



CENTER FOR RETAILING

CFR EARLY INSIGHT #27

MANAGING ORGANIZATIONAL TRANSFORMATION

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Center for Retailing (CFR) at the Stockholm School of Economics has a mission to provide high-level academic education and to conduct world-class research on retailing in close collaboration with the Swedish retail industry. CFR Early Insight is a breakfast seminar series through which CFR faculty members share insights from ongoing research projects. The series provides a platform for employees at our partner companies to meet and discuss current challenges in retailing.



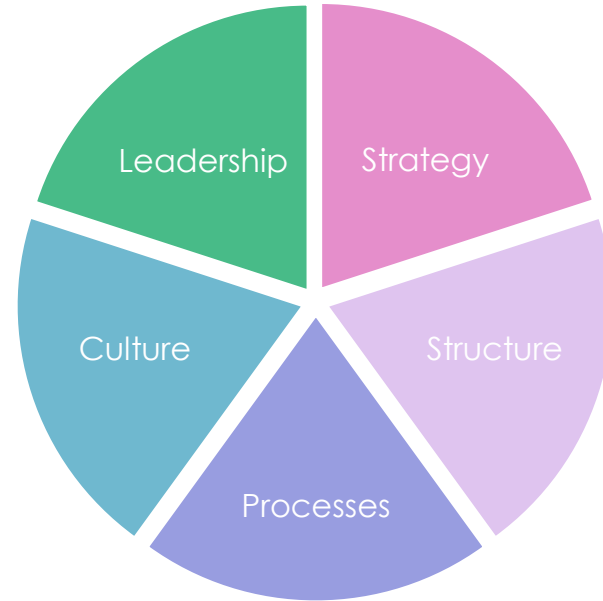
**HOW DO YOU COPE – AND PROSPER –
IN AN INCREASINGLY COMPLEX WORLD?**

AGENDA

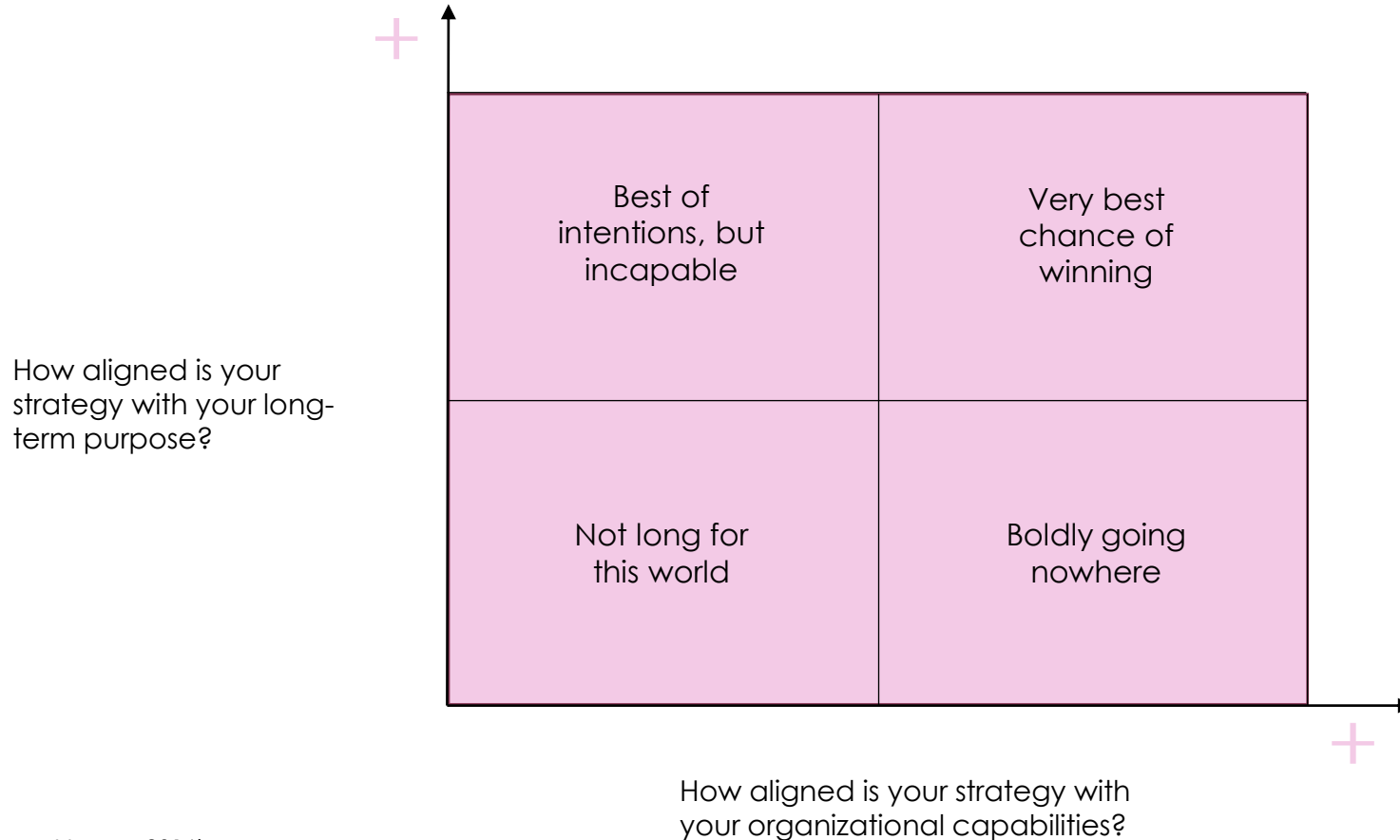
- Characteristics of transformative organizations
- Alignment is key (strategy, structure, culture and leadership)
- Enacting digital transformation at the frontlines
- New research project!



A TRANSFORMING WORLD REQUIRES A TRANSFORMATIVE ORGANIZATION



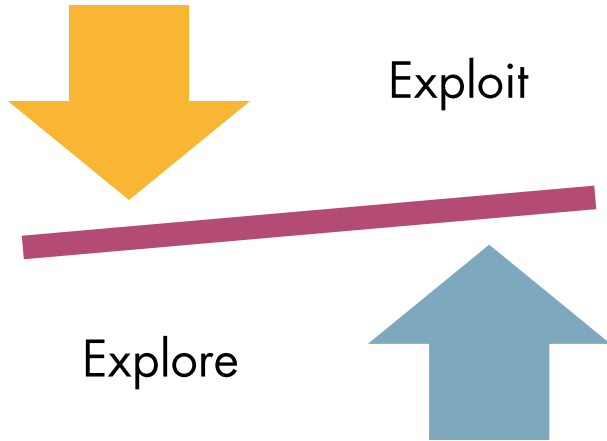
PURPOSE, STRATEGY, AND CAPABILITIES MUST BE ALIGNED



(Trevor & Varcoe 2016)



Organizing for ambidexterity



Separating ambidexterity

Contextual ambidexterity

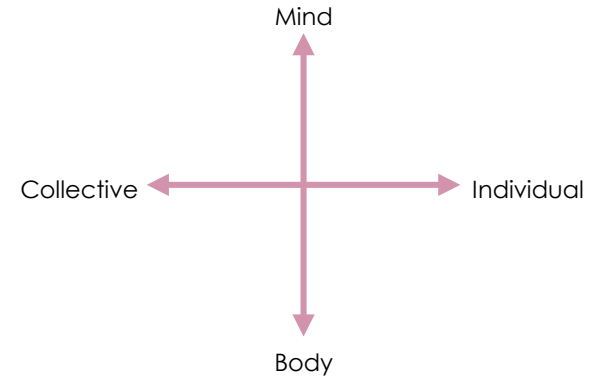
Ecosystem ambidexterity

(Reeves et al. 2012; 2013)



TRANSFORMING YOUR CULTURE

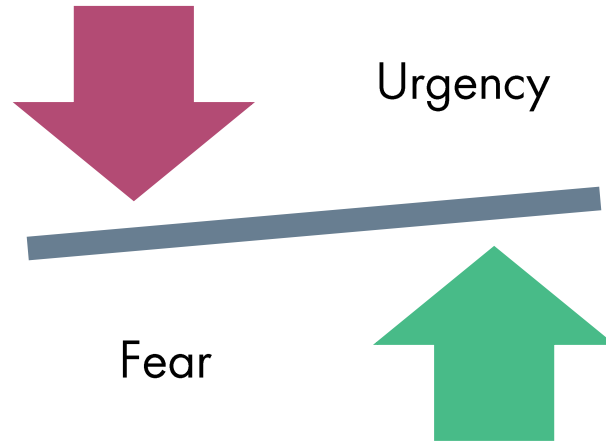
- Culture - power
- Changing culture through changing practices!
- From a “know it all” to a “learn it all” mindset



(Schein 2010; Jurisic et al. 2020; Wang & Rafiq 2014)



The leadership paradox



DIGITAL TRANSFORMATION

Challenges to successful digital transformation do not stem from technology obstacles

77% of executives report that business adoption of Big Data/AI initiatives is a major challenge

7.5% of these executives cite technology as the challenge.

92.5% of respondents identify people and process issues as the obstacle.

40.3% identify lack of organization alignment and 24% cite cultural resistance as the leading factors contributing to the lack of business adoption.

Survey to 64 C-level technology and business executives from large corporations such as American Express, Ford Motor, General Electric, General Motors, and Johnson & Johnson. (Bean & Davenport (2019) Companies Are Failing in Their Efforts to Become Data-Driven. HBR)



HOW IS DIGITAL TRANSFORMATION ENACTED AT THE FRONTLINES?

Check for updates

Scholarly Article

Enacting Professional Service Work in Times of Digitalization and Potential Disruption

Journal of Service Research

30

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SAGE

Frida Pemer¹

Abstract

Digitalization has the potential to disrupt many service industries. This is already evident in industries offering standardized business-to-consumer services. Even knowledge-intensive business-to-business (B2B) services have increasingly blended digital technologies. Yet, little is known about how this type of service and its associated service work has changed, as tasks are being increasingly performed by robots or through artificial intelligence. This study fills this void by exploring how frontline workers in two highly knowledge-intensive B2B service industries—auditing and public relations/communication (PR/C) consulting—enact their service work in response to digitalization. Building on an interview study with 50 professionals and taking an interdisciplinary stance we find—contrary to the findings in previous research—that auditing firms embrace digitalization to a larger extent than PR/C firms. Further, we find that the frontline workers' enactment of their service work is influenced by the fit between technological innovations and the type of intelligence their services are built on, as well as their occupational identities and the service climate within the firms. We conclude the article by developing propositions and a conceptual model, and outline how service firms can support their frontline workers' infusion of digital technologies in their service work.

Keywords

digitalization, frontlines, service work, service climate, occupational identity

Introduction

New digital technologies related to automation, robots, and artificial intelligence (AI) enable innovations that could potentially transform and disrupt the service sector (Keating, McColl-Kennedy, and Solnet 2018). This has led scholars to describe the service industry to be “at an inflection point” (Wirtz et al. 2018, p. 908) and predict that many service industries will need to undergo fundamental changes to meet the potential threat of disruption (Ostrom et al. 2015; van Doorn et al. 2017). Thus far, extant service research has mainly focused on how new technologies affect standardized business-to-consumer (B2C) services, performed, for instance, by cashiers and travel agents, and how that in turn, is perceived by customers (Okhuysen et al. 2015; Wirtz et al. 2018). Today, new technological developments allow even knowledge-intensive business-to-business (B2B) services, which—due to their complexity and reliance on human expertise and interaction—were hitherto shielded from digitalization (Susskind and Susskind 2015; Wirtz et al. 2018) to become increasingly blended and augmented (Davenport and Kirby 2015; Keating et al. 2018). However, the infusion of digital technologies in this kind of service work “is an uncharted area of frontline research, where theory and research lag the technological advances that continue to be deployed in practice” (Singh et al. 2017 p. 8). Therefore, more empirical studies are needed.

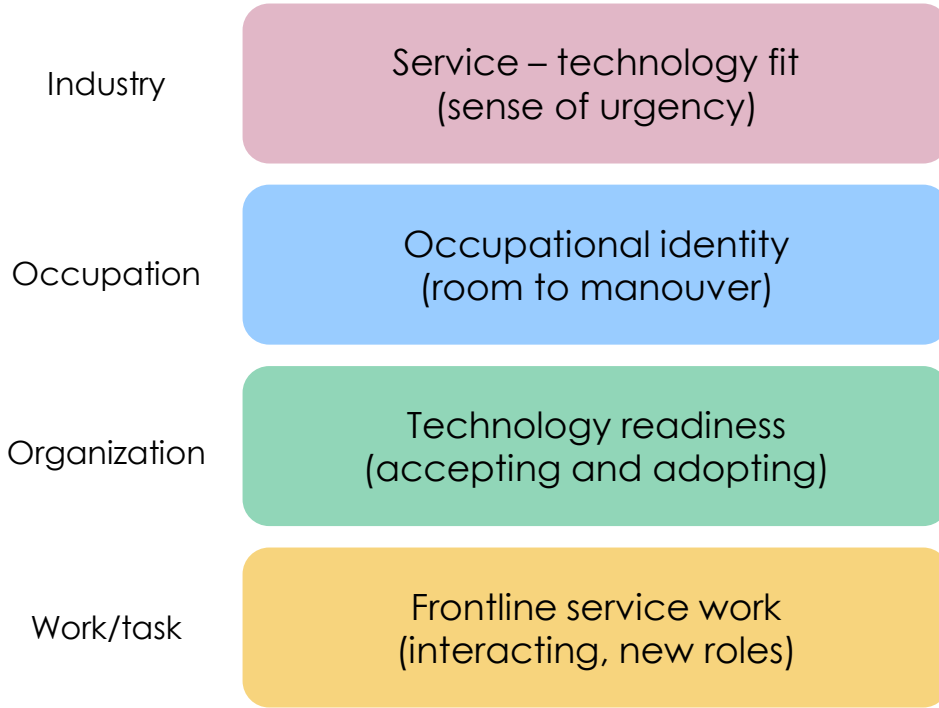
A prime example of knowledge-intensive B2B services is professional services such as auditing and consulting services (von Nordenskyhn 2010). The professional service industry has grown rapidly over the last few decades and is today an important driver of the knowledge economy (Okhuysen et al. 2015). Professional services are highly complex, tailored, and creative, leveraging the employees' strong expertise, interpersonal skills, and close client interaction (Singh et al. 2017). The vast majority of the employees in professional service firms (PSFs) are frontline workers who interact frequently with clients (Singh et al. 2017). Further, the employees tend to belong to a specific occupation (e.g., lawyers in law firms) whose identity (Pratt et al. 2006) forms the basis for the PSF's reputation as providing premium services (Bévoert and Suddaby 2016). However, recent technological innovations such as IBM's Watson and Ross can now perform complex analyses and tasks previously reserved for human experts in PSFs (Brynjolfsson and McAfee 2014). This has led to contradictory predictions on

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ENACTING
DIGITALIZATION AT
THE FRONTLINES



NEW RESEARCH PROJECT – YOU ARE INVITED!

How are digitalization and sustainability reshaping the frontlines in retail?

What competencies do we need?

If you want to find out more about this topic join us for a roundtable discussion on how digitalization and sustainability is reshaping the frontlines in retail on November 17, at 15.00-17.00, at SSE. For more information, sign up here.

<https://forms.office.com/r/kmLLywY4Br>

November 16

AI IN RETAIL

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Thoughts, comments, ideas:
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