

Institute of Insurance Economics



University of St.Gallen

LEADING CHANGE IN CONTEXT OF DIGITAL TRANSFORMATION. COMPLEXITY LEADERSHIP THEORY APPLIED TO A CASE STUDY EXAMPLE

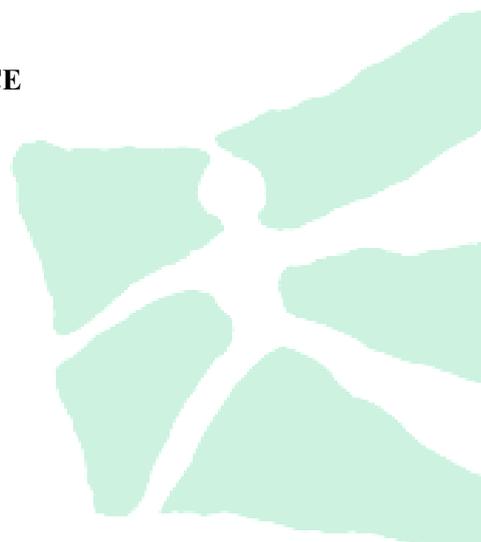
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V. Leading change in context of digital transformation. Complexity leadership theory applied to a case study example.

Abstract

Today's incumbent service providers are expected to change their organizational structures and practices in order to cope with the demands of digital transformation. This article aims to illuminate the change leadership mechanisms of an incumbent service provider in the context of digital transformation, based on a single case analysis. While traditional leadership theory has been designed for bureaucratic or mechanistic organizations in the industrial age, today's organizations face very different challenges, including the creation of knowledge, speed of innovation, and organizational agility. Methodologically, this article draws on the complexity leadership theory to analyze an organizational change program of a large pension company in the Nordics. It includes two contextual factors that are assumed to affect change leadership as preliminary research variables: The situational strength of the organization as perceived by the employees and the environmental dynamic caused by the digital transformation of the markets. The article extends complexity leadership theory by illustrating and discussing the importance of contextual factors as well as the timing of leadership mechanisms within the change process. As many organizations have not yet elaborated on the ways to foster organizational change in the context of digital transformation, this article further provides executives of incumbent companies in the service industries a set of generalized actions to facilitate change leadership. Four actions that favor the initiation of emergent change in the context of digital transformation were derived: storytelling, construction of an attractor, employment of transformation agents, and creation of a relational space.

Keywords: Complex adaptive system, Complexity leadership theory, Digital transformation, Service industry, Change management