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Embracing Digital Innovation in Incumbent Firms: How Volvo Cars Managed Competing Concerns

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Abstract

Past research provides instructive yet incomplete answers as to how incumbent firms can address competing concerns as they embrace digital innovation. This research offers only partial explanations of why different concerns emerge, how they manifest, and how firms can manage them. In response, we present a longitudinal case study of Volvo Car's connected car initiative. Combining extant literature with insights from the case, we argue that incumbent firms face four competing concerns—capability (existing versus requisite), focus (product versus process), collaboration (internal versus external), and governance (control versus flexibility)—and that these concerns are systemically interrelated. Firms must manage these concerns cohesively by continuously balancing new opportunities and established practices.

Keywords: Digital innovation, incumbent firms, competing concerns