Strategic Management of Digital Transformation in State-Owned Media: Institutional Constraints and Capability Adaptation at LKBN ANTARA

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Abstract. State-owned media organizations operate under intensifying pressure to reconcile public service mandates with commercial viability in an increasingly digitalized environment. This study aims to examine how institutional conditions and organizational capabilities interact to shape digital transformation strategies and their effectiveness under technological disruption. Adopting a qualitative case study design, the research focuses on Indonesia's national news agency, Lembaga Kantor Berita Nasional (LKBN) Antara, as the unit of analysis. Data are derived from a triangulated set of sources, including strategic documents and annual reports (2020–2024), complemented by in-depth interviews with key actors from editorial and business divisions, as well as cross-platform digital performance indicators. The findings indicate that institutional pressures—particularly regulatory constraints, funding structures, and political influence—do not solely inhibit transformation but also enable long-term strategic investment when aligned with internal capabilities such as digital sensing, strategic agility, and organizational learning. These results suggest that the effectiveness of digital transformation in state-owned media is contingent upon the alignment between institutional environments and dynamic capabilities. Based on this interaction, the study proposes an Institutional–Capability Transformation Model (ICTM) as an integrative analytical framework. Theoretically, the study extends institutional and dynamic capabilities perspectives by demonstrating their complementary role in public sector media transformation. Practically, it highlights the importance of strategic diversification, governance strengthening, and capability development for policymakers and media managers seeking to sustain relevance in a digitally disrupted ecosystem.

Keywords: Digital Transformation, State-Owned Media, Institutional Theory, Dynamic Capabilities, Public Service Media.

1 Introduction

State-owned media organizations face increasing pressure to reconcile public service obligations with commercial imperatives in a rapidly evolving digital environment

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[1,2]. Recent developments indicate a shift in LKBN ANTARA's positioning toward a more hybrid, state-influenced model, intensifying institutional complexity [3]. Operating under a dual mandate, ANTARA combines state-owned enterprise governance with public service obligations financed through the Public Service Obligation (PSO) scheme. Against this backdrop, this study aims to examine how institutional constraints and organizational capabilities interact in shaping digital transformation strategies, what factors determine their effectiveness, and which theoretical framework best explains these dynamics. Digital transformation in media organizations extends beyond technological adoption to encompass changes in strategy, operations, and value creation [4,5]. Prior research highlights leadership commitment, organizational agility, and data-driven decision-making as key enablers of transformation [6,7,8]. From an institutional perspective, organizational behavior is shaped by regulatory, normative, and competitive pressures [9,10], which are particularly pronounced in state-owned media operating under dual accountability [11].

However, existing studies have not sufficiently integrated institutional conditions with internal organizational capabilities in explaining transformation outcomes [12]. The dynamic capabilities framework emphasizes the role of sensing, seizing, and reconfiguring in enabling organizational adaptation [13]. While widely applied in commercial media contexts, its application in state-owned media remains limited [14]. To address this gap, this study develops an integrated Institutional Context and Transformational Management (ICTM) model, which conceptualizes digital transformation effectiveness as the result of interactions between institutional environment dimensions and organizational dynamic capabilities, shaping outcomes such as audience engagement, financial sustainability, content innovation, and organizational resilience.

2 Methodology

This study employs a qualitative research design using an in-depth case study approach to examine the digital transformation of LKBN ANTARA, Indonesia's national state-owned news agency. This approach is suitable for capturing complex organizational dynamics within contexts shaped by institutional constraints and technological disruption. The analysis focuses on the interaction between strategic management, digital transformation, and corporate governance as key dimensions of organizational adaptation. Data were collected through triangulation, combining document analysis of regulatory frameworks, annual reports, and corporate strategies (2020–2024) with semi-structured interviews conducted in May–June 2025 with three key informants: the Director of News, the Director of Commercial, Business Development and Information Technology, and the Coordinator of Public Service Obligation (PSO). Additional observational data on digital performance were obtained from Social Blade [15] and Similarweb [16]. Data analysis was conducted using a thematic approach guided by the Institutional–Capability Transformation Model (ICTM). The analytical process involved data reduction, coding, and thematic categorization, classifying evidence into two main dimensions: institutional environment and organizational dynamic

capabilities. These dimensions were then linked to four transformation outcomes—audience engagement, financial sustainability, content innovation, and organizational resilience—allowing for a structured and theory-driven interpretation of digital transformation effectiveness.

3 Results

3.1 Institutional–Capability Transformation Model (ICTM) Analysis

The empirical analysis integrates evidence from LKBN ANTARA's annual reports (2020–2023) and in-depth interviews with senior executives to examine the organization's digital transformation through the lens of the ICTM framework. The findings are structured around three analytical components: institutional environment, organizational dynamic capabilities, and transformation outcomes. From the institutional perspective, LKBN ANTARA operates within a highly structured governance environment shaped by its status as a state-owned enterprise. Regulatory autonomy remains constrained, as the organization simultaneously performs roles as a national news agency and a government communication channel, requiring continuous alignment between commercial objectives and public service obligations.

This dual positioning not only creates institutional stability but also generates strategic tension, particularly in prioritizing revenue-generating activities without compromising editorial neutrality. In this context, institutional rigidity functions as a boundary condition that narrows strategic flexibility while simultaneously reducing environmental uncertainty. Funding stability emerges as a critical enabling factor. Full government ownership and sustained Public Service Obligation (PSO) funding provide a reliable financial base, allowing ANTARA to pursue long-term digital investments. More importantly, this stability appears to mitigate short-term market pressures, enabling the organization to experiment with new digital services and business models. However, the increasing reliance on diversified revenue streams suggests a gradual shift toward hybrid commercialization, indicating that financial stability alone is insufficient without strategic revenue reconfiguration. Political influence also remains salient, particularly in shaping editorial direction and content priorities, reinforcing the need for careful stakeholder alignment. This condition implies that strategic decision-making is not purely efficiency-driven but must incorporate legitimacy considerations.

Furthermore, increasing competition from global digital platforms intensifies the urgency of transformation, compelling ANTARA to innovate continuously in both content and business models. This competitive pressure acts as an external trigger that accelerates capability development, particularly in areas related to digital content production and platform optimization. In response to these institutional conditions, ANTARA has developed a set of organizational dynamic capabilities. Digital sensing capabilities are reflected in systematic efforts to monitor technological developments and shifts in audience behavior, particularly the transition toward mobile-first consumption patterns. This indicates that sensing activities are not merely reactive but increasingly embedded in strategic planning processes. Strategic agility is demonstrated through initiatives such as platform integration, website redesign, and the

restructuring of business units, including the establishment of new digital services. These actions suggest a shift from incremental adaptation toward more deliberate strategic reconfiguration. Organizational learning processes play a central role in facilitating transformation, particularly in addressing internal cultural resistance and fostering cross-functional collaboration. The persistence of cultural inertia highlights that capability development is path-dependent, requiring continuous reinforcement through training and organizational alignment. These efforts are complemented by stakeholder management capabilities, which enable ANTARA to balance competing demands from government authorities, commercial partners, and public audiences. The ability to maintain this balance indicates a form of relational capability that is critical in hybrid institutional settings.

These institutional and organizational dynamics collectively shape transformation outcomes. Financial sustainability has improved through revenue diversification and the expansion of digital services, despite fluctuations in net profit. This suggests that transformation success should be evaluated not solely in terms of profitability but also in terms of structural revenue shifts. Audience engagement has increased significantly, driven by the adoption of platform-specific content strategies and expansion into emerging digital channels, indicating an improved alignment between content formats and audience preferences. Content innovation is evident in the development of new formats tailored to digital audiences, including anti-misinformation initiatives and international content collaboration, reflecting a strategic repositioning toward relevance and trust. Finally, organizational resilience has been strengthened through improvements in governance practices and the implementation of internal digital systems, enhancing operational efficiency and adaptability under uncertain conditions.

3.2 Digital Performance

The analysis of digital performance indicators further substantiates the effectiveness of ANTARA's transformation strategy . Social media metrics reveal heterogeneous performance across platforms, with short-form video content, particularly on TikTok, generating the highest levels of engagement and audience growth. This pattern indicates that ANTARA has successfully aligned its content production logic with platform-specific algorithms and user behavior, particularly in capturing younger and more mobile-oriented audiences. In contrast, while platforms such as Instagram and Facebook maintain substantial audience bases, engagement levels remain comparatively modest, indicating a structural gap between reach and interaction quality. This suggests that content dissemination strategies on these platforms remain predominantly broadcast-oriented rather than participatory. YouTube performance demonstrates moderate but stable growth, supported by event-driven and viral content strategies, implying that ANTARA is selectively leveraging high-impact content rather than maintaining consistent engagement across all formats.

Website analytics also indicate strong digital positioning, with high levels of traffic driven primarily by organic search, suggesting effective search engine optimization and established brand authority. However, elevated bounce rates point to limitations in content depth and user retention strategies, indicating that audience acquisition has

outpaced engagement sustainability. Overall, these findings suggest that ANTARA has achieved a relatively successful transition toward a multi-platform digital ecosystem. The organization's primary strength lies in its ability to align content formats with platform characteristics and expand its audience reach. Nevertheless, sustaining engagement quality and deepening user interaction remain critical challenges, particularly in the context of intensifying competition and evolving audience expectations.

Table 1. Summary of LKBN ANTARA Social Media Performance

Rank	Instagram	Facebook	Tiktok	Youtube
Followers Subscribers	B+	A-	A	C+
Content	323.135	997.080	1.970.755	340,485
Special Metrics	Engagement Rates: 0.15%	Talking About: 14.741	Likes: 41.321.396	Views: 48,873,999

Source: Author's work

The digital performance of LKBN ANTARA across major platforms, as summarized in Table 1, reflects differentiated levels of audience engagement and content reach. Based on Social Blade analytics, which provide a composite performance index derived from engagement, growth, and visibility metrics (Social Blade, 2025), TikTok demonstrates the strongest performance, categorized within grade A, indicating high levels of interaction and rapid audience expansion. Instagram and Facebook exhibit relatively stable performance (B+ and A-), suggesting moderate engagement supported by consistent content output, although interaction intensity remains comparatively lower. In contrast, YouTube performance falls within category C+, reflecting more limited engagement dynamics despite steady content production. These variations indicate that ANTARA's digital transformation is not uniform across platforms but is contingent upon the alignment between content strategies and platform-specific algorithms. Consequently, short-form and interactive content formats appear to be more effective in enhancing audience engagement, while traditional formats require further optimization to improve retention and interaction quality.

4 Discussion

The findings provide a more nuanced understanding of how state-owned media organizations navigate digital transformation under complex and often contradictory institutional conditions . In line with institutional theory, the case of LKBN ANTARA confirms that coercive pressures—particularly regulatory constraints and political oversight—significantly shape organizational behavior [9,10]. However, extending prior studies in public media contexts [17] this study demonstrates that such pressures do not function solely as constraints but also as enabling conditions. Specifically, funding stability and state support provide a structural foundation that facilitates long-term digital investment, suggesting that institutional arrangements may simultaneously constrain and enable strategic transformation [17]. The interaction between institutional

pressures and dynamic capabilities emerges as the core mechanism driving transformation outcomes. Consistent with [13] ANTARA's sensing capabilities enable the identification of technological shifts and evolving audience preferences, which in turn inform strategic responses such as platform expansion and business model diversification. These findings align with prior research on media transformation [5,18] yet they also extend the literature by demonstrating that dynamic capabilities are embedded within institutional contexts rather than operating independently. In this case, state ownership and governance structures shape both the scope and speed of capability deployment, indicating a context-contingent manifestation of dynamic capabilities [19].

Moreover, the role of organizational learning and governance mechanisms highlights the path-dependent nature of transformation. While agility is widely recognized as a critical success factor [6,8] the findings suggest that in state-owned media, agility must be complemented by formal governance structures and continuous capability development. This reflects the necessity of aligning cultural transformation with institutional legitimacy, particularly in organizations characterized by long-standing bureaucratic traditions [20]. At the same time, the persistence of legacy perceptions underscores the limits of transformation. Despite improvements in digital performance, ANTARA continues to face challenges in repositioning itself as a fully audience-oriented media organization. This finding is consistent with the notion of structural inertia in legacy media institutions [5], while also indicating that institutional legitimacy considerations may further complicate transformation processes in public sector settings [21]. When compared with broader digital transformation literature, the findings reveal a distinctive pattern. Vial conceptualizes digital transformation primarily as a process of technological integration and value reconfiguration. In contrast, the ANTARA case demonstrates that institutional constraints fundamentally influence both the direction and pace of transformation [4] Similarly. At the same time, [5] emphasizes leadership and strategic agility, this study shows that such factors are mediated by governance structures and public accountability. From a dynamic capabilities perspective, [13] highlights sensing, seizing, and reconfiguring as key drivers of competitive advantage; however, this study extends that view by demonstrating that these capabilities are shaped by institutional boundaries that both enable and constrain their application. From a broader perspective, the case illustrates a hybrid transformation model in which public service obligations and commercial imperatives can be strategically aligned. This challenges the traditional dichotomy between public and commercial media models by demonstrating that hybrid configurations can generate both stability and adaptability. Furthermore, the expansion into digital services and data-driven ecosystems suggests that state-owned media can occupy strategic positions within emerging digital value chains, including as content and data providers in AI-driven environments [22].

Theoretical Contribution. This study advances the strategic management literature by developing an integrated Institutional–Capability Transformation Model (ICTM), which explicates how institutional environments and dynamic capabilities jointly shape digital transformation outcomes in state-owned media. Unlike prior studies that treat

these domains separately, the findings demonstrate their interdependence and co-evolution. The study contributes to institutional theory by introducing the notion of "enabling constraints," where regulatory and political structures provide both limitations and strategic resources. At the same time, it extends dynamic capabilities theory by embedding capability development within institutional contexts, thereby addressing its limited application in public sector and hybrid organizational settings.

5 Conclusion

This study concludes that digital transformation in state-owned media is fundamentally shaped by the interaction between institutional conditions and organizational dynamic capabilities. In the case of LKBN ANTARA, institutional constraints function not only as barriers but also as enabling mechanisms that support long-term strategic investment and capability development. The alignment between these external and internal factors determines the effectiveness of transformation outcomes, including audience engagement, financial sustainability, content innovation, and organizational resilience. Practically, the findings highlight the importance of strategic diversification, governance strengthening, and continuous capability development in enabling state-owned media organizations to remain competitive in a digital environment. The proposed ICTM framework provides a useful analytical tool for understanding and managing transformation processes in hybrid institutional settings.

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