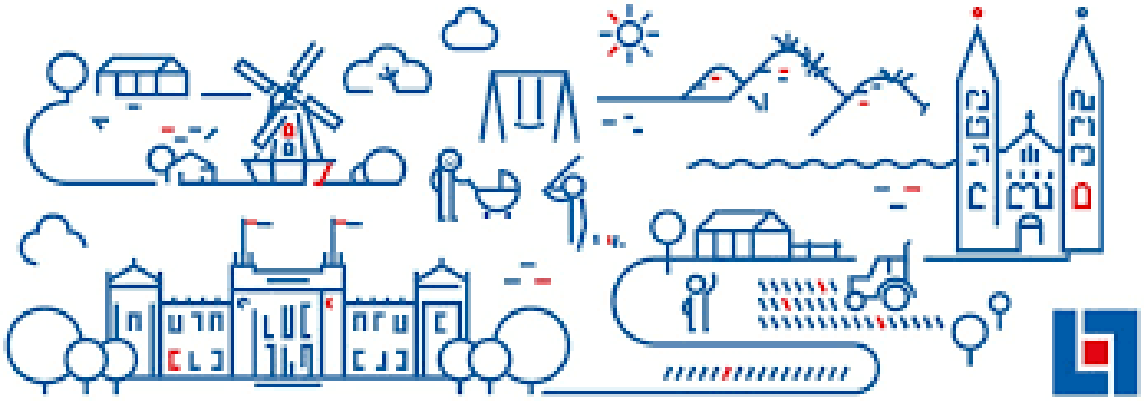
UNIVERSITY OF GOTHENBURG

DEPARTMENT OF APPLIED IT

MANAGING THE SYSTEMIC INTERRELATING OF COMPETING CONCERNS



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Abstract

Incumbent firms that undergo digital transformations in an attempt to remain relevant in an increasingly digital world often find themselves having to deal with competing concerns as the existing logics of the firm clash with new logics introduced as part of the transformation. These competing concerns are systemically interrelated and require a cohesive management strategy. To our knowledge however, existing literature tend to focus on either the systemic interrelating of competing concerns or managerial responses to manage competing concerns, while failing to address how managerial responses are implicated in the systemic interrelating of competing concerns. By using these two strands of literature as our theoretical lens and combining them, we identified how managerial responses rendered competing concerns salient in a certain sequence: 1) *innovation focus*, 2) *innovation capabilities*, 3) *innovation collaboration* and 4) *innovation governance*. The managerial response to a competing concern had direct implications that caused another competing concern to become salient. Based on these findings we propose that future studies further investigate the relation between managerial response and digital transformations.

Keywords

Competing concerns, digital transformation, systemic interrelating, managerial responses, tensions

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1 Introduction

A great many incumbent firms are faced with the challenge of reinventing themselves to become more digital, which is often done through comprehensive digital transformation processes (Henfridsson et al., 2014; Piccinini, 2015; Vial, 2019, Svahn et al., 2017). Incumbent firms with a low level of digital maturity face a situation where they have to transform themselves in order to stay competitive (Lucas & Goh, 2009; Vial, 2019). Succeeding with these transformations is difficult as managers have to deal with competing concerns that arise due to mutually incompatible logics (Svahn et al., 2017), often as they attempt to move from one organizational state to another. Beyond the competing concerns themselves, Svahn et al. (2017) argue that they are systemically interrelated. Systemic interrelating means that competing concerns are intertwined and affect each other simultaneously. Understanding systemic interrelating is an important part of managing digital transformations, but the existing literature on the subject is limited.

Our study sets out to further the knowledge of systemic interrelating of competing concerns during digital transformation. While the existing literature is limited, Svahn et al. (2017) provides a solid foundation to start from. Their paper provides us with the four main competing concerns that are present during digital transformation processes and their findings also serve as a theoretical lens for our initial theory development. Their competing concerns are as far as we know the only model which discuss competing concerns in a context to digital transformations in a comprehensive manner. They also mention the importance of understanding systemic interrelating, which according to them signifies the need for a cohesive management. However, Svahn et al. (2017) do not discuss how to apply such cohesive management. In this study, we expand upon their work and build an understanding of what cohesive management might be by drawing on Smith and Lewis' (2011) dialectic model of organizing, since they propose a methodology for how to manage competing concerns. This led us to asking the following research question:

How are management responses implicated in the systemic interrelating of competing concerns?

By combining the theories of competing concerns and systemic interrelating from Svahn et al. (2017) with the dialectic model of Smith & Lewis (2011), we extend the findings of Svahn et al. (2017) while also drawing on the theory of Smith & Lewis (2011) in context to digital transformations.

2 Theoretical Background

While there is a general lack of studies covering managerial responses as they relate to systemic interrelating, we identified some who could act as a foundation for this study. For the purpose of building an understanding of how managerial responses are implicated in the systemic interrelating of competing concerns during digital transformations, two previous studies were deemed to be of particular interest: Svahn et al.'s (2017) "Embracing Digital Innovation in Incumbent Firms" and Smith & Lewis' (2011) "Towards a Theory of Paradox: A Dynamic Equilibrium Model of Organizing". Svahn et al. (2017) synthesized four competing concerns that are present during digital transformations and explain that they are interrelated, while Smith & Lewis (2011) discuss these interrelatings from a managerial perspective. These two studies provide us with a theoretical core which is used to construct a study and answer the research question.

The rest of the theoretical background section is structured as follows: first, the competing concerns in digital transformations as described by Svahn et al. (2017) are presented. Second, the concept of systemic interrelating is covered with an analysis of the findings of Svahn et al. (2017) in an attempt to identify instances of systemic interrelating which can serve as a basis for this study. Third, the managerial responses to systemic interrelating as described by Smith & Lewis (2011) are presented.

2.1 Competing Concerns

Piccinini et al. (2015) define digital transformations in the following way: "*Digital transformation involves leveraging digital technologies to enable major business improvements, such as enhancing customer experience or creating new business models*" (p.7). This definition serves to illustrate what is meant by digital transformation in this study. The general idea of competing concerns during digital transformations has been applied to many different fields of study and the concerns mentioned by Svahn et al. (2017) have been individually covered extensively by scholars in fields such as information systems (Yoo et al., 2010), platforms and networks (Selander et al., 2013; Ghazawneh & Henfridsson, 2013; Boudreau, 2012; Westergren & Holmström, 2012), IT management (Gregory et al., 2018), change management (Henfridsson et al., 2014) and more besides. The term "competing concerns" as it is used in this study originates from Svahn et al. (2017). An easy way to understand competing concerns is through an example: imagine an organization in which productivity and cost-based efficiency has been promoted as the main goal to strive towards for a long time, where the tenets of cost-based efficiency has become ingrained into the very fabric of the organization. Now imagine that that

same organization has to change trajectory due to technological advances allowing for the development of new business models. Managers begin to realize the need for innovation and therefore strive to promote it in the organization. However, since the identity of the organization is built upon cost-based efficiency-related routines, procedures and beliefs, managers have to deal with incompatible logics in an effort to strike a balance between innovation and efficiency. Having to deal with these two incompatible logics, innovation and efficiency, causes paradoxical tensions to arise (Svahn et al., 2017).

According to Smith & Lewis (2011) there also exists a plethora of different terms that are used within various fields which largely means the same thing. In essence, competing concerns mean that there are two (or more) logics that are inherently incompatible which cause tensions to emerge. Smith & Lewis (2011) attempt to explain these incompatible logics by drawing upon the concepts of paradoxes, dilemmas, dichotomies and dialectics which are used interchangeably by scholars, while also noting that authors of organizational ambidexterity conduct similar discussions (Marabelli & Galliers, 2018; Luger et al., 2018). To this end, both competing concerns (Svahn et al. 2017) and paradoxes (Smith & Lewis, 2011; Eaton el al., 2015) have to be managed, and for the purposes of this study we apply the definition of competing concerns as "*contradictory yet interrelated elements that exist simultaneously and persist over time*" (Smith & Lewis, 2011, p.382).

The reason for why we choose to use the term competing concerns instead of others that were available (such as paradoxes, dichotomies or dilemmas) was because it was the term used by Svahn et al., (2017). Their paper is to our current knowledge the only study that specifically focused on identifying which competing concerns were present during digital transformations. For this reason, the term competing concern was contextually relevant for this study and is hereafter used as a term to capture a broader definition of incompatible logics and is used to include other authors' (e.g. Smith & Lewis, 2011) terminology. In addition, since this paper draws upon their work by using their terminology we use their term for the sake of continuity. Svahn et al. (2017) draw upon empirical studies of digitalization processes (e.g. Henfridsson & Yoo, 2013; Selander et al., 2013; Andersson & Lindgren, 2005), and synthesize four competing concerns that incumbent firms face when they attempt to undergo digital transformations. These competing concerns are: (1) *innovation capabilities: existing vs. requisite*, (2) *innovation focus: product vs. process*, (3) *innovation collaboration: internal vs. external*, and (4) *innovation governance: control vs. flexibility*.

2.1.1 Innovation capability: existing vs. requisite

Existing versus prerequisite capabilities involves the development of new capabilities without jeopardizing already existing innovation practices (Svahn et al. 2017). During digital transformations, organisations often find themselves in a situation where they have to develop new capabilities while also maintaining their existing ones. Balancing between already existing capabilities and the development of new ones tends to create tensions between employees within the organization. These tensions increase the risk of various competence traps, meaning that the

overall organization becomes inflexible, stiff and ineffective (Svahn et al., 2017). In order to deal with such tensions, organisations must revisit their organizational logic and structure to uncover how to better manage these emerging challenges that arise when balancing between existing and requisite capabilities (Tripsas, 2009; Lucas & Goh, 2009; Baldwin & Clark, 1997; Henfridsson et al., 2014).

Henfridsson & Yoo (2013) highlight that organisations must develop certain capabilities that allows for digital innovations to take place within an already existing institutional context. They argue that scaling digital innovations often put organisations in a situation in which they have to deal with two trajectories: the trajectory of already established innovation practices and the yet unfamiliar and unknown trajectory. These two trajectories are put against each other and create tensions, resulting in the uncovering of existing hierarchical structures that hinders the development of new capabilities. In a similar way, researchers within the field of ambidexterity theory argue that it is a question of paradoxicality; successful transformations depend on how well an organization simultaneously balance between already existing practices and the requisite for developing new capabilities (O'Reilly & Tushman, 2008; Marabelli & Galliers, 2018; Raisch & Birkinshaw, 2008).

2.1.2 Innovation focus: product vs. process

According to Svahn et al, (2017), this competing concern addresses the conflicting balance between specific innovation design and generic innovation design processes. Firms must learn to focus on the process of innovation in order to embrace digital innovation. A focus on the process of innovation involves separating the process from its outcome, hence moving away from product focus towards a process focus.

The underlying dilemma that defines this competing concern is that incumbent firms tend to focus on improving and innovating along already known paths by outlining a clear vision to reach a planned end goal, often related to maximizing efficiency to reduce costs (Anderson & Tushman, 1990; Henfridsson et al., 2014). This approach becomes untenable as digitalization is rarely guided by a long-term vision (Henfridsson & Yoo, 2013) due to its nature. Thus, when incumbent firms make an effort to undergo a digital transformation, these two incompatible logics arise which result in tensions within the organization.

2.1.3 Innovation collaboration: internal vs. external

Studies within the field of digitalization suggest that organisations must engage with external actors and resources in order to fruitfully scale digital innovations (Svahn et al., 2017). Other than Svahn et al., (2017), Boudreau (2012) and Selander et al. (2013) also argue that the underlying dilemma that defines this competing concern is that organisations tend to scout for ideas and solutions internally and therefore risk overlooking important opportunities from the external environment, including finding new ways to create values.

Further on, digitalization necessitates external collaboration which has been argued for extensively and is especially evident in the literature on digital ecosystems (e.g. Selander et al., 2013; Lindgren et al., 2008), open innovation (e.g. Westergren & Holmström, 2012; Jonsson et al., 2009) and platforms (e.g. Boudreau, 2012). Scholars in these fields stress that digitalization allows for, and often necessitates, value creation through collaboration with multiple external actors. However, the move towards collaboration with external actors often leads to tensions as incumbent firms are not equipped with the required open design spaces that is necessary for collaboration. A move from a state of having full control over its environment to one where they no longer fully controls the allocation of shared resources leads to an undermining in the already existing internal collaboration structures and processes that are often based on well-defined tasks (Svahn et al., 2017).

2.1.4 Innovation governance: control vs. flexibility

Svahn et al (2017) argue that organizations need to strike a delicate balance between control and flexibility. However, as these two desires are often mutually incompatible, the organization will inevitable experience tensions as workers are forced to choose between being innovative and being effective. Since efficiency is significantly easier to measure, most companies create business targets and formulates bonuses based on how efficient the workers are, but again, this often comes at the cost of innovation (Koryak et al., 2018).

For the longest time, studies in IT governance have focus almost exclusively on how organizations can control the technology within an organization (Kohli & Grover, 2008). Through efficiency and control, organizations seek to have complete control over what their workers do in order to maximize efficiency. However, recent studies indicate that this control focus comes at the cost of innovative capabilities. This is especially evident in the field of organizational ambidexterity which posits that organizations need to create governance structures that promote both innovation and efficiency (Koryak et al., 2018; Levinthal & March, 1993; March, 1991; Marabelli & Galliers, 2018). Digitalization is inherently about innovation so in order to create lasting value, organizations must recognize and accept that innovation can only happen if there is flexible governance in place that allows for it.

2.2 Systemic Interrelating

Svahn et al.'s (2017) competing concerns provide us with a conceptual foundation for the study. Their study is to our knowledge the only one which have attempted to identify which competing concerns are found in the context of a digital transformation and how those competing concerns are systemically interrelated. As such, their findings serve as a theoretical foundation for further theory development in this study.

Systemic interrelating can be seen as the manifestation of competing concerns in which they are widespread and intertwined throughout the whole digital transformation process (Svahn et al., 2017). Competing concerns are present and affect each other both at any given moment and

over time. This systemic interrelating can take many forms, but with the common denominator is that any single competing concerns is never an isolated issue that can be dealt with without consequences to the other competing concerns.

The first step to answer the research question was to decide how to study systemic interrelating. Since the concept introduces many possible implications, it was decided that specific instances of systemic interrelating on a conceptual level had to be identified. These conceptual instances could then be used to narrow the research scope. In order to identify instances of systemic interrelating that could serve as a conceptual basis for the study, an analysis of Svahn et al.'s (2017) finding was conducted. When looking for instances of systemic interrelating, it became implicitly clear that Svahn et al. (2017) had discovered that some competing concerns were present or not during parts of the digitalization process while not being present during others (see figure 1). By analyzing which competing concerns that were present, we identified three possible instances of systemic interrelating:

Table 3. Managing Competing Concerns in Volvo Cars' Connected Car Initiative

Episode	Competing Concerns: Innovation Capability	Innovation Focus	Innovation Collaboration	Innovation Governance
Establishing the Innovation Hub	Develop capability for cross-fertilization while firm is organized for division of labor and specialization	Reinforce continuous product evolution while current practices center on new product attributes	—	—
Engaging Internal Stakeholders	Develop capability to delay decision-making while firm is organized for market forecasting and early commitments	Reinforce new processes for generation of product functionality while current practices center on integrating specific functions into products	Engage in external collaboration with new partners while preserving cost-efficient coordination of internal resources	—
Building a Platform Portfolio	Develop capability to empower independent developers while firm is organized for up-front specification of end-user functionality	Reinforce digital platforms for guided emergence of novel services while current practices center on product platforms for cost-efficient implementation of predefined products	—	Balance flexible access to in-car resources for stimulation of external innovation and encapsulation to control for unauthorized access.
Implementing Volvo Cloud	Develop capability to keep design spaces open across product lifecycles while firm is organized to freeze designs before production starts	Reinforce continuous supply of new services while current practices center development on product cycle plans	Engage in external collaboration to build a dynamic aftermarket while preserving internal collaboration for competitive advantage in original sales	Balance flexible access to back-end systems for stimulation of external innovation and firewalls to control for unauthorized access
Reassigning Product Responsibility	Develop capability to continuously release new services while firm is organized to manage uncertainty in development processes	Reinforce rapid generation of novel, unknown services while current practices center on concerted implementation of predefined products	—	—
Introducing a Partnership Model	Develop capability to motivate external actors while the firm is organized to regulate supplier commitments	—	Engage in external collaboration to access new revenue streams while preserving internal coordination of existing value chains	Balance incentives for stimulating value cocreation and formal contracts for requirement validation and cost control.

Figure 1. Instances of systemic interrelating.

As illustrated in the image above, the squares with text show that the competing concerns were present during specific episodes. The empty squares show where they were not present. The three main propositions that we identified during the analysis are marked in red, blue and green respectively. There are likely other possible instances that can be analyzed, but these three were

chosen because each proposed instance expresses a significantly different aspect of systemic interrelating.

2.2.1 Instance 1: One dominant competing concerns

The first proposition that stood out in the table by Svahn et al. (2017) is that the competing concern "innovation capability" differs from the others in the sense that it was present during the entire digital transformation process. This sets in apart from the other competing concerns which all had at least one episode in which it was not present. In this case, the systemic interrelating appears in the form of one competing concern constantly being present with its specific characteristics changing over time as a firm moves forward in its digital transformation process. Innovation capability as a concern can take on many forms, which is likely why it was present throughout the entire digital transformation process in this case.

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Introducing a Partnership Model	Develop capability to motivate external actors while the firm is organized to regulate supplier commitments	—	Engage in external collaboration to access new revenue streams while preserving internal coordination of existing value chains	Balance incentives for stimulating value cocreation and formal contracts for requirement validation and cost control.

Figure 2. Instance of systemic interrelating number 1.

2.2.2 Instance 2: All competing concerns present

Another instance of systemic interrelating was one where all four competing concerns were present at the same time. This differs from other episodes, in which at least one competing concerns was not present. The systemic interrelating seems to be that the competing concerns were all affecting each other during one episode, as the issues related to each competing concern spilled over and affected the others. It was even explicitly mentioned by Svahn et al. (2017)

that the interrelations of this episode (Implementing Volvo Cloud) extended into the next one (Reassign Product Responsibility).

Table 3. Managing Competing Concerns in Volvo Cars' Connected Car Initiative

Episode	Competing Concerns			
	Innovation Capability	Innovation Focus	Innovation Collaboration	Innovation Governance
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Introducing a Partnership Model	Develop capability to motivate external actors while the firm is organized to regulate supplier commitments	—	Engage in external collaboration to access new revenue streams while preserving internal coordination of existing value chains	Balance incentives for stimulating value cocreation and formal contracts for requirement validation and cost control.

Figure 3. Instance of systemic interrelating number 2.

2.2.3 Instance 3: The presence of competing concerns fluctuate

Lastly, an instance of systemic interrelating that involved two competing concerns was identified. The table shows that the two competing concerns known as "innovation collaboration" and "innovation governance" fluctuated between being present and not being present. The systemic interrelation here can be seen in the fluctuations as it seems that certain managerial interventions caused both innovation collaboration and innovation governance to be present and not present during the same specific time period.

Table 3. Managing Competing Concerns in Volvo Cars' Connected Car Initiative

Episode	Competing Concerns			
	Innovation Capability	Innovation Focus	Innovation Collaboration	Innovation Governance
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Introducing a Partnership Model	Develop capability to motivate external actors while the firm is organized to regulate supplier commitments	—	Engage in external collaboration to access new revenue streams while preserving internal coordination of existing value chains	Balance incentives for stimulating value cocreation and formal contracts for requirement validation and cost control.

Figure 4. Instance of systemic interrelating number 3.

2.3 Management Responses

According to Smith & Lewis (2011), competing concerns are not isolated instances that can be dealt with separately. Instead, they make the point that competing concerns affect each other and thus need to be managed. This is in line with Svahn et al. (2017) who argue that competing concerns must be managed from a cohesive perspective. However, unlike Svahn et al. (2017), Smith & Lewis (2011) emphasize how managerial responses impact tensions between contradictory elements through acceptance and rejection. By applying the dialectic model of Smith & Lewis (2011) to the insights of Svahn et al. (2017) we can develop a more comprehensive understanding of cohesive management. We recognize that other studies have applied parts of Smith & Lewis' (2011) dialectical model. These authors used Smith & Lewis (2011) to describe salient and latent tensions (Knight & Paroutis, 2017; Huq et al., 2017; Wareham et al., 2014), define paradoxical tensions (Keller et al., 2017; Jazarbkowski & Le., 2017; Huq et al., 2017) and the impact of managerial responses on such tensions (Jazarbkowski & Le, 2017; Cuganesan, 2017; Huq et al., 2017, Calabretta et al., 2017). Similar to how these studies have applied only parts of Smith & Lewis' (2011) dialectic model, we also decided to apply a limited part of it in this study. Unlike them, we use Smith & Lewis (2011) in the context of digital transformations in order to uncover how managerial responses are implicated in the systemic interrelating of competing concerns. Two of the concepts presented by Smith & Lewis (2011) were

deemed to be of relevance for this study: salient and latent tensions, and accepting or rejecting competing concerns.

2.3.1 Salient and latent tensions

Tensions in organizations appear as the results of competing concerns. Tensions can be either latent or salient and will inevitably appear during digital transformations as organizations are forced to undergo change (Smith & Lewis, 2011). The tensions will initially be latent, meaning that that they are not noticeable but rather simmer beneath the surface. An event or action will then trigger the latent tensions to become salient. Once a tension is rendered salient it becomes visible to the firm as an issue or concern that needs to be confronted. While these tensions can be temporarily dealt with, Smith & Lewis (2011) stress that they cannot be permanently solved.

2.3.2 Accepting or rejecting tensions

Managers can either choose to accept or reject salient tensions. By rejecting the tension, managers make a deliberate decision not to engage with it. By accepting a tension, Smith & Lewis (2011) point out that managers who have embraced the tension will be able to come up with strategies for how to manage it. This management strategy often involve making a decision about two potential paths: splitting or integrating. On the one hand, Smith & Lewis (2011) argue that as managers decide to split a tension, they focus on the pole that best aligns with already existing strategies, organizational structures, internal or external factors and the external environment. On the other hand, managers can decide to go with integrating, meaning that they embrace simultaneous attention to both poles over time. Such conscious decision making enables the manager to make short term decisions while being aware that he or she will have to accept a contradictory decision in the long term. Once this is realized, Smith & Lewis (2011) point out that a consistent inconsistency can take place, which is what integrating is about.

Managerial responses to a tension can either result in virtuous or vicious cycles (Smith & Lewis, 2011). Virtuous cycles occur when managers accept a tension which allows for increased creativity and flexibility in managing the tension. Smith & Lewis (2011) point out that as someone accept the opposing forces of a tension it becomes possible to discover the links within the tension, new opportunities and a deeper meaning to its apparent contradictions. In contrast to this, vicious cycles occur from to an unwillingness to accept a tension. Such a decision is often based upon managerial defensiveness and a deliberate avoidance in terms of targeting the tension. Smith & Lewis (2011) stress that such a managerial response often risk repercussions in the long run as the short term benefits lead to lock-in effects that the organization is unable to get out of.

Managing tensions in the way proposed by Smith & Lewis (2011) results in sustainability through three mechanisms: 1) enabling learning and creativity, 2) fostering flexibility and resilience, and 3) unleashing human potential. Learning and creativity takes place when people

engage with opposing ideas, forcing them to reflect and consider different possibilities. Managing a tension with two incompatible logics also promote flexibility and resilience as it increases the need for dynamical shifting in decisions to take place. Finally, by accepting and managing tensions organizations become able to unleash human potential as the juxtaposition of having to manage two incompatible logics within a tension promotes positive energy which enables the conditions for organizational members to become more engaged in high-quality connections, leading to an increase in overall team effectiveness (Smith & Lewis, 2011).

3 Method

In this section we start of by describing which instance that was chosen and why we decided to go with that particular one for the study. This is followed by a case selection and a description of the targeted setting. Finally, how the data was collected and analyzed is presented and elaborated upon.

3.1 Chosen Instance

Of the three instances identified it was decided that only one should be studied further in order to maintain a sufficiently narrow scope for this study, since attempting to study all instances at the same time could risk creating a lack of research focus. When it came down to deciding which one to study, instance 2 was chosen. Since systemic interrelating is about how competing concerns are intertwined and affect each other, it made sense to study an instance where all competing concerns were salient. Thus, the reasoning behind selecting instance 2 was because it was considered to be the most relevant one for learning more about systemic interrelating. While the other two instances might have provided fruitful insights about one or two specific competing concerns, the aim of this study was to look into the interrelations between all four competing concerns in order to gain a better understanding of systemic interrelating and how it is implicated by management responses.

3.2 Case Selection

In order to be able to study the chosen instance it was decided that the case study method should be applied as the research strategy, since a case study would allow for a holistic understanding of the concept of systemic interrelating within its real life context (Patel & Davidson, 2011). As stated by Bell & Waters (2016), a case study should be conducted through qualitative gathering methods since they usually better suited for case studies since it uses methods such as observations and semi-structured interviews.

In order to target the research scope it was decided that the most fitting setting would be an incumbent firm that was either currently undergoing a digital transformation process or has recently undergone one. Such a firm would have actors with the appropriate experience and knowledge that was required to answer, discuss and reflect upon the questions asked. With this in mind, the firm Länsförsäkringar was identified as a fitting setting since it was undergoing a digital transformation at the time of the study. Länsförsäkringar is a company in the insurance and finance industry which was established in 1990, although it has roots going back as far as the early 1800s. It is a significant player that has been part of the Swedish insurance market for

a long time and should thus be considered an incumbent firm (Svahn et al., 2017; Wenzel et al., 2015).

The digital transformation at Länsförsäkringar began at the start of 2017 and at the time of this study had been ongoing for just over two years. During this time, the transformation had gone through a number of events. Leading up the start of the transformation, the CEOs of Länsförsäkringar began to notice that a number of small competitors were emerging who used digital technology in order to deliver insurance services that Länsförsäkringar was unable to provide. They realized that in order to stay competitive, Länsförsäkringar would have to go through a digital transformation so decided that they had to hire someone who could lead the transformation. This was the first event as the person they hired to lead the transformation spent a few month visiting the firm's offices, learning about the culture of the firm and formulating a vision of where the firm would go in the future. The second event was LF Open, where the manager invited both internal (employees) and external (researchers, students, startup firms etc.) actors in an attempt to gather ideas about what kind of services Länsförsäkringar might offer to its customers in the future. This event was held a few months after the manager had been hired and lasted for two days. The third event was called the innovation pilots, which began after LF open and lasted for roughly 18 months and is as such the longest-lasting event to date. During this event, Länsförsäkringar collaborated with a number of startup firms in order to set up pilots where some of the ideas gathered during LF Open could be tested. Having gathered ideas during LF Open and tested some of them during the innovation pilots, Länsförsäkringar then began the forth event: commercialization, where the innovation pilots were meant to be brought into production. This event has just begun so there is a limited amount of information concerning it, which is why this study primarily focused on the third event: the innovation pilots.

The reason for choosing this particular firm was because it was in a position similar to that of many other incumbent firms (Lucas & Goh, 2009; Moreau, 2013; Wenzel et al., 2015). As a large incumbent firm with a long history it was in a position where it had to compete with smaller digital startups offering new types of services while also having to deal with existing rivals simultaneously. In order to remain competitive the firm decided to initiate a digital transformation. As a result, the firm had to deal with competing concerns as workers and managers had to deal with mutually incompatible logics related to both the traditional business as well as the new digital transformation (Svahn et al., 2017; Smith & Lewis, 2011).

3.3 Data Collection and Analysis

In order to study how managerial responses are implicated in the systemic interrelating of competing concerns, it was deemed to be of greater value to interview people with an overarching vision of the digital transformation rather than interviewing employees that were not involved in the managing of the digital transformation. Systemic interrelating is about the interrelation of competing concerns and how they can be managed, so in order to learn more about it the

study required informants who had extensive knowledge of the case and how the transformation had been managed. Two informants were identified with the relevant experience: informant number one was a researcher who have been involved in the digital transformation process since the beginning and the second informant was the manager in charge of the digital transformation at Länsförsäkringar. Both informants possessed extensive experience of digital transformations in general and a comprehensive understanding of the specific case in particular. Therefore they were able to provide first-hand data that was used to identify the implication of managerial decisions on the systemic interrelating of competing concerns.

Two channels of data were used in this study: semi-structured interviews and secondary data. Since the goal of the study was to create an understanding of how management responses are implicated in systemic interrelating, the study was inherently explorative as there are many possible ways to answer the question. It was decided that semi-structured interviews would serve well as a data gathering method as they allowed for rich data gathering that allows for the finding of data that might otherwise be missed (Patel & Davidsson, 2011). The data collection consisted of two interviews which lasted approximately one hour each, as well as secondary data. The secondary data was acquired through other researchers who were also conducting their own study at Länsförsäkringar, which was conducted as action research that was carried out in parallel to the transformation project.

The data gathering occurred in the following manner. The first interview was held with informant one in an attempt to gain a better understanding of the digital transformation at Länsförsäkringar. This interview allowed us to become aware of how the digital transformation had been organized and managed in terms of events and happenings. At the end of this interview informant one provided us with access to data which he himself had collected during his own studies at Länsförsäkringar. This data consisted of about 10 hours of audio files and four strategic documents created during meetings conducted during the first two years of the digital transformation at Länsförsäkringar, which served as our secondary data source. By analyzing the interview material and the secondary data iteratively we were able to build a timeline of the digital transformation process, as well as identify potential instances of each competing concern being salient. This data analysis method was chosen to make room for reflections which allowed us to make progress in the development of the timeline and hence better capture the context in which all four competing concerns became salient. These findings were then used to construct questions for the interview with informant two. Since informant two was responsible for the digital transformation at Länsförsäkringar, it was critical to acquire information from him about how he had encountered and managed the four competing concerns. He had been directly responsible for the managerial responses to the competing concerns and as such possessed first-hand knowledge that could be used to answer the research question. In order to capture as pertinent information as possible during this interview there was also a need to impart to him an understanding of the theoretical concept of competing concerns. To provide him with this understanding, a short video introducing the concept as it was related to Länsförsäkringars digital transformation was recorded and sent to him. The interview was constructed as an interplay

between us and the manager in which the timeline developed from the secondary data was used as a framework to guide the discussion. The manager's specific insights about competing concerns and managerial responses provided a detailed narrative.

Once all the gathered data had been transcribed a qualitative analysis (Patel & Davidson, 2011; Bell & Waters, 2016; Hsieh & Shannon, 2005) was carried out. There are many possible ways to analyze qualitative data (Patel & Davidson, 2011), but for this study it was decided that it would be valuable to iteratively read through and listen to the findings multiple times in order to construct a storyline which illustrated how management responses were implicated in the systemic interrelating of competing concerns over time. This kind of qualitative analysis was chosen since would it allowed us identify aspects which might otherwise have been missed if a less exploritative approach had been chosen. The findings were then organized into a sequence based of which competing concern was dominant at a certain time, creating a sequence where the deliberate managing of one salient competing concern led to another competing concern becoming salient. Finally, while the material from both the secondary data and the interviews were used in the analysis, most direct quotes about what happened during the transformation and how it was managed came from informant two. This could give the impression that the only data of relevance for this study came from the manager, which is not the case. The first interview and the secondary data served as a foundation for understanding the case of Länsförsäkringar while also providing us with a preliminary understanding of the issues faced during the transformation. However, as most of this information did not provide us with quotes that illustrated the implications of managerial responses, it was decided that quotes from the manager should be used as the main reference. Since he had been directly responsible for the management responses during the digital transformation, the information that he provided us with was well suited to answer the research question.

4 Results

While analyzing the findings, it became apparent that the competing concerns had become salient in a certain sequence. In order to illustrate this sequence, the results and analysis are presented in the order that informant two (from here on known as the manager) encountered the competing concerns. This was done by creating a narrative that highlights how management responses are implicated in the systemic interrelating of the competing concerns.

4.1 Innovation Focus: Product vs. Process

The first step of the digital transformation of Länsförsäkringar was the creation of a clear guiding star. The manager explained it in the following way:

"*The most important thing was to immediately set up the guiding star. Because here we have a bunch of people who are uncertain, we are about to change something that we have done for many years, we are moving in another direction from before. So my first mission was to go out and listen. I spent the first two months going around and listening to both the executives and the employees of the firms involved."*

For almost two hundred years, Länsförsäkringar has provided its customers with reactive insurances: an accident occurs and the customer is compensated afterwards. The manager set out to change the way Länsförsäkringar offer insurances by formulating a guiding star that the employees in the firm could work towards, which was formulated in the following way:

"*We do not sell insurance - we create prerequisites for a safe and injury-free life*" (Secondary data, PowerPoint Presentation).

The manager expressed the idea that technology could be used to change offer new kinds of services, changing the traditional insurance business model:

"*Insurances traditionally focus on compensating the victims of an accident after the accident has happened [...] but now we can make sure that the bad things doesn't happen at all with the help of the modern technology that is being developed*"

This vision, to go from a traditional insurance company to a firm that uses digital technology to help their customers to minimize the risk of any injury or damage occurring with proactive services, was a recurring theme throughout the interview with the manager:

"So I got to present my ideas and thoughts, which was that the future focus of Länsförsäkringar should not be reactive products that are activated when something bad happens, but instead we need proactive services that continuously act as support"

"*The guiding star has been the primary goal, to go from selling a reactive product to a proactive process, to make this journey is extremely central*"

In order to go from reactive products to proactive processes, the manager decided that he had to go out to the firms that together make up Länsförsäkringar and preach about the need for a digital transformation:

"*During this time I have been out preaching about the transformation. I did this to promote a degree of understanding throughout the firm of why we were doing this transformation"*

However, he realized that it was easier to talk about the transformation than it was to get people to go along with the idea. This is where he realized that his vision for the future of Länsförsäkringar was incompatible with the existing logic of the firm, causing tensions to arise within the firm. Reactive insurance products cannot coexist with proactive insurance services. Reactive insurance products are by nature structured to generate value as something occur, that means that there exist an instance of value creation that can be seen as a constant. On the other hand, proactive insurance services are by nature structured to generate value continually as they are meant to decrease the risk of accidents that occur. By creating the guiding star, the manager was able to manage this competing concern as it gave the members of the organization a common goal to work towards:

"*[The guiding star] was a precondition. [...] in order to create an environment where everyone would pull in the same direction the guiding star was required*"

Creating the guiding star was only the first step of the digital transformation and it was followed by an attempt to come up with ways to create a prerequisite for a safe and injury-free life. In order to gather ideas for how to reach the guiding star, the manager initiated the event LF Open where he invited employees from Länsförsäkringar and external actors such as researchers and startups. The insights gathered during LF Open then led to the creation of a parallel organization within Länsförsäkringar where the process oriented ideas could be tested.

4.2 Innovation Capability: Existing vs. Requisite

The second step of the digital transformation was the creation of a parallel organization, to promote the development of new digital capabilities without jeopardizing already existing practices. The manager expressed it in the following way:

"*I knew that if I tried to change already existing structures and processes related to the reactive insurance products, I would most definitely spend most of my time combatting the organization's political climate and untangling myself from all kinds of slow-down effects as a consequence.*"

"You see, an organization is the reflection of a group of people. They care about their culture, it is their identity. You must understand where the culture comes from and its values in order to understand the DNA of the organization. If you don't, the organization's immune system will instantly kick you out. As long as you challenge the status quo, the immune system will be chasing you. Sometimes the immune system gets to me and then I have to slow down a bit. Slowing down is often a consequence of the board of executives who wants to see results right here and right now. When that happens, I have to carefully slow down so that the executives don't lose confidence in the transformation, but at the same time keep enough speed so that I don't risk losing the employees who by realizing the value of proactive services are trying to change the company"

The manager understood that there exist tensions between developing new capabilities and already existing practices, as he illustrated the challenges through the metaphor of an immune system. These incompatible logics revealed how already existing hierarchical structures were affected as the manager used the parallel organization to develop new capabilities within the organization. When asked about how such adjustments had been made, he said:

"*I had to set up a parallel organization, an explorative environment, where employees from Länsförsäkringar together in a cross-functional setup actively experimented and worked towards the vision of proactive insurance services without being slowed down by the traditional organization.*"

Although the parallel organization seemed to have opened up new ideas for how digital technology can be used to develop proactive insurance services, the manager knew it was going to be burdensome to introduce these ideas in an already existing institutional context where culture and specific values have been developed, nurtured and matured over the last two hundred years. For this reason, the manager began to look beyond organizational boundaries in order to acquire the competencies that the firm could not get from inside the organization:

"To drive the transformation forwards, we had to collaborate with external actors in order to create value streams that Länsförsäkringar cannot create by itself"

4.3 Innovation Collaboration: Internal vs. External

In order to acquire the competencies that did not exist within Länsförsäkringar, the manager had to look beyond organizational boundaries. He expressed the need for collaboration with external actors:

"*... [External actors] possess skill sets that we do not have, but that we need access to.*"

Engaging in collaboration with external actors was something that Länsförsäkringar did not have any experience with. The manager pointed out that, historically, everything concerning the development of the insurances provided by the firm had been done internally and as such all existing organizational structures were designed without input from external actors.

"*There has previously not been a need for external collaboration since we have been able to do everything internally."*

As the vision of proactive insurance services necessitated external collaboration, the incompatible logic is derived from the struggle between two collaboration practices. 1) The already existing one: the internal collaboration practices that are characterized as slow and inflexible. 2) The future one: the ambition to develop new collaboration practices by collaborating with the startups to become more fast and flexible:

"*The tricky part in the collaboration is that Länsförsäkringar has its slow and heavy internal practices while trying to become more fast and flexible. To achieve this I carefully introduced members of Länsförsäkringar to the startups, but it was a struggle as I felt resistance."*

The manager expressed the struggle to move in this direction as funding was mainly given to parts of the firm that could show that they created profits:

"*The existing business will always gain priority, that's just how it since it is the cash cow. The parts of the firm that is currently making money is just seen as more important, and often for good reasons. But it also disincentivizes innovation.*"

The manager knew that introducing changes to Länsförsäkringar organizational structure would create tensions. To handle these tensions, the manager set up the innovation pilots wherein actors from Länsförsäkringar and the external actors could collaborate without being tied down by existing organizational structures. This allowed both Länsförsäkringar and the external actors to experiment with ideas concerning potential future proactive insurance services which provided the manager with valuable information according to the manager:

"The innovation pilots provided us with data, real facts, that gave us insights in how new values can be generated. With this, we could show the rest of the organization the value of collaboration with with people from outside Länsförsäkringar."

The outcome of the innovation pilots was that the collaboration could progress in a satisfactory way. However, questions related to the ownership of the data eventually began to emerge as there had never been a decision made about who owned the data that was gathered during the

innovation pilots. The researcher expressed this as a worry that Länsförsäkringar had placed too much responsibility into the hands of the startups:

"*A lot of the innovative work was handed out to startups who worked with Länsförsäkringars customers. The startups gained all the data, they did the analyses, they delivered a result. But the ability to innovate did not increase in Länsförsäkringar. In other words, the collaboration largely resulted in stronger startups while Länsförsäkringar had not gained any ability to work proactively.*"

Since most of the innovation pilots had been conducted through the hardware and software provided by the external actors, Länsförsäkringar did not strictly own any of the data that had been generated. As a result, the manager realized that he had to begin working on setting up governance structures.

4.4 Innovation Governance: Control vs. Flexibility

While the collaboration was going on questions about how to govern the relationship between Länsförsäkringar and the external actors began to emerge, which the manager expressed the following way:

"*A consequence of the innovation pilots was that we had to rely a lot on the service providers, which was the startups, their IT-structure, competence and processes.*"

Thanks to the collaboration with startups during the innovation pilots, Länsförsäkringar gained access to a wealth of innovative capabilities. However, the collaboration also came with some unintended consequences according to the manager:

"*What happened was that we handed out the opportunity to embrace the innovation processes to the startups who then experimented with all sorts of things. They had the data, they produced the analysis and turned it into new insights."*

On the one hand the innovation pilots gave Länsförsäkringar access to partners who could innovate. On the other hand, the manager realized that the innovative capabilities and the data gathered from that event ended up in the hands of the startups:

"*We ended up sitting in the lap of the startups. If they were to walk out, we would not really know what to do"*

The manager understood that flexible relationships with external actors were required in order to become able to develop new proactive insurance services, but he also realized that such a partnership would require control over the generated data so that the value does not end up solely in the hand of the partners:

"We knew that we needed to enhance our own capabilities in order to benefit from the collaboration with the startups, but we had no clue how to change our IT-system architecture to benefit from the external collaborations."

The manager knew that Länsförsäkringar had to balance between maintaining flexible relations with the external actors while also maintaining a degree of control over the data that was being generated. To manage this situation, the manager contacted a team of researchers who could provide Länsförsäkringar with relevant insights. One of the researchers proposed the creation of a blockchain-based infrastructure which would serve the needs for how Länsförsäkringar could collaboration with its external actors:

"*[...] you cannot expect to own everything and still be able to collaborate with external actors. There are different preferences in what can be done, new ways to create value, and for you to hold onto all these designs is not the reality you are facing. Blockchain can be the way for Länsförsäkringar to learn how to manage the external collaborations*" (Secondary data, audio recording)

By utilizing blockchains as the underlying digital technology, the researchers suggested that Länsförsäkringar should create an open generic ecosystem. The gathered empirical data suggest that no further action has been taken regarding the use of a blockchain technology. On the one hand, if the manager chooses to apply blockchain as the underlying digital technology, Länsförsäkringar would forfeit its ability to regulate the boundaries of control over the shared data between themselves and the external actors. As a result, the ecosystem would inherently empower flexible data sharing, as all actors within the ecosystem carry equal possibility to access the data. On the other hand, if the manager choose to refuse blockchain as the underlying digital technology, Länsförsäkringar risk facing the combatting question of data ownership, as all data-driven actors essentially strive to capitalize on the generated data.

5 Theory Development

The research question posed earlier was "*How are management responses implicated in the systemic interrelating of competing concerns?*". There were many possible ways to answer the research question but we made the deliberate choice to study how the manager of the digital transformation at Länsförsäkringar had encountered competing concerns, managed them, and how his managerial responses led to other competing concerns becoming salient. By doing so, we were able to gather data that allowed us to answer the research question.

Based on the findings of our study a sequential story emerged where the managerial responses to one competing concern caused another competing concern to become salient. The sequence of events as presented in the result section illustrated how managerial responses were implicated in the systemic interrelating of the competing concerns. In following sections we further elaborate upon these findings.

5.1 Innovation Focus: Product vs. Process

The manager began the digital transformation by creating a guiding star which would help the firm go from a product oriented firm with reactive insurances to a process oriented one with proactive insurances. The guiding star took the form of a slogan: "*We do not sell insurance - we create prerequisites for a safe and injury-free life*". The slogan implies a shift from selling reactive insurance products to proactive insurance services and was formulated in such a way that members of Länsförsäkringar were able to understand the direction in which the firm was moving. The manager seems aware of that reactive insurances and proactive insurance were two incompatible logics and could not co-exist. As he had to confront this issue, we argue that the competing concern became salient (Svahn et al., 2017). We recognize that the manager accepted the tension and managed it by traveling around to all the 23 customer-owned regional companies and preaching about the need for and the benefits of a digital transformation.

We see the creation of the slogan as a deliberate decision to combat the already existing trajectory and thus served as an attempt to navigate the firm in a new direction. The manager set this competing concern apart from the others by emphasizing its importance. Therefore, even when the other competing concerns were salient this competing concern served as a catalyst that led the digital transformation of Länsförsäkringar forward. We recognize this managerial response as in line with Smith & Lewis (2011) who argue that effective managers must choose the pole that best aligns with the strategy in mind.

In order to gather practical ideas for how Länsförsäkringar could create requisites for a safe and injury-free life, the manager organized the event LF Open. He realized that LF Open could be

seen as a minimalistic version of a process oriented firm where different perspectives and processes exist as a first step to move forward. This led him to the understanding that he had to create a parallel organization where the process oriented ideas could be tested.

5.2 Innovation Capabilities: Existing vs. Requisite

After LF Open, the manager realized that there was a lack of capabilities within the organization about how to work in a process oriented way, so he created a parallel organization in order to not jeopardize already existing practices (Svahn et al., 2017). It seems as though the manager identified two incompatible logics which he proceeded to accept by actively adjusting the speed of which the transformation took place (Smith & Lewis, 2011; Svahn et al., 2017). Accepting the need to balance between these two tensions is according to Smith & Lewis (2011) an effective decision as it provides an open comfort when dealing with the tensions. This in return opens up for more complex and challenging resolutions to be resolved. Such resolutions involves splitting and choosing between tensions or by looking for synergies that allows for both tensions to be accommodated simultaneously (Smith & Lewis, 2011).

During the period that this competing concern was salient, we argue that the manager chose not to split and focus on one pole of the tension but instead deliberately chose to manage both poles of the tension simultaneously as he actively adjusted the speed of the digital transformation. We interpret the manager's active adjustment of speed as a conscious resolution for how to enable the attention to both poles of the tension over time which is an important aspect as the manager had to frequently and dynamically shift decisions. The manager's response is in line with Smith & Lewis (2011) who argue that managers must understand the need for consistent inconsistency, meaning that the manager must make short term choices while remaining strongly aware of accepting paradoxical ones in the long term. The active adjustment of speed of the digital transformation can be seen as such consistent inconsistency: The manager knew it was key to speed up the digital transformation in the short term in order to gain momentum, but at the same time had to be aware of accepting the contradiction of slowing down in the long term when the organization's immune system kicked in. As he slowed down in the short term, he seemed aware of the fact that he had to make a contradictory decision to speed up in order to not lose the previously gained momentum. This iterative and frequent shift in decision making might help us understand how the manager's responses are implicated in the systemic interrelating of competing concerns.

We recognize that the creation of a parallel organization forfeited the manager's capability to combat other tensions, such as the political climate and existing practices in the traditional organization (Svahn et al., 2017). Does this mean that he deliberately choose not to accept these potential tensions? According to Smith & Lewis (2011), managers tend to focus on the tension that is best aligned with already existing strategies, internal or external factors and the external environment. On the one hand, we argue that the creation of a parallel organization is contradictory to the arguments of Smith & Lewis (2011), since such a parallel organization involves

moving outside of already existing organizational boundaries and is therefore detached and cannot be aligned with an organization's existing strategies nor internal factors. On the other hand, the manager's response to create a parallel organization might have been an effort to show that the grass actually is greener on the other side. From here on, the manager's take on to how such boundaries must be reframed and developed in terms of collaboration was initiated.

5.3 Innovation Collaboration: Internal vs. External

The manager realized that some capabilities could not be acquired from within the firm, so he initiated the innovation pilots in order to allow for collaboration between internal and external actors. We recognize the innovation pilots as a continuance of the parallel organization since they were also was detached from the traditional organization but with the addition of inclusion of external actors. The manager had already created a parallel organization and it seems as if he used the already existing structure from the parallel organization to initiate the innovation pilots (Smith & Lewis, 2011).

During the innovation pilots the competing concern was rendered salient as the slow and inflexible structures of Länsförsäkringar and the ambition to become fast and flexible could not co-exist (Smith & Lewis, 2011). The manager's response was to accept this tension by ensuring simultaneous attention to both poles of the tension. Through collaboration with external actors the manager was able to present specific results that illustrated the value of external collaboration to the rest of the organization. By illustrating this value to Länsförsäkringar, the organization was able to adopt new insights which gave momentum to the digital transformation. This occurred through a number of iterations, in which the manager first initiated small-scale data driven insights which in time were scaled up and eventually led to commercially viable services. Therefore, we believe that the manager's response to this competing concern was a clear strategy for adopting the innovative capabilities of the small and agile startups by inviting organizational members to participate and be part of the development of proactive insurance services. According to Smith & Lewis (2011), ensuring simultaneous attention to both sides of the tension involves frequent and dynamical shifts in decision making. As we observe this case we believe that it is a representation of what Smith & Lewis (2011) define as a virtuous cycle. As such, the virtuous cycle allowed the manager to achieve sustainability through the three mechanisms: 1) enabling learning and creativity, 2) fostering flexibility, and 3) unleashing human potential. This led to an unequal share of data in the hands of the startups which resulted in the startups gaining most of the innovative insights. Because of this, questions about ownership over the data emerged which the manager had to deal with by creating governance strategies.

5.4 Innovation Governance: Control vs. Flexibility

The innovation pilots supplied Länsförsäkringar with practical experience that was used to build momentum and legitimize the value of driving the digital transformation of

Länsförsäkringar. However, while the innovation pilots enabled Länsförsäkringar to gain valuable knowledge and experience (Smith & Lewis, 2011), the manager noticed that the startups ended up as the primary beneficiaries of the collaboration. The startups gained direct access to the data and they acquired most of the innovation capabilities, and thus the manager realized the need for control over the data that was being generated. However, he also understood that the collaboration with the external actors created a degree of flexibility that was in line with the vision of proactive insurance services. These two incompatible logics of desiring both control and flexibility led to the competing concern being rendered salient and as such had to be managed. He knew that Länsförsäkringar had to develop governance structures which would enable all parties within the collaboration to benefit from the generated data, but he did not know how such a governance architecture should be designed. From this, we recognize that the manager accepted and managed this tension by contacting a group of external researchers with experience in creating technological solutions for issues like these.

By collaborating with these researchers, a governance strategy that would allow for both flexibility and control began to emerge. This is line with Smith & Lewis (2011) who argue that accepting a tension allows for new perspectives that could lead to discovering new creative possibilities, which in this case is illustrated by reaching out to a group of external researchers. The manager's response to use the tension as an invitation for creativity in order to manage the competing concern indicate a degree of cognitive and behavioral capabilities. To this end, Smith & Lewis (2011) posit that effective managers require the ability to recognize and accept the interrelatedness of underlying tensions which the manager uncovered through his managerial responses.

6 Discussion

6.1 Contribution

We have shown that the manager made a number of decisions which caused the competing concerns (Svahn et al., 2017) to become salient in a certain sequence. As a competing concern became salient, the manager accepted it and dealt with it through a managerial response (Smith & Lewis, 2011). However, the act of managing one competing concern caused another to become salient which then also had to be managed. This means that managerial responses are implicated in the systemic interrelating of competing concerns in a sequential manner.

Our findings has a number of practical implications for managers of digital transformations. By accepting the existence of competing concerns and understanding that they are interrelated, managers can become better equipped to deal with the issues that arise during digital transformations. Identifying competing concerns and consciously decide on how to manage them help to promote creative ways of conducting the digital transformation rather than allowing immovable obstacles to grow (Smith & Lewis, 2011). Furthermore, our findings imply that the deliberate decision to put innovation focus forward as a guiding star was an important part of the initial success of the digital transformation at Länsförsäkringar.

Managers who seek to drive a digital transformation forwards need to create a relatable goal, or guiding star, that both highlights the firm's previous work ("*We do not sell insurance"*) and contrasts it with what the firm should instead do in the future (*"- we create prerequisites for a safe and injury-free life*"). This journey from one state to another is in many ways the core of what a digital transformation is about (Piccinini et al., 2015, Vial 2019) and by creating a simple slogan that highlights the end point of the transformation, managers can create an environment where all employees know where the firm is going and as such can help pull in the same direction.

By illustrating how managerial responses are implicated in the systemic interrelating of competing concern, this study also indicates the importance of having a cohesive strategy when conducting digital transformations. Managers of digital transformations need to realize the interrelatedness of competing concerns and how their own actions can affect this interrelation in order to succeed with transformations. If they do not, then they might instead react defensively which will hinder creativity and flexibility (Smith & Lewis, 2011).

This study's contribution to theory is twofold: first, we have illustrated that managerial responses are implicated in the systemic interrelating of competing concerns in a sequential man-

ner, which indicated the importance of a cohesive management strategy during digital transformations. This insight adds to the ones presented by Svahn et al. (2017) by further highlighting the effects of management on systemic interrelating (Smith & Lewis, 2011). Second, by illustrating specific ways in which managerial responses are implicated in systemic interrelating we have opened up for significant avenues of future research. Future scholars can use our findings as a starting point to further explore the implications of managerial responses and how effective managers can deal with the competing concerns that arise during digital transformations.

6.2 Future Research

In this study, we have initiated a discussion about how managerial responses are implicated in the systemic interrelating of competing concerns. However, the findings of this paper are limited and can be expanded significantly through future research. We consider the following topics as interesting continuations of our research.

Smith & Lewis uses contextual factors as triggers that render tensions from latent to salient. As such, contextual factors can be a significant component for how the tensions that managers have to accept and deal with become salient. In order to develop a deeper understanding of how tensions arise in the first place we suggest that future studies should look in to how contextual factors implicate managerial responses, and vice versa.

According to Smith & Lewis (2011), the act of rejecting a salient tension leads to vicious cycles while accepting those leads to virtuous cycles. While our findings appear to support the idea that accepting a tension leads to virtuous cycles, we wonder if it has to be true that rejecting a tension leads to vicious cycles. When discussing the "Innovation Collaboration: Internal vs External" we began to see what appeared in some ways to be a rejection of a tensions. If this truly was a rejection of a tension, then it was a strategic choice deliberately made to avoid a slowdown of the transformation. Rather than directly engaging with the tension caused through a collaboration of firms with different organizational structures, the manager rejected the inclusion of Länsförsäkringars structure as part of the collaboration, instead focusing on benefiting from the structures of the startups. We believe that an insightful future topic would be to investigate how the deliberate rejection or ignoring of a tension could be a beneficial decision.

Another interesting topic to study would be to better understand the difference in Smith & Lewis' (2011) concept of rejecting a tension and accepting it. We had a difficult time understanding exactly when a managerial response involved a complete rejection and when it involved a deliberate decision to accept a tension by splitting and thus solely focus on one pole of the tension. In this context, we argue that time is an important aspect as it is important to recognize for how long a manager decides to reject a tension and if such a rejection involves fluctuations in terms of a tension becoming salient and going back to being latent over time. Another aspect could be that a manager's response involve accepting and splitting a tension which in time feeds into a rejection as the manager consciously decided not to manage the

tension and how this relates to the creation of virtuous and vicious cycles. Finally, we recommend that future studies attempt to uncover new instances of managerial responses in order to enable a deeper learning about the appearance of virtuous and vicious cycles.

6.3 Limitations

This study set out to answer an exploritative question which could have been answered in many different ways and there will naturally be some limitations to the study as it would have been almost impossible to discover every aspect of how managerial responses implicate the systemic interrelating of competing concerns. We do not claim to have identified the exact way in which managerial responses always implicate the systemic interrelating of competing concerns in all settings. For example, while we characterize the competing concerns as occurring in a certain order, this does not mean that only one competing concern was salient at any given time. The sequence shows the order in which each competing concern that was dominant: innovation focus was dominant at the beginning, which then changed as the tensions regarding innovation capability became stronger and so on. We also want to point out that this sequence was not the only one present at Länsförsäkringar. Digital transformations of incumbent firm are complex (Svahn et al., 2017) and involve a large number of activities. The sequence presented here is just one of many possible examples of systemic interrelating, but we chose to use this sequence as it illustrated how managerial responses implicate the systemic interrelating of competing concerns in a comprehensive fashion.

Also, while we are confident that the gathered data was sufficiently detailed for this study, we believe that it would have been beneficial to have spent more time interviewing the manager (informant two). As seen in the discussion, the competing concern innovation capability allowed for a more sophisticated discussion compared to the other three competing concerns. The information provided by the manager during the interview was comprehensive and useful but his responses were often skewed towards innovation capability. Therefore we believe that more time with him would have allowed us to gather additional data which could have led to an even more sophisticated discussion about the implications of his managerial responses regarding the other three competing concerns.

7 Conclusion

When conducting digital transformations, competing concerns will inevitably arise and since the competing concerns are systemically interrelated they require a cohesive management approach. However, management approaches will by themselves have an impact on the competing concerns. In this study, we set out to identify ways in which managerial responses are implicated in the systemic interrelating of competing concerns. Through a case study of a digital transformation at Länsförsäkringar, we found specific instances of managerial responses which led to all four competing concerns becoming salient in a certain sequence. This sequence of managerial responses illustrate how the active decisions of the manager to deal with one competing concern led to another becoming salient.

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