

Institute of Insurance Economics



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**SENSEMAKING OF DIGITAL TRANSFORMATION  
IN SERVICE INDUSTRIES. DO EXECUTIVES  
THINK OF THE SAME IDEA WHEN THEY SPEAK  
OF DIGITAL TRANSFORMATION?**

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## **II. Sensemaking of digital transformation in service industries. Do executives think of the same idea when they speak of digital transformation?**

### **Abstract**

This article addresses the research demand for a holistic perspective on the phenomenon digital transformation. To date, the literature is highly fragmented, as most articles focus on domain-, topic-, or technology-specific questions, define the phenomenon of digital transformation differently, and do not aggregate findings on a higher conceptual level. The aim of this article is to develop an empirically founded, normative framework of digital transformation. Applying an abductive research design, it integrates various perspectives on digital transformation from different research domains, and the findings of a single case study in the service industry on executives' digital transformation sensemaking. The resulting holistic framework shows that digital transformation represents a socio-technical change process, which is triggered by the application of digital technologies, creating affordances for market actors and affecting core elements of organizations, competitive landscapes, markets, and societies. The article advances the limited strategic service management literature, offering a profound understanding of the triggers, mechanisms, and effects of digital transformation. Furthermore, it enables executives to introspectively investigate their own sensemaking approaches and increase their awareness of other sensemaking approaches, which helps to reduce misunderstandings and conflict in the executives' strategic decision making.

*Keywords:* Digital transformation, Digitalization, Managerial sensemaking, Strategic services management, Organizational transformation, Societal transformation