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The Role of MCS in Supporting Different Ways of Organizing Ambidexterity

- A case study of IKEA

by

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Abstract

Title: The Role of MCS in Supporting Different Ways of Organizing Ambidexterity – A case study of IKEA.

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Key words: Innovation, Ambidexterity, Management control systems, Exploration and exploitation

Purpose: The purpose of this paper was to discover the different ways to organize ambidexterity, and investigate what role MCS plays in the contribution of achieving the balance of organizational ambidexterity. We sought to create a theoretical framework that conceptualizes the relations between MCS and different forms of ambidexterity, based on both previous literature and a case study of IKEA focusing on the organization of ambidexterity and the role of MCS to support it.

Theoretical framework: The theoretical framework of this paper was comprised from theory concerning innovation, ambidexterity and management control systems.

Methodology: A qualitative approach was chosen to answer the research questions of this paper. First, a structured literature review was conducted, followed by a multiple case study.

Empirical foundation: The empirical data was gathered through seven semi-structured interviews within different entities in IKEA. The results were complemented with secondary data such as internal document and official websites.

Conclusions: The results of this paper suggest that even when exploiting, informal controls such as cultural controls, belief systems and interactive controls can be used to support exploitation. It was found that both exploitation and exploration may be controlled and managed through a set of informal controls and by incorporating trust and encouragement in the workplace. Whereas, formal controls were viewed as a hindrance and not implemented in the process of innovation. Furthermore, three different ways to organize ambidexterity (structural, sequential, contextual) were represented in the cases.

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1 Introduction

This chapter introduces the background of the research topic to provide a general overview of the subject and its relevance. In this chapter, the main problem is also described and discussed. Furthermore, the purpose and the research questions are stated, followed by a presentation of the outline of this thesis.

1.1 Background

A fundamental question facing institutions which attempt to endure and surpass competition in the current economic climate are both innovation and organizational rejuvenation (Beugelsdijk, 2008). In the current business environment, both professionals and academics have discussed the theme of innovation (Benner, 2005). As Bledow et al. (2009, p. 305) said, “the importance of innovation is widely acknowledged by organizational scholars, practitioners, and the wider society in an economic environment characterized by fierce competition, rapid change, and the global challenges of climate change and economic booms and busts”. As far back as 1950, Schumpeter (1950) expressed that innovation is necessary so organizations can rejuvenate the estimation of their benefit enrichment. More recently, innovation has been viewed as a necessary component to sustain, versus past beliefs of being considered a path to achieve competitive advantage (Brown & Eisenhardt, 1995). Moreover, Matthew (2014) stated it would be arduous for organizations in a globalized environment to maintain their piece of the overall industry without rigorous and stable innovation. In addition, Matthew (2014) emphasized the main technique for survival for both individual and association are the views that the universe of business is currently in a changeless condition of flux with steady development. The question does not regard the concept of whether to innovate or not, but rather how to adequately develop innovation (Steinhoff and Trommsdorff, 2013). Furthermore, Peteraf (1993) described the relevance of the organization earning more profit and developing, but this can only be facilitated by constantly modifying to changing needs of the business climate when seeking a competitive advantage. Lawson & Samson (2001) suggested that innovation has moved to the forefront of competition, due to an increase in deep global rivalry, knowledge economy, and the continuous improvements in technology. At the crux of this rivalry are the innovators, who are able to surpass the competitors by providing lower cost, bringing modern goods and services to the markets more rapidly and frequently than their rivals (Lawson & Samson, 2001).

While many organizations are aiming to increase their knowledge of innovation in order to achieve the profitability and growth that innovation might give rise to, there is inconsistency in describing and defining innovation and the processes it entails (Hagedoorn & Cloudt, 2003).

There are many ways to define innovation and it can differ vastly among different industries and organizations. Matthew (2014) described this process as dealing with new knowledge, such as collecting information and turning it into new products or services on time to the market and thus keeping the organization's market share and profits. Another definition by Thompson (1965) stated that it is the generation, acceptance and implementation of new ideas, processes products or services. On the other hand, Kimberly (1981) defined innovation from a different perspective that includes different forms of innovation: There are three stages of innovation: innovation as a process, innovation as a discrete item including products, programs or services; and innovation as an attribute of organizations. Innovation encompasses both radical and incremental innovation. Kuczmarski (2003) stressed that most managers in organizations do not recognize innovation, and it can be misunderstood frequently due to the ambiguity of it. Additionally, Fagerberg (2004, p. 4) described that innovation can be perceived as “a new product, new method of production, new source of supply, exploitation of new markets, or new way to organize business”. This complexity has rooted a significant and immense body of research.

However innovation is defined and described, it is important to find the most suitable ways to innovate, depending on the organization. Thus, the contingency theory suggests that the most appropriate way to innovate is to find the best fit within the organization and its environment and its characteristics, for example organizational structure and culture, and the marketplace it operates in. There is no one universal way that fits every organization, because innovation is closely subjected to firm-specific circumstances.

Moreover, innovation is not a simple process; it is complex and can vary greatly between different industries and organizations (Smith, 2010). In addition, the effects of innovation are hard to measure (Kline & Rosenberg, 1986). They say that what makes innovation complex is that there is no single, simple way of innovating. Furthermore, Janssen et al. (2011) emphasized that innovation performance management can be difficult, since the levels of efforts can be difficult to measure, and the success of innovation is highly uncertain and most likely cannot be assessed right away. However, Lawson & Samson (2001) emphasized that regardless of the industry or the organization, core elements and processes can be found when seeking a successful innovation. They emphasized that innovation can be systematised and replicated within organizations, and that innovation management can be seen as a type of organizational capability. In addition, before innovation activities were seen as creative but unstructured processes, which are difficult to manage, but today they are understood more as repetitive processes that can be monitored and controlled (Janssen et al., 2011). As said by Chenhall & Moers (2015, p. 6), “it is the pressure for organizations to be innovative that has highlighted the potential role of formal controls to help initiate and motive innovative effort”.

While innovation can be viewed as radical changes in the product or service development, it can also be seen as an incremental, more efficient way of introducing new ideas. Thus, this can be referred to as ambidexterity where organizations practice the balance between exploration and exploitation. Andriopoulos & Lewis (2009) described that achieving ambidexterity enables success but also raises tensions because of the different knowledge management processes of

exploitation and exploration. Exploitation extends organization's current knowledge and seeks more efficiency whereas exploration entails the development of new knowledge and includes more search and variation (Andriopoulos & Lewis, 2009). While the management of innovation can be complex, also the management of the tensions between exploitation and exploration is intricate (Andriopoulos & Lewis, 2009).

MCS have traditionally been seen as only appropriate for mechanistic organizations (Burns & Stalker, 1961). The role they had was to reduce variety and implement standardization, and they were seen as hindrance to innovation and creativity. For example, Ouchi (1979) argued that formal MCS should be rejected and more social, clan controls should be used. Also, Tushman & O'Reilly (1997) perceived this similarly. They said that any controls must be applied in the form of social controls when it comes to managing innovation and creative processes, because today, work requirements have become more complex, uncertain and changing, and cannot be controlled through the use of formal controls. They emphasized that social controls allow employees to be autonomous and have their own judgement about vision and objectives.

However, recent theory and studies have questioned these views. Formal MCS today are not seen as having a negative effect on innovation (Davila, 2005). He stresses that MCS can be flexible and dynamic, and are able to adapt to growing and unpredictable requirements of innovation. Davila (2005) said that this leads to an interpretation that innovation is not a random event; rather an organizational process that can be controlled. Furthermore, he argued that MCS can improve the elements needed for innovation; learning, communication and experimentation. Also other researchers say that MCS can have a positive impact on innovation, by fostering flexibility and adaptability when facing unpredictable requirements of the changing environment (Simons, 1995; Abernethy & Brownell, 1999).

1.2 Problematization

Gschwantner & Hiebl (2016, p. 372) emphasized that "To develop and maintain an adequate balance between exploitation and exploration, the use of management control systems can be essential". Although, the importance of finding the balance between exploitation and exploration has been highlighted, previous research has given little consideration to how MCS are applied when it comes to managing the balance between exploitation and exploration (Jansen et al., 2006; Gschwantner & Hiebl, 2016). As today's retail industry adapts to a rapidly evolving digital environment, traditional strategies for retailers to gain advantage have now become the norm, and are leveling the playing field. The technology frontier is driven by the information frontier and innovation provides the key catalytic driving force (Sengupta, 2014). As Janssen et al., (2011) and Zizlavsky (2016) said that innovation plays a crucial role when organizations are seeking a competitive advantage in the marketplace, and that it can strengthen their growth and profitability significantly. In order to succeed through innovation it is important to recognize and understand different aspects of innovation through ambidexterity and find the balance between exploitation and exploration. Furthermore, as new strategies,

technologies, competition, and global marketplaces emerge it is of the utmost importance for organizations to investigate ambidexterity.

Andriopoulos & Lewis (2009) described that achieving ambidexterity enables success but raises tensions because of the different knowledge management processes of exploitation and exploration. In order to understand the tensions between these two approaches, it is important to identify ways to organize ambidexterity. In addition, a greater challenge today is to comprehend what effects MCS may have on ambidexterity; whether they facilitate or prevent it. Especially now during the digital revolution with an accelerated need for innovation, it is crucial to recognize the role that MCS have on innovation and ambidexterity to move into the next frontier of the digital world. IKEA is an interesting company that is closely working with innovation, and since it is a large company, MCS can be assumed to be in use. Thus, the case company for this paper was chosen to be IKEA.

1.3 Purpose and research questions

The purpose of this study is to discover the different ways to organize ambidexterity, and investigate what role MCS plays in the contribution of achieving the balance of organizational ambidexterity. We seek to create a theoretical framework that conceptualizes the relations between MCS and different forms of ambidexterity, based on both previous literature and a case study of IKEA focusing on the organization of ambidexterity and the role of MCS to support it.

In consideration of the purpose of the paper, the research questions that will be addressed are:

1. In what way can ambidexterity be organized according to previous literature? What is the potential role of MCS in achieving the balance of organizational ambidexterity based on previous studies?
2. What are the experiences of different ways of organizing ambidexterity and the role of MCS to support it in the case of IKEA?
3. Based on the findings from research questions 1 and 2, we will develop both theoretical and empirical knowledge on the ways of how MCS can facilitate the achievement and support of different forms of organizational ambidexterity.

1.4 Outline of the Thesis

The thesis is constructed as follows: first, the chosen methodological approach is described and discussed to give the reader an understanding of the work process. Second, the theoretical review is conducted to synthesize the most relevant theories to enable the development of the integrated theoretical framework, and to provide a foundation for the subsequent study. The empirical findings chapter provides an in-depth look on the results gathered from the conducted interviews within the case company. In the analysis section, the empirical findings are compared and analyzed with the presented theory and theoretical framework. Lastly, the thesis is concluded with a summary of the findings and results, with an overlook to the contributions and limitations of the paper, followed by proposals for future research.

2 Methodology

This chapter presents the methodology of this thesis. First, the research design and the motivation for it is described in detail. Second, the structured literature review is presented with the limitations and aspects of validity it entails. Third, the chosen case study and the different approaches to it are explained including considerations of the selection of the case company, followed by the description of the applied primary and secondary data. Finally, the respective limitations and validity and reliability aspects concerning the case study are discussed.

2.1 Research Design

Considering the purpose of this thesis, the research will be conducted with a qualitative based research, as we have evaluated it the most suitable strategy. Many factors support this view. Firstly, a qualitative study allows the investigation of how individuals observe their surroundings more effectively (Bryman & Bell, 2015). Considering the purpose and research questions of this study, this factor facilitates the gathering of the data through interviews that enable the interviewees to recognize their surroundings better and helps the process of answering the interview questions regarding ambidexterity and MCS. Secondly, it enables the researcher to engage in more thorough studying of the phenomenon and allows access to plunge in deeper than just the surface of the study (Silverman, 2005). This facilitates the tracing of different factors that affect the use of MCS to support either exploration or exploitation. Thirdly, many different sources can be used to study the research question, such as interviews, documents, and observations (Baxter & Jack, 2008). This way a more complete and extensive study can be ensured. In addition, Agostini et al. (2016) stressed that the researchers that have used a quantitative approach, which is objective and emphasizes a quantification of an analysis and collected data, in the field of ambidexterity and MCS supporting it have emphasized that a qualitative research would enable a more advanced and thorough understanding of how ambidexterity is managed in practice. However, there are also shortcomings regarding the qualitative approach. First of all, the respective results from a qualitative study are subjective and are affected by the researcher's view. Thus, qualitative studies and the analyzes conducted from them can be hard to replicate since a standardized, formal procedure is lacking. Additionally, due to the specific problem of the studies, the findings and results from the qualitative research can be difficult to generalize (Bryman & Bell, 2015).

Research approaches can also be classified into two broad reasoning methods; a deductive and an inductive approach (Trochim, 2006). A deductive approach starts with a more general approach from the literature and theory, and narrows down to a more specific view. It first

collects aspects from theory and then tests those views by observing empirical findings trying to find evidence that confirms or invalidates the hypotheses drawn from the literature. This is often used in quantitative studies. On the other hand, inductive reasoning starts off by observing and analysing the empirical findings or data, and continues on to finding relevant theoretical base that supports the collected data, thus a more qualitative approach. Bryman & Bell (2015) stressed that when conducting interviews, there is no straightforward distinction between these two approaches but the separation rather serves as a tendency. This also applies to this thesis, hence both ways of reasoning have been used in this thesis. First, a deductive approach was used by developing a tentative theoretical framework to enable a stable and strong theoretical base for the analysis. But on the other hand, the thesis has an inductive element also to it since some of the components in the tentative theoretical framework has been redefined and customized to suit better for the analysis of the empirical findings and data. As said by Bryman & Bell (2015), it is common that the data collection process affects the relevance of the chosen literature and the development of the theoretical framework. Thus, the thesis contains a mix of both deductive and inductive reasoning methods through the balance of moving back and forth with the theory and empirical findings.

2.2 Description of the structured literature review

To answer the first research question of this paper, a structured literature review was conducted. Its objective was to gain a holistic and comprehensive overview of the topic with insights into the appropriate and relevant theories and concepts. A structured literature review also enables a conduction of discrepancies, deviations, inconsistencies and cautions related to the topic of this research (Bryman & Bell, 2015). Moreover, Bryman & Bell (2015) stressed that through a structured literature review, the most valid contributions as well as the specific and appropriate authors can be determined. They furthermore emphasized that this allows the researchers to identify the research gap and single out unanswered research questions. In addition, Watson (2015) stressed that a thorough, coherent literature review that emphasizes the relevant contributions for the research topic is a strong starting point for any academic studies. The structured literature review of this paper enabled a thorough understanding of the subject and created a strong basis for the data collection. Furthermore, an extensive overview of the subject and relevant theories support the clarification of the purpose of this paper as well as the results, and it allows an explanation of the framework to which the empirical findings apply.

The literature related to ambidexterity and MCS supporting it was studied with regards to the development, definition and characteristics of these subjects. The review of articles followed an intelligible organized structure and concentrated on reliable literature, with a focus on a number of citations. The search of relevant literature was conducted through using Google Scholar and the LUSEM library web page, specifically Lovisa and EBSCOhost as search engines as they provided widely recognized literature within the field of this research topic. For the analysis and the gathering of the literature, the search for keywords *innovation*, *ambidexterity*, *MCS* and *organizing ambidexterity* was conducted and was followed by a careful

evaluation of the articles and book chapters that afterwards were categorized into main theoretical themes; organizational ambidexterity, ways to organize ambidexterity, and MCS supporting ambidexterity (see figure 1). A snowball principle was also used in the collection of the relevant literature, since it has been perceived as an effective tool for the selection of applicable articles and books (e.g. Atkinson & Flint, 2001; Brown, 2005; Palinkas et al., 2015; Waters, 2015). Using this principle, we reviewed references that seemed to be vital for the topic, and that were being used also by the authors of the articles and books that had been selected for the structured literature review of this paper. At the end of the literature review, the relevant, important theories and concepts were synthesized into an integrated theoretical framework which gave a basis for the data collection and guided the analysis of the empirical findings.

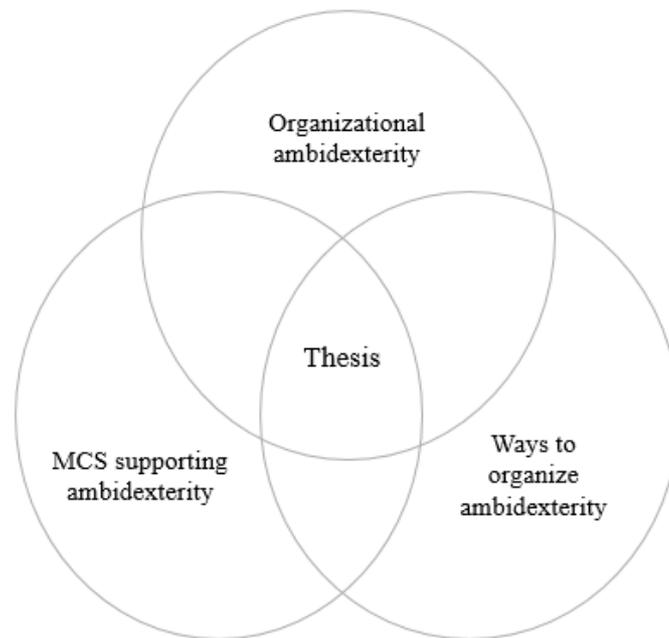


Fig. 1. Venn diagram illustrating the main themes for this thesis.

2.2.1 Limitations of the structured literature review

With regards to the structured literature review, several limitations have to be taken into account. First of all, a literature review can never be complete. Wolfswinkel et al. (2013) stressed that current literature is constantly evolving, and new publications emerge continually, which allows the obtained knowledge and insights to be further developed. This has been taken into consideration also in this paper. We acknowledged the fact that it was impossible to get full access to some relevant theories related to ambidexterity and MCS that might have given a vast contribution to the paper. Nevertheless, with an overview of the abstract of these articles, we evaluated the absence of them not to affect the findings presented in this paper.

In addition, although the use of the snowball principle when selecting the most influential theories and concepts is perceived valuable and effective, it has some shortcomings. For example, this approach can affect the reliability of the conducted literature review because it can be difficult for other researchers to replicate an identical structured literature review using the same references. Resulting from this limitation, the reliability and dependability of the structured literature review is diminished.

Another limitation is the fact that the articles and books have been selected without focusing on the dates of publications. This might limit the formulation of conclusions about changes over time. In addition, some of the authors of the journal articles come from different geographical origins, which might affect the underlying motives of the authors. However, these limitations do not directly affect the research and results of this paper because they are based on current available academic literature.

Considering these limitations, future research focusing on expanding this study can be potential and even required in terms of broader and more recent literature that we had no access to.

2.2.2 Validity of the structured literature review

Although there are several limitations to the structured literature review, we have aimed to maximize the validity of it. Validity can be divided into external and internal. External validity refers to generalizability of the study, whereas internal validity aims to eliminate alternative explanations for any differences regarding the observation of the study (Easterby-Smith et al., 2015). Using several source engines with a broad variety of journal articles, books, case studies and other theses we strived to increase the internal validity of the literature review with the aim of narrowing down the possibility of alternative explanations to the study. This broad range of different sources of literature also facilitated the achievement of multiple perspectives and full comprehensiveness to the field of the topic of this paper. In addition, according to Bryman & Bell's (2015) suggestions that when conducting a literature review, the focus should not only be at the key concepts (ambidexterity and MCS) of the review but also at the general concepts (innovation, radical or incremental) that forms a valid basis for the literature review.

As mentioned before, the snowball theory reduces the generalizability of the literature review, thus diminishes the external validity of it. But on the contrary, it is a suitable technique to enable the identification of important contributions in the field of ambidexterity and MCS, and allows the collection of additional literature with the use of the references. Furthermore, in order to increase the external validity of this part, all the collected literature was electronically restored to ensure access to it at all times (Yin, 2009). In conclusion, using the structured literature review as a guide provided an effective foundation for the collection and analysis of the data.

2.3 Description of the case study

Amongst the different ways of conducting a qualitative study, such as ethnographies and phenomenology, we have chosen a case study approach to answer the second research question. This approach has been evaluated the most appropriate one since it, as mentioned before, allows a deeper analysis of the problem and empirical findings by capturing a more holistic, comprehensive and real-life view of the organizational and managerial processes (Yin, 2009). In addition, Yin (2009) emphasized that a case study approach gives answers to the *how* and *why* questions, which is well aligned with the problem and purpose of this paper explaining how ambidexterity can be organized, and what is the role of MCS regarding ambidexterity and why is there a need for an intelligent, hybrid mix of controls for exploration and for exploitation.

A multiple case study has been chosen for this paper, because of its many advantages. Rowley (2002) argued that a multiple case study requires more than one case which all are comparable to each other. Compared to a single case study, a multiple case study is more prosperous in terms of more valid and stronger results. In addition, Yin (2009) emphasized that a multiple case study can improve the quality of the research and enable a more thorough variety in terms of the results. This thesis will include multiple cases from different organizations within IKEA, which allows a more thorough and comprehensive analysis of the results. A strong advantage having cases inside one company is that their characteristics are similar, such as size and industry, thus the results drawn from the empirical findings can easily be compared, and the quality of the research will improve. However, having one company minimizes the possibility of analyzing contextual factors related to multiple different companies, which can be seen as a limitation to this study.

2.3.1 Selection of the case company

In order to answer the second research question, an adequate case company for the purpose of this paper needed to be selected. Our most decisive reason when choosing the case company was access. Due to the relative closeness and accessibility to the company by one author of this paper, this advantage has had an immense effect on the selection of the case company. Other criteria for the case company were that firstly, it would have to be of considerable size in order to collect thorough, comprehensive data regarding ambidexterity and MCS. As Andrew et al. (2009) have explained, small case companies usually have not implemented formal controls when it comes to managing innovation, and they have fewer projects to track and less resources. As the aim was to gain knowledge of how ambidexterity is managed in practice, larger companies were found more suitable for this paper. Second, the case company ought to be somewhat innovative and use some MCS in regard to innovation and ambidexterity to get enough relevant information from the interviews. The case company chosen for this thesis is IKEA, and the multiple cases are drawn from the different organizations within IKEA since IKEA is a large company and is perceived to be highly innovative.

After the case company had been selected, a careful consideration of the multiple separate cases inside IKEA had to be decided. A criterion was to have departments and individuals that dealt and worked closely with innovation, individuals including both managers and co-workers to have a broader range of viewpoints and variety in the interview results. The individuals that worked inside the relevant innovative departments in different entities within IKEA were approached via emails in which the topic and keywords of the thesis were explained. The contact details were rather easy to collect because of a close link and connection inside IKEA, and the emails were sent directly to them. Because of a busy agenda of some of the contacts, a few refusals to interviews occurred. However, we still managed to acquire seven individuals that agreed to be interviewed, which we found adequate to get a comprehensive outlook on the topic from the interviewees, and to obtain an extensive variety of perspectives in the results.

2.3.2 Primary data

The primary data was collected through interviews, which is probably the most used way of collecting data in qualitative research (Bryman & Bell, 2015). Bryman & Bell (2015) emphasized that it is flexibility that makes interviews more attractive to researchers, which also applies to this paper. It also allowed us to get more detailed and exhaustive answers than, for example, through surveys in which the questions should not be varied (Bryman & Bell, 2015), which was needed in order to carry out the purpose of this paper. In addition, we were able to ask more adjusted questions to each interviewee with regards to their special knowledge and experience (Harris & Sutton, 1986). Furthermore, we found qualitative interviews to be the most appropriate way to obtain the empirical results since it gave us the opportunity to diverge from the previously set questions or depart from the schedule or interview guide (Bryman & Bell, 2015). Differing from an archetypal interview, where the interviewer sits in front of the respondent writing down answers (Bryman & Bell, 2015), we have conducted interviews both with two interviewers and by a mixture of both in-person and telephone interviews. In addition to interviews, email correspondence was also used to gather the additional primary data.

For the case study of this paper, semi-structured interviews were applied, which includes a combination of different advantages. First of all, in semi-structured interviews the interviewers have a set of interview questions that are in a general form of a schedule, but the sequence of the questions can be varied (Bryman & Bell, 2015). In semi-structured interviews, there is also the opportunity to ask “further questions in response to what are seen as significant replies” (Bryman & Bell, 2015, p. 213). However, in the semi-structured interviews all the questions will be asked, and the similar words used in the questions will be applied in all the interviews (Bryman & Bell, 2015). Moreover, semi-structured interviews were chosen because they allowed the use of the developed integrated framework that served as the basis for the interview guide.

The interview questions were prepared using a general interview guide that was developed by Bryman & Bell (2015) to facilitate the drafting and finalization of the questions. This guide is

illustrated in Figure 2. It enabled us to formulate the most appropriate questions by facilitating us to discover the main points that we aimed to gather when conducting the interviews, as well as ensured a development of coherent and clear questions that are aligned with the research purpose. It also helped us to prepare for the interviews by clarifying the interview process and helping to see the bigger picture. The final interview questions can be seen in the Appendix A. The selection of the final questions was based on the developed theoretical framework and were divided into categories; general questions about innovation, exploration vs. exploitation, organizing ambidexterity, and MCS supporting ambidexterity. After thoroughly exploring the general research area, the developed theoretical framework led us to craft the specific research questions and assisted to design the interview topics. The first category comprises general questions regarding innovation in the area of the interviewee, the triggers and the possible shortages around it. Next, questions were asked concerning the balance between exploration and exploitation within the specific area, and was followed by questions aiming to achieve a comprehensive understanding of the ways ambidexterity is organized within that area. The final questions were focusing on the field of MCS and how and why they are used in order to support ambidexterity.

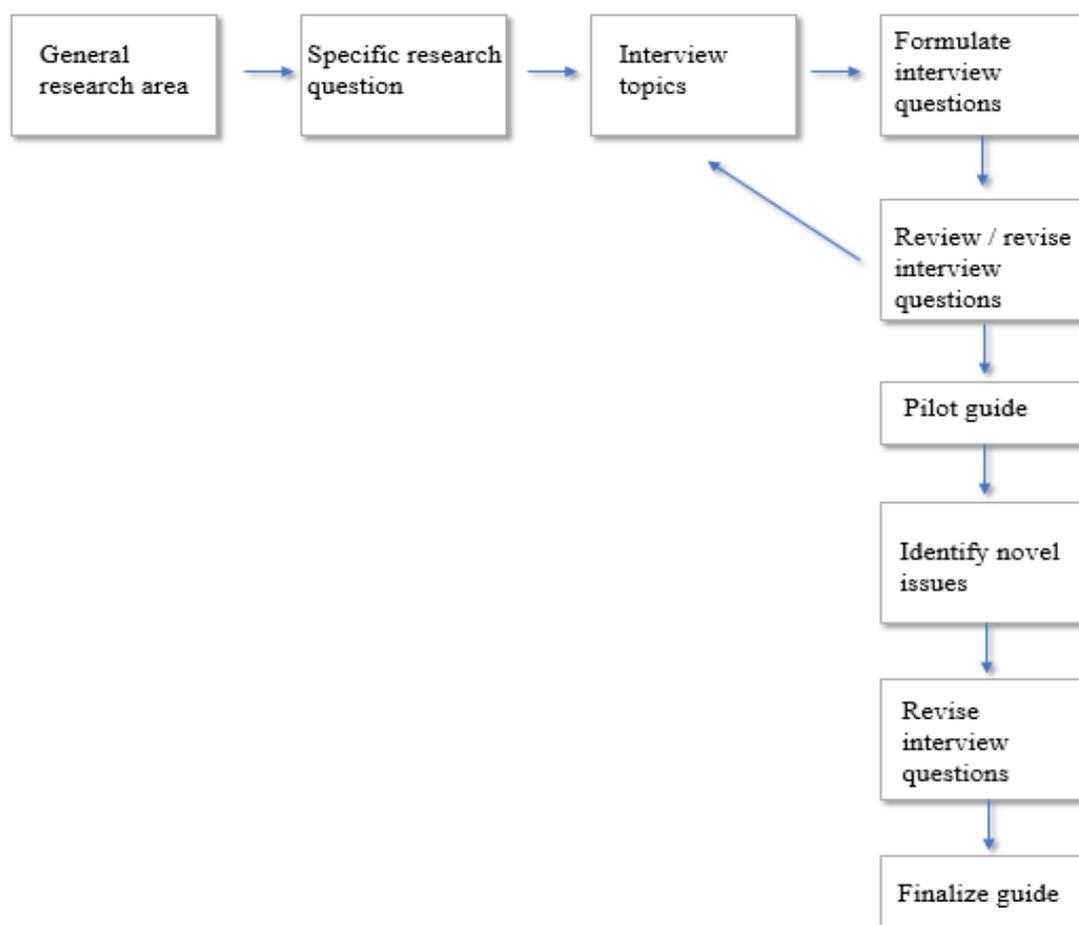


Fig. 2. Formulating questions for an interview guide (Bryman & Bell, 2015).

The subsequent interview process took place in two steps. The first four interviews were conducted while working on another similar project with IKEA in February and early March, and the last three were conducted later in April. All the interviewees were kept anonymous. On the basis of the first interviews, we adjusted the interview guide marginally for it to fit better for the purpose of this paper, and emphasized some questions to match better the interviewee's specific knowledge. Additional questions were sent to the first interviewees to access more thorough data, and to be able to acquire more complete results. The subject of the questions and also some examples of the questions were sent to the respondents beforehand to allow them to prepare adequately for the interviews. Three of the interviews were conducted face to face and four were conducted via phone, and the length of them varied between 30 to 60 minutes. All of the interviews were recorded in order to have access to them also afterwards and have a more reliable base for the analysis. The analysis of the interviews was done by finding similar themes of the interviews, and then evaluating the similarities and differences that were found in the cases. In the following, Table 1 illustrates a summary of the interviews that took place.

Table 1. Information of the interviews.

	Case 1	Case 2	Case 3	Case 4	Case 5
Business area	IKEA AB	IKEA China Investment Co. LTD	IKEA AB	IKEA of Sweden	IKEA of Sweden
No of interviewees	3	1	1	1	1
Interviewee position	Interviewee 1 - Manager Interviewee 2 - Manager Interviewee 3 - Manager	Innovation Leader	Service Operations Manager	Project Leader	Project Coworker
Date of interviews	23.2.2017 Interviewee 1 & 2 1.3.2017 Interviewee 3	3.3.2017	20.4.2017	21.4.2017	26.4.2017
Length of interviews	Interviewee 1 - 1 hour Interviewee 2 - 30 min Interviewee 3 - 1 hour	1 hour	30 min	30 min	1 hour
Type of interview	In person (Interviewee 1 & 2) Phone (Interviewee 3)	Skype	In person	Phone	Phone

2.3.3 Secondary data

The secondary data was mainly collected from documents and the case company's official website, including annual reports and other relevant reports. The secondary data was used to gather complementary information related to our topic. Gathering information from multiple sources strengthens the results and credibility of the study (Yin, 2009). Furthermore, secondary data, such as internal documents, might provide information that facilitates the understanding of the structure of the organization, and can increase the general knowledge of the organization and its business processes (Bryman & Bell, 2015).

For this paper, we reviewed IKEA's official website to acquire a more profound understanding of IKEA's business processes, its organizational structure and the general values of IKEA.

Through the revision of IKEA's annual reports, we gathered information about its innovative projects at the moment and its perceived state regarding innovation. In addition, some information about the structure of management and controls was drawn from the annual reports. Moreover, the secondary data was used to help the creation of the interview questions in the developed interview guide.

2.3.4 Limitations of the case study

Even though a case study was chosen for this paper and was perceived as the best approach, there are still limitations regarding case studies, and specifically this case study, that need to be addressed and acknowledged. First, the data collected from the semi-structured interviews leaves room for interpretation from two sides. The interviewees are able to interpret the questions differently from their point of view and emphasize aspects that are especially relevant from their perspective (Bryman & Bell, 2015). This might affect the reliability of the given answers from different respondents. On the other hand, the interpretations and conclusions that we as interviewers might form may be biased and due to, for example, previous experiences (Yin, 2009). Furthermore, this raises the risk of not being able to refrain from projecting own feelings or opinions into the situation where the interviews are taken place (Easterby-Smith et al., 2015). This limitation is specifically relevant in our paper, since one of the authors is closely connected to IKEA through having close contacts within IKEA, which might have affected the subjectivity of our views. However, we minimized this shortcoming by having both authors present in the interviews as well as recording the interviews, which diminished the possibility of us being subjective when focusing on the results.

Another shortcoming is the inability to scientifically generalize the findings collected from the case studies (Yin, 2009; Bryman & Bell, 2015; Flick, 2009). This means that the results drawn from case studies might not be identical if they were to be replicated in some other context or different settings. Furthermore, we recognize that having only one company with many cases inside that company might result in somewhat similar answers from the interviewees due to company culture or similar business processes. Since the aim of this paper was to draw general conclusion, we find this limitation especially substantial. However, having multiple cases inside one company enables the comparison of the results and the drawing of conclusions more easily, which we evaluate to be a strong advantage.

2.3.5 Validity and reliability of the case study

The evaluation of the validity and reliability of a qualitative study can be divided into four categories; credibility, transferability, dependability, and confirmability (Bryman & Bell, 2015). According to Bryman & Bell (2015), credibility refers to the internal validity, transferability refers to the external validity, dependability is parallel with reliability, and confirmability with objectivity. They emphasize that all of these four aspects ensure the

trustworthiness of the qualitative study. For this study, we have tested all the four evaluation criteria.

Credibility secures that the study has been done appropriately and carried out according to good practice (Bryman & Bell, 2015). We have ensured this by giving the respondents the opportunity to go through the material they provided us and give feedback according to it. In addition, the comparability of the results drawn from the interviews enhances the internal validity of the study. Transferability refers to the possibility of generalizing the findings from the research (Bryman & Bell, 2015). We understand that to fully generalize the findings was impossible due to the choice of case study that is not applicable to generalizations. Also, since we chose to have one case company, the findings included some unique characteristics, such as company culture, that might not be similar to other companies in the same field.

Dependability is parallel to reliability, and it entails the ensurement of access to all records of all the phases within the research process. In addition, to ensure the reliability of the study, researchers should act as auditors in order to assure the complete description of all the steps that were taken in the process (Bryman & Bell, 2015). We have ensured all the data and records of the interviews are stored appropriately, and access to them is allowed at any time. The last criterion is confirmability which refers to objectivity, although recognizing that when conducting a qualitative case study, complete objectivity is impossible. It is further linked to researchers having acted in good faith, and that personal values have not been overtly allowed to influence the results of the case study (Bryman & Bell, 2015). As previously mentioned in the limitations, due to the close links and connections, and extensive previous images and conceptions of IKEA, the inhibition of personal perceptions was hampered when conducting the interviews.

3 Theoretical Review

This chapter presents the reviewed literature for this paper. It is divided into five sub-sections, starting with the conceptualization of organizational ambidexterity. Next, radical and incremental types of innovations are discussed, followed by a description of the different ways to organize ambidexterity. Furthermore, the role of MCS regarding ambidexterity is explicitly reviewed, and the final sub-section gathers all the data together into an integrated framework for the basis of the collection of the empirical data.

3.1 Conceptualization of Organizational Ambidexterity

The term organizational ambidexterity was the first introduced by Duncan in 1976 (Birkinshaw & Raisch, 2008). He stated that organizational ambidexterity signifies a firm's ability to manage the tensions of exploration and exploitation (Duncan, 1976). Later, March (1991) described ambidexterity as the capability of organizations to simultaneously exploit existing competencies and explore new opportunities. An ambidextrous organization maintains a high degree of balance between exploitation which is learning via local search, experiential refinement, and reuse of existing knowledge. Whereas, exploration is defined as learning gained through processes of concerted variation, planned experimentation, and play (Levinthal & March, 1993; March, 1991; Simsek 2009).

There have been many definitions of organizational ambidexterity since the phrase was introduced in 1976. Simsek (2009) illustrated twenty definitions categorized by the following themes: theoretical or empirical; level or unit of analysis; how balance is achieved; view; and the definition of organizational ambidexterity (OA). Some examples include Tushman & O'Reilly (1996) their categorization is the view that OA is theoretical, measured on the organizational level, balance is achieved through separation and its view is structural. Whereas, Lubatkin et al. (2006) described OA from an empirical view, at the organizational level, achieving balance simultaneously through a realized view.

Regardless of how OA is categorized, it is recognized as crucial for success in an organization. An organization's long-term success depends on its ability to be ambidextrous (Levinthal & March 1993; March, 1991). It is suggested by Tushman & O'Reilly (1996) that superior performance is expected from the ambidextrous organizations and describe structural mechanisms to enable ambidexterity. In order to be ambidextrous, organizations have to reconcile internal tensions and conflicting demands in their task environments (Birkinshaw & Raisch, 2008).

O'Reilly and Tushman (2013) posed the question, how do organizations facilitate the achievement of ambidexterity? Duncan's (1976) view states that this is achieved via sequential ambidexterity, shifting structures over time. He explained "there is a need to accommodate the conflicting alignments necessary for innovation and efficiency, firms need to shift their structure over time to align the structure with the firm's strategy" (O'Reilly & Tushman, 2013, p. 327). However, O'Reilly & Tushman (2013) argued that sequential ambidexterity may not be the best solution when rapid change is present. This introduces the concept of simultaneous/structural exploitation and exploration. Birkinshaw and Gibson (2004) suggested that allowing individuals to divide their time between exploitation and exploration could enable a firm to be ambidextrous, referring to contextual ambidexterity. Sok & O'Cass (2015) suggested that new product innovations will contribute not only to the development of new products based on consumer wants, but to the constant cycle of creation and implementation of value within the goods and services the organization offers. It is crucial to understand what facilitates or affects the activities and end results (Sok & O'Cass, 2015). Hence it is imperative that new products and services are constantly offered to accomplish market superiority (Sok & O'Cass, 2015). It is noted that not only front-line managers alone can contribute to the creativity of an organization. It is the combined creativity of the individuals combined with financial performance that drive the businesses success.

3.2 Incremental vs. Radical Innovation

Incremental innovation is described as being "characterized by small changes in a technological trajectory which builds on the firm's current technical capabilities" (Benner & Tushman, 2003, p. 243). In contrast, "radical innovation fundamentally changes the technological trajectory and associated organizational competencies" (Benner & Tushman, 2003, p. 243). Norman & Verganti (2014) described incremental innovation as attempting to reach the top of the current "hill" the organization is working on, whereas radical innovation is seeking the highest hill. According to Darroch & McNaughton (2002), the majority of innovations tend to be incremental and can be seen as additions to existing product lines or changes in the products themselves. When implementing incremental innovations, business practices only need to be slightly adjusted. Those who are working in the organization can build on existing knowledge to enhance their current competencies. By contrast, Darroch & McNaughton (2002) noted that radical innovation introduces concepts and practices that are new to the organization, which often involves a departure from existing business practices. Although, there is an inherent risk that existing competence is not compatible and needs to be replaced or enhanced. Overall, radical innovation is riskier from both organizational change perspective and the ability to commercialize (Darroch & McNaughton, 2002).

Over time there has been question as to how newness of a product or an idea is presented to society. The confusion can ensue based on the company's conscious efforts applied to solving a specific problem (Dunlap-Hinkler et al., 2010). This implies that confusion is present when

labels for products and process innovations are categorized in an abstract manner (Dunlap-Hinkler et al., 2010). Furthermore, they mentioned that technological change is specified in extreme terminology. Radical innovations are at the beginning cycle of technological change, note for example the iPod (Dunlap-Hinkler et al., 2010). However, overtime incremental changes are introduced via “new features, variations and compliments” which originated from the radical innovation (Dunlap-Hinkler et al., 2010, p.109). Tushman & Nadler (1986) stated that incremental process innovations incorporate innovations in product quality and or production efficiency. Whereas Anderson & Tushman (1991) noted that innovation can destroy or improve current knowledge based on the period of time needed to incorporate a leading design. If the length of time is longer for innovation to take place, it can destroy industry knowledge (Anderson & Tushman, 1991). Furthermore, radical change in compressed periods are introduced as “technology discontinuities which create price and/or performance improvements relative to current technologies” (Dunlap-Hinkler et al., 2010, p.109). If there are external environmental factors that influence the organization periods of disconnected change, they will surface from the external downtrends (Tushman & O’Reilly, 1996).

In conclusion, past research describes both explorative and exploitative frameworks on opposite ends of the spectrum between the concepts of incremental and radical innovations (Dunlap-Hinkler et al. 2010). However, as noted previously, organizational ambidexterity is the ability to manage between the tensions of exploitation and exploration where incremental and radical innovations are present (March, 1991). It is clear that firms that are able to simultaneously exploit and explore activities are more likely to achieve sustained success (March, 1991). Dunlap-Hinkler et al. (2010) warned firms to be cautious not to become trapped in an endless loop of searching for radical innovations from potentially unrewarding trends from the outside. Companies gain rewards that come from exploiting existing knowledge capabilities (Tushman & O’Reilly, 1996). The key to a company’s continued competitive advantage is the capability to create continuous incremental and radical innovation (Dunlap-Hinkler et al., 2010).

3.3 Organizing Ambidexterity

Throughout our review of the organizational ambidexterity literature concepts emerge of several different categorizations of ambidexterity. There are many specific categories proposed to understand the organization of ambidexterity more specifically. This study takes four organizational ambidexterity concepts into account: sequential ambidexterity, structural ambidexterity, contextual ambidexterity and leadership ambidexterity.

3.3.1 Sequential Ambidexterity

One of the ways to enable exploration and exploitation is through sequential ambidexterity via temporal separation (Chen, 2017). Temporal separation is defined as a way to empower an

organization to achieve focus at an exact point in time and to attain ambidexterity over a further or spread out amount of time (Chen, 2017). This type of ambidexterity supports the idea of an organization focusing attention on either exploration or exploitation at different points in time. Thus, exploitation could be the focus at one point and exploration at another point (Chen, 2017). Kortmann (2012, p.22) referred to the sequential ambidexterity “arising from the dynamic, temporal sequencing of exploitation and exploration periods”. He proceeded to describe past and present perspectives being two temporal orientations necessary for a firm to balance between short-term performance and long-term survival. Sequential ambidexterity allows an organization to manage projects at varied stages via varied management control types (Chen, 2017). To effectively capture sequential ambidexterity, an organization must adjust their characteristics to focus on both exploration and exploitation (Kortmann, 2012). To capitalize on each period of time, an organization needs to become fluid with their transformational and implementational capabilities (Kortmann, 2012). O’Reilly & Tushman (2013, p. 327) referenced a term “vacillation”, which refers to previous terms such as “semi-structures” and “rhythmic switching” indicating to move back and forth between exploration and exploitation periods. They also note that a useful way to explore and exploit is to change sequences in an organization’s structure to encourage short-term decentralization (O’Reilly & Tushman, 2013).

There is a negative characteristic or precaution to note with sequential ambidexterity, the organizations should be careful from switching between the two modes of exploration and exploitation too often. If this is done too often, short-term and long-term survival is not possible (Chen, 2017). Furthermore, Kortmann (2012) questioned if sequential ambidexterity is a representative form of organizational ambidexterity. He continued on to state there is an absence of simultaneity that would label this an “organizational ambidexterity.”

3.3.2 Structural Ambidexterity

Within the different types of ambidexterity, structural ambidexterity is one that is dependent on enabling mechanisms (Kortmann, 2012). This includes organizational separation with dedicated, separate units and multiple structures for the exploration or exploitation capability areas and agendas that differ (Kortmann, 2012). Tushman & O’Reilly (1996) illustrated that, as opposed to sequential ambidexterity where the focus is either more on exploiting or exploring at a given point in time, that companies should focus on both at the same time and this can be accomplished by creating these divisions, each with its own alignment from capability, process, incentivizing and cultural perspectives. This is the enabling mechanism that defines structural ambidexterity.

While structural ambidexterity is characterized by having separate units and corresponding attributes, the organization operates from common values and it retains a single overarching strategy. Assets and capabilities are leveraged by aligning the units to strategic direction and company values (O’Reilly & Tushman, 2004). From a wide set of data analysis in the area of structural ambidexterity (e.g. He & Wong, 2004), the results generally confirm the theory: the

overarching vision underlines the need for both exploration and exploitation, employees work in separate units for exploration and exploitation, and assets are leveraged by integrating employees into these structures. The results also confirmed the need for balanced leadership that is equipped to manage the potentially conflicting organizational focus (O'Reilly & Tushman, 2013). One of the challenges with structural ambidexterity is that while it is effective at the project level, Christiansen & Overdorf (2002) could see difficulty at the organizational level. Although practical in that the enablers (i.e. organizational structures and goals) are concrete, structural ambidexterity places strain on the top leadership level. Executives must work with multiple structures and create new elements when needed, as well as coordinate and meld these areas into the single vision. In this way, they can become the bottleneck resulting in failure in achieving effective structural ambidexterity. However, contextual ambidexterity can help alleviate this corporate level bottleneck at the business unit level (Chen, 2017). Chen (2017) also suggested that companies can incentivise in a performance-based fashion for exploiting units while accepting failures and rewarding successes in the long run works best for exploring units.

3.3.3 Contextual Ambidexterity

Building on structural, sequential and innovative ambidexterity concepts, we look at contextual ambidexterity in an organization. In order to create more opportunities for companies to excel at both exploiting and exploring, contextual ambidexterity literally provides a context, or mechanism within the organization giving members of its teams the possibility to explore or exploit; their choice (Birkinshaw & Gibson, 2004). This approach reduces constraints to exploration by allowing exploration to traverse business units and removing standard time restrictions thereby allowing the exploration to lead itself in a non- preconceived fashion (Adner & Levinthal, 2008).

The overall concept of ambidexterity is discussed at an organizational-level, whereas contextual ambidexterity focuses its exploration and exploitation balance within a subsystem of an organization at the individual or team level (Gibson & Birkinshaw, 2004). It is described as “the behavioral capacity to simultaneously demonstrate alignment and adaptability” (Gibson & Birkinshaw, 2004, p. 209). It can be viewed as a strategic orientation that frames an organizational direction that can potentially serve as a vehicle for example, innovative ambidexterity (Kortman, 2012).

The main elements that separate contextual ambidexterity from sequential and structural ambidexterity in balancing exploration and exploitation is the focus on individuals, the employee's agreement and “buy-in” that the business units are aligned, and that processes that allow for such a shift in the individual are not explicitly stated (O'Reilly & Tushman, 2013). Therefore, the individual could not actually pinpoint the directives or specific changes that allowed for the cross-organizational alignment (O'Reilly & Tushman, 2013) and would likely point more to a mindset shift. In their historical recount of Hewlett-Packard, House & Price (2009) exemplified these differences where contextual ambidexterity (a discovery that ink used

for circuit boards developed laser printing) led to structural ambidexterity (a dedicated printing business); and finally, sequential ambidexterity (a reorganization for alignment to the personal computer market). Therefore, the event that took place at the individual/team level across different areas of expertise allowed for an exploration that launched an organization into a valuable and undefined market space, where contextual ambidexterity was the start of a chain that lead to structural and sequential ambidextrous adaptations (House & Price, 2009).

Since contextual ambidexterity focuses largely on company or unit-wide alignment and adaptability (Kortmann, 2012), it can be seen as a key in achieving success in balancing exploration and exploitation for an organization since the common goals are felt, understood and acted upon at the individual level, and this is where change takes place in a firm's ambitions.

3.3.4 Leadership within Ambidexterity

The growing need and struggle to lead an organization's ability to exploit existing abilities, while simultaneously influence a firm's adaptation to changing climates and needs, has been a subject of theorists over time (Vera & Crossan, 2004). Organizational ambidexterity is the banner under which the search for exploration and exploitation has been conceptualized by an increasing number of theorists (Duncan, 1976; Gibson & Birkinshaw, 2004; Tushman & O'Reilly, 1996). Here we examine organizational ambidexterity in terms of leadership. Balancing the focus on exploration and exploitation shifts as a result of environmental stimuli in the perception of an organizations leaders, and so there is a continual attempt to attain or regain the wished levels of both (Vera & Crossan, 2004). In transforming an organization in this context, Vera & Crossan (2004) pointed to inspirational motivation to stress strong working relationships and encourage sharing of learning experiences across the organization.

Leadership for ambidexterity has mostly been studied in the context of transformational leadership, integration of behaviours and trust (Jansen, et al. 2008), yet in general has received limited attention (Nemanich & Vera, 2009), and studies have been conducted to determine the effectiveness of the role of leadership in under ambiguity and uncertain conditions in this space (Edmondson, et al. 2003).

When shared goals and values are present it provides a strategic direction that provides the common ground that reduces conflicting interests and disagreement (Sethi, 2000). The adverse effects of conflicting goals and perspectives among management teams of both exploratory and exploitative parts of the organization may be reduced (Sethi, 2000). Having common goals and shared values in ambidextrous organizations can create motivation in the leadership community which can in turn facilitate the exchanging of resources and foster the alignment and even removing the boundaries of exploratory and exploitative divide (Brown and Eisenhardt, 1995). While there are direct effects of this alignment on achieving ambidexterity, the strongest impact can be felt when these ambitions are synergistic with those of an organizational transformational leadership teams.

In an ambidextrous organization, senior team leaders facilitate the resolution of conflicting strategic agendas with their respective operational responsibilities (Smith, 2010). These leaders are key elements for ambidextrous organizations in resolving conflicts and combining exploratory and exploitative initiatives throughout the organization (Denison & Mishra, 1995). A strong shared vision must be developed and must resonate among the various teams and their involvement in its creation (Jansen et al. 2008). Having this collective view and ambition can allow for both the successful exploitation and a developmental path of exploration, and reduce the risk of fractured and inefficient ways of working (Hambrick, 1994).

3.4 MCS Role in Supporting Ambidexterity

As said in the background MCS have traditionally been seen as only appropriate for mechanistic organizations and seen as hindrance to innovation and creativity (Burns & Stalker, 1961), but recent theory and studies have questioned these views. Davila (2005) stressed that MCS can be flexible and dynamic, and are able to adapt to growing and unpredictable requirements of innovation. In addition, a greater challenge today is to comprehend what effects MCS may have on ambidexterity, whether they facilitate or prevent it. Gschwantner & Hiebl (2016, p. 372) emphasized that “To develop and maintain an adequate balance between exploitation and exploration, the use of management control systems can be essential”. It is said that MCS can facilitate the process of balancing between exploitation and exploration (Gschwantner & Hiebl, 2016). Gschwantner & Hiebl (2016) emphasized that the use of exploitation is not lacking focus but rather the time invested in pursuing exploration can be found limited. However, they argued that using the appropriate MCS and the implementation of ambidexterity into the objectives can help organizations pursue also explorative activities through exploring potential resources and new opportunities, which in turn can lead to a long-term success. The chosen frameworks for the MCS are Malmi & Brown’s (2008) control package, which has a more structural approach, and Simon’s (1994) levers of control, which takes more of a process view approach. The interrelatedness of these frameworks is tight, where belief systems are similar to cultural controls, interactive control systems are similar to planning controls, diagnostic control systems are similar to cybernetic and reward and compensation controls, and boundary systems are similar to organizational controls (Gschwantner & Hiebl, 2016).

3.4.1 Malmi & Brown framework

Malmi & Brown (2008) understand MCS as a package, thus they stress that MCS do not operate in isolation, and not understanding this could lead to erroneous conclusions. They argued that to focus on a broader concept and understanding of MCS as a package could facilitate the design of the controls. This broader view of MCS as a package could help to develop a better understanding of the impacts the controls have. There are five types of controls in the framework Malmi & Brown (2008) developed; planning, cybernetic, reward and compensation,

administrative and cultural controls. Next, the effects of these five controls on ambidexterity will be presented.

Cultural Controls						
Clans		Values			Symbols	
Planning		Cybernetic Controls				Reward and Compensation
Long range planning	Action planning	Budgets	Financial Measurement Systems	Non Financial Measurement Systems	Hybrid Measurement Systems	
Administrative Controls						
Governance Structure		Organisation Structure			Policies and Procedures	

Fig. 3. Management control systems package (Malmi & Brown, 2008).

Cultural controls

Cultural controls include values, social norms, and beliefs, which are shared by the members, and which influence the members' thoughts and actions. Cultural controls can be categorized as value-based controls (Simons, 1994), clan controls (Ouchi, 1979) or symbol-based controls (Schein, 1997). Gschwantner & Hiebl (2016) stated that cultural controls can have a supporting effect on both exploitation and exploration in an organization and can even relieve the tensions between the two contradictory views. Moreover, Ylinen & Gullqvist (2014) said that more organic controls are built on communication, participation, flexibility and openness, which can enable the opportunity to identify problems or create new ideas, and they provide the necessary flexibility for the employees to react proactively to changes. They said that these controls are more effective in exploratory innovation projects, because of the open channels of communication, support of idea generation and the free flow of information. Furthermore, Gschwantner & Hiebl (2016) emphasized that cultural controls can build and maintain the tolerance for errors, which is very much needed when organizations are pursuing exploration. Kang & Snell (2009) added that cultural controls can enable exploration through the encouragement of alternative views and fostering of creative solutions to problem solving.

However, Gschwantner & Hiebl (2016) stressed that cultural controls can also support exploitation through aligning the employees' values, objectives and goals with those of the organization, which then can create stability and orientation. In addition, these controls can also create a rule-following culture that develops a disciplined environment in the organization, which then supports exploitation (Kang & Snell, 2009). Cultural controls together with other types of management controls can foster the achievement of organizational ambidexterity. Although there have been found some links between cultural controls and exploitation, it is said that cultural controls are especially suited for supporting exploration (Gschwantner & Hiebl, 2016).

Planning controls

Planning controls direct effort and behaviour through goalsetting, and they provide standards that need to be achieved in order to meet the goals (Malmi & Brown, 2008). Planning controls make the expected levels of effort and behaviour clear, and align individuals' and subunits' goals with those of the organization, and thus enable co-ordination (Malmi & Brown, 2008). Malmi & Brown (2008) further described that through aligning the goals, the organization ensures that they are in line with the desired outcomes. They describe two approaches to planning; action planning and long-range planning. Action planning establishes the goals and actions for the near future with a tactical focus, whereas in long-range planning, which has a more strategic approach, the goals and actions are established for the medium or long run (Malmi & Brown, 2008).

Mundy (2010) and McCarthy & Gordon (2011) said that planning controls can foster ambidexterity through supporting both exploitation and exploration. To enable open discussion at any time, planning controls are used to continually question the already existing action plans, thus fostering exploration (Gschwantner & Hiebl, 2016). Gschwantner & Hiebl (2016) further said that together with cultural controls, planning controls can allow the employees to look ahead and plan to recognize change, which supports exploration. They said that planning controls serve the information of employees, interaction and knowledge integration, and feed-forward orientation, which all support the explorative actions, for example, search, variation and radical innovation.

Planning controls can also bolster exploitation through the communication of the strategic objectives to employees (Gschwantner & Hiebl, 2016). Gschwantner & Hiebl (2016) said that these objectives can act as guidelines for action planning, which helps the organization to focus on its overall goals, and thus enable exploitation through efficient and reliable actions that have a short-term focus. Also, planning controls can be used to focus on the behaviour of the employees and limit their freedom and inhibit their autonomy, which in addition supports exploitation. However, they recognized the need for simultaneous use of planning controls and cybernetic controls to ensure a balance between exploitation and exploration.

Cybernetic controls

Cybernetic controls are probably the most known and used set of controls (Malmi & Brown, 2008). Malmi & Brown (2008) described them to be formal, using standards of performance, measuring system performance, comparing that performance to standards, and giving out information of unwanted outcomes. They said that these controls link behaviour to targets and establish accountability for variations in performance. Furthermore, they described four main components of cybernetic controls; budgets, financial measures, non-financial measures, and hybrid measures that include both financial and non-financial measures. Bunce et al. (1995) explained that budgets are the most used form of control and can be identified as the foundation of MCS. Budgets enable the creation of a far-reaching plan that serves many separate purposes, but their main purpose is to set up a plan for acceptable levels of behaviour and then evaluate performance against those plans (Malmi & Brown, 2008). On the contrary to budgets, financial measures, such as return on investment or economic value added, are more narrow and simple

and used to target-setting (Malmi & Brown, 2008). Non-financial measures, on the other hand, are used to determine the drivers of performance, and are perceived to act as a supplement along with financial measures to overcome the limitations of financial measures that are seen too inflexible (Malmi & Brown, 2008). Hybrid measures, such as balanced scorecard, contain both financial and non-financial measures.

Gschwantner & Hiebl (2016) portrayed cybernetic controls more typical regarding the ensurance of exploitation. Bedford (2015) stressed that cybernetic controls are found especially important in organizations that pursue exploitation because they have been seen to enhance performance. Moreover, cybernetic controls can improve the employees' commitment to the desired outcomes of performance through the clarification of the organization's goals and objectives, which supports exploitation (Gschwantner & Hiebl, 2016). Mundy (2010), on the other hand, warned that an excessive use of cybernetic controls can hinder ambidexterity because it can cause employees to reduce their innovativeness and creativeness, thus cybernetic controls ought to be used with care. Therefore, Gschwantner & Hiebl (2016) emphasized that cybernetic controls should be used both as a feedback and feed-forward ways to facilitate measuring of performance. They said that feedback controls foster exploitation and feed-forward controls foster exploration, thus balancing between these two approaches also facilitates the balance between exploration and exploitation. To conclude, cybernetic controls can support exploitation through providing transparency and guidance in the form of different performance measures, but also exploration when allowing employees to make their own judgements on how to solve problems and achieve goals, thus giving them more autonomy (Gschwantner & Hiebl, 2016).

Reward and compensation controls

Malmi & Brown (2008) described reward and compensation controls being used to motivate employees and increase their performance through aligning and attaining congruence between their goals and those of the organization. Bonner & Sprinkle (2002) emphasized that these controls lead to employees having increased effort through focusing on a specific task compared to not implementing these controls. Although rewards and compensation controls have been linked to cybernetic controls, they are provided for other reasons as well, such as retaining employees and encouraging cultural control through group rewards (Malmi & Brown, 2008).

The alignment of the goals and objectives through rewards and compensation enforces conformance and agreement, and corrects deviations, which all support exploitation (Gschwantner & Hiebl, 2016). Further, Kang & Snell (2009) argued that these control systems can be perceived also as behaviour appraisal systems that ensure the employees are not deviating from what is expected from them. Gschwantner & Hiebl (2016) stressed that since most rewards are monetary rewards and controls focus on financial measures, it can prevent achieving organizational ambidexterity. They said that reward and compensation controls together with cybernetic controls might bring better performance and achievement of goals in the short-run but they do not bring success in the long-run, thus serving only exploitation with objectives such as efficiency and short-term success. These controls need to be used with thorough consideration and care, since they might lead to only supporting exploitation and not

exploration, therefore hindering the achievement of ambidexterity (Gschwantner & Hiebl, 2016).

Administrative controls

Administrative controls focus on employee behaviour and performance through the organizing of groups or individuals, monitoring of behaviour and making clear to whom the employees are accountable for, determine responsibilities, and the specification of how tasks of behaviours should be performed (Malmi & Brown, 2008). Malmi & Brown (2008) divided administrative controls into three categories; governance structure, organization structure, and policies and procedures. Flamholtz (1983) described organizational structure as a form of control that can minimize the variability of employee behaviour, and can encourage certain types of contact and relationships. The governance structure is the structure of the organization's board and composition, and it formulates the lines of authority and accountability (Malmi & Brown, 2008). The policies and procedures are a form of bureaucracy that control how processes, actions and behaviour should be carried out. They include, for example, set standard procedures and practices.

Gschwantner & Hiebl (2016) argued that administrative controls can be viewed to foster exploitation through providing explicit structures that hinder and direct employees' behaviour to a desired outcome. Furthermore, they stressed that the administrative controls limit activities and search spaces, and administer certain ways of communication. On the other hand, Bedford (2015) argued that administrative controls can also support exploration by giving the employees direct guidelines, and within those guidelines they can flexibly explore and innovate. Feldman & Pentland (2003) further argued that administrative controls and organizational routines can even drive change. Breslin (2014) clarified that organizations can choose to use administrative controls to either foster exploitation or exploration by designing them differently. He said that they can choose to use them to direct employee behaviour to a certain way or they can be designed more loosely to allow more autonomy to the employees but still have clear structure and guidelines. Thus, the right ways to design the administrative controls can enable to achieve organizational ambidexterity. Strict and tight structures that provide standardized procedures, limit employees' autonomy and increase predictability support exploitation, whereas structures that focus on search and variation and encourage innovation support exploration (Gschwantner & Hiebl, 2016). The combination of these opposing views may be the most suitable way to achieve the balance between exploitation and exploration.

3.4.2 Simons' Levers of control

Compared to Malmi & Brown's (2008) control package framework, Simons' (1994) levers of control takes a more process and procedure view when approaching MCS, and it focuses more on the different uses of MCS from a top management view rather than how they are structured (Mundy, 2010). It includes formal routines and procedures and informal control processes (Simons, 1994). Simons (1994) emphasized that MCS should not only contain deliberate, goal-oriented strategies but also incremental, unexpected innovation. He divided the types of

controls in the framework into four categories; belief systems, boundary systems, diagnostic control systems, and interactive control systems. The systems include both a controlling role that supports efficiency, formality, and meeting short-term goals, and an enabling role that supports spontaneity, creativity, and transparency (Mundy, 2010). Kruis et al. (2016) described that the main aspect of the levers of control framework is that the achievement of control of business strategy occurs through the balance of these four control systems. In addition, they stressed that the focus is not how these different systems are used separately, but how they affect when applied together, thus that is the power of the framework.

The levers are said to create both positive and negative forces that generate dynamic tension between innovation and strategic renewal, and efficient, predictable achievement of objectives and goals, and ultimately securing long-term success (Kruis et al., 2016). This generation of dynamic forces through the simultaneous use of the four levers of control to create long-term success is comparable to the notion of ambidexterity enabling organizations to survive in the long-term (Kruis et al., 2016). This simultaneous use of the systems enables organizations to achieve formal control over predictable goal achievement, which correlates to exploitation, but also innovation and strategic renewal, which can be linked to exploration (Kruis et al., 2016).

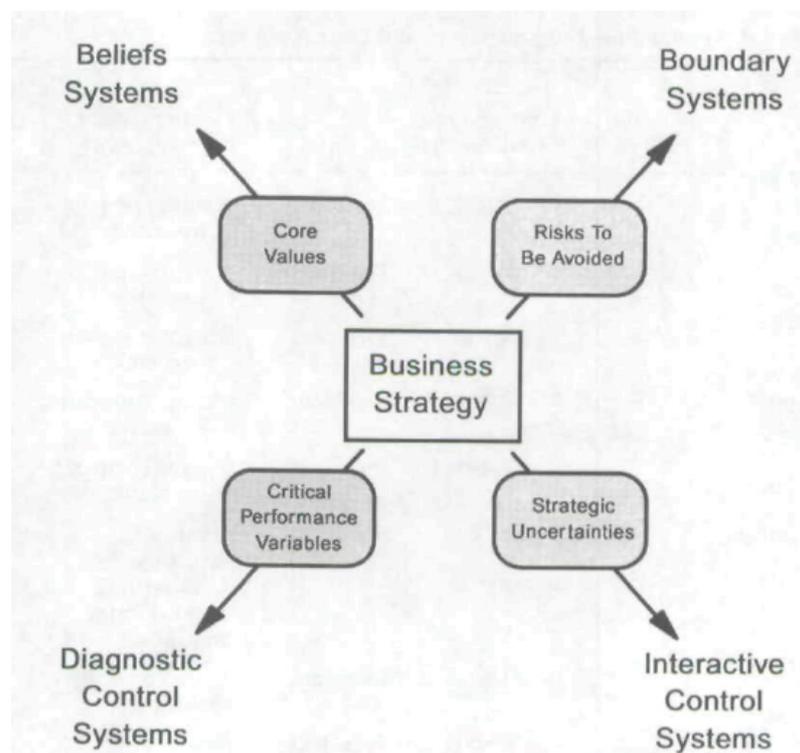


Fig. 4. Levers of control (Simons, 1994).

Belief systems

Belief systems are formal systems used to “define, communicate, and reinforce the basic values, purpose, and direction for the organization” (Simons, 1994, p. 170). Simons (1994) described that they are developed and informed through formal documents, for example, mission statements and credos. Furthermore, he stressed that the evaluation of core values of the organization affects the design of them. The use of belief systems help organizations to align

individuals' goals to those of the organization through affecting the attitudes and behaviour of the individuals (McCarthy & Gordon, 2011). The belief systems do not include precise prescription of how the activities should be done (Mundy, 2010). This can be related to the cultural controls in Malmi & Brown's (2008) framework. McCarthy & Gordon (2011) construed that the belief systems provide a positive force that enables and inspires employees to search new knowledge and opportunities, which is necessary for exploration.

Moreover, Bedford (2015) said that belief systems will most likely leverage performance of the organizations that pursue exploration. He described three aspects of belief systems that affect organizations seeking exploration. First, he explained that shared values in an organization provide a prevailing understanding that helps individuals to exchange divergent experiences, knowledge and information, which ultimately will facilitate the creation of new ideas. Second, he said that the motivation of individuals in a creative environment is enhanced by belief systems through the internalization of organizational values and purpose. Third, belief systems can help organizations prevent apathy and passivity by encouraging individuals to behaviour that emphasizes variance. However, Bedford (2015) warned that if too much priority is given to belief systems, it might negatively affect the achievement of exploitation because it encourages organizations to search and innovate too far from the existing routines and procedures.

Boundary systems

Boundary systems are used to formulate explicit limits and rules that are to be followed (Simons, 1994). They are developed through "codes of business conduct, strategic planning systems, and operating directives", and are viewed typically as negative forces (Simons, 1994, p. 170). These systems are relative to the administrative controls in the Malmi & Brown (2008) framework. McCarthy & Gordon (2011, p. 245) pointed out that boundary systems are "central to reliability-based exploitation behaviors", because they restrict opportunity-seeking behaviour (Mundy, 2010). Mundy (2010) furthermore described that the boundaries set by the organization intent to restrain the employees to waste the organization's resources and prevent them to explore continual improvements beyond the boundaries. Although, Bedford (2015) stated that the boundary systems do not necessarily inhibit the individuals' empowerment or motivation, but rather help them to focus on activities and areas that are critical to the performance of the organization. He further said that this steering of the individuals' actions and behaviour to the desired way is especially effective for organizations seeking to exploit. The boundaries minimize the risk of individuals finding ways to go beyond the reliable and predictable processes, thus fostering exploitative innovation where the processes are tightly-coupled (Bedford, 2015).

Simons (1994) however, pointed out that boundary systems could also facilitate strategic renewal, and encourage managers to search new ways beyond the old routines, which advocates explorative actions. Nonetheless, boundary systems are still perceived as having a controlling role, because they tend to restrict experimentation and finding new alternatives (Bedford, 2015). Thus, Bedford (2015) affirmed that these systems are more efficient for exploitation and more problematic for exploration. Moreover, he said that they restrict exploration leaving the

environment unexplored and untested, and minimize the potential array of experience and knowledge.

Diagnostic control systems

Diagnostic control systems can be linked to cybernetic controls in the Malmi & Brown (2008) framework. They are formal controls, such as business plans or budgets, which are used to “monitor organizational outcomes and correct deviations from preset standards” (Simons, 1994, p. 170). Evaluation of the critical performance variables have an effect on the design of the systems (Simons, 1994). Simons (1994) argued that diagnostic control systems are perceived as the antecedent of formal feedback systems, and finds them to be the first ones to detect variances from established standards of performance. Financial data is used to point out what targets are being achieved, whereas non-financial measures allow managers to oversee and control crucial success factors (Mundy, 2010). Furthermore, Bedford (2015) described that diagnostic control systems are associated with tight mechanistic controls with highly structured ways to communicate.

McCarthy & Gordon (2011, p. 245) identified diagnostic systems as a set of processes that “tend to focus on measuring tangible and exploitation activities”, with an objective to motivate employees to be productive and efficient. Related to this, Bedford (2015) argued that diagnostic control systems foster efficiency in activities, which further supports exploitative actions. He also explained that when goals are clearly communicated and precisely specified, they help to aim the managerial focus towards desired outcomes. Pursuing exploitation that directs the resources to understanding existing processes and capabilities helps organizations to gain explicit knowledge, which enables them to clearly define the goals (Bedford, 2015). In addition, diagnostic control systems facilitate the achievement of having mutual commitment toward desired goals, which is essential in exploitation (Bedford, 2015).

However, Adler & Chen (2011) recognized that diagnostic systems might also foster exploration since they only measure the outcomes of actions and not the specific procedures, leaving individuals with more space and variety to achieve the desired outcomes. Although, Bedford (2015, p. 15) argued that diagnostic systems do not support explorative actions enough, since exploration includes “experimentation and search outside existing market and technological domains”, which diagnostic systems do not support. He emphasized that focusing too much on diagnostic control systems can redirect focus on reducing deviations from desired outcomes in order to meet short-term goals, and at the same time jeopardize the discovery of new knowledge. Also McCarthy & Gordon (2011) cautioned that the use of diagnostic control systems without the simultaneous use of other levers of controls, such as belief or boundary systems, might hinder the balance between exploitation and exploration since these systems tend to only promote the idea of ‘what is measured, gets done’, thus only supporting exploitation.

Interactive control systems

Interactive control systems are used by managers to “regularly and personally involve themselves in the decision activities of subordinates” (Simons, 1994, p. 171). They enable

managers to focus on strategic ambiguity, and facilitate them to respond to the threats and opportunities of the changing competitive conditions proactively (McCarthy & Gordon, 2011). Interactive control systems allow managers to scan, analyze, and earn information about critical events in the environment that the organization operates in (McCarthy & Gordon, 2011). Furthermore, Mundy (2010) said that the purpose of interactive control systems is to question and debate the ongoing action plans, and bring together individuals with varied backgrounds to share their knowledge. In addition, Simons (1994) explained that any diagnostic control system can be made interactive by encouraging the managers to give attention and interest to the actions of their subordinates, and by going to their level, developing a dialogue with them, and evolving them in the decision-making.

The exploring of information and the communication between managers and employees suggest strong similarities to what exploration entails. Interactive control systems include, as McCarthy & Gordon (2011) described, ways of engaging in explorative actions, such as intra-organizational networks, information technology, teamwork, and brainstorming sessions. They facilitate innovation, build up stability, and boost employee commitment, which all support exploration (Mundy, 2010). Bedford (2015) described interactive control systems as positive forces that promote forward-looking and inspirational communication. He said that this has a positive effect on innovation and change. Moreover, he emphasized that challenging the status quo and opposing the validity of current action plans empowers organizations to break out from traditional procedures and definite search routines, leading them to increase the performance of the firm through exploration. Still, when trying to achieve the balance between exploration and exploitation, organizations must include other control systems in their operations as well to incorporate the dynamic tensions that the levers of control can induce.

3.5 Development of the Integrated Theoretical Framework

The theoretical framework is developed with a help of the thorough review of the relevant literature on ambidexterity, the way it can be organized, and the role of MCS have on balancing the tension between exploitation and exploration. First, ambidexterity can be organized through a contextual, structural or sequential fashion, of which contextual requires of a more decentralized approach in management, and structural and sequential can be enabled through a more centralized management. In each of the ways to organize ambidexterity, the balance between exploration and exploitation is a key element, exploration being radical innovation with a focus on search, variation and long-term success, whereas exploitation is more incremental innovation with a focus on efficiency and meeting short-term goals. From the literature review and the chosen frameworks, specific MCS can be found to suit better for either exploration or exploitation. From Simons' (1994) levers of control framework belief systems and interactive control systems are found to support exploration better whereas boundary

systems and diagnostic control systems support exploitation better. The same distinction can be made from Malmi & Brown's (2008) control package framework. Enabling cultural and planning controls foster exploration while controlling cybernetic, organizational, and reward and compensation are more suitable for exploitation.

Although some MCS support more exploration and some exploitation, they should still be regarded as complementing each other when trying to achieve the balance between exploration and exploitation. While informal MCS are perceived to foster innovation and creative thought processes, formal controls MCS can help to generate and implement them (Bisbe & Otley, 2004). The understanding and comprehension of MCS as a package, using the different controls simultaneously could facilitate the achievement of ambidexterity. Some controls support exploration more and some support exploitation more. Also Gschwantner & Hiebl (2016) pointed out that some controls allow employees more freedom and enhance their motivation to act more creatively, which can be perceived to foster exploitation, while some controls restrict more, which supports more exploitation. In addition, Mundy (2010, p. 501) emphasized that the dynamic tensions that the interconnected use of the levers of control create "facilitate the organizational capabilities, such as innovativeness, organizational learning, entrepreneurship, and market orientation". The use of the four levers of control helps balance "the requirement of control with the need for innovation and learning" (Mundy, 2010, p. 502). The interrelatedness of the Simons' (1994) levers of control and Malmi & Brown's (2008) control package is tight, where belief systems are similar to cultural controls, interactive control systems are similar to planning controls, diagnostic control systems are similar to cybernetic and reward and compensation controls, and boundary systems are similar to organizational controls (Gschwantner & Hiebl, 2016). The control package framework only takes a more structural approach whereas the levers of control are perceived more as process controls. The areas reviewed and combined to the integrated theoretical framework form a basis for our empirical research and analysis.

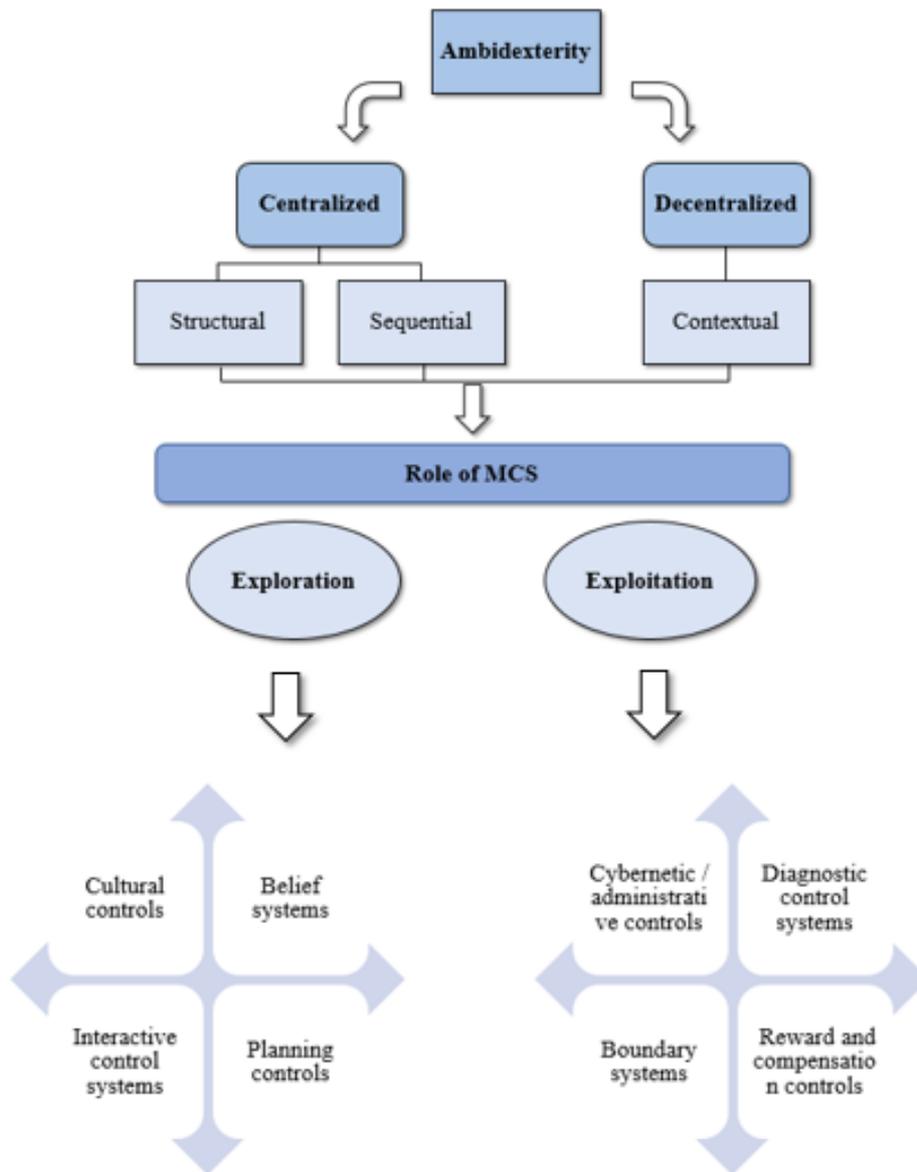


Fig. 5. Integrated theoretical framework.

4 Empirical findings

This chapter examines and summarizes the empirical data for the analysis of our study. The data are compiled from several interviews with employees in the innovation areas within different IKEA entities. Next, the data are presented as separate case studies. Within these five different case studies are four categories. First, is a description of the innovation area within the organization. Next, a look at the exploitation and exploration within different areas. Then, the organization and categorization of ambidexterity. Completed with the MCS within the company's innovation area.

4.1 IKEA

4.1.1 Company background

IKEA is a multinational group with its headquarters located in the Netherlands. The group's focus is on the retail home furnishing sector, operating 389 stores with 44 pick-up and order points in more than 48 countries reflected in yearend figures from 2016. Inter IKEA Systems B.V. is the current owner of the IKEA concept and a part of the new Inter IKEA Group (see below in figure 6). IKEA's main vision has been to fulfill the needs of the customers' everyday life, and supplying sustainable, quality products at low prices for the many. Their ten core values are presented in table 2. Historically IKEA has introduced radical concepts via their flat-pack furniture, self-service, self-assembly and design of the business model as a whole. Their vision is guided with the "optimization of their value chain, building long-term supplier relations, investing in new technologies, creating efficient production techniques and producing large volumes" (IKEA Annual Report, 2015). Torbjörn Lööf, the CEO of Inter IKEA Group, states "to further improve the customer experience we have invested in e-commerce and new ways to make shopping, browsing and getting inspired easier" (IKEA annual report, 2015).

Table 2. Ten core values (IKEA, 2017).

IKEA VALUES	
1. LEADERSHIP BY EXAMPLE	Our managers act according to IKEA values, create an atmosphere of well-being and expect the same from co-workers.
2. CONSTANT DESIRE FOR RENEWAL	We know that adapting to customer needs with innovative solutions contributes to a better everyday life at home.
3. TOGETHERNESS AND ENTHUSIASM	Together, we have the power to solve seemingly unsolvable problems. We do it all the time.
4. COST-CONSCIOUSNESS	Low prices are impossible without low costs, so we proudly achieve good results with small resources.
5. STRIVING TO MEET REALITY	We stay true to practical solutions to develop, improve and make decisions based on reality.
6. HUMBLENESS AND WILLPOWER	We respect each other, our customers and our suppliers. Using our willpower means we get things done.
7. DARING TO BE DIFFERENT	We question old solutions and, if we have a better idea, we are willing to change.
8. ACCEPT AND DELEGATE RESPONSIBILITY	We promote co-workers with potential and stimulate them to surpass their expectations.
9. SIMPLICITY	We take an easy-going, straightforward approach when solving problems, dealing with people or facing challenges.
10. CONSTANTLY BEING “ON THE WAY”	We review what's done today and ask what can be done better tomorrow, so we can find new ideas and inspiration.

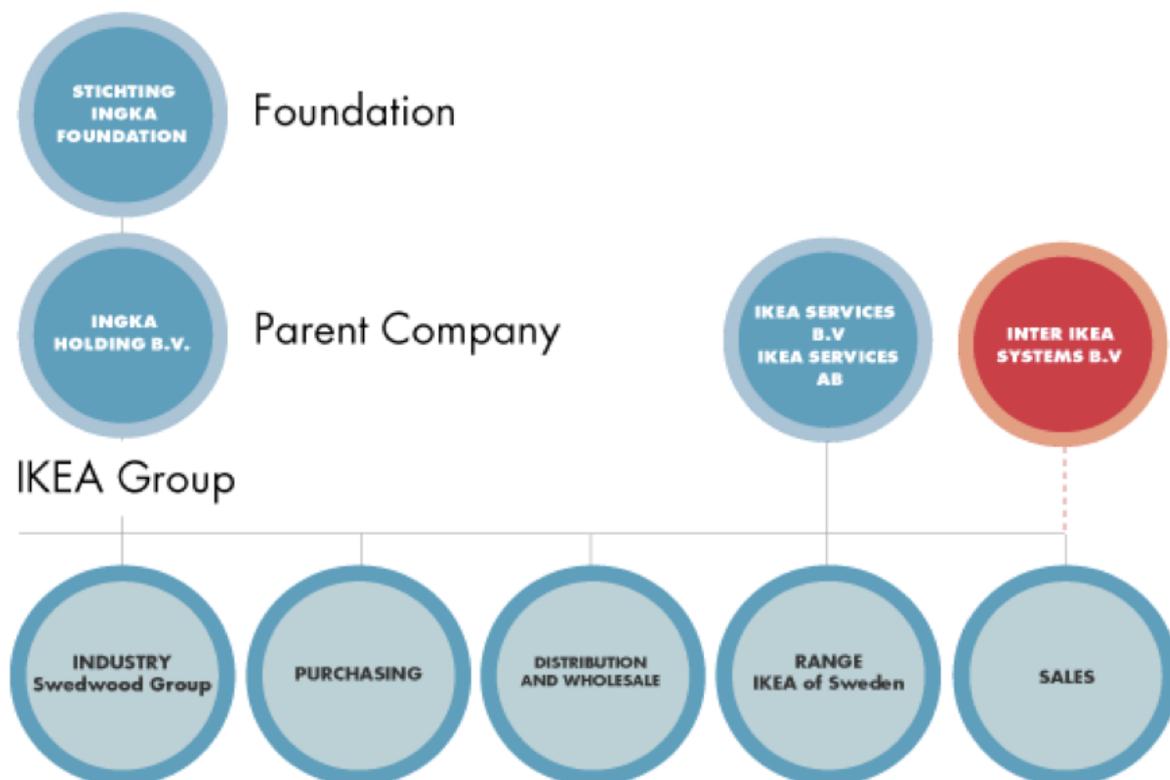


Fig. 6. IKEA Company structure.

4.1.2 Description of the cases

The cases we have studied are found within different areas of the IKEA group of companies and encompass different functions of innovation. The following introduces a brief description of the five case studies.

Case 1 focuses on an innovation department that is a part of IKEA AB in southern Sweden. This is a newly established area with a primary function of leading a small team which develops innovative ideas. If those ideas are validated then they are moved forward to the testing team. This unit's contribution to the organization affects sales, marketing, communications and external and internal customers. Three separate interviews with management are conducted in this area. Interviewee one and two are managers within this unit. The third interviewee is the manager of the overall area which includes this innovation team.

Case 2 examines an innovation department that is a part of the IKEA China Investment Co. LTD. which is a regional division of IKEA Services. The team's innovation area is set up in parallel to the Swedish innovation team, however additional duties include a team split that handles business operations as well. Co-collaboration takes place with the Swedish team so as not to duplicate ideas and to share and brainstorm new innovations or obstacles in their process. There are some key factors which differentiate the Chinese group, such as different standards, digital applications used in the business, differences in national culture and focus on the emerging Chinese markets. Our interviewee is the manager in China with responsibility for the innovation team.

Case 3 describes a unit that is a part of IKEA AB, southern Sweden. This area is set up as an interface for innovative ways of working with multiple groups that include Inter IKEA, IKEA industry, Inter IKEA center group, communications for catalogues and components in plastic packings for the parts which assemble the physical products. This area is beginning to explore and discover what innovation is and how to incorporate it companywide. It is unique in that one person currently leads this area within operations. The interviewee is Service Operations Manager.

Case 4 involves the new business and innovation group at IKEA of Sweden (IOS) located in Älmhult. Here they perform pre-work such as innovative ways of organizing offers, technical solutions and geographical solutions that can be incorporated into the product range, but do not create the final physical product. The innovation in this area leads to the development of the product. The interviewee is a project leader within the range and supply area.

Lastly, case 5 looks into a department that is a part of IKEA of Sweden (IOS) located in Älmhult. The area consists of a small team of four people, entitled "Co-Create IKEA" which flows into the new business and innovation group. Their aim is to address challenges from different departments, then facilitate responses that may lead to solutions on their internal website of 10,000 co-workers which are participating to solve issues as a community. Our interviewee is a project coworker in IOS within the range and supply product area. The description of the cases is illustrated in Table 3.

Table 3. Description of the cases.

	Case 1	Case 2	Case 3	Case 4	Case 5
Business area	IKEA AB	IKEA China Investment Co. LTD	IKEA AB	IKEA of Sweden	IKEA of Sweden
No of interviewees	3	1	1	1	1
Interviewee position	Interviewee 1 - Manager Interviewee 2 - Manager Interviewee 3 - Manager	Innovation Leader	Service Operations Manager	Project Leader	Project Coworker
Description of area	Innovation on the digital products	Innovation on the digital products	Manages an Interface in innovative ways of working with Inter IKEA, IKEA industry, Inter IKEA Center Group, Communications for catalogues and components in plastic packaging.	Range and Supply within the new business in innovation area	Co-Create within new business and innovation area
Area's age	less than a year old	less than a year old	less than a year old	greater than 2 years	less than a year old
Business area location	Skåne	Shanghai	Skåne	Älmhult	Älmhult

4.2 Case 1

Innovation

The innovation area in Company A, IKEA AB, is newly developed as it is less than a year old. Hence, this indicates the unit is in a start-up phase, rapidly trying out and implementing new ideas. Focus lies first with the problem, with next steps to come up with solutions. The main objective currently is to create, hypothesize and execute new ideas into the testing environment. Interviewee 2 described

“If the idea is possible the prototype moves to the next area to develop in production. For example, developing a tool which would recommend products to the customer. If you buy a table online, there could be an offer to the customer of a complimentary product such as a chair or a vase”.

The theory driving innovation in this area utilizes lean and design thinking. Innovation is primarily triggered by the needs of the customer and outside competition. Accordingly, relevant questions follow such as, what is the job that needs to be done and how do we give the customer a better experience? Interviewee 3 discussed that the view of innovation is one that finds exploration extremely important. The interviewee 3 referenced Google which encourages employees to spend twenty percent of their time exploring new ideas outside of their line of work. The main objective is to create good ideas, but “you do not discover this until you explore and try new ways”. As discussed by interviewee 1, they are not at the forefront and are lagging

a bit behind the digital revolution in retail. In addition, all the interviewees agreed that there was a need for a use of the omnichannel or multichannel experience within retail, which refers to a combination of physical stores, online sales and pick-up points. In agreement with the first interviewee, interviewee 2 stated there is a lag time with e-commerce and that there is a need to be faster and more agile. Markets in this area move rapidly and if a company is not careful it can be left behind. However, the interviewee 1 stated

“yes, you want to innovate, but not too quickly. There is a balance that needs to be maintained”.

Online sales are now the fastest growing, popular choice and appears to be surpassing the established brick-and-mortar stores. However, they did make a relevant point that it is still important to have the store presence combined alongside online sales. Furthermore, the interviewee 2 stated that they are looking to

“reach the working everyday customer, being available twenty-four hours, seven days a week, to the busy shift worker with a family. The item can be retrieved at anytime via a pick up and point scan system. In addition, virtual tools are introduced to the mix of innovative products”.

In addition, the interviewee 2 emphasized that the vision is a democratic structure in line with the vision of the concept of being available for the many. Furthermore, interviewee 3 mentioned that the board is behind the innovation initiative as they know change and technology are necessary to stay current. However, the interviewee stated that

“to mass produce a usable product and implement it in all stores is another hurdle and we need communication to be clear between both areas, and even with the increased focus and pressure, there is definitely a large show of support for this initiative”.

Exploitation versus exploration

This organization intends to create both radical and incremental ideas. The area is currently in an exploratory phase which is logical considering its infancy. It will take time to gather the data that is needed with which to exploit current processes to revise and evaluate what is in the process of occurring at the present moment. New ideas are presented, such as using virtual reality for the kitchen planner, which adds to the existing concept of creating the kitchen but with a new digital twist. The aim in the digital realm is to explore the possibilities of enhancement and to create completely new ideas. Both cost-consciousness and creating technologically new ideas are equally important. Cost-consciousness is a theme that is ever-present within all activities within IKEA. It is more important to this organization to explore new technologies. Interviewee 1 said that the reason their area was created is to create new ideas to implement throughout the product and customer experience within IKEA. There is a goal to introduce creative ways to satisfy customers' needs. A mix of both ideas is present between fine tuning the offers currently available to customers and aggressively venturing into

new markets. In agreement, interviewee 2 stated that both lowering cost and searching for novel technological ideas are relevant to this unit. In addition, it was said that it is important to the area that they explore new technologies to succeed with a focus in creating services that are innovative to the firm. Interviewee 2 also emphasized that they are looking to produce while creating value. It is noteworthy to mention that some markets have a higher demand for technology such as the “WeChat”, an application widely used in China. There is focus on actively targeting new customer groups and venturing into new markets offering new products that are either currently offered by competitors or create a new and exciting customer experience. In agreement the first two interviewees, interviewee 3 stated that

“the customer is always first when creating new products and services within IKEA”.

The existence of this unit is due to need and growth in new business ideas and innovation.

Organization of ambidexterity

Interviewee 1 stated that within this area, the co-workers have autonomy to create and explore, thus it can be described as extremely autonomous and creative. Furthermore, interviewee 2 described that they have the freedom to create a path of how they form their area as well as a sense of constant participation in moving new ideas forward. Also, interviewee 3 agreed saying that the employees are encouraged to be creative and independent and not be restricted on the creative flow process. The main purpose is to create and test as many new ideas as possible. It starts with “why” question, then moves forward to the solution or potential outcomes. According to the interviewee they ask their unit “if we do this, will we create something and deliver a viable solution?” A fifty percent failure rate is the goal, as more failure contributes to a higher success rate. This area is arranged in a decentralized way. Decisions and responsibility lie within the creative team who are now attempting to build their unit and initiate process and flow. Structure of the area is organized by the following terms the interviewee 1 described

“informal, group function, customer fulfillment, networking versus vs formal structure, with an aim to enable innovation throughout the organization”.

The process is decentralized in regard to the area and employees’ development of new ideas. Furthermore, interviewee 1 categorized this area as pursuing contextual ambidexterity, where team members divide time between exploring and exploiting, there is trust from management and autonomy amongst team members. It is important to note that the exploration stage is more prevalent considering how new the area is. Interviewee 2 noted that their area would not function if there was too much “control” as they need to be spontaneous and have an area that is safe to both create and make mistakes from which to learn. As described by interviewee 3 they are not operating amongst separate units, thus they are encouraged to create within the same units in a flexible structure. However, there is observation of the few current measures and processes with consideration of future controls and measures to be created.

Management control systems

There are currently few controls in place. As mentioned previously, the group is an informal unit that is currently creating and testing new ideas to place into live production. As the interviewee 1 explained

“certain measures we currently track is number of ideas called sprints, number of ideas that go into implementation, and cost in the form of budgets which are on an eighteen-month rolling calendar. Sprints are completed from Monday through Friday for the duration of one week. The purpose of the Sprint is to brainstorm ideas for one week to see if they are possible”.

During one week, they have approximately five to eight ideas with hopes to have continuous, parallel sprints running in tandem. Next, there is the verification stage, which assures that the sprint can move on to the testing and learning phase. If it qualifies, it moves forward to the live testing environment. Implementation of an idea is viewed as positive, and once the idea is moved to the next phase, they can continue with creation of new ideas.

More attempts at innovation will yield a greater success rate. Thus, a fifty percent failure rate will be ideal, as this illustrates progress and momentum. Within IKEA they are able to measure many things for example number of products shipped to warehouses, the time it takes to deliver items, cost of production of a product etc. However, innovation is different, it is more of a vague concept. Interviewee 2 concurred stating that it is more difficult to manage this area as it is abstract, but there are plans to hire a future person to create KPI's as they are necessary to track progress and justify measures to be ensured a budget for the new fiscal period. On the other hand, interviewee 1 said that where there are budgets complex issues arise of how return on investment (ROI) is communicated to top management. ROI is important to their area. As stated by the interviewee 1

“if you cannot measure learning or cannot show progress, there is a risk that innovation is cut from the budget and less money may be allocated”.

In addition, the question arises as to how the area proves to shareholders they are doing something that adds value. Interviewee 2 said that another valid goal is not only to review and create measures but to create good measures. Ones that capture the processes and illustrates the creation of ideas that go on to production. Moreover, it is observed that IKEA values are present by promoting, for example leadership by example, constant desire for renewal, cost consciousness and accept and delegate responsibility.

As discussed with interviewee 1 they intend to keep cost low and maintain lean within their operations. However, they do not use boundary systems or tight controls to manage their area. It is mainly autonomous with more of a creative free flow atmosphere that emphasizes on creating new ideas at a rapid pace. Similarly, interviewee 3 emphasized that in regard to MCS, “too many measures restrict creative flow.” On the other hand, the interviewee 3 stated that companies risk failure when they pour money into innovation and have no measures or controls.

There is a fine balance between the two. It is important to understand their purpose and to be somewhat constrictive.

However, as stated by interviewee 1, there are some more formal controls in place such as business plans, budgets, and policies and procedures that are common in the IKEA workplace, such as ways of working and organizational conduct. Furthermore, interviewee 3 argued that they do have budgets and are working on the process of funding the innovation area. There are two types of funding being implemented: First, they have incremental funding or adding funding as they go. Second, there is disruptive funding which involves no budget. The interviewee provides an example referencing Shark Tank (an American reality television series that showcases new entrepreneurs seeking investments in their business concepts). If the idea is approved, it gets tested. However, it was specified by interviewee 3 that there are more factors that are incorporated into the creative process such as the IKEA culture of inspiration and creating new ways of doing things. Additionally, there was agreement amongst all the interviewees that the managers involve themselves in day-to-day operations in the form of sprints which are brainstorming sessions to create new ideas. It was mentioned

“that people are motivated intrinsically, motivation is what creates movement”.

They view themselves as consultants that contribute to the creative process. Planning controls are considered at this stage but not yet implemented as the area is still developing. It will be more apparent once there are more results and measures to create from current and future data that will be collected. Then measures such as key performance indicators (KPI) or the balanced scorecard can be used to assess performance and make planning decisions based on past performance for both action and long range planning. In addition, interviewee 3 discussed that there are rewards that incorporate bonuses (financial rewards) as well as recognition on the team or company level (non-financial) for a job well done or an outstanding contribution.

4.3 Case 2

Innovation

This particular case study is interesting as some clear differences become apparent from the first case. It is the same business area of innovation, where the three previous interviewees were based in Sweden, this area is based in China. This area has been active for the same period of time close to eight months with fifteen team members. Currently the goal is to rapidly implement new ideas as China has a highly competitive, technical emerging market with many potential customers. However, in their area their time is split between innovation and assisting the business operations area with IT support. It is believed that with more innovation they can catch up to the competition in China. The interviewee states that the market is focused on technology and current trends that IKEA currently does not use in their business. If they used a

payment application for smartphones such as “WeChat”, this could encourage higher sales. The interviewee said, “there is definitely room for opportunity with a lag in innovation currently.”

Exploitation versus exploration

There is one difference where they not only work with radical innovations such as new products like a virtual reality kitchen planner they are looking to implement, but they assist the business side as well. For example, they assisted the call center with an automated response to provide the opening store hours. This was necessary as there was a high abandonment rate for customers with the simple question that could be answered by an automated response. Hence, this freed up time for more complicated calls such as assisting customers who wish to open a credit card. Thus, they address everyday technical issues on the business side as well as split time between the innovation units. According to the interviewee it was clear that their digitalization was lagging behind in innovation in China. They gave an example of “WeChat”, which is the most commonly used application in China. People use it to pay in stores, hire a contractor for services, take a taxi, make appointments and so on. Currently, IKEA does not use this application but has two of their own separate applications, however, there are user defects to both. One requires an email login, where people prefer to use phone number. The other is a catalogue application but you cannot order from the application, so people do not use it as it is perceived as confusing. The innovation area pursues to both explore and exploit, while keeping costs lowered but implementing new technological ideas as well. It is important to both increase the level of automations in operations and creating products or services that are innovative to the firm. It is important as stated in the innovation section to search for creative ways to satisfy the customers need as well as venturing into to new markets with new customer groups. The interviewee stressed the young market is very “tech savvy” and prefers business that keep up with current trends. There is still a large market share to capture and the goal is to implement the new ideas into the market as they see a push/pull potential with new technology and market demand.

Organization of ambidexterity

Employees have the autonomy to create. The expectation is that they pioneer new ideas and push out to the business teams in the test environment. Decision-making is centralized as there is more of a hierarchy in this organization. Since they are further removed from the headquarters there is a more of a directive coming from Sweden. However, the two countries collaborate as not to re-create ideas and the directives of budget and strategy come from the Swedish organization. With time split between the functions this unit could be described as more on the sequential end. They are looking to adapt their structures and processes to current new or changing market conditions.

Management control systems

There are some measures but no official KPIs. For example, they measure number of sprints that take place and whether they succeed or fail. The interviewee noted they do not want to place too many controls which could stifle creativity and development of new ideas. They want as many ideas created as possible with a current focus on behavior, managing time as well as encouraging idea creation, and the strategy is to engage as many people throughout the

organization as possible. They have completed 5-6 sprints per month, and once the activities are complete, they review the structure and summarize the projects. The interviewee states that there is a sharing of project information between Sweden and China so that efforts are not duplicated. Cultural controls are present within the process as cost-consciousness is clearly a factor and they drive creation through the IKEA values. Budgets were the next topic that was different from Sweden; it was stressed that they have very small budget. The team is currently seeking more funding as they have the new innovations in place, ready for implementation, but stressed again the budget is too small to do so. One main difference between China and Sweden is that there is a more rigorous reporting of budgets in China; there is a governance structure on budgets and need to justify costs. In this area, the promotion of IKEA values is strong, with a focus also on managing behaviour, time, and creating ideas. Furthermore, team activities are enforced, such as sprints, teamwork, and the use their networks to create and implement ideas and to boost employee commitment to new ideas.

4.4 Case 3

Innovation

This interviewee has responsibilities within company A, IKEA AB, with a perspective where the area interfaces and works with different entities within IKEA such as: Inter IKEA, IKEA industry, Inter IKEA center group, communications for catalogues and components in plastics packages for products. Innovation is included in all processes within IKEA and moving forward, they are starting to explore and discover what innovation is and how to incorporate it company-wide. Today, in the current state innovation is something extra, the next level is to fully incorporate it into daily ways of working or making it a natural part of everyday life. Innovation should not be looked upon as a separate function; it is needed in all different aspects of the business. Our interviewee stated they are involved in innovation in different ways of interacting and setting up more loosely coupled teams that work across company and across functions to do “certain things.” It is more in “how you work versus what you produce.” Triggers for innovation come from the “need” perspective, and ways to solve the need. In terms of lagging behind there is an idea that one needs to support innovation, this is up to each individual to promote innovation within the company. However, the first step is awareness through the groups and promoting the concept. They see IT as an enabler for innovation that adds value. In the future, this person refers to a blended concept between IT and business, it will be one concept versus just a support function.

Exploitation versus exploration

In the discussion of what is prioritised, exploration or exploitation, the interview stresses that it is important to have a balance between both: exploration *and* exploitation. Our interviewee stated it is “not good if one has more attention than the other.” Innovation is viewed through the perspective of time but currently it is not constant. With sales figures lower than target, the phase shifted to efficiency, and working with efficiency is more in focus versus innovation at

the time of writing. However, the interviewee stated, “if asked a year ago this would differ”. Employees tend to move between these time-based modes. However, it is most important to give the employees the right direction and to have them move to the correct modes. They are encouraged to move between exploration and exploitation. The focus is about the people, as they will search for efficiency gains and that will be a bottom up initiative. The current initiative is to lower cost. However, innovation will need to occur simultaneously to drive the efficiencies in lowering cost. The interviewee explains that

“even though there is a focus on one, the other is never overlooked and still considered important. It is more important right now to improve the reliability of products and services”.

Moreover, it is critical to create products or services that are innovative to the firm. As stated by the interviewee,

“there is more of a focus to look for creative ways to satisfy customers needs and we need to find new target groups by aggressively venturing into new market segments. There is already discussion on 2030, where will the focus be in the future?”

Organization of ambidexterity

The interviewee feels strongly that the co-workers in the organization have more authority based on ambidexterity. There is a “push down” or “bottom up approach” within the organization, it is the responsibility of each coworker to drive their own decisions. Currently coworkers have the autonomy to both explore and exploit and present new ideas. In addition, it is stated that decision making is centralized. However, the interviewee stated,

“there is more of a need to facilitate and to build innovation into the DNA of the organization as a whole”.

In regard to innovation, the interviewee stated, “we called things innovation but it wasn’t it was more incremental change.” They are looking to do something more radical to bring about change.

Management control systems

Informal measures are presently used to manage the areas. There are no formal controls or measurements at present as they are still in a “search phase.” Innovation centers are existent to explore new ideas within a decentralized incubation unit. The interviewee suggests that “it is premature to place measures at this point in time”. MCS in their organization make it easier to connect people via a web page and not utilizing management to steer the process. There is a search to find a social media platform to connect people in what they do where innovation is concerned. At times, innovation can become a silo effect versus involving the entire community. For example, the interviewee states that

“when IKEA looked into bended or flexible wood for their furniture, they avoided other competitors. Instead, they sought out advice from hockey factories to incorporate hockey stick wood as it is very flexible”.

Hence, their motto is to “look in areas where you don’t think you will find a connection but you will”. Also, in this area the IKEA values are seen through everyday work, for example, through cost consciousness, inspiration and finding new ways of working. The interviewee stated that set boundaries are “too much in their own heads and not given by top management, hence there is freedom to create.” The goal is to step outside of the box in order to generate innovative ideas and implementation methods. The interviewee stated,

“presently formal controls do not exist, although there have been discussions around KPI’s but we do not want to facilitate operating similar to a machine.”

Furthermore, centers of excellence within innovation facilitate and guide those who want to participate innovation sets this up into daily work. However, one can argue that this is an original control by management to establish the center of control.

4.5 Case 4

Innovation

Our next interviewee is a project leader within range and supply in the new business in innovation area in IKEA of Sweden (IOS). This area performs the pre-work such as new solution materials, new ways of organizing offers, technical solutions and geographical solutions that can be incorporated into the product range, but they do not create the final physical product. It is the innovation that leads to the development of the product. It was mentioned that triggers for innovation within their area include influences from both external and internal sources. External influences include not only competing products but outside trends, competing business models, different ways of organizing the business and different ways to service the customer. It is stressed that internally the most influential factor are the people, who have tremendous drive and passion to develop new concepts. The interviewee states that they use the term “develop versus innovation” as the culture is about developing things, which is separate from innovation. They are working to implement both developing and innovating simultaneously. Both angles and perspectives are incorporated and encouraged. Management recognizes that it is imperative to keep both the development and innovation pieces together in a good way. As far a lag in innovation there is a current lag within the area of technology. It was discussed that in Sweden there are certain competitors of which they are aware. However, they have a strong business model, viewing legacy as a value and brand as one of their biggest values. Staffing is a strength in developing new products. However, there is a challenge of how to reach out to current customers. They are currently located outside city centers, and there are more and more customers residing within the larger cities. As well,

challenges differ from country to country where online may compete with in-store shopping. In some countries, they have online retail and others they do not.

Exploitation versus exploration

In analyzing ambidexterity at IKEA in Case 4, both lowering costs and looking for new technological ideas by thinking outside the box are relevant. As noted with other cases, it is in their culture to always decrease cost and present value to the customer. In part of the business they lower cost a lot but in their area, they are looking to create innovation but with lower cost as well. Thus, cost consciousness as well as innovation is important in everyday work functions. Within their innovation area there are different functions in this area where some functions are implemented for exploiting and others for exploring. Following the process about exploring and exploiting and how they bring it up to capacity, which step and which function you are in within what department there are different phases. “Technology” is not a term they use often, quality is most important when improving the reliability of products and services. Next, creating products or services that are innovative to the firm is more important but with value and high demands placed on the products. It is not only about innovation but the products must have high value, low cost, high quality and sustainability. The launched products must be innovative yet carry the values which IKEA places on their products. The interviewee states that it is more important to look for creative ways to satisfy customers needs. There is a balance between fine tuning what IKEA offers to keep customers satisfied versus aggressively venturing into new market segments. It is noted that currently 99.9% of their focus is on the fine tuning but there is an initiative to divide into both fine tuning and venturing into new market segments. In addition, there is a need to actively target new customer groups.

Organization of ambidexterity

The current environment is experiencing a shift between exploring and exploiting. Functions were divided into exploration looking at trends and research as one part, then the other was focused on exploitation getting input and development and more incremental innovation. Here, structural ambidexterity was applied in their organization, different subunits creating simultaneously both functions. They are trying to connect more people to innovation to encourage everyone to be more explorative. The interviewee stated that they had previously studied innovation, so they were able to provide a clear categorization for ambidexterity, stating that “the area is moving towards sequential ambidexterity while still functioning within structural ambidexterity, stating they are not contextual”. Furthermore, the interviewee mentioned that

“you cannot do the innovation at all times, it depends on the resources you are allocated.”

This leads to the topic of management control being centralization versus decentralization. Moreover, it was stated that decision making is “both centralized and decentralized”. There is governance to ensure that initiatives can be derived from the bottom up such as the business areas, a problem area where they may need to investigate in a certain organization, from finance

or HR. It can also be initiated from management directive to focus on something in particular. However, the governance board needs to decide how or which way the directives flow.

Management control systems

Budgets are one management control system presently employed, incorporated into every new project and decided upon by their counsel. Next steps include decision making questions, what level are they on, how much are they exploiting and exploring and what are the gains and benefits from doing this. This is then proposed, decided and followed up on. Part of the process is not that steered, but it is steered by decision meetings what type of follow up is required. It is not so formal but more of the IKEA way of creating products and processes. There is more freedom with help from steering groups on an informal level. Thus, they label this “freedom with responsibility.” There is no formal measure in form of KPI’s or balanced scorecards. However, they do have a formal tracking system as far as projects, with a portfolio system that tracks the project in steps. This reveals what stage of progress the project is in, and where the project is, in regard to its budget. The system incorporates a total of nine steps. At anytime you can see what step the current project is currently in.

Other measures can be viewed within the project as well, for example, what is the value for customers and what are the benefits? If a project cost increases concerning materials, the interviewee stated,

“if this action could save 1 million SEK per year this information would also be added into the project tracking system to observe the total picture of the benefits gained from the project.”

Employees’ evaluation is based on common way of working via performance discussions. It is very specific based on their role within the area based on IKEA values, how they develop in the role and their competence. The systematic follow up of people does not exist via KPIs. However, they manage their innovation culture by taking higher risks, learning through mistakes and via department meetings. They are exploring using a knowledge management system to observe processes as it would be helpful to track these ideas. Furthermore, they have their governance area but it is not so involved in their processes. Top management is not categorically hierarchical, however, they do make decisions and managers interact with employees. Nonetheless, there is more of an open, informal, creative work environment overall.

4.6 Case 5

Innovation

Our last interviewee works for IKEA of Sweden (IOS) which houses the range and product development area. It was stated they work within the field of innovation, not directly with innovation itself. This is a small project team of four called co-create IKEA, which is part of

the new business and innovation area. Their objective is to address challenges from different departments then place the challenges on their website or platform internally and distribute to IKEA co-workers worldwide to solve the issues together. Currently 10,000 co-workers have been invited to join their site, in which they are launching their initiative in phases. In (IOS) they have different departments in their business areas for example living room and work spaces they develop sofas, lighting, textiles, etc. When these areas have a specific project they are working on, they have an allocated budget and are seeking help from “many people” to assist with specific challenges. The interviewee used the term “ideation” describing the challenge which is posed to the online internal community who then attempt to solve the challenges. In regard to the innovation pace within IKEA, they understand they may be losing some momentum and customers have addressed this issue saying, “things are a bit boring.” But the interviewee feels their area is on track with their processes internally.

Exploitation versus exploration

Directly within this unit, innovation is not expected on a high level, it is understood that not everyone participating is an expert. Innovation is viewed in their area as four different levels.

1. **Incremental** - improve existing functions
2. **Sustainable** - lower level than incremental smaller improvements
3. **Radical** - creating dramatic change in products
4. **Disruptive** - creating a product that never existed before

Their team works with the first two levels of innovation from the levels listed above. However, there is another part of the team that the interviewee does not belong to, which works on the latter two innovations. It is currently in the construction phase, working with innovation in a closed environment with a totally different population. They will work with specialists such as students, other companies and universities via invitation only. The “rules of the game” are different for example non-disclosure agreements would be used etc. The motivational purposes differ people may join for the following reasons: personal enjoyment, meet other peers interested in same subjects, educational experience, share one’s knowledge, chance to influence the IKEA range group, recognition, meet with Älmhult product developers and so on. This is not economic gain, it is more of a sharing exercise. There would be some sort of points sharing system, so if you comment or contribute to ideas you collect points. As an additional incentive, the person could upload this information to their CV to share their participation in the projects.

Currently there is no official decision to open their project to external as their focus is on the internal community who are consumers of the brand as well. Lowering costs is equally important to their area as is looking for novel technological ideas by thinking outside the box. However, cost consciousness is ranked a bit higher. An example was shared in regards to emerging markets for example, India is to open their first store in the near future. However, they aim to reach more of the many people. As they may only cover the privileged middle class in certain markets, where their intent is to reach all people. Thus, cost is a major factor in the decision processes. They do not want to innovate just for the sake of innovation but they need to focus on cost as well and improving the reliability of products and services. Looking for

creative ways to satisfy customers' needs is more important. There is a current awareness not only of the customers' needs today but what will the needs be in the future. What will life of the future population consist of, will it be more urbanization or more divorced families? Instead of thinking of developing a good bed, there is more of need to create a sleeping experience versus "just creating a piece of furniture." Venturing into new market segments is crucial as well as actively targeting new customer groups for continued success, as previously stated they are expanding into new emerging markets such as Southeast Asia and India.

Organization of ambidexterity

In this area there is quite a bit of room to freely create, and employees are able to create and explore with autonomy. The innovation process is centralized in the sense that it is the department that provides information to the other groups, but there is no hierarchy. First, they identify a problem, then it follows a process, do they explore the area, then identify sub-topics of the problem and refine the idea, then select and refine the capabilities in production and implement the solution.

Management control systems

The team in which they belong to does not have official measures. The view is based more on projects, a project is tracked via its progress and the team manager tracks reports in regards to projects via dashboards. On a higher level the manager's dashboard manages the process via red, yellow and green report (acceptable or does not meet expectations). The dashboard report address issues such as either targeting or missing expectations in terms of budgets, hours or resources. There is current development of KPI's in their unit for example, how many people do they want to participate on a platform, how many challenges do they want to publish every year and how many people invited should be active. The culture in the area is informal and there is a management structure, however they feel empowered to complete their work. There are job descriptions, but they are described loosely on purpose to enable free flow and creativity in the role.

Knowledge sharing is created in their environment by self motivation. It is the co-worker's responsibility to ensure they have the proper tools and training to do their job. There is an expectation that senior people will assist with mentoring and outside training is available as well if there is none available internally. When the interviewee was asked about cultural controls and beliefs systems, they responded that management is not that actively involved, however, they guide if needed and each co-worker understands their goals and tracks their progress. Every quarter they review goals with management and verify if they are moving in the proper direction and in alignment with current targets. More formal controls are used through budgets and business strategy, and more informal through the use of teamwork, brainstorming, networking, and building up stability.

4.7 Summary of empirical findings

Unified feedback from the respondents indicated that innovation occurs in their organizations to address the needs of the customers, either in the form of online or physical store sales. However, there are other contributing forces such as outside competition, new market demands, emerging markets and competing business models. It can be noted that there is a sense of pressure or change from outside markets to innovate amongst all the cases. The first case interviewee stated that there is a good pace to set when implementing innovation “yes you want to innovate, but not too quickly.” However, it was especially present in China’s case two that there is a need to incorporate innovation at a quicker pace. Hence, this is driven by specific demands from the market, for example technology that is widely used by competitors but not by IKEA is an application called “WeChat.” The interviewee noted, since China has a highly competitive market space they are looking to rapidly create and implement new ideas. Innovation was emphasized as a key factor to competing in China’s vast market with all of its potential consumers. It is observed that a sense of urgency was more present in China than within the Swedish organization. In regard to case four and five, they do not have such a sense of urgency but do feel it necessary to innovate on the product side. Interestingly, in response to the innovation pace question, in case five the interviewee stated that their team has received feedback from customers stating, “products have become boring, they would like to see new things created”.

Amongst all participants, creativity and lowering cost were equally important. Occasionally, the shift will fluctuate between which one is in current focus. Hence, it is clear that the IKEA innovation development is in line with the company strategy of offering low-cost, quality products for the many people. In regard to the question of implementing automation or creating products and innovations, both were important. Both concepts are interdependent upon one another. Interviewee in case one stated “in regard to a digital future product development one key enabler for both speed and innovation”. One cannot take place if the proper automation is not in place first, yet at the same time the connection to customers is what drives the business. All areas stated they have a current pulse of the voice of the customer, and attempt to innovate based on the customer needs. Innovating for the sake of innovating is not as important as is the concept of creating future value based on anticipated customer needs. It is a common theme that you can still find creative ways to solve basic problems with simple solutions. Both incremental innovation to satisfy customer needs is balanced with venturing into new markets. The existence of the innovation teams across all units is to constantly challenge the area to be relevant with the mindset of expansion. It was mentioned in more than one unit that future business preparation is a constant, accompanied by expanding into new markets. Currently, there is a current expansion taking place in both India and southeast Asia, which accentuates the current need for ambidexterity. Moreover, there will be challenges facing the markets as there is a need for lower costs in these geographic regions but at the same time not just providing a product, but also providing an experience. As one interviewee explained it is not just about selling a bed, it includes marketing the whole sleeping experience by creating a certain atmosphere for a range of products.

In regard to the MCS is supporting different ways of organizing ambidexterity, cultural controls and belief systems are widely used in all of the cases according to the IKEA values supporting exploration. Furthermore, more informal controls, such as interactive controls, are amongst the more popular controls to support ambidexterity. In addition, it was agreed amongst all the cases that more formal controls hinder creativity and innovation, and were not implemented into their processes that often.

5 Analysis and Discussion

In this section, we will analyze the empirical data using the integrated theoretical framework that we have proposed in chapter 3, and other relevant literature presented in chapter 3. First, a short analysis of innovative activities is presented, followed by a brief discussion of the balance of exploration and exploitation within the cases. Next, an analysis of the experiences of different ways of organizing ambidexterity and the role MCS plays in supporting it based on the case findings is presented.

5.1 Innovation

Innovation as a topic has become a significant focus in today's current business environment (Benner, 2005). Companies view this concept as an obstacle when attempting to sustain and excel in today's economic state (Beugelsdijk, 2008). Some of the contributing factors surrounding this discussion include topics such as accelerated shift, competition, climate change and unstable economies (Bledow et al., 2009). In addition, innovation is viewed as essential for an organization to endure in a current position (Brown & Eisenhardt, 1995). Unified feedback from the respondents indicated that innovation occurs in their organizations to address the needs of the customers. However, there are other contributing forces such as outside competition, which is concurrent with the literature as to why companies innovate. A suggestion from case three, the interviewee stated, "triggers for innovation arise from the need perspective, and ways to solve the need." Another respondent from case one asked "how can we give our customers better experiences?"

As Hagedoorn & Cloudt (2002) stated, there are deviations when describing innovation and the processes it includes. Additionally, Smith (2010) stated innovation is a complex and complicated process, which can have extreme variations between different organizations and industries. Our interviewee from case one had a clear objective and process. First the team creates ideas, then hypothesis is completed and finally moves validated ideas to the next team for implementation. All four respondents both from Sweden and China in the first two cases run exercises called sprints to test their ideas and validate if it is possible to implement them. Furthermore, they communicate and cross reference new ideas, so as not to duplicate them. However, there is one difference in the China organization, they perform dual roles and time is split between both the business support and innovation areas. This did not occur in any of the other cases. Whereas, in case three the description is more how you work versus what was produced, set up in loosely coupled teams with an awareness that not only these teams exist but promoting their concept as well. Case four performs pre-work for new solution materials, new

ways of organizing offers, technical solutions and geographical solutions that can be incorporated into the product range. However, this is where the process ends, they do not create the final physical product. Lastly, case five has a unique structure. This area is called “co-create IKEA”, which flows into new business and innovation. Their objective is to address challenges to the entire company to resolve together.

5.2 Exploitation versus exploration

The term ambidexterity is described as the capability of organizations to simultaneously exploit existing competencies and explore new opportunities (March, 1991). The findings suggest that across the organization ambidexterity is present. However, the capacity at which it is functioning differs in regard to the current state of the business within each unit. This is in alignment with O'Reilly & Tushman's (2013) theory, stating firms need to shift their structure over time to align the structure with the firm's strategy. For example, in both case one and two both organizations are in start up phase so exploration is the current focus. Case three views innovation in terms of time but not as a constant. Their particular business need today requires incremental versus radical innovation. However, if asked a year ago our interviewee stated it would have been a different focus on radical innovation.

The last two cases exhibit both exploration and exploitation. The cases' teams differ in age and function, so depending in which unit, there are different goals, different expected end-results and different functioning capacities. Some units are expected to produce higher level, faster paced innovation, where others are contributing to more incremental improvements. Sok & O'Cass (2015) stated that not only front-line managers contribute to the organization's creativity but a combined creativity of the individuals that create success. In line with theory, it is apparent that the company culture supports the sharing of ideas and knowledge, this is not a top-down approach but more of a bottom-up initiative. Teams reach out to their internal communities and share new innovations via different forums. New product innovations will not only contribute to development of new products based on consumer wants, but to the constant cycle of creation and implementation of value within goods and services the organization offers (Sok & O'Cass, 2015).

5.3 Organization of ambidexterity

This section illustrates ways in which ambidexterity can be organized, how it is organized amongst the cases and comparing and contrasting this to the literature review and the integrated theoretical framework. The theoretical framework suggests that contextual ambidexterity needs more of a decentralized management approach, while sequential and structural ambidexterity need centralized management approach.

Sequential ambidexterity according to Chen (2017), is focusing attention on either exploration or exploitation at different points in time. Structural ambidexterity includes organizational separation with dedicated, separate units and multiple structures and multiple structures for the exploration or exploitation capability area and agendas that differ (Kortman, 2012). Contextual ambidexterity focuses its exploration and exploitation balance within a subsystem of an organization at the individual or team level (Gibson & Birkinshaw, 2004).

5.3.1 Case 1

Contextual ambidexterity

The overall concept of ambidexterity is discussed at an organizational level, whereas contextual ambidexterity focuses its exploration and exploitation balance within a subsystem of an organization at the individual or team level (Gibson & Birkinshaw, 2004). The first question asked of the respondents in this section aims to identify the employees' ability to explore and exploit within their own teams. As described in the empirical findings, answers of the three respondents in case 1 all were positively linked to theory stating that the employees do have the ability to both explore and exploit in their respective teams. As stated in the empirical findings the team works together to formulate, hypothesize and valid ideas are moved on to the implementation team. Moreover, IKEA exhibits a culture which encourages and enables employees to find innovative of doing things. This is observed through the culture, which can be linked to the ten values within the company, being "constant desire for renewal" (IKEA, we work 2017). Proof of this autonomy is observed on a manager's statement, stating that decision and responsibility lie within the creative team who are attempting to build their unit.

An illustration from another manager stated they have autonomy, creativity and the freedom to create a path of how they form their area as well a sense of constant participation in moving new ideas forward. Another comment stated, the employees are encouraged to be creative and independent, and not have restrictions on the creative flow process. As stated previously in the theoretical section, ambidexterity can be organized through a contextual, structural or sequential fashion, of which contextual requires more of a decentralized approach in management. There is a positive correlation in the respondents' answers that previously stated there is more focus on the employees having full autonomy to create and shape their units with limited guidance from management. In employing a decentralized approach, the employees have more autonomy to act on their own with loosely coupled management control. Hence, linking the findings to the theoretical framework which states that decentralization is a characteristic of contextual ambidexterity. In conclusion, the best fit for this area could be categorized as contextual ambidexterity, where team members divide time between exploring and exploiting, there is trust from management and autonomy amongst team members.

5.3.2 Case 2

Sequential ambidexterity

Sequential ambidexterity supports the idea of an organization focusing attention on either exploration or exploitation at different points in time. Thus, exploitation could be the focus at one point and exploration at another point (Chen, 2017). Kortmann (2012, p. 22) refers to the sequential ambidexterity “arising from the dynamic, temporal sequencing of exploitation and exploration periods”. The China case appears at first to have some characteristics of contextual ambidexterity, but as we verify with our interviewee it becomes clearer that sequential ambidexterity is present. The first question to the interviewee which addresses exploration and exploitation is interesting as the respondent states employees have the autonomy to create, which identifies with the contextual ambidexterity concept. However, there is some contradiction present as the subsequent response from the interviewee stating that the organization is more hierarchical and centralized, which is a characteristic of sequential ambidexterity. In defining the framework, it is noted that structural and sequential ambidexterity can be enabled through more centralized management. This is illustrated via the use of governance structure on budgets and need to justify costs. It is also apparent in the cultural and corporate governance structure that the employees have less autonomy to create at a completely free level, hence the organization is more tightly monitored and controlled. In addition, the employees have less time to focus on just innovation, as their unit has a split concentration between innovation and business operations. Hence, focusing on business needs that are more pressing at the current moment, which illustrates sequential ambidexterity as the work is split between two areas of business operations and the innovation team so the task is not constant.

5.3.3 Case 3

Sequential ambidexterity

Our next respondent felt strongly that co-workers have more authority based on ambidexterity, with a bottom-up approach, and they have a responsibility to make their own decisions, which is clearly a characteristic of contextual ambidexterity. In contrast, our framework states that sequential ambidexterity can be enabled through more centralized management. When asked, our interviewee stated that the area’s decision-making authority was centralized. An example given is that Inter IKEA requests one part of a service offered by IKEA AB, however central decision making structure dictates that they must have the service in totality as offered. This links the statement to the theory that centralized management is connected to sequential ambidexterity. Kortmann (2012, p. 22) refers to the sequential ambidexterity “arising from the dynamic, temporal sequencing of exploitation and exploration periods”. The next response from the interviewee to the workflow question points to sequential ambidexterity. The interviewee states that they view innovation through the perspective of time, but at the time of writing it is not constant. The interviewee stated the current phase they are in, with lack of sale figures, is working more towards efficiency. The efficiency element is more in focus versus radical

innovation at the moment. It was also stated that people tend to move between these time-based modes. However, the interviewee stated, “if asked a year ago this would differ”. Chen (2017) described temporal separation as a way to empower an organization to achieve focus at an exact point in time. This area can be assessed as implementing sequential ambidexterity with temporal separation. In conclusion, even though there is autonomy to create, there are still more characteristics that lean towards sequential ambidexterity.

5.3.4 Case 4

Structural ambidexterity

O’Reilly (1996) illustrated that, as opposed to sequential ambidexterity where the focus is either more on exploiting or exploring at a given point in time, that companies should focus on both at the same time and this can be accomplished by creating these divisions, each with its own alignment from capability, process, incentivizing and cultural perspectives. This is the enabling mechanism that defines structural ambidexterity. This includes organizational separation with dedicated, separate units and multiple structures for the exploration or exploitation capability areas and agendas that differ (Kortmann, 2012). In Case 4, the area is experiencing a shift between exploring and exploiting. Our interviewee was familiar with the concepts of labels of ambidexterity as they had studied innovation also, therefore they were able to give us a clear label for each category. As the interviewee stated, their current organizational setup can be characterized as structural ambidexterity.

In addition, they describe how functions were divided between exploration, an area looking at trends and research and another area focused on exploration, gathering input and development as well as using incremental innovations. While structural ambidexterity, defined previously as different subunits creating simultaneously for both functions, the interviewee stated that innovation cannot be done at all times; it is dependent upon the business needs. Next, there are controls in place such as approvals and budgets, which trigger the innovation process, which links to the theory and the concept of a more centralized decision based process. In contrast, the interviewee stated that they function in both a centralized and decentralized function. Another statement was made that there is governance to ensure initiatives can be derived from the bottom-up, or it can come from a management directive top-down. Therefore, this illustrates the use of both centralized and decentralized decision-making. In addition, it is noted that the working environment is open, informal and creative. However, the use of decentralized decision-making combined with employees having more autonomy does point to a form of contextual ambidexterity. Nevertheless, when the ambidexterity attributes are summed up, the balance is clearly heavier on the structural side.

5.3.5 Case 5

Sequential ambidexterity

Our interviewee described their area as one that creates ideas incrementally and flows into a larger area that is more radically innovative. The subject also stated that coworkers enjoy quite a bit of freedom to create, to make mistakes and that they have the autonomy to explore. In contrast to sequential ambidexterity, this is a trigger for contextual ambidexterity. However, when asked about decision-making being centralized versus decentralized in reference to innovation, the respondent stated that it is centralized within their department, but did not provide a further example. This is congruent with the previous case studies that are identified as sequential and the theory that sequential ambidexterity can be enabled through more centralized management. Next, we asked the interviewee about the structure of their area. Our interviewee described it as one unit that starts with a problem to solve. Next, co-workers identify the topics and sub-topics and after the topics are refined, they may suggest a plausible solution. Within the area, their department provides information to other groups via an internet portal to resolve smaller incremental issues. Furthermore, it was mentioned that co-workers do not move back-and-forth; rather they follow the project steps to ensure the project is implemented. In other words, co-workers do not create amongst other subunits; it is only within their specific area where problems are resolved from beginning-to-end. The description can be directly linked to theory of sequential ambidexterity in that their organization manages projects at a point in time, managing projects at varied stages via varied management control types (Chen, 2017). Moreover, the case exhibits sequential ambidexterity in that it is more time-paced. For example, a problem is identified, and subsequently a process is followed in a time-sequence of events that lead to resolution of the problem.

5.4 The role of MCS in supporting ambidexterity

The earlier perceptions of MCS view them as appropriate for only mechanistic organizations as said by Stalker & Burns (1961), and they have been perceived to hinder the creative processes and innovation. In addition, MCS have had a reputation of reducing variety and not enforce innovation since the work requirements have been complex and uncertain (Tushman & O'Reilly, 1997). Furthermore Tushman & O'Reilly (1997) have argued that social controls are more suitable when it comes to enabling employees more autonomy and allow them to make their own judgements about their vision and objectives. The results of this thesis are broadly consistent with these earlier perceptions of MCS role regarding innovation. It is clear from the results that even though a few formal controls are in use in some of the interviewed areas, very strict formal diagnostic controls are not present. More social and cultural controls are used in most of the interviewed areas. These findings are contradictory to literature that opposes these earlier perceptions of MCS saying that they might not have a negative effect on innovation, and that they can be flexible, dynamic and easily adaptable (Davila, 2005). Many of the

interviewees have stated that they do not want to restrict employees' creativeness by introducing mechanistic controls.

As previously mentioned in chapter 3.5, cultural control and belief systems can be found similar with each other, and interactive control systems and planning controls are closely related. These four different control types are viewed mainly suitable for exploration activities (Gschwantner & Hiebl, 2016). On the other hand, more formal controls, such as cybernetic controls, diagnostic control systems, reward and compensation controls, organizational controls, and boundary systems have been found to support exploitation better (Gschwantner & Hiebl, 2016). Next, the use of MCS in the five different cases is analyzed and compared to literature more thoroughly with the integrated theoretical framework as a basis.

5.4.1 Cultural controls and belief systems

The results from the interviews concur with other studies that show that cultural controls and belief systems are frequently used to support exploration and allow to employees more autonomy. As said by McCarthy & Gordon (2011), belief systems give the employees positive force to be more inspired to search for new opportunities and knowledge, while cultural controls enable better communication, participation, flexibility, and openness, which all enforce the creation of new ideas (Ylinen & Gullqvist (2014). The results show a very strong emphasis on culture inside IKEA. For example, interviewee 1 from case 1 stated that culture and IKEA's values are present at all times through leadership by example, constant desire for renewal, and delegation of responsibility. Exploration and contextual ambidexterity is present in case 1, and the way the cultural controls and belief systems are being used supports what can be found also in the literature. The area of case 1 allows the employees a lot of autonomy through these types of controls in order to support explorative activities when it comes to innovation. The theoretical framework in chapter 3.5 is consistent with these findings. Furthermore, interviewee 3 in case 1 stated that "too many measures restrict creative flow", and to the contrary, the IKEA culture acts as an inspirational power to find creative ways of doing things. Furthermore, in case 2 it was emphasized that they want as many good ideas as possible through the encouragement of idea creation without many formal controls that stifle creativity. Again, the results from case 3 show that IKEA values are very important in their everyday work, such as cost-consciousness, inspiration, and finding new ways of working. The interviewee from case 4 recognizes cultural controls and belief systems also very significant to their area by saying that they encourage employees to take higher risks, learn through mistakes and via department meetings. Finally, the results from case 5 additionally supports these views. The results show that culture is strong within that specific area and the employees are encouraged to feel empowered to complete their work tasks, have free flow and creativity. All of these findings are consistent with the literature that emphasizes how cultural controls and belief systems enable autonomy, build less restrictions, and emphasize openness in communications and in the generation of new ideas (Ylinen & Gullqvist, 2014).

While cultural controls and belief systems have been perceived to support exploration better,

the findings show conflicting results in some parts. It was discovered that while some areas was pursuing more exploitative activities, the cultural controls and belief systems were widely used throughout the areas and their operations. For example, in case 2 the interviewee said that both exploration and exploitation can be recognized from their activities towards innovation. Furthermore, exploitation can be found to be the prevalent phase today in case 3, which shows through the focus on being more efficient and improve the reliability of products and services. Moreover, the results from case 5 show that exploitative activities are the current approach with a focus on incremental and sustainable operations to improve existing functions and make small improvements. Nevertheless, cultural controls and belief systems are still broadly used to support these activities. Even though this can be perceived as contrary to the literature, it is also stressed that the different MCS should be regarded as complementing each other regarding the achievement of ambidexterity (Bisbe & Otley, 2004).

5.4.2 Interactive control systems and planning controls

The empirical findings confirm also the traditional use the interactive control systems and planning controls in some form, however not quite strong as cultural controls and belief systems. In case 1, interviewee 1 illustrated brainstorming sessions where also the managers are often present, interacting themselves with the employees in their day to day work to encourage the creation of new ideas. They view themselves as consultants that contribute to the creative process. This is supported by McCarthy & Gordon (2011) who have said that interactive control systems include ways of engaging in explorative actions, such as intra-organizational networks, teamwork, and brainstorming sessions. In case 1 teamwork and brainstorming sessions are a good example of how interactive control systems are used to explore new ideas. Furthermore, Bedford (2015) have argued the positive force that interactive control systems have on innovation by promoting forward-looking and inspirational communication, which can be directly linked to how the area of case 1 is operating and trying to foster explorative, innovative ideas. In addition, the actions of the area in case 1 can be reflected also to the use of planning controls which according to Gschwantner & Hiebl (2016), enable the continuous questioning of the already existing action plans, which then fosters exploration. As Gschwantner & Hiebl (2016) have argued, planning controls together with cultural controls can allow the employees to look ahead and plan to recognize change, which all support exploration. In case 1 the results show a consistency with these factors. They are in the exploration phase and are actively using cultural controls, interactive control systems and planning controls, and the success of supporting exploration with these controls is also supported by the theoretical framework.

The use of interactive control systems and planning controls to foster explorative activities can also be seen in case 2. In this area operate in teams and use their networks to create and implement ideas, and boost employee commitment to new ideas. On the other hand, in case 5 the use of interactive control systems is not in use, and although the area's management is decentralized, it was said that the managers are not that actively involved but they guide if needed and ensures that each co-worker understands their goals and tracks their progress.

However, exploitation is prevalent in case 5, which confirms the perception from literature that interactive control systems are more used for exploration.

5.4.3 Formal controls

As said in the beginning of this part, the results show that few formal controls, such as diagnostic control systems, cybernetic controls, administrative controls, boundary systems, and reward and compensation controls are used. Hence, these group of formal controls are listed together since they are not that prevalent in the cases. And while exploitation is a current phase in some cases, still more informal controls are rather used, which is contradictory to the theory. It became clear from the interviews that many of the interviewees feel negatively towards any formal controls, for example, interviewee 3 in case 1 stated that too many measures restrict creative flow and in case 2 the interviewee said that they do not want to place too many controls to stifle creativity and and the creation of new ideas. Controls were seen as a negative force when trying to be innovative.

However, a few more formal controls were found to be used, such as budgets as cybernetic controls and business policies and procedures as administrative controls. For example, the interviewee 1 in case 1 stated that they do have some formal controls in the form of budgets, business plans, and policies and procedures that are common in the IKEA workplace, such as ways of working and organizational conduct. Furthermore, budgets were mentioned in most of the conducted interviews as being some sort of formal control. Not having clear formal controls is in line with the relevant theory where formal controls have been viewed only appropriate for mechanistic organizations (Stalker & Burns, 1961), which is not like the organization IKEA is. On the other hand, in the literature the abovementioned formal controls have been found to support exploitation better, which is in contrast with the results where formal controls are not that widely used even though exploitation is a current phase.

While the popularity of these formal controls is not high, many of the interviewees still recognized and acknowledged the need for them. For example, the interviewee 1 in case 1 contemplated that how is the area going to prove to the shareholders that they are doing something that adds value if it is not measured. Furthermore, the interviewee 3 in case 1 stressed that if innovation is not controlled or measured, there is a risk of failure when money is being poured into innovative activities. Also, some areas are looking to create more measures and controls in the future.

To conclude, there can be found both supporting and conflicting results from the findings when compared to the literature and the integrated theoretical framework. Firstly, cultural controls and belief systems are widely used in all of the cases according to the IKEA values supporting exploration. However, they have also been used to support exploitation which is contradictory to what the previous literature presents. Furthermore, more informal controls, such as interactive controls, are amongst the more popular controls to support exploration but also exploitation in some areas. The most unexpected result is the lack of formal controls and the

negative attitude towards those when it comes to the controlling of innovation and ambidexterity. Furthermore, the surprising aspect found was that even when they exploit, the culture is strong. On the other hand, this could be related to the size and age of the departments, which are mainly quite small and new and not that established. Nevertheless, even though one case in Älmhult the area is more mature and a larger team, they still use cultural controls frequently. Thus, it is not just because of the age and size of the teams in the areas that culture is strong. Furthermore, they are rather different from the examples used in the literature, thus it can be rather problematic to find strong correlations between them.

6 Conclusion

This chapter will summarize the major findings of this thesis to provide a clearer understanding and perception to the reader. Furthermore, main theoretical and practical contributions have been addressed, followed by a discussion of the limitations of the study. Lastly, proposals for future research are made.

6.1 Summary

The aim of this thesis was to investigate different ways of organizing ambidexterity and what the role of MCS is in supporting them. Interestingly, the results from the interviews show a common feedback of why innovation is important. They say that they innovate to address the needs of the customers mainly, but also to compete with outside competitors, meet new market demands and emerging markets, as well as competing business models. Innovation is not done for the sake of it but rather to really search and develop value to the customers. Regarding ambidexterity and the achievement of balancing between exploitation and exploration, the findings suggest that across the different cases ambidexterity is being pursued. However, it is adjusted to be in line with the different current states of business within each case. Explorative actions as well as exploitative actions are being pursued. Furthermore, it is clear that the company culture in the studied cases supports the sharing of ideas and knowledge, and encourages more of a decentralized bottom-up decision-making when it comes to organizing and managing ambidexterity. Teamwork is highly valued as well as a cooperation with separate units and different forums.

All three different ways of organizing ambidexterity were found in the areas of the cases. The achievement of ambidexterity through a contextual fashion appeared to be the most employed. The employees are enabled autonomy, and they enjoy the trust of the managers to make their own judgements with regards to dividing time between exploitation and exploration. However, also structural and sequential forms of ambidexterity were found, with traces of contextual ambidexterity alongside with them.

Regarding the different controls being used in managing the balance between exploration and exploitation, one outstands all others and it is culture. It is regarded to be part in their everyday job and work tasks as well as when creating new ideas and innovative processes. However, this is not surprising, IKEA is well-known for their company culture that unites all the co-workers, managers and top management. Interactive controls systems are also widely used, to have the managers come down to the employee level and support them through encouragement and

involvement. Furthermore, in all the cases the employees were found to have a substantial amount of autonomy in their work. They are trusted by the management and their abilities are not limited or restrained. These informal controls were found to be successful also when managing exploitation, with a focus on efficiency and incremental innovation. Nevertheless, in addition to the popular informal controls within the different cases, also some forms of more formal controls were found to be in use. Budgets were found to be the most used ones, and also organizational structure and policies and procedures were somewhat present in the areas of the cases. It became clear from the results that despite what was suggested in the literature, both exploitation and exploration can be controlled and managed through a set of informal controls and by incorporating trust and encouragement in the workplace.

6.2 Contributions

The overall contribution of this study is that it adds further knowledge to the research area of innovation, ambidexterity and MCS. It theoretically contributes through the development of the integrated theoretical framework, which can have an effect on how ambidexterity can be perceived regarding the ways to organize it, and whether it needs more of a centralized or decentralized approach from management. In addition, it contributes to the understanding of what role can MCS have regarding ambidexterity. Furthermore, the empirical contributions stem from the analysis of the empirics in an interesting retail company, IKEA, using the developed theoretical framework. Thus, this thesis provides a close lookup on how ambidexterity can be organized practically, and how MCS may be used to support either exploration or exploitation, or both together. Moreover, the analysis shows that while cultural controls and other informal controls have been perceived to be of more value when managing exploration, they may nevertheless be successfully used also when managing exploitation. While acknowledging the fact that the results from this thesis may be difficult to generalize, they can still provide good empirical examples and can be used as a comparison to other companies in the industry. Furthermore, this thesis contributes to the limited number of studies concerning the application of MCS when trying to manage the balance between exploitation and exploration (Jansen et al., 2006; Gschwantner & Hiebl, 2016).

6.3 Limitations

This thesis is subject to a number of limitations concerning the research design and methodology that have to be acknowledged. As already discussed in chapter 2.2.1 the main limitations of the structured literature review include, firstly, the fact that a structured literature review can never be complete. Secondly, due to the snowball principle the replicability of the review may be impeded. Furthermore, as discussed in chapter 2.3.4 the most relevant limitation of the case study approach is that when conducting and interpreting the interviews, the process can be biased and the direct access and closeness to IKEA by one of the authors may have been

affected by the previous personal perceptions. However, this was acknowledged already when starting the interview processes and was minimized by recording the interviews to diminish the possibility of a biased interpretations. In addition, differing from the qualitative approach of our thesis, a quantitative analysis could have given the possibility to undertake bigger sample to test the linkages between the theoretical framework and the empirical findings. This would have helped to acquire a better understanding of the linkages with regards to the strength and clearness of them. Furthermore, another limitation is related to the choice of the cases, thus the results could have been different if other more mature departments were studied.

Furthermore, having only one case company limits the possibility to generalize the results. Although some differences could be found regarding the ways the separate cases have approached ambidexterity, the use of MCS was rather similar in all the cases. Given the timeframe when conducting this thesis, it was not possible to perform further investigations and broaden the scope to other companies within the industry. It would have been beneficial to have the ability to compare the findings to other companies' findings within the same field to strengthen the generalizability of the results. In addition, a major shortcoming is that we did not study outcome and whether MCS were successful or not. We did study how ambidexterity is organized and what MCS have been used but not specifically the outcome of them.

6.4 Future Research

We believe that the field of ambidexterity and the role of MCS in supporting it is highly interesting and needs further studies in order to capture the full understanding of the twists and dilemmas concerning them. For future research, we argue for carrying out a larger research on this topic with bigger and sparser sample of empirical data targeting different companies within the industry with more participants and respondents. We regard the developed integrated framework to be used as a basis for future research when analyzing different ways of organizing ambidexterity and the role of MCS. Given that there are a limited number of studies focusing on the use of MCS when managing the balance between exploration and exploitation, we call on further research on this topic.

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Appendix A

Interview questions

Innovation

1. What do you believe to be the triggers for innovation in your organization?
2. Do you believe your org is lagging behind or on track in terms of innovation if so why?

Exploitation vs exploration

3. Does your organization recognise two different types of innovation, incremental and radical? Do you pursue either one of them more?
4. Which is more important lowering costs or looking for novel technological ideas by thinking outside the box.
5. Which is more important improving the reliability of products and services, or basing the success on ability to explore new technologies?
6. Which is more important increasing the level of automations in operations? Or creating products or services that are innovative to the firm?
7. Which is more important increasing existing c/s satisfaction or looking for creative ways to satisfy customers needs?
8. Which is more important fine tuning what it offers to keep customers satisfied? Or aggressively venturing into new market segments.
9. Which is more important penetrating more deeply into existing customer base or actively targeting new customer groups.

Organizing ambidexterity

10. Do you find employees have more authority based on ambidexterity? Ability to explore and exploit?
11. Do you find decision making more decentralized vs centralized regarding innovation process?
- For example with:
 1. Department set up as a whole
 2. Employees developing ideas (day to day)

3. When innovation is to be employed

12. In the innovation area, have you had more of a contextual approach previously to ambidexterity and now has it moved more towards structural ambidexterity? Or vice versa?

MCS

13. Do you use formal MCS to support innovation? (e.g. budgets, BSC, performance measures, reward systems, etc.) How do you use these systems?

14. Do you use informal MCS to support innovation? (e.g. culture, knowledge sharing, innovative working climate, social norms, etc.)

15. Information and knowledge are important factors for successful innovation. Does the MCS in your organization facilitate the utilization of this information?

Cultural Controls and Belief Systems

Do you involve these kind of controls in your management innovation processes?

Boundary systems & Admin Controls

Do you involve these kind of controls in your management innovation processes?

Diagnostic Control systems and Cybernetic Control Systems?

Do you involve these kind of controls in your management innovation processes?

Interactive control systems and planning control?

Do you involve these kind of controls in your management innovation processes?