



UNIVERSITY OF BERGEN  
*Department of Administration and Organization Theory*

## **AORG351**

**Master's Thesis in Administration and Organizational Science**

# **How Does an Exogenous Shock Affect Institutional Change?**

**The Case of Digitalization in Konkurransetilsynet and the COVID-19 Pandemic**

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**Spring 2022**

## Preface

*Far out in the uncharted backwaters of the unfashionable end of the Western Spiral arm of the Galaxy lies a small unregarded yellow sun.*

*Orbiting this at a distance of roughly ninety-two million miles is an utterly insignificant little blue-green planet whose ape-descended life forms are so amazingly primitive that they still think digital watches are a pretty neat idea. (Adams 1979/2010, 5)*

When I lived in Munich, I noticed that Germans use digital tools quite differently than Norwegians do, even though the cultures are otherwise pretty similar. I worked in a beer bottle shop, and every month the boss would make the shift list in Excel. He then printed the shift list and hung it up on the wall. The boss later photographed the shift list, and shared it in a WhatsApp group. The shift list file could easily have been shared directly with the co-workers, or as a link with live updates. Digital behaviour is about more than just access to technology.

Several people deserve to be thanked for their contributions to this thesis. Above all, I want to thank Martina Vukasovic, my supervisor who could not have been more supportive, more helpful or more inspiring. She has been thoroughly constructive and challenged me to perform to the utmost of my abilities. Scott stated that “if a naïve scholar strides into the maelstrom of institutional/organization scholarship and research without assistance, he or she will emerge with a migraine if not a concussion” (2014, vii). Martina has ensured that I came out of this master programme without a concussion, and kept my migraine to a minimum.

As a *sampolar*, it was not a given that transferring to admorg would be painless. My co-students at Sofie Lindstrøms hus have, however, made the transfer worthwhile, socially and academically. Having hardly heard of institutionalism before starting my master studies, I have found great value in discussions with students of different theoretical backgrounds.

Additionally, I want to thank my respondents in Konkurransetilsynet, who provided valuable insight into my case. Many thanks especially to Hanneke Brouns, my contact person in Konkurransetilsynet, without whom this thesis would not be possible.

Finally, I want to thank my family and friends who have always supported me without necessarily understanding exactly what I am doing.

## Abstract

This qualitative case study explores in what ways an exogenous shock can influence institutional change, by analysing the digitalization in Konkurransetilsynet which started before and continued during the COVID-19 pandemic. Using an explicit and nuanced definition of institutions that includes a wide variety of ways that institutions structure behaviour, I apply a theory of gradual institutional change that allows understanding change processes with or without exogenous shocks. I design an interpretative case study, reconstructing the process by analysing data from nine semi-structured interviews with actors in Konkurransetilsynet and seven relevant documents.

I find that the digitalization was characterized by deliberately including many actors to have broad participation and representation. Among the important actors were Konkurransetilsynet's Digitalization Group, the director general, the director of administration and organization, a senior advisor in the Administration and the head of security. Both conscious and unconscious institutional rules and elements were sources of change in the digitalization process. There was a high level of discretion with regards to the government documents, but a lower level of discretion with regards to Konkurransetilsynet's Digitalization Strategy. The digitalization was deliberately slow, and included new digital tools and ways of performing work-related tasks. Most of the respondents experienced new institutional rules and elements on top of the old ones, but some experienced changed impact and neglect of old rules.

The COVID-19 pandemic had a limited influence on the digitalization in Konkurransetilsynet. The pandemic slowed down some initiatives, such as the introduction of cloud services. On the other hand, the pandemic also anchored initiatives, such as new communication tools that employees found beneficial while working remotely. This study shows that the influence of exogenous shocks on institutional change processes is multifaceted and complex, and while this research sheds some light on this phenomenon, there is still much more to know.

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## 1 Introduction

As information technology develops and improves, it grows increasingly important in virtually all parts of society, including in the public sector. It is therefore important to ensure that digitalization processes improve public services and are to the benefit of the citizens. Digitalization is both a technological and a social phenomenon, and includes relatively minor changes such as introducing technologies for reading documents digitally rather than on paper, to introducing technologies that change how actors interact with one another or even create new societal missions.

In this thesis, I will study the digitalization process in Konkurransetilsynet, the Norwegian Competition Authority, which started before the COVID-19 pandemic and continued during it. My focus is on whether and how a digitalization – an institutional change process – is affected by an exogenous shock. The theoretical approach I will employ builds on Scott's (2014) conceptualization of institutional pillars and Mahoney and Thelen's (2009) approach to studying institutional change. The empirical basis for the analysis consists of nine semi-structured interviews and seven relevant documents.

As the pandemic is so recent and still vivid in the memories of many, it is now a good time to study the effects of this exogenous shock, especially given that our knowledge about the various effects of the pandemic is still limited. As Konkurransetilsynet's digitalization process started before the pandemic broke out, I study the pandemic's role in this ongoing institutional change process. The Norwegian Government had published several documents indicating the importance of digitalization in the public sector prior to the pandemic, and Konkurransetilsynet worked on a digitalization strategy before March 2020. This suggests that there was an ongoing digitalization process in the public sector in general, and in Konkurransetilsynet specifically. As the COVID-19 pandemic had broad-ranging effects on how work was done in most parts of society due to social distancing requirements, this external shock may also have influenced the digitalization in Konkurransetilsynet. The knowledge of how exogenous shocks influence institutional change processes is limited, which I discuss in Chapter 2, and this study therefore has theoretical relevance.

Studying digitalization also has social relevance. This study is practically relevant for policy makers, who can benefit from knowledge about how digitalization processes unfold, and how external shocks may affect them. This can improve effectiveness and efficiency in future digitalization processes in the public sector. A substantial share of digitalization projects in Norway, regardless of sector, are considered fiascos or unsuccessful (Jørgensen 2015), and a more comprehensive understanding of digitalization processes is therefore beneficial. Additionally, digitalization can create equal opportunities, another reason to understand and facilitate digitalization processes to succeed. For example, the *Frankfurter Allgemeine Zeitung* reported that the ‘digitalization boost’ allowed flexible work models which enabled women who home-schooled their children to continue working (Sogorski 2022).

To understand the digitalization process and the COVID-19 pandemic’s role in this, I have formulated a research problem I wish to illuminate: “How does an external shock influence an ongoing change process in the public sector?” Drawing on this focus, I derive four research questions:

1. Who were the change actors in the digitalization process in Konkurransetilsynet?
2. What were the characteristics of the digitalization process in Konkurransetilsynet, if seen as a process of institutional change?
3. How was the digitalization process in Konkurransetilsynet perceived by change actors in terms of its scope and timeframe?
4. To what extent was the digitalization process in Konkurransetilsynet perceived by various actors in Konkurransetilsynet to be influenced by the external shock of the COVID-19 pandemic?

The first research question seeks to illuminate which change actors<sup>1</sup> were influential in the digitalization process and what their roles were. The second research question relates to which institutional elements and rules were sources of change or stability, as well as the levels of discretion and veto possibilities in the digitalization process. The third research question deals with the extent and temporal aspects of change, as well as what mode of change the process can

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<sup>1</sup> Mahoney and Thelen (2009), refer to a typology of *change agents*, which is dissimilar to the way *change* actors are understood in this thesis. I discuss this difference in Section 3.2.



be seen as. The final research question relates to the COVID-19 pandemic's role in Konkurransetilsynet.

To research these questions, I use an institutionalist approach to understand how the behaviour has changed with the introduction of new technological solutions, and how the pandemic may have influenced this process. Not assuming that the pandemic was the cause of the change, I apply Mahoney and Thelen's (2009) theory of gradual institutional change, which opens up for understanding change with and without exogenous shocks. Moreover, to understand what institutions do, I will use Scott's (2014) conceptualization of institutions. His definition is explicit, nuanced, and covers more of what institutions do compared to other definitions, as I discuss in Chapters 2 and 3.

I conduct a qualitative case study to understand this institutional change process, as actors' perceptions, motivations and interpretations are essential to understand socially constituted processes, such as the digitalization in Konkurransetilsynet. Collecting and analysing data from interviewing nine respondents from Konkurransetilsynet and seven documents relevant for the digitalization, I use process tracing to reconstruct the process.

## 1.1 The Case

The case of this research is the digitalization in Konkurransetilsynet, which may have been influenced by the COVID-19 pandemic. Konkurransetilsynet is a government agency whose task is to enforce the Norwegian Competition Act, specifically stopping undertakings<sup>2</sup> from abusing dominant positions in the market, stopping unlawful cooperation, and to control mergers and acquisitions (Konkurransetilsynet 2021b). Konkurransetilsynet's stated mission is to help achieve efficient use of resources by having well-functioning markets. Konkurransetilsynet is managed by *Konkurransedirektøren*, the director general, who is appointed by the King in Council for tenures of six years (Konkurransetilsynet 2022a). Under the director general, there are eight departments, namely the Administration, Communications and PR, three market monitoring departments and three support staffs, as presented in Figure 4.

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<sup>2</sup> Undertaking is the translation of the Norwegian word *foretak* used on Konkurransetilsynet's English websites (Konkurransetilsynet n.d.)

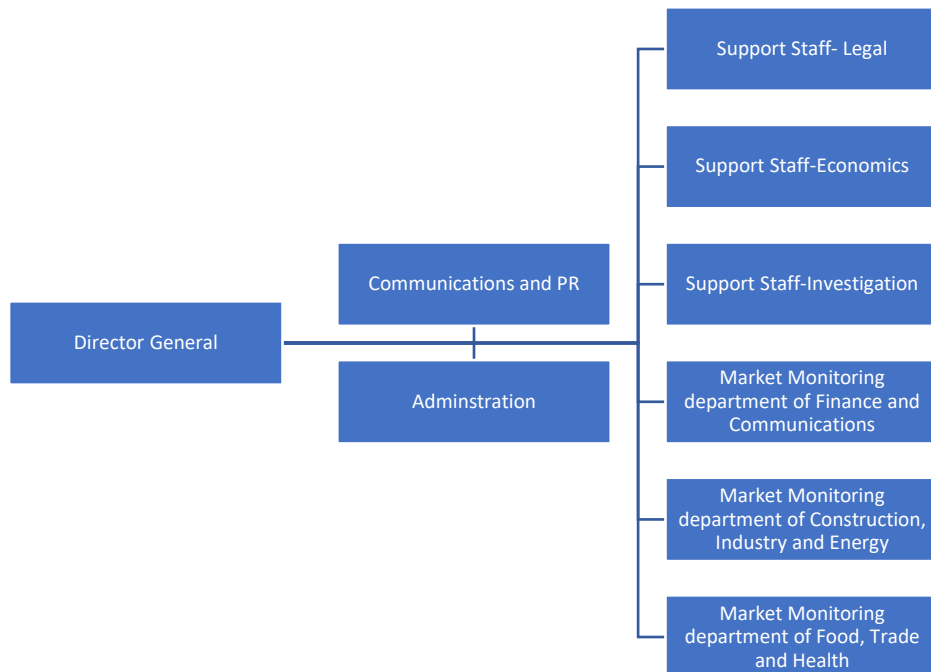


Figure 4 Konkurransetilsynet's (2022a) organizational chart, based on the chart on their website.

As a government agency, Konkurransetilsynet is influenced by Government decisions and documents that apply to the public sector. There were several government documents that were relevant for the digitalization in Konkurransetilsynet, but they did not necessarily directly instruct Konkurransetilsynet in how to digitalize. For example, the Norwegian Ministry of Local Government and Modernisation (2015-2016) issued a white paper called *Digital Agenda for Norway*, which was concerned with how to use information and communication technology (ICT) in the society's best interest. This white paper outlines five main priorities for the government's digitalization strategy: The user ought to be in the focus; ICT should be used for innovation and increasing efficiency in business and industry; digital competency and participation should be increased; the digitalization of the public sector should be effective; and the privacy and cyber security should be sound. Konkurransetilsynet is not mentioned in this white paper, and the priorities are only to a varying extent applicable to them. For example, Konkurransetilsynet does not provide services directly to citizens, and a user-centric service is therefore not as relevant as it is for agencies with frequent and direct contact with citizens, such as Skatteetaten, the Norwegian Tax Administration. On the other hand, there are aspects that arguably are important

for all parts of the public sector, including Konkurransetilsynet, such as having an effective digitalization.

In 2017, Konkurransetilsynet (2017b) adopted a general strategy document for the period 2017-2021. This strategy mentions digitalization, but not as a plan to digitalize Konkurransetilsynet itself, but rather analysing what effects digitalization can have on markets, and how Konkurransetilsynet should respond to them. As I am studying the digitalization process within Konkurransetilsynet, the effects of digitalization in Norwegian markets are not the focus of this study, but rather the behavioural changes in Konkurransetilsynet.

In June 2019, the Ministry of Local Government and Modernisation published a strategy for digitalization of the public sector, called *One digital public sector*<sup>3</sup> for the period 2019-2025 (Kommunal- og moderniseringsdepartementet 2019). Based on the white paper *Digital Agenda for Norway* (Kommunal- og moderniseringsdepartementet 2015-2016), this strategy highlights the importance of a user-centric focus, where users are not ‘thrown’ from one public agency to another. Cooperation between government actors is another key focus. The strategy covers all of the public sector, of which Konkurransetilsynet is a part. The document does not instruct specific agencies to introduce specific initiatives, rather it proposes initiatives for the central government to create possibilities for better cooperation between agencies. Six bullet points are mentioned as the targets for 2025:

- “The public sector shall be digitalised in a transparent, inclusive and trustworthy way
- More tasks shall be performed digitally, and as seamless services
- All citizens, businesses and voluntary organisations that have the ability to do so, shall communicate digitally with the public sector
- The public sector shall exploit the potential of sharing and using data to create user-friendly services, and to promote value creation in the business sector
- Local and central government agencies shall develop their services based on a common digital ecosystem for collaboration

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<sup>3</sup> This is the official English translation. Unless otherwise stated, I will use official translations found on the Government’s English websites and documents.

- Local and central government agencies shall realise benefits from digitalisation in a systematic manner” (Kommunal- og moderniseringsdepartementet 2019, 8)

The strategy states that its main target is to have an easier everyday life for citizens and businesses, with the subsidiary targets of better services, efficient use of public resources and increased value creation (Kommunal- og moderniseringsdepartementet 2019). It is essential for the work on digitalization to focus on privacy and information security from the beginning. The document states that Norway has a high degree of trust in the public sector, and for this to continue, it is important to take data security concerns seriously (Kommunal- og moderniseringsdepartementet 2019). As a regulatory agency without frequent direct contact with citizens, not all the targets in the government documents described above are directly applicable to Konkurransetilsynet. But as for all public sector agencies, the Government expects an overarching focus on digitalization and efficiency.

From Konkurransetilsynet’s (2021a, 2020) annual reports it is apparent that the organization started working on a digitalization strategy in 2019, and formally adopted it in 2020. This strategy is not publicly available, but the annual report from 2020 highlighted that the strategy focused both on digitalization internally in Konkurransetilsynet, and on digitalization in markets. Digitalizing Konkurransetilsynet’s own operations includes changed behaviour, and is therefore an example of an institutional change process, which is the focus of this thesis. Konkurransetilsynet worked on a digitalization strategy in 2019, which suggests that there was a digitalization process that preceded the exogenous shock of COVID-19 pandemic. Studying the digitalization which started before the outbreak of the pandemic, and continued after the initial lockdowns therefore constitutes an opportunity of researching a case of institutional change which may have been influenced by an exogenous shock.

The exogenous shock in question was the global pandemic brought by the spreading of SARS-CoV-2, a virus which causes the respiratory disease COVID-19 (NOU 2021: 6). Because the disease spread quickly, health authorities advocated social distancing to limit infections. The first case of the disease in Norway was reported on February 26 2020, and on March 12, Prime Minister Erna Solberg announced that the government was about to introduce the “strongest and most intrusive measures we have had in Norway in peace times” (Aftenposten 2020) with immediate

effect. People needed to socially distance, by keeping a distance of at least one metre from one another, many employees working remotely, and many businesses effectively having to shut down their business. As people were to limit physical contact with others, digitalization became central for individuals, businesses and the public sector, as digital tools could be used to communicate and work remotely (NOU 2021: 6).

As an all-pervading crisis, which warranted substantial changes in many aspects of social interaction and loosened structures, the pandemic may be seen as a critical juncture. Critical junctures are rare periods in which significant institutional change can occur because of conditions that loosen structural constraint (Zürn 2018), which I discuss in Sections 2.1 and 3.2. Such critical junctures are likely to allow for big institutional changes, and with a fast-moving exogenous shock such as the pandemic, changes may happen rapidly.

The COVID-19 pandemic was characterized by uncertainty and unpredictability, with new waves of infections and mutated versions of the virus (NOU 2021: 6). It was uncertain how long the pandemic and the restrictions would last, and in periods, the restrictions were eased, but when infection numbers increased again, so did the restrictions. The COVID-19 pandemic may therefore be understood as a turbulent problem (Ansell, Sørensen, and Torfing 2020).

Because the shock necessitated alternative ways of working in a socially distanced manner, I expect the pandemic to have a catalysing effect on Konkurransetilsynet's digitalization process. Remote working requires digital communication tools, *e.g.*, for video meetings, and cloud-based tools through which employees can access systems, programs and files remotely. This may have forced Konkurransetilsynet to digitalize by introducing communication and cloud-based technology for working remotely. Requirements of socially distancing may not only have limited Konkurransetilsynet's employees' access their own offices, but also to the offices of businesses that Konkurransetilsynet are required by law to surveil (Konkurranseloven 2004). To address this need, Konkurransetilsynet may therefore have turned to other digital surveillance tools. In sum, I expect that the pandemic may have sped up the rate of changes, *i.e.*, the adoption of new digital tools. If the COVID-19 pandemic had not happened, I would still expect the digitalization process to occur, including adoption of communication technologies and surveillance tools. However, without an exogenous shock that made working without access to the office and other businesses

necessary, I would expect that the usefulness of digital tools would not be as clear to the employees, and the process would therefore be slower.

## 1.2 Outline of Thesis

In this chapter I have introduced the topic of interest and the case this thesis focuses on. In Chapter 2, I present an overview of the current understanding of institutional change, digitalization and the COVID-19 pandemic, and account for choices presented in Chapter 3. Here I present my theoretical framework, consisting of a conceptualization of institutions, based on Scott's (2014) institutional pillars, as well as Mahoney and Thelen's (2009) theory of gradual institutional change and Mergel, Edelman and Haug's (2019) typology of digitalization. In Chapter 4 I present my qualitative case study, how I reconstructed the process with the interview and document data I have collected, ethical issues and limitations to the study. In Chapter 5, I put forward the findings and analyse them with regards to the research questions and theoretical framework. Finally, in Chapter 6 I answer the research questions, reflect on theoretical and methodological choices and suggest future research.

## 2 Literature Review

When doing scientific research, it is beneficial to understand the existing literature on relevant topics. Literature should cover a wide range of sources, by ‘casting the net widely’ and are helpful to identify theoretical gaps and puzzles (Knopf 2006; Hancké 2010). These gaps and puzzles show what is currently not known, and from this, researchers can create theoretically supported research questions to broaden our understanding of a phenomenon. Furthermore, literature reviews also guide the researcher in designing a methodological approach well-suited for the phenomenon studied. In this study, I am interested in the digitalization in Konkurransetilsynet, a change in behaviour within an organization. While this change was linked to the development of a digitalization strategy within the organization, rather than focusing on how organizations strategize (Fumasoli and Lepori 2011; Mintzberg and Waters 1985), I will use an institutionalist approach. This allows understanding actors’ perceptions, motivations and interpretations of behaviour, and puts the process of institutional change in focus.

The theoretical interest in this study is institutional change and the context is digitalization and the COVID-19 pandemic. Given this focus, I will present an overview of the literature on institutional change in general and specifically during the pandemic, as well as studies on digitalization processes in the Norwegian public sector. I started by reading Mahoney and Thelen (2009), as they were among the first to apply an institutional approach to study gradual change and Scott (2014) because of his nuanced definition of institutions. From these two works, I used a snowball approach finding influential and often quoted literature on institutionalism that they cite. I have, furthermore, used articles from courses I have attended that deal with digitalization and institutional change. Lastly, I used key words in English and Norwegian on Google Scholar to find relevant literature, as they allow me to find gaps in my knowledge on the subject. The keywords include *institutional change*, *COVID-19*, *corona*, *pandemic*, *digitalization*, *public sector*, *regulatory agencies* and combinations of these. These keywords are selected as they represent the theoretical and empirical points of interest in this study.

In the following sections, I will present findings from previous literature that is relevant to this thesis and assess what is known and what is not known. I argue that there is a theoretical gap,

which makes it fruitful to study the digitalization in Konkurransetilsynet that occurred before and during the COVID-19 pandemic. Also, I will present the theoretical choices in the literature, which have implications for the theoretical choices in this thesis, which I present in Chapter 3. Additionally, I present the methodological choices in this literature, which forms the basis of the methodological choices in this thesis, as presented in Chapter 4.

## 2.1 Institutional Change

As I study the behaviour and change thereof in an organization, it is beneficial to use an institutionalist approach. March and Olsen (1984) conceptualize institutions as formal and informal rules that give meaning and structure behaviour. The authors' approach is a reaction to behavioural perspectives of the 1960s and 1970s of studying politics and organizations, in which phenomena are reduced to "aggregate consequences of individual behaviour" (March and Olsen 1984, 735) and without taking the context of the organization itself into account. They therefore propose a return to studying the institutions themselves, as the institutional structures influence political phenomena and behaviour. As this is a return to focusing on institutions, though with a new understanding that include informal institutions, March and Olsen (1984) name this 'new institutionalism'.

In the literature there are various classifications of new institutionalist perspectives. The new institutionalisms differ in how they define institutions and how they explain institutional change. Hall and Taylor (1996) identify three distinct varieties. First, historical institutionalists define institutions as "*the formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the polity or political economy*" (Hall and Taylor 1996, 938) Historical institutionalism focuses on structuralism in institutions and how institutions structure behaviour. As the institutional structures shape behaviour, historical institutionalists expect that prior choices set precedence and tend to be repeated in similar institutional contexts. This leads to path-dependence, where the same choices are made repeatedly, and other alternatives seem nonviable. Institutions are therefore considered self-reinforcing and stable. To describe how change happens, historical institutionalists introduce critical junctures, namely historical moments during which substantial institutional change occurs. Economic crises, military conflicts and the COVID-19 pandemic are examples of exogenous shocks that can be seen as a critical



junction. Next, rational choice institutionalists consider institutions to be a means of minimizing transaction costs, as individuals have “a fixed set of preferences” (Hall and Taylor 1996, 944) and behave instrumentally in order to maximize utility. Because individuals are strategic and profit-maximizing, the needs of the systems structure the individuals’ behaviour. In this approach, institutions are understood to be created to serve individuals’ interests. Rational choice institutionalists therefore expect the institution to emerge in a Nash equilibrium, where a change that benefits one actor without disadvantaging another is impossible. As it is not apparent why potentially disadvantaged actors would accept change, rational choice institutionalism does not provide an explanation of how institutional change occurs. Lastly, sociological institutionalists’ definition of institutions is broad, as it includes cognitive scripts, moral templates and symbol systems in addition to formal rules, norms and procedures. In this approach, institutions therefore also encompass what political scientists often call cultural explanations, including values and notions of what is considered appropriate. As individuals interpret certain practices as more appropriate than others, organizations embrace the more appropriate practices to increase social legitimacy (Hall and Taylor 1996). In addition to these three new institutionalisms, Schmidt (2010, 2006) proposes a fourth, namely discursive institutionalism. In this framework, ideas and the communication thereof are central in understanding institutions.

As the new institutionalist approaches do not provide explanations for how institutions change without having to turn to critical junctures, trying to understand and explain institutional change has been the focus in various subsequent institutionalist literature. Streeck and Thelen argue that previous literature has a “conservative bias” (2005, 3), as it assumes that institutional change for the most part does not occur. Much of this literature, they argue, understate gradual institutional change as minor adjustments because of this assumption. Streeck and Thelen (2005) therefore present a framework of gradual institutional change. *Displacement* is a form of gradual change in which actors of the dominant institution defect to another institution. *Layering* occurs with differential growth, namely the addition of new institutions in addition to the existing ones. *Drift* is gradual change through deliberate neglect of a changing external context. *Conversion* occurs when an existing institution is repurposed, and its rules are interpreted differently. Finally, *exhaustion* is the gradual depletion of institutions (Streeck and Thelen 2005).

Sociological institutionalists have observed that organizations appear to be homogenous within established organizational fields. DiMaggio and Powell (1983) argue that organizations exist in environments that limit how they can operate and present three ways in which this can happen. First, coercive isomorphism relates to informal and formal pressures from other organizations, of which direct instructions and regulation are examples. Because states and other large organizations dominate an increasing number of domains of social life, these organizations become central in various organizational fields. With this central positions, the state and other large organizations coerce other organizations to conform to their rules and practices. More organizations hence tend to reflect the structures that are institutionalized by the state, resulting in homogeneity across organizations within organizational fields. Second, mimetic isomorphism is imitation driven by uncertainty. Poor understanding, ambiguity and unclarity make organizations look to other organizations for inspiration and use them as models for organizational change. DiMaggio and Powell (1983) posit that such mimicry is of low expense and managers hence search for models to copy, especially from more legitimized or successful organizations in the same field. Third, normative isomorphism relates to professionalization, or “the collective struggle of members of an occupation to define the conditions and methods of their work” (DiMaggio and Powell 1983, 152). The professional training in different fields is an important source of organizational norms. This, along with filtering personnel through selective hiring, are important mechanisms that lead to similarity in organizations in the same fields. All these sources of change lead to organizations in their respective fields that are more similar to one another, but there is no guarantee of more efficiency.

The understanding that organizations conform to isomorphic pressures implies that there is not much room for organizations to act in terms of their own interests. As a response to this, Oliver (1991) develops a typology of strategic decisions. Combining institutional and resource dependence frameworks, she identifies five strategies that organizations may follow, namely, to acquiesce, compromise, avoid, defy and manipulate. In addition, Oliver (1991) identifies five factors that are associated with the various strategies, viz. cause, constituents, content, control and context. She argues that the various factors are predictors which strategies organizations will

employ. Trying to forward its own interests, institutions therefore do not necessarily conform to the isomorphic pressures, but might be able to position themselves in a more strategic manner.

As there are different approaches of understanding and defining institutions, various strains of institutionalist literature provide different explanations of institutional change, and some provide no such explanation. As I study digitalization, a change in behaviour, that may have been influenced by an external shock, it is beneficial to use an institutionalist approach that allows understanding change both with and without exogenous shocks. I therefore apply Thelen and Mahoney's (2009) theory of gradual institutional change. Furthermore, to appreciate all the ways institutions may structure behaviour, it is beneficial to apply an explicit conceptualization of institutions, which is why I base my operationalization on Scott's (2014) definition of institutions. These choices will be unpacked in Chapter 3.

## 2.2 Change Processes during the COVID-19 Pandemic

Having discussed institutional change and how it can be studied, I will in this section review what we know about change processes in the public sector, during the COVID-19 pandemic, both those that have an explicitly institutionalist theoretical approach and those that do not.

One body of research focuses on state capacity in the face of the COVID-19 pandemic, such as Mazzucato and Kattel (2020) comparing the pandemic response in a handful of countries. They compare states' capacities in public health systems, digitalization, and employment flexibility. The authors argue that it is necessary with flexible capabilities and capacity, for governments to be able to govern a pandemic. Mazzucato and Kattel (2020) found that Germany and South-East Asia were more ready to handle the pandemic, as they had the necessary capacity after experiencing epidemics and other crises. As long as the state stays capable, Mazzucato and Kattel (2020) do not consider outsourcing capacities problematic.

Other researchers studied the pandemic as a turbulent problem. Ansell, Sørensen and Torfing consider the COVID-19 pandemic to be "a game changer for public administration and leadership" (2020, 2), as it requires robust governance answers to turbulent problems. In contrast to wicked problems, turbulent problems have only been the focus of marginal research, as its scale and scope have been considered limited until the pandemic hit. Turbulent problems

are “surprising, inconsistent, unpredictable, and uncertain” (Ansell, Sørensen, and Torfing 2020, 1), and have no pre-made solution. They argue that foresight, protection and resilience are insufficient for a response to turbulence, and governments need to respond with creativity and agility whilst cooperating with the society and the private sector. From these principles, the authors propose six robust government strategies, namely scalability, prototyping, modularization, bounded autonomy, bricolage and strategic polyvalence. Ansell, Sørensen, and Torfing (2020) argue that this implies that public leaders need to attempt solving problems without sufficient knowledge, that teams must be formed based on the problem at hand, and that clear and careful communication is necessary.

There was also an early academic interest in how state structures influenced the crisis response in the initial phases of the pandemic. Hattke and Martin (2020), for instance, studied Germany’s response to the COVID-19 pandemic. The authors use an abductive approach, meaning that they make inferences that are probable, but without excluding other explanations. They analyse press conferences and official statements as well as interviews with key informants and find that Germany’s response to the pandemic was resilient, due to its federal structure with a decentralized public health system. They make a heuristic by integrating emergency and disaster management (EDM) and political economic theory, in which they clarify the concepts coordination, cooperation and collaboration. Looking at their empirical data, Hattke and Martin (2020) characterize collective-action dilemmas and identify possible solutions with regard to the three concepts respectively.

As the measures to slow the spread of the pandemic included digital tools that facilitate contact tracing and social distancing, the use of these tools was subject of several studies. In an article discussing the impact the pandemic has had on the technology management and governance, Herath and Herath (2020) argue that the new everyday facilitated a far-reaching digital transformation. Healthcare and education are two examples of sectors that needed to use technology in new ways, through teaching and consultations over video, as well as digital contact tracing. Herath and Herath (2020) outline four technology related issues that technology managers need to be aware of. The first is accessibility, bottlenecks and performance, or a digital divide between those who can use the technology and those without access. Secondly, security

and privacy concerns are more prevalent during the pandemic, as working from home entails not being covered by all the security measures as at work. Thirdly, the technology-related changes lead to the nature of work changing, which has its own set of benefits and disadvantages. Fourthly, information technology can cause information overload as well as misinformation, which makes it difficult to make well-informed decisions.

The COVID-19 pandemic is still a very recent phenomenon, and more research into it is necessary. The first wave of articles focuses mostly on state capacity. The literature highlights agility as key in the response to such an acute crisis, but also decentralization, previous experience and established trust are important when tackling a pandemic. The knowledge on the pandemic's influence on change processes is, however, still underdeveloped. Studying an institutional change that started before the crisis and continued into the pandemic will consequently add to our knowledge of the COVID-19 pandemic.

### 2.3 Digitalization and the Norwegian Public Sector

There is also a body of research on digitalization in the Norwegian public sector, but these are mostly focused on agencies that are in direct and frequent contact with citizens. For example, in his master thesis, Lund-Tønnesen (2019) presents the digitalization that occurred in Skatteetaten, the Norwegian Tax Administration. Through a case study with semi-structured interviews and document analysis, he applies a theoretical framework of learning and innovation as either exploitation or exploration, based on the Bergen school of organizational theory. The study finds that Skatteetaten's focus within technological development had changed from exploitation to exploration. In other words, Skatteetaten's digital focus shifted from "the use and development of things already known" (Levinthal and March 1993, 105) to "search, variation, risk taking, experimentation, play, flexibility, discovery and innovation" (March 1991, 71).

Innovation and digitalization in the Norwegian public sector have been the theme of several studies. Just as the above-mentioned Lund-Tønnesen, Tønnesen (2019), with the resembling name, also researches innovation in the Norwegian public sector. To analyse such innovation, Tønnesen (2019) creates a theoretical framework consisting of van de Ven, Angle and Poole's (2000) 12-step model of innovation and Bason's (2018) four dimensions consciousness, capacity,

co-creation, and courage. This framework is normative, in that it describes criteria that should be present to stimulate innovation in the public sector. Through semi-structured interview and document analysis, Tønnessen (2019) analyses the case *Digitalt tilsyn*, an innovation and research project in eight municipalities in Norway in 2014-2017, which involves using sensor technology to increase patient security. Tønnessen (2019) applies her framework on this case and concludes that the framework is mostly relevant. The framework suggests that co-workers should have been more involved in *Digitalt tilsyn*, the suppliers were involved too soon in the process, and that the leaders did not sufficiently understand the innovation process. On the one hand, Tønnessen (2019) argues that the framework is mostly relevant, because most of the elements from the framework are present in the process. On the other hand, she uses the same framework to argue that the process should have included the missing elements. This argument is circular and does not add much to our understanding of digitalization in public sector.

NAV, the Norwegian Labour and Welfare Administration, has also been the subject of several studies on digitalization. Løberg (2021) uses a street level perspective of bureaucracy (Lipsky 1980) to research how frontline workers in NAV perceive the effect electronic communication with clients has on efficiency. To research this, Løberg (2021) conducted more than 30 semi-structured interviews with frontline workers at NAV. She found that the NAV employees argue that electronic communication can make them work more efficiently, but simultaneously that electronic communication can lower the threshold for citizens to use these services, therefore creating more work. Because the service is perceived to be more available, there is an increased demand, which makes the electronic communication time-consuming and creates a resources problem, Løberg (2021) argues.

Other researchers have focused on specific digitalization projects and their success or lack thereof. Sofienlund (2020), for example, uses documents and semi-structured interviews to study the characteristics and design of a digitalization project in a local government. The project, called *Smart omsorg*, focuses on coordinating digital services in Bergen's Department of Elderly, Health and Voluntary Sector. The study applies a theoretical framework on the policy cycle as proposed by Pollitt and Bouckaert (2011) and Howlett, Ramesh, and Perl (2009). By looking at the agenda setting and policy formulation, he researches how this digitalization project succeeded, in a

context where many digitalization projects fail. He finds that one of the reasons the project succeeded was that it was embedded on the grass-root level, insofar that co-workers were involved in early phases of the project, giving them a positive attitude to the digitalization changes. Furthermore, there was an internal need for change, and an external pressure to digitalize as there was a white paper which highlighted the importance of digitalization in the public sector (Kommunal- og moderniseringsdepartementet 2015-2016). Additionally, Sofienlund (2020) argues that the organizational structure for the project was unusual for Bergen, in that it moved ideas from the bottom of the organization to the top, where they became a prioritized focus. The project group consisted of members with broad competences, including human resources (HR) and communication. Lastly, Sofienlund (2020) highlights Bergen's chief officer's thorough involvement as vital for the success of the project.

Digitalization has also been the subject of studies on governance. By researching seven countries, Dunleavy et al. (2006) pronounced new public management (NPM) dead and introduced the digital-era governance (DEG) as its successor. This proposed post-NPM would focus on needs-based holism, reintegration and digitization. DEG contradicts NPM which is characterized by disaggregation. Competition and incentivization, however, have not to the same extent receded, and is part of DEG's heritage from NPM. Digital-era management is focused on changes in management systems and interaction based on information technology (IT). Dunleavy et al. (2006) argue that information technology does not change organizations themselves, but influences how the public sector is governed through cognitive, organizational, behavioural, political and cultural changes. While previous literature had focused on a digital government, DEG instead approaches government as part of society in a digital era.

The focus of the existing literature is on the introduction of new technologies and how the technologies influence society. The research on the introduction of new technologies uses theoretical frameworks of innovation or the policy cycle. The understanding of digitalization as an institutional change process is therefore not sufficiently researched. From a theoretical point of view, a study with an institutionalist framework would therefore add to the current understanding of digitalization of the Norwegian public sector.

The existing literature on digitalization in the Norwegian public sector is, as shown above, focuses on government entities with a user-centric focus. Skatteetaten, NAV, *Digitalt tilsyn* and *Smart omsorg* are all examples of organizations and projects with a focus on citizen users, either as taxpayers, job seekers or patients. There are however public sector agencies that do not mainly focus on citizens, such as regulatory agencies. Therefore, there is an empirical gap as well, concerning research on digitalization processes in Norwegian regulatory agencies.

## 2.4 Summary

This literature review illuminates theoretical choices made in this thesis. In Section 2.1 I have presented how researchers can study organizations and change through an institutionalist approach. There are different institutionalist approaches that involve different definitions, but most of the literature does not, however, provide a nuanced and explicit definition that can easily be operationalized. Therefore, I will apply Scott's (2014) understanding of institutions. His definition adds nuance to the understanding of what institutions do, through rules on a continuum from the conscious to the unconscious, which I present in Section 3.1. The various approaches also provide different ways of explaining institutional change, and some do not explain institutional change at all. In this thesis, I will apply the framework of Mahoney and Thelen (2009), who build on Streeck and Thelen (2005), as it allows researching gradual change processes, which can be used to explain changes with and without exogenous shocks.

Studying an already ongoing change process during the COVID-19 pandemic, an exogenous shock, it is beneficial not to assume that the change was due to a critical juncture because of the pandemic, which I delve deeper into in Section 3.2. The pandemic still being a recent phenomenon, there is still much to study about this exogenous shock. While state capacity, and technology management already have been researched in the context of the COVID-19 pandemic, institutional change during the pandemic has not been the focus of many studies yet. There is therefore a theoretical gap that this research can help fill.

Reviewing the research on digitalization in the Norwegian public sector shows that the focus has mostly been on government agencies with frequent, direct contact with citizens. There is therefore an empirical gap in studies on digitalization in Norwegian regulatory agencies. Studying



Konkurransetilsynet, a regulatory agency without frequent direct citizen-contact, is thus a way of shedding light on digitalization where it has rarely been studied. To study digitalization, an institutional change process, I am guided by the methodological choices in previous literature on institutional change, therefore using a qualitative approach with semi-structured interviews and document analysis, as elaborated in Chapter 4.

### 3 Theoretical Framework: Institutional Change and Digitalization in the Public Sector

Using theories and theorizing allow the researcher to provide explanations of phenomena by thinking conceptually and analytically, which separates theorizing from description and gathering of information (Layder 1998). To establish relations between concepts, logic and reason are required. Moreover, theorizing allows the researcher to shift from concrete observations to an abstract level of ideas and more general concepts. On top of this, the researcher must be able to understand the connection between concrete observations and abstract ideas and concepts, and interpret abstract ideas as ‘the concrete and particular’ (Layder 1998, 2) and vice versa.

As presented in the introduction, the digitalization process in Konkurransetilsynet can be conceptualized as a process of institutional change. To define institutions, I will use Scott’s (2014) approach of institutional pillars because of its nuance and explicitness about what types of institutional rules there are. Moreover, I will apply Mahoney and Thelen’s (2009) theory of gradual institutional change, which is useful when studying an institutional change process that may have been influenced by an external shock. Additionally, I will use the Mergel, Edelman and Haug’s (2019) typology of digital transformation to conceptualize the scope of change in digitalization.

#### 3.1 Institutional Pillars

For the reasons I have outlined in the literature review, I will use Scott’s (2014) approach of institutional pillars to be explicit about the characteristics of institutions. The institutional pillars structure behaviour and give meaning through regulative, normative and cultural-cognitive processes. By using Scott’s (2014) definition of institution, I will be able to study more aspects of the rules that structure the behaviour within an institution compared to conceptualizations that only focus on formal and informal rules, as discussed in Chapter 2. Scott’s definition is dense and full of information:

*Institutions comprise regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life (2014, 56).*

While there are other definitions of institutions that state what institutions *are* (Christiansen 2011), Scott is not explicit about what institutions *are*, but emphasizes what they *do*. I will in this thesis understand institutions as structures that influence behaviour of actors through the regulative, normative and cultural-cognitive elements as outlined by Scott. In the subsequent few paragraphs, I will unpack his definition.

Institutions provide stability as they provide meaning, constrain certain behaviour and stimulate other behaviour, which has implications for how institutional change can occur. While Scott (2014) asserts that institutions do provide stability, he does not preclude institutional change, neither incremental nor radical. Change can follow exogenous shocks, but, importantly, Scott's (2014) definition permits change which stems from endogenous processes, as conflicts and contradictions within the institution can spur institutional change.

As institutions provide stability, it follows that institutions must be enduring. There are different understandings of endurance, but Scott (2014) is not explicit about this. In this thesis, I will have a minimalist interpretation of endurance, in which there merely needs to be some level of continuity that allows institutional rules to form and structure behaviour. Including fewer assumptions about institutions will not leave out institutions that structure behaviour and provide stability, even if they only existed a short period of time. Institutions that endure only a short time can still change, so the theoretical framework needs to remain open for changes to institutions that do not endure long, but nonetheless structure behaviour and provide stability.

Scott (2014) proposes a continuum of ways institutions structure behaviour, on which three institutional pillars are placed. On one side of the continuum, there are the conscious legally enforced elements, and on the other side, the unconscious and taken for granted elements. There are not strict boundaries where one pillar begins and one ends, and they are at times difficult to separate, as one element that structures behaviour may have characteristics of two pillars.

On the conscious, legally enforced side of the continuum, there is the regulative pillar, which structures behaviour through rule-setting, monitoring and sanctioning (Scott 2014). In other words, the pillar defines what is legal and what is illegal. Sanctioning creates incentives to behave or not behave a certain way. There can be formalized processes with specialized actors that deal specifically with enforcing regulations, but sanctioning can also be informal, through shaming or shunning. The institutional logic behind the regulative pillar is that of instrumentality, where individuals seek to advance their interests through maximizing utility, as well as through complying to laws and regulations. An example of the regulative pillar structuring behaviour is introducing a carbon tax so that it is economically favourable to choose alternatives that are more environmentally friendly. The regulative pillar can also structure behaviour informally, for instance through shunning. *Angst essen Seele auf*<sup>4</sup> provides an example of such informal structuring of behaviour, in which a widow is ignored and rejected by her co-workers after marrying a younger migrant worker. Though informal, this sanctioning of behaviour is regulative, as it is in the actor's interest not to be shunned, which makes the actor avoid behaviour that leads to shunning.

On the opposite side of the continuum, the cultural-cognitive pillar structures behaviour through beliefs and cognitive structures (Scott 2014). Through a shared understanding of social reality, meaning is made for individuals in interaction with others. Through repeated interactions, roles arise, and certain types of actors have specific actions and templates attached to them. Cognitive beings make an internal representation of the world that surrounds it, from which their actions derive. Humans attribute meaning to activities and objects, and symbolic representation in the world, such as gestures, labels and signs, shape these meanings. To understand an action or object, the researcher must both understand the objective nature of it, but also the actor's interpretation. External cultural frameworks shape this internal interpretation, which can span international borders or be specific for a local situation. Not all cultural elements have the same level of institutionalization, and Scott focuses on "the more embedded cultural forms" (2014, 68). Moreover, cultural conceptions differ from person to person, as people perceive similar

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<sup>4</sup> *Angst essen Seele auf* is a melodrama from 1974 directed by Rainer Werner Fassbinder

situations differently, especially in times of change. The logic of orthodoxy justifies conformity, as some behaviour is taken for granted, while other actions are unimaginable. Typically, cultural-cognitive elements are informal, with meaning emerging in social interactions. Football chants, for example, are made informally among groups of supporters and create shared conceptions of belonging to the group. Even so, cultural-cognitive elements can also be formal. For example, §10 of the Norwegian Competition Act (Konkurranseloven 2004) defines what kinds of action are considered to be restricting competition, thereby creating shared conceptions of healthy competition.

Between the regulative and the cultural-cognitive pillars on the continuum, is the normative pillar, which structures behaviour through values and norms, viz. by defining what is appropriate and what is inappropriate action (Scott 2014). Values are abstract ideals (Jacobsen and Thorsvik 2013) that can be either shared or individual. Loyalty and efficiency are examples of values, as they are individual or shared notions of the ideal standard that actions should adhere to. From these values, normative systems define the goals of an institution, and how to achieve these. Examples of defining goals can be that it is desirable to make a profit or to safeguard a level playing field in the market. Norms are similar to regulative rules, but they are often unwritten and are related to what is morally right, rather than what is legally correct. One example of an informal and unwritten norm is to give up one's seat to the elderly on the bus. Likewise, norms can be written and formal; an official government document may include binding expectations, i.e., specified norms for an actor, if they are not backed with sanctions or subsidies, but instead based on values. Some values and norms appertain to everyone in an institution, whereas others apply only to some. The conception that certain goals and activities are appropriate only for certain actors, leads to roles. Roles can arise formally, for example through having a specific position in an organization, or informally, for instance when an individual repeatedly takes responsibility for a given task. These roles involve anticipations and predictions, including normative expectations of actors' behaviour. Roles therefore function as external pressure on the actor in question to behave in certain ways and not behave in others. The expectations are binding and can be internalized by the actor. The logic associated with normative systems is that

of appropriateness, where actors consider what is the proper action to take, rather than what suits the actors' interests.

Institutions and resources, both material and symbolic, are closely connected, and for Scott (2014), institutions require resources by definition. Material resources back formal and informal rules with the options of sanctioning and subsidizing certain behaviour. Material resources are therefore closely related to the regulative pillar. Material resources, are however, also connected to the cultural-cognitive pillar, as cultural beliefs are often embodied in material resources, and to the normative pillar, as Scott proposes that "[...]norms, if they are to be effective, must be backed with sanctioning power" (2014, 58). Material resources are beneficial in that they can support or discourage certain behaviour, and so are symbolic resources (Scott 2014). While material resources are most intricately connected to the regulative pillar, symbolic resources are most associated with the cultural-cognitive pillar. Information and knowledge are examples of cultural-cognitive resources, as they can shape actors' conceptions of social reality, which again can structure actors' behaviour. At a very fundamental level, these symbolic resources are connected to all pillars, as information is necessary for actors to be aware of sanctions, subsidies, values and norms.

Similarities between the pillars at times make it difficult to distinguish between two pillars that are close on the continuum (Scott 2014). Even though some pillars are more closely connected to either formal or informal elements, all pillars have formal and informal elements, as shown in the paragraphs above. These elements both constrain and enable social behaviour. The pillars are all sources of resistance to change, but simultaneously potential sources of change. When all pillars are sources of resistance, or of unidirectional change, they are remarkably powerful (Scott 2014). When a practice is incentivized, as well as considered morally correct and at the same time taken for granted, this practice will hardly change. If, however, the different pillars enable different social behaviour, they cause confusion and open up for institutional change. With the pillars pulling in different directions, actors may perceive increased room to interpret the institutional rules and use discretion to advance their interests.

### 3.2 Gradual Institutional Change

By emphasizing the power-distribution in institutions and the degree of compliance, Thelen and Mahoney (2009) make a useful theory to study institutional change that may or may not be gradual. This is especially valuable when analysing an institutional change process that may have been influenced by an external shock. The authors introduce discretion and veto powers as the conditions, or the *explicantia*, and the nature of institutional change as the outcome, or the *explicandum*, in this study. Mahoney and Thelen (2009) furthermore introduce a typology of *change agents*, namely insurrectionists, symbionts, subversives and opportunists. As outlined in the introduction, I do not focus on this typology in this thesis, but rather on the various actors in Konkurransetilsynet who were involved in the digitalization and their roles in the process, as I present in Section 5.1. To underline that I do not use Mahoney and Thelen's typology, I use the term *change actors*, rather than *change agents*.

As presented in the literature review, many authors who employ an institutionalist perspective treat compliance as an intrinsic part of institutions and therefore view institutions as self-reinforcing. This assumes that actors take institutional rules for granted and act accordingly, which, through feedback mechanisms, lead to institutional lock-ins. This implies that there will be no institutional change from within, and the only sources of institutional change are exogenous shocks. An example of institutional lock-in presented by Jacobsen and Thorsvik (2013, 342) is a company choosing to outsource salary related services to another organization, and following this experience, it is easier to outsource other HR services in the future. With repeated outsourcing, the threshold to change the way of doing HR-related tasks increases. The HR team may thence have been reduced or does not anymore have the capacity to do other HR-related tasks. This ends with an institutional lock-in, where change from within the organization is not possible. In such situations, critical junctures, as explained in Section 2.1, are the only potential sources of change. A criticism of this approach is that the only possible explanation of institutional change is exogenous shocks, and there is no room for incremental change that comes from within.

To account for this limitation of previous literature, Mahoney and Thelen conceptualize institutions as "*distributional instruments laden with power implications*" (2009, 8, emphasis in

original) and consider compliance to be one of two dimensions. As institutional rules structure behaviour in a way that necessarily will lead to uneven distribution of resources, Mahoney and Thelen (2009) view institutions as laden with tension. Some actors will wish for more resources than they receive, and conflicts with others who seek those resources will result in tension. Because of this uneven distribution of resources, there is no guarantee that actor will comply to the institutional rules. As actors behave in way to maximize their utility, there is therefore an instrumentalist aspect to this institutionalist approach, as actors are seen to be also guided by their self-interests. Consequently, this theory opens up for incremental change with internal sources, and at the same time permitting explanations of radical institutional reconfigurations caused by external shocks.

Compliance is linked with discretion, following Mahoney and Thelen (2009). There are also cognitive limits of the actors formulating the rules, as it is not possible to process all information relevant to every possible outcome. Moreover, assumptions in institutions are often only implicit, and the degree to which the assumptions are shared varies with time and institution. Additionally, the way rules are enforced may contribute to change, as the enforcers are not necessarily the same actors who made the rules. Rules are therefore ambiguous and subject to interpretation. As actors can interpret rules differently, divergent ways of allocating resources emerge. These different alternatives of allocating resources lead to struggles and tension in the institution. While some scholars expect ambiguity to decrease with time, when the rules are formalized, Mahoney and Thelen consider ambiguity as “a more permanent feature” (2009, 11). They argue that, because of tensions and actors with conflicting interests, actors will endeavour to further their own interests by using the ambiguity in interpretation to their advantage, an instrumentalist element. Such ambiguity can be consequential in the distribution of resources, and compliance is therefore not a given. Because compliance cannot be taken for granted, Mahoney and Thelen (2009) do not view institutions as self-reinforcing, i.e. having mechanisms that buttress similar behaviour in the future, potentially leading to institutional lock-ins. By treating compliance as a dimension, Mahoney and Thelen (2009) therefore understand ambiguity of rules as “soft spots”, or potential sources of gradual institutional change.



Compliance being one, the other dimension is the characteristics of the political context, specifically how strong or weak the veto possibilities vis-à-vis the institution are (Mahoney and Thelen 2009). Veto possibilities come from either veto *points* or veto *players*. Mahoney and Thelen (2009) do not go into details about veto points, but I understand them as situations, such as meetings, in which several actors are able to block a potential change in institutional rules. Veto players are actors who can block change in formal and informal rules, i.e., “actors whose agreement is necessary for a change of the status quo” (Tsebelis 2002, 19). Examples of a veto players include a healthcare professional that have the final word on whether an arrangement is medically sustainable, and a chief financial officer that will not fund a new initiative. Veto powers are not necessarily transferable across institutions, and an actor with veto powers vis-à-vis one institution does not necessarily have veto capabilities with regards to other institutions (Mahoney and Thelen 2009).

From these two dimensions with two values each, Mahoney and Thelen (2009) create a typology of four modes of institutional change, as seen in Table 1. The dimensions are conceptualized as the levels of discretion in interpretation and enforcement, and the extent of veto powers in the institution, respectively.

***Characteristics of the Targeted Institution***

		Low level of discretion in interpretation/enforcement	High level of discretion in interpretation/enforcement
<b><i>Characteristics of the Political Context</i></b>	<b>Strong veto possibilities</b>	Layering	Drift
	<b>Weak veto possibilities</b>	Displacement	Conversion

*Table 1 Contextual and Institutional Sources of Institutional Change (Mahoney and Thelen 2009, 19)*

In a context of low veto powers and low level of discretion in interpretation of rules, Mahoney and Thelen (2009) predict *displacement*, or old rules that are replaced with new rules. Such new rules are typically introduced by actors, so-called ‘institutional losers’ who did not thrive under

the old set of rules and would benefit from replacing it with a new one. Since the old rules are removed in this mode of change, they cannot be neglected or enacted differently. Displacement can be an abrupt change, similar to radical change caused by a critical juncture after an institutional lock-in, as described by other institutional scholars. Displacement can, nevertheless, also be large, gradual change. Such extensive changes are not always apparent before long after they started, and one can understand them as visible only in the ‘rear view mirror’ and not through the ‘windshield’<sup>5</sup>. When a set of new institutional rules is introduced, it may start competing with the old set of rules. If actors in the old institution gradually abandon the old rules and convert to the new set of rules, gradual *displacement* may occur.

When there are strong veto powers and a low level of discretion, Mahoney and Thelen (2009) expect *layering*, i.e. revision or amendment to current rules. The new set of rules thence structure behaviour differently than the old rules did alone. Even though the old rules still make up a considerable part of the new set of rules, *layering* can bring on substantial change. Mahoney and Thelen (2009) exemplify *layering* with institutional challengers who are not able to remove the original set of rules and exchange it for a set of rules to their preference. While defenders of the current institution might be able to secure existing rules, they might not be able to thwart the challengers from amending new rules on top of the existing ones.

	<b>Displacement</b>	<b>Layering</b>	<b>Drift</b>	<b>Conversion</b>
<i>Removal of old rules</i>	Yes	No	No	No
<i>Neglect of old rules</i>	N/A	No	Yes	No
<i>Changed impact/ enactment of old rules</i>	N/A	No	Yes	Yes
<i>Introduction of new rules</i>	Yes	Yes	No	No

Table 2 Types of Gradual Change (Mahoney and Thelen 2009, 16)

<sup>5</sup> This analogy was made by Cukier (2022) in the Economist’s podcast *Babbage* about Web3, a nascent, decentralised Internet technology

With a high level of discretion and strong veto possibilities, Mahoney and Thelen (2009) predict *drift*. With *drift*, there is no introduction of new rules or removal old rules, but rather a change in the impact of the rules, because of external changes. When the external conditions change, institutional inaction can be impactful for the institution. As inaction may cause institutional change, proponents of a new system can thus be use inaction as a tactic to achieve this change. On the podcast *Nokon må gå*, Jens Kiel<sup>6</sup> presented a change process that can be understood as *drift*. For a long time, the police and the public considered possessing and using ‘soft drugs’ to be a grave crime, an example of a cultural-cognitive element. Because of this perception and legal regulations, the police body-searched people suspected of possessing ‘soft drugs’. Even though no laws changed, the public did no longer perceive possession of the same ‘soft drugs’ as a grave crime. However, the police’s conception had not changed, and they continued conducting body searches. In a court ruling, the Supreme Court of Norway (Kolsrud 2021) took the public’s new conception into account and ruled that the police is not to body-search suspects for carrying soft drugs’, at least if they are drug addicts. As the conception of ‘soft drugs’ as a grave crime did no longer apply, this cultural-cognitive element was therefore neglected. And because the Supreme Court formalized a new interpretation of the existing laws, there was a changed enactment of old regulative rules. With neglected cultural-cognitive elements, i.e., rules, and changed impact of old, regulative rules, this change is an example of *drift* and highlights how Scott (2014) complements Mahoney and Thelen (2009), as other frameworks of institutional change are ambiguous to whether such conceptions are institutional rules or not.

Weak veto possibilities and a high level of discretion will lead to *conversion* in Mahoney and Thelen’s (2009) typology. This type of change is characterized by neither addition of new rules nor removal of old rules, and the environment is also unchanged. The change comes from actors interpreting and enacting the old set of rules differently than before. This is because actors use ambiguous rules to their benefit and thereby give the institution new functions, goals and purposes. Conversion may happen through institutional challengers or a changeover of actors in an institution, who exploit the inherently ambiguous rules.

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<sup>6</sup> Jens Kiel was at the time a political commentator and is, at the time of submission, the cultural editor of *Bergens Tidende*. The example was given on the live podcast of *Nokon må gå* on 22.2.2022

Mahoney and Thelen's (2009) framework is particularly useful as it does not presume that there will be stability in institutions. Many institutional scholars assume that institutions are stable and explain institutional change with exogenous shocks that force change on the institution. Mahoney and Thelen, on the other hand, assume that change can originate from within the institution, rather than exclusively from external or environmental shocks. By looking at institutional properties, this framework is appropriate for explaining institutional changes both with and without exogenous shocks. It is fruitful not to assume that the source of the institutional change is external, especially in a change process that may have been influenced by an external shock, such as Konkurransetilsynet, whose digitalization process started before the outbreak of COVID-19 and continued into the pandemic. As discussed in Chapter 1.1 the COVID-19 pandemic can be considered a critical juncture. The pandemic is therefore a potential source of change, but, importantly, not the only potential source. Instead of using a theoretical framework that only allows external sources of change, I have the tools to describe an institutional change regardless of an internal or external source of change, using Mahoney and Thelen's (2009) framework.

### 3.3 Digital Transformation

Digitalization can be conceptualized as institutional change, and there are different perspectives on the scope of such change. Digitalization can include minute changes, such as changing doing a task on paper to doing the same task on a computer, but also vast changes that impact society at large. Mergel, Edelmann, and Haug (2019) argue that previous public sector literature has focused too narrowly on e-government and how digital technology can make services more accessible and efficient for citizens, and therefore they provide a more nuanced typology of digital transformation in the public sector. From semi-structured expert interviews, Mergel, Edelmann, and Haug (2019) applies grounded theory to create this framework. The framework ranges from little to no change as *digitization*, via partial change with *digitalization*<sup>7</sup>, to

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<sup>7</sup> This level of digital change shares the name of the overall process. When I discuss specifically Mergel, Edelmann and Haug's *digitalization*, I will specify it and italicize the term to differentiate it from the overall digitalization process in Konkurransetilsynet, which may entail *digitization*, *digitalization* or *digital transformation*.

fundamental change with *digital transformation*. In this section, I will present this typology and how it relates to the theoretical framework presented in Sections 3.1 and 3.2.

The least form of digital change, *digitization*, refers to “transition from analog to digital services” (Mergel, Edelmann, and Haug 2019, 12). There is therefore a change in what kind of technology is used, but no actual change in terms of input or output in the process or service provided. An example of this is downloading forms from a website instead of collecting a physical copy at an office. Mergel, Edelmann, and Haug (2019) found that there is generally more external than internal pressure for this level of digital change. *Digitization* involves only minor change in behaviour, and Mergel, Edelmann, and Haug (2019) found that it will not automatically cause other organizational change.

When there is change in a process or service that is not mere *digitization*, Mergel, Edelmann, and Haug (2019) propose using the term *digitalization*. With *digitalization*, the process or service involves a digital technology, but also, and as a result of this, the process itself has changed. Additionally, there is an element of interaction in *digitalization*. An example of this is the possibility to fill out and submit forms online, i.e., not only having access to a form, but also being able to interact with it. *Digitalization* involves changes in behaviour, and is therefore an example of institutional change. There are degrees of institutional change, which can be assessed from Scott’s (2014) institutional pillars, as I discuss in Section 4.4. As there may be new institutional rules or changed impact of old rules, *digitalization* may be understood as *layering*, *drift* or *conversion*. When I use the term *digitalization* in this thesis, I refer to digital change that also impacts processes, also including change that has wide-ranging societal impacts.

The largest form of change in this typology is *digital transformation*, with “cultural, organizational and relational changes” (Mergel, Edelmann, and Haug 2019, 12). Through new processes and business models, *digital transformation* can improve outcomes and give completely new services. Consequently, *digital transformation* may have a large scope and wide-ranging societal impact. Substantial changes in any of the institutional pillars may cause *digital transformation*, but this type of change is most associated with the cultural-cognitive pillar, as the sole purpose of actors’ understanding of the organizations may be impacted. For example, if digitalization gives a new corporate social responsibility, it constitutes *digital transformation*, and a change in

the cultural-cognitive pillar. In such transformations, new institutional rules may be made, and old rules may be ignored or removed. *Digital transformation* entails new rules but whether old rules are removed is not certain, and can therefore be understood as *displacement* or *layering*.

### 3.4 Conceptualization of Scope and Timeframe

From the theoretical framework presented above, I conceptualize change as having two dimensions, namely scope and timeframe. In the next paragraphs, I will present how I understand the scope of change as well as how timeframes are based on both subjective and objective lengths of time.

There are both subjective and objective components to time (Ancona, Okhuysen, and Perlow 2001). For epistemological and ontological reasons, and given that digitalization is a socially constructed process, I study it through the lenses of the actors. Therefore, I will identify the pace of change from the respondents' temporal perceptions. I understand the scope of change as a continuum from no change in any of the institutional pillars to complete substitution of all pillars of an institution. To be able to analyse change with more nuance, I apply Scott's (2014) institutional pillars to determine the scope of change. This change can occur in an instant or over an extended period of time. There can be sizable change that happens over a lengthy period of time, and a small change that happens quickly, as presented in Table 3.

	Small change	Large change
Rapid Change	Small, rapid change	Radical change
Slow Change	Small, incremental change	Large, incremental change

Table 3 Scope and Timeframe of Change

### 3.5 Theoretical Expectations

From the theoretical insights based on Mahoney and Thelen (2009), Scott (2014) and Mergel, Edelmann and Haug's (2019) I derived several theoretical expectations. These expectations relate to changing institutional rules in the digitalization at Konkurransetilsynet, veto actors, the effect the external shock had on the change process, and the nature of the change. Mahoney and Thelen (2009) predict that veto possibilities and discretion are the dimensions that determine

the mode of change, but information on the veto possibilities and discretion in Konkurransetilsynet was not available before I conducted interviews. I could therefore not make theoretical expectations based on the levels of discretion and veto possibilities in Konkurransetilsynet, as I did not have the relevant information at the time of formulating theoretical expectations. Instead, I look to the nature of the organization and the nature of the change process to make theoretical expectations.

### 3.5.1 Institutional Pillars and Type of Institutional Change

Firstly, the nature of the change process has implications for the theoretical expectations, specifically related to which modes of change occurred during the digitalization in Konkurransetilsynet. Because a digitalization process includes adopting new technology, I expect there to be new rules, namely regulations, norms, values, and conceptions related to new digital tools. However, the exogenous shock of COVID-19 may have removed rules, due to how profound the shock was, in that physical interaction with others was limited, and many practices therefore had to be done in a completely different way. Examples of such practices include more working from home and digital meetings, which may last beyond the pandemic. As an institutional change process influenced by an external shock, with introduction of new rules and removal of old ones, I expect *displacement* to describe the digitalization process in Konkurransetilsynet. Though, importantly, the change process was digitalization, in which the organization was to be less dependent on analogue face-to-face work. The pandemic might therefore not have been as big a shock to Konkurransetilsynet's digitalization process, as it was to other change processes.

Also, Konkurransetilsynet's nature has implications on which of Scott's (2014) institutional pillars are at play in the change process. Konkurransetilsynet is a governmental regulatory agency whose task is to regulate others, and I expect such a formal organization to also have internal regulations about work procedures. Thus, as Konkurransetilsynet introduced new technology, I expect that they introduced new regulations on how to use digital tools, an example of the regulative pillar structuring behaviour. Moreover, the regulations may be part of guidelines that also highlight the possibilities of new digital tools. I expect that understanding this potential is part of the strategy to make employees use new technologies, namely by creating shared conceptions, an example of cultural-cognitive elements. Hence, I expect the regulative and the

cultural-cognitive pillar to structure and change behaviour in the digitalization process at Konkurransetilsynet.

### 3.5.2 Veto Possibilities

In institutional change processes, actors with veto powers play important roles, as they can thwart change and secure status quo (Mahoney and Thelen 2009). In Konkurransetilsynet, the directors and those responsible for carrying out the digitalization process may have been able to veto digitalization-related changes, because of their position in the organizational hierarchy. Those who are responsible for the digitalization, may be able to influence or stop certain aspects of digitalization if it conflicts with an aspect of their area of responsibility. I expect that for instance the head of HR could set the foot down in cases where the digitalization would influence HR-related tasks, and similarly with the ones responsible for security etc.

### 3.5.3 Scope and Timeframe

Changes can come in different scopes and timeframes. As the digitalization process in Konkurransetilsynet coincided with an external shock, I expect that the institutional change process was large in scope and happening quickly. Because of recommendations and regulations to socially distance, the COVID-19 pandemic may have made it necessary to introduce new technologies to continue social interaction. And because the government introduced these recommendations and regulations initially without considerable delays (NOU 2021: 6), those new technologies had to be introduced promptly. I therefore expect the digitalization to be a rapid and large change, viz. radical change.

### 3.5.4 Role of Pandemic

I therefore expect that the external shock had a considerable influence on the institutional change process. Although it is impossible to verify what would happen without the external shock, being explicit about theoretical expectations in counterfactual scenarios is useful (Lebow 2000). Had the COVID-19 pandemic not happened, I would expect that the changes would be smaller and slower, as external shocks that could cause radical institutional rearrangement would not be present. The pandemic entailed that people abruptly had to socially distance and remote working became commonplace. To facilitate remote working, communication and cloud-based technology would have to be introduced quickly, as they simplify and permit communication and performing work tasks when socially distancing.



Without the pandemic that made people suddenly having to socially distance and work remotely, I would expect that Konkurransetilsynet introduced fewer new technologies and doing so in a slower fashion. Without the pandemic and measures involving social distancing which were sudden and limiting social activities, the digitalization process would not have to be sped up to account for having to work socially distanced. Additionally, the pandemic may have introduced new practices, such as video meetings that involved new institutional elements. In the counterfactual scenario with no pandemic or associated social distancing requirements, I therefore expect that there would be fewer new rules, introduced more slowly.

In addition to adding new rules, I also expect that the external shock removed old rules. For example, due to the pandemic, there may be a new shared conception of video meetings as normal, and travelling to meet others may become permanently unnecessary. If the pandemic had not happened, I would hence expect new rules, but not the removal of old rules, i.e., *layering* in Mahoney and Thelen's (2009) typology. But as a result of the pandemic, I instead expect *displacement*, with new rules and removal of old ones. Thus, I expect that the pandemic caused the institutional change process to have a larger scope and shorter timeframe, i.e., becoming more radical, and be an example of *displacement*, rather than *layering*.

## 4 Research Design

Based on the theoretical framework presented, I will conduct a case study of the digitalization process in Konkurransetilsynet before and during the COVID-19 pandemic. In this chapter, I will present my case study, the qualitative research design, the data collection, operationalization, data analysis, ethical issues, reliability, validity and limitations of the study.

### 4.1 Case Study Approach, Case Selection and Implications

Case studies can be understood in different ways. Rohlving (2012), for example, understands case studies as helpful to understand causal mechanisms through small-N research. He then highlights the possibility of generalizing inferences to other cases of a population with causal homogeneity. As the focus in this thesis is less on making causal inferences and more on understanding the phenomenon in its context, I will apply Yin's (2014) understanding of case studies. Yin defines case studies as "an empirical inquiry that investigates a contemporary phenomenon (the "case") in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident" (2014, 15). This understanding of case studies focuses on letting the researcher to delve deeper into one case and understand social phenomena in the context it exists in.

There are different typologies of cases. Yin (2014) presents two dimensions, namely single-case or multiple-case studies, and holistic or embedded designs, which lead to four types of cases. As I study the digitalization in Konkurransetilsynet, and I focus on subunits in the organization, this research can be described as an embedded single-case study. This makes it possible to study differences in how actors across departments in Konkurransetilsynet perceived the process. Based on the purpose of the case study, Lijphart identifies six categories of cases, namely atheoretical, interpretative, hypothesis-generating, theory-confirming, theory-infirming and deviant case studies (1971, 692). The case in this thesis was selected due to an interest in the case per se, and while the case was not selected to make analytical generalizations, I do apply a theoretical framework to make a theoretically informed analysis, making it an interpretative case.

It is important to argue for the selection of the case (Mahoney and Goertz 2006) and especially when it is a single case study (Yin 2014). My case, Konkurransetilsynet, is a regulatory agency with approximately 100 employees that regulates competition in the Norwegian market. The digitalization process and work on the Digitalization Strategy in the agency started two years before the COVID-19 pandemic, which can be understood as an external shock. The digitalization in Konkurransetilsynet is therefore a case of an institutional change process that may have been influenced by an external shock. Studying this case will increase the understanding of how external shocks influence ongoing institutional change processes. Additionally, digitalization in Norwegian regulatory agencies is not sufficiently researched, as discussed in the literature review, and studying digitalization in Konkurransetilsynet can therefore shed light on an empirical gap.

To shed light on this process, I have therefore formulated four research questions, presented in the introduction. As the research questions in this study are mainly exploratory, it is beneficial to apply a case study research design. Exploratory questions allow studying operational links related to causation by looking at a wider range of data related to the phenomenon in the specific case.

## 4.2 Qualitative Approach

As I study a case of an institutional change process that may have been influenced by an external shock, it is beneficial to use a qualitative approach. This phenomenon is not easily quantifiable, as it deals with many dimensions and actors' perception of the process. For epistemological and ontological reasons, institutional change processes can best be studied with a qualitative approach (Creswell and Creswell 2018). Institutional change processes, such as the digitalization in Konkurransetilsynet, are socially constructed, constitutive processes in which actors' social realities are formed and shaped (Scott 2014, 76). These social realities cannot be easily quantified or directly observed (Furlong and Marsh 2010). Qualitative research allows researchers to study concepts that are not easily quantifiable (Creswell and Creswell 2018), and I will therefore use such an approach to study relevant actors' perception of the process.

There is also a pragmatic point to conducting qualitative research related to the nature of the data studied and developments as the research goes on. A qualitative approach allows the

researcher to be dynamic and change focus, as new information reveals new themes of interest (Vromen 2010; Dahler-Larsen 2011). As qualitative research does not require (nor preclude) *a priori* categories, the researcher is flexible to create categories to reflect any new themes of interest. In this research, I could therefore use information from the interviews to include categories of interest that I did not include initially and change the research design to account for this. Examples of this include adding questions to the interview guide about the lawyers' understanding of digitalization, and the new building as a symbol of willingness to change, which I discuss in Chapter 5.

### 4.3 Data Collection

To understand the digitalization process in Konkurransetilsynet, I have collected data from semi-structured interviews and relevant documents. In this section I will present the respondents and documents and discuss how this data can answer the research questions in light of the theoretical framework presented in chapter 3.

I have conducted nine semi-structured interviews with relevant actors in the digitalization process to understand how actors perceived the institutional change process in Konkurransetilsynet. I present the individual respondents in Table 4 and show which research questions and topics were relevant for each respondent. To make initial contact with Konkurransetilsynet, I attended a presentation of the organization for students, and talked with employees who helped me find a relevant contact person. My contact person, who worked closely with digitalization, found, in turn, employees who were willing to be respondents. I therefore used a snowball approach with one entry point to respondents in the organization. To account for this possible limitation, I requested respondents with another background than those I had interviewed. I have interviewed actors whose responsibility includes digitalization and strategy work, as well as employees who were not directly involved in the making or enforcement of the digitalization strategy.

During the interview process, a respondent suggested that there might be differences in economists' and lawyers' respective perceptions of digitalization. To be able to find information on their respective perceptions, I requested specifically economist respondents, as there were

none originally. I thereby have data both on how actors who were active in the digitalization strategy work, and actors who passively ‘received’ the digitalization, perceived the process.

Actor	Topics Covered	Date	Minutes
<b>Respondent 1: Communications Advisor</b>	Retracing process, digital competence, change actors, role of pandemic	13.12.21	28
<b>Respondent 2: Director of Administration and Organization</b>	Retracing process, Digitalization Strategy, change actors, veto, Government documents, digital maturation, scope of change, discretion	14.12.21	30
<b>Respondent 3: Senior Advisor in Administration</b>	Retracing process, Digitalization Strategy, change actors, veto, Government documents, scope of change, discretion	14.12.21	70
<b>Respondent 4: Senior Advisor in Administration responsible for security and privacy</b>	Retracing process, Digitalization Strategy, change actors, discretion, veto	15.12.21	34
<b>Respondent 5: Data Scientist</b>	Scope of change, role of data	15.12.21	30
<b>Respondent 6: Member of Administration with HR responsibilities</b>	Retracing process, change actors, Digitalization Strategy, scope of change, veto	5.1.22	29
<b>Respondent 7: Senior Advisor in Economic Support Staff</b>	Retracing process, Scope of change, change actors, discretion, veto	9.3.22	32
<b>Respondent 8: Senior member of a Market Monitoring Department with socioeconomic background</b>	Retracing process, digital competence, discretion, scope of change	21.3.22	31
<b>Respondent 9: Senior Advisor in Judicial Support Staff and Investigation Support Staff</b>	Retracing process, Digitalization in judicial staff and investigation staff, discretion, scope of change	22.3.22	40

*Table 4 List of Respondents*

The interviews were conducted in the period December 2021 to March 2022. The first interviews were conducted during a period of partial lockdown, and were therefore digital. Conducting video meetings entails that body language is not as clear, and there is a chance of technical issues.

Respondents' body language reveals nuances and subtleties in their answers and can increase the researcher's understanding of the respondents' perceptions (de Villiers, Farooq, and Molinari 2021). I did encounter network problems during an interview, as I could not hear the respondent talking but the recording captured the whole conversation. As I asked if the respondent would repeat what she said, she focused also on other aspects, and I got a broader understanding of her perception. The last two interviews were conducted physically in Konkurransetilsynet's offices. I was then able to make small talk with the respondents and gain an understanding of their perceptions without the formal interview. While I have not use this as data explicitly as part of the analysis in the thesis, it did guide my understanding of the process.

To gather information on how the respondents perceived the digitalization relevant to the theoretical framework presented in Chapter 3, I have used an interview guide to structure the interviews. I applied a dynamic approach to reflect new insight during the data collection process, and was guided by data as it became available, and updated the interview guide to reflect this. For example, a respondent noted that economists and lawyers may have perceived digitalization differently, and I therefore adjusted the questions to allow answers that shed light on their respective perceptions. As I was allotted only a limited amount of time for each interview, I changed the prioritized order of questions to be sure of collecting data on the themes that the respondent was in position to illuminate. The interview guide that was submitted to the Norwegian Centre for Research Data and, on request, submitted to the respondents in advance of the interviews, is presented in Appendix 1.

In addition to the interviews, I have analysed relevant Government documents and Konkurransetilsynet's annual reports to retrace the process and guide the interviews. These documents are presented in Table 5. Combined with the interview data, they provide information on the nature and the level of discretion in the digitalization process in Konkurransetilsynet. While some documents provide information that is directly relevant to answer the research questions and retrace the process, some have had a more indirect role by giving background information that guided the interview process. The documents relate to one another in different ways. The white paper "Digital Agenda for Norway" is a document written by The Ministry of Local Government and Modernisation which served as the basis of the Government's

digitalization strategy, “One Digital Public Sector”. The Digitalization Circular is a document which is sent to all public agencies in Norway, and is, in turn, based on “One Digital Public Sector” and is updated annually. The letters of allocation are the Ministry of Industry, Trade and Fisheries’ annual instructions and budgetary framework for Konkurransetilsynet, based on the national budget. To study the discretion with regards to digitalization in these documents, I analyse the letters of allocation from 2020, 2021 and 2022 because digitalization was not mentioned in them, unlike the letters from preceding years. In addition to these documents, I have also used Konkurransetilsynet’s annual reports, website and podcast (Konkurransetilsynet 2022b) to reconstruct the digitalization process and acquire background information.

Document	Dated	Author	Relevance
<b>Digital Agenda for Norway - White Paper</b>	15.4.2016	The Ministry of Local Government and Modernisation	Discretion
<b>Strategy Plan 2017-2021</b>	28.4.2017	Konkurransetilsynet	Background information, discretion
<b>One Digital Public Sector - Government Strategy 2019-2025</b>	11.6.2019	The Ministry of Local Government and Regional Development	Discretion
<b>Letter of allocation 2020</b>	14.1.2020	The Ministry of Industry, Trade and Fisheries	Discretion
<b>Letter of allocation 2021</b>	22.12.2020	The Ministry of Industry, Trade and Fisheries	Discretion
<b>The Digitalization Circular</b>	11.1.2022	The Ministry of Local Government and Modernisation	Discretion
<b>Letter of allocation</b>	2.2.2022	The Ministry of Industry, Trade and Fisheries	Discretion

*Table 5 List of Documents*

There is no single obvious starting point of this process, as there were several moments that may have signalled a start. While most of the events relevant to the digitalization brought up by the respondents happened in the period 2016-2021, some occurred approximately a decade before this. As the interviews were held in December 2021, January and March 2022 and

Konkurransetilsynet's General Strategy for 2022-2026 was not published as of 14.6.2022, the available data limit the time of the studied to spring 2022.

#### 4.4 Operationalization

Because concepts, such as institutional change, in themselves are unobservable, I will operationalize them to observable findings in the empirical data (Kellstedt and Whitten 2018, 105). Based on the theoretical framework presented in Chapter 3, I will operationalize institutional elements, scope and timeframe of change.

Scott's (2014, 56) nuanced definition is fruitful to operationalize institutions. With this framework, I will identify institutional rules and elements from the pillars in the document and interview data. I will recognize the pillars from regulative, normative and cultural-cognitive elements, processes and attributes and their associated logics. I will, in the next paragraphs, present how I identify institutional elements, and how I understand elements on the borderlines of the pillars.

One can identify elements from the regulative pillar by an instrumental logic and their connection to formal rules and obligations. Motivation or justification for actions that are based on their legal obligation to perform or not perform a certain activity will be indicators of regulative elements. Scott (2014) emphasizes rule-setting<sup>8</sup>, monitoring and sanctioning as important regulative processes. When the actors' motivations, justifications and perceptions are linked with considering consequences of actions, the logic of instrumentality, and being coerced they indicate the regulative pillar structuring behaviour.

The ways the cultural-cognitive pillar structures behaviour are recognizable from the "shared conceptions that constitute the nature of social reality and create the frames through which meaning is made" (Scott 2014, 67). Shared understanding and perception are markers for cultural-cognitive elements. Artifacts, words, signs and gestures can have meanings attached to them, and are thus symbols that create shared conceptions and structure behaviour. I will

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<sup>8</sup> This refers to regulative, formal rules. When Scott uses the term *rules* without adjectives, he refers to regulative rules. To avoid confusion in this thesis, I include formal and informal rules from all three pillars when I refer to *institutional rules* or *rules* without adjectives, as examples of institutional elements



recognize these symbols from respondents labelling them in a way that shows a shared conception of the symbols' meanings. Additionally, I will recognize cultural-cognitive behaviour from their orthodox logic and taken-for-grantedness, as well as actors perceiving behaviour other than they report on as unimaginable.

The normative pillar structures behaviour through values and norms, and a logic of appropriateness. I recognize elements from the normative pillar in the data based on what is morally right or socially obligated. An example of this is a document that shows values in mission statements. Another example is behaviour that is motivated or justified from values such as efficiency and loyalty, or norms such as adhering to a dress code.

Some elements are clearly related to one pillar, whereas others are more difficult to place. Since Scott describes the pillars as being on a continuum from the unconscious to the conscious, certain institutional elements may fall between two pillars and may have characteristics of more than one pillar. For example, Scott (2014) notes monitoring as an example of the regulative pillar structuring behaviour. However, monitoring is only a regulative process when it relates to the rules that are set and to potential sanctioning when violating the rules. Monitoring can, however, also be used to create overviews and a shared conception of a situation, and therefore also a tool for structuring behaviour through the cultural-cognitive pillar. Differentiating between the three logics in the empirical material is therefore not always straightforward. Distinguishing between the normative and cultural-cognitive pillars, especially, can be difficult, as some elements may be between those two pillars. Shaking hands, for example, can be seen as both normative and cultural-cognitive in many cultures. On the one hand, shaking hands is a symbolic action to greet and show respect, that is taken for granted. It can also be normative, as it is considered a social obligation to shake hands in certain cultures. For examples, after three Muslim women did not shake hands with the Norwegian Crown Prince, the Norwegian Progress Party posted an image on Facebook with the text: "In Norway, we shake hands with each other"<sup>9</sup> (Listhaug 2019), highlighting this social obligation.

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<sup>9</sup> My own translation

The respective logics are not the only aspects associated with the pillars that may appear similar, so can the processes associated with the different pillars. For instance, increasing competence can structure behaviour in distinct ways. I have therefore considered courses and other means of providing information and increasing knowledge, through the logic associated with the learning to determine which pillar is at work. For example, a course in a new technology can provide instrumental information on how an actor can use the technology more efficiently, and therefore be a regulative element. However, a course can also convince participants of new values and norms, thereby being a normative element. Lastly, a course can update actors on new routines and give shared conceptions, and thence have elements from the cultural-cognitive pillar.

I will therefore use Scott (2014) definition of institutions to be explicit about what types of rules and elements I will research, and operationalize institutions through the three institutional pillars. These institutional elements appear both in the nine semi-structured interviews and the documents. By combining Scott's (2014) definition of institutions with Mahoney and Thelen's (2009) theory of gradual institutional change, I can research the introduction, neglect, and new interpretation of old regulation, norms and beliefs with a more nuanced understanding of institutional rules. Rules may be regulations, they may be values and norms, and they may be culturally structured ways of understanding social reality that shape behaviour.

To determine the scope of change in a given pillar, I reconstructed the changes in institutional rules and elements within the pillars from the interview data. Based on the amount of changed rules and the perceived importance of said rules, I determined the scope of change within the respective pillars. The scope of change is therefore related to how many pillars have changed, and to what extent.

#### 4.5 Data Analysis

Once I had collected the data, I organized and analysed the data. To organize the data, I have used coding nodes to find relevant pieces of text related to theoretical concepts and other themes of the process. Based on these coding nodes, I triangulated the data by applying process tracing, as this is well suited for reconstructing processes (Bennett and Checkel 2015).

To structure the data according to the theoretical framework presented in Chapter 3, I first organized the data conceptually by “impos[ing] meaningful patterns on the data in a provisional way” (Layder 1998, 109). After identifying relevant themes, I applied coding nodes to the interview transcripts in NVivo, which was a partly inductive, partly deductive process, as I used both the theory and data to guide the coding. The coding process was iterative, in that I have started coding based on the theoretical framework, and then made changes to the coding scheme based on findings in the data, and then recoded the data. The coding nodes based on the theoretical framework were *large* and *small scope of change*, *low* and *high discretion*, *low* and *high tempo*, *veto*, *regulative*, *normative* and *cultural-cognitive elements*, *changed rules*, *changed impact of rules*, *neglected rules*, *new rules*, *removed rules* and *unchanged rules*.

To understand the process more broadly, I also included nodes related to actors’ perception, such as *positive attitude to digitalization*. Other coding nodes I realized would be beneficial, only after processing the data. For example, *anchoring* was a frequently repeated word that turned out to be important in understanding the process, and was therefore added as two nodes, namely *anchoring in the organization* and *anchoring in the Management Team*. I carried out a similar process of thematical organizing, with the documents mentioned in Section 4.3, but as this analysis was less extensive and more focused, it was limited to *level of discretion* and *retracing the process*.

Some pieces of text could be interpreted to fit in different nodes. Although I had operationalized regulative, normative and cultural-cognitive elements in Section 4.4, there were instances of ambiguity in the quotes, for example when Respondent 6’s said that they “made some principles and guidelines”<sup>10</sup> for managers when they had to work from home. *Principles* could in this context be understood either as instructions, i.e., regulative elements, or as moral standards, i.e., normative elements. As the word *principle* is closely associated with moral, and the Government provides moral advice to managers in such situations (Statens arbeidsgiverportal 2022), which I discuss in Section 5.4, I coded this as *normative elements*. However, as there were also *guidelines*, which include instructions from the employer, I also coded this as *regulative elements*.

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<sup>10</sup> The word used by the respondent in the non-translated quote was *guidelines*, not *retningslinjer*.

In parallel with and after coding and organizing the data, I traced the digitalization process in Konkurransetilsynet. Bennett and Checkel (2015) point out that process tracing is more intuitive than quantitative methods, and for this reason there are risks of making false inferences if used unsystematically. It is therefore important to “utilize rigorous methodological safeguards” (Bennett and Checkel 2015, 5) to ensure that the inferences are valid and reliable.

As process tracing combines induction and deduction (Bennett and Checkel 2015), I made inferences based on theoretical expectations backed by evidence, but I also allowed for other, unexpected relations. While collecting and organizing the data, I looked through all the interview data and relevant documents, and made provisional explanations that were worth examining closer. Some provisional explanations were discarded, and some became inferences after rigorous testing. I reconstructed the process by triangulating the data based on the coding nodes, and grouped quotes by respondent. This made it possible to easily study how each respondent perceived specific parts of the digitalization and reconstruct the process.

#### 4.6 Ethical Issues

When conducting scientific research, the researcher has to be mindful of ethical concerns related to personal data (Den nasjonale forskningsetiske komité for samfunnsvitenskap og humaniora 2021). In this thesis, I have interviewed nine respondents about their roles in and perceptions of Konkurransetilsynet’s digitalization. While the respondents have been pseudo-anonymized, they may still be recognized from their roles in Konkurransetilsynet. The identity of the director general was relevant, as he left Konkurransetilsynet during the digitalization process. As he was the director general of a regulatory agency, and consequently also a public person, I have chosen not to anonymize him.

To account for the privacy concerns related to the respondents I have submitted the interview guide and a project description to the Norwegian Centre for Research Data (NSD) for approval. I provided all informants with an information letter based on the NSD’s template, as presented in Appendix 2, and explicitly asked for their informed and voluntary consent to participate in the research project before interviewing them.

## 4.7 Reliability, Validity and Limitations

To ensure high confidence in the inferences in this thesis, I have executed several measures to increase construct and internal validity and reliability. There are, nonetheless, limitations associated with all research designs. There are different types and typologies of validity. Yin (2014) differs between construct validity, internal validity and external validity.

### 4.7.1 Construct Validity

Construct validity involves concerns ensuring that researchers measure or observe what they intend to measure or observe (Adcock and Collier 2001), and Yin (2014) considers this especially challenging when conducting case studies. As scientific theories predict relationships between concepts, and concepts are not directly observable, researchers need to make sure that their observations are indeed examples of the studied concept. Successfully operationalizing concepts to observable indicators in the data is therefore essential for the construct validity (Kleven 2008). The operationalization must not be too broad, by including irrelevant indicators causing noise and possible misinterpretation. Simultaneously, the operationalization must not be too narrow by not including all indicators of the concept, and underrepresenting parts of the phenomenon.

I have therefore operationalized the concept of digitalization institutional change based on Scott's definition of institution, which is explicit and captures more institutional rules and elements than other definitions of institution. If I had used a definition that merely focused on formal and informal rules, I would have not captured changing conceptions related to digitalization, and this part of the concept would therefore be underrepresented in the research. Additionally, I coded and recoded iteratively to strengthen construct validity, to ensure that I found as many pieces of relevant data as possible, without analysing irrelevant data, potentially misinterpreting.

Another limitation related to construct validity is that some institutional elements may be more on the top off the respondents' heads. Cultural-cognitive elements are less conscious, and respondents might take them for granted and not mention them. I have constructed an interview guide with questions that allow answers relating to all of Scott's (2014) pillars.

#### 4.7.2 Internal Validity

In addition to measuring the concept correctly, it is necessary to have internal validity, namely confidence in the inferences (Kleven 2008). Creswell and Creswell (2018) have several recommendations to ensure internal validity. They propose that the researcher should use data triangulation and analyse multiple sources of data. Moreover, the researcher should ensure that they understand respondents' perception properly by having an ongoing dialogue with the informants. Researchers should also make repeated observations of similar phenomena over time, Creswell and Creswell (2018) argue.

For this thesis, I have interviewed nine actors in Konkurransetilsynet. Some respondents were close on the digitalization, and others did not work directly with the digitalization, but were affected by the changes. I then have useful information to retrace the process and to understand how 'normal' employees perceived the change. Additionally, I have analysed seven Government and internal documents to retrace the process or study the level of discretion government documents allow for. By combining nine interviews and seven documents I have used data triangulation to highlight different perspectives and alternative explanations.

Additionally, I have presented the analysis to all respondents for them to ensure that I did not misunderstand their perceptions. Of the four respondents that replied, none provided alternative interpretations or pointed to misunderstandings in the inferences.

Furthermore, I submitted the interview guide to all respondents on their request. Reading the questions in advance may have shaped the answers, giving the respondents time to reflect and find relevant information. But on the other hand, the respondents also had the time to consider what looks good and come up with polished answers, thinking what their employer or others would appreciate that they said. While this may decrease internal validity, the alternative was to risk not having respondents.

To increase the validity of inferences, I have made also considered alternative explanations to limit the problem of equifinality, namely that several paths can lead to the same outcome (Bennett and Checkel 2015). Rohlifing (2012) argues that counterfactual reasoning, if applied properly, can improve confidence in causal inference in cases of equifinality. I therefore used counterfactual reasoning to understand the pandemic's causal role in the digitalization process.

While this counterfactual scenario is impossible to validate, I use counterfactual arguments only to guide the reader in understanding my inferences.

#### 4.7.3 External Validity

The confidence in the inferences being generalizable or transferable to other contexts is called external validity (Kleven 2008). By using thick description and analytic generalization, the researcher may generalize their inferences to other cases with similarities, but this requires a type of case selection based on the theoretical framework. As this is an interpretative case study, it is not meant to generalize inferences to other domains. Other public sector agencies undergoing change processes which are influenced by external shocks, may, however, learn from this case. As studying gradual institutional change influenced by an exogenous shock is not studied in other contexts, I cannot compare the results with other research. That entails that it is not possible to know whether this fits with patterns of the same phenomenon in similar contexts. The study can, however, be used as a piece of a puzzle to identify patterns of gradual institutional change processes influenced by an exogenous shock, if more such studies are conducted.

#### 4.7.4 Reliability

In addition to having valid inferences, reliability should also be an ideal for researchers, as it entails having a result that is transparent and reproducible (Kellstedt and Whitten 2018). In other words, when researchers apply identical measurement rules and are studying the same observation, they should yield the same results. Yin (2014) recommends writing a protocol including details about data collection and coding to increase reliability. To have reliable results, I have made transparent operationalizations, based on Scott's (2014) explicit definition of institutions, which guided the coding. I have also provided examples of each coding node and borderline cases, to show how I have interpreted the operationalizations in practice. By recoding one of the interview transcripts, I have found that the coding was largely similar, which entails that my reliability as a coder was rather high. As I have provided transparent and explicit operationalizations and examples of my coding, other researchers will be able to understand how I arrived at the results that I did.

#### 4.7.5 Limitations

Even as I have taken measures to increase validity and reliability, there are still limitations with this study, as there are with all research designs. By researching an institutional change process,

I study a constitutive process that is shaped by actors' perceptions, and how the actors understand the process. I cannot observe an 'objective truth' of the process, nor is this the purpose of the study.

When studying institutional change and relying on actors' perceptions of processes that occurred in the past, researchers rely on humans and their memories to reconstruct the process. Human memory is imperfect, and because the digitalization process started years before the interviews took place, respondents could not account for some details back in time, at least not with certainty. This was made especially clear when the respondents discussed when Konkurransetilsynet's General Strategy was formalized, and they provided different years, which I discuss in Chapter 5. When there has been disagreement about formal details, I have turned to official documents to verify the order of events. Moreover, the human memory is shaped by previous experiences, and what the respondents tend to bring up might reflect this, rather than the studied process. As I base my analysis on the respondents' memories of the process, and not the process directly, the imperfect recollections might reduce the construct validity of this thesis. Furthermore, as these also are the basis of my inferences, they therefore also influence the internal validity.

Additionally, I did not have access to all data related to the process. I was not able to obtain Konkurransetilsynet's Digitalization Strategy, as this internal document was not available to the public. I could therefore not analyse the document directly, and an analysis of its formulations and what level of discretion the strategy allowed. I could, however, analyse respondents' understanding of the strategy, and how they perceived its target and level of discretion, by asking respondents about this. Furthermore, I have not had the resources or possibility to make observations over time. Making direct observations was not possible, as Konkurransetilsynet's operations are not open to the public because they handle sensitive data.

Moreover, there may be a predisposition of the respondents being more interested in digitalization than their colleagues because they agreed to spend time on the interview. I may therefore have seen an overrepresentation in employees who were positive to digitalization, and not seen the perspectives of those employees who were not interested in digitalization.



To account for these limitations, I improve construct validity by having an explicit operationalisation of institutions. Moreover, I improve internal validity by having counter-factual reasoning, providing counterfactual expectations in Section 3.5.4, and in the Conclusion. Counterfactual reasoning is beneficial as the researcher is transparent about their understanding of causal relationships and to understand what would not happen, had the *explicantia* not happened (Lebow 2000).

## 5 Results and Analysis

Based on nine semi-structured interviews and the documents that are relevant to the digitalization in Konkurransetilsynet, as presented in Chapter 4, I have reconstructed the process. By triangulating the data, I will in this chapter present my findings, which I use to answer my research questions. To keep the respondents as anonymous as possible, I use the pronouns *she* and *her* for all respondents, regardless of their gender. In Figure 5, I present important moments in Konkurransetilsynet's digitalization process which will be contextualized and analysed in this chapter.

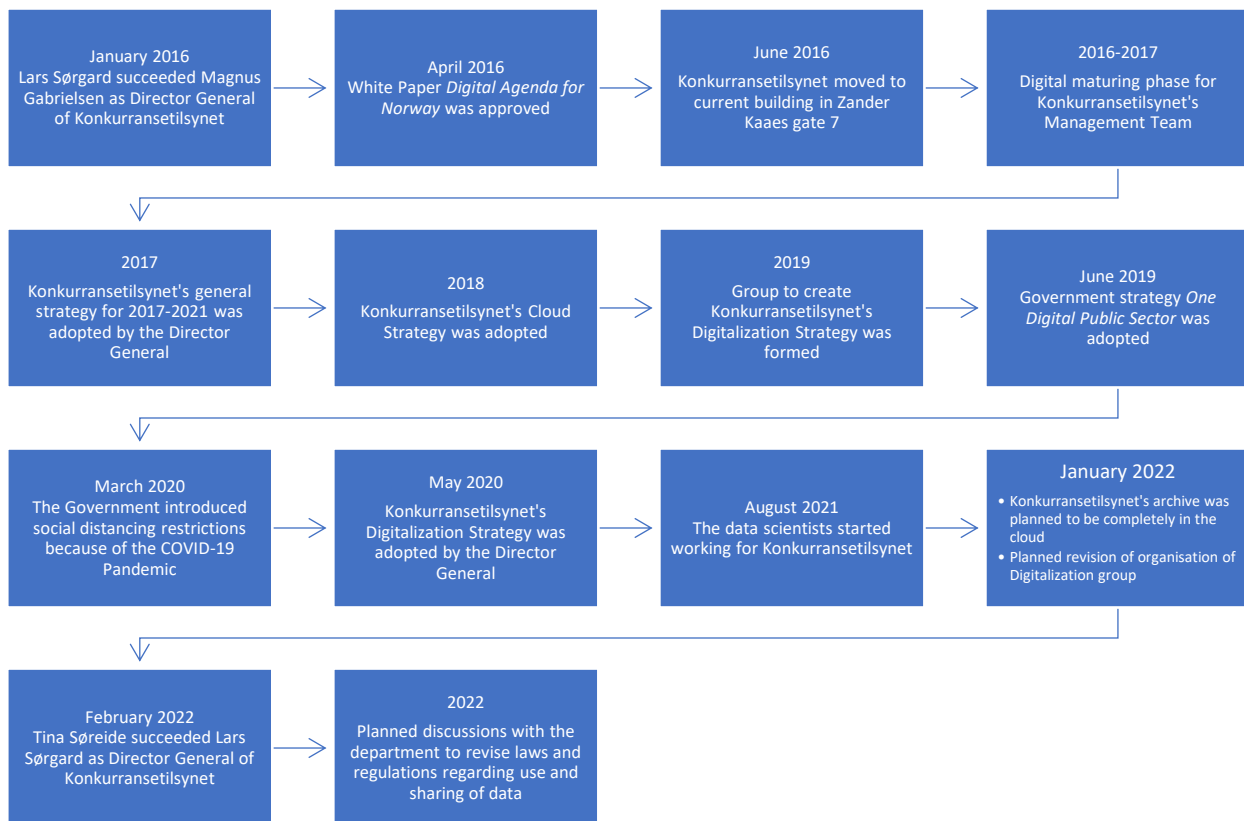


Figure 5 Digitalization Process in Konkurransetilsynet

Identifying the starting point for the digitalization in Konkurransetilsynet is not straightforward, as the respondents first noticed the digitalization at different times and pointed to different origins of the process. One possible starting point was the work on Konkurransetilsynet's Digitalization Strategy which started in 2019 and formalized in May 2020, but there were pre-existing conditions both internally and externally that facilitated this strategy. Respondent 2 highlighted a digital maturation phase in 2016-2017 related to cloud technology and digital

security, and Respondent 6 highlighted the move to a modern building in 2016, increasing employees' willingness to change. Respondent 9 did not state a beginning of the digitalization, but rather referred to continuous process without a defined starting point, as Konkurransetilsynet gradually started securing evidence digitally more than a decade ago. Other potential starting points of Konkurransetilsynet's were the government documents on digitalization. In 2016, the Government published a white paper on digitalization called *Digital Agenda for Norway* and in 2019 a digitalization strategy, called *One Digital Public Sector*, which were perceived by the respondents as a push to Konkurransetilsynet's digitalization.

These government documents had indirect implications for Konkurransetilsynet, as they applied to all government agencies, but not everything in the documents were relevant for agencies such as Konkurransetilsynet. For example, the Government's Digitalization Strategy "One digital public sector" aims to "give citizens, businesses and the voluntary sector more ease in everyday life with help from better services, to increase efficiency in use of resources by government agencies and a general increase of productivity in society" (Kommunal- og moderniseringsdepartementet 2019). The strategy does not have specific initiatives for Konkurransetilsynet and many of strategy's target mainly apply to agencies that often are in direct contact with citizens, which Konkurransetilsynet is not.

An example of this is having a user-centric focus, in which citizens access government services easily, regardless of which agency provides this service. Some targets are more relevant for Konkurransetilsynet, such as the exchange of information between agencies, which was mentioned in Konkurransetilsynet's Digitalization Strategy. With targets and a focus that is not mainly directed at Konkurransetilsynet, this document appeared to increase the general focus on digitalization in Konkurransetilsynet, but did not give the agency detailed instructions on how to digitalize. The documents therefore appeared not to substantially limit Konkurransetilsynet's discretion in terms of digitalizing.

Konkurransetilsynet's Digitalization Strategy is not publicly available, but Respondent 3 described its five targets, the first of which was "enforcing competition and being a driving force in digital markets and a digital economy". The next target was to find appropriate methods and technology to do the first target. The third target was having competent co-workers in whom the

digitalization is ‘anchored’, and the fourth was increased use of data in the organization. The final target was to cooperate and communicate efficiently with other parties and exchange information.

### 5.1 Change Actors and their Role in the Digitalization Process

By analysing quotes that I have coded as *change actor* or *digitalization group*, I identify the collective and individual actors that have played important roles in the digitalization in Konkurransetilsynet. In this section, I will present the most relevant actors in the digitalization process. First, I will present the Digitalization Group and other actors that were highlighted by the respondents as central in the digitalization process in Konkurransetilsynet. Other actors, identified as less central in the process by my respondents, will be presented after that<sup>11</sup>. I will describe their roles and discuss their perceived impact on the digitalization process in Konkurransetilsynet, relying on the theoretical framework presented in Chapter 3. Other actors were also mentioned as important in the digitalization, but not in a way or frequency that suggested they were essential in the process. The actors that were influential but not fundamental in the digitalization include the Management Team, the director for external relations, HR, Communications, the support staffs for economics, investigation and law, and the market groups.

The digitalization was characterized by broad participation, and respondents perceived that all involved actors were allowed and encouraged to have an influence on the digitalization. Respondent 3, a senior member of the Administration stated that “the responsibility [of implementing the digitalization] definitely lies with each individual, not only on the Digitalization Group”<sup>12</sup>. She also highlighted that there was a shared conception of digitalization for all employees: “Everyone works with digitalization all the time, it’s almost like talking about internationalization or the like. It has become a part of the DNA in the organization.” Respondent 2, the director of administration and organization, underlined that “there’s been many good

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<sup>11</sup> This does not mean that the order is a strict ranking of their relative influence, as I have not quantified the individuals’ relative influence on the change process.

<sup>12</sup> A comment on translations: I include as many details and nuances that are relevant to the theoretical framework and reconstructing the process as possible. Translations are never perfect representations of the original quote, and the mood and imagery are at times not possible to convey.

forces who's provided input, been creative and made suggestions". Respondents outside the Administration also focused on various actors could provide unique points of view that could benefit the process. Respondent 7, a senior advisor in the economic support staff, noted that the Management Team "are the ones who decide what will be done or not be done. But the needs and possibilities come from different parts of Konkurransetilsynet." While there may have been different understandings of whose responsibility digitalization was, both members of the Administration and other actors agreed that all individuals were important in providing input in the digitalization, a cultural-cognitive process creating shared conceptions of the process.

#### 5.1.1 Digitalization Group

The Digitalization Group was central in the digitalization process at Konkurransetilsynet, with members representing many of the organization's departments, as seen in Table 6. Formed in 2019, the Digitalization Group was used as a forum where the members discussed collective issues related to digitalization across Konkurransetilsynet, and in that way made the work on digitalization in Konkurransetilsynet less fragmented. The Digitalization Group symbolized Konkurransetilsynet's digitalization efforts, and several respondents stressed that the group's members represented the whole organization. However, there were different notions of what the group's responsibilities included. The group was a source of change with elements associated with all three institutional pillars.

The Digitalization Group was initially mandated to write Konkurransetilsynet's digitalization strategy and propose relevant measures. After the strategy was adopted, the group expanded and changed focus from writing the Digitalization Strategy, to putting the strategy into effect and heading the process. Without a strict meeting schedule, the group often had one meeting per month, and always more than one meeting per quartal. The composition of the Digitalization Group was changing since it was first introduced, as new members have joined, and others have left. Whether the level of representation fluctuated because of these changes is unclear from the data. The members of the group as of December 2021 are presented in Table 6.

Job title	Department
<b>Director of administration and organization</b>	Administration
<b>High level employee</b>	Support Staff – economics
<b>Technical investigator</b>	Support Staff – investigation
<b>High level employee in security</b>	Administration
<b>High level employee of IT</b>	IT Department – under the Administration
<b>Communications advisor and web editor</b>	Communications and PR
<b>Deputy head of department</b>	Market monitoring department
<b>Senior advisor</b>	Support Staff - legal and Support Staff – investigation
<b>Senior advisor</b>	Administration

Table 6 Members of Konkurransetilsynet's Digitalization Group as of December 2021

Several respondents stressed that members of the Digitalization Group represented the breadth of the organization. Respondent 1 expressed that it “is pretty interdisciplinary, it’s from all units”, and Respondent 3, both of whom were members of the Digitalization Group stated that “not only units, because they play perhaps a somewhat smaller role, but that all points of view should be represented, so that we can have an interdisciplinary approach to solve problems.” This shows that there has been a deliberate choice to have members of the organization with different points of view represented in the group. At times, others have also been included in the meetings *ad hoc*, such as a data scientist in December 2021. How the group will be organized in the future was, however, not set at the time of the interviews. There was a proposition to reduce the number of members and have more impromptu groups with specific tasks related to digitalization, but this was not yet decided.

While most of the respondents agreed that the Digitalization Group was central in the digitalization efforts at Konkurransetilsynet, the respondents emphasized different aspects of the group. Two actors focused on regulative aspects of formal responsibilities, for example Respondent 2 saying that “it was the Digitalization Group’s responsibility to follow up that those measures were carried out”. Following up, monitoring the process and ensuring that measures

do take place are examples of regulative processes that structures behaviour by formally defining the correct way to act. Respondent 3 focused on cultural-cognitive elements, highlighting how the group was intended to create shared conceptions: “the Digitalization Group is meant as an extra driving force and a forum where one can talk about initiatives and that it becomes less fragmented, so that everyone is aware of initiatives.” The respondents did not further explain what they meant with *implementation* or *following up*, and while *implementing* and *following up* measures have similar meanings, the respondents did not convey the complete opposite of one another. Nonetheless, Respondent 2 focused on the regulative pillar and Respondent 3 focused on the group being an arena for discussing and promoting ideas, and creating a shared definition of the situation, which are examples of cultural-cognitive elements structuring behaviour. Respondent 1, however, focused on normative elements, saying that the purpose of the group was to “introduce the [bullet] points in the letter of allocation”. The letter of allocation is a document sent by the Ministry of Trade, Industry and Fisheries’ to Konkurransetilsynet, presenting the annual goals and targets the Ministry sets for the agency (Nærings- og fiskeridepartementet 2020). These goals and targets are examples values and norms and are therefore normative elements that define the appropriate behaviour for an actor.

A characteristic of the cultural-cognitive pillar is that the way in which it structures behaviour is often taken for granted by the actors, and cultural-cognitive pillars are therefore only implied by the respondents. The way the respondents talked about the Digitalization Group suggests that the group may have structured behaviour by symbolizing the digitalization strategy and the digitalization process more broadly in Konkurransetilsynet. Respondents understood the group as having tasks that largely overlapped with the targets of the digitalization strategy, and having representatives from the whole organization. The group could therefore be seen as a symbolic embodiment of the digitalization in Konkurransetilsynet as a whole. Moreover, the Digitalization Group also structured behaviour by increasing awareness and consciousness of the overall progress and issues across the organization. By working together systematically on digitalization, the actors’ awareness of the targets increased. While digitalization is always on the agenda for the Management Team meetings, the monthly digitalization group meetings give a possibility to have overarching discussions of the digitalization process. Additionally, the group makes semi-

annual reports “so that we are 100% certain that we sometimes take two steps back and look at this from an overriding perspective and that we see all projects as a whole”, according to Respondent 3. This suggests that the Digitalization Group has worked on creating shared conceptions of Konkurransetilsynet’s digitalization and made actors mindful of overarching themes of digitalization in Konkurransetilsynet.

#### 5.1.2 The Director General of Konkurransetilsynet

The director general of Konkurransetilsynet was perceived to be central to the digitalization process in Konkurransetilsynet. Lars Sjørgard took over the position as director general of Konkurransetilsynet in January 2016, and was stressed by several respondents stressed as important for the digitalization. One year into his tenure, he adopted Konkurransetilsynet’s (2017b) General Strategy for 2017-2021, which mentioned digitalization as a source of change in markets and Konkurransetilsynet’s response to this. In May 2020, the director general adopted the Digitalization Strategy, which also dealt with digitalization in internal work processes.

The respondents emphasized him being a driving force for digitalization, formally adopting the Digitalization Strategy, and emphasizing the importance of digitalization both in Konkurransetilsynet and in the markets they regulate. He was therefore a key change actor in the digitalization process in Konkurransetilsynet, structuring behaviour with elements from the regulative and cultural-cognitive pillars. Even though he did not initiate or formulate the Digitalization Strategy, several respondents stressed that it was important that he agreed and formally adopted it, as he was responsible for making final decisions. The adoption of the General and Digitalization Strategies is a form of rule-setting, and thus examples of the regulative pillar structuring behaviour.

The prevalent view among the respondents was that the director general was essential and had an active role in the digitalization process. Respondent 2 said that the director general “has made decisions after input... after discussions in the Management Team. He has been very active.” Respondent 6 said that “in my eyes, he has had a big role, considering everything he should care about.” Respondent 4 noted that the director general and director of administration and organization have had a “very large role and been very engaged and participated very actively.” Based on all the interviews conducted for this thesis, there seems to be a broad consensus that



the director general has been vital in the digitalization in Konkurransetilsynet. By being a driving force for digitalization, and actively giving digitalization arenas to be discussed, the director general has been influential in the process. Through opening for arenas where shared conceptions are formed, the director general structured behaviour through the cultural-cognitive pillar.

The respondents highlighted different aspects of the director general's importance in the digitalization process. He actively discussed digitalization internally and externally. In the General Strategy for 2017-2021, the director general stressed digitalization as a priority in Konkurransetilsynet, though not in terms of internal organizing (Konkurransetilsynet 2017b). Respondent 2 said that the director general was not the most active actor initially, but after the Department of Trade, Industry and Fisheries prioritized digitalization, he realized the importance of digitalization also within Konkurransetilsynet and was henceforth a driving force. The extent to which the director general was proactive or reactive, therefore seems to depend on the point of view. Respondent 3 stated that "in the original strategy, [the director general] had already included some digitalization, and his cause close to his heart, maybe, is being a good driving force, thinking about correct regulations that don't hamper competition". Additionally, Respondent 3 highlighted the director general as a driving force for digitalization also externally. This was exemplified by the director general's effort to collaborate with the other Nordic Competition Authorities on digitalization, his op-eds and lectures on digital economics for external actors, including the Norwegian Data Protection Agency and the Norwegian Consumer Ombudsman. From the way Respondent 3 talked about the director general's early focus on digitalization in markets, it appears that his focus spilt over to a more general focus on digitalization, and specifically also on digitalization in work routines. Because of the frequency and the way in which he was mentioned in relation to digitalization, being a driving force emphasizing and discussing the digitalization in markets, he thereby personified and symbolized such digitalization for Konkurransetilsynet.

### 5.1.3 The Director of Administration and Organization

Konkurransetilsynet's director of administration and organization lead the Digitalization Group and other groups that were important in the digitalization. Respondent 3, a central actor,

stressed that the director of administration and organization was “operationally important, as she has IT below her as well as HR and Information Management/Archive (sic), and so the digitalization work has been largely placed with her.” She therefore had power to influence the behaviour of the members of said groups, which corresponds to a coercive way of structuring behaviour and therefore can be linked to the regulative pillar.

The director of administration and organization was widely regarded as an important driving force for the digitalization at the organization. The respondents extensively agreed that she participated very actively, and played an important role in the digitalization process. Respondent 3, a central actor, noted that the director was a fundamental driving force in the digitalization process. As a driving force, she represented the push for digitalization, and may consequently have been seen as a symbol for the administrative digitalization in Konkurransetilsynet.

The director of administration and organization acted in different ways which can be interpreted with regards to the cultural-cognitive institutional pillar. For instance, she was essential in writing the Digitalization Strategy, and created notions of what is possible and not in this creative process. The director of administration and organization made recommendations, such as hiring data scientists, that contributed with new knowledge in Konkurransetilsynet, an immaterial resource associated with the cultural-cognitive pillar. Respondent 3, who worked directly with the director, said about the two of them that “we have suggestions for how we can implement the strategy, and that we need a strategy and that we need to organize it. There he’s been 100% important.” Respondent 1 asserted that the director of administration and organization was “absolutely central [...] in making the strategy and anchoring it in the Management Team”. This anchoring is an example of creating a shared conception of the social reality related to digitalization, associated with the cultural-cognitive pillar.

#### 5.1.4 Senior Advisor in the Administration

A senior advisor in the Administration was often highlighted by other respondents as a driving force for digitalization. She was a central member of the Digitalization Group with regards to both

the overarching digitalization, and direct involvement in the operational digitalization in Konkurransetilsynet, specifically working with raising the digital competence.<sup>13</sup>

The senior advisor was central in mapping and increasing digital competence in Konkurransetilsynet, as well as making reports on the digitalization progress. To gain an understanding of Konkurransetilsynet's needs in terms of improving digital competence, the senior advisor took part in making a questionnaire and mapped how competition authorities abroad dealt with digital competence. One realization the senior advisor had in that regard was that "some competences are harder to improve internally. Then it is better to get new competences by recruiting a new profession to the agency." She was therefore influential in the decision to recruit data scientists, and was also active in their onboarding process. Together with a communications advisor, the senior advisor worked on improving digital competence in Konkurransetilsynet by organizing and hosting webinars, creating resource pages for their intranet and recruiting data scientists. Therefore, by mapping and increasing digital competence, this senior advisor created shared conceptions and improved digital competence and knowledge in the organization, a cultural-cognitive resource.

The senior advisor was perceived by the respondents as a driving force for the digitalization. Respondent 4 said that "she's had a very important role and been a great driving force, and gone out of her way [...], it is nice when you have people that really get down to it and are really enthusiastic, and we've had that." Respondent 6 referred to the senior advisor as a *primus motor*, showing the importance of her role in the digitalization process. From the way in which other respondents referred to her as an active, central actor promoting digitalization, it appears that the senior advisor functioned as a reminder of digitalization herself and symbolized digitalization in Konkurransetilsynet.

The senior advisor was conscious of her own role, and emphasized "being a driving force, talking about digitalization and possibilities, yeah, let people rethink, right?" She therefore actively encouraged the employees to discover themselves what potential lies in the use of new

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<sup>13</sup> She has in the meantime left Konkurransetilsynet

technological solutions, creating a mindset where employees are encouraged to look for potential, another cultural-cognitive element.

#### 5.1.5 Head of Security

The head of security was another senior advisor in the Administration, who worked on project development and was responsible for security and data protection in Konkurransetilsynet. She was mentioned as having a holistic approach to Konkurransetilsynet's digitalization.

As the senior advisor was responsible for the security and data protection, respondents perceived her as important in the digitalization. Respondent 3 said that she "is [an] incredibly important person that ensures that we comply with privacy regulations, and that we have an understanding for this, and how digitalization and privacy go hand in hand." The senior advisor worked on ensuring that Konkurransetilsynet followed regulations concerning security and data protection. These areas are closely connected with digitalization, as different technological solutions have different risks related to security and data protection. As she worked on ensuring that Konkurransetilsynet followed regulations and court rulings such as SCHREMS II<sup>14</sup> which have legal implications for public agencies, and therefore elements of the regulative pillar. Also stressed in the above quote, the senior advisor worked on ensuring Konkurransetilsynet's understanding of these regulations, which include elements of the cultural-cognitive pillar.

The senior advisor had a holistic view of the digitalization, as suggested by how others talked about her and how she talked about digitalization. She was emphasized by Respondent 1 as one of two actors with a "holistic view" on the digitalization in Konkurransetilsynet.

#### 5.1.6 Data Scientists

Konkurransetilsynet employed two data scientists in the summer of 2021, bringing new competence to the organization and started working on finding new ways of working with data. As the data scientists' tasks were perceived as important in Konkurransetilsynet, they were placed in economic support staff. This placement was a conscious decision, Respondent 2 said, as "core tasks are solved" in the economic support staff.

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<sup>14</sup> Schrems II is a court ruling by the European Data Protection Board that limited possibilities of storing privacy data outside of the European Economic Area

While still early in the process of integrating the data scientists in Konkurransetilsynet, they provided new knowledge, and created new conceptions of what is possible and not in terms of collecting and processing data. The data scientists were still at an early phase of finding new ways of working with data, and Respondent 6 noted that they would “find out everything we don’t know in this big world about digitalization and possibilities.” In order to find new ways of collecting and processing data, the data scientists were placed in a unit that is the “motor of the operation”, as Respondent 2 called it. This was to give the data scientists an understanding of the current ways of collecting and processing data, and then to look for improvements. Respondent 2 emphasized that the data scientists were given

*pretty substantial freedom to try and fail. And point one is to get to know the organization, how the functions are. And point two is for them to look themselves how data, data analysis, the applications, new ways of thinking, how they can change our process.*

Gaining an understanding and discovering new ways of acting are both examples of creating shared conceptions and hence associated with the cultural-cognitive pillar.

#### 5.1.7 IT Department

The IT Department was mentioned in a frequency and way that suggests it did not have a central role in the digitalization process in Konkurransetilsynet. Respondent 2, the director in charge of the IT department, only mentioned the IT department to say that they had not been driving force in the creative part of the digitalization. While they were not perceived as the most influential actor, Respondent 4 still stressed the IT Department’s importance, and Respondents 3 and 6 referred to the IT Department being “pretty operative”, as they introduced the technological solutions to Konkurransetilsynet.

## 5.2 Characteristics of Digitalization

As I have introduced the most relevant actors in the digitalization process, I will in this section present the characteristics of the institutional change process. To describe the characteristics, I will present which institutional rules and elements were sources of change and stability, respectively, and how these rules changed. From how the rules have changed, I will discuss what

mode of change best describes the process. To find relevant data to answer these questions, I used the following coding nodes: *regulative elements, normative elements, cultural-cognitive elements, veto, discretion, understanding of digitalization, anchoring in management, anchoring in organization and digitalization strategy.*

#### 5.2.1 Institutional Elements

The cultural-cognitive and the regulative pillars were important in the digitalization process at Konkurransetilsynet, mostly as sources of change, but also as sources of stability. The normative pillar played only a limited part as a source of change.

Konkurransetilsynet's Digitalization Strategy was central in the digitalization process in Konkurransetilsynet. The strategy was a way of coordinating the digitalization process across the organization and to make up for Konkurransetilsynet's General Strategy's lack of focus on digitalization, as identified by Respondents 2 and 3. Respondent 3 described the main target of having a digitalization strategy was to work less fragmented with digitalization in Konkurransetilsynet and to include representatives from the whole organization, "who figure out the aim [of digitalizing] and to anchor it in the organization". From the way respondents the Digitalization Strategy, it appears to have given digitalization focus in the organization and created a conception of digitalization as essential in Konkurransetilsynet. For instance, Respondent 4 said that the strategy was important and Respondent 6, who did not work closely with the strategy, found it comprehensive and ambitious. Because the director general formally adopted the strategy, as noted in Section 5.1.2, there were also a regulative aspect associated with the strategy.

While the work on the Digitalization Strategy in 2019 may ostensibly have marked a beginning for the current digitalization process in Konkurransetilsynet, Respondent 2 outlined a digital maturation phase that preceded this with three years. From 2016, Konkurransetilsynet started using cloud-based technology to store data and created an infrastructure to safeguard data security, and in 2018 Konkurransetilsynet adopted their Cloud Strategy. This was central in making the Management Team understand digital technology as a viable, secure option that creates new opportunities, Respondent 2 argued. This digital maturation is therefore a process

in which the decision-makers get a shared conception of what digitalization can do for Konkurransetilsynet, and an example of a cultural-cognitive element being a source of change.

External sources of change were also important in the digitalization process, as Konkurransetilsynet actively looked for and found inspiration from the Central Government and competition authorities abroad. Several external documents were influential in the creation of Konkurransetilsynet's Digitalization Strategy and their digitalization process more broadly. Konkurransetilsynet found inspiration from societal trends and signals from the Central Government to digitalize. Respondent 6 signalled that Konkurransetilsynet were influenced by several external sources, saying that "it's both the state and society that made us be where we are." Konkurransetilsynet actively looked to other regulatory agencies that digitalized in Norway and abroad, searching for inspiration for their own strategy and process. Respondent 2, the director of administration and organization, noted that "we looked at how other regulatory agencies nationally and internationally did it." Respondent 3 stressed that Konkurransetilsynet noticed digitalization trends in international competition networks, and Respondent 4 stated that Konkurransetilsynet was in dialogue with other agencies to learn from their experience. Such inspiration and learning are examples of the cultural-cognitive pillar being a source of change, by creating shared conceptions of how digitalization can work in regulatory agencies.

Several government documents were influential in Konkurransetilsynet's Digitalization Strategy and digitalization more broadly. The frequency and the way the letter of allocation is mentioned reveal that this document was central in Konkurransetilsynet's digitalization. The letter of allocation is a document that the departments annually send to their subordinate agencies, highlighting their targets, priorities and financial framework (Regjeringa n.d.). As the Ministry of Trade, Industry and Fisheries gave orders and presented Konkurransetilsynet's financial framework, the letter of allocation has regulative elements. Through encouraging Konkurransetilsynet's digitalization with financial rewards, the letter of allocation structured behaviour in Konkurransetilsynet through instrumental logic, and was therefore a regulative source of change.

The letter of allocation also included normative and cultural-cognitive elements. Actors working closely with Digitalization Strategy also perceived cultural-cognitive elements associated with the

letter of allocation. Talking about the letter of allocation, Respondent 3, who worked closely with digitalization, noted that “we have an agency management dialogue [*etatsstyringsdialog*], right, so it doesn’t perhaps feel like an order from above. There’s an understanding that both the Ministry and we have that we need to prioritize [digitalization]”. As she focused on shared understandings between Konkurransetilsynet and the Ministry, she presented the letter of allocation as a manifestation of their shared conceptions. The letter of allocation can therefore also be understood as structuring behaviour along the cultural-cognitive dimensions, and not only through the regulative dimension. Respondent 2, who also worked closely with the development of the Digitalization Strategy, also stressed that the letter of allocation was developed “in dialogue with us”. Those that worked closely with digitalization did therefore not perceive a unidirectional flow of orders from the Ministry of Trade, Industry and Fisheries to Konkurransetilsynet. Rather, there were parallel processes in the respective organizations and dialogue between them leading to Konkurransetilsynet’s digitalization. As the letter of allocation also presented a vision and a social responsibility for Konkurransetilsynet (Nærings- og fiskeridepartementet 2020), there are norms and values, such as the efficient use of society’s resources in the letter of allocation. There were therefore normative and cultural-cognitive elements, in addition to the regulative ones, all of which were sources of change in the digitalization process in Konkurransetilsynet.

The perception of parallel processes and dialogue leading to digitalization was, however, not necessarily shared with actors who did not work with the strategy. One of them, Respondent 1, underscored that “it was very nice that we could have [digitalization] as a prioritization [...] and the letter of allocation from the Ministry is really lucid and there is clear connection between the letter of allocation and [Konkurransetilsynet’s Digitalization] Strategy” and that “the purpose [of the Digitalization Group] was to implement those points in the letter of allocation.” Respondent 6 also perceived that the digitalization was introduced “through the letter of allocation”. Actors not working directly with the Digitalization Strategy did therefore not necessarily understand the letter of allocation as a document that was created from the dialogue between ministry and agency. They may instead have perceived the letter of allocation as orders from above, that coincidentally were harmonic with their own interests. As there were shared conceptions,



coincidental or not, and orders associated with the letter of allocation, this document was a source of change in Konkurransetilsynet through both the regulative and cultural-cognitive pillars.

Regardless of the letter of allocation being a result of already shared conceptions or not, the dialogue between agency and ministry did not happen in a vacuum. Other national actors also prioritized digitalization, which made it easier to prioritize this in Konkurransetilsynet. Respondent 2 proclaimed that

*the development of the Digitalization Strategy was done in parallel with us getting various signals also from the Storting and the Cabinet, both with the Digitalization Circular, [...] then there's also the letter of allocation from the Ministry [...], have helped putting it higher up on the agenda for us.*

Respondents 3 and 4 also mentioned the Government's Digitalization Strategy, *One Digital Public Sector*, white papers and the Cloud Computing Strategy as important for Konkurransetilsynet's digitalization. As there were signals from both the Parliament and the Cabinet that digitalization was important, this strengthened the shared conceptions of Konkurransetilsynet digitalizing as essential. Respondents 2 and 3 noted that the Government documents helped 'anchor' Konkurransetilsynet's Digitalization Strategy. Respondent 2 said that

*especially the Government Digitalization Strategy [...] has helped bringing focus to this [...] It has been influential, not necessarily in that we had to develop [Konkurransetilsynet's Digitalization Strategy because of it], but the possibility we have to anchor this change in our organization.*

These government documents were therefore important in dispersing out in the organization the shared conception of digitalization as important for Konkurransetilsynet. There are, however, also regulative elements in these signals, as the Cabinet may distribute resources to influence Konkurransetilsynet's decisions, and the documents include formal, coercive requirements (Kommunal- og moderniseringsdepartementet 2020).

One aspect of Konkurransetilsynet's Digitalization Strategy was to increase digital competence in the organization. Konkurransetilsynet made web resources and held webinars with internal and external course holders to give employees the necessary information to use new digital tools and to be able to discover new possibilities. Respondents 1 and 3, who organized the webinars, stated that there was more than one webinar a month based on employees' needs, and that they were well attended. Respondents 7, 8 and 9, who were all mostly on the receiving end of digitalization in Konkurransetilsynet, noted that increasing digital competences is important to give employees the basic means to use digital tools. Respondent 8, an economist, associated increased digital competences with Konkurransetilsynet "hav[ing] a bigger effect in the markets, as we have the possibility of taking on more cases, or that we can solve cases more quickly". Increasing efficiency and effectiveness through digital competence to achieve one's targets is linked with a focus on consequences and therefore associated with instrumental logic and the regulative pillar. Efficiency and effectiveness are, however, also examples of values and therefore normative elements. Respondent 8 went on to stress how courses were "creating an understanding of the advantages of the systems that are introduced, so that everyone is conscious about it". Respondents 2 and 6 also stressed how the courses increased understanding of digitalization. They then focused on how courses and increased digital competence created shared conceptions of the reasoning behind these tools, i.e., examples of cultural-cognitive elements. There were therefore regulative, normative and cultural-cognitive elements associated with increased digital competence that were sources of change in Konkurransetilsynet's digitalization.

Some items were discussed in a way that implied that they were symbolic for the digitalization and inclination to accept change. In June 2016, Konkurransetilsynet (2017a) moved "to a brand new and state-of-the-art building" in Zander Kaaes gate 6, as Respondent 6 put it. She postulates that there was considerable reluctance to change before the move. Respondent 6 exemplified such hesitance with the change from manual punch clocks to using digital access cards, due to the unfamiliarity of such digital technology. She gave the new, modern building credit for a change in the mentality in Konkurransetilsynet. When asked about the move, Respondents 7 and 8, could not remember any substantial differences as a result of the new building, other than having cell offices and larger monitors. The new building may therefore have been a symbol for

Konkurransetilsynet's inclination to accept digital changes, but not necessarily ubiquitously or consciously.

The larger monitors are another symbol for the digitalization in Konkurransetilsynet and the change from working with printed papers to working on the monitor. Respondents 7 and 8, two economists, emphasized that the larger monitors were meant to decrease printing and the use of paper due to limited space for paper in the offices. Respondent 8 noted that "in connection with our move here, we had a cleaning project, and we got limited space in the office to store paper, so it's been a long-term goal of printing less and read more on the screen." This is a practical consideration and linked to a focus on consequences and therefore instrumental reasoning. As it is linked to the logic of instrumentality, it is a regulative element, being a source of change. Reducing the paper usage is also associated with sustainability and being environmentally friendly, examples of values, and therefore associated with the normative pillar. This connection was, however, hardly, if ever brought up. Respondent 8 did later in the interview stress societal changes, such as increased focus on the environment and sustainability, as factors driving the digitalization in Konkurransetilsynet, but not in direct connection with printing. As environmental factors were mentioned only once in the nine interviews, and not connected to printing, the normative pillar appears not to have been substantial in the change to less printing in Konkurransetilsynet.

The resistance to digitalization in Konkurransetilsynet was limited. Every respondent noted that they experienced little to no resistance to the digitalization, and Respondents 2 and 3 related this to the digital maturation, the anchoring both in the management team and the organization mentioned above and using time to make sound and secure choices. While the level of resistance was low in the digitalization process in Konkurransetilsynet, Respondent 9 found that, as in all change processes, "when you're used to doing things in a normal way, and as a routine, you need to apply yourself a bit more to get into the new systems". Such habits follow the logic of orthodoxy as they are taken for granted and are a cultural-cognitive source of stability.

Digitalization can be understood as a process, but also as an attribute. Respondent 9, a lawyer, appeared to perceive it as both. When asked about the digitalization in the legal support staff, Respondent 9 talks about digitalization as an attribute: "We do use digital tools just like everyone

else, so it's not really something specific for the judicial staff, I think." The legal support staff using digital tools was therefore perceived as digitalization, which can be understood as *having been digitalized*. When Respondent 9 did talk about digitalization as a change *process*, she mostly focused on external changes, as discussed in Section 5.3. Respondent 6 contemplated that "typical lawyers are perhaps more conservative for change and don't see the same use of digitalization as do economists", suggesting that lawyers may have perceived digitalization as less necessary than for others. Hence, it appears that the lawyers have perceived digitalization differently than other actors, as they did not consider the digitalization as beneficial other actors did.

Regulative rules ensuring security and legitimization of choices in the change process were another source of stability, though at a later point in the change process. Schrems II, a court ruling on how to manage privacy data, was mentioned by Respondents by 3, 4, 6 and 9 as having a delaying effect on the digitalization, but ultimately it may have anchored the change in the organization. Respondent 4, who worked with data protection and privacy issues, explained that Schrems II limits Konkurransetilsynet's possibilities of using software that transfers personal data to outside of the European Economic Area (EEA).

While the process of assessing and ensuring the security of the data delayed the digitalization, it may also have functioned as a way of legitimizing the change in the organization. Respondent 3 noted that "we are extra thorough about complying to rules, which perhaps isn't that astonishing with so many lawyers in the building." The regulative rule that ensured thorough assessment and data security therefore was a source of stability once the change was in place.

#### 5.2.2 Discretion and Veto

Based on the discussion of change agents in Section 5.1, I will in the next paragraphs discuss the veto possibilities in Konkurransetilsynet's digitalization, which was limited. Thereafter, I will discuss the level of discretion in the digitalization in Konkurransetilsynet. There are two levels of discretion with regards to digitalization in Konkurransetilsynet, namely Konkurransetilsynet's discretion to follow Government rules, and the discretion by individuals to interpret Konkurransetilsynet's rules.

The frequency of and the way veto possibilities are mentioned by the respondents show that the use of vetoing was limited. No actors were perceived as veto players by the respondents, however, and these vetoing opportunities were rarely used, as exemplified by the head of security, Respondent 4, saying “there’s no one that’s made an effort to stop something, no.” Though, two actors may formally have had possibilities to stop initiatives. The director general formally had veto possibilities and other actors perceived this vetoing power, if not in action. Respondent 7 referred to the director general as the one “who’s making all decisions whatsoever,” and Respondent 2 said “without him, we wouldn’t have made any progress, of course”. Both respondents thereby highlighted that without the director general’s agreement, there would be no change to the status quo, but the respondents did not perceive him, or others, as an actor who shut down initiatives. Respondent 6 noted that some changes had to be made to the original plan due to initially being overambitious, but from the way the respondent discussed this, it appears that these were collective decisions.

The head of security may also have had formal veto powers, but similarly to the director general, she appears not to have used this actively. Respondent 3 said “she isn’t a showstopper, but she leads us on the right track, and ensures that we don’t go forwards too fast, or choose a wrong direction, that perhaps will place us back in time again.” While formally she may have had possibilities to stop initiatives, being responsible for security and data protection in Konkurransetilsynet, it appears she has not used them. Questioned about whether she had stopped or suggested different digitalization initiatives, the senior advisor said

*We have put things on hold. And then we have done very thorough risk assessments of solutions... there’s a demand from the state in relation to the National Cyber Security Strategy, so it’s a demand that we’re all the time working risk-based... we’ve done some pretty thorough risk assessments with measures [...] that make us not use the system perfectly optimally, but as well as possible.*

As she did not stop the measures, but instead made modifications in the introduction of the technologies, she was not a veto player in the digitalization process. However, ‘putting things on

hold' is a way of temporarily stopping an initiative until there has been a risk assessment. The person or group of persons assessing the risk could therefore deem that the risk was not worth taking. There was therefore a veto possibility related to the head of security, as the risk assessor needed to agree to the change for it to happen.

While overall, vetoing did not play an important role in the digitalization in Konkurransetilsynet, there were instances of initiatives being stopped. For example, Respondent 6, who had HR responsibilities, said that

*we were for example supposed to have a position in HR, that should work with HR technology and digitalization, but I saw it was... we were not mature enough in the organization to manage something like this. We didn't really have a clear target, but the desire was very large. So, we stopped this.*

When it became apparent that Konkurransetilsynet at the time was not mature for this initiative, it was therefore stopped. Initiatives have consequently been stopped, but not because of a veto player's disapproval, but because of having to readjust when more information is available.

The veto possibilities were limited, and so was the level of discretion. Members of the Administration stressed that Konkurransetilsynet's Digitalization Strategy was clear and specific, and had "a higher operationalization level than what's common in strategies", as Respondent 2 put it. Respondent 3 emphasized that "everyone will be able to translate it to their own work", and that understanding it is "pretty straight forward". This suggests that there has been little intended room for interpreting the strategy. This fits with Respondent 7's answer when asked about whether there was room for interpreting the strategy:

*No. In a way, there aren't [any possibilities of making own decisions when following the strategy]. Because you are presented with a complete package that you are taught. The only thing you can do is your own alterations, but there are guidelines for how to use these things, right?*

Respondent 8, an economist who did not work closely with the strategy, also considered the level of discretion to be low, but added that there is a possibility of using more tools than in the

‘complete package’ if employees desire to do so. Respondent 3, a senior member of the Administration who worked closely with the digitalization strategy, went on to say that “I don’t think there’s big room for misunderstanding or disagreements, but there’s plenty of room to let this influence one own’s work and what you want to work with, and how one wants to think in new ways.” There was therefore a low level of discretion, but an intended and perceived possibility of including other technological solutions.

There seems to have been a low level of discretion when following the Digitalization Strategy across the organization, but for Respondent 9, a senior advisor in the legal support staff, did not find the strategy to be limiting her choices. She said that

*the Digitalization Strategy is pretty general, right, so the specific choices are... if I am working on a case for the law staff, and trying to solve an issue, should I check Lovdata or should I go to Juridika<sup>15</sup> and read literature, right, then the Digitalization Strategy doesn’t say anything about that.*

It therefore appears that the lawyers’ level of experienced discretion did not decrease because of the Digitalization Strategy, as they could still make their own choices when following the strategy.

The level of discretion associated with government documents varied depending on the document. The letter of allocation was mentioned frequently by the respondents and in a way that highlights its importance in Konkurransetilsynet. Respondents 2 and 3, who worked closely with the digitalization found the letter of allocation to reflect a shared understanding between Konkurransetilsynet and the Ministry of Industry, Trade and Fisheries. The first two points in Konkurransetilsynet’ Digitalization Strategy were “100% overlapping with the letter of allocation and the Ministry’s priorities” according to Respondent 3. This shows that there was a low level of discretion associated with this document. There was also a high level of discretion associated with the other government documents mentioned above, and overall, a high level of discretion overall when interpreting signals from the Central Government.

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<sup>15</sup> Lovdata and Juridika are two digital databases for laws and law-related literature

Other Government documents, such as their digitalization strategy, white papers and a digitalization circular were noted as important for the digitalization in Konkurransetilsynet but appeared to have high levels of discretion. While the documents were all relevant for Konkurransetilsynet as a government agency, they did not instruct Konkurransetilsynet directly, as noted in the beginning of Chapter 5. For example, no respondents appeared to perceive the Government's Digitalization Strategy to be decisive in the making of Konkurransetilsynet's strategy. Respondent 2 found that the Government's Digitalization Strategy helped anchor the digitalization in the organization, but did not perceive it as an order from the Central Government to make their own digitalization strategy or what its content should be. It therefore appears that Konkurransetilsynet could use a high level of discretion when interpreting the signals in the Government's Digitalization Strategy. Other Government documents, such as the Digitalization Circular and the white paper *Digital Agenda for Norway*, were mentioned by respondents to be influential, but not necessarily strict orders. There was therefore also a high level of discretion related to these documents.

### 5.3 Scope, Timeframe and Mode of Change

Having discussed the characteristics of the digitalization process, I will in this section discuss the scope and timeframe of the digitalization process, in light of the framework presented in Chapter 3. To find data to illuminate these issues, I have used the following coding nodes: *small scope of change, large scope of change, increasing tempo, decreasing tempo, changed rules, changed impact of rules, neglected rules, new rules, removed rules, and unchanged rules*. The scope of change can be understood in terms of Mergel, Edelmann and Haug's typology, as presented in Section 3.3.

No respondents appeared to understand the digitalization process in Konkurransetilsynet to be only *digitization*, the lowest level of change which involves merely a shift to digital tools, without other changes to behaviour. There were, nonetheless, examples of *digitization* in the process. For example, reading documents on a monitor instead of printed out, as discussed in Section 5.2.1, is an example of *digitizing*, as the process of reading has the same output, but is done in a digital way. While most aspects of the digitalization process were more comprehensive than mere *digitization*, there were aspects of the process that were entirely *digitization*.



The next level of digital change in Mergel, Edelman and Haug's (2019) typology is *digitalization*, namely change to digital technology and a change in how work tasks are done. This was the way most respondents understood the process in Konkurransetilsynet. Respondent 2, for example, focused on new ways of finding and processing data through machine learning and artificial intelligence, an example of *digitalization*, and stressed that "the Digitalization Strategy should foster digital transformation, not electronically powered paper [*papir på stråum*]" . While she uses the term 'digital transformation', Respondent 2's focus is on changed processes in Konkurransetilsynet, not an explicit changed societal impact, and therefore closer to *digitalization* in Mergel, Edelman and Haug's (2019) typology. Respondent 5, a data scientist, conceptualized digitalization as having two steps:

*The first thing we want to do is make sure that they can do all the things that they already can do, right. You don't want to take away stuff from people. And the second thing you do is you think 'OK, well now with this new capability, how would we do this differently', right?*

The first step can be understood as Mergel, Edelman and Haug's (2019) *digitization*, where actors do the same tasks as they did before in a similar fashion, only digitally. What Respondent 5 refers to as the second step can therefore be linked to *digitalization*, where old tasks are done in a different way, therefore changing the processes themselves. Respondent 4 noted that "it's not a transformation, I'd say it's more an optimization of tools." These are all examples of how most respondents understood the process in Konkurransetilsynet in alignment with Mergel, Edelman and Haug's (2019) *digitalization*.

The highest level of digitalization is *digital transformation*, in which the culture and the purpose of the organization may change due to technological solutions. While several respondents understood the digitalization process to have different levels, few considered the digitalization process having a societal impact. Respondent 3, however, understood the process as not only changing how they work, but ultimately changing Konkurransetilsynet's public mission. With a changed mission or purpose, Respondent 3 understood the change process as a *digital transformation*. Respondent 6, on the other hand, found that "people can't really distinguish

between the terms and what it means for us [...] There is still some way for us to think digital transformation”.

While actors shared conceptions of the digitalization process as changing the way Konkurransetilsynet fulfils its tasks, few understood the digitalization process in Konkurransetilsynet as *digital transformation* at the time of the interviews. The respondents therefore understood that the purpose of digitalization in Konkurransetilsynet was not only to do tasks digitally, but also to do the tasks in ways that were more efficient and effective. This shared conception of digitalization may therefore have been a cultural-cognitive source of change in Konkurransetilsynet’s digitalization process, as actors’ understanding led them to use digital tools. The digitalization process in Konkurransetilsynet can therefore be described as *digitalization* in the Mergel, Edelman and Haug’s (2019) framework.

The respondents understood the digitalization to still be in an early phase, and that the scope would increase with time. Respondent 6 said that the change was not yet profound, but “on the way up”. While the scope of digitalization was still limited when the interviews were conducted, several respondents expressed an expectation that it would increase with time. Respondent 2, for instance, said that the digitalization was still in an early phase and not yet a disruptive change, implying that it would be disruptive later. Respondent 3 stressed that Konkurransetilsynet’s methods, target groups and social mission “are completely changing”, another example of an expected large scope of change that was yet to come. Some actors, however, found the digitalization to be substantial already, Respondent 6, for example, assessing the scope of change as “medium plus”. The actors thus differed to some degree in their assessment of the current scope of change, but the overall perception seemed to be that the change would increase with time.

The scope was not yet profound, and the respondents perceived the digitalization process in Konkurransetilsynet as gradual and deliberately slow. From the documents and the interviews, it appears that the digitalization in Konkurransetilsynet was years in the making. Because of the sensitive information Konkurransetilsynet handles, several respondents highlighted security as a reason for the slow process. Respondent 3 said: “We cannot proceed too quickly; we have to be 100% certain that there cannot be any information leak because of the systems or the

digitalization.” She therefore focused on the potential consequences of leaking sensitive information, and that Konkurransetilsynet needed to take time to ensure security. The focus on consequences is linked with the logic of instrumentality and hence the regulative pillar. Respondent 4, who was responsible for security, said “we’ve done very thorough risk assessments of the solutions we’re [introducing]... it’s a requirement from the government”. This government requirement is coercive and therefore also associated with the regulative pillar. By digitalizing slowly and carefully, the changes were understood as ‘well anchored’, according to Respondent 3. This anchoring is a way of creating shared conceptions, *i.e.*, cultural-cognitive elements that functioned as a source of stability once the change was in place.

Based on Section 5.2 I will here discuss what kind of institutional change best describes the digitalization process in Konkurransetilsynet. As I have identified both the level of veto possibilities and the level of discretion to be low, Mahoney and Thelen’s (2009) theory of gradual institutional change predicts *displacement*, in which old rules are removed and new rules are introduced. This prediction appears, however, not to hold true, as I identify the change process perceived by most of the respondents at Konkurransetilsynet as *layering*, and as *drift* from the point of view of the lawyers and investigators.

As shown in Section 5.2.1, several new rules were introduced during the digitalization of Konkurransetilsynet, but I have not identified any old rules that were removed, neglected or enacted differently. Respondent 3 noted that “competition still counts in a digital economy”, highlighting that the old rules still apply. When asked whether the digitalization had been at the expense of other tasks Respondent 7 said: “No, it’s actually just made work tasks more efficient.” These quotes are examples of how old rules still apply and are supplemented with rules ‘layered’ on top of the old ones. With new cultural-cognitive and regulative rules added on top of the existing rules which were not altered, the digitalization process in Konkurransetilsynet can be described as *layering* in Mahoney and Thelen’s (2009) typology of institutional change.

While most respondents experienced *layering*, this was not the case throughout the organization. As the digitalization process in the law and investigation staffs appears to have been mostly related to external changes, *drift* may describe this change process better. Respondent 9, a lawyer, focused less on the new rules in Konkurransetilsynet and more on shifts in the

environment. Namely, when the investigation staff conducted searches and seizures, they previously secured large amounts of paperwork, but at the time of the study, most of the seizures are digital. As the physical seizures at the time of the study were rarely performed, this can be understood as a neglected rule. While there is some evidence of neglected rules, this is limited, and not incontestable. Respondent 9 noted that this change from analogue to digital seizures was gradual and “completely dependent on external relations” and how external parties stored their information. When discussing digitalization, she also highlighted updates in external tools, such as *Lovdata* and did not focus on internal changes to the same extent. Lawyers and investigators may therefore not have experienced removal or changed enactment of old rules nor any new rules, but, possibly, rather neglected and changed impact of old rules. With neglect and changed impact of old rules, lawyers and interrogators in Konkurransetilsynet may have experienced *drift*.

#### 5.4 Role of the COVID-19 Pandemic

After having discussed the change actors, characteristics and scope of timeframe of the digitalization, I will in this section discuss how the COVID-19 pandemic influenced the digitalization process. To illuminate this, I have used these coding nodes: *role of pandemic* and *dynamic pandemic*.

As Konkurransetilsynet already had a digital foundation, they were largely prepared to work remotely when the first COVID-19 lockdown occurred. Respondent 6 stated that “we were very ready to use these tools, things that [...] one perhaps needs 12 years to get running, we did in a couple of days.” Due to Konkurransetilsynet already having the tools and mindset ready to tackle the lockdown, they could continue normal operations by working from home quickly. Respondent 3 noted that “we had fortunately come far enough [in the digitalization process] to operate responsibly from day one.” Respondent 1 agreed that the transition to working from home was mostly smooth, saying “we went full-on [*beint på*] just a couple of days after closing down. We had the tools ready, so it was just about putting them into use.”

While the tools were ready to use, working from home was not without difficulties in Konkurransetilsynet. The respondents found communication to be an issue when working from

home, Respondent 7 saying that “lines of communication broke a bit”, as much of the communication normally happened informally in the hallways. To account for changed office dynamics when Konkurransetilsynet first used home offices, Respondent 6 stated that they had “pretty intensive training in remote management [*fjernleiing*] for managers and made some principles and guidelines.” Such principles are based on moral values and therefore normative elements. For example, the Norwegian Agency for Public and Financial Management’s (DFØ) remote management material, which is applicable for all Government agencies, advises managers to be more personal, listening and caring to ensure that all co-workers have daily contact with colleagues (Statens arbeidsgiverportal 2022).

The respondents perceived the pandemic’s influence on the digitalization process to be limited, but that there were some reprioritizations following the pandemic lockdown. Respondent 7, an economist, thought the pandemic had not influenced the digitalization substantially, saying that “the [digitalization] process has not been very different during the pandemic compared to before the pandemic.” Respondents 2 and 3 noted that parts of Konkurransetilsynet’s Digitalization Strategy were delayed due to the pandemic, such as the introduction of cloud services, whereas solutions strictly necessary for working from home were prioritized. Respondent 4 estimated that the pandemic “had probably delayed the Digitalization Strategy with a few months”.

While the pandemic reorganized the priorities and in part delayed the digitalization, respondents perceived the digitalization to be better anchored in the organization. Respondent 3 said that “I think that people have become better digital co-workers because of the pandemic and therefore we got [...] more utilisation out of it”. As actors saw the benefits of the digital tools, the usefulness of digital tools became a shared conception, a cultural-cognitive element. The introduction of Teams, for example, was considered important for the communication and meeting culture in Konkurransetilsynet, and was mentioned by several respondents in relation with efficiently working from home.

Another issue related to working from home, was not having access to tools in the office, creating new ways of executing tasks. As noted in Section 5.2.1, Konkurransetilsynet’s employees were supposed to print less and read more on screen, but with easy access to printers in the office, this recommendation was not always followed. With pandemic-related lockdowns, however,

employees did not necessarily have access to a printer when working from home, and Respondent 8 noted that she therefore printed less than before. As the remote working necessitated working with documents digitally, this way of working may have become habitual, taken for granted, and therefore a cultural-cognitive element that lead to continuing with the newly established practice. This was therefore a cultural-cognitive source of stability once the employees had changed to reading documents digitally.

In addition to anchoring planned changes, the pandemic also opened up for new ways of communicating with external parties. As the pandemic entailed that people should limit physical contact with others, Konkurransetilsynet had digital meetings with external actors, who would normally be summoned to Konkurransetilsynet's offices in Bergen. Respondent 8 stressed that digital meetings with external parties made the communication more efficient, and Respondent 9 proclaimed that the threshold for communicating digitally with external parties was lower because of the pandemic. Respondent 8 noted that this "habit [...] that was absolutely necessary for a period of time" made Konkurransetilsynet's employees realize that digital meetings with external parties was a viable option. This habit therefore created a shared conception of digital meetings as viable, a cultural-cognitive element.

From the inferences above about the pandemic's role in the digitalization process, I can make counterfactual arguments on how the digitalization may have progressed if the COVID-19 pandemic had not happened. Because the respondents assessed the pandemic's role to be limited, as noted above, the digitalization process would not be substantially different in scope. In this counterfactual scenario without a pandemic, there would not be lockdowns requiring social distancing and Konkurransetilsynet would not have been as dependent on digital tools for internal and external communication. The progress of the Digitalization Strategy would have come further without the pandemic, as it were not disrupted by a focus on socially distanced communication. For example, the use of cloud services was delayed due to the pandemic shifted the focus to other time-sensitive issues, such as facilitating remote working. The pandemic also increased actors' understanding of digital tools as useful. In this counterfactual scenario without the pandemic, the changes would not be reinforced by the changed habits during lockdowns, employees would not have got the shared conception of digital tools being viable and useful

options. The actors would not have been made dependent on digital technology to communicate and work remotely without the pandemic. When actors were dependent on these technologies, they may have become used to the new ways of doing communicating and performing tasks, and potentially also have taken them for granted. The changes that did happen, would, therefore, not have been as well anchored in the organization without the pandemic. Thus, the pandemic both partially slowed down the progress and simultaneously anchored the digitalization in Konkurransetilsynet.

## 6 Conclusion

To conclude, I will in this chapter answer my four research questions based on the inferences made in Chapter 5. Thereafter, I will reflect on theoretical and methodological choices in this thesis. Based on these reflections, I will ultimately suggest future research.

### 6.1 Key Findings

The digitalization process was characterized by actively and deliberately including many actors to make the process reflect a wide variety of needs and to anchor it across the organization. Among the most important actors was the Digitalization Group, a collective actor represented by individuals across the organization which facilitated broad representation and a holistic process. The most important individual actors were the director general, the director of administration and organization, a senior advisor in the Administration and the head of security. The individual actors varied in their roles, from being top officials making strategic decisions, to being operative and carrying out the strategy. These change actors were all perceived by the respondents as driving forces in the digitalization process.

All three institutional pillars were influential in Konkurransetilsynet's digitalization process. The respondents stressed elements associated with the cultural-cognitive and the regulative pillars as important sources of change, but also as sources of stability once the change had happened. Elements associated with the normative pillar were also mentioned as sources of change, but comparatively infrequently. The respondents experienced a high level of discretion with regards to the government documents on digitalization, as these documents were not directly relevant for Konkurransetilsynet's digitalization. The respondents experienced a lower level of discretion when carrying out Konkurransetilsynet's Digitalization Strategy. The director general and the head of security may formally have had vetoing possibilities, but no actors were perceived as actively vetoing initiatives in the digitalization, suggesting that there was a wide support for the digitalization process in Konkurransetilsynet.

The digitalization was seen as a consciously slow and gradual process, happening over several years and decisions that were well anchored in the management. There were changes not only in the tools that were used to perform work tasks, but also in the processes in themselves, namely



*digitalization* in Mergel, Edelman and Hall's (2019) typology. While most of the respondents did not perceive the scope as profound yet, they expected it to grow as the process progressed. Most respondents experienced *layering*, with new cultural-cognitive and regulative elements and rules added on top of the existing ones. From the points of view the lawyers and investigators, however, the experienced change may have been *drift*, with neglect of old rules and changed impact of old rules.

The COVID-19 pandemic seems to have had a limited influence on the digitalization in Konkurransetilsynet, as the process was partially delayed with the postponed introduction of cloud technologies. The pandemic also appears to have anchored the change across the organization pandemic, as actors became used to and saw the benefits of digital tools whilst working remotely. If the pandemic had not happened, I therefore propose that the digitalization would have progressed further, but not be as well anchored in the organization. As Konkurransetilsynet had started digitalizing before the COVID-19 pandemic made remote working necessary, Konkurransetilsynet had the necessary digital tools to work from home without substantial delay.

## 6.2 Theoretical Reflections

In this thesis I have analysed the digitalization process in Konkurransetilsynet, an institutional change process which was influenced by the COVID-19 pandemic, and shed light on how an exogenous shock influenced a gradual institutional change process. Having combined Scott's (2014) understanding of institutions with Mahoney and Thelen's (2009) theory of gradual institutional change, I have applied an explicit and transparent understanding of what constitutes institutions and institutional change. Nonetheless, even when applying an explicit definition to operationalize institutions, distinguishing between elements of the institutional pillars was not without difficulties. Some elements could be understood both as linked to the normative or cultural-cognitive pillars, due to the similarities between their associated logics of appropriateness and orthodoxy, respectively.

Mahoney and Thelen's (2009) theory of gradual institutional change proved useful to study institutional change that may or may not have been influenced by an exogenous shock. The

theory's expectation of a causal relationship between veto possibilities and discretion with the mode of change, did, however, not appear to be congruous with my inferences. With low levels of discretion in carrying out the Digitalization Strategy, and low levels of vetoing possibilities, Mahoney and Thelen's (2009) theory of gradual institutional change predicts *displacement*. Based on the perceptions' of actors in Konkurransetilsynet, however, *layering* appears to best describe the digitalization process, whereas parts of the organization experienced *drift*. As the change was influenced by the COVID-19 pandemic, one might have expected that this could have offered an alternative explanation of the mode of change, but as the pandemic's influence was limited, this appears not to be the case. From the inferences in this thesis, neither the theory of gradual institutional design nor the exogenous shock appears to fully account for the mode of change in Konkurransetilsynet's digitalization process. This may be a result of the modes of change being difficult to distinguish empirically. But it could also be due to Mahoney and Thelen's conceptualization of institutions as laden with tension, and in the case for Konkurransetilsynet's digitalization, there seemed to be limited tension. With much support, the digitalization appeared not to have been contentious, and decisions seemed to be made by consensus. Mahoney and Thelen (2009) assume that institutional tension is the source of gradual institutional change, and if the tension was limited in Konkurransetilsynet, their theory of gradual institutional change may not be able to explain this digitalization process.

### 6.3 Methodological Reflections

To study the digitalization process in Konkurransetilsynet, I have conducted a qualitative case study. To reconstruct this process, I have analysed seven documents and transcripts from nine interviews. The interviews gave insight into the respondents' perceptions, interpretations and motivations with regards to the digitalization in Konkurransetilsynet, which is helpful to understand socially constituted processes, such as the digitalization process.

By triangulating data from semi-structural interviews and relevant documents, I reconstructed the process, but there were limitations with regards to what the data can disclose. The respondents' backgrounds seemed to have influenced how they interpreted the questions and how they answered. For example, Respondent 9, a lawyer whose work included questioning actors to accurately reconstruct facts and events, appeared reluctant to include her own

perceptions if they were not backed up with other data. When asked about how large portion a specific task of her job was, and whether doing this is done in one day she did not provide her assessment, but rather referred to a brochure on Konkurransetilsynet's website. Respondent 5, a data scientist, stressed that there were questions she could not answer, such as on whether the Digitalization Strategy was the reason she was hired, she said she had heard that that was the case, but "in a court of law, we're well into hearsay". Respondents with technical backgrounds that require high attention to detail therefore seemed understand social processes as mechanical and not consider their perceptions as relevant to the overall process, and did therefore not provide such details. As the focus of this thesis is institutional change, actors' perceptions, motivations and justifications are valuable information. If I were to conduct this study anew, I would thus formulate questions that make it apparent for respondents with technical backgrounds that their interpretations, justifications and perceptions are valuable information.

Respondents with legal or technical backgrounds appeared to focus on regulative elements and view the process as mechanical, and downplay their own perceptions. The actors also bring their backgrounds and experiences into the process. As the respondents provided answers that could be interpreted as conflicting, parts of the reconstruction of the process were akin to watching *Rashomon*<sup>16</sup>, though not to such an extent that finding some coherence was impossible. Appreciating the respondents' backgrounds was therefore helpful in understanding and reconstructing the process.

Elements from the three institutional pillars are not equally in the mind of respondents, which is reflected in their focus. For example, cultural-cognitive elements may be taken for granted, and may be overlooked by respondents. The data did, however, appear to include many cultural-cognitive elements, but few normative elements. Despite normative elements being more conscious than cultural-cognitive elements, they were more infrequently mentioned. This suggests that the level of consciousness was not the reason normative elements were infrequently reported by the respondent. The low presence of the normative pillar in the data

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<sup>16</sup> *Rashomon* is a psychological thriller from 1950 directed by Akira Kurosawa, in which four eyewitnesses provide radically different narratives of the same murder.

seems to have been primarily due to the pillar not playing an essential role in the process, and not a reflection of methodological limitations in this research.

There were also temporal aspects that had implications for this thesis. As the digitalization started several years ago and this study relies on imperfect human memory, some recollections about early phases of the process may have been flawed or lacking nuance. To account for this, a researcher would need more resources and a comprehensive study following the process over years, which was not possible for this research. Another temporal aspect is the timing of the study, in that the digitalization is an ongoing process that has not yet concluded. By studying the same case at a later point in time, a researcher might have seen a larger scope of change, as respondents expected that the scope of change would increase as the digitalization progresses. Understanding the scope of change is only possible by looking in the 'rear view mirror', as the changes might not be visible through the 'windshield'. Additionally, since the interviews were conducted, two change actors that I identified as central in Section 5.1, have left Konkurransetilsynet, which may have an influence on the digitalization process to come.

#### 6.4 Future Research

While this thesis provides insight into an institutional change process that was influenced by an exogenous shock, it has also showed that more research is needed. To better understand the role of exogenous shocks in institutional change processes, studying a comparable process not influenced by an exogenous shock would be fruitful. By researching a digitalization process which started and finished before the COVID-19 pandemic, the researcher could contrast the findings with findings from this study, to triangulate the role of the exogenous shock. Reconstructing a process with that ended more than two years ago is not unproblematic, as the respondents' memories fade, and nuances are lost with time. Alternatively, one could research a digitalization process that started after the pandemic, but the researcher might then not be able to see the whole process, as the digitalization may continue for some time. While there are challenges associated with both these approaches, they could still add to our understanding of the role of exogenous shocks in ongoing institutional change processes.

The COVID-19 pandemic is still a recent phenomenon, and provides opportunities for studying an exogenous shock. While the digitalization process in Konkurransetilsynet was not substantially influenced by the COVID-19 pandemic, other change processes may have been. Researchers could therefore study other cases, such as the public sector's process of climate change mitigation, which may have been boosted by the limited social contact and meetings were increasingly digital. As actors understood video meetings as a viable option, and that flying to other cities for business meetings was unnecessary, this could be a most likely case of the pandemic accelerating the climate change mitigation.

To understand how actors' backgrounds shape their interpretation of change processes, one could research how actors with the same roles, but different backgrounds perceive the same process. The researcher could conduct a comparative case study with one actor with a technical background and one actor with a non-technical background, with identical roles role experiencing the same change process in the same organization. This could be a most similar systems design, where the difference would be the actors' backgrounds, and could shed light on respondents' background in their interpretation of change processes.

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## 8 Appendix

### 8.1 Interview Guide

- What is your role in Konkurransetilsynet and what background do you have?
- Have you had a role in the digitalization process?
- Who first introduced the idea of a digitalization strategy?
  - When and how did it happen?
- Who made Konkurransetilsynet's digitalization strategy?
- Which other documents was Konkurransetilsynet's digitalization strategy influenced by?
- To what extent did the white papers, circular and the government's digitalization strategy influence Konkurransetilsynet's digitalization strategy and process?
- What are the objectives of Konkurransetilsynet's digitalization strategy?
- What did you think of the digitalization strategy and process when it started?
  - Has your view changed, and if so, how?
- Who enforced the digitalization changes?
  - How was it enforced?
  - Did this change during the process?
- How would you describe the digitalization process in Konkurransetilsynet?
- To what extent do you consider the digitalization process a radical change?
- Have your work tasks changed because of the digitalization process?
- Are there other ways Konkurransetilsynet's digitalization strategy has directly or indirectly influenced your work?
  - Has this changed during the process?
- How did the COVID-19 pandemic influence or not influence your work
  - Has this changed during the pandemic?
- To what extent has the pandemic influenced the digitalization strategy?
- Did the digitalization strategy go as planned when the strategy was published?
- Were the objectives of Konkurransetilsynet digitalization plan fulfilled?
- How much, if any, discretion could you use when applying the strategy?
  - Did this change when the pandemic hit or during the pandemic?
- Are there others who have used discretion when applying the strategy?

- Has there been resistance against the digitalization process or certain parts of the digitalization process?
  - Has this changed?
- Have you participated in digitalization projects yourself?
  - Could you describe this project? Who initiated it? What change in work behaviour, if any, resulted from this? Was there any resistance?
- What were the roles of the director general and the head of administration, in relation to the digitalization process?
- Who are the members of the interdisciplinary digitalization group?
  - What are the tasks of this group?
  - How often do they meet?

## 8.2 Information Letter for Interview Respondents

# **Are you interested in taking part in the research project ”Digitalization in Konkurransetilsynet”?**

This is an inquiry about participation in a research project where the main purpose is to understand the internal processes of the digitalization process in Konkurransetilsynet. In this letter we will give you information about the purpose of the project and what your participation will involve.

### **Purpose of the project**

The purpose of this master thesis is to study the digitalization in the public sector as well as how a change process was influenced by the COVID-19 pandemic

The research questions are about understanding internal processes, the characteristics of the digitalization process, who are the change actors, if employees perceived the change as radical or incremental, and how much the pandemic has influenced the digitalization.

### **Who is responsible for the research project?**

The Department of Administration and Organization Theory at the University of Bergen is the institution responsible for the project.

### **Why are you being asked to participate?**

In order to have a representative overview of the digitalization in Konkurransetilsynet, employees in departments who have undergone digitalization will be asked to participate, but also employees in departments with little or no digitalization are asked. About 10-12 employees will be asked to participate.

### **What does participation involve for you?**

If you choose to participate, it will involve taking part in an interview. The interview will last approximately 45-60 minutes. The interview will include questions about the digitalization process and how the pandemic influenced it. The interview will be recorded.

### **Participation is voluntary**

Participation in the project is voluntary. If you chose to participate, you can withdraw your consent at any time without giving a reason. All information about you will then be made anonymous. There will be no negative consequences for you if you chose not to participate or later decide to withdraw.

### **Your personal privacy – how we will store and use your personal data**

We will only use your personal data for the purpose(s) specified in this information letter. We will process your personal data confidentially and in accordance with data protection legislation (the General Data Protection Regulation and Personal Data Act).

The information will be accessible to the student who conducts the interview and the supervisor.

I will replace your name and contact details with a code. The list of names, contact details and respective codes will be stored separately from the rest of the collected data

Participants could be recognized through descriptions of their role in Konkurransetilsynet and the digitalization process.

### **What will happen to your personal data at the end of the research project?**

The project is scheduled to end 1 June 2022. The information will be anonymized by the end of the project

### **Your rights**

So long as you can be identified in the collected data, you have the right to:

- access the personal data that is being processed about you
- request that your personal data is deleted
- request that incorrect personal data about you is corrected/rectified
- receive a copy of your personal data (data portability), and
- send a complaint to the Data Protection Officer or The Norwegian Data Protection Authority regarding the processing of your personal data

### **What gives us the right to process your personal data?**

We will process your personal data based on your consent.

Based on an agreement with Department of Administration and Organization, NSD – The Norwegian Centre for Research Data AS has assessed that the processing of personal data in this project is in accordance with data protection legislation.

### **Where can I find out more?**

If you have questions about the project, or want to exercise your rights, contact:

- The Department of Administration and Organization via Steinar Aursland ([steinar.aursland@student.uib.no](mailto:steinar.aursland@student.uib.no)) or the supervisor Martina Vukasovic ([martina.vukasovic@uib.no](mailto:martina.vukasovic@uib.no))
- Our Data Protection Officer: Janecke Helene Veim ([janecke.veim@uib.no](mailto:janecke.veim@uib.no))



- NSD – The Norwegian Centre for Research Data AS, by email: ([personverntjenester@nsd.no](mailto:personverntjenester@nsd.no)) or by telephone: +47 53 21 15 00.

Yours sincerely,

Martina Vukasovic  
(Supervisor)

Steinar Aursland

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## Consent form

I have received and understood information about the project *[insert project title]* and have been given the opportunity to ask questions. I give consent:

- to participate in an interview
- for information about me to be published in a way that I can be recognised through a description of my role in Konkurransetilsynet*
- for my personal data to be stored after the end of the project for storage*

I give consent for my personal data to be processed until the end date of the project, approx. 01.06.22

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(Signed by participant, date)

### 8.3 Coding Nodes with Examples

Coding Node	Example Quote
<b>Building</b>	From a relatively traditional and unmodern building in Bergen city centre to a brand new and state-of-the-art building.
<b>Digitalization Group</b>	The interdisciplinary group that would work with the actual development of the strategy has had [members] from the whole organization, people from the Administration, from Communications, from the economic staff, judicial staff, from the market departments.
<b>Digitalization Strategy</b>	The Digitalization Strategy should foster digital transformation, not electronically powered paper
<b>Actors' understanding of digitalization</b>	people can't really distinguish between the terms and what it means for us [...] There is still some way for us to think digital transformation
<b>Courses</b>	Everyone here goes through it to learn the new tools, right. It's about things that thrown into the cloud, right. 360 solutions, new Windows solutions, that's going to help you, right That you always have Teams, for example, which streamlines the way you handle your projects, right, so everyone can interact more. We get courses in all of this
<b>Dynamic Pandemic</b>	[the impact of the pandemic] has changed in two ways. One thing is how much we are in the office and how much we are in the office. When you are always sitting at home, you're more isolated, and then, over time, we've become more conscious about it and introduced [...] weekly meeting talking about overarching themes [...] and daily coffee breaks for the department
<b>External source of change</b>	It's both the state and society that made us be where we are
<b>Change actor</b>	In my eyes, [the director general] has had a big role, considering everything he should care about.
<b>Large scope of change</b>	The target groups and social mission are completely changing
<b>Small scope of change</b>	It's not a transformation, I'd say it's more an optimization of tools
<b>Anchoring in organization</b>	the Government Digitalization Strategy [...] has helped bringing focus to this [...] It has been influential, not necessarily in that we had to develop

	[Konkurransetilsynet's Digitalization Strategy because of it], but the possibility we have to anchor this change in our organization.
<b>Anchoring in management team</b>	[the director generally was] absolutely central [...] in making the strategy and anchoring it in the Management Team
<b>Attitude to Digitalization</b>	it was very nice that we could have [digitalization] as a prioritization
<b>Regulative elements</b>	in connection with our move here, we had a cleaning project, and we got limited space in the office to store paper, so it's been a long-term goal of printing less and read more on the screen
<b>Normative elements</b>	pretty intensive training in remote management [fjernleiing] for managers and made some principles and guidelines
<b>Role of pandemic</b>	the [digitalization] process has not been very different during the pandemic compared to before the pandemic
<b>Changed rules</b>	We have changed the ways we interact
<b>Changed impact of rules</b>	There are many actors that say that the Competition Act as it is today is perhaps not the right tool for us to act
<b>Neglected rules</b>	When I started and conducted searches and seizures [...] we brought back a lot of confiscated paperwork. Today, we are making mostly digital seizures.
<b>New rules</b>	creating an understanding of the advantages of the systems that are introduced, so that everyone is conscious about it
<b>Removed rules</b>	We lose interaction in the office
<b>Unchanged rules</b>	competition still counts in a digital economy
<b>Low discretion</b>	In a way, there aren't [any possibilities of making own decisions when following the strategy]. Because you are presented with a complete package that you are taught. The only thing you can do is your own alterations, but there are guidelines for how to use these things, right?
<b>High discretion</b>	the Digitalization Strategy is pretty general, right, so the specific choices are... if I am working on a case for the law staff, and trying to solve an issue, should I check Lovdata or should I go to Juridika and read literature, right, then the Digitalization Strategy doesn't say anything about that.

<b>Low tempo</b>	We cannot proceed too quickly; we have to be 100% certain that there cannot be any information leak because of the systems or the digitalization
<b>High tempo</b>	I think maybe the pandemic sped [the digitalization] up
<b>Veto</b>	[The head of security] isn't a showstopper, but she leads us on the right track, and ensures that we don't go forwards too fast, or choose a wrong direction, that perhaps will place us back in time again