

Chapter 19

Digital Transformation and Brokerage Organizing: A Managerial Implication Perspective

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ABSTRACT

This chapter focuses on managerial implications when implementing changes such as digital transformations and by doing so needing new organizing. Digital transformation has become a disruptive imperative for how to do business worldwide. A particular organizing function of brokerage will be described and discussed. The broker is an employee whose role is to promote digital innovation through changes in strategic networks of change. The broker role is articulated strategically in the organization, but the employee most often has to create results by gaining influence without formal authority. In the chapter, the role will be discussed from a managing perspective along with suggestions on how to organize and advice when recruiting for this function. Afterward, the broker function will be discussed from an employee perspective with 10 tips and tricks for employees in this role.

INTRODUCTION

The main perspective in this chapter is to explore the role of brokers when organizations are digitalizing and changing their business model. This is much more demanding process than just digitalizing products, services or processes. Scholars describe digital transformation as a company-wide change that leads to the development of new business models (Iansiti & Lakhani, 2014, Kane et al., 2015, Pagani & Pardo, 2017), which may be new to the focal firm or industry (Verhoef et al, 2021). A new digital business logic is needed to innovate how to create and capture value (e.g., Pagani & Pardo, 2017, Zott & Amit, 2008). Thus, digital transformation affects the whole company and its ways of doing business (Amit & Zott, 2001) and goes beyond digitalization — the changing of simple organizational processes and tasks.

Innovating how a firm does business needs a model for organizing; a model for organizing reflects aspects of both hierarchical and network structures. On one side, the top management has strategic

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agendas and must-win battles which it will focus on finding solutions for and wanting to ensure the implementation of these solutions. On the other side, there is a consciousness surrounding the fact that much innovation potential is found further down the hierarchical ladder in the organization. The potential is found where problems are solved. Looser network structures are vital to allow such innovation processes and experiments. Brokers are indeed important in both developing and implementing digital innovation within and between organizations (Petersen & Rasmussen, 2021). They have a central role, because they trade on gaps or holes in social network structures (Burt, 2004; Obstfeld et al., 2014) by bridging one or more gaps in the network structure, and the broker helps goods, information, opportunities, or knowledge flow across that gap (Stovel & Shaw, 2012).

When recruiting for the brokerage role, it is often best amongst internal candidates, because it is important to find employees who have gained professional respect in the organization. This is a relatively simple way to create legitimacy in the role. It is also important that the chosen candidates have and show optimism, energy, and sociableness. Brokerage is thus a complex behavioral and structural process (Obstfeld et al., 2014; Kwon et al., 2020). Because “brokerage is the process of connecting actors in systems of social, economic, or political relations to facilitate access to valued resources” (Stovel & Shaw, 2012).

In the end of chapter 10 areas reflection is provided for employees in this broker position are given. For example, be aware of the complexity of this position, have a clear mandate, perform sensemaking and gain influence without formal authority.

BACKGROUND

The biggest complexity factor in modern organizations is the many performance criteria needed to create value. These performance criteria are often opposites such as low costs and quality, efficiency and safety, standardizing, and custom-making. Digital transformation is likewise a complex type of technology enabled business transformation. Now add the criteria of the global sustainability agenda and diversity management.

Yves Morieux and Peter Tollman, CEOs of BCG, and authors of the book “Six Simple Rules – How to Manage Complexity without Getting Complicated”, document in the aforementioned book how performance criteria, the scales on which top management is measured, have sextupled over the last 60 years and as mentioned, many criteria are opposites (Morieux & Tollman 2014).

Three Ways to Handle Complexity

Overall, there are three different ways to handle the complexity: planning your way out of it, embracing the complexity, and/or distributed leadership. The latter is primarily concerned with the practice of leadership rather than specific leadership roles or responsibilities. It equates with shared, collective, and extended leadership practice that builds the capacity for change and improvement.

Morieux and Tollman argue that planning your way out of complexity is not feasible. Planning your way out of complexity would be more traditional structures such as procedures and checklists, which only increases complexity. When solved this way it becomes a labyrinth in which people lose their ability to navigate, understand, and sense of meaning. They become stressed, overwhelmed, burned out, and suffer during work because they need to spend more time in meetings and writing reports.

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