactively tracking the evolving needs of existing and new customers through extensive communication to ensure that products are aligned with customers changing needs and expectations. For example, the founders of AVT channels made a considerable effort to understand the social cultural needs of their niche market customers by gathering information on their history, customs and traditions to develop products that not only respect these values but also promote them. In addition, right from the start of its channel’s transmissions, they also opened different communication channels to talk to their new customers directly and use this knowledge to continuously modify their products to exceed the expectations of its targeted customers. Similarly, Hum Network’s founders deliberately offered products that matched their customers’ values and traditions and regularly engaged in customer research- focus groups, customer surveys and online communications to understand whether their venture products matched the needs or expectations of their customers. Thus, offering products that adhere to customers’ cultural needs, on the one hand, made new customers have strong identification with the firm and its products. On the other hand, tracking the evolving needs of existing and new customers through continuous interaction gave the impression that the firm is aware of and keen on understanding its customers’ changing needs. As a result, it enabled both firms to develop a favorable reputation in the eyes of customers and to build stronger relationships with their customers.

Second, both family founders strived to build trust-based relationships with their customers to enlist cooperation and loyalty. While reputation is important to promote favorable visibility in the eyes of customers, trust ensures that a firm has genuine concern for its customers and that it is committed to fulfilling their needs and wants. The literature suggest that a focus on customer wishes and cooperating closely with them to create customer trust is an enduring value of family firms and its founders (Intihar and Pollack, 2012; Orth and Green, 2009; Le-Bretton Miller and Miller, 2015). For example, Le-Bretton Miller and Miller (2015) argue that media industries thrive on building trust with customers and that family founder’s preference for personalized relationships with customers uniquely positions them to engage in activities that build trust-based relationships. These activities often include attaching the family name to the business, which shows that the founders have a strong emotional link with the business and signals reliability to its customers; quick decision making to meet customer demands and needs; and frequent and personal interactions with customers to collect firsthand information on customers (Orth and Green, 2009; Cooper, Upton and Seaman,
In contrast to these activities, I observe that to build trust, both family founders engage in collaborative dialogue with customers of their different ventures. This involves bringing the voice of the targeted customer inside the organization by providing them with various platforms of communication through which customers propose new ideas for product offerings. By listening to customer proposals and ideas result in customer confidence, that firm is genuinely concerned about meeting their needs and give customers motivation to actively cooperate with the firm on an ongoing basis. This allows firms to develop an empathetic understanding of customer needs and to continuously improve their products by incorporating customer ideas into its product development activities (Parahald and Ramaswamy, 2004). Thus, they can provide customers with personalized product experience (Day, 1994), which signals firm loyalty toward its customers and engenders trust on the side of customers (Lin et al., 2016; Day, 2000).
7. Conclusion and summary

7.1 A summary of the main results

The purpose of this dissertation is to improve our understanding of how family firms adapt to their dynamic environments through creating new businesses and to explore the role of dynamic capabilities driving firm’s strategic entrepreneurial activities. I have addressed the above aims by conducting qualitative case studies of Hum Network and AVT channels, which were both family firms at the time of their entry into the deregulated TV industry of Pakistan in 2005. Both firms offered a suitable empirical setting for my study because of their extraordinary success in a highly competitive industry. Moreover, Hum Network and AVT channels are interesting because both firms, despite facing tough competition from other big firms entering the market, successfully and in a short period created new businesses in the existing TV industry with new media products, which helped them to sustain a dominant position in a dynamic industry. Thus, they provide an interesting context to explore the role of dynamic capabilities, which are often described as an important means of sensing and seizing opportunities and reconfiguring firm resources to achieve organizational adaptation and growth.

Although the previously cited literature (See chapter 2) has argued that creating new businesses can be particularly important for family firms operating in a dynamic environment for renewal and strategic adaptation, the dominant view holds that family firms are low risk takers and conservative in their strategies and are thus less likely to engage in venturing initiatives. Contrary to this view, one of the key insights that emerged from this study is that to cope with changes in the competitive environment, family firms adopt new business venturing as a strategic approach to establish and protect their position in a competitive industry. By a strategic approach, I mean the intent of family founding executives to seek strategic adaptation, particularly through continuously identifying unmet customer needs in the industry and exploiting these needs through producing new media products and services well in advance of their competitors. To enact or implement their strategic imperative, both firms developed a set of capabilities, which I call entrepreneurial venturing capabilities (EVC), defined as the ability to ensure the continuity of the firm’s entrepreneurial initiatives, form by its top management’s propensity to sense, evaluate and synchronize internal and external resources for the exploration and exploitation of new business creation opportunities. Thus, entrepreneurial venturing capabilities emerge and develop from the actions of the family founding executives. By action, I mean their abilities to build, integrate and reconfigure collective organizational resources to continuously not only sense but realize new business creation opportunities.

First, opportunity refinement capability refers to the ability to envision new possibilities in the market combined with the ability to evaluate and modify the opportunity according to new insights to shape the venture opportunity in ways...
that more effectively address the unmet customer or market needs. It reflects management’s abilities in imaging new venture opportunities based on the industry experience and further refine these opportunities by deliberately composing team at the top management level with additional industry experience to collectively form judgements on the attractiveness of new opportunities.

Second, resource mobilization capability consists of an ability to develop and integrate the internal and external resources need to develop new media offering for the new ventures. It reflects management’s ability in building enduring and trust-based relationships with actors inside the organization to accumulate and integrate resources as well as ability in the form of external collaborative relationships necessary to ensure the continuous development of new innovative products.

Third, customer orientation capability is the ability to develop and maintain close relationships with customers to ensure long-term success of the new venture in the competitive environment. Customer orientation reflects management’s ability in accumulating relational resources such as reputation, image, trust and credibility through promoting behaviors, which puts an emphasize on understanding and aligning with the customer’s cultural values proactively to collect and use customer information to adopt to their current and future needs as well as collaborating with the customers regularly.

Overall, the capabilities that I have identified enable family firms to sense and calibrate the opportunities in the fast-changing deregulated environment, to rapidly mobilize resources for new product development to seize the opportunities, and to quickly transform their product and services by disseminating customer knowledge throughout the organization to meet the shifting demands of customers and gain market dominance.

7.2 Theoretical contributions

This study’s contribution to dynamic capabilities and family firm literature is discussed next. Furthermore, the managerial implications that have emerged from the studied cases are introduced at the end of the chapter.

7.2.1 Contribution to the dynamic capabilities literature

The findings of this study contribute to the theoretical discussion of dynamic capabilities by introducing the concept of entrepreneurial venturing capabilities, which allow family firms and their founders to consistently engage in strategic entrepreneurial activities that result in the creation of new businesses in existing fields. Specifically, EVC incorporate capabilities for sensing and seizing of new opportunities and the continuous transformation of knowledge inside the organization to revamp product and services to meet changing customer and market demands, as propose by Teece (2007, 2009). However, a number of other
characteristics are also worth mentioning. First, the capabilities that I observed are formed or underpinned by a set of activities that were performed repeatedly by firm founding executives. I consider these activities to be key mechanisms that support the functioning of entrepreneurial venturing capabilities. Thus, I leave the abstract level of discussion that has characterized the literature on dynamic capabilities so far by specifying the activities that undergird capabilities and that contribute to recent call by Achtenhagen et al. (2013) and Ambrosini and Bowman (2009) and Grant and Verona (2015) for a more activities-based conceptualization of dynamic capabilities. For example, Ambrosini and Bowman (2009 p, 44) note “to better understand what dynamic capabilities look like in practice requires empirical research which tease out discrete activities that shape the change in dynamic capabilities”. The kind of discrete activities that Ambrosini and Bowman are referring to are introduced and discussed in chapter 6.

Second, entrepreneurial venturing capabilities are an important means for ensuring the continuity of corporate entrepreneurial activities. They enable family firms to adapt, reinvent and transform in face of changing competitive conditions through sensing and assessing new opportunities as well as to synchronize the deployment and use of resources necessary to create new businesses and develop substantially different products. In other words, these capabilities are enacted with a specific purpose: promoting a firm’s proactiveness in regularly and systematically recognizing new opportunities for creating new businesses within an existing organizational body. Thus, this is in contrast to Teece’s (2007) generic set of dynamic capabilities—sensing, seizing and transforming—that is often considered essential for a firm to sustain itself in the long-run as competitors, customers and technology change. Instead, entrepreneurial venturing capabilities are a specific set of capabilities with specific purposes within a particular context, and they are not “a generic capacity to undertake change” (Helfat and Winter, 201, p. 957). In this respect, EVC insinuate the creation of new capabilities rather than upgrading existing ones (Helfat et al., 2007; Teece, 2014), as they play an important role in fostering a firm’s entrepreneurial behavior through constant renewal and repeated acts of entrepreneurial activities. Thus, the findings of this study support the arguments of Abdelgawad et al. (2013) that some firms develop a special type of dynamic capabilities that extend beyond change and the integration of existing resources—capabilities whose aim is to proactively initiate change in the environment by accessing external resources and orchestrating their combination with internal resources in the pursuit and creation of new opportunities. Although Zahra et al. (2006) and more recently Teece (2012) acknowledged the entrepreneurial nature of dynamic capabilities, to my knowledge, this is the first attempt to bring clarity to an entrepreneurial element of dynamic capabilities by identifying their existence empirically and highlighting their role in new business creation initiatives.

Third, by introducing the concept of EVC, I also contribute to the ongoing debate in the dynamic capabilities literature regarding the role of the environment. There are two opposing view in the literature: one considers the value of dynamic capabilities to be more pronounced in an environment characterized by rapid
technological change (e.g., Teece, 2007), while the other argues that they are evenly important in more placid environments (e.g., Helfat and Winter, 2011; Eisenhardt and Martin, 2000). While, conceptually, dynamic capabilities are often argued to be more valuable in environments of technological change, given the rate of change of innovation in an industry (Peteraf et al., 2013; Teece, 2007), the recent review by Fainshmidt et al. (2016) suggest that this might not be the case. In contrast to these approaches, the findings of this study highlight the role of competitive environments in relation to dynamic capabilities. That is, an environment characterized by a high number of manifestly competing organizations (Wilden et al., 2013) in which opportunities are fleeting quickly and threats to new competitors are always present puts entrepreneurial ventures survival at risk. The findings of this study suggest that in this environment, entrepreneurial ventures- family firms will benefit from developing entrepreneurial venturing capabilities—as they allowed founding executives of the case firms to sense new market trends and seize opportunities prior to competitors. Thus, the findings of this study support the contention of Wilden et al. (2013, p.77) that developing new capabilities to take advantage of market opportunities is likely being more valuable in highly competitive markets because “when rivalry is fierce, companies must innovate in both product and services, explore new markets, find novel ways to compete, and examine how they will differentiate themselves from competitors”. Looking at it this way, entrepreneurial venturing capabilities can be seen as best practices exercised by family firms’ founders to improve firm adaptation in response to changing competitive conditions. (Eisenhardt and Martin, 2000; Peteraf et al., 2013). This is because although exercising EVC may lead to first mover advantages in capturing new market segments and customers, they are susceptible to imitation by other firms (Pezeshkan et al., 2016; Peteraf et al., 2013). For instance, Peteraf et al. (2013) provide an example of Zara, who was the first to capture the market of fast fashion, but soon, other competitors caught up. Thus, I argue that EVC’s real value lies in providing firms with temporary advantages over their market rivals (Sirmon et al., 2010), as they allow firms to always stay one step ahead of competitors in the industry by implementing entrepreneurial initiatives quickly and proficiently.

Fourth, I argue above that EVC can be seen as best practices, but I concur with Peteraf et al. (2013), who argue that best practices are not always implemented by all organization. Even when they are implemented, they are not done so with same skill and frequency across organizations in the industry. This is because, as the results of this study demonstrate, they result from a firm’s founding executive’s skills, abilities and resources. Specifically, their human, cognitive and social abilities influence and shape the development of EVC. Thus, this study contributes to emerging research on dynamic managerial capabilities, which highlights the importance of the managerial role in explaining heterogeneity in capabilities at the firm level (Helfat and Martin, 2015; Ander and Helfat, 2003). In doing so, this study tried to empirically explicate the micro-level antecedents of organizational capability development in terms of firms’ top executives’
competences that make important differences in directing the development dynamic entrepreneurial capabilities (Teece, 2012; Felin., et al., 2012). While the empirical and theoretical evidence on managerial underpinning cognition and human capital and their impact on capabilities has begun to emerge (Helfat and Peteraf, 2015; Sirmon and Hitt, 2009), what makes the findings of this study unique is that it attempts to incorporate all three dimensions together and attempts to develop a fuller understanding of managers’ role in shaping firm capabilities. Specifically, the findings of this study illustrate that managerial human capital, cognition and social capital are mutually interdependent and mutually reinforcing. They are often used in combination, and they influence firms’ entrepreneurial venturing capabilities.

7.2.2 Contribution to the family business literature

This study also contributes to family business literature, specifically regarding the understanding of efforts in new business creation through internal business venturing activities. Little is known about how family firms engage in business venturing activities, as Gomez-Mejia et al. (2011, p. 685) recently note “with respect to venturing, empirical research examining new business creation efforts by family SMEs is practically non-existent”. Although Nordqvist and Melin (2010) argue that continuous entrepreneurial activities are essential for family firms’ continued innovation and renewal, extant literature on the topic has reported inconclusive results (e.g., Minola et al., 2016). Whereas some studies depict family firms as a context in which entrepreneurship flourishes because of unique resources—human, social and cognitive—that the family can provide (e.g., Sirmon and Hitt, 2003; Aldrich and Cliff, 2003; Miller et al., 2015), others view family firms as too conservative and inflexible to take necessary risks associated with acting more entrepreneurially (e.g., Naldi et al., 2007; Zahra, 2005). To solve this puzzle, in this dissertation, I draw attention to the importance of investigating entrepreneurship behavior in family firms from a capabilities perspective, which focuses on processes relating to sensing and seizing opportunities and reconfiguring the firm resource base to implement strategic entrepreneurial initiatives (Abdelgawad et al., 2013; Teece, 2007; Zahra et al., 2006). By focusing on firms’ capabilities, this study departs from studies that focus on the concept of entrepreneurial orientation (EO) to explain the family firm’s propensity to behave entrepreneurially. EO is viewed as a frame of mind or a perspective that reflects the firm’s dedication to entrepreneurship and that describes the firm’s tendency to undertake new entry (Dess and Lumpkin, 2005). This research on EO has refined our understanding of various family business characteristics, such as long family CEO tenure and family involvement, which either enable or constrain the propensity to act autonomously, innovate and take risks necessary to engage in entrepreneurial initiatives. (Zahra, 2005; Kellermans et al., 2008). However, this focus on orientation constrains our understanding about the processes by which family founders implement their strategic
entrepreneurial activities that can result in the creation of a new businesses (e.g., Lumpkin et al., 2011; Minola et al., 2016; Salvato and Melin, 2008). As Cruz et al. (2015) also recently note, more research on processes relating to sensing, seizing and transforming is needed to better understand entrepreneurial process in family firms. I address this research gap by introducing the concept of entrepreneurial venturing capabilities. Specifically, I suggest that entrepreneurial venturing capabilities of opportunity refinement, resource mobilization and customer orientation are needed to successfully launch, create and sustain new ventures. Hence, I move beyond previous research on entrepreneurship in family firms by showing what specific capabilities can be used for the continuous realization of new opportunities for new venture creation, which is more than just a matter of identifying an overall firm posture that is EO.

Importantly, in contrast to Zahra et al. (2009), who argue that venturing activities in family firms are often implemented in an ad hoc manner, wherein new business opportunities are discovered or created in an informal and improvisational process without a pre-determined strategy, I found that both firms’ family founders used venturing as an important strategy for innovative business development to seek growth and remain competitive in changing environment conditions. Thus, the findings of this study demonstrate that family founders play a key role in the development entrepreneurial capabilities, which are an important means for implementing their strategic intent—as they continuously and deliberately capture opportunities for new business creation. Recent research by Minola et al. (2016) provides insight on the influence of family founders motivation on the implementation strategic entrepreneurial activities that result in the creation of new businesses. In contrast, this research highlights the central role of family founders and their executives’ human, cognitive and social resources in the development of entrepreneurial capabilities for new venturing. Thus, I respond to the recent call by Lumpkin et al. (2011, p. 299) to look at the “human capital and cognitive characteristics of family business entrepreneurs and how these, in turn, influence the development of capabilities for sustained entrepreneurship”.

7.3 Managerial implications

The findings of this study provide useful practical implications for managers or entrepreneurs, specifically those who are operating in competitive environments and seeking to improve their firm’s strategic adaptability. First and foremost, the findings of this study suggest that entrepreneurs leading their firms in a fast-paced competitive environment can be best served by adopting business venturing as the core of their firm’s efforts to adapt strategically. That means that senior managers can intentionally rely on new venture creation as a possible strategy for innovative business development, which can expand the firm’s scope into new areas of possible strategic importance and enable them to accrue a series of temporary advantages over rivals. As opposed to diversification, which could result in the
firm diversifying into unrelated domains, venturing as a firm strategy proposed here entails venturing initiatives aimed at the extension of the firm’s existing market domain through the creation of new products and services. In this way, venturing activities are more purposeful, enter profitable niches, create and introduce new products to ensure agility in responding to changing environment conditions. Research has provided various examples of firms that have successfully used internal business venturing as a key component of their innovative strategies (see, for example, Covin and Miles, 2007; Kuratko et al., 2009). One such recent example is Netflix. Netflix is a highly creative company that capitalized on the success of DVD business and internet services continuously seek new opportunities through planned entrepreneurial initiatives. After its launch in USA in 1997, Netflix continuously and deliberately leverage opportunities through the creation of a portfolio of additional products around its core business. These include Netflix- branded drama productions (Netflix original drama division), Netflix movies (Film distribution company), and Netflix documentaries (News programing company).

Second, these results suggest that the success of the organization’s strategic entrepreneurial activities requires entrepreneurial venturing capabilities. EVC, which as presented in chapter 6, certainly increases a firm potential to systematically recognize and exploit entrepreneurial opportunities. From a managerial point view, this dissertation illustrates how the elusive concept of capabilities may become more operationally meaningful when combined with a firm’s strategy, which provides the basis for developing capabilities that allow the firm to venture into arenas. In this sense, managers must understand that while strategy and capabilities can be analytically separate, as a practical matter, they need to be developed and implemented together. As Tecce (2014, p. 341) also notes that “dynamic capabilities must be used in aid of a good strategy... A strategy that is consistent and accommodating of entrepreneurial innovation is essential to help achieve advantages over rivals. A firm with strong entrepreneurial capabilities is able to flesh out the details around strategic intent and to implement strategic actions quickly and effectively”. For managers, from a normative perspective, the findings of this study provide guidelines on choices regarding which specific capabilities they need to develop support for the implementation of strategic intent to aggressively pursue new entrepreneurial initiatives. In so doing, they can place themselves in a position to regularly and systematically recognize and exploit opportunities for growth and advantage seeking in a highly competitive environment.

7.4 Limitations and future research

Similar to most research, this study has limitations, many of which provide directions for future research. The in-depth analysis of two firms since their entry into a deregulated market provides a pragmatic design but does limit the ability to generalize the findings. The number of cases in the sample was at the lower end
of Eisenhardt’s (1989) as well as Eisenhardt and Graebner’s (2007) recommendation on the optimal number of case firms. By choosing a relatively small number of unique cases, I traded depth for breadth with respect to the case findings (e.g., Siggelkow, 2007). Thus, the findings of this study have strong conceptual appeal. This study researched only family SMEs and transferring some of the findings as such to the context of large family firms or mature firms would be inappropriate. Thus, I advise that future research extend the scope and increase the understanding of the strategic entrepreneurial activities of family SMEs, by specifically focusing on the role of resources and capabilities in relation to entrepreneurship, which have been sparsely studied (e.g., Cruz et al., 2015; Miller et al., 2015).

Second, this study has devoted a great deal of attention to the relationships between competitive environment and capabilities. Researchers within the field, as discussed before, are split into those who relate dynamic capabilities to competitive and technological change in the environment (Teece, 2007; Wilden et al., 2013), those who acknowledge the relevance of the concept in both stable and dynamic environments (Eisenhardt and Martin, 2000; Karna et al., 2015) and those who simply ignore the specific characteristics of the environment (Helfat and Winter, 2011). Because the issue has been one of the key tenants of the dynamic capabilities framework, it would be interesting to investigate the existence of entrepreneurial capabilities in a less dynamic environment. An interesting question would be, can family firms both small and large benefit from developing and deploying entrepreneurial venturing capabilities in less competitive environments. Alternatively, would they rely more on other corporate transformation efforts, such as renewal and product innovation as suggested by Minola et al. (2016)?

Third, this study only deals with one inward dimension, i.e., top executives or founding entrepreneurs’ strategic intent to pursue venturing strategies, which influences the development of entrepreneurial capabilities in the firm. Other internal dimensions such as organization structure merit further investigation. For instance, Teece (2007) explicitly highlights that decentralized structure is key to sensing, seizing and transforming capabilities. In this study, the role of structure was not investigated specifically, because the studied firms were young family firms, and it was assumed that these firms have an open and less bureaucratic structure (e.g., Corbetta and Salvato, 2014).

Fourth, the family firms investigated in this study have founders and founding teams with the expert knowledge of the industry. They have run and created largely successful media production houses in the past and therefore probably learned unique lessons about industry characteristics and customer preferences and formed relationships with resource providers. These managerial capabilities, as this study shows, shaped the development of entrepreneurial venturing capabilities. Thus, an interesting future inquiry should focus on family firms with less experienced founders or founding teams. A key question then would be how family firms with a limited set of managerial resources and capabilities can
overcome these constraints and efficiently pursue entrepreneurial strategies to sustain enduring entrepreneurship.

Fifth, the empirical setting for this study is an emerging economy, Pakistan. Although it provides a novel institutional context to study entrepreneurship in family firms, this study does not pay enough attention to the institutional context. Various studies have highlighted the importance of such a context on firms’ efforts to gather the resources and capabilities necessary to sustain entrepreneurship, especially family firms (Zahra et al., 2014; Lumpkin et al., 2011). Thus, future research should focus on understanding the influence of the institutional context on family firms’ ability to explore and exploit opportunities for new venture creation. In emerging economies, family firms operate in conditions characterized by resource scarcity. Unlike in advanced economies, where family firms can leverage government or institutions to grow their business, in emerging markets, these firms tend to lean on their own family or extended family connections. Thus, it would be interesting to examine what specific barriers family firms in these environments face and what strategies they adopt to overcome such barriers.
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