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**STRIVING FOR CONTEXTUAL AMBIDEXTERITY: A CASE STUDY
RESEARCHING HOW AN ORGANISATION CAN MANAGE THE TENSIONS
BROUGHT ABOUT BY THE STRIVE TO SIMULTANEOUSLY EXPLOIT AND
EXPLORE**

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ABSTRACT

Title: Striving for Contextual Ambidexterity: A Case Study Researching How an Organisation Can Manage the Tensions Brought About by the Strive to Simultaneously Exploit and Explore

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Research question-/s:

1. *What are the most significant tensions brought about by a company's pursuit of contextual ambidexterity?*
2. *How are the tensions brought about by a company's pursuit of contextual ambidexterity related to one another?*

Methodology: The approach taken was a single case study at a fast growing bank in Sweden. The research design was qualitative, primarily inductive and interpretative and the main data collection method was semi-structured interviews.

Theoretical perspectives: This research paper focuses on the concept of contextual ambidexterity. By researching the most significant tensions, which come about as a result of pursuing exploration and exploitation activities within a single business unit, the authors hope to develop the theoretical understanding of the concept.

Conclusions: The authors conclude that the tensions between the long and short term vision, predictability and uncertainty and efficiency and flexibility are the most significant for the contextually ambidextrous organisation. Furthermore, the authors found evidence of relationships between these tensions, among others, which are illustrated in a model. The research confirms the complexity of implementing contextual ambidexterity, whilst identifying areas where organisations should focus their efforts.

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We hope that you will judge our findings to be an interesting read and that you will have use for some of them in the future running of your organisation.

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1. INTRODUCTION

1.1 Background

According to Probst, Raisch and Tushman (2011) big firms are disposed to fail due to the ever changing competitive landscape. “They can either become victims of this revolution as aggressive, upstart companies move quickly in undermining their positions in existing markets and in creating whole new markets - or they can join in the revolution” (Kuratko et al., 2011: 3). The challenge for established firms is that a preoccupation with improving their existing business today, distracts them from potential new opportunities for success tomorrow (Probst, Raich & Tushman, 2011).

In order to succeed in the fast and dynamic surroundings and deal with these difficulties, different bundles of research have emerged (Steiber & Alänge 2016), one of them surrounding the **ambidextrous organisation**, first introduced by Duncan (1976) (see further Birkinshaw & Gibson, 2004; O’Reilly & Tushman, 2004). “In today’s extreme competitive environment, the most successful companies are those that are ambidextrous” (Moote, 2012: 1). Ambidexterity comes from the latin word *ambo*, meaning ‘both’, and *dexter* meaning ‘right’, translating literally as ‘two right hands’. In the organisational context, ambidexterity relates to an organisation, which is able to manage and better daily operations on one hand, whilst innovating on the other (Steiber & Alänge 2016).

In ambidexterity literature, striking this balance is referred to in terms of exploitation and exploration. “Exploitation includes such things as refinement, choice, production, efficiency, selection, implementation and execution” (March, 1991: 71). To put it simply, exploitation is about making the most of what you have, by doing what you can, with what you know. On the other hand exploration is associated with searching, experimentation, taking risks, flexibility, divergent thinking and increased variance (March, 1991; Smith & Tushman, 2005). The **ambidextrous organisation** is one which manages to do both of these things successfully and which makes “innovation a core (versus peripheral) activity for their organisations” (Kuratko et al., 2011: 329).

Organisational ambidexterity is the goal for an organisation looking to successfully exploit and explore (Simsek, 2009). Two distinct schools of literature have developed regarding how

an organisation can achieve this goal (Berghman, 2012; Simsek, 2009). On the one hand, there is structural ambidexterity, which involves the separation of the exploitation and exploration functions on account of the contrasting nature of the two (Smith and Tushman, 2005). On the other hand, there is contextual ambidexterity, which involves the integration of the two functions within the organisation and therefore, involves employees splitting their time between exploration and exploitation (Gibson & Birkinshaw, 2004).

Becoming ambidextrous through a contextual ambidexterity strategy requires an organisation to manage a range of tensions (Berghman, 2012; March, 1991). To be successful, a firm needs to manage well the tensions between exploitation and exploration (Andriopoulos & Lewis, 2009). Berghman (2012: 3) defines tensions as “conflicting demands in terms of resources, organisation, and strategic focus that exploitation versus exploration activities”. It is precisely the challenges associated with managing these tensions which is the subject for this research paper. This will be further elaborated in the following section.

1.2 Problem discussion

Authors such as Smith and Tushman (2005) found that due to the contrasting nature of exploitation and exploration, the two functions should be separated in order to implement organisational ambidexterity. However, Iansiti et al. (2003) performed a study of 100 firms and found that in the long term, the **integrated approach to ambidexterity** is the better one. The authors believe this to be true for two main reasons; 1) that initiatives which are developed in a separated approach need to be integrated anyway in the long term, which is complicated and lowers the chance of success; 2) the integrated approach allows new initiatives to benefit more easily from resources within the organisation, increasing the chance of success (ibid.). There is a growing number of authors who support this approach (eg. Hamel and Getz, 2004; Kodama, 2003). The integrated approach, referred to as contextual ambidexterity in this paper (Gibson & Birkinshaw, 2004), is however difficult to manage. This is because the strive to both exploit and explore creates a number of tensions due to their paradoxical nature (March, 1991; Gibson & Birkinshaw, 2004; Smith and Tushman, 2005). Siggelkow and Levinthal (2003) note however, that research regarding which ambidexterity strategy a firm should equip itself with, is also short. Berghman (2012) concludes from this that the best approach to managing ambidexterity is currently tricky to pin down.

One limitation of ambidexterity is that there exists few empirical studies which have examined how ambidexterity could practically be implemented in organisations (Sarkees & Hulland 2009; Berghman, 2012; Jansen, 2009). This is due to firstly to the fact that existing research provides little understanding of how organisations as such should take advantage of ambidexterity and secondly, conceptually there a bewilderment of balancing exploration and exploitation (Sarkees & Hulland, 2009). This means that there is a demand for research, which builds an understanding of the practicalities of each of the ambidexterity strategies, so that this discussion can be taken further.

Additionally, Güttel and Konlechner (2009) support the view that future researchers should investigate contextual ambidexterity by using qualitative and quantitative research methods. They comment that there is so far only limited empirical research on contextual ambidexterity that has been conducted (ibid.). Furthermore, Lavie, Stettner and Tushman

(2010) believe there is a need to explore the trade-offs between exploration and exploitation brought about by an organisation's balancing efforts.

There is a range of literature which discusses these tensions and trade-offs, established primarily by March (1991). However, there is limited literature which gives detailed information on how these tensions appear in practice in organisations. It is also unclear in the present literature how these tensions are related to one another. Therefore, the authors propose the following research questions based on this problem discussion:

RQ1: *What are the most significant tensions brought about by a company's pursuit of contextual ambidexterity?*

RQ2: *How are the tensions brought about by a company's pursuit of contextual ambidexterity related to one another?*

1.3 Research Purpose

The purpose of this research paper is to identify the most significant tensions in an organisation which are brought about by the pursuit of contextual ambidexterity. The second purpose is to identify the relationships between these various tensions. This will be done through the use of a case study research design, involving qualitative data. The aim is to contribute thereby to the emerging topic of contextual ambidexterity by increasing the understanding of how it works in practice.

1.4 Case Company: Justification

Our research will be based upon an in-depth case study of a fast growing digital bank in Sweden. The industry is undergoing an overhaul with investment in financial technology growing more than tenfold between 2010 and 2015 (Citi GPS, 2016). The Swedish finance industry is an oligarchy, dominated by four established players (Di, 2016). The case company is a challenger to the reign of the establishment. In order to keep up and pose a significant threat to the established players, exploitation of existing products and services, and exploration with regards to the search for new ones, will be of great importance for the case company in question.

The case company is a good example of an organisation pursuing a contextual ambidexterity approach. To illustrate this with an example, The Head of Digital at the company has overseen both the development of the latest website “Digital Store 1.0”, which includes improved features and customer experience, thus constituting exploitation. At the same time, he is developing the “Digital Strategy 2.0”, which is currently in the concept phase. This strategy proposes an entirely new value proposition in which they hope to make the company a larger part of the everyday lives of the customers, whilst empowering them to “help themselves”. This, it can be argued, constitutes exploration in the finance industry. There are a number of other similar examples taking place across the organisation which demonstrate that individuals and teams must split their focus between exploitation and exploration.

It can therefore be observed that exploitation and exploration initiatives are taking place in the case company by the same individuals i.e. the exploration function is not separated but integrated. This makes this company a great example of contextual ambidexterity and will allow us to explore how the natural tensions created as a result of this approach to ambidexterity, appear in practice and the relationships between them.

1.5 Delimitations /Scope

The present research focuses on a single case study at a single period of time. This means therefore that the authors will not be assessing the effect on performance that the case company’s strategy for ambidexterity has. Neither does the research include comparison with other companies taking the same or a different ambidexterity strategy. This research paper focuses simply on analysing the tensions in the company at this moment in time, in order to deepen the understanding of contextual ambidexterity and the complexities associated with it.

Simsek (2009) outlines three levels for organisational ambidexterity; internal, external and inter-firm. The present research focuses on the internal tensions brought about by contextual ambidexterity, and therefore focuses on the internal level of organisational ambidexterity. As a result, the external level and inter-firm level are out of scope for this paper.

1.6 Key Concepts

The below table outlines the key concepts which are used in this research paper:

Concept	Description	Source
Organisational Ambidexterity	“The ability of an organisation to both explore and exploit”	O'reilly and Tushman (2013: 324)
Contextual Ambidexterity	An approach to implementing organisational ambidexterity by integrating the exploitation and exploration functions.	Gibson and Birkinshaw (2004) Simsek (2009)
Exploration	“includes things captured by terms such as search, variation, risk taking, experimentation, play, flexibility, discovery, innovation”	March (1991: 71)
Exploitation	“Includes such things as refinement, choice, production, efficiency, selection, implementation and execution”	March (1991: 71)
Tensions	“conflicting demands in terms of resources, organization, and strategic focus that exploitation versus exploration activities have”	Berghman (2012: 3)

TABLE 1 – Key Concepts Overview

1.7 Structure of the Research Paper

The remainder of this research paper is divided into the followings chapters: Chapter 2 offers the reader a more detailed overview of the literature regarding the above named concepts. Chapter 3 outlines the choice of methodology for data collection and analysis. Chapter 4 presents the empirical findings of this study. Chapter 5 discusses and analyses the findings in relation to the literature. Chapter 6 concludes this research paper and offers recommendations for future research and management practice.

2. LITERATURE REVIEW

2.1 Introduction

In this chapter we describe theoretical frame of reference that has been used to support this thesis. The main part of this chapter is regarding the tensions brought about by contextual ambidexterity, which is the subject of this thesis. The tensions refer to pairs of seemingly contradicting concepts, where a company has to successfully implement both in order to be ambidextrous. In order to describe these tensions specifically and in detail, it will first be described how these tensions come about. Therefore, the concepts of organisational ambidexterity, contextual ambidexterity, exploration and exploitation will first need to be addressed.

2.2 Organisational Ambidexterity

In the literature, there is a general consensus that organisational ambidexterity refers to the organisation's ability to at the same time balance exploration with exploitation (Benner & Tushman, 2002; Duncan, 1976; Güttler & Konlechner, 2009; Tushman & O'Reilly, 1996; Jansen, Volberda & Van den Bosch, 2005). Furthermore, Simsek (2009) explains how the term developed from the ability of humans to use both hands as a metaphor for an organisation which can exploit and explore equally well (Simsek 2009: 597). In the organisational context, to become ambidextrous is to be exploitative enough to remain competitive in the short term, whilst being dedicated enough to exploration to make sure the business is profitable in the future as well (Levinthal & March, 1993). This view is supported by other researchers who also emphasise the importance of a balance between the two (Güttler & Konlechner, 2009; Kyriakopoulos & Moorman, 2004). Further to this, Lewin and Volberda (1999) comment that although the terms are seemingly contradictory, the processes can in fact be complementary, and that organisations need to master both arts. Examples of successful organisational ambidexterity are IBM's move from specialising in software to hardware, and HP's move from electronic instruments, to home computers, to printers among others (O'Reilly & Tushman, 2013).

These two tasks are however two profoundly different ways of doing business (O'Reilly and Tushman, 2004). Despite this, He and Wong (2004) argue that an organisation which

achieves ambidexterity, performs significantly better than those who simply focus on only a single aspect at the expense of the other. Sarkees and Hlland's (2009) study also showed that an ambidextrous strategy benefits not only revenue and profits, but also customer satisfaction and new product introductions. Interestingly, about 80 % of the companies researched in a study by Uotila et al. (2009) were below the recommended level for exploration. Therefore, managers should be aware of their natural tendency to focus on exploitation, thus focusing more on exploration as well (ibid.).

2.3 Contextual Ambidexterity

Organisational ambidexterity, as defined above, can be said to be the goal of an organisation looking to balance exploration and exploitation activities (Simsek, 2009). However, there have been many discussions in the literature regarding which method an organisation can follow, in order to attain the goal organisational ambidexterity (Berghman, 2012; Simsek, 2009). This research paper, as outlined in the introduction chapter, focuses on a case of contextual ambidexterity, sometimes referred to as the integrated or behavioural approach (Simsek, 2009).

Gibson and Birkinshaw (2004) define contextual ambidexterity as the organisation's behavioural capacity to at the same time exercise exploitation and exploration across an entire business unit. On the other hand, Güttel and Konlechner (2009) refer more to the creation of a context or culture which encourages both exploration and exploitation to take place. The key difference therefore from structural ambidexterity, an alternative approach introduced by Tushman and O'Reilly (1996), is that contextual ambidexterity does not involve the separation of the exploration and exploitation functions (Berghman, 2012; Simsek, 2009). Rather, it involves managers creating a context, where employees are free to use their judgement on how they balance their time between exploration and exploitation (Birkinshaw & Gibson, 2004). It also involves employees having ambitious goals, co-operating and giving and receiving support from one another (Simsek, 2009). Finally, although the strategy of contextual ambidexterity has to be decided and developed from top-management, who create the conditions for exploitation and exploration to occur (Smith & Tushman, 2005), the transition between exploitation and exploration is something which needs to be made on the individual level (O'Reilly & Tushman, 2013).

2.4 Exploration and exploitation defined

The twin concepts most tightly associated with ambidexterity are exploration and exploitation. According to March (1991: 71) “**exploration** includes things captured by terms such as search, variation, risk taking, experimentation, play, flexibility, discovery, innovation”. Therefore, learning and trial and error are important aspects of exploration (Smith & Tushman, 2005). Examples of what constitutes exploration include things like new products, new resources, new knowledge and capabilities and new opportunities (Singha, 2005).

On the other hand, March (1991) defines **exploitation** as including “such things as refinement, choice, production, efficiency, selection, implementation and execution” (March, 1991: 71). Exploitation involves activities which decrease variation and involves solving problems in a disciplined and controlled way (Smith & Tushman, 2005).

This illustrates that the two are seemingly contradictory concepts which require different ways of thinking and acting (Smith & Tushman, 2005). However, Chen and Katila (2008) argue that these activities should not compete with one another, rather that they should complement one another. According to March (1991), too much exploitation can lead to a “competency trap”, whilst Simsek (2009) notes that too much exploration leads to too many underdeveloped ideas, without a clear-cut core competence. Therefore, investing in both is needed for the survival and growth of an organisation.

2.5 Tensions

In a contextually ambidextrous organisation, the apparent paradox of carrying out exploitation and exploration creates **tensions** (Berghman, 2012; March, 1991). Tensions are defined as “conflicting demands in terms of resources, organization, and strategic focus that exploitation versus exploration activities have” (Berghman, 2012: 3). Further, Lewis (2000) describes tensions as “socially constructed polarities that obscure the interrelatedness of the contradictions” (Lewis, 2000, p. 762). So whilst the opposing concepts are seemingly contradictory, there is significant overlap between them to be found, by the organisation looking to integrate exploration and exploitation functions. Smith and Tushman (2005) agree with this position, and believe that it is an important direction for organisational scholarship

to research the possibility of embracing both of, as opposed to deciding between, the conflicting styles and structures. Today, the number of researchers who highlight the importance of balancing the apparently conflicting tensions is growing (Adler, Goldoftas & Levine 1999; Brown & Duguid 2001; Katila & Ahuja, 2002)

The review of the literature has allowed the authors to identify **nine key tensions** associated with contextual ambidexterity. These tensions are outlined in the below table alongside the key authors for each:

Tensions	Authors who refer to the related tension	Section in paper
Predictability and Uncertainty	Farjoun (2010) March (1991)	2.6.1
Long Term and Short Term Vision	March (1991) Nieto-Rodriguez (2014)	2.6.2
Long Term Outcomes and Short Term Outcomes	Auh & Menguc (2005) Harrison and Pelletier (1997) March (1991)	2.6.3
Autonomy and Control	Gibson and Birkinshaw (2004) Thomas, Kaminska-Labbé and McKelvey (2005)	2.6.4
Existing Knowledge and New Knowledge	Katila and Ahuja (2002) Levinthal and March (1993) Teo et al. (2006)	2.6.5
Individualism and Collectivism	Wagner and Moch (1986) Yang, Zhou and Zhang (2015)	2.6.6
Efficiency and Flexibility	Adler, Goldoftas and Levine (1999) Ghemawat and Costa (1993) Hu and Chen (2016)	2.6.7

Present Needs and Future Needs	Sarkees and Hlland (2008)	2.6.8
New Products and Developing Existing Products	Atuahene-Gima (2005) Karhu, Ritala and Viola (2016) Voss and Voss (2013)	2.6.9

TABLE 2 – The 9 tensions

2.6 The Tensions in Detail

In the remainder of this chapter, we outline in more detail the tensions introduced in table 2 with the support of additional ambidexterity literature.

2.6.1 Predictability and Uncertainty

According to scholars there is a tension for organisations who want to be predictable on the one hand, and on the other hand be able to manage uncertainty through exploration activities (Farjoun, 2010; Leana & Barry 2000; Lewis, 2000). Predictability refers to “an individual's perceived ability to predict something accurately” (Milliken, 1987: 136). This is most commonly associated with exploitation activities (March, 1991). Conversely, uncertainty means taking risks and being flexible in the way organisations manage strategy (Syrett & Devine 2012). This is most commonly associated with exploration activities (March, 1991).

The need for predictability and uncertainty creates a conflict “between the comfort of the past and the uncertainty of the future” (Lewis 2000: 766). For example, an organisation focusing on predictability can be more sure of future revenue streams compared to an organisation embracing more uncertainty (March 1991).

2.6.2 Long Term and Short Term Vision

The tension between long term vision and short term vision is addressed by scholars (March, 1991; Nieto-Rodriguez, 2014). Vision is defined as “guidance about what core to preserve and what future to stimulate progress towards” (Collins & Porras 1996: 66). The short term aspect of a vision has to do with the company’s core ideology and defines what the company stands for today (ibid.) A short term vision is therefore associated with exploitation (March,

1991). The long term aspect on the other hand refers to “the envisioned future” of the organisation and what it “aspires to become” (Collins & Porras, 1996). The long term vision is therefore associated with exploration (March, 1991).

Although exploitation may lead to success in the short term, long term success is not ensured (March, 1991) as the organisation forgets about its “**long-term vision**” (Nieto-Rodriguez, 2014). Choosing exploration over exploitation on the other hand, means making sacrifices in the short term (Nieto-Rodriguez, 2014: 36). Therefore, managers are required to pay attention to both the short and the long term when developing their vision. This is made explicit by Nieto-Rodriguez below:

If you focus too much on the short-term objectives, the competition will soon catch up as market conditions will evolve. On the other hand, if you put too much into changing the business, you sacrifice today in the hope of a better future (Nieto-Rodriguez 2014: 36).

2.6.3 Long Term Outcomes & Short Term Outcomes

According to scholars Auh and Menguc (2005), Harrison and Pelletier (1997) and March (1991), there is a tension between exploration and exploitation in organisational outcomes. According to Harrison and Pelletier (1997: 358) “an outcome is a state of affairs that exists as a consequence of a given alternative having been chosen by a strategic decision maker”. Short term outcomes refer to measurables such as customer satisfaction, profit and cash flow (Auh & Menguc, 2005). These outcomes are often associated with exploitation (ibid.). Long term outcomes however, such as managing towards growth, long term profitability and competitive advantage are associated with exploration and are uncertain and expensive (Auh & Menguc, 2005; Harrison & Pelletier, 1997; March, 1991).

Successful exploitative outcomes often lead an organisation to pursue further exploitation, thereby forgetting to explore (Kyriakopoulos & Moorman, 2004). This creates a tension, because when a manager tries to maximise profits in the short term, the long term outcomes are not guaranteed to be fulfilled (Harrison & Pelletier, 1997). Furthermore, organisations risk missing out on potentially beneficial opportunities, like learning and development, because they are too busy exploiting (Auh & Menguc, 2005). On the other hand, it is difficult

for organisations to measure their progress towards their long term outcomes and exploration initiatives before they are achieved (March, 1991). Although achieving a balance should be natural (Auh & Menguc, 2005), organisations are inclined to focus more upon either exploration or exploitation activities (Harper, 2015).

2.6.4 Autonomy and Control

Several authors refer to a tension between autonomy and control (Thomas, Kaminska-Labbé & McKelvey 2005, Gibson & Birkinshaw, 2004). Autonomy is associated with having sufficient freedom for employees to determine for themselves how to go about their tasks (Hackman, Richard & Oldham, 1980). This is necessary in contextual ambidexterity since individuals need to be able to use their judgement in order to divide their time between exploitation and exploration (Gibson & Birkinshaw, 2004). Control on the other hand is associated with the top management team, and how they inspire employees to aim for and achieve the organisation's objectives (Cardinal, 2001). This is also required for contextual ambidexterity in order to "synchronise the team's social and task processes" (Lubatkin et al., 2006: 647). This is referred to as discipline by Gibson and Birkinshaw (2004), which involves establishing performance and behaviour standards for employees, as well as providing feedback to keep them on track.

Thomas, Kaminska-Labbé and McKelvey (2005) outline that organisations who operate in complex turbulent environments cannot be completely autonomous, nor can they be too mechanistic and centralised. The control element is required for efficiently exploiting existing markets and products, whilst autonomy is required for effectively adapting to change and exploring (ibid.). This results in a tension between autonomy and control.

2.6.5 Existing Knowledge and New Knowledge

According to scholars, there is a tension between using existing knowledge and exploring new knowledge (Katila & Ahuja, 2002; Levinthal & March, 1993; Teo et al., 2006). The extent to which an organisation uses existing knowledge is referred to as "search depth" by Katila and Ahuja (2002). Using existing knowledge reduces errors, makes product development more predictable and increases understanding of what knowledge is important to the organisation (ibid.). This improves efficiency and decreases variation (ibid.) and is

therefore associated with exploitation (March, 1991). Exploring for new knowledge is referred by the same authors as “search scope” (ibid.). This is associated with product innovation and increased variation (ibid.) and therefore with exploration (March, 1991)

Katila and Ahuja (2002) outline however that relying too much on existing knowledge can have negative consequences after a certain point, due to the fact that the technology trajectory will not be steep enough to keep up. On the other hand, the authors outline that exploring new knowledge too often can be expensive and leads to unreliable outcomes (ibid.). Therefore, organisations need to both exploit their existing knowledge and explore for new knowledge, in order to operate and innovate successfully in the long run (ibid.).

2.6.6 Individualism & Collectivism

According to Wagner and Moch (1986) and Yang, Zhou and Zhang (2015) there is a tension between individualism and collectivism. Individualism relates often to personal interests such as salary, stock options or non-financial benefits (Ibid.) and this approach is often associated with exploitation (March, 1991). Collectivism on the other hand involves shared benefits and the pursuit of shared goals (Wagner & Moch, 1986). A culture of collectivism is found to be positively associated with exploration (Yang, Zhou & Zang, 2015). Mueller, Rosenbusch and Bauch (2013) also found evidence for a positive relationship between collectivism and innovation.

Too much of a culture of individualism will lead employees to make decisions which are likely to benefit their personal goals, and therefore the collective objectives will not be achieved (Wagner & Moch, 1986). Too much collectivism however, can potentially lead to the “free ride” effect, which leads others to compensate for one or more employees’ lack of efforts, allowing them to share in the collective outcomes without the personal costs to themselves (ibid.). However, in practice there are few organisations that in reality are either only collectivistic or individualistic (Mueller, Rosenbusch & Bauch, 2013). It is therefore necessary for organisations to find a balance.

2.6.7 Efficiency and Flexibility

According to Adler, Goldoftas and Levine (1999), there is a tension between efficiency and flexibility. Efficiency involves bureaucratic organisational forms, standardisation, and specialisation in order to carry out repetitive tasks quickly and cheaply (ibid.). Efficiency includes things like utilising and refining existing resources and capabilities (Hu and Chen, 2016). This is often associated with exploitation of the current business (March, 1991). Flexibility on the other hand can be defined as the “the degree to which an organisation has a variety of managerial capabilities and the speed at which they can be activated, to increase the control capacity of management and improve the controllability of the organisation” (Volberda 1996: 361). This involves things like such as utilising new knowledge, being able to adapt processes to changing environments and creating new products (Hu & Chen 2016; Ghemawat & Costa 1993). It is therefore associated with exploration (March, 1991).

This tension between efficiency and flexibility is referred to by Thompson (1967, p.14) as “paradox of administration”, pointing to the challenge for managers to be ambidextrous. At the heart of this managerial challenge is to make correct decisions when it comes to the tension between efficiency and flexibility (Lavie, Stettner & Tushman, 2010) and what kind of activities to focus on with this in mind (Adler, Goldoftas & Levine, 1999). As a result, there is a propensity of a firm to focus more on either efficiency or flexibility (Ghemawat & Costa ,1993). Regardless, this tension is challenging to manage, as the features of bureaucracy associated with efficiency, can hinder an organisation’s ability to be flexible (Adler, Goldoftas & Levis , 1999). Despite this, flexibility is essential to manage in the ever changing competitive landscape (Dreyer & Grønhaug, 2004).

2.6.8 Present Needs & Future Needs

According to the literature there is a tension between present needs and future needs tensions (Sarkees & Hulland, 2008). Present needs involve efficiently serving the needs of the customers of today (ibid.) and are therefore associated with exploitation (March, 1991). Future needs on the other hand, involve innovation and examining forthcoming business opportunities for potential future customers (Sarkees & Hulland, 2008), which is therefore associated with exploration (March, 1991).

Pursuing both strategies can potentially set a company up for mediocre performance, however it is necessary for an organisation to do so in order to keep up with a turbulent market (Sarkees & Hulland, 2008). From a managerial standpoint however, it is hard to find the right balance between present resource allocation tasks and future ones (Suzuki & Methe, 2011).

2.6.9 New Products & Existing Products Tension

Atuahene-Gima (2005), Karhu, Ritala and Viola (2016), and Voss and Voss (2013) refer to a tension between developing new products and services, and improving the existing ones. Improving existing products involves providing for existing customers by making small improvements to current products, relying on current technology (Karhu, Ritala & Viola, 2016; Ozer, 2005; Voss & Voss, 2013), which relates to exploitation (March, 1991). Developing new products on the other hand involves examining forthcoming business opportunities and a growth in market share (Karhu, Ritala & Viola, 2016; Voss & Voss, 2013), which therefore relates to exploration (March, 1991).

The drawback of focusing too much on improving existing products is that, although it may lead to short-term success, it can impede growth (Atuahene-Gima, 2005) and cause a reduced market in the long run (Güttel & Konlechner, 2009). Developing new products on the other hand, is associated with discovery, uncertainty and high failure rates (Ozer 2005). Furthermore, novel products can be underdeveloped and may not fit with the needs of the customer (Atuahene-Gima, 2005). This means that organisations should strive to find a balance.

In the next chapter, the methodology of the present paper is outlined in detail.

3. METHODOLOGY

In this chapter, the research design for this paper is first outlined in detail. After this, the respondents who were selected for interviews are explained as well as justification regarding their suitability for providing data. There will then be a summary of the outcome of the initial informal explorative interviews which were carried out prior to the semi-structured interviews. The findings from the initial interviews were used in reaching the semi-structured interview guide which is discussed in the next section. The interview guide itself can be found in Appendix A. This chapter closes with a discussion of the reliability, replicability and validity of the research paper, along with limitations which need to be accounted for.

3.1 Research Design

A case study design has been used for this research paper, which involves an in depth analysis of a single case, and takes into account the complexity involved within it (Bryman & Bell, 2011). This is a common approach in business research (Eisenhardt & Graebner, 2007). By gaining a deep understanding of the subject organisation, the authors have been able to draw some interesting and significant conclusions, which can be further tested by future empirical research.

The present research was primarily inductive in nature since generalizable inferences were drawn from the data we observed (Bryman & Bell, 2011). Inductive research often involves using the data gathered to draw conclusions, which can contribute to theory whilst taking into account existing theory (*ibid.*). Existing theory was used as a background for the study in order to strengthen the validity, generalisability and reliability of the findings. Existing theory was used to identify the tensions to be explored in the study, and the authors later induced the nature of these tensions and the relationships between them from the data. Furthermore, the authors remained open minded however to the potential discovery of new tensions during the data collection.

This research paper mainly adopts an interpretative epistemology. Interpretative epistemology ‘respects the differences between people and the objects of the natural sciences and therefore requires the social scientist to grasp the subjective meaning of social action’ (Bryman & Bell, 2011, 17). Interpretative epistemology is more concerned with

understanding human behaviour rather than providing an explanation of human behaviour (ibid.). This is suitable for answering the research question at hand, since the question is open and therefore cannot be answered with a clear cut explanation. An interpretative epistemology allows the authors to gain an overall understanding of the problems associated with the research questions, and therefore draw conclusions based upon what is found.

The findings from an interpretative study can be surprising due to the multiple levels of interpretation which are at play (Bryman & Bell, 2011). This research paper interprets the responses of the interviewees who interpret the problem from their own perspective. This is then consolidated with an interpretation of the previous research resulting in a triple level of interpretation (ibid.). It is therefore of added importance that the correct case company is selected, and in turn that the appropriate respondents are chosen in order that the data collected is valid and relevant to the research question.

As is most common with inductive, interpretative research, qualitative data was collected in order to answer the research question (Bryman & Bell, 2011). More specifically, the method of qualitative interviewing was adopted (ibid.). Unstructured explorative interviews were used as a background, along with an analysis of company documents. Semi-structured interviews with selected participants were then used as the main source of data for analysis.

Unstructured interviews were used to identify the key themes at play within the case company and to help with the formation of the semi-structured interview guide and the selection of interviewees. The interviews were carried out using a few broad questions (Bryman & Bell, 2011). The interviewee was then able to respond freely and follow up questions were asked based on the responses that were received (ibid.). The findings from the initial interviews were also used to assist the authors in carrying out meta-ethnography (ibid.). This in the way that the authors allowed the data to direct them in where to focus their reading of the relevant literature and theory. The initial interviews also allowed the authors to triangulate (ibid.) their interpretations of the existing literature, as well as their understanding of the company literature regarding their strategy and vision. This is important in that it helped to ensure that the starting point of the authors going into the main data collection was as unbiased as possible.

Having used the theory and the data from the unstructured interviews to refine the research questions, the authors then composed an interview guide for the semi-structured interviews. The authors made sure that the interview guides allowed for an element of flexibility, as advised by Bryman and Bell (2011). However, a certain level of structure was held to allow the data gathered to be comparable (ibid.). Respondents were then selected who were deemed to be the most appropriate (see 3.2). The interviews were roughly one hour in length each and were recorded and transcribed in order to allow for accurate, detailed analysis (ibid.). Lastly, the interviews were held in private meeting rooms so as not to be disturbed and to allow for a higher quality of recording (ibid.).

3.2 Respondent Selection

For the initial unstructured interviews, a snowball sampling method was applied. This involved making contact with people judged to be relevant and using the data to guide the authors towards other relevant interviewees (Bryman & Bell, 2011). As the authors spoke to managers in different business areas, they were referred to other managers who were also working on initiatives which were relevant to the research questions. This allowed the authors to gain a more complete picture of the case company and to identify the key issues which needed to be investigated further. Furthermore, the authors gained a more complete picture of the organisation as a whole, and as such were able to make a more informed decision regarding the selection of respondents for the semi-structured interviews.

The next phase of the research, the semi-structured interviews, used a purposive sampling method. This is where the respondents are selected strategically in order to gather the most relevant data for the research questions (Bryman & Bell, 2011).

According to Probst, Raisch and Tushman (2011) the ability to simultaneously explore new business areas whilst keeping up with everyday operations is first and foremost a **leadership issue**. Tushman and O'Reilly (2004) agrees with this view, suggesting finding the right balance between explorative and exploitative activities poses a tremendous challenge for managers. Kuratko et al. (2011) also believe that balancing these two mindsets is primarily a top-level management responsibility. However, it is not only for top managers that ambidexterity poses a challenge, as commented by Probst, Raisch and Tushman (2011: 326): “Business leaders need to balance current and new activities, combine short-term and long-

term thinking, and craft emotionally engaging visions while staying focused on execution.” Thus, all managers and leaders in the company need to be “making choices about how much to invest in different activities” (He and Wong 2004, p. 481). This creates “a need for ambidextrous executives and managers - who can deal with ongoing operations and innovation, and develop the company culture to promote an ambidextrous organisation” (Steiber and Alänge 2016: 29). Therefore, the authors firstly decided to interview members of top management from different parts of the business.

Since the present research is specifically looking into how contextual ambidexterity functions in practice, it was also necessary to interview middle managers, particularly those with experience of initiating and implementing innovation initiatives. These made up the bulk of the interviewees.

The below table gives a summary of the interviewees and the positions they hold:

Interviewee	Position
Interviewee 1	Head of Marketing and Communication
Interviewee 2	Managing Director
Interviewee 3	Managing Director
Interviewee 4	Head of Digital
Interviewee 5	Head of Business Development
Interviewee 6	Head of Product Development
Interviewee 7	Strategy Lead
Interviewee 8	Key Account Manager
Interviewee 9	Key Account Manager
Interviewee 10	Business Development Manager

TABLE 3 - Overview of interviewees and their position

3.3 Towards a semi-structured interview guide

Using the information gathered in the unstructured interview round, in conjunction with a connection to the theory base, a semi-structured interview guide was constructed. A written guide was chosen with open questions with a degree of flexibility incorporated to allow for follow up questions (Bryman & Bell, 2011).

The authors first outlined some key topic areas and ordered them in a relevant way so as to allow for a natural flow during the interviews as recommended by Bryman & Bell (2011). The authors focused upon keeping the questions open, ensuring they answered the research question, making sure they were understandable, and ensuring the questions were not leading (ibid.). A test interview was also performed with a manager not included in the main data, to ensure that the questions were useful in gathering the data desired, which helped us to refine our interview guide.

A copy of the final interview guide can be found in Appendix A.

3.4 Analysis Methodology

The first stage of the analysis was to transcribe the interviews. Having transcribed each one, the authors read through the interview together and discussed and noted down the aspects found to be significant as Bryman and Bell (2011) recommends.

The next stage was coding the interviews which was carried out as soon as possible after the interview had taken place. For each tension outlined in the literature, two codes were dedicated. The first code was for comments relating to the nature of that tension, whilst the second code was for comments relating to the effects of that tension. A code was also dedicated to any new tensions that might be discovered, although this didn't occur in the present research.

After this, the authors proceeded to analyse each interview in detail, following Eisenhardt's (1989) within case analysis method. The authors tried to decipher what each interviewee was saying about each tension and its effects and discussed findings and patterns together as they went along. The goal of this stage, according to Eisenhardt (1989), is to gain a deep

understanding of each interview so that cross case analysis becomes easier later on in the process.

Next was the cross case analysis stage of the process, where the authors compared and contrasted what the interviewees were saying about each tension and its effects. By taking each tension in turn, the similarities and differences were discussed, as well as the potential reasons for these similarities and differences, in order to deepen the analysis and understanding of the data.

Finally, the authors used the findings from the cross case analysis along with the literature to answer the research questions. The hypotheses were compared with each individual interview, with the authors discussing any aspects which didn't align, and the hypotheses were edited where necessary. The same was then done with a further analysis of the literature. Eisenhardt (1989) describes this stage as iterative, and it involved multiple refinements and readings for the authors before the conclusions were decided upon.

3.5 Reliability, Replication & Validity

Reliability refers to whether the results of the study are repeatable (Bryman & Bell, 2011). It is often more of a concern for quantitative research (*ibid.*), although it should be accounted for so far as possible even in qualitative research. Due to the nature of qualitative research, it is difficult to guarantee external reliability on account of the complex social dynamics at play in each case (Bryman & Bell, 2011). However, by ensuring that our research is carried out in an unbiased way, we can strengthen the external reliability.

Internal reliability, namely whether multiple researchers agree on interpretations of data observed (Bryman & Bell, 2011), also needs to be accounted for since there are two researchers carrying out the paper together. Transcribing the interviews without any analysis or interpretation taking place and then discussing together the content of the interviews helped to ensure inter-observer consistency, and that the authors were in agreement before continuing onto their analysis.

Replicability is similar to reliability but refers more to the methodology of a study (Bryman & Bell, 2011). Again, this is a concept which is more commonly associated with quantitative

research (ibid.), however by spelling out the process in this paper the authors can ensure that the study can be replicated as closely as possible.

Validity concerns whether the indicators devised really do measure that which the researcher sets out to measure (Bryman & Bell, 2011). Internal validity, whether the observations match the theoretical ideas developed, is often regarded as a strength of qualitative research (ibid.). Since this study was carried out from within the case company over a period of many months, a large amount of agreement between the theoretical concepts and the data observed was able to be established (ibid.).

External validity is the extent to which the outcome of the study can be generalised (Bryman & Bell, 2011). This is of course a difficult criterion for the present research paper to fulfil, since it focuses on the complexity of a single case in order to answer our research questions. It is therefore not possible to generalise everything observed due to the nature of the case study (ibid.). It is possible however to develop the understanding of abstract concepts and to produce findings which can then be further tested in future studies with regards to their external validity (ibid.).

4. PRESENTATION OF RESULTS

This section of the thesis includes a presentation of the findings from the data collected during the semi-structured interviews. The chapter is a result of the within and cross case analysis and outlines what the interviewees as a whole said regarding each tension with supporting quotes. The 9 tensions are outlined in the same order as previously in the thesis.

4.1 Predictability and Uncertainty

Regarding the tension between predictability and uncertainty, it could be seen from the interviews that in general the case company is too risk minimising. Certain interviewees explain that this is true to the extent that sometimes they take an option which they know is inferior, due to a desire to minimise risk. Furthermore, it was expressed that the case company has fallen behind the competition as a result of this tendency towards predictability. Many interviewees expressed the opinion that processes have become so long due to this, that they risk delivering too late on account of a changed market:

“Innovation happens really fast outside. In fact, big organisations are less innovative than smaller ones. That is because of change right, and that is because of uncertainty and therefore I think that big companies need to adapt their models to cope with this. And it is very, very difficult.” (Interviewee 4, Head of Digital)

The culture of the company however, expresses an openness to trial and error, and members of senior management believe that this is something which should be encouraged within the case company. This suggests a will to embrace uncertainty alongside the need to calculate risk. Interviewee 2, a Managing Director explains:

“You have to be an entrepreneur to start up something and then you have to, to take a little bit of a risk, be aware of the risk. Does the company go under or is this going to be a bad year for residential? I don’t know it depends on the risk.” (Interviewee 2, Managing Director)

There is therefore evidence of a tension between predictability and uncertainty at the case company which interviewee 4 confirms:

“I think we are schizophrenic about this a little, but we have a culture that says “dare to be different””. (Interviewee 4, Head of Digital)

From a number of interviewees there is the suggestion that despite the desire to embrace uncertainty and take risks, this characteristic is not something which is mirrored in the running of the organisation:

“They tend to take these big initiatives and try to push them through and it takes at least a year, sometimes longer. So, the idea of doing smaller things, trying to get something out there, that methodology is simply not in play here. There is a low tolerance for mistakes and high degree of finger pointing for whatever reason”.
(Interviewee 6, Head of Product Development)

4.2 Long Term Vision & Short Term Vision

In reference to the long term vision and short term vision tension, the case company seems to favour a long term vision. A member of senior management confirms that this is the case:

*“The company always think long term. I have been in this business for over 30 years actually. If you work with real estate it is always a long term business. *case company* is long-term. It suits us very well actually.” (Interviewee 2, Managing Director)*

The senior management clarifies further that these long term goals are broken down and distributed using scorecard systems so that each department and employee knows what needs to be achieved in order to help the company to achieve its long term vision. However, a number of middle managers express the view that the short term vision is too “blurry” and does not provide a clear picture of what employees should do in the short term. A business development manager at the company describes this as a priorities issue:

“There are some really good stuff about the way we work with the strategy and the way it is actually documented. But there is also great ambiguity... Many of those things were lacking priority and clarity in those priorities. So, it was a long list of a

lot of things. But, with rather weak priorities between those things” (Interviewee 10, business development manager)

This is a view which is shared by a number of middle managers, and certain interviewees stated that they were uncertain about the core competence of the case company. This contrasts with the view of senior management, and is reported to be a recurring issue from internal employee surveys occurring at the company:

“the voice surveys they management team always gets bad score because they are not good at talking or telling the group what is our main goals and what we should achieve in this year, next year. We have some blurry goals in 2019, 2020, but what is it for me right now ?.” (Interviewee 8, Key Account Manager)

Lastly, one of the business development managers noted due to the lack of a clear short term vision, employees try to do too much. This leaves it down to chance regarding whether the company succeeds in fulfilling its long term vision:

“I am little bit concerned that we are doing a lot spread out onto many different areas, not focused enough. That could work if we are lucky lead to something really good, but who can afford to rely purely on luck. I don't think any company can.” (Interviewee 10, Business Development Manager)

4.3 Long Term Outcomes & Short Term Outcomes

In connection to the long term outcomes and short term outcomes tension, the senior management in the company relate to the need to balance long term, growth related outcomes with short term profitability. One of the Managing Directors explains:

“If you want to make it long-term you have to make it profitable, that is the key thing. Of course you have to be... But, sometimes you can look into some projects that maybe not get that much profitability in the first years, perhaps you can see opportunity in the long run to increase the profitability” (Interviewee 2, Managing Director)

However, a number of interviewees from the middle management at the case company expressed the concern that the short term outcomes take precedence at this moment in time at the company. Various interviewees explained that the company regularly consent to requests for products and services from partners, even if they don't align with the company's more long term strategy. The most important thing is making the sale and get the customer on board. The Head of Digital at the organisation explains:

“I think I have heard a lot about this being an entrepreneurial company... My take about that is that is a sales driven company. So, we go and do deals, we talk to clients and ask what you want to do and we do it for you. Which maybe connects to my comment about ad hoc iness” (Interviewee 4, Head of Digital)

There is the suggestion in the interviews that this is due to a pressure on the company to perform financially in the short term, which would seem to contradict what senior management describes regarding a willingness to sacrifice short term profitability.

4.4 Autonomy & Control

Regarding the tension between autonomy and control, there is the view from senior management that employee freedom is an important factor at the case company. A Managing Director from the company describes this outlook:

“You always have to have big freedom in every role and I don't think we as managers, leaders in the company, should sit over their shoulders and look what everyone is doing, you have to trust them”

Many of the interviewees agree that this autonomy can be experienced in the daily running of the business. This is true to the extent that they can decide on their own tasks in order to meet their objectives in the way they see fit. Furthermore, it is suggested that they enjoy this way of operating. The Head of Digital describes this as follows:

“it it is very free and you get the freedom to invest your time in whatever is best for your deliveries. That is for the functions that I manage, is think that is the best way” (Interviewee 4, Head of Digital)

There is however the suggestion in some interviews that a certain degree of control and authority exists within the organisation despite this mutual feeling that autonomy is important. Some suggest that key decisions still need to be made by senior managers, or that it is not clear who makes decisions, and therefore that employees cannot simply take responsibility for themselves. One of the Business Development Managers describes this issue:

““The matrix organisation we have right now is not really fully implemented yet... It's not clear who decides over what. So, we have a matrix, but we miss the final parts of making that organisation actually work”” (Interviewee 8, Key Account Manager)

4.5 Existing Knowledge / Capabilities & New Knowledge / Capabilities

Relating to the existing knowledge and capabilities and new knowledge and capabilities tension, the senior management refers mainly to training of existing competence. A Managing Director from the company describes this as follows:

“We ensure that we provide the right training. And that can be either training to keep up, that can be learning systems and so on”. (Interviewee 3, Managing Director)

However, the company also try to develop new knowledge and capabilities through heavy recruitment. One senior manager explains that the company employed almost two people per week during the previous year. The Strategy Lead at the case company gives a specific example of this:

“We hire and recruit new skills and we have started what we call a digital development area in the bank. That didn't exist a year ago” (Interviewee 7, Strategy Lead)

Many interviewees however express concern regarding the lack of an organisational learning process within the organisation. For example, one of the business development managers believes that certain competences which are temporarily hired in externally, should in fact be

developed internally at the organisation as key competencies. Furthermore, other interviewees are concerned that there is too much reliance on individuals on account of the lack of systematised knowledge. This also leads to repeated mistakes and failures according to the Product Development Manager. This is an area which the case company claim to be working on and one of the Key Account Managers explains that they are improving the internal facilities for the development of knowledge and capabilities by building a learning department.

4.6 Individualism & Collectivism

In reference to the individualism and collectivism tension, the company promotes working together as a key element of its culture. Senior managers and middle managers alike express the importance of this for the company. The Strategy Lead at the company describes that this is clear to employees who each know what they need to achieve to fulfil the collective goals at the organisation:

“each and every one of us knows more or less what to do because as one example we have score cards on all levels in the organisation, so everyone knows exactly more or less per quarter what to do this year and how they contribute to the sort of overall”
(Interviewee 7, Strategy Lead)

However, one of the interviewees, a Key Account Manager, explained that fewer employees relate to these collective goals than they used to. As a result, more and more of the employees are simply working for themselves and their salaries, and less for the company. Furthermore, the Product Development Manager claims that there is a lack of individual incentives to motivate and attract employees. She describes this view as follows:

“I don't really care what I get, because I won't get any extra, no extra recognition, no fancy dinner, or you know, I know it is the values of this company and it is, you know, the company heritage, but I don't think it breaths, I think it is one of the reasons we don't attract people that are really ambitious” (Interviewee 6, Product Development Manager)

4.7 Efficiency & Flexibility

In reference to the efficiency and flexibility the company the senior management expresses a focus on efficiency, which is a key part of the company's current strategy. Middle management shares this view of the importance of efficiency at the company and describe the company as being very cost conscious. One of the Business Development Managers explains:

“When it comes to production and we also are thinking quite a lot about our own costs, overhead costs etc, when it comes to travelling, so I think we're quite, it feels to me that we're quite cost efficient. Sometimes it goes so far it means that it seems a bit silly” (Interviewee 5, Business Development Manager)

When it comes to time efficiency however, there are a number of interviewees who describe that the organisation is a victim to the nature of the industry, which introduces a crippling amount of bureaucracy. The Head of Digital at this organisation describes this issue as follows:

“When you actually have the infrastructure, have the banking licence, you need to be managing day to day, so the extreme number of tasks, reports, reportings which you never have to do if you are Facebook, if you are Amazon or if you are these other guys” (Interviewee 4, Head of Digital)

A significant proportion of interviewees mentioned the desire the company has to increase the amount of standardised processes, in order not only to improve efficiency, but in fact to improve the flexibility of the organisation. This is also expressed by the Head of Digital at the organisation:

“Ironically I think that if we standardised and streamlined, and focused more we would be more flexible... So we are actually standardising and cleaning up, and commoditizing so that we are more flexible” (Interviewee 4, Head of Digital)

Many interviewees however express the concern that processes for new projects and initiatives are long and that employees are currently too overloaded with day to day tasks to be said to benefit from flexibility. One middle manager explains:

“We are looking at these different architectures, consolidating applications. But again, it is about fixing the problem now, making things stable, making things consolidating things! That will not deliver adaptability, but it will provide a foundation that allows us to do that, but I can't see anything that we are doing now”
(Interviewee 6, Product Development Manager)

4.8 Present Needs & Future Needs

With regards to the tension between present and future needs, a most interviewees emphasise a focus on present needs. However, many interviewees also express the importance of addressing future needs, although the current actions towards this goal seem to be limited.

According to the Product Development Manager, progress has been made with regards to addressing the current needs of customers, although she claims that the case company needs to act upon this information on a larger scale. A Key Account Manager agrees with the needs to improve upon this:

“That is one thing we need to be better at I think, to listen to the customers, like to go from outside to insight, instead of inside to outside that we do today” (Interviewee 8, Key Account Manager)

Many of the interviewees believe that the company is not equipped to deal with the future needs at this moment in time, and some express the worry that the company will fall behind in the future on account of this. There is currently only one person within the company who is focused upon future needs, and some of the interviewees express the importance of improving upon this. The Product Development Manager states precisely this:

“I think we need to have more people focusing on the future, otherwise we are going to keep getting into this situation where we are caught with our pants down”
(Interviewee 6, Product Development Manager)

4.9 New Products / Services & Developing Existing Products / Services

Regarding the tension surrounding new products and services and developing existing products and services, the general consensus from the findings is that the company places more of an emphasis upon developing the existing offering. When new products are developed, the Head of Marketing and Communication states that they tend not to be so different from what is being offered today.

A number of interviewees believe that the company's current offering is not up to the standard of the market and that the company are catching up, for example in the area of digital services. The company is therefore working hard to enhance this. However, the product Development Manager believes that this is not the best way to proceed. The following quote illustrates this point:

“So, we are just managing daily, it is almost like life support. We have a patient who is just sitting in a hospital you know, we have our paddles clear and we (using the paddles), doing every initiative is like that, instead of thinking well, fine, let's just create a new person” (Interviewee 6, Product Development Manager)

5. ANALYSIS

In this chapter the findings introduced in the previous chapter are analysed in order to answer the research questions. Section 5.1 answers the research question regarding the most significant tensions and sections 5.1.1 – 5.4 justify these choices and outline the relationships between the different tensions, thus answering research question two.

5.1 The Most Significant Tensions

This section outlines the most significant tensions brought about by a company's pursuit of contextual ambidexterity, in order to answer research question. In accordance with the findings in chapter 4, the most important tensions, which make it difficult for an organisation to become ambidextrous are:

1. Long Term and Short Term Vision
2. Predictability and Uncertainty
3. Efficiency and Flexibility

The authors now justify why these three tensions were deemed to be the most significant by relating to the findings and the literature.

5.1.1 Long Term and Short Term Vision

As evidenced in chapter 4.2.2, the case company seem to favour a long term vision. However, the short term vision appears to be unclear. As Collins and Porras (1996) explain, the short term vision of the company has to do with the company's core competence, and therefore how the business looks today. One interviewee stated specifically that he was unable to pin down the company's core competence.

Furthermore, a large proportion of interviewees expressed the opinion that they were unsure how the company's daily operations contributed to the long term vision and strategy, and that the short term vision of the company was poorly communicated from top management. Nieto-Rodriguez (2014) outlines that with too much focus on changing the business, a company is less effective on a daily basis in the hope of securing a better future. Our findings

suggest that whether or not they reach this future, hoped for in the long term vision, is left down to luck on account of a lack of prioritisation and focus. This emphasises the importance of having a stronger short term vision and identity, in order to set clear priorities and focus and improve the chances of future survival and success. Lastly, this tension has a direct effect on a number of other tensions, as seen in the following section.

5.1.2 “Long Term and Short Term Vision” affects “Long Term and Short Term Outcomes” and “Existing Knowledge and New Knowledge”

The long term and short term vision was found to have a direct effect on the long and short term outcomes at the case company. Due to the lack of a clear short term vision at the case company, the employees are unable to prioritise and focus in a way which contributes to the long term vision of the company. This leads employees to focus upon short term outcomes such as sales and profit, which could potentially harm the company’s ability to achieve their long term outcomes. This finding is supported by Harrison & Pelletier (1997) and March (1991) who also make this point. Interestingly, one interviewee said that employees are working extremely hard, but it is not clear to him whether they are pushing in the same direction. Lubatkin et al. (2006) highlight how a clear vision can help to synchronise the tasks and activities between a group of employees. Hamel and Getz (2004: 82) also emphasise the importance of having both a long and short term vision in order to developed effective goals for employees:

“A company needs innovation goals that are big enough to be compelling, yet practical enough to be credible; goals that are broad enough to invite contributions from across the firm and beyond, yet specific enough to provide focus”. (Hamel & Getz, 2004: 82)

In addition, the long term and short term vision also has a direct effect on how an organisation develops existing knowledge and explores new knowledge. The findings show that the company is currently unclear on what it’s core competence is, and therefore it is difficult for them to know what knowledge they should develop and acquire. Katila and Ahuja (2002) explain that it is especially risky and expensive to explore using new knowledge, and that therefore a company should rely on existing knowledge in addition to

developing new knowledge to improve efficiency and decrease variation. As a consequence of not having a clear short term vision, and therefore being unaware of the core competence and priorities, exploring for new knowledge at the case company becomes even more risky.

Finally, the long term and short term vision has a direct effect on the efficiency and flexibility of an organisation. As evidenced in the discussion above, the short term vision is “blurry”, meaning that the case company does not have clear priorities. Therefore, employees do not know what to focus on, which results in the employees trying to do too much. Adler, Goldoftas and Levine (1999) emphasise the importance of employees having clear priorities in the pursuit of efficiency. Not only does this harm efficiency however, but also it contributes to employees’ hands being full, which hinders flexibility. This makes it difficult for employees to explore in the contextually ambidextrous organisation, since they do not have time which they can choose to dedicate to exploration (Gibson and Birkinshaw, 2004). These findings are in line with what Hamel and Getz (2004) conclude to be the most common barriers to innovation, namely ‘a short term focus’ and ‘a lack of time’.

5.2.1 Predictability and Uncertainty

Regarding this tension, the findings suggest that case company to risk minimising as evidenced in section 4.1. As Simsek (2009) points out however, this opens the case company up to a different kind of risk, since the company’s present offering may become obsolete. The results from our semi-structured interviews confirm this point, emphasizing the importance of addressing both predictability and uncertainty. There was also evidence in the findings that the case company has fallen behind the competition as a result of acting too slowly. This is in line with what Güttel and Konlechner (2009) say, since they express that not taking enough risks leads ultimately to a loss of market share in the long term. Ozer (2005) explain that introducing new products, which is necessary to keep up with the competition, bears much higher risks and higher failure rates than not doing so. Therefore, a company with too much emphasis on predictability will not innovate fast enough to be sustainable in the future.

5.2.2 “Predictability and Uncertainty” Affects “New Products and Existing Products” and “Efficiency and Flexibility”

Predictability and uncertainty was found to have a direct effect on the extent to which the company develop new products and improve existing products. Because the company is very risk adverse, they focus primarily on improving existing products, rather than developing new products. The case company is showing to have a fear of failure, with a high degree of finger pointing, which is not conducive to trial and error mentality required to develop new products. Ozer (2005) confirms that new product development is riskier and involves high rates of failure. However, having too much of an emphasis on improving existing products can potentially impede growth as outlined by Atuahene-Gima (2005).

Furthermore, predictability and uncertainty was found to have a direct effect on the tension between efficiency and flexibility. Due to the case company's tendency towards predictability many of the processes for implementing new projects and initiatives become too lengthy, as outlined in chapter 4.1. This affects efficiency and flexibility since the case company are unable to act as swiftly, reducing their flexibility. Volberda (1996) explains that a key aspect of flexibility is the speed at which a company implement changes.

5.3.1 Efficiency and Flexibility

As evidenced in chapter 4.2.7 in chapter 4, overall the management team at the case company are focusing on improving efficiency. This confirms the view of Ghemawat and Costa (1993) that there is a tendency for firms to focus more on either efficiency or flexibility. However, Adler, Goldoftas and Levis (1999) explain that too much of an efficiency focus can strangle flexibility in the organisation, which Dreyer and Grønhaug (2004) believe to be essential. This is backed up by the findings which highlight the problem of too much bureaucracy. However, the case company are currently trying to streamline and standardise more processes, with the hope of freeing up time and enabling flexibility. Currently at the case company, there is evidence that employees' hands are full, which leads to the consequence that there is no room for flexibility. As a result, there is no time for employees to dedicate to exploration, which Gibson and Birkinshaw (2004) introduce as fundamental to ambidexterity.

5.3.2 “Efficiency and Flexibility” affects “Present and Future Needs” and “Autonomy and Control”

Efficiency and flexibility was found to have a direct effect on the extent to which the company addresses present and future needs. As outlined in chapter 4.7, the case company is more focused on improving efficiency. This results in an increased emphasis on present needs as opposed to exploring future needs. Suzuki and Methe (2011) explains that it is difficult to manage resource allocation between existing and future needs. Sarkees and Hulland (2008) point out that improving efficiency involves better addressing the needs of today. This claim is supported by our findings.

Secondly, efficiency and flexibility were also found to have an effect on autonomy and control. The findings show that the case company has a desire to allow employees autonomy and this is an important aspect of the culture. However, on account of the state of the efficiency and flexibility tension, meaning that employees’ schedules are full up with exploitative activities, employees are unable to exercise the freedom willed upon them. As stated previously, Gibson and Birkinshaw (2004) highlight that this is a vital aspect of contextual ambidexterity.

5.4 Individualism and Collectivism

The authors have decided to exclude individualism and collectivism from the model for the relationships, as not enough evidence regarding the relationship to other tensions was observed. One interviewee expressed concern regarding this, suggesting a possible relationship with short and long term outcomes, since employees were becoming less engaged with the collective goals, however the case for relationships to other tensions was not strong enough to justify its inclusion. The small amount of evidence which is there however, supports the points made in 5.1.1 and 5.2.1, regarding the importance of having a compelling short and long term vision for employees.

5.5 Towards a Model for the Relationships

Based on the discussion about how the tensions above relate to each other, the authors have created the table below to visually present how the tensions affect one another. The most significant tensions as outlined in section 5.1 are presented at the centre of the model in bold, and arrows are used to illustrate the relationships between the tensions in accordance with the above discussion.

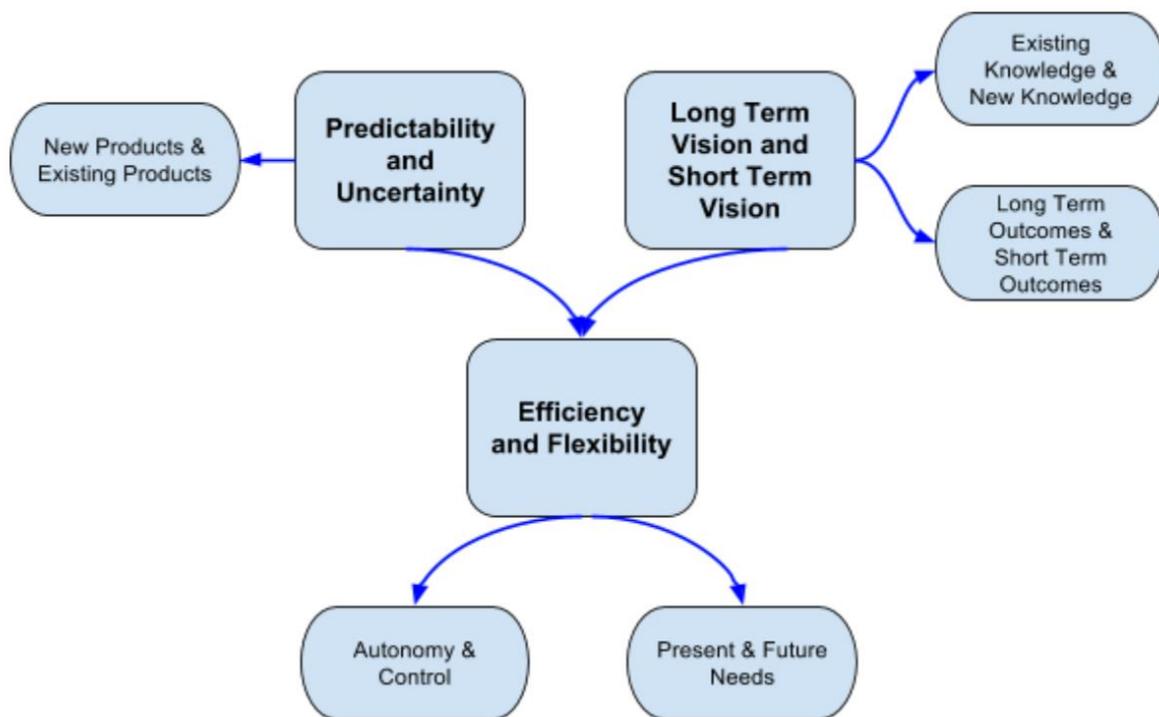


FIGURE 1 - Relationships between the tensions

6. CONCLUSIONS, LIMITATIONS AND IMPLICATIONS

6.1 Conclusion and Limitations

The purpose of this research paper was to firstly identify the most significant tensions for an organisation brought about by its pursuit of contextual ambidexterity, and secondly to find out how the tensions are related to one another. The authors of the present paper went about fulfilling the research objectives by carrying out an in-depth qualitative case study at a company which is pursuing a strategy of contextual ambidexterity. 10 semi-structured interviews were used as the core data for the findings.

It was found that the most significant tensions are predictability and uncertainty, long term and short term vision and efficiency and flexibility. The findings support literature from authors such as March (1991) and Adler (1999) which argue that these tensions are particularly key paradoxes to solve. This was found to be especially true due to the fact that they have so many consequences on other aspects of the organisation, and in particular on exploitation and exploration. The way that the tensions are related was described in chapter 5 and illustrated by the model presented in section 5.5.

Among the key limitations are the concerns regarding external validity or generalizability due to the fact that we are focusing on a single case (Bryman & Bell, 2011: 61). Despite the detailed insight into the case company therefore, our findings will have to be tested with future empirical studies in order to combat these factors. For example, other organisations could highlight different tensions as being significant, and there could be further tensions or relationships which have not been discovered in this study. Further to this, there was also the potential risk of ‘going native’ (Bryman & Bell, 2011). This is where the researcher becomes taken in by the world which they are researching (ibid.). There was therefore a focus throughout the research project upon retaining an independent perspective and trying not to be influenced by the company mentors or the interviewees. Lastly, the research was limited to only contextual ambidexterity and therefore it cannot be guaranteed that the tensions and relationships discovered in this paper are unique to contextual ambidexterity. This too will require further research (see 6.3).

6.2 Contribution to the literature

As outlined in section 1.2, there has long been a debate in the literature regarding how a company should go about implementing organisational ambidexterity. There is currently little consensus on how this should be achieved in practice. By researching a single case in detail, this research has added empirical data to the contextual ambidexterity research field.

Furthermore, the research has shed light upon the tensions which come about as a consequence of this approach, which deepens the understanding of the concept. The nature of a case study, means that the present research was able to examine the intricacies of contextual ambidexterity, and thereby identify the key issues.

There has been insufficient research to date on the concept of contextual ambidexterity, since it is relatively newly established as a concept. Therefore, the present paper helps to improve the understanding of an emerging research field. Furthermore, Lavie, Stettner and Tushman (2010) call specifically for future researchers to examine the tensions and tradeoffs in detail. The present research gives a practical example of how these tensions can appear in an organisation, and consequently the interactions between them. In summary, the numerous tensions make it complicated to understand the topic of contextual ambidexterity in practice. This research paper highlights the most significant tensions, allowing future researchers to focus on these key areas.

6.3 Implications for Future Research

The present research has presented the most significant tensions and the relationships between the tensions, which come about as a result of a contextual ambidexterity strategy, using a single case study. There could however be other relationships to be found between the tensions which have not been observed in the case company. The study should therefore be repeated in more companies, to build additional empirical data for how the tensions relate to one another. Furthermore, the tensions which are found to be most significant in the case company for this organisation, could potentially be different in other companies. This will therefore also need to be further researched.

In addition, it would be interesting to compare the present study with studies focusing upon the tensions within organisations pursuing structural or sequential strategies for ambidexterity. By analysing and comparing such cases, it will be possible to see which

tensions are unique to contextual ambidexterity and which tensions exist as a result of either strategy.

Finally, the present study did not consider how the performance of the case company was affected by its approach to ambidexterity. It would therefore be interesting for future researchers to carry out longitudinal studies comparing companies handling the tensions in different ways, to see how they perform as a result of their chosen strategy for ambidexterity. This would help to pin down the optimal strategy for implementing organisational ambidexterity.

6.4 Managerial Implications

Using the findings from this research paper, managers are able to better understand the tensions associated with pursuing a contextual ambidexterity strategy. By gaining an overview of these tensions, and how they relate to one another, managers can be more informed when planning and implementing the said strategy.

Kodama (2003) outlines that companies need to address both sides of the tension, and cannot simply find a compromise between the two. Our findings have shown that this is difficult in practice however. By outlining the most significant tensions, this research paper has provided managers with a suggestion for which areas to focus their efforts upon, when trying to implement organisational ambidexterity contextually.

Furthermore, using the model in 5.3, regarding the relationships between the tensions, managers are able to better understand the reasons they may be having difficulty in certain areas, and thus focus their efforts accordingly. For example, by improving their long term and short term vision, they can also have a positive impact upon long and short term outcomes, existing knowledge and new knowledge and efficiency and flexibility. In summary this research provides a deeper understanding of a complex topic which enables managers to understand it in a simpler way, prioritise and focus their approach.

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8. APPENDIX

8.1 Appendix A: Interview Guide

Topic	Questions
Introductory	<ul style="list-style-type: none"> ● Name_____ ● Position_____ ● Time at company_____ ● Brief background about yourself and your role_____
TENSIONS	<p>Predictability vs Uncertainty</p> <ol style="list-style-type: none"> 1. What is the company's attitude towards trial and error? 2. How does the company view potential failure? 3. What are the potential consequences? 4. How does the company look upon projects where the outcome is unknown? <p>Existing knowledge / capability vs new knowledge / capability</p> <ol style="list-style-type: none"> 1. What training and development opportunities are there for employees? 2. How does the company look upon learning? <p>Individualism vs Collectivism</p> <ol style="list-style-type: none"> 1. How do you measure your own success in your job? 2. How do you think others measure their own success in their job? 3. <i>What kind of success in your job would you tell your friends about?</i> (follow up) <p>Examples</p> <ul style="list-style-type: none"> ● As with before, if examples aren't used, ask specifically for examples regarding attitudinal tensions?

Short Term vs Long Term Vision

1. What does the company think about when developing its strategy?
2. What does the company focus on when planning a new project or initiative?
3. How does the company set objectives and goals?
4. *What criteria does a new idea or project need to fulfil in order to get support / investment from management? (follow up)*

Short Vs Long Term Outcomes

1. What outcomes are important for a project or initiative?
2. How are these outcomes be measured? *(when are they measured? (follow up))*
3. *After how long should a new idea or project become profitable in order that it continues to receive support? (follow up)*

Present Needs vs Future Needs

1. How does the company do to ensure that they are fulfilling the needs of customers?
2. How does the company plan to fulfil potential future needs of customers?
3. *How does your company account for growing competition from new entrants in the industry? (follow up?)*

Examples

1. As with before, if examples aren't used, ask specifically for examples regarding strategic tensions?

Efficiency vs Flexibility

1. *What does the company currently do in order to ensure cost and time effectiveness?*
2. *What does the company do currently in order to ensure adaptability?*
3. *What is important in the day to day running of the company?*
4. *How do you ensure that the company is run in this way?*
5. *What are the consequences? (follow up)*

Autonomy vs Control

1. *How does the company ensure that employees' time is spent in the best way?*
2. *How does the company look upon giving employees freedom to choose their own working tasks?*
3. *What are the potential consequences of that?*
4. *What rules and procedures are there for employees?*
5. *To what extent are there strict rules and procedures for how an employee should carry out their duties? (follow up)*
6. *To what extent can employees be given the authority to take responsibility for new initiatives themselves? (follow up)*

New Products vs Improving Existing Products

1. *How does the company go about searching for new ideas? (for example new products, services or processes)*
2. *How does the company decide on which ideas to put into practice?*
3. *How does the company put these ideas into practice?*
4. *How does the company go about improving the existing products and services?*

Examples

1. *If examples aren't used, ask specifically for examples regarding operational tensions?*

GENERAL

1. What potential compromises need to be made to balance daily operations with the search for new opportunities?
2. What consequences do you think they have?
3. Specific examples?
4. What does your company believe is the most important in order to ensure the future success of the company?