

Radboud University



# Innovation using both hands

*Ambidexterity at Fresh Forces*

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FRESH  FORCES

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## SUMMARY

This research diagnoses to what degree the organizational structure and context of Fresh Forces simultaneously enable to achieve the desired degree of organizational ambidexterity. The organizational structure is seen from a socio-technical system design approach (STSD), using the design parameters of De Sitter (1997) and the Model Innovation and Organizational Structure (Lekkerkerk, 2012) for describing and diagnosing. The organizational context is based on two contextual mechanisms: the social support context and the performance management context. According to literature, the desired degree of ambidexterity is reached when parallel structures are combined with contextual ambidexterity. A single outcome study is chosen as a research design. The unit of analysis is Fresh Forces (FF); a medium sized enterprise with fifty-eight employees, providing insights in processes of other organizations in order to innovate, accelerate and rejuvenate processes. FF is diagnosed on two different levels: the organizational level and the business unit level. The business unit level is diagnosed by comparing two business units, Fresh Experiences (FE) and Fresh Analytics (FA).

Based on the diagnosis, it can be concluded that the organizational structure and context of FF enables FF to achieve ambidexterity by parallel structures and contextual ambidexterity. Although FF is able to be ambidextrous, the balance between both is not always correct. This indicates that current setup does not achieve the desired degree of ambidexterity.

## INDEX

<b>CHAPTER 1 Introduction</b>	<b>1</b>
1.1. <i>Managing the tension</i>	2
1.2. <i>Objectives of the research</i>	4
1.3. <i>Research question</i>	4
1.4. <i>Scientific relevance</i>	4
1.5. <i>Practical relevance</i>	5
1.6. <i>Outline of the paper</i>	5
<b>CHAPTER 2 Theoretical background</b>	<b>6</b>
2.1. <i>Organizational ambidexterity</i>	6
2.2. <i>Organizational structure</i>	8
2.2.1. <i>Organizational design approach</i>	8
2.2.2. <i>Definition and dimension</i>	9
2.2.3. <i>Design parameters</i>	11
2.2.4. <i>Model Innovation and Organizational Structure</i>	13
2.2.5. <i>Structural characteristics for achieving ambidexterity</i>	16
2.3. <i>Organizational context</i>	19
2.3.1. <i>Definition and contextual mechanisms</i>	19
2.3.2. <i>Influence of the context on ambidexterity</i>	21
2.3.3. <i>Diagnosing the context</i>	22
2.4. <i>The simultaneous effects of organizational structure and context</i>	23
<b>CHAPTER 3 Methodology</b>	<b>24</b>
3.1. <i>Research strategy</i>	24
3.2. <i>Research design</i>	25
3.2.1. <i>Single outcome study</i>	25
3.2.2. <i>Sampling strategy</i>	26
3.2.3. <i>Sample selection</i>	26
3.3. <i>Research method</i>	27
3.3.1. <i>Semi-structured interviews</i>	27
3.3.2. <i>Document analysis</i>	28
3.4. <i>Data analysis</i>	28
3.5. <i>Research ethics</i>	29
<b>CHAPTER 4 Results and analysis</b>	<b>31</b>
4.1. <i>Organizational level</i>	31
4.1.1. <i>Characteristics of the organizational level</i>	31
4.1.2. <i>MIOS and design parameters</i>	32
4.1.3. <i>Organizational context</i>	39



4.2.	<i>Fresh Experiences</i>	45
4.2.1.	Characteristics of Fresh Experiences	45
4.2.2.	MIOS and design parameters of FE	45
4.2.3.	Organizational context	50
4.3.	<i>Fresh Analytics</i>	50
4.3.1.	Characteristics of Fresh Analytics	50
4.3.2.	MIOS and design parameters of FA	51
4.3.3.	Organizational context	54
4.4.	<i>Summary and diagnosis</i>	55
<b>CHAPTER 5 Conclusion &amp; Discussion</b>		<b>58</b>
5.1.	<i>Conclusion</i>	58
5.2.	<i>Discussion</i>	60
5.2.1.	Theoretical implications	60
5.2.2.	Managerial implications	61
5.2.3.	Limitations, suggestions and reflection	62
<b>APPENDIX I</b>	<b>Basic assumptions of the STSA</b>	<b>70</b>
<b>APPENDIX II</b>	<b>Rationale of the influence of knowledge flows on ambidexterity</b>	<b>74</b>
<b>APPENDIX III</b>	<b>Unit of analysis: Fresh Forces</b>	<b>75</b>
<b>APPENDIX IV</b>	<b>Information for respondents</b>	<b>78</b>
<b>APPENDIX V</b>	<b>Semi-structured interview guide</b>	<b>81</b>
<b>APPENDIX VI</b>	<b>Interview participants</b>	<b>84</b>
<b>APPENDIX VII</b>	<b>Code scheme for one area</b>	<b>85</b>
<b>APPENDIX VIII</b>	<b>FRS-program booklet</b>	<b>87</b>
<b>APPENDIX IX</b>	<b>Interplay of organizational structure and context</b>	<b>88</b>
	How does the OS support the four behavior-framing attributes of the OC?	88
	How does the OS impede the four behavior-framing attributes of the OC?	89
	How does the OC support the OS in achieving ambidexterity?	89
	How does the OC impede the OS in achieving ambidexterity?	91
<b>APPENDIX X</b>	<b>Excerpts of interviews</b>	<b>92</b>

*“Innovation is the specific instrument of entrepreneurship. The act that endows resources with a new capacity to create wealth.”*

**Peter Drucker** (1985, p.27 as cited by Hoyos & Braun, 2010), described as the

‘founder of modern management’



## CHAPTER 1 Introduction

Successful innovative organizations should make efforts to stay innovative over time. There are many examples of organizations that were once seen as very innovative but then lost their innovative ability. Many of these companies eventually even ceased to exist (Christensen, 1997 as cited by Steiber & Alänge, 2013, p. 243). Francis & Bessant (2005, p. 171) argue therefore, that innovation plays a key role in the survival and growth of enterprises. But organizing for innovation appears not to be a straightforward exercise (van Looy, Martens, & Debackere, 2005, p. 208).

An organization that faces challenges with organizing for innovation is Fresh Forces<sup>1</sup> (FF). FF helps organizations on a project-basis with challenges they face in or with their organization. The young entrepreneurial professionals of FF work together with clients to innovate and accelerate processes of the client. The key selling point of FF is that the young professionals of FF give a fresh insight in processes, with new and innovative solutions for the challenge an organization faces. It is thus very important for FF that their clients experience their solutions as new and innovative. Primarily the perception of the client is very important. Proposed solutions by FF do not necessarily have to be new and innovative for FF as long as the client perceives them as such.

Since its foundation more than five years ago, FF helped many different organizations with challenges in various fields. Over the years they have come up with some solutions that can be used for similar challenges in different organizations. In the case that a solution is used multiple times, the solution is not new for FF, but for the adopting organization it is. This is also the idea of innovation, as innovation is defined as “*an idea, practice, or material artifact perceived to be new by the relevant unit of adoption*” (Zaltman, Duncan and Holbek, 1973 as cited by Dewar & Dutton, 1986, p. 1422).

On the other hand, sometimes completely new solutions have to be developed. The balance between these two types of solutions is very important. When FF focuses too much on altering existing solutions, they can be caught in the so-called “competency trap” (O'Reilly III & Tushman, 2008, p. 190). External demands and historically rooted inertia reinforce the existing solutions over completely new ones (Hannan & Freeman, 1984; Tripsas & Gavetti, 2000 as cited by Smith & Tushman, 2005). When left unnoticed, FF will be trapped within its

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<sup>1</sup> This is the English name of the Dutch company called ‘Frisse Blikken’.



given competencies (Leonard-Barton, 1992; Levitt and March, 1988 as cited by Smith & Tushman, 2005). Success then leads to repetition. Current solutions are exploited and the process of exploring new solutions is decreased.

In the same fashion, it is possible that FF focuses too much on exploring new solutions for challenges they already know a solution for. The constant drive to find new solutions can trap FF in their exploratory routines as their contexts shift (Aldrich, 1999; Anderson and Tushman, 2001 as cited by Smith & Tushman, 2005). Inexperience with the new solution leads to failure and constant shifting to alternatives. This is called the “failure trap” (O’Reilly III & Tushman, 2008, p. 190).

Because exploration faces greater uncertainty (March, 1991, p. 73), most organizations focus more on exploitation than on exploration (Uotila, Maula, Keil, & Zahra, 2009, p. 228). This may lead to short-term success, but long-term stagnation and failure (O’Reilly III & Tushman, 2008, p. 190). Both activities are very important, but they compete for scarce resources (March, 1991, p. 71). They serve different purposes and tension between two concepts exists (Tushman & O’Reilly, 1996, p. 19). Therefore, organizations have to make explicit and implicit choices between the two and they need to be explicitly managed (Gupta, Smith, & Shalley, 2006, p. 698). These explicit choices are found in calculated decisions about type of investments and strategies. Implicit choices can be found in organizational forms and customs, e.g. incentive systems, procedures and targets (March, 1991, p. 71).

In order for FF not to get trapped in the competency trap or the failure trap, they need to manage the tension between exploitation and exploration activities.

### *1.1. Managing the tension*

Managing the tension between exploration and exploitation is a complex process. The complexity can be related directly to multiple objectives it compromises. Different objectives need different strategies. Early research (Ghemawat & Costa, 1993; Porter, 1980) therefore indicates that organizations cannot simultaneously pursue exploration and exploitation, as attempts to pursue different strategies result in firms being “stuck in the middle” or mediocre at both (as cited by O’Reilly III & Tushman, 2008, p. 192). Organizations thus need to focus on one of the two forms of activities to perform well.

More recent scholars disagree with this idea. According to them (Benner and Tushman, 2002, 2003; Ghemawat and Ricart i Costa, 1993; Gupta *et al.*, 2006; McGrath, 2001 as cited by Uotila *et al.*, 2009, p. 221), organizations need to balance their exploration and exploitation activities to achieve optimal performance. Tushman and O’Reilly (1996)



conceptualize the idea of the ambidextrous organization as a means to balance both activities. The ambidextrous organization is capable of performing both exploratory and exploitative activities and is likely to achieve superior performance relatively to firms emphasizing one at the expense of the other (He & Wong, 2004; Uotila *et al.*, 2009). Raisch (2008) describes the balancing act as a key challenge for organizations.

But what are the requirements for FF to be ambidextrous? Raisch & Birkinshaw (2008, p. 389) distinguish structural, contextual and leadership antecedents necessary for ambidexterity. Each of the antecedents achieve ambidexterity in a different way. Structural solutions allow exploration and exploitation to be carried out in different organizational units, while contextual solutions allow an organization to be ambidextrous by pursuing both activities within the same unit. Leadership solutions impose the responsibility of balancing both activities to the top management team (Raisch & Birkinshaw, 2008, p. 389).

Although Raisch and Birkinshaw (2008, p. 382) indicate that many research has been done on each individual solution for ambidexterity, theory requires extension to consider the simultaneous effects of these antecedents. At the same time, almost all prescriptions put forward by conceptual and empirical research regarding organizational ambidexterity are designed for large, multi-unit firms (Chang & Hughes, 2012, p. 2). With almost sixty employees, FF can not be seen as a large firm yet.

According to the definition set by the European Commission (2003), FF is a medium sized enterprise. Grown from three employees in 2011 to almost sixty in 2016, FF wants to ensure that their growth will not influence their innovation capacity. They are currently noticing that their work practices are changing by the increased number of employees. The team sizes are increasing, leading to less collaboration between teams. When the organization was smaller, members of different teams were sometimes forced to join each others project-team. This happens less nowadays. With the idea that this ‘forced’ cross-fertilization between multiple teams leads to more innovation, FF would like to ensure that their growth will not reduce their organizational ambidexterity. Therefore, FF would like to diagnose if they have the antecedents within the organization to foster organizational ambidexterity and if the antecedents support or impede each other.

Based on exploratory meetings with the organization, this research will focus on the structural and contextual antecedents of organizational ambidexterity within FF, lacking the leadership antecedents. Indirectly, they are part of the research. Leadership behaviour is to a large extent a function of the organizational structure in which the behaviour is happening (Kuipers, van Amelsvoort, & Kramer, 2012). In addition, section 2.3 also shows that the





contextual characteristics are influenced by the type of leadership. Characteristics of leadership can become visible by means of the other two characteristics. This research has two objectives.

### 1.2. Objectives of the research

The academic objective of this research is:

*“Perform an in-depth research of the organizational structure and context in a medium sized firm, in order to extend the organizational ambidexterity literature with knowledge about the simultaneous effects of organizational structure and context in enabling a medium sized enterprise to achieve the desired degree of organizational ambidexterity.”*

The practical objective of this research is:

*“Diagnose the current organizational structure and context of Fresh Forces, in order to analyze whether the structure and context simultaneously enable the desired degree of organizational ambidexterity to ensure superior performance both now and in the future.”*

### 1.3. Research question

Based on the academic and practical objective, a research question can be derived. The research question of this research is:

*“To what degree does the organizational structure and context of Fresh Forces simultaneously enable to achieve the desired degree of organizational ambidexterity?”*

### 1.4. Scientific relevance

Because this research is diagnostic in nature, it is part of the intervention cycle instead of the empirical cycle. The purpose of this research is therefore not to be scientific relevant. It is only performed in a scientific manner. This being said, this research may have a scientific implication.

By performing an in-depth research at a medium sized enterprise, this research clarifies the simultaneous effects of structure and context in enabling the organization to achieve ambidexterity at FF. This contributes to the research that is needed on the interplay between structure and context in enabling SMEs to achieve ambidexterity. (Raisch and Birkinshaw, 2008 as cited by Guttel *et al.*, 2015, p. 266). Supporting and impeding elements of the structure and context are indicated that enable ambidexterity to be achieved.

### *1.5. Practical relevance*

This research has three practical contributions.

First, as the practical objective indicated, the current organizational structure and context of FF are diagnosed, in order to analyze if the current interplay between structure and context foster organizational ambidexterity to ensure superior performance both now and in the future. Based on the diagnosis, recommendation for areas of focus may be indicated. This recommendation is not part of this research, but can be distilled from the analysis and conclusion.

Second, the organizational structure is diagnosed in order to provide insight in the trade-off of exploration and exploitation. The way the tasks are divided, is part of the organizational structure. As Von Hippel (1990, p. 416) indicates, an improved understanding of innovation task partitioning is important to innovation managers as it can have an important impact on innovation project efficiency and effectiveness. This research may thus help to increase this understanding within FF, that may lead to an increased innovation project efficiency and effectiveness.

Last, a performance advantage can accrue to those SMEs who develop balanced innovation ambidexterity and therefore offers managers a basis by which their firms can sustainably compete against competitor firms over time (Chang & Hughes, 2012, p. 12). By diagnosing the organizational structure and context, managers of FF may enhance this balancing act, leading to a more sustained competitive advantage.

### *1.6. Outline of the paper*

This research has the following outline. In order to answer the research question, first the theoretical concepts are elaborated in CHAPTER 2. Considerations are given to organizational ambidexterity, theory and methods of the structure and context and structural- and contextual characteristics of ambidexterity. In CHAPTER 3 the methodology of this research is elaborated. The results and analysis of this methodology is presented in CHAPTER 4. This analysis leads to a discussion that is given in CHAPTER 5. The discussion includes interpreting the analysis, the scientific and practical implications, and a critical reflection on the limitations of the research, including the directions for further research.

## CHAPTER 2 Theoretical background

This chapter provides the theoretical background necessary to answer the research question: to what degree does the organizational structure and context simultaneously enable FF to achieve the desired degree of organizational ambidexterity? To answer this question, clarification on multiple elements is necessary.

First, the concept of organizational ambidexterity is further elaborated by providing a definition of the term.

Second, the concept of organizational structure is explained. This includes a theoretical view on the structure, a model to diagnose a good organizational structure, a model to diagnose functions related to organizational ambidexterity and structural characteristics of organizational ambidexterity.

Third, organizational context is elucidated. Similar to the organizational context, a theoretical view on context is given, a model to diagnose the context is provided and contextual characteristics of organizational ambidexterity are presented.

Lastly, a summary is given in which the methods necessary to answer the research question are presented.

### 2.1. *Organizational ambidexterity*

This section starts with elaborating on the organizational ambidexterity of an organization and its characteristics. First, the concepts of exploration and exploitation are defined. Second, the definition of organizational ambidexterity is given.

The dichotomy of exploration and exploitation is frequently discussed in literature, but their conceptualization varies greatly in conceptual research (Guttel, Konlechner, & Trede, 2015, p. 280). Therefore, it is important to operationalize the definitions of both concepts used in this research.

Researchers working in various literature streams have contributed to the difference between exploitation and exploration. The contradiction as well as the solutions have been described in contexts such as organizational learning, technological innovation, organizational adaptation, strategic management, and organizational design (Raisch & Birkinshaw, 2008, p. 377). Seen as one of the founders of the dichotomy, March (1991) proposes that the two activities are fundamentally different learning activities in which firms divide their attention and resources (Raisch & Birkinshaw, 2008, p. 371). In his paper, March (1991, p. 71) links concepts captured by terms such as “*search, variation, risk taking, experimentation, play,*



*flexibility, discovery, innovation*” to exploration, and “*refinement, choice, production, efficiency, selection, implementation, execution*” to exploitation. The definitions of March are very vague and are not specified enough to use in this research. Therefore, a perspective is chosen to specify both activities.

With the organizational structure as component of the research, this research uses the organizational design perspective of exploration and exploitation. In this perspective, exploration is connected to organizational adaptability and exploitation to organizational alignment. Adaptability - and thus exploration - refers to the capacity to meet the changing demands in the task environment, by quickly reconfiguring activities in the business unit (Gibson & Birkinshaw, 2004, p. 209). The organization needs to be flexible to be able to change. On the other hand, alignment - and thus exploitation - refers to coherence among all the patterns of activities in the business units (Gibson & Birkinshaw, 2004, p. 209). Alignment is necessary to improve the efficiency and creates stable performances. This contradicts with adaptability, because exploration generates performance variation by experiencing substantial success as well as failure in adapting to the environment (He & Wong, 2004, p. 481). Based on Jansen, Van den Bosch & Volberda (2005, p. 351), exploration is defined as the process of seeking to adapt to environmental changes, explore new ideas or processes, and develop new products and services for emerging markets. Exploitation is the process of seeking for stability to leverage current competences and exploit existing products and services.

But when are both acts in balance? An optimal balance between exploration and exploitation is lacking; it is idiosyncratic and fragile (Cao *et al.*, 2009; Levinthal and March, 1993 as cited by Güttel *et al.*, 2015). Research agrees that long-term imbalance lead to poor performance or even total failure (Güttel *et al.*, 2015). Balance may lead to sales growth (He & Wong, 2004) and financial performance (Gibson & Birkinshaw, 2004). A balance is thus desirable to foster superior performance for FF. The question rises how ambidexterity may be achieved.

According to the organizational design literature, ambidexterity can be achieved by structural and contextual means. Therefore, both elements are examined in turn. This examination contains a definition, a way of diagnosing the element at FF and characteristics of solutions for achieving ambidexterity in larger firms.

## 2.2. *Organizational structure*

This section elaborates the organizational structure, in order to diagnose the way tasks are allocated at FF and to give an overview of structural solutions for organizational ambidexterity according to literature. Therefore, first an organizational design approach is chosen that is used as a starting point to view an organization in this research. Based on this design approach, a definition of the organizational structure is given, including an explanation of its dimensions. Second, a framework is presented to diagnose the organizational structure in the light of the innovation tasks. Last, an overview of the structural solutions for achieving organizational ambidexterity is presented.

### 2.2.1. *Organizational design approach*

An organization can be seen as a demarcated group of people with a common goal (Mosselman, Meijaard, & Brand, 2003, p. 38). To reach this goal, most organizations are organized in some sort of structure. When an organization consists of more than one employee, separated tasks and activities are divided between the employees to increase the productivity. A division of labour is formed. Because of this division of labour, the need for coordination arises between the different tasks and activities. These two concepts, division of labour and coordination, form the core of the organizational structure.

But there are many approaches for looking at the organizational structure of an organization. Classical design theories, like Thompson (1967) and Mintzberg (1980), focus mainly on the technical structure of an organization. Thompson (1967) distinguishes structural parameters in order to increase the predictability of the primary processes and at the same time increase the capacity to deal with uncertainty in and dependency on elements in the task environment. He focuses primarily on the division of labour, lacking the social context of the organization. For Mintzberg (1980), the same applies. By focussing on the effectiveness of the organization, he distinguishes five different organizational structure types each with its own configuration on his design parameters. These parameters are again primarily focused on the division of labour and lack the social context of the organization. More recent design theories of De Sitter (1994, as cited by Achterbergh & Vriens, 2010) and Womack & Jones (Womack & Jones, 2003) differ from the older ones. Womack & Jones invented the lean organization: by focussing on value and corresponding value streams, flows could be created in order to reduce 'waste'. This 'waste' can be all sort of things, like time, energy, talent, motivation of client or personnel. Every employee is trained to identify wasted time and effort by developing confidence, competence and the ability to work with others (Womack & Jones,

2003). Although the social aspect of working is taken into account, the main focus is adding value. The social aspect is a mean in this process and is not a point of focus. On the other hand, the socio-technical system design approach of De Sitter (1994, as cited by Achterbergh & Vriens, 2010) explicitly focusses on both the technical aspects of the structure, as well as the social aspects. The joint optimization of the technical and the social system lead to desired organizational objectives (Cherns, 1978, p.63 as cited by Hyer, Brown, & Zimmerman, 1999, p. 183).

In this research, the socio-technical system design approach (STSD) is chosen for looking at the organizational structure of FF. The main reason for choosing the STSD as a starting point is that the STSD focuses on diagnosing the technical- and social system of the organization in an integral way. This approach thus recognizes the technical system influences the social system of an organization, and vice versa. As becomes apparent in section 0, the organizational context influences the behaviour of employees, also influencing the social system of an organization. Therefore, by choosing the STSD as an organizational design approach, a comprehensive determination of the interplay between structure and context is possible, as both elements influence the social aspect of the organization.

In line with this approach, a definition of the organizational structure can be given, including its dimensions. Second, socio-technical design parameters are determined in order to diagnose the organizational structure on both the social and the technical system. These parameters do not indicate the influence of the organizational structure on organizational ambidexterity. Therefore, third, a socio-technical model for diagnosing the organizational structure in the light of organizational ambidexterity is presented.

Although preliminary knowledge of the STSD is not necessary for the rest of this research, the basic assumptions of this approach can be found in APPENDIX I.

### 2.2.2. *Definition and dimension*

In the STSD, the organizational structure is seen as a network of related tasks (Achterbergh & Vriens, 2010). The definition of an organizational structure is “*the grouping and coupling of transformations into tasks and the resulting relations between these tasks relative to orders*” (De Sitter, 1994 as cited by Achterbergh & Vriens 2010, p. 240).

From this definition stems that tasks are formed by the grouping and coupling of transformations and that these tasks form relations between each other when viewed from orders. This requires further explanation.



Every organization has a “raison d’être”: a purpose why the organization exists. The organization performs some kind of process to deliver an end result. This can be anything, from building a house to giving advice. In this process, there is always a begin state (no house), a transformation process (building the house) and a desired end state (the house). This transformation process is often formed by many different transformation processes, all contributing to the overall transformation process. These different transformation processes can be differentiated in different ‘organizational levels’. At the operational level a transformation process may turn all building materials into a house. At a strategic level, a transformation process may turn observations and reflections about building house, as well as ideas about the organization’s competencies, into a strategy.

When transformations are thus grouped and coupled, a task starts to form. The overall task of an organization is often not performed by just one person: a decomposition of tasks start to form, including a division of who performs which tasks. Decomposing tasks can be done in two ways: into parts and into aspects (Achterbergh & Vriens, 2010).

When a task is divided into parts, the end-state of one sub-task is the begin-state of the other sub-task. Tasks are thus sequential connected. First someone builds the foundation of the house; the second person builds the rest of the house. This cannot be done simultaneously.

When a task is divided into aspects, sub-tasks are defined by means of characteristics (aspects) of the whole process (Achterbergh & Vriens, 2010). Decomposing into aspects creates parallel sub-tasks and can be performed at the same time. One person decorates the outer walls, while the other decorates the inner walls.

When nothing goes wrong building a house, no disturbances take place and no regulatory activities are necessary. But what happens when there are not enough bricks? In that case, regulatory actions are necessary. Regulatory activities are known in three forms: operational regulation (we buy new bricks), regulation by design (we use wood instead of bricks), and strategic regulation (we build a shelter instead of a house). Operational regulations deal with disturbances on the operational aspect of the process. Regulation by design deal with frequent disturbances, changing the infrastructural conditions of an organization. In the STSA, this regulation by design is a synonym for innovation (Lekkerkerk, 2012, p. V). Strategic regulation deals with changing the goals of the process, changing the desired end-state. Regulation can be done by the same person that performs the operational activities, or by someone else. Therefore, a separation can be made between the operational aspect and the regulatory aspect. Although both contributing to the desired end-state, both



aspects serve different activities: often leading to the classical worker-manager relationship when separated in different tasks for different jobs.

All regulatory activities are designed to deal with disturbances. In order to deal with disturbances, organizations can do two things: amplify the regulatory potential or attenuate disturbances. This is the overall design principle for an organizational structure: it should attenuate (decrease the probability of occurrence of disturbances and decrease the sensitivity to the dispersion of disturbances) and amplify (deal with occurring disturbances – by means of the three forms of regulation). De Sitter (1994 as cited by Achterbergh & Vriens, 2010) calls this controllability. In order to diagnose if an organizational structure has controllability, De Sitter developed seven parameters that capture relevant characteristics of organizational structures indicating if it is able to attenuate and amplify. Low values on all seven parameters indicate that the quality of the organization, work and working relations are met. This means that the technical and social system of the organization are jointly optimized.

Thus, when diagnosing the organizational structure of FF, it is necessary to value the seven parameters. In the next section, a brief overview of all seven parameters are given.

### 2.2.3. *Design parameters*

De Sitter has distinguished seven parameters that should have a value as low as possible, in order to be better equipped to attenuate disturbances and amplify regulatory potential (Achterbergh & Vriens, 2010). The parameters can be divided in three groups: the first three parameters describe the production structure (network of tasks covering the operational aspect of the whole organizational transformation); the fourth parameter describes the separation between operational and regulatory transformations; and the last three parameters describe the control structure (network of tasks dedicated to dealing with the disturbances in the production structure). Each parameter is briefly discussed, based on Achterbergh & Vriens (2010, p.248-253). To visualize all parameters, an example is used.

1. *Level of functional concentration*: refers to the grouping of operational tasks with respect to orders. Operational tasks can be separated in ultimately two ways: by the type of task or by the type of order. When operational tasks are grouped by type of task, specialized functional departments exist that can be coupled to all order-types. The sawing for both the tables and chairs happen in the same sawing-department, coupling this department to both order-types. This is called functional concentrated.

When the tasks are grouped by type of order, each order-type has its own specific set of operational sub-transformations. Instead of one sawing department for chairs and tables,



they both have their own sawing department. This is called functional de-concentration. Although functional concentration is often seen as a mean for efficiency, in practice it leads to unwieldy, expensive and customer-unfriendly organizations that underperform (Kuipers *et al.*, 2012).

2. *Level of differentiation of operational transformations*: refers to the degree in which operational sub-transformations are grouped into “make”, “prepare” and “support” tasks. “Make” tasks are the tasks of actually producing an order (e.g. producing a chair). But in order to produce an order, necessary conditions have to be provided (e.g. scheduling workers, providing the raw materials). These tasks are called “prepare” tasks. Both make and prepare tasks are directly related to realizing the orders. All operational activities indirectly related to order are called support tasks (e.g. maintenance or technical service). A low value on this parameter is achieved when operational tasks contain all three sub-transformations, instead of the being grouped into “make”, “prepare” and “support” tasks.
3. *Level of specialization of operational transformations*: refers to the number of sub-tasks within one task. Building a table can be seen as a task for one person, or for example for three persons: one making the legs, another the table leaf and a third assembles the table. Specialization decreases when specialized sub-transformations of a transformation are integrated into one task. High levels of specialization are seen at assembly lines, leading to many problems with the quality of work.
4. *Level of separation between operational and regulatory transformations*: refers to degree in which a task is separated in operational sub-transformations and regulatory sub-transformations. Often regulatory activities are assigned to special functions or departments, separating the regulatory activities from the operational activities.
5. *Level of differentiation of regulatory transformations into aspects*: refers to the degree in which the three types of regulation (strategic, design and operational) are grouped into different tasks. This is the case when the management team is responsible for strategic regulation, engineers take care of regulation by design and work floor managers take care of operational regulation. When all three are combined into one task, differentiation is low.
6. *Level of differentiation of regulatory transformation into parts*: refers to the decomposition of every regulatory transformation into the sequential tasks of monitoring, assessing and acting. Every regulatory activity necessarily involves these three activities (De Sitter, 1994, p.94 as cited by Achterbergh & Vriens, 2010).

7. *Level of specialization of regulatory transformations*: refers to the level of splitting up regulatory transformation into small sub-transformations. Operational regulation may be split up into several tasks: product quality, personnel, efficiency, etc., leading to a high value of this parameter.

The configuration of the seven parameter-values describe an organizational structure. Low values on all parameters indicate that the organizational structure is able to attenuate and amplify. This results in meeting the internal requirements.

#### 2.2.4. *Model Innovation and Organizational Structure*

This paragraph specifies the model used as for diagnosing the organizational structure. First a brief introduction of the model is given. This introduction leads to arguments for choosing this framework. Then the model is presented, including the encompassing functions.

The framework for this research is the Model Innovation- and Organization Structure (MIOS) by Lekkerkerk (2012). The model can be used to describe an organizational structure in a systematic and unambiguous way, to facilitate both diagnosis and efficient comparative research about what organizational structures, and embedded innovation structures, are most effective and efficient. The model contains twelve functions. The functions are related to each other, and some have relations with the relevant environment of the organization. The focus is on the innovation structure, but because it is based on socio-technical system design, the integral approach forces the model to link the innovation model to the production structure of the organization. All twelve functions are necessary and sufficient for a viable system. So, if an organization implements all these functions and their relations in its structure, the organization is supposed to be able to remain viable. This is on the condition that these functions are executed well by competent employees and managers.

The reason for choosing the MIOS as framework for this research is as follows. First, the model is a normative model that can be used to diagnose the organizational structure of an organization, with a focus on the innovation structure. The model can broadly be separated in two side, namely an explorative and an exploitative side. This is in line with part of the objective of the research, diagnosing the organizational structure in the light of exploration and exploitation. Second, compliant to the argumentation of Lekkerkerk (2012), neither frequently used dimensions of structure (e.g. formalization, centralization and specialization), nor configurations (e.g. Mintzberg) enable the making of unambiguous description of a structure. This description is necessary to be able to compare the organizational structure with other organizational structures. Although comparing the structure with other structures is not

within the scope of this research, it may contribute in further research. Third, the MIOS is built upon many theories (e.g. In 't Veld, 1998; De Sitter, 1998; Beer, 2000; De Leeuw, 2000; Ashby, 1956; Nonaka & Takeuchi, 1995). Based on well-founded arguments, Lekkerkerk combines different elements of all these theories in his model. Checked and tested by multiple professionals and researchers, one may assume that the MIOS is the preferred framework to diagnose the innovation structure from a STSA perspective.

The MIOS is thus the preferred framework for this research. As mentioned in the introduction of this paragraph, the model consists of twelve functions - related to each other and some related to the relevant environment - that are necessary and sufficient for a viable system, provided that these functions are executed well by competent employees and managers. These functions may be present in a formal or informal way. This is bundled in the model presented in Figure 1.

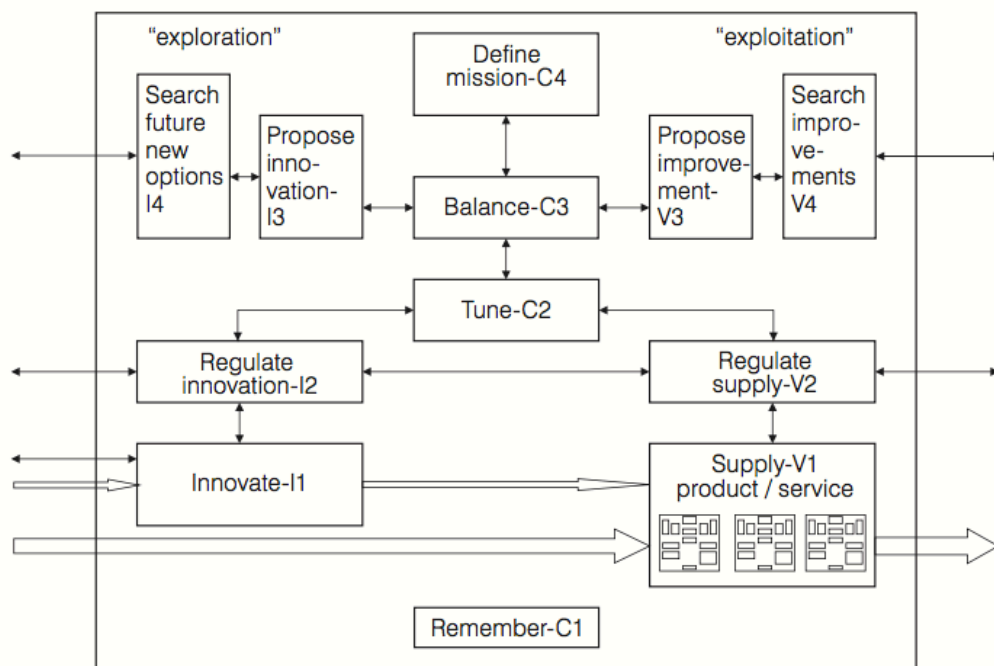


Figure 1: The MIOS by Lekkerkerk (2012)

The model is separated in three categories, recognizable by the code of the function: (1) I-functions, or functions related to innovation; (2) C-functions, or central functions; and (3) V-functions, or functions related to producing (“Voortbrengen” in Dutch). Quoting Lekkerkerk (2012) in his definitions, each function is explained in **Error! Reference source not found.**

In this research, a distinction is made between exploration and exploitation. Exploration is defined as the process of seeking to adapt to environmental changes, explore

new ideas or processes, and develop new products and services for emerging markets. Exploitation is the process of seeking for stability to leverage current competences and exploit existing products and services. Organizational ambidexterity is reached when an organization is capable of balancing both exploration and exploitation activities. Based on these definitions, the functions Propose improvement-V3 and Search improvements-V4 of the MIOS are set equal to exploitation and the functions Propose innovation-I3 and Search future new options-I4 to exploration, in line with the separation made in the model. Balance-C3 is responsible for balancing both forms of and determines the ambidexterity of FF.

Name-code	Contribution of function to organization
Supply product service-V1	Represents the primary process supplying products and/or services by transforming inputs in the required output. Includes recurring, order-related activities like logistic, sales, finance, procurement Includes supporting activities maintenance, facility management etc.
Regulate supply-V2	Operational regulation of the primary process including continuous improvement
Propose improvement-V3	Make project proposals for the best opportunities for improvement received from V4
Search improvements-V4	Search for and find ways to improve exploitation of current products, markets, facilities etc.
Innovate-I1	Carry out all approved innovation projects and improvement projects
Regulate innovation-I2	Operational regulation of individual innovation projects and operationally manage the portfolio of projects in progress
Propose innovation-I3	Make project proposals for the best future options for innovation received from I4
Search future new options-I4	Exploration of environment and search for future options for innovation, aimed at new and existing markets
Remember-C1	Organizational memory storing codified knowledge relevant for the organization
Tune-C2	Tuning V1 and I1 enabling smooth implementation of innovations and tuning the upper six functions contributing to the strategic planning process
Balance-C3	Balancing the project portfolio by strategically choosing which new proposals (from V3 & I3) should be funded and at the same time which of the projects in progress should be continued, paused or aborted
Define mission-C4	Define the mission, vision and strategy for the company and deriving lower level strategies for supply and innovation including performance indicators and budgets

Table 1: Definitions of the functions in the MIOS as defined by Lekkerkerk, 2012, p. 297

By determining the allocations of tasks for each function, including the way the tasks are allocated (formally or informally), an overview of the organizational structure can be made. This overview contains the tasks of both types of activities, which can be used for looking at the simultaneous effects of this structure and the organizational context in achieving ambidexterity.

#### 2.2.5. *Structural characteristics for achieving ambidexterity*

The standard approach to achieve organizational ambidexterity in large organizations is to create structural ambidexterity, where organizations create separate structures for exploration and exploitation (Birkinshaw & Gibson, 2004, p. 49). In order to understand the idea of different structures, first the difference between organic and mechanistic structures need to be understood.

Mechanistic structures are characterized by centralized, highly formalized and standardized functions (Kanten, Kanten, & Gurlek, 2015, p. 1359). Employees of the organization have a clear understanding of their job responsibilities and it is expected that they follow certain guidelines that are specified by procedures, practices and policies. It is best suited for organizations that operate in a stable and certain environment. Examples of organizations with a mechanic structure are universities, governmental organizations and hospitals.

Organic structures are found on the other side of the spectrum. They are characterized by a more flat, flexible structure and are able to meet modified external and technical circumstances (Kanten, *et al.*, 2015; Saleh & Wang, 1993). Employees are guided by shared goals and values and they may participate in the decision process. Position responsibilities and reporting relationships are continuously ambiguous (Saleh & Wang, 1993, p. 19). Organic structures fit best in unstable and dynamic environments. Examples of organizations with an organic structure are technology- and product-based organizations. Organic structures are thus far more simple than mechanistic structures. Therefore, many scholars (Damanpour & Gopalakrishnan, 1998; He & Wong, 2004; O'Reilly III & Tushman, 2008; Pierce & Delbecq, 1977; Raisch, 2008) have argued that exploration thrive on simple organic structures with limited routines. Actions of employees are then only informed by priorities, vision and boundary conditions, instead of by standardized rules, procedures and routines (Chang & Hughes, 2012, p. 3). It appears that exploitative activities thrive under these latter conditions, conditions that fit the mechanistic structure.

Thus, exploration and exploitation are linked to different kind of organizational structures. But as argued before, both forms are necessary for an organization to be viable. Therefore, firms need both types of structures in their organization. There are three structural solutions proposed for this problem.

The first structural solution is called dual structures, where each structure focus on either exploitative or exploratory innovation (Gupta *et al.*, 2006, as cited by Andriopoulos & Lewis, 2009, p. 696). Other authors (Benner & Tushman, 2003; Duncan, 1976; Tushman & O'Reilly, 1996) support this concept and refer to 'ambidexterity on structural terms' or structural separation (as cited by Eriksson, 2013, p. 335). By forming organizational units with a clear focus on either exploitation or exploration, both structural forms are possible within one organization (Carroll, 2012, p. 65). This results in highly differentiated but weakly integrated subunits (Benner & Tushman, 2003, p. 52 as cited by Carroll, 2012, p.65). Risk of this solution is the isolation of both activities: many research & development (R&D) and business-development groups have failed to link their ideas to the core business, leading to a rejection of their ideas (Birkinshaw & Gibson, 2004, p. 49). The knowledge transfer of highly specialized sub-units, focusing on exploration or exploitation, is therefore one of the main challenges for top management teams dealing with dual structures (Guttel, Konlechner, & Trede, 2015, p. 265). When diagnosing FF, dual structures become apparent when the I- and V-functions of the MIOS are allocated in different subunits. Because the I- and V-functions are so clearly separated, the parameter value of separation of operational and regulatory transformations will be high, as innovation is a synonym for design regulation in the STSA and the operational transformations are performed in Supply-V1. There is thus a clear separation of regulatory and operational transformations. At the same time, the differentiation of regulatory transformations will be middle or high, as the explorative sub-unit is separated from the exploitative sub-unit, separating also the I-functions from the Regulate supply-V2 function, which is also known as operational regulation.

A second solution of working with both structural forms is called "sequential by temporal separation" (Adlet *et al.*, 1999; Duncan, 1976; Gupta *et al.*, 2006 as cited by Eriksson, 2013, p. 336). Both types of activities are present by focusing first on one type of activity and next on the other. By switching between different structures, exploitation and exploration are emphasized sequentially rather than simultaneously (Raisch, 2008, p. 484). Both exploration and exploitation occur, but at different moments in time (Andriopoulos & Lewis, 2009, p. 697). Long periods of exploitation are alternated with short bursts of exploration. This has been identified as an alternative balancing mechanism (Gupta, Smith, &



Shalley, 2006). This solution is disruptive and costly, as many changes have to be made to the organizational design, such as structures, coordination mechanisms and rewards. This suggests that firms should only pursue such a major change after “a critical state of incongruence with the environment is reached” (Miller, 1982, p. 133 as cited by Carroll, 2012, p. 66). When diagnosing FF, temporal separation becomes apparent when short bursts of Search future new options-I4 and Propose innovation-I3 are alternated with long periods without these functions. During these short bursts, the V-functions are not executed.

A third solution is parallel structures. Here, both structures are present at the same moment in time within one sub-unit, resulting in both types of activities occurring at the same moment in time. Depending on their tasks, employees are allowed to move back and forth between the two types of structures. Mechanical structures are designed for routines tasks that ensure efficient operations, while organic structures are flexible enough to support exploration of new growth opportunities (Raisch, 2008, p. 483). Exploration and exploitation happen simultaneously and synchronously within one subunit of the organization, in which the same employees perform both activities, but in different structural environments. Where in the first two structural solutions the organization is ambidextrous, in this structural solution the employee have to be ambidextrous. The employee has to perform the balancing act of exploration or exploitation. These ambidextrous employees have several important commonalities (for an overview, see Birkinshaw & Gibson, 2004, p. 50), but this research focusses on the implications regarding the organizational level. Because an individual’s ability to exhibit ambidexterity is facilitated or constrained by the organizational context in which he or she operates, parallel structures can be also understood at the organizational level (Birkinshaw & Gibson, 2004, p. 50). The way organizational context influences the ambidextrous employee is elaborated in section 2.3.1. When diagnosing FF, parallel structures become apparent when the same employees are responsible for both V-functions and I-functions. This results in low values of the parameter of separation of operational and regulatory transformations, as an employee has to perform both type of transformations.

A summary of the three structural solutions for achieving organizational ambidexterity can be found in Table 2. Although most scholars focus on one or another of these solutions, recent developments showed that it may be most practical to use a combination of different solutions (Andriopoulos and Lewis, 2010; Raisch *et al.*, 2009 as cited by Eriksson, 2013, p. 335). According to Raisch (2008, p. 483), these solution are most appropriate under different condition. They are not mutually exclusive, but rather complementary. In order to be viable,



organizations may have to execute more than one of these solutions, and perhaps more than once.

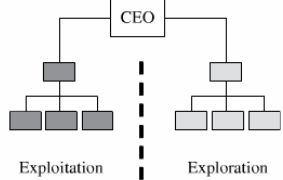
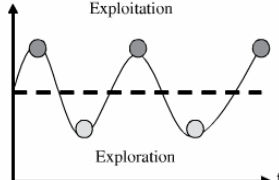
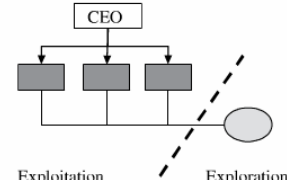
	<b>Structural separation</b>	<b>Sequential by temporal separation</b>	<b>Parallel structures</b>
<b>Employees performing</b>	Different	Same	Same
<b>Moment in time</b>	Same	Different	Same
<b>Comment</b>	Separation by sub-units with own goals	Long periods of exploitation alternated with short bursts of exploration	Employees are allowed to move back and forth between exploration and exploitation, in different structural environments
<b>Visual example (Raisch, 2008, p. 485)</b>			

Table 2: An overview of the structural solutions for achieving ambidexterity

### 2.3. Organizational context

This section elaborates on the way the organizational context shape the individual and collective behaviour of the employees of an organization in the light of organizational ambidexterity, in order to make a diagnosis of the context. Therefore, first a definition of the context is given, including two contextual mechanisms. Second, the influence of the organizational context on ambidexterity is described according to literature. Based on the contextual mechanisms and the influence on ambidexterity, a method for diagnosing the context is presented.

#### 2.3.1. Definition and contextual mechanisms

Ghoshal & Bartlett (1977) define context as “the often invisible set of stimuli and pressures that motivate people to act in a certain way” (as cited by Birkinshaw & Gibson, 2004, p. 51). The organizational context defines the organizational members’ behavioural context, in which a carefully selected set of systems and processes collectively define the behaviour of the employees (Simsek, 2009, p. 602). This context is shaped by systems, incentives and controls put in place by top managers, but also by the actions the managers take on a daily basis. This is then reinforced through the behaviour and attitudes of the employees (Birkinshaw & Gibson, 2004, p. 50).



According to Birkinshaw & Gibson (2004, p. 51), the organizational context consist of two contextual mechanisms: (1) social support context and (2) performance management context. These two mechanisms are based on four behaviour-framing attributes: discipline, stretch, support and trust (Gibson & Birkinshaw, 2004, p. 213). Each contextual mechanisms is explained by means of the corresponding behaviour-framing attributes.

First, the social support context. This is based on the combination of support and trust. *“The social support reflects the necessity of ensuring that individuals establish ambitious goals within a cooperative work environment, as well as inducing employees to lend assistance and countenance to others and to rely on each other’s commitment”* (Simsek, 2009, p. 604). Support induces members to lend assistance and countenance to others. Trust induces members to rely on the commitments of each other (Gibson & Birkinshaw, 2004). Each principle has three underlying characteristics. Proper support is given when individuals have: (1) access to resources in other parts of the organization; (2) autonomy at lower levels; and (3) guidance and help (Ghoshal & Bartlett, 1994). Trust in the organization can be developed by (1) higher level of perceived fairness and equity in the company’s decision processes; (2) the broader level of involvement in core-activities; and (3) an increase in the overall level of personal competence at all levels of the organization (Ghoshal & Bartlett, 1994).

The second contextual mechanism is performance management context. This is based on the principles of stretch and discipline. It reflects how an organization induces its individuals to voluntarily strive for more ambitious goals, and outcomes (Simsek, 2009, p. 604). Stretch induces members to voluntarily strive for more, rather than less, ambitious objectives and discipline induces members to voluntarily strive to meet all expectations generated by their explicit or implicit commitments (Gibson & Birkinshaw, 2004). Stretch is an environment in which individuals stretch their own standards and expectations. This environment is built by three attributes: (1) the establishment of shared ambition; (2) the emergence of a collective identity, and (3) the development of personal significance in the overarching task (Ghoshal & Bartlett, 1994). When stretch is well developed, managers can influence the aspiration levels of individuals engaged in all kinds of activities. Discipline can be built by the contribution of (1) clear standards and expectations, (2) a system of open and fast-cycle feedback, and (3) consistency in the application of sanctions.

A summary of a supportive organizational context is given in Table 3.



<b>Contextual mechanism</b>	<b>Behaviour-framing attribute</b>	<b>Attributes</b>
<b>Social support context</b>	Support	Access to resources in other parts of the organization
		Autonomy at lower levels
		Guidance & Help
	Trust	Perceived fairness & equity in decision making process
		Involvement in the core-activities
		Level of competence at all levels of the organization
<b>Performance management context</b>	Discipline	Clear standards & expectations
		A system of open & fast-cycle feedback
		Consistency in application of sanctions
	Stretch	Establishment of shared ambition
		Emergence of a collective identity
		Development of personal significance in overarching task

Table 3: Summary of contextual mechanisms of the organizational context

### 2.3.2. Influence of the context on ambidexterity

The influence of the organizational context in achieving organizational ambidexterity is researched by Gibson and Birkinshaw (2004). They found that a supportive organizational context - characterized by a combination of performance management and social support - highly correlates with organizational ambidexterity across 41 business units. They argue that organizational ambidexterity can be achieved by contextual ambidexterity, in which a business unit or work group is capable of simultaneously and synchronously pursue exploration and exploitation. This is related to the structural ambidextrous solution of a parallel structure (Gibson & Birkinshaw, 2004; Gupta *et al.*, 2006 as cited by Eriksson, 2013, p. 334). When this is the case, individuals have to deal with conflicting task demands of exploration and exploitation in the context of their day-to-day work. Where structural ambidexterity issues the organizational level, contextual ambidexterity issues the individual level of the firm (Birkinshaw & Gibson, 2004, p. 49). Contextual ambidexterity is reached by an ambidextrous employee. These employees have several important commonalities (for an overview, see Birkinshaw & Gibson, 2004, p. 50), but this research focusses on the implications regarding the organizational level. Because an individual's ability to exhibit ambidexterity is facilitated or constrained by the organizational context in which he or she operates, contextual ambidexterity can be also understood at the organizational level (Birkinshaw & Gibson, 2004, p. 50).

Therefore, in this research, the organizational context is diagnosed on the organizational level, by diagnosing the way FF enables ambidexterity by creating a supportive organizational context. The combination of the social support context and the performance management context shape the individual and collective behaviour over time that enables ambidexterity. Both mechanisms are equally important and mutually reinforcing. A strong presence of both creates the right organizational context. An imbalance or a lack of both results in a less optimal context for ambidexterity (Birkinshaw & Gibson, 2004, p. 51).

The social support context contributes to ambidexterity by the formation of knowledge flows. The formation of new ties among individuals help to effectively combine knowledge that is embedded across different functional areas of the firm. This leads to the improvement of exploration and exploitation. The social context thus indirectly enables ambidexterity by enabling knowledge flows to form. The rationale behind the mediating role of knowledge flows can be found in APPENDIX II. Based on earlier research (Chang & Hughes, 2012; Lin *et al.*, 2013; Brachos, Kostopoulos, Soderquist, & Prastacos, 2007), it is assumed that if the characteristics of a well-functioning social support context are present, the social support context strengthens the ties between individuals, contributing to ambidexterity.

The performance management context contributes to ambidexterity in helping to tackle the ambiguous nature of the conflicting goals of exploration and exploitation. With both activities serving different goals, employees have to be directed to think and act towards exploration and exploitation. Performance management can help to tackle the ambiguous nature of these goals, as these conflicts of goals can complicate coordination of activities of individuals and teams, harming organizational efficiency and effectiveness (Walker, Damanpour, & Devece, 2010, p. 6).

Thus, in diagnosing the organizational context of FF, the social support context and the performance management context must be taken into account. A strong presence of both indicate an optimal context for ambidexterity.

### 2.3.3. *Diagnosing the context*

When many or all characteristics of the social support context and performance management context are present at FF, it is assumed that FF is capable of being ambidextrous.

According to Birkinshaw & Gibson (2004, p. 53), a good social support context exists when managers devote considerable effort to developing subordinates. Decisions are pushed down to the lowest appropriate level and managers have access to the information they need to make good decisions. Furthermore, managers need to replicate best practices across

organizational boundaries and treat failure in a good effort as a learning opportunity, not as something to be ashamed of. Last, managers have to be willing and able to take prudent risks.

The performance management context can help to tackle the ambiguous nature of the conflicting goals of exploration and exploitation. By specifying targets and indications to link goals to performance outcomes, setting clear organizational goals, and taking action to influence achievement against targets, the performance management context may direct individuals to the right behaviour: performing both activities.

Birkinshaw & Gibson (2004, p. 53) made a questionnaire for diagnosing the organizational context, based on the behaviour framing attributes of Table 3. High scores on the subjects will indicate a high performance organizational context that is able to achieve ambidexterity. Because this research is interested in the presence of the four behaviour framing attributes, this questionnaire is used as a guide for questioning the organizational context. The subjects can be found in Table 4.

Social support context	Performance management context
<p><b>How do managers deal with:</b></p> <ul style="list-style-type: none"> <li>- <b>Developing subordinates</b></li> <li>- <b>Pushing decisions down</b></li> <li>- <b>Accessing information for decisions</b></li> <li>- <b>Replicating best practices across organizational boundaries</b></li> <li>- <b>Treating failure</b></li> <li>- <b>Taking risks</b></li> </ul>	<p>How do managers deal with:</p> <ul style="list-style-type: none"> <li>- Setting goals (challenging/aggressive)</li> <li>- Issuing tasks (creative or narrowly defined)</li> <li>- Stretching people</li> <li>- Running their business (use of business goals &amp; performance measures)</li> <li>- Accountability for peoples' performances</li> <li>- Encouraging and rewarding hard work</li> </ul>

Table 4: Subjects used for questioning the organizational context

#### 2.4. The simultaneous effects of organizational structure and context

Literature suggests three structural solutions for achieving ambidexterity by means of the organizational structure: structural separation, sequential by temporal separation and parallel structures. The organizational context on the other hand, enables ambidexterity to be achieved by contextual ambidexterity. This is the situation in which a business unit or work group is capable of simultaneously and synchronously pursue exploration and exploitation. According to Gibson & Birkinshaw (2004) and Gupta *et al.* (2006), this is related to the structural ambidextrous solution of parallel structures. It is therefore assumed that the desired degree of ambidexterity is reached when the organizational structure indicates parallel structures, and the organizational context indicates high levels at the social support context and performance management context. That way the organizational structure and context simultaneously enable FF to achieve ambidexterity.

## CHAPTER 3 Methodology

This chapter elaborates the research methodology used to collect the data necessary for this research. First, a research strategy is chosen in section 3.1. Second, a planning of the data collection and analysis is made in the form of a research design. This includes the type of study, the sample strategy and sample selection. Third, the methods used to collect data are elaborated in section 3.3. Section 3.4 describes the intended data analysis procedure. Lastly, ethical issues are considered in section 3.5.

### 3.1. *Research strategy*

This research tries to diagnose the organizational structure and context of FF, in order to determine to what degree both the structure and context of FF simultaneously enables to achieve the desired degree of organizational ambidexterity. This research is conducted on behalf of FF and is therefore a commissioned research.

The research has a diagnostic nature, in which the scientific knowledge of the problem exists, but the practical application of this knowledge lacks. Theoretical concepts are used to try and explain the underlying causes of FF achieving ambidexterity. Therefore, this research is not a fundamental scientific research, but an applied scientific research (Christis & Fruytier, 2013, p. 230). This implies that this research is part of the intervention cycle (Christis & Fruytier, 2013, p. 225). Rules of empirical research are followed. This means this is a scientific research based on just the definition of process, not the definition of product and process (Christis & Fruytier, 2013, p. 225; Vennix, 2011, p. 126).

The starting point of diagnostic research is the problem definition of FF. Based on this problem definition the research question is derived. The theoretical foundation in CHAPTER 2 explains the theory and diagnostic models that can be used to answer the research question. In comparison with fundamental research, the research strategy of diagnostic research is based on the diagnostic models used, instead of the choices made by the researcher. This implies that both quantitative and qualitative models can be used if that is best for diagnosing the problem (Christis & Fruytier, 2013, p. 229). The research design should therefore explain in what way the necessary data is required to be able to make the diagnosis (Christis & Fruytier, 2013, p. 229). The theories used are the design parameters (see 2.2.3), the MIOS (see 2.2.4) and the theory of the organizational context (see 2.3).

To secure the quality of the scientific process, attention has to be paid to the methodological means of achieving objectivity in producing a ‘scientifically rigorous’, and



hence, ‘believable study’ (Symon & Cassell, 2013, p. 204). Many different criteria for judging qualitative research exist (for an overview, see Symon & Cassell, 2013, p. 205-222). In this research, the universal criteria of Guba and Lincoln (1989 as cited by Symon & Cassell, p. 207) are maintained. They distinguish four criteria: credibility, transferability, dependability and confirmability. In this chapter, all four criteria are assessed.

### 3.2. *Research design*

The term research design generally refers to the planning of the data collection and analysis, and the way empirical data is selected. It should provide a planning that is able to answer the research question with the available resources and time (Flick, 2015, p. 68). Therefore, first the type of research is determined. Second, the sampling strategy is used to determine the data sources of this research. Last, the sample is selected based on the sampling strategy.

#### 3.2.1. *Single outcome study*

The goal of this research is to diagnose the organizational structure and context of Fresh Forces. Diagnostic research differs from many scientific researches, because it is applied research performed in the context of the intervention cycle (Christis & Fruytier, 2013, p. 225). This is scientific research because of the scientific process followed. Therefore, the best type of study for diagnostic research is a ‘single outcome study’ (Christis & Fruytier, 2013, p. 224). A single outcome study refers to “a situation in which the researcher seeks to explain a single outcome for a single case” (Gerring, 2007).

In a single outcome study, a researcher investigates which known scientific causes are responsible for the result under investigation. Scientific causes of ambidexterity are diagnosed in order to find the simultaneous effect of the context and structure in enabling the organization to achieve ambidexterity. The result under investigation in this study is ambidexterity, the known scientific causes are shown in CHAPTER 2.

The purpose of this research is not to generate new scientific knowledge. No new theory is tested. Therefore, transferability is not a goal of this diagnostic research. Because the scientific process will be followed, an extensive elaboration of the unit of analysis is included in APPENDIX III. By means of this extensive description, the researcher enables the reader nevertheless to judge if results can be interpreted in other contexts. This thick description of the case contributes to the transferability, one of the assessment criteria of Guba and Lincoln (1989 as cited by Symon & Cassell, 2013, p. 207).



### 3.2.2. *Sampling strategy*

The process of choosing a sample is based on the premise that the choice enables appropriate data to be collected, thereby allowing to meet the research aim (Symon & Cassell, 2013, p. 38). In this research, a non-probability sampling technique is used, in which the choice of the sample is based on the researcher's judgement regarding those of the populations characteristics that are important in relation to the data required to address the research aim (Symon & Cassell, 2013, p. 39). This kind of technique is concerned with ensuring the sample chosen enables the researcher to gain understandings and insights (Patton, 2002) and the justification that is provided for this (Symon & Cassell, 2013, p. 40).

The non-probability sampling technique used in this research is purposive sampling. Participants are chosen on the basis of judgement (Symon & Cassell, 2013, p. 41). Based on preliminary conversations with Joost Jolink (owner of FF) and Kevin Schuurmans (gatekeeper of the research), a heterogeneous purposive sampling is used. Participants are chosen with sufficiently diverse characteristics, to provide the maximum variation possible in the data (Symon & Cassell, 2013, p. 42).

### 3.2.3. *Sample selection*

FF is organized in seven business units (or 'Forces'), an intern team and two owners. In preliminary conversations became apparent that exploration and exploitation may happen at two different levels of the organization. Because 'Forces' are responsible to ensure their own viability, they can be seen as sub-systems of the organization. In terms of the MIOS, all seven Forces can be seen as subsystems within *supply-VI* of FF as organization. Each business unit can thus be diagnosed as viable sub-system of the whole system with their own responsibilities regarding exploration and exploitation. At the same time, exploration and exploitation also happens at the level of the organization. An example of exploration on the organizational level is the start of a new business unit, serving a new market. So, in order to meet the aim of the research, both the ambidexterity on the organizational- and business unit level have to be analysed.

To diagnose all business units of FF is beyond the scope of this research, so delimitation is needed. According to Joost Jolink and Kevin Schuurmans, an appropriate reflection of all Forces is found in the teams 'Fresh Experiences' (FE) and 'Fresh Analytics' (FA). These two teams differ the most in their way of working. FE is known as the Force that tries to come up with something new every project, while clients of FA demand rigid and proven solutions without too many unexpected outcomes. This is in line with Eisenhardt



(1989) and Pettigrew (1990), both arguing that researchers should choose extreme situations or ‘polar’ types (as cited by Symon & Cassell, 2013, p. 361). Therefore, choices have been made to delimitate the research to the diagnosis of FF on the organizational level and a diagnosis of FE and FA on the business unit level. The results of these three diagnosis are combined in answering the research question.

### 3.3. *Research method*

The data used for answering the research question is gathered by using semi-structured interviews, together with document analysis. By means of this method, the researcher tries to demonstrate a good fit between ‘constructed realities of respondents and the reconstructions attributed to them’ (Guba & Lincoln, 1989, p. 237 as cited by Symon & Cassell, 2013, p. 206). This assessment criterion is known as credibility. In this section, different methodological means are elaborated that contribute to credibility.

#### 3.3.1. *Semi-structured interviews*

The primary method for collecting data is the semi-structured interview. As interviews are routinely performed as a way of seeking knowledge about all kinds of phenomena (Symon & Cassell, 2013, p. 239), the semi-structured interview is well suited for the exploration of complex issues and enable probing for more information and clarification of answers (Barriball & While, 1994, p. 330). To research the ambidexterity within FF, respondents may use different definitions for the dimensions of the organizational structure, context, exploration and exploitation. When a standardized interview guide is chosen, implicit the assumption is made that respondents share a common vocabulary and every word has the same meaning to the respondents (Nay-Brock, 1984; Denzin 1989 as cited by Barriball & While, 1994, p. 330). With the semi-structured interview guide, the interviewer is allowed to interrogate the answers given, to check if the interviewee refer to the same meaning as the interviewer.

A semi-structured interview guide is developed based on the literature review of chapter two. The interview guide for the organizational structure is based on the theory of the STSD and the MIOS. In order to assess the way tasks are allocated at FF, questions are asked regarding the seven parameters of De Sitter. These questions are based on the definitions of the seven parameters found in 2.2.3. The MIOS is used as a guide to ask the interviewees to describe each of its functions. Each interviewee received an email in advance explaining the reason of the interviewee and the MIOS. The guide for the organizational context is based on the questions in Table 4. The complete guide can be found in APPENDIX V. The interviews





are recorded, so the interview can be analysed later on. To make sure the interviewer is fully focused on the answers given, no field notes are taken. In this way, the interview tries to interrogate as good as possible.

For each of the two business units, three participants are chosen that differ in time that they are working for FF. This choice is made to ensure that different experiences within the organization and within teams are combined to gather veracious data. The same accounts for the organizational level, only this time two interviewees are chosen. This choice is made because exploratory interviews with the owner indicated that many aspects of FF are arranged company wide. These aspects will inherently be taken into account during the interviews with the business units. The participants for this research can be found in APPENDIX VI.

To ensure that the participants' views have been accurately captured, the researcher tests his interpretation of the data with the participants throughout the research process. This is known as member checking and contributes to the credibility of the researcher (Symon & Cassell, 2013, p. 207).

### 3.3.2. *Document analysis*

Next to the interviews, an important document of FF is analysed that relate to this research. A document can be seen as evidence, which endures physically and can thus be separated across space and time from its author, producer and user (Hodder, 2003, p. 703 as cited by Symon & Cassell, 2013, p. 390). The document used for analyses:

- FRS-program booklet. This booklet contains the current training program for every employee of FF. It contains many norms and values of FF, but also the form used to evaluate every employee on a yearly basis. This booklet is relevant because it contributes elements of both the social support context and the performance management context. It can be found in APPENDIX VIII.

### 3.4. *Data analysis*

All data gathered by the methods of data collection need to be analysed in the light of the theoretical concepts of this research. This research focuses on the organizational level and the business level, resulting in three distinct areas of FF, namely: organizational level, FE, FA.

Every interview is recorded with a voice recorder. In order to analyse these interviews, a transcript of the interview is made in which the talk is written down. A transcript is shaped by and, in turn, shapes what can be known (Green, Franquiz, & Dixon, 1997, p. 174). The transcripts define thus the final representation of the data. The transcripts are used to diagnose

the organizational structure and context. The structure is described by means of the MIOS and the design parameters, while the context is diagnosed based on the characteristics of support, trust, discipline and stretch. To analyse the open data stemming from the interviews, the data analysis software Dedoose will be used. The competent and systematic use of software can strengthen trustworthiness by establishing a chain of evidence (Yin, 2003) that truthfully represents the formalized tasks contained in the process of data analysis: organizing and coding the data, searching for patterns (as cited by Symon & Cassell, 2013, p. 122). For the process of coding the both the interviews and the document, the analytical coding technique is used. This refers to coding the data into an evolving structure based upon the analyst's ongoing interpretation of coding the data (Richard, 2005 as cited by Symon & Cassell, 2013, p. 123). As it relies heavily on theoretical and conceptual inputs of research, theoretical concepts of both the organizational structure and context will be used as codes. For each area of interest of FF, a similar codescheme is used, containing 22 codes for the organizational structure and 19 codes for the organizational context. In total, 41 codes per area of interest are used, separated in the areas of the organizational level, FE and FA. An example of the codescheme of a single area can be found in APPENDIX VII.

By providing a detailed description of the methods of data collection used in this research, as also of the process of analysing, the researcher tries to assure the reader that the data, interpretations and outcomes of inquiries are rooted in contexts and persons apart from the researcher himself. This contributes to the assessment criteria of confirmability, in which the researcher proves that results are not simply figments of the imagination (Symon & Cassell, 2013, p. 208).

### 3.5. *Research ethics*

When performing a research, the researcher must understand how his research effects and affects those it touches, and attending to the rights and wrongs of this influence and the possible harms or benefits that might accrue (Symon & Cassell, 2013, p. 90).

Because the researcher performed an internship at FF in the period before this research, most employees know the researcher in person. The researcher has been part of the organization and is thus biased in knowledge and assumptions. This has both advantages and disadvantages.

The prior knowledge of the organization may help the research better interrogate during interviews, but at the same time interviewees may assume that the researcher already has prior knowledge and limit the information they share. Before every interview, the

interviewer elaborates on his role and emphasizes this concern. By acknowledging this concern, the researcher hopes that the interviewee elaborates on every subject in full detail.

Because this bias may affect the research, it is important to make notes on why certain decisions are made during the research and how eventual understanding of the research situation are achieved (Symon & Cassell, 2013, p. 207). By keeping a research diary, the researcher tries to keep an objective view and enables the reader to judge why certain decisions were made and how the eventual understanding of the research situation was achieved (Symon & Cassell, 2013, p. 208). This contribute to the assessment criteria of dependability. Dependability refers to demonstrating how ‘methodological changes and shifts in constructions’ (Symon & Cassell, 2013, p. 207).

With regard to confidentiality in the interviews, interviewees are informed on the objectives of the research, before authorization is given to do the interview. They are asked permission to record the interview and permission to use their full name in this research. In the case an interviewee doesn’t want full disclosure, a fictitious name will be used. Transcripts of the interviews are sent to the participants, so they can withdraw any statement. Interpretations and results will be presented in a presentation to the members of FF, in order to report the outcomes and discuss the issues at stake.

## CHAPTER 4 Results and analysis

This section contains the results and an analysis of the organizational structure and organizational context in order to diagnose both. Three areas of interest were determined in CHAPTER 3: organizational level, Fresh Experiences and Fresh Analytics.

In order to make a diagnose of each of three areas of interest, first the results are presented using the diagnostic models presented in CHAPTER 2. The organizational structure is described using the MIOS and the design parameters, the organizational context by the social- and performance context. After each description, an analysis is made.

All quotes in this chapter stem from the interviews or the document. Quotes from the interviews are cited by the abbreviation of the interviewee and the number correlated with the excerpt found in APPENDIX X. The document used for analysis is cited by the abbreviation “doc”. Further details regarding the interviewees and their abbreviations can be found in APPENDIX VI. The interviews and document are refined to an analysable format by allocating codes to relevant parts of the transcripts. The code structure used for this process can be found in APPENDIX VII.

### 4.1. *Organizational level*

This section deals with the description and analysis of the organizational level. The twelve functions of the MIOS and seven design parameters are used to describe the structure. After each description, a short analysis will follow that values the function or parameter relative to the diagnostic model used.

#### 4.1.1. *Characteristics of the organizational level*

FF is separated in seven business units (BU) called ‘Forces’. Each BU is assigned with tasks related to similar type of orders (JJ, 224). Type of orders assigned to each BU are: marketing (‘New Generation Marketing’); digital solutions (‘Born Digital’); serious games and gamification (‘Serious Gaming and Gamification’); HR-practices (‘Onboarded’); learning- and development trajectory (‘&Power’); strategy implementation and big transition programs (‘Fresh Experiences’); and insights and overview of data (‘Fresh Analytics’). Every BU consists of a team lead (‘Bliktrekker’), and employees called project managers (‘Frisse Blikkers’). Besides these seven BU’s, FF has a service unit (SU) called ‘Intern’. This SU is assigned with supportive tasks, like recruiting the right entrepreneurial people; facilitating the internal communication; facilitating the development program for employees; dealing with financials and contracts; marketing; ICT; and branding. They contribute to the acquisition

process, by means of marketing, communication and events, but do not perform projects for clients (BH, 169; JJ, 205; JJ, 210).

The organization has three hierarchical layers, although the hierarchy is not always felt by the employees (YH, 137). Sequentially, these layers are the owners (Fritz & Joost), team leads (eight persons) and team members. The owners and the team leads form the management team (MT).

Everyone is stationed in the office in Utrecht. From February 2017, a second office is opened in Eindhoven. Opening a second office is one of the innovation projects of FF in 2016. Other innovation projects are: (1) a professional program: recruiting a new employee profile, with three to five years' work experience; (2) internationalising: opening an office in Vancouver. This project was stopped; (3) B-Welcome: an application used to inform candidates during the recruitment process. It is developed for FF, with the idea to sell it as a product to clients; (4) TRGGR – an app for retaining learning activities after the activity has taken place; (5) Quezt – an app to share and retain knowledge in a playful manner (BH, 174; JJ, 230).

#### 4.1.2. *MIOS and design parameters*

The *Supply-VI* function can be separated in three types of activities: make, prepare and support. *Supply-VI-make* activities consist of the temporarily deployment of entrepreneurial project managers to help innovate, rejuvenate and accelerate processes of big organization (BH, 169; JJ, 204). In a project-based manner, requests for help by clients are assisted with the knowledge and expertise of project managers. Every employee is part of this process, except the team members of Intern. The owners and team leads also contribute to the primary process (BH, 171). To deliver this service, projects managers of FF use a network of partners with expertise in a many different functional skills (BH-172). Most client projects are executed by project managers, some are executed by team leads or owners. For every project, project managers have a point of contact in the MT. This does not have to be the team lead of a project manager. Who the point of contact is, depends on the client, availability and match with the project. This is determined by the MT. This point of contact is always part of the project, fulfilling an active role by joining the project team, or a passive role by supervising the project manager (JJ, 217). In that case, the point of contact is not part of the *Supply-VI-make* function. Different types of orders are coupled to the seven BU's. Every BU has its own expertise for type of orders. Marketing related orders are for example executed by the BU New Generation Marketing and learning & development related orders are executed by

&Power. It can happen that a project manager of another BU executes a project that relates to &Power, due to the agenda capacity of available project managers. The MT tries to eliminate this as much as possible.

*Supply-VI-prepare* includes the acquisition of projects, writing proposals for projects, including financial and legal risk calculations and preparing a project planning in the case a proposal becomes an order for a project. The acquisition of projects is mainly done by the MT. Both team leads and owners focus on acquiring new orders for the whole organization. Team leads do not just focus on their own BU. Project managers are also supposed to perform acquisition activities: a minimum of twelve interviews each quarter (YH, 121, KS, 30; GW, 102). Because everyone fulfils acquisition activities for the whole organization, it is possible that a project manager or team lead of one BU acquires a project for another BU. Proposals for these projects are written by project managers that had the acquisition meeting, often combined with the project manager that is most likely to perform the project. The proposals are edited by the team leads and when necessary checked by the owners (JJ, 212). Team leads determine if the owners need to check the proposal. No data is gathered about conditions for sending a proposal to the owner. The project planning is made by the project manager performing the project.

*Supply-VI-support* activities of a project are mainly performed by the responsible project managers, but some tasks are done by Intern, like providing computers, office supplies and food and beverages at the office.

The description of the *Supply-VI* function at the organizational level indicate a formal allocation of the function to all employees, except the SU. This includes the team leads and owners, although they focus more on the prepare task of acquisition and less on the make tasks. Thus *Supply-VI* is formally allocated to the owners, team leads and project managers of all BUs. Intern is the only unit not assigned to the *Supply-VI* task, although they have a role in the support activities.

From this description, it becomes possible to determine the values of the first three design parameters. First, every BU has its own type of orders within *Supply-VI*. Seven parallel flows of order are created. Intern is a functional department, in which certain type of tasks are bundled into roles within the SU, for example a recruitment manager. This indicate a **low** level of *functional concentration*.

Second, project managers are responsible for make, prepare and support activities. Some prepare and support tasks are performed by Intern, like billing and office supplies. Although there is some differentiation in operational transformations, most *Supply-VI* tasks



are performed by the same person. This indicates a **low** value of *differentiation of operational transformations*.

Third, every project is the responsibility of one or multiple project managers of FF. There is no separation in specialized tasks, every project manager performs all tasks necessary for the project, although some separation happens in larger teams. This is not done based on specialization, but because of efficiency. The MT perform acquisition tasks more frequently than most project managers, but project managers are also responsible for acquiring new projects. This indicates **low** levels of *specialization of operational transformations*.

*Regulate supply-V2* is organized differently depending on the regulatory aspect. Operational regulation is mainly concerned with the responsible project manager, as a project manager has a lot of autonomy regarding his or her decisions. Decisions are nevertheless often discussed with the point of contact, in order to increase the quality and renewal component (JJ, 219). It is the responsibility of the project manager to indicate if disturbances occurring are too big or formed by conditions outside their sphere of influence (DvdR, 245). In that case, the point of contact will regulate. If the disturbance is really big, one or both owners will regulate. This always depends on the situation (BH, 173; JJ, 212). Some regulatory activities are taken in consultation with the client and when an escalation of problem occurs, point of contacts have to regulate (TdV, 55; YH, 123). Regulation between projects and BU is done in so called sourcing meetings. In these meetings, the MT match projects and employees of FF based on ambitions, quality and available time of employees. All new order leads are discussed in this meeting, organised every two weeks. If a decision cannot wait until next meeting, it can be made by WhatsApp (JJ, 213).

This description of the *Regulate supply-V2* function indicate that this function is formally assigned to all project managers. Project managers are to a great extent autonomous and the point of contact will only regulate in the case the project manager requests help or the point of contact catches signals of the client that something is wrong. This point of contact is always someone of the MT.

Everyone of FF is responsible for *search improvements-V4* and *propose improvements-V3*. These functions are not formally separated from the *Supply-V1-prepare* function of acquisition. Although team leads and owners are seen as responsible for the acquisition and therefore inherently responsible for search for improvements (DvdR, 254; TdV, 59; GW, 102), every project manager is encouraged to contact individuals of their





personal and professional network to arrange interviews. Therefore, everyone is assigned to these two functions, trying to find opportunities to exploit the current knowledge and extend the markets of FF. Acquisition is always done for the whole organization, therefore this is a function on the organizational level. Cross-collaboration between BU in acquisition meetings may increase the chance of acquiring new projects (YH, 144).

These details show that all employees are formally assigned to the function of *Search improvements-V4* and *propose-improvements-V3*, in which the MT contributes for a larger part to both functions than the employees.

The *Innovation-I1* function can be divided into two different type of innovation projects that occur. One type of innovation project is executed within a project for a client. This type of projects happens at the business unit level and will be taken into account when zooming in on FE (section 4.2) and FA (section 0). The second type is independent from customer projects. Project managers performing *Supply-V1* also execute this function. Innovation projects can both be related to a BU or FF as an organization (YH, 132; TdV, 73). The projects related to a BU are taken into account on the business unit level.

This description indicate that the *Innovation-I1* function is formally assigned to all employees. There is no specific group or BU that focus solely on innovation projects. Everyone that gets energy from working on innovation projects can work on those kind of projects (JJ, 229).

*Regulate innovation-I2* is mainly performed by the team of employees working on the innovation project. There is always one project manager of an innovation team. Each project has a point of contact with the MT, similar to client projects. The point of contact discusses the progress of the project with the team responsible for the project. He or she does this by checking and adapting goals of the project if necessary (JJ, 232). A good example of regulation by the project team is that some innovation projects are stopped because of a lack of time (DvdR, 277). They are stopped by the project team, as they do not have the feeling that they have enough time or headspace to think of innovation projects.

As much of the regulation lies at the responsible team of employees, including a point of contact, the *regulate innovation-I2* is formally assigned to both the project managers and the point of contact. This can be both a team lead or an owner.



Everyone at FF is responsible to *search future new options-I4* and to *propose innovation-I3* on the organizational level. To indicate the importance of exploration, the owners established a so called Fresh Fund of €75.000, -. This money is used for backing innovation projects (BH-176). This fund tries to facilitate and accelerate innovation (JJ, 222). A second means for focussing on exploration is ‘Ondernemen voor een dag’: a trainings day of the development program of employees called FRS-program. Employees are challenged to come up (*Search future new options-I4*) and elaborate (*Propose innovation-I3*) on completely new concepts or ideas for FF during this day. At the end of the same day, the ideas are pitched for a jury. Ideas considered valuable, receive a funding of the Fresh Fund so they could be executed (BH, 176; Doc, p.20). Another training day of the FRS-program focusses on the latest trends, making employees more aware of new options (Doc, p. 21).

A different form of exploration is the start of a new BU. Every employee is allowed to propose a new BU, provided that the BU suits the philosophy of FF, meets the needs of the market, can be seen as new for FF and is distinctive enough in comparison with other BU’s. There are some requirements with regard to the person starting the BU, as he or she needs experience in the way FF works, how their customers work and what the needs are (JJ, 224-225). This proposal is assessed by the MT.

But employees indicate that they do not have sufficient time or headspace to think of innovation projects (LW, 291; LW, 311; DvdR, 277). Although they are supposed to work a maximum of four days a week for a client and one day a week on personal development, acquisition and innovation, the feeling of a lack of time obstructs the search for future options and executing innovation projects. One employee indicate that everyone has the ambition to innovate, but they experience a threshold to turn down projects for client in order to spend time on innovation (BH, 203).

The option for employees to start their own BU and the Fresh Fund both indicate that the *search for future options-I4* and *proposal of innovation-I3* are formally assigned to all employees of FF. The team lead of FE indicate that it is the responsibility of everyone who is working for FF (KS, 13) and employees are aware of the fact that they are responsible (GW, 111, BH, 174).

There are some important tools integrated in the process of FF that help employees with the *remember-C1* function. An important tool for this function is the shared online hard drive called SpringCM. Every project ever performed is documented and saved at Spring, although not in a standard format. The overarching structure is quite clear, but great



differences occur within projects. Therefore, to find information, often a phone call with the responsible project manager of the project is necessary. Other digital methods for sharing knowledge are Yammer, WhatsApp and the so called 'Fresh Portfolio'. Yammer is an online community platform used by all employees to share their acquisition updates, updates on the learning program and inspirational posts. The group chat with all employees on WhatsApp is also a form of knowledge sharing, although most is informal social talk. Fresh Portfolio is a platform that contains general information about finished projects, easily searchable and mainly used to share information with potential clients. This is also an important source of knowledge retention. Every BU has one person responsible for adding projects to Fresh Portfolio. Partly finished projects, prospect-, ongoing- and missed orders can be found on SpringCM (BH-187). Besides these tools, Intern tried to create a repository and search engine called Blikipedia. This is a Wikipedia like platform for FF, which can be used to refer and link to all important information divided over Yammer, SpringCM and Whatsapp (BH, 186). Offline methods for sharing knowledge are intervision sessions, also known as peer review sessions. These sessions are organized by hired trainers of the FRS-program. Project managers of different BU's share knowledge in the light of experiences, issues, problem, questions and opportunities (JJ, 233).

The description of the *remember-C1* function indicate that all employees are formally assigned to this function. Everyone needs to save all documents on SpringCM in order to be available for the complete organization. Yammer is used to share experiences about acquiring new projects and this is the responsibility of everyone.

*Tune-C2* consists of two parts: (1) the smooth implementation of innovations and (2) tuning the upper six functions contributing to the strategic planning. The responsible project manager of an innovation projects is responsible for the implementation of that innovation in *Supply product service-V1*. Project managers are both assigned to the *Innovate-II* and *Supply product service-V1* function, so the tuning between those projects can be done by the same project manager. The responsible project managers present the innovation the employees concerned. Besides, innovation projects cannot be done in isolation at FF, as the business model of FF depends on working with the client. Many innovation are tested with a client, resulting in direct feedback of implementing the innovation (JJ, 226).

Tuning the upper six functions is the responsibility of all employees. Employees are responsible for their own time and they have to divide their time between all functions they

are assigned to (LW, 291). Team leads can regulate if they notice that an employee spends too much time on one of the functions, but this has not happened until this point (TdV, 68).

Based on this description, *tuning-C2* is assigned to all employees in which team leads can regulate if tuning is done wrong. Employees are responsible for tuning between all functions they are assigned to.

Choices made about the function *balance-C3* are made in different ways. Interviewees did not indicate any formal rules or procedures for balancing. Proposals for innovation that claim a part of the Fresh Fund are reviewed by the owners. The same accounts for proposals for a new BU, although often also discussed with the MT. One employee indicated that enthusiasm about a project is often rewarded with the approval to execute the project (YH, 148).

This indicates that this function is formally allocated to the owners. Many employees acknowledged that the owners make these balancing choices (YH, 149; GW, 97; BH, 184)

*Define mission-C4*. The strategy of FF is based on a combination of the individual strategies of each BU. These individual strategies are called ‘Blikplannen’. Each Blikplan is based on three pillars defined by the MT: commerce, quality and innovation (BH, 177). The Blikplan is elaborated and presented by the team lead to the MT. Combining the Blikplannen is done in strategic meetings with the MT. Direction is given by the MT to see if there are (1) any contradictions in the Blikplannen of different BU, (2) if the Blikplannen are ambitious enough, (3) innovative enough and (4) fits with the activities of FF. Together they form the strategy of FF (JJ, 234; BH, 182). Both project managers and team leads feel that their contributions are taken into account in the strategy of FF (YH, 156; TdV-65). The strategic plans for 2017 are shared during a monthly update to the whole organization. A strategic meeting is organized for all employees twice a year in which all employees talk about current strategy and if they are on track.

This description indicates that *define mission-C4* is formally assigned to the MT and all employees contribute to this function twice a year during the strategic meeting.

The descriptions of the MIOS help to value different levels of the design parameters. The description of *Supply product service-V1* indicated the values of parameter one, two and three. The other functions of the MIOS are all related to regulatory transformations and contribute to the description of the other design parameters.

The descriptions indicate that all employees are responsible for both operational and regulatory transformations. The level of regulation depends on the function. Project managers perform more operational transformation, although they are assigned to most regulatory functions. The other way around performs the team leads and owners also some operational transformations, but they focus most on regulatory activities. There is quite some reporting of project managers to their point of contact in the MT (team leads and owners), but they always regulate first. Therefore, the *level of separation between operational and regulatory transformations* is **low**.

The regulation can be divided into operational, design, and operational regulation. Operational regulation can be performed by everyone, depending on the degree of regulation necessary. Design regulation is performed by all employees, while strategic regulation is mainly performed by the MT. Employees may contribute to strategic regulation by taking part with all employees in strategic meetings twice a year. *Differentiation of regulatory transformations into aspects* is present, but not much. The value at FF is therefore **low**.

The acts of monitoring, assessing and acting are all performed by the same employees. Project managers monitor, assess and act to the extent they think is fair. At the same time, team leads or owners monitor, assess and acts whenever they think it is necessary. It can happen that a project managers monitors and assesses, then involves their point of contact that assesses and acts. Most of the time these three parts are combined in the role of one person, so the *level of differentiation of regulatory transformations into parts* is **low**.

The description of the MIOS indicate that some regulatory sub-transformations can be designated. The regulation of the capacity is mainly done by the MT, while the point of contact focus monitors the quality of the projects. Although there are not specialized departments assigned to these different sub-transformations, some specialization can be noticed. Therefore, the *level of specialization of regulatory transformations* is **medium**.

#### 4.1.3. Organizational context

The organizational context is divided in the social support context and the performance management context. First, the social support context is described and analysed by describing the behaviour framing attributes of support and trust. Second, the performance management context is described and analysed by describing the behaviour-framing attributes of discipline and stretch. The section is based on the underlying components of each attribute that can be found in Table 3.

Employees are obliged and feel free to ask help of other colleagues of all BU's (YH, 136). Although the increased size of the organization has led to the fact that not all employees know each other qualities, themes related to each BU categorize fields of knowledge within the organization. By asking known colleagues, they will help if possible or redirect them to another colleague (YH, 139). The use of SpringCM also increases the access to resources, because it enables employees to view every document related to all projects of every BU. This indicates that employees have **easy access to resources in other parts of the organization**.

The project managers of FF form the lowest level of the organization. All project managers interviewed, indicated a high level of autonomy. They experience a high level of responsibility to make their own choice, both in allocating their time and in executing projects. One of the project managers says: *"I think there is a lot of autonomy, a lot of decision power"* (free translation of Dutch: *"Ja, ik vind het veel zelfstandigheid, veel beslissingsbevoegdheid"*, quote of DvdR, 269). Tasks are often very broadly defined, resulting in an allowance for interpretation of the project managers. One of the reason mentioned for the stimulation of autonomy at FF, is because its contribute to the personal development of employees (DvdR, 248; JJ, 218). This description indicate that employees feel **high** levels of *autonomy at the lowest levels*.

Guidance and help are very important within FF. One of the rules of the FRS-program is *"Take care of yourself, take care of others"* (free translation of Dutch: *"Zorg goed voor jezelf, zorg goed voor de ander"*, doc, p.5). Employees ought to take care of each other, and they feel that they can ask anyone of the organization for help (YH, 137). Colleagues help each other and this is seen as common (YH, 138). A buddy system is in place, which means that every new employee has a more experienced employee appointed as buddy. This buddy helps the new employee with frequently asked questions during the first couple of months (Doc, p. 11). Guidance in the personal development is given by the team leads and a coach. Every project manager has a personal coach. This coach tracks the personal development of the employee and discusses this every two months for the first two years at FF. On a day to day basis, the team lead is very important for guidance and help. A team lead is seen as a supervisor, with whom team members discuss decisions, instead of a manager who takes all decisions. Team leads share their experiences and think along about projects (JJ, 220). Mistakes made by project managers are seen as learning opportunities by team leads (GW, 88). This description indicates **high** levels of *perceived guidance and help*.

Employees of FF have access to resources in other parts of the organization, while the lower levels of the organization have a lot of autonomy and much guidance and help is

perceived. These three elements contribute to the level of *support*. Based on the descriptions, it is concluded that a **high** level of support is perceived.

Many decisions are and can be taken by the lowest level of the organization. Project managers experience freedom and trust, granted by FF, to take decisions (DvdR, 246; GW, 85). There is no formal policy for who takes which decisions, but every project managers experiences that some decisions are his or her responsibility, other the responsibility of the team leads and lastly the responsibility of the owners (JJ, 208; KS, 41). Responsibility is mainly granted to project managers based on the importance of a project and their own performance on projects; a better performance often leads to more freedom in making decisions (KS, 41). One of the project managers describes: *“I have the feeling that I can make every decision I think I should take, and maybe even more. It is logical that I discuss some issues with Ties [team lead], maybe even with Joost [owner].”* (GW, 89). This indicates a **high** level of *perceived fairness and equity in the decision-making process*.

The perceived fairness is also the result of the level of involvement in the core-activities. Employees work on projects related to the primary process and are fully involved in a project. They have to try and acquire projects by having at least four interviews with potential clients each month (TdV, 62), but also write proposals and performing the projects. Besides they can be involved in innovation projects and are allowed to search and propose improvements (design regulation). The strategy of a BU is determined and set by the team, restricted by some conditions set by the MT (strategic regulation) (KS, 27). Thus, they are fully involved in the operational activities, but also perform regulatory activities. Employees are thus **fully involved in the core-activities** of FF.

Everyone in the organization is hired and selected with high standards (JJ, 219). At the same time, everyone is obliged to participate in the FRS-program. Because many of these training days are aimed at professional development of employee, a basic level of competence at all levels of the organization is created (Doc, p.3). The high level of involvement in the core-activities can be granted to the employees, because *the level of competence at all levels of the organization is high*.

Safety and trust are two very important rules of the FRS-program. This is reflected in a high level of perceived fairness and equity in the decision-making process, the involvement in core-activities is high and there is a high level of competence at all levels of the organization. Therefore, it can be concluded that there is a **high** level of *trust* within FF.

Both the behaviour-framing attributes of *support* and *trust* are perceived as **high**. This indicates a well-functioning social support context that contributes to ambidexterity. But ambidexterity is only achieved if the performance management context is also designed for a high performance. Therefore, an analysis of the performance management context is made.

Employees of FF does not receive a formal job description (BH, 201), but FF have high expectations of their employees. Some are very clear, but others not. Employees are expected to work at the client for a minimum of three days, but a maximum of four days a week. This is clearly defined by the way the variable reward system works. The fifth day of the week is meant to be spent on self-education, both as a person and for innovation at clients (JJ, 228). Employees are evaluated and scored on pre-defined criteria that can be found in the FRS-booklet (Doc, p.12). This evaluation determines the annual pay raise of an employee, based on the values scored on each criterion. The evaluation moment and contract negotiations are independent of each other and are clearly communicated by the FRS-booklet. The same accounts for quality standards regarding a project, which are taught during the FRS-program. These standards are also taught by team leads, by coaching individuals on these aspects (BH, 193). The quality of a project is ensured by a strong alignment between a project manager, point of contact and client. This is done by a weekly update, evaluation meetings with the client and coaching sessions (JJ, 220). But, besides executing projects, employees are also expected to perform innovation activities. But standards and expectations are less clear for these kinds of activities. No expectations are set for individuals, except that it is important. The first priority of employees is their number of billable hours, training days and executing order projects, resulting in a lower priority for innovation (KS, 34). Although employees of FF are generally eager to innovate, three project managers and even one team lead indicate that this priority is too low, resulting in little innovation activities. The owner indicate that expectations are deliberately not set for the innovation activities, as innovation requires experimentation, and experimentation and expectations are a not a good combination (JJ, 229). He thinks that assigning the importance of innovation, combined with resources and room for innovation are enough to encourage employees to innovate. This indicates many *clear standards and expectations*, but also some less clear. It is therefore concluded that there is a **medium** level of clear standards and expectations.

There is an atmosphere of open and fast feedback (GW, 105). This atmosphere is created by a couple of systems. First, an important learning in the first year of the FRS-program is giving and receiving feedback (Doc, p.4). One section in the FRS-booklet is





dedicated to underlying thoughts of giving and receiving feedback, including a roadmap for giving feedback (Doc, p. 6-7). Therefore, every employee has been taught how to receive and give feedback, and at the same time is stimulated to put it into practice. Team leads give feedback to each other on their plans of their BU (BH, 199), project managers give feedback to their team lead about his or her performance (GW, 104-105), and team leads give feedback to project managers (YH, 159). Feedback is always given to improve both the quality and innovativeness of projects and is seen as independent of hierarchical layers (JJ, 219). Especially during projects, feedback is often given. So, when something goes wrong, this is openly discussed. Lessons are always taught and only afterwards, very occasionally, penalties are given (GW, 88). Based on this description, the level of *open and fast feedback* is **high**.

Both positive and negative sanctions are applied in a consistent way. Project managers indicate that penalties are not often given, as feedback has to prevent mistakes for being made. In the case a mistake is made, employees indicate they are seen as learning opportunities. Reason for this mind set is appointed to the fact that FF is working with young and often inexperienced employees, increasing the chances on mistakes. Employees will always be made aware of their mistakes, but this is combined with a lesson (LW, 288). Financial sanctions are clearly set, by the variable reward system for billable hours, but also by the clear standards for a pay raise. Sanctions, both positively and negatively, are consistent applied. The level of *consistency in application of sanctions* is therefore **high**.

The three areas forming the behaviour-attribute of discipline, show a medium level of clear standard and expectations. The level of open and fast feedback is high, while there is a consistency in the application of sanctions. Although improvements can be made in the expectations and standards, two of the three levels are high and one medium. Therefore, it is concluded that the level of *discipline* is **high** at FF.

The mission of FF is to accelerate young entrepreneurship (JJ, 226). Everyone working at FF has some sort of ambition to becoming an entrepreneur (BH, 170; JJ, 204). This is confirmed by the openings sentence of the FRS-booklet (free translation of the Dutch: “*Je bent bij Frisse Blikken komen werken omdat je de ambitie hebt om ondernemer te worden - in welke vorm dan ook - of omdat je erachter wilt komen wat het ondernemerschap voor jou betekent.*”): “*You are working at Fresh Forces, because you have the ambition of becoming an entrepreneur – in any form – or because you want to figure out what entrepreneurship means to you*” (Doc, p. 3). This ambition is indicated by a general eagerness to experiment



(GW, 100; BH, 197; JJ, 229), but also to take responsibility and behave autonomously (YH, 151). The team leads and owners excite employees in the case they notice that employees perform their work quite easily. Together with the employee, more ambitious goals are set in order to further develop the employee (YH, 159). This, combined with the eagerness of employees, results in individuals setting high standards for themselves (JJ, 235). This description indicates the *establishment of a shared ambition*. Employees are eager to experiment and autonomously take responsibility. There is thus a **strong** establishment of a shared ambition.

Based on this shared ambition, only people are recruited with the shared characteristic of raising the bar. Setting ambitious goals is part of being a 'Frisse Blikker' (LW, 305). The urge to innovate is strongly present at every employee (JJ, 229; DvdR, 259). According to the owner, FF tries to stimulate innovation, surprising the client, and at the same time meet the needs of the clients in an optimal way (JJ, 221). This is confirmed by a project manager: "*Surprising the client and personal growth are both part of the DNA of Fresh Forces*" (Free translation of the Dutch: "*Klanten daarmee verrassen, zelf daarin groeien, ik denk dat dat in het DNA zit van Frisse Blikken.*", DvdR, 276). The core values of freedom, responsibility and trust are very important at FF (BH, 173). These are thought from day one to employees and can be found on the first page of the FRS-booklet (Doc, p. 3). This all contributes to a collective identity of Fresh Forces. There is thus a **high** level of a collective identity.

Partly due to these core values, employees experience a personal significance in overarching tasks. As employees are fully responsible for their own projects, the consequences of their decisions are of influence on the result of the project (GW, 115). Combined with the personal development of project managers, a transition is experienced in the contributions they deliver on projects during the three-and-a-half-year trajectory of FF (LW, 305). The *personal significance in overarching tasks* is thus felt by employees and grows in the time of working for FF. Therefore, it is concluded that the *development of personal significance in overarching tasks* is **high**.

There is a strong establishment of a shared ambition of becoming an entrepreneur, with a strong collective identity and a high level of personal significance in the overarching task. There is thus an environment at FF where employees are *stretched*.

Both the behaviour-framing attributes of discipline and stretch are perceived as high. This indicates a **high**-performance context that contributes to ambidexterity.

## 4.2. *Fresh Experiences*

This section deals with the description and analysis of the business unit called Fresh Experiences. The twelve functions of the MIOS and seven design parameters are used to describe the structure. After each description, a short analysis will follow that values the function or parameter relative to the diagnostic model used. The same accounts for the organizational context.

### 4.2.1. *Characteristics of Fresh Experiences*

Fresh Experiences (FE) helps organizations with inspiring large groups of professionals to embrace change by creating relevant, impactful experiences. FE tries to develop concepts and interventions with a substantive message, e.g. a new strategy, new policy, program or just: be proud of each other. They do this by providing people an experience. This has to be interactive and if possible innovative. FE consists of a team lead, seven project managers and an intern. The intern is left out of the results and analysis because of its small and temporarily role in the team. FE does not have specific innovation projects for FE. TRGGR is the only innovation project Kevin (team lead) is working on, but other innovation projects are performed at a client. Fresh - the relation management event of FF - was also an internal innovation project. This year's edition was organized by FE for the first time. Previous years, this was done by Intern, but this year they wanted to come up with something completely new (KS-11). An innovation project within a project for a client, is the project of a Dutch bank. In this project, a completely new line of reasoning is used for the development program of employees of the bank. The supporting online platform was specially designed by FF, including functionalities that are completely new (LW-289).

### 4.2.2. *MIOS and design parameters of FE*

The *Supply-VI* function of FE is equal to *Supply-VI* of the organizational level, only all orders of FE are related to developing and facilitating experiences in the form of events (KS, 168). Orders of FE may be coupled to every employee of FE, except to the intern. Allocation of orders happens informally based on experience, ambition and qualities (DvdR, 238). Acquisition is only done on the organizational level by all employees. It can happen that an employee of another BU acquires an order for FE (DvdR, 250). The proposal for such an order is written by employees of FE, but the initial meeting was with someone of another BU. In this case, the team members who wrote the proposal, did not become the project managers for that order. This can happen but is not always the case.

This indicates that *Supply-V1* is formally allocated to all team members of FE, including the team lead.

The description indicates that every order of FE can be coupled to every team member. Informally, separation can be made based on experience, expertise and ambition. This is not in a functional manner. Therefore, the *level of functional concentration* of FE is **low**.

Prepare and make tasks are clearly separated within FE, but they can be performed by the same person in a project. Some project managers are involved in a project from the initial moment of acquisition to completion. But it is possible that someone of another BU acquires a project, a proposal is written by two project managers of FE and the project is executed by a third project manager of FE. This indicates that the *level of differentiation of operational transformations* is not always present, but it can happen. Therefore, the *level of differentiation of operational transformations* is **medium**.

Project at FE are never separated in specialized tasks. The ownership of a project is fully assigned to one, or a team of, project managers. The *level of specialization of operational transformations* is therefore **low**.

Most of the regulation of the primary process (*Regulate supply-V2*) is allocated on the organizational level and not on the level of FE. Most of the time, the project manager has the first responsibility for regulation (KS, 8; DvdR, 245), but each project manager has a point of contact of the MT. This point of contact is often the team lead, but this can also be the team lead of another BU (KS, 9). On the BU level, the team lead assesses every two week whether a project manager complies to the expectations of the client by organising supervisor meetings (JJ, 219)

This description illustrates that the function of *Regulate supply-V2* is mainly assigned on the organizational level and less on the BU of FE. Some regulation is formally assigned to the team lead with bi-weekly supervisor meetings with each project manager.

*Search for improvements-V4* and *propose improvements-V3* happens mainly in the form of acquisition on the organizational level. But besides acquisition, all team members, are responsible for searching and proposing improvements of FE, including the team lead (LW, 254). For example, the proposal for serving new markets with their current products (DvdR, 255).

Most of the function *Search improvements –V4* and *propose-improvements-V3* are allocated on the organizational level, but on the level of FE, every one of the team is formally assigned to search and proposing improvements for serving new markets for example.

Most innovation project on the level of FE are performed in projects for clients. These projects can be performed by all team members (KS, 11; DvdR, 250). There is no group of team members specific responsible for *Innovate-II*. Currently, FE has no innovation projects independent of a client (KS, 10; LW, 292). This indicates that *Innovate-II* is mingled with the function *Supply-V1*. If these functions can be combined depend mainly on the type of client, the flexibility of the organization and time pressure (LW, 290).

Thus *Innovation-II* is assigned to all team members but is mingled with the *Supply-V1* function. If these two functions can be mingled depends on various factors, often not in control of the team members.

Because *Innovation-II* is mingled with *Supply-V1* on the level FE, *regulate innovation-I2* is not formally separated or different from *regulate supply-V2*.

The tasks of *search future new options-I4* and *propose innovation-I3* are the responsibility of all team members of FE (DvdR, 256). It is the responsibility of the employees to be aware of developments in their field of expertise (KS, 14). This is also expected by clients, as the Dutch name of the company is *Frisse Blikken* (direct translation: ‘Fresh Looks’) (KS, 15). Many new options are searched and invented based on desires of a client (KS, 12). It is the autonomy of the employee to then translate their findings into innovation proposals (DvdR, 258). But thinking of something completely new is not easy and takes time (KS, 14). But project managers indicate that a lack of headspace and time is the main reason for not writing many explorative proposals. Although explorative behaviour is stimulated by team leads and structures, like the *Fresh Fund* and the *fifth day of the week* not working for a client, the *delusion of the day* causes that innovation activities are often overshadowed by order projects (LW, 312). The *fifth day of the week* is often spent on administration of last week, so innovation activities have to be performed in people their own time. This does not happen often (LW, 292). So, the design and systems of FF accommodates room for innovation, but people do not take this room: the *Fresh Fund* and *fifth day of the week* are underused (LW, 293). Employees experience that they are expected to be intrinsically motivated to innovate, but there are no formal triggers for thinking of new ideas

(LW, 299). FE tries to trigger employees by obligating one person each week to share two articles or videos of something new or nice related to FE.

This description indicates that all team members, including the team lead, are formally assigned to *search future new options-I4* and *propose innovation-I3* at the business unit level, by proposing innovative ideas based on requests of clients. Although they are formally assigned and feel the responsibility to innovate, they experience a lack of time and headspace to actually think of innovative ideas. There are no formal triggers to stimulate the behaviour.

*Remember-C1* is assigned to all employees at the organizational level. At the business unit level of FE, the same accounts. But multiple project managers indicate that informally, most knowledge is shared during team meetings and by asking team members (LW, 300; KS, 47). The information shared is not documented.

This indicates that the *Remember-C1* function is mainly assigned on the organizational level by using SpringCM, but the *Remember-C1* function is not assigned at FE. As many knowledge is shared during team meetings and informally between colleagues, every interviewee of FE appoints that this can be improved (DvdR, 271; LW, 300; KS, 47). As one of their more experienced colleagues resigns, a lot of knowledge is lost and not documented (LW, 300). So, although this function is formally assigned on the organizational level, it is not assigned on the level of FE.

*Tune-C2* is the responsibility of the complete team of FE, as every one of the team can work on innovative projects at clients. Tuning within FE happens mainly at team meetings (LW, 300). These team meetings are important to share best practices of individual projects, so projects managers can apply these best practices in their projects.

This demonstrates that *Tune-C2* is the formally assigned to all employees. They share their best practices of innovative projects in team meetings, so they are conscious tuning between *Innovation-II* and *Supply product-service-VI*.

The function of *Balance-C3* at FE is the responsibility of all team members. Project manager may decide for themselves the amount of time they spent on each type of project (KS, 19). It happens in a natural way without regulation of the team lead, although the team lead has an overview of all projects. Team members of FE indicate that the current balance is skewed too much to exploitation (DvdR, 275; KS, 49). LW (295) thinks the team lead should

be more responsible for this function, while project managers experience that a project should be run in the best way possible, not necessarily in a new or innovative manner.

This indicates that all team members are formally assigned to the function of *Balance-C3*. The same team members indicate that it could be an idea to shift some of the responsibility to the team lead, so that the team lead could balance the act of exploration and exploitation.

The strategy of FE (*Define mission-C4*) is determined by the team, in which the team lead has a coordinating role (KS, 27). Based on the framework provided by the owners the team define their strategy, also known as 'Blikplan', on the pillars: quality, commerce and innovation. The input of the team members is converted to a strategy by the team lead (DvdR, 262). The team lead of FE has made a project manager responsible for each of the three pillars. That project manager has to monitor, assess and act regarding the progress of this pillar, with the support of the team lead (KS, 28). None of the project managers mentioned this division.

The description shows that all team members are formally assigned to the function of *Define mission-C4*. Their input is converted into a strategy by the team lead.

The descriptions of the MIOS indicate that both project managers and the team lead perform operational transformations and at the same time are responsible for operational regulation. At the level of FE, the team lead regulates every two weeks in supervisor meetings, but initially the regulation is assigned to the project managers. All project managers perform the other regulatory tasks, thus the *level of separation between operational and regulatory transformations* is **low**.

As every one of the team is involved in the function *Define Mission-C4*, but also the innovation functions and the *supply product service-V1*, it can be concluded that the *level of differentiation of regulatory transformations into aspects* is **low**.

None of the descriptions indicated a separation of monitoring, assessing and acting tasks. Although the team lead can regulate by the two-weekly meetings, the project manager and team lead perform all three tasks of monitoring, assessing and acting. Therefore, *the level of differentiation of regulatory transformations into parts* is **low**.

All team members are involved in the same functions of the MIOS as their team lead. This does not indicate any specialization of regulatory tasks. But the team lead focus more on the quality and performance matching with the client. This does not mean that project

managers lack a focus on these aspects. Therefore, *the level of specialization of regulatory transformations is low.*

#### 4.2.3. *Organizational context*

The results show a lack of specific and relevant data of the organizational context at the business unit level of FE. The data is focused on the organizational context at the organizational level.

#### 4.3. *Fresh Analytics*

This section deals with the description and analysis of the business unit called Fresh Analytics. The twelve functions of the MIOS and seven design parameters are used to describe the structure. After each description, a short analysis will follow that values the function or parameter relative to the diagnostic model used. The same accounts for the organizational context.

##### 4.3.1. *Characteristics of Fresh Analytics*

Fresh Analytics (FA) is composed by one team lead, five project managers and an intern. Similar to FE, the intern is not taken into account in this research because of the limited scope of the role.

FA provides the service of giving insights and an overview in processes by deploying analytical project managers. This service can be broadly separated in three areas: (1) PMO (Dutch abbreviation for: 'Programma Management Ondersteuning') support, in which a project manager supports a program manager that is responsible for a large program or complex project. Basically, the project manager offers an extra pair of hands. (2) Process optimization and system integration and (3) analytics: help with the first steps towards analytics. In this case, the client wants insights and an overview of their data (TdV, 52; GW, 78). An innovation project of FA is the use of an Agile method in their projects. A team is formed with people interested in the subject. They are now focused on acquiring projects in which this method can be tested. A team event is planned that is completely dedicated to this working method (GW, 90). Commerce was the most important pillar of FA last year, because that was one of the main reason for not yet being accepted as an official BU. Just a couple of months ago, they earned the title of official BU, before that they were a BU in training (GW, 110). In comparison with FE, innovation is a less important pillar for FA. The initial scope of projects is often very clear and the duration of projects is longer than most projects of other BU's. Innovation in projects is therefore seen as more difficult (GW, 106).



#### 4.3.2. MIOS and design parameters of FA

*Supply product service-V1* of FA is equal to *Supply product service-V1* of the organizational level, only FA only deals with orders related to insights and overview of data. As described in the characteristics, the service of FA can be separated into three areas. All employees of FA can be coupled to two of the groups. Orders within the third group are only coupled to the team lead and one specific project manager (TdV, 53). Projects have the same structure as projects of other BU's: acquisition, proposal, service, completion (GW, 82). The acquisition is mainly done on the organizational level, although for FA the team lead acquires most new orders (YH, 121).

The description shows that the function of *Supply product service-V1* is formally allocated to all team members and the team lead. Everyone is working on client orders.

The orders of FA can broadly be separated into three groups. All orders of two of these groups can be coupled to all team members, but one group of orders is only allocated to the team lead or one specific team member. This indicates a modest functional separation of orders. This is however very limited, as most order can be coupled to all employees. Therefore, the *level of functional concentration* is **low**.

Prepare and make tasks are, similar to FE, clearly separated within FA. Prepare tasks can be performed by different employees then make tasks, although some employees are involved in both. This indicates that the *level of differentiation of operational transformations* is not always present, but it can happen. Therefore, the *level of differentiation of operational transformations* is **medium**.

Some projects of FA are split in two phases. This is because some projects have a very long duration, not because different phases need different expertise. When a project is split into two tasks, this is rather seen as a loss of specialization than an increase (GW, 83). If this is not the case, the ownership of a project is assigned to a project manager. The *level of specialization of operational transformations* is therefore **low**.

Regulation of the primary process (*Regulate supply-V2*) is assigned on the organizational level. Project managers have the first responsibility for regulation (YH, 123), but the point of contact can regulate whenever they feel the necessity. On the BU level, the team lead has the role of supervision over the team members (TdV, 54).

This description illustrates that the function of *Regulate supply-V2* is mainly assigned on the organizational level and less on the BU of FE. Some regulation is formally assigned to the team lead by supervising the team members.



*Search for improvements-V4* and *propose improvements-V3* happens mainly in the form of acquisition on the organizational level. But besides acquisition, all team members, are responsible for searching and proposing improvements of FA. The team lead has a coordinating role (TdV, 55), while all team members have the responsibility to find search and propose improvements. This happens mainly at their current projects. Each team meeting on project manager present his or her current project. The rest of the team then tries to help and improve that project (TdV, 59).

Most of the function *Search improvements –V4* and *propose-improvements-V3* are allocated on the organizational level. On the level of FA, every one of the team is formally assigned to search and proposing improvements. The presentations in team meetings support this.

FA has one innovation project that focus on the implementation of a working method called Agile. A team of team members are working on this project (TdV, 65; YH, 127). This group is formed by team members who wanted wo work on this project. There are no dedicated team members assigned to *Innovate-II*. All team members can perform this task (YH, 132). Innovation within projects for clients also happens. This is mainly ad-hoc and done by trial-and-error. Successes are shared within the team (YH, 128). In that case *Innovation-II* and *Supply-V1* are mingled.

Thus *Innovation-II* is assigned to all team members but not everyone has an innovation project. It can happen that *Innovation-II* is mingled with *Supply-V1*.

*Regulate innovation-I2* is assigned on the organizational level and is done by the responsible project manager of the innovation project. The progress of the Agile project is discussed during team meetings (TdV, 65).

This indicates that regulation happens in team meetings and thus with the team. This means that *regulate innovation-I2* is formally assigned to all employees.

*Search future new options-I4* and *propose innovation-I3* are functions performed by all team members, including the team lead (YH, 134). Because every team member is working for a client, the search future new options is mainly performed by sharing subjects heard during work at clients (YH, 132; GW, 94). It is the autonomy of the employee to then translate their findings into *innovation proposals* (YH, 136). As every employee is employed



partly because of their entrepreneurial spirit, team members are generally speaking intrinsically eager to come up with innovative solutions and concepts (GW, 101). Proposals can be discussed and tightened during team meetings (YH, 135). Some project managers indicate that training activities and supply-V1 projects are more important (YH, 152). This results in a lack of priority that overtake the idea to spend time on innovation proposals (GW, 112).

This description shows that *search future new options-I4* and *propose innovation-I3* are often discussed with the team and therefore it seems like both functions are formally assigned to all team members, including the team lead.

Relevant knowledge of FA is shared during team meetings. This is not documented, as they just call the colleague who has the necessary knowledge (GW, 117). They share a lot of knowledge informally, but they do not store this in a codified way. They use SpringCM, but this is the tool for the organizational level.

This indicates that the remember-C1 is not allocated within FA, as they only share knowledge during team meetings but lack documenting it.

The implementation of innovation projects and order projects happens during team meetings at FA (YH, 124). They organise a team meeting every two weeks in which they discuss the progress of order- and innovation projects. *Tune-C2* is thus the responsibility of all team members.

All team members are formally assigned on the function of *Tune-C2*, by discussing relevant topics during mandatory team meetings.

*Balance-C3* on the level of FA is done by the team members. They may decide which ideas and proposals are turned into projects, unless money is needed besides their own time. In that case, the function is assigned on the organizational level by means of the Fresh Fund. In deciding which proposals are chosen to be executed, or which projects in progress are continued, paused or aborted, decisions are made by the responsible project manager of that project (TdV, 68).

This function (*Balance-C3*) is thus formally assigned to all team members by giving them the responsibility to decide how they spent their time. In the case that money is needed of Fresh Forces, the function is assigned on the organizational level.

The strategy of FA (*Define mission-C4*) is determined by the team in the form of a strategic plan called 'Blikplan'. The team lead has a coordinating role in making this plan (TdV, 60). The owners decide if the Blikplan made by the team is acceptable or not. This plan is based on guidelines imposed by the owners (GW, 116). But the process of making the Blikplan is bottom-up (GW, 116).

The process of making the Blikplan indicates that the function of *Define mission-C4* is formally assigned to all team members, in which the team lead has a coordinating role and the owners impose guidelines for the strategic plan of the BU.

The descriptions of the functions of the MIOS indicate that both project managers and the team lead perform operational transformations and at the same time are responsible for operational regulation. At the level of FA, the team lead regulates every two weeks in supervisor meetings, but initially the regulation is assigned to the project managers. All project managers perform the other regulatory tasks, thus the *level of separation between operational and regulatory transformations* is **low**.

As every one of the team of FA is involved in the function *Define Mission-C4*, but also the innovation functions and the *supply product service-VI*, it can be concluded that the *level of differentiation of regulatory transformations into aspects* is **low**.

None of the descriptions indicated a separation of monitoring, assessing and acting tasks. Although the team lead can regulate by the two-weekly meetings, the project manager and team lead perform all three tasks of monitoring, assessing and acting. Therefore, *the level of differentiation of regulatory transformations into parts* is **low**.

All team members are involved in the same functions of the MIOS as their team lead. This does not indicate any specialization of regulatory tasks. But the team lead focus more on the quality and performance matching with the client. This does not mean that project managers lack a focus on these aspects. Therefore, *the level of specialization of regulatory transformations* is **low**.

#### 4.3.3. *Organizational context*

The results show a lack of specific and relevant data of the organizational context at the business unit level of FA. The data is focused on the organizational context at the organizational level.

#### 4.4. Summary and diagnosis

In order to diagnose the organizational structure and context of FF, first a summary is given of the analysis. Starting with the organizational structure, the design parameters for all three areas of interest show low values on all seven design parameters. Only the level of differentiation of operational transformations for both BU's is medium (for an overview, see Table 5). The medium values on the business unit level are caused by the fact that supply-V1-make and supply-V1-prepare tasks can be separated between different BU's. Some project proposals are made by a project manager of another BU then the BU performing the project. This is not the standard procedure and may happen once in a while. Often the make and prepare tasks are not separated between different project managers and the value should be low. Therefore, the low values on all seven parameters indicate that the quality of the organization, work and working relations are met. This means that the technical and social system of the organization are jointly optimized. The current organizational structure meets the requirements to be able to deal with disturbances.

Design parameter	Level of Fresh Forces		
	OL	FE	FA
Level of functional concentration	Low	Low	Low
Level of differentiation of operational transformations	Low	Medium	Medium
Level of specialization of operational transformations	Low	Low	Low
Level of separation between operational and regulatory transformations	Low	Low	Low
Level of differentiation of regulatory transformations into aspects	Low	Low	Low
Level of differentiation of regulatory transformations into parts	Low	Low	Low
Level of specialization of regulatory transformations	Low	Low	Low

Table 5: A comparison of the design parameters of the three areas of interest

The analysis of the MIOS indicates that all functions are implemented within the organization (for an overview, see Table 6). This suggests that FF is supposed to be able to remain viable, noting that this only accounts when the functions are executed well by competent employees and managers. The organizational context will show that this is the case.

Most functions are assigned to all employees, including the owners and team leads. This indicates a parallel structure in achieving ambidexterity, in which both explorative and exploitative activities are performed within one sub-unit, by the same employees and they are allowed to move back and forth between exploration and exploitation. Employees of FF often work on different projects at the same time, which can be both order projects and innovation projects. The main focus is on exploitation, but by means of the type of employees employed,

individuals are expected to be intrinsically motivated to perform explorative activities. FF stimulates employees to exploration in formal ways like the Fresh Fund and trainings days in the FRS-program for every employee. FF relies on the autonomy and mutual adjustment of the employees in achieving ambidexterity, as every employee is allowed to perform both exploration and exploitation activities while balancing between both is done by the individual employees. Supervision in this act is given by team leads.

MIOS function	Organizational level			FE		FA	
	Owner	Team lead	Project manager	Team lead	Project manager	Team lead	Project manager
V1	Formal	Formal	Formal	Formal	Formal	Formal	Formal
V2	Formal	Formal	Formal	Formal	n/a (only OL)	Formal	n/a (only OL)
V3	Formal	Formal	Formal	Formal	Formal	Formal	Formal
V4	Formal	Formal	Formal	Formal	Formal	Formal	Formal
I1	Formal	Formal	Formal	Mingled with V1	Mingled with V1	Formal	Formal
I2	Formal	Formal	Formal	Formal	Formal	Formal	Formal
I3	Formal	Formal	Formal	Formal	Formal	Formal	Formal
I4	Formal	Formal	Formal	Formal	Formal	Formal	Formal
C1	Formal	Formal	Formal	n/a (only OL)	n/a (only OL)	n/a (only OL)	n/a (only OL)
C2	Formal	Formal	Formal	Formal	Formal	Formal	Formal
C3	Formal	Informal	Not	Formal	Formal	Formal	Formal
C4	Formal	Formal	Small contributions	Formal	Formal	Formal	Formal

Table 6: The allocation of MIOS function on all three areas of interest

The organizational context is mainly analysed on the organizational level. The values of the different attributes related to the four behaviour-framing attributes and the two contextual mechanisms indicate high values on almost all attributes (for an overview, see Table 7). This implies that the social support context and the performance context enable ambidexterity by shaping the individual and collective behaviour over time. Both seem to be strongly present at FF, creating the right organizational context for FF. The only value that is not strongly present, is the attribute of clear standards and expectations. Although most expectations are very clear, the standards and expectations regarding innovation activities are less clear. Innovation activities need to be performed because of the eagerness of employees to innovate. These standards are deliberately not set, as innovation requires experimentation. The owner thinks experimentation and expectations do not cope well. This is a point of interest that need to be taken into account. Results indicate that unclear expectations regarding innovation activities and very clear standards regarding exploitation activities result in little innovation activities.

The purpose of this research is to determine the degree to which the organizational structure and context simultaneously enable FF to achieve ambidexterity. Based on the summary and diagnosis, this can be determined. However, it is also nice to know how both elements influence each other in achieving ambidexterity. Although not within the scope of this research, an brief overview of supporting and impeding elements of both the organizational structure and context are given in APPENDIX IX.

<b>Contextual mechanism</b>	<b>Behaviour-framing attribute</b>	<b>Attributes</b>	<b>Value</b>
<b>Social support context</b>	Support	Access to resources in other parts of the organization	High
		Autonomy at lower levels	High
		Guidance & Help	High
	Trust	Perceived fairness & equity in decision making process	High
		Involvement in the core-activities	High
		Level of competence at all levels of the organization	High
<b>Performance management context</b>	Discipline	Clear standards & expectations	Medium
		A system of open & fast-cycle feedback	High
		Consistency in application of sanctions	High
	Stretch	Establishment of shared ambition	High
		Emergence of a collective identity	High
		Development of personal significance in overarching task	High

Table 7: Organizational context at the organizational level

## CHAPTER 5 Conclusion & Discussion

This research is concluded with a conclusion and a discussion. The conclusion is the answer on the research question. The second part of this chapter is the discussion. This section discusses the theoretical and managerial implications. The last paragraph of the discussion elaborates the limitations of this research, suggestions for further research and a reflection.

### 5.1. Conclusion

The main purpose of this research is to determine to what degree the organizational structure and context of Fresh Forces simultaneously enable to achieve the desired degree of organizational ambidexterity. The literature review indicates different aspects of both the organizational structure and context that contribute to organizational ambidexterity. However, the way they simultaneously achieve ambidexterity is lacking. Therefore, both the structure and the context are diagnosed individually. Based on these diagnoses, supporting and impeding factors between both are sought. The organizational structure is diagnosed from a socio-technical design approach (STSA), using design parameter of De Sitter (1997) to determine if the technical and social system of the organization are jointly optimized. The Model Innovation and Organizational Structure (MIOS) (Lekkerkerk, 2012) is used for diagnosing different structural functions of the organization. The organizational context is separated in two elements: the social support context and the performance context. Both elements consist of two behaviour-framing attributes, namely the attributes of support and trust (social support context) and discipline and stretch (performance management context).

The goal of the research is to diagnose the current situation of organizational ambidexterity at Fresh Forces in the light of the organizational context and structure. Because diagnostic research is part of the intervention cycle, a single outcome study is chosen as a type of study. The unit of analysis is Fresh Forces (FF); a medium sized enterprise with fifty-eight employees, providing insights in processes of other organizations in order to innovate, accelerate and rejuvenate processes. FF does this by deploying young professionals as projects manager to these organization. The research is conducted by means of interviews and a document analysis. FF is diagnosed on two different levels: the organizational level and the business unit level. The business unit level is diagnosed by comparing two business units that, according to the owner, form a reflection of the seven business units of FF. The diagnosis of the organizational level and the business level are combined to answer the research question:

*“To what degree does the organizational structure and context of Fresh Forces simultaneously enable to achieve the desired degree of organizational ambidexterity?”*

The literature review in CHAPTER 2 showed that the desired degree of organizational ambidexterity can be achieved when contextual ambidexterity is reached. In that case, a business unit or work group is capable of simultaneously and synchronously pursue exploration and exploitation. The organizational context allows individuals then to be ambidextrous, while the organizational structure enables individuals to be ambidextrous. This can be achieved by a parallel structure, allowing employees to move back and forth between exploration and exploitation activities.

The diagnosis of the organizational structure indicated the presence of parallel structures at FF. All tasks related to exploration and exploitation are performed by the same employees, without a separation of both tasks in different BU's. Both functions related to exploration- and exploitation are assigned to the same employees. Employees need to determine the amount of time they spend on both activities. The organizational structure enables FF thus to achieve ambidexterity.

The organizational context plays a very important role in enabling employees to be ambidextrous. The strong social context and high performance context create the circumstances needed for employees to perform both activities. Employees are to a great extent encouraged to perform exploitation activities by means of the performance management context. The social support context of FF ensures that employees are able to divide their time between all different functions of the organization. Exploration is mainly stimulated by the high level of stretch within the organization.

It can be concluded that the organizational structure and context of FF enable to achieve ambidexterity. The parallel structure and strong organizational context enable employees to perform both activities and therefore achieve ambidexterity. This can also be seen in the growth and innovative character of FF, as noticed in the first chapter. But there is also a downside to current configuration.

As mentioned in CHAPTER 1, exploration and exploitation activities compete for scarce resources (March, 1991, p. 71). This is clearly felt by the employees that have to divide their time between both types of activities. Clear standards and expectations are set for exploitative activities, but less for explorative activities. Employees experience therefore a greater need to exploit than to explore. Their variable reward system is calibrated on exploitation activities, not on exploration activities. Exploration is mainly stimulated by the



stretching environment. The combination of high autonomy and the high-performance standards regarding the supply service and product-V1 function, push employees often more towards exploitation than exploration. This may cause an imbalance between the two activities.

Thus, the organizational structure and context of FF enables FF to achieve ambidexterity by parallel structures and contextual ambidexterity. Although FF is able to be ambidextrous, the balance between both is not always correct. This indicates that current setup does not achieve the desired degree of ambidexterity.

## 5.2. Discussion

This discussion discusses the theoretical and managerial implication and ends with the limitations of this research, suggestions for further research and a reflection.

### 5.2.1. Theoretical implications

Although this is a diagnostic research, contributing to the intervention cycle instead of the empirical cycle, a theoretical implication can be made based on the results of this research.

The theoretical contribution of this research is the clarification of the interplay between the structure and context for achieving ambidexterity in a medium sized firm. As most of the research regarding organizational ambidexterity is performed in large enterprises, more research is needed on the interplay between structure and context for achieving ambidexterity within small and medium size enterprises (Güttel *et al.*, 2015, p. 266). This research contributes to this gap in the literature, by providing an in-depth analysis of this interplay within a medium sized firm. The findings of this research show that not only structural ambidexterity is needed, but the interplay between structure and context is important in achieving ambidexterity. This is especially true, because FF uses parallel structures to reach ambidexterity. In contrast to other structural solutions for reaching ambidexterity, employees have to be ambidextrous with parallel structures instead of the organization. The context plays an important role in facilitating and constraining the employee's ability to exhibit ambidexterity. It influences therefore the ability of an organization to be ambidextrous. Where Birkinshaw & Gibson (2004) focused mainly on the contextual mechanisms, this research researched these mechanisms in-depth by combining them with structural characteristics and the way tasks are allocated within a medium-sized firm. This indicated that the way tasks are allocated and coordinated, influences the social support context to a great extent. The low values of the design parameters of De Sitter (1997)

indicate much autonomy and broad tasks for employees. Thereby, employees are involved in the core-activities and perceive a high level of fairness and equity in the decision-making process. The FRS-program raises the level of competences at all levels of the organization. Coordination of tasks is mostly done by individuals, with guidance and help of their team lead and team meetings. This combined, indicates that the structure enables a high social support context, with high levels of support and trust. The performance management context on the other hand ensures that the allocated tasks are realized, by high levels of discipline and stretch. Discipline influences mostly the exploitation activities of the organization, while the attribute of stretch influences the exploration activities. The interplay of structure and context enables FF thus to be ambidextrous.

### 5.2.2. *Managerial implications*

First, the current organizational structure and context of FF are diagnosed, in order to analyze if the structure and context of FF simultaneously enable to achieve the desired degree of organizational ambidexterity. This research indicates that the current configuration of the organizational structure and context of FF foster organizational ambidexterity. The structure and context are aligned and support each other. The high-performance context enables individuals within the organization to be ambidextrous, while the structure allocates exploration and exploitation tasks to all employees. This reinforces each other. Important aspects are the high level of autonomy of employees and the shared ambition of becoming an entrepreneur. This mindset enables individuals to be innovative, combined with a high level of responsibility both within their projects for clients as regarding the development of the organization. There are no clear definition of tasks or groups responsible for specific functions. Only the task of defining the mission on the organizational level is allocated to the MT. This works well for FF, although informal allocation of certain tasks may lead to problems (e.g. difficulties in giving feedback).

Second, the organizational structure is diagnosed in order to provide insight in the trade-off of exploration and exploitation. The way the tasks are partitioned is part of the organizational structure. As Von Hippel (1990, p. 416) indicates, an improved understanding of innovation task partitioning is important to innovation managers as it can have an important impact on innovation project efficiency and effectiveness. This research gives insight in the way the innovation tasks of FF are divided. The innovation tasks according to the MIOS, are assigned to all employees of FF. An individual can perform all four innovation functions, but the functions can also be separated between different employees. Most of the

time, the individual proposing an innovation will also execute the project. FF have different mechanics embedded to facilitate the innovation functions, like the Fresh Fund. But employees indicate that, although resources and an eagerness for innovation are present, innovation tasks are often not, or too little performed. The delusion of the day cause that employees deprioritize their innovation tasks in favour of the exploitation functions. The trade-off between exploration and exploitation often is skewed too much towards exploitation. Headspace is the main cause of this; exploitation prevails and the fifth day of the week, meant for - for example – exploration activities, is often filled with left over work of last week. The trade-off is currently made by individuals, but employees indicate that a full agenda cause innovation activities to suffer. Therefore, managers should secure enough headspace for their employees, maybe by advising and monitoring less full agendas, in order to be able to have a better trade-off between exploration and exploitation.

### 5.2.3. *Limitations, suggestions and reflection*

In the methodology, the assessment criteria of Guba and Lincoln (1989, as cited by Symon & Cassell, p. 207) were presented that are used to assess a qualitative research. In this section, a reflection, limitations, and suggestions for further research are discussed according to these four criteria.

The first criterion is credibility. Credibility concerns the fit between the constructed realities of respondents and the reconstructions attributed to them. Interviews were the most important source of information in this research. By interviewing employees from different BU's and with different roles within the organization, the reconstruction of the reality within the organization is made as faithfully as possible. The findings derived from the document analysis supported the findings from the interviews, thereby strengthening the results. During the research, the scope of the research has changed in order to increase the credibility of the research. Initially, the idea was to research just the organizational level and one BU of FF. After the first interview with the owner, he advised to investigate two BU's, as difference may occur within BU's. The two BU's that, according to the owner, differ the most, were included in this research. This research can be extended by including all seven BU's, although the difference between the two BU that were included in the research were small. The added value of adding more BU's to this research is probably small.

The second criterion is transferability. The goal of this research was not to provide results that can be generalized to other businesses. But, by providing enough detail about the unit of analysis, the researcher hopes that the reader can judge what other contexts might be

informed by the findings. It is important to note that FF is not an organization like many other organization and these results may not be applicable in every organization. As the owner of the organization describes, FF is not a blueprint of a medium-sized firm. Because renewal within organization is an important part of the service of FF, innovation is embedded deeply in the organization. By working with solely young, talented people who have the ambition of becoming an entrepreneur, employees have an intrinsic motivation for exploration. Employees are selected based on these characteristics. By means of this context, FF can offer space, freedom and responsibility to the employees, trusting in their ownership, believing that a lack of rules, procedures and structures help facilitating that.

Another limitation is that, by means of the scope, the leadership within FF is not taken into account, while literature indicate that this also influence organizational ambidexterity. A suggestion for further research would be to include this element and determine how the simultaneous effects of organizational context, structure and leadership achieve organizational ambidexterity.

Another important limitation is the way data of the organizational context is collected. During the analysis of the results, it became apparent that the focus of the questions was too much focused on the organizational context on the organizational level. The organizational context of the business unit level was underexposed. Therefore, a lack of information was available to diagnose the organizational context for FE and FA. Further research regarding these two business units could supplement this research.

The third assessment criterion is dependability. During the research, some notes were taken on why certain decisions are made during the research and what the line of reasoning was of the researcher. Most of the notes are processed in the line of reasoning of this research. These notes are not included in this version of the thesis, but can be consulted on request. An example of a decision regarding the process of the research, was to ask the owner about explanation about certain terms he had used during the interview. He assumed that I knew the terms based on my prior experience with the firm, but I did not. During the interviews, I did not respond to these terms, so later I asked for further explanation. These steps can be difficult to duplicate for other researchers and can therefore jeopardize the dependability.

The last assessment criterion is confirmability. By providing a detailed description of the methods of data collection used in this research, combined with the process of analyzing, this assessment criterion is met. By providing the excerpts of the interviews in 0, and using abbreviation and rule numbers in the results, the researcher proves that the results are not simply figments of the imagination.

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## APPENDIX I Basic assumptions of the STSA

The essence of the STSA is to transform complex organizations with simple jobs into simple organizations with complex jobs (de Sitter *et al.*, 1997). Its main objective is to develop a systematic approach to design, which supports improvements in both the quality of work and what is called “the quality of the organization” (i.e., its ability to deal with a complex and continuously changing environment) (de Sitter *et al.*, 1997). To understand the logic of the STSA, a brief overview is given, based on ten assumptions of Kuipers *et al.* (2012, p. 35).

The first assumption is about examining the system in relation to its surroundings. The functioning of an organization has to be interpreted in the light of the environment it is functioning in. Organizations cannot be studied as a closed system anymore, although this was common ground until the 50s. It has to be studied as an open system. The production system is tied to a time-dependent and changing economic, cultural, political, and technological environment and cannot be seen as an autonomous (de Sitter *et al.*, 1997).

The second assumption is that the organization has a choice regarding the organizational structure, independent of the technical systems used. Technical implications do not necessarily determine the tasks and production structure. In other words: there is not one best way of structuring the organization. The organizational design is according to the STSA a strategic issue.

The third assumption is that the organization should be seen as an integral system. This means that all aspects of the business need to be taken into account, both the technical- as the social system, with the organizational structure as the starting point. Without this starting point, an integral approach can only lead to partial solutions within the boundaries of the current organizational structure. In balancing the technical- and social system, joint optimisation is the premise. This means that the controllability of the technical system has to be increased by increasing the local regulatory potential in the social system.

The fourth assumption is about combining functional requirements. The STSA focusses not only on the quality of organization, but also on the quality of work and the quality of working relations. These functional requirements form the external functional requirements and are variables of an organization that are essential to be met in order to secure the organization’s viability (De Sitter, 1994 as cited by Achterbergh & Vriens, 2010). They can be seen as the aim of an organizational structure and all have to be met at the same time. The quality of work refers to the ability of the firm to involve the employees. The

quality of the working relations refers to the ability of the firm to mobilise a productive and cooperative collaboration between internal and external stakeholders. These three functional requirements are related to modern business environment and are called external functional requirements. The external functional requirements are translated to internal functional requirements, it being understood that if the internal requirements are met, inherently the external functional requirements are met. Internal functional requirements are requirements that an organization can influence. Kuipers *et al.* (2012) transformed the three external functional requirements of De Sitter (1994, as cited by Achterbergh & Vriens, 2010) to seven external requirements. In Table 8, the seven functional requirements of Kuipers *et al.* (2012) are used as a starting point to combine the internal functional requirements of both Kuipers *et al.* (2012) and the adapted theory of De Sitter (1994, p. 42 as cited by Achterbergh & Vriens, 2010, p. 242).

The fifth assumption is about involvement. An important aspect of the STSA is that employee involvement is the main indicator of the quality of the labour, not job satisfaction. The regulatory potential of a job determines the level of involvement.

The sixth assumption is that of the reduction of complexity and ‘requisite variety’. The STSA is focused on reducing the structural complexity by limiting the extent of dividing the labour. An increase in the division of labour, leads to more separated tasks. More tasks require more relations, increasing the complexity of the organization (de Sitter *et al.*, 1997). Instead of many simpler tasks, the organisation is formed by less, but more complex tasks. This leads to an increased regulatory potential, as complex tasks require less tuning between tasks. Complexity reduction is not a goal, but a means to increase regulatory potential. The regulatory potential has to balance with the necessity to regulate. An increased variety of disturbances, asks for an increased variety in regulators. This is the ‘Law of Requisite Variety’ of Ashby (1958, as cited by Achterbergh & Vriens, 2010).

The seventh assumption is that of structural thinking. The STSA is a structural approach because the structure of the division of labour is seen as the most important condition in order to meet the functional requirements. In this definition, the structure is the way in which the activities are grouped and coupled, all the way from the micro to the macro level. It is the actual division of labour, both formal and informal. The STSA tries to ‘de-structure’ the organization, by trying to implement flexible structures that match both the conditions set by the environment and the strategic choices of the organization.

External functional requirements	Internal functional requirements
----------------------------------	----------------------------------



<b>Efficiency control</b>		<ul style="list-style-type: none"> <li>• Control of costs</li> <li>• Cost reduction</li> </ul>
<b>Logistic control of the process</b>		<ul style="list-style-type: none"> <li>• Control of costs</li> <li>• Short production-cycle time</li> <li>• Reliable production and production time</li> </ul>
<b>Quality control</b>		<ul style="list-style-type: none"> <li>• Effective control of quality</li> </ul>
<b>Flexibility</b>		<ul style="list-style-type: none"> <li>• Short production-cycle time</li> <li>• Sufficient product variations</li> <li>• Ability to respond to customer needs and produce customized solutions</li> <li>• Ability to easily adapt to the required production volumes</li> </ul>
<b>Innovation capacity</b>		<ul style="list-style-type: none"> <li>• Strategic product development</li> <li>• Short innovation time</li> </ul>
<b>Quality of work</b>	<p>Low levels of absenteeism</p> <p>Low levels of personnel turnover</p>	<ul style="list-style-type: none"> <li>• Controllable stress conditions</li> <li>• Opportunities to be involved</li> <li>• Opportunities to learn</li> <li>• Opportunities to develop</li> </ul>
<b>Quality of working relations</b>	Effective communication	<ul style="list-style-type: none"> <li>• Participation in communication</li> <li>• Shared responsibility</li> </ul>

Table 8: External and internal functional requirements

The eighth assumption is about subsystems and aspect systems. The original socio-technical approach search for the joint optimisation of the technical- and the social subsystem. According to the STSA, this distinction is incorrect. It is impossible to distinguish people in the organisation and their technical attributes as separate subsystems. Subsystems can be used to describe separate business units or groups of people, but not technical versus social. It is possible to view the organisation from a technical perspective, like it is possible to view it from an economic, logistic or social perspective. These are all aspect-systems. Instead of the distinction between the social and technical subsystem, the STSA came up with a different, but design-technical a very important distinction: the production structure (the division and coupling of operational activities) and the control structure (the division and coupling of regulatory activities).

The ninth assumption is that when changing the structure of the organization, it is important to let go of the current structure and its boundaries. The new design need to align with the functional requirements as close as possible, with a focus on the reduction of the

complexity. First, start with designing the ideal situation, second, integrate the limitations and conditions to form a realistic plan. This prevents that many alternatives are neglected because some think within the boundaries and limitations of the current structure. This is the same structure that causes the problems you would like to solve by means of the new structure. Start with your head in the cloud (ideal structure without boundaries), and then again with your feet on the ground (integrate the limitations and boundaries to form a realistic plan).

The tenth assumption is about the process of change. The implementation of the proposed restructure in the STSA is as important as the design of the restructure. The composition of the design team is therefore crucial. Participation is the key word. Ideally, the organisation itself produces the restructure plan. In that case, more people support the plan for change and it helps to make use of local knowledge from all parts of the organisation to put flesh on bones of the new design. The design expert only facilitates the process of self-design and tutors the knowledge about designing, necessary to come up with a proper design.



## APPENDIX II Rationale of the influence of knowledge flows on ambidexterity

Acts of exploitation and exploration are underpinned by knowledge (He & Wong, 2004; March, 1991). Because knowledge has a social component (Kogut & Zander, 1992, as cited by Chang & Hughes, 2012, p. 4), both forms are influenced by the social context of a firm. This is particularly done by shaping the common communication system within interpersonal relationships (Verona, 1999 as cited by Chang & Hughes, 2012, p. 5), thereby improving the ability to assimilate, acquire, transform and leverage new knowledge over time (Jansen *et al.*, 2005 as cited by Chang & Hughes, 2012, p. 5). This extends and increases the quality of internal knowledge of the firm, supporting both types of activities (Chang & Hughes, 2012, p. 5). Most important aspect of the social context is its ability to enable ties to form among individuals across the firm. It enables for example ties between employees from different functional backgrounds (De Luca & Atuahene-Gima, 2007; Tsai & Ghoshal, 1998 as cited by Chang & Hughes, 2012, p. 5). This leads to the emergence of new channels for knowledge, enabling individuals to access the knowledge stocks of colleagues. By effectively combining knowledge that is embedded across different functional areas of the firm, both forms of activities can be simultaneously improved. Exploration is improved by the cross-pollination of knowledge across employees at different points in the firm's structure, enabling individuals to creatively combine unrelated matrices of knowledge (Ireland *et al.*, 2003 as cited by Chang & Hughes, 2012, p. 5). This should promote the entrepreneurial pursuit of exploratory innovation, potentially increasing the conversion rate of explorative ideas into explorative innovations (Nonaka, 1994 as cited by Chang & Hughes, 2012, p. 5). Exploitation is improved when social ties among individuals increase. In that case, both the quantity and the quality of knowledge that is unlocked will increase (Tsai & Ghoshal, 1998 as cited by Chang & Hughes, 2012, p. 5), as the ability of the firm to use exploitative knowledge to improve and refine existing products (Atuahene-Gima, 2005; De Luca & Atuahene-Gima, 2007; March, 1991 as cited by Chang & Hughes, 2012, p. 5).



### APPENDIX III Unit of analysis: Fresh Forces

Some aspects of FF are elaborated in the introduction of this research. This section complement those aspects. FF is a medium-sized enterprise that helps organizations with modern challenges by temporarily deploying young professionals to the organizations. It is situated in the Pionier in Utrecht. The Pionier is an old school building that has been redesigned to a tenant business building for small and medium enterprises. FF is founded in April 2011 by three men: Joost Jolink; Fritz Korten and Thomas Verhiel. The reason for starting their own company was based on two gaps they discovered in the market.

The first gap was found when all three were still employees of Twynstra Gudde. In May 2009, they published a Dutch book called *“JongLeren met Talent; de match tussen organisatie X en generatie Y”*. They found that many organizations in the Netherlands have challenges with connecting to the new generation, also known as Generation Y. Experience showed that many organizations have difficulties with subjects like flexible working (‘Het Nieuwe Werken’), sustainability, project management, marketing, recruitment, communication, social media and talent management. They offered many solutions in their book, including the temporarily deployment of generation Y in the organization that suffer these difficulties with the connection to this generation (Jolink, Korten, & Verhiel, 2009). Hereby the young professionals don’t tell the organizations what to do, but in co-creation they try to come up with the best solution for the challenge.

At the same time, they noticed another trend. Many students want to become an entrepreneur, but not many of them actually become one in the early days of their professional career. In a survey among 1000 students, they found that 83% of them had the ambition to set up their own business. In practice, only 1% of them already seized the opportunity. There are three main reasons why this gap occurred according to their survey: a lack of a professional network; a lack of trust in their own capabilities and a lack of their experience. When these shortcomings can be overcome, the difference in students with the ambition and students who actually start their own business can be decreased. Decreasing this gap is both in favour for the Dutch economy as for the students. In comparison with other countries, Holland lacks in stimulating entrepreneurs. Entrepreneurs are important for a country, while there is a positive relationship between a strong entrepreneurial climate and a high competitive economy as noted by the report of the World Economic Forum (WEF): *Leveraging Entrepreneurial Ambition and Innovation: A Global Perspective on Entrepreneurship 2015*.



These two gaps formed the basis for forming a new organization: FF. FF tries to accelerate entrepreneurship among young professionals, while at the same time help organizations with modern challenges by temporarily deploying young professionals to the organizations.

The setup to do this is simple. FF employees are employed by FF. Every Monday to Thursday, they work for a client organization. Every Friday, they work at developing their talent and general business skills through training, coaching and education as well as honing their skills in acquisition and originating and developing new ideas.

The primary process of FF is helping organizations on a temporarily basis with challenges they face in or with their organization. By deploying young professionals as project managers to these organizations, employees of FF manage or work in a team to overcome the challenge. This team is often formed by people of the organization that FF is helping. When it is a big challenge, multiple employees of FF join the project team.

FF has six units within the organization. Each unit is labelled as a “forces”, with each force having its own proposition. A force can be seen as a small-scale enterprise within the enterprise. An employee can fulfil several roles within a force. Each force has a force owner. He or she is responsible for the results of the team. Most members of a force are project managers. All project managers work for a maximum of three and a half years for FF. After this period, they have to make a choice. They will either become an entrepreneur, within an organization or as an independent company, they will start their own force or they will become a Fresh Professional. A Fresh Professional is a more experienced project manager and can manage bigger challenges. He or she has three to five years’ experience, either within FF or at another organization. Most of the time a force has an intern to support in their daily activities.

As mentioned in the introduction, the six forces are called: (1) Fresh Experiences; (2) Fresh Analytics; (3) Serious Gaming & Gamification; (4) New Generation Marketing; (5) New Generation Talent and (6) Born Digital.

The first force is Fresh Experiences (FE). FE helps businesses with strategic activation and large-scale transitions, by creating experiences instead of simple meetings. In that way, people involved will better understand the change made by the organization. The team of FE consists of one team owner, five projects managers and one intern.

The second force is Fresh Analytics (FA). FA helps organizations with insights into complex data and information streams. There is one team owner and five project managers.



The third force is Serious Gaming & Gamification. This team develops games for learning and change and development programs. They are also helping teams and organizations to explore their futures through experiential learning. This is the biggest force with a team owner, two Fresh Professionals, two game designers and three project managers.

The fourth force is New Generation Marketing (NGM). They help clients with communication and marketing challenges to appeal their audience. The audience can both be external and internal. The team of NGM consists of a force owner and five project managers.

The fifth force is New Generation Talent (NGT). NGT helps organizations to develop programs, strategies and events which help them to recruit, select and develop young talent as well as grow their organization. The force owner is supported by five project managers.

The sixth and newest force is Born Digital (BD). In April 2016, FF acquired a partner firm called MadeIndonesia. This firm became a new force of FF. BD helps organizations to devise and develop digital focused, user-friendly applications. The force consists of a force owner, two project managers and an intern.

Besides the six forces, there is a support team called Intern. This team of five persons supports FF with the recruitment of new employees, organising the training programs, managing the student community of FF<sup>2</sup> and doing the financial administration.

All forces and the support team are headed by two owners. In total fifty-five people are working at FF. This is a big difference with the start of FF more than five years ago. Within this period, the organization has grown from three to almost fifty employees. One of the Fresh Professionals of the Serious Gaming & Gamification force moved to Vancouver to explore new markets in North America. At the same time options for a new venue in Eindhoven in Holland are considered.

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<sup>2</sup> Fresh Connection (FC) is a student community of eighty students that are actively involved in discovering their ambitions regarding entrepreneurship. The mission of FC is to stimulate and accelerate entrepreneurship among students. By organizing events, students of the community are challenged to discover their ambitions.

## APPENDIX IV Information for respondents

After the respondents were chosen and interview appointments were made, the document below is send per mail to the interviewee with information about the MIOS, definitions and purpose of the interview. Because the interviews are in Dutch, this preliminary is also in Dutch.

### Email send to the interviewee

Beste [naam],

Ter voorbereiding op het interview op [datum & tijd], geef ik je hieronder alvast wat informatie. Dit interview zal ik gebruiken als databron voor mijn onderzoek naar de manier waarop de wisselwerking tussen de organisatiestructuur en organisatiecontext van Frisse Blikken zorgen dat de organisatie tegelijkertijd kan exploreren en exploiteren om zo succesvol te zijn nu en in de toekomst. Dit zal ik zowel op organisatieniveau, als op blikniveau doen. In mijn interview met jou zou ik mij graag willen richten op het [onderzoeksniveau].

Bijgevoegd vind je een opzet van het interview. Om spraakverwarring te voorkomen heb ik de definities die ik hanteer toegevoegd.

Om mij tijdens het interview op jouw antwoorden te kunnen concentreren, in plaats van op het maken van aantekeningen, neem ik het interview op met een voicerecorder.

Als je na het lezen van deze informatie nog vragen hebt, kunnen we die bij het begin van het interview bespreken. In het geval van dringende vragen, kun je mij mailen of bellen via de volgende gegevens: o.kruyt@student.ru.nl / 06 – 49 133 667.

Groet,

Olaf

Document attached to the email

#### **Definities**

“*Innoveren* omvat het projectmatig ontwikkelen en realiseren van zowel technische als organisatorische of sociale vernieuwingen en de beleidsmatige aansturing ervan.”

“*Verbeteren* moet iedereen continu doen en is soms ook wel vernieuwend, maar de invoering verloopt niet projectmatig, blijft binnen een afdeling en vereist meestal geen formele goedkeuring.”

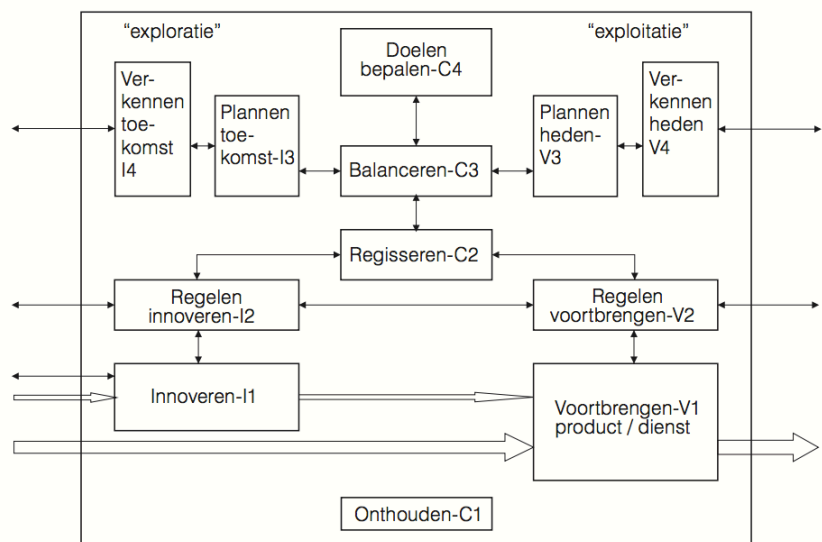


Om de interviews structuur te geven hanteer ik een model van Lekkerkerk (genaamd MIOS) als leidraad. Hierin wordt gekeken op welke manier verschillende taken binnen de organisaties worden vervuld, inclusief de afstemming ertussen. Elke blok stelt hier een abstracte ‘functie’ voor. Al deze 12 functies moeten in elke organisatie vervuld worden en ze moeten goed op elkaar worden afgestemd. In een éénmanszaak is er dus maar één persoon die alles moet doen, maar in een bedrijf met meer medewerkers zal men de taken verdelen over mensen en afdelingen. Ook kan een projectgroep, met mensen uit verschillende afdelingen, een functie invullen. Bijna altijd draagt elke medewerker aan verschillende functies zijn of haar steentje bij. Dat kan formeel in een taakomschrijving zijn vastgelegd of informeel zo zijn gegroeid.

In Tabel 1 staat een korte toelichting op wat de twaalf ‘functies’ bijdragen.

De taakverdeling, wie draagt bij aan welke functie(s) en de coördinatie noem ik samen de organisatiestructuur. Het organogram geeft de structuur ten dele weer en is meer bedoeld om af te lezen ‘wie is de baas van wie?’ en hoe de rapportagelijnen lopen. Hopelijk kun je hiermee je collega’s en jezelf al een beetje plaatsen. Behalve de vraag wie vervult/vervullen (in-)formeel de functie ‘x’ bij uw bedrijf, komt bij alle functies (behalve V1 en V2) ook de vraag hoe een functie in de praktijk werkt in het interview aan de orde.

In Figuur 1 staan alleen de voornaamste relaties met een pijl aangegeven om het leesbaar te houden. Binnen V1 Voortbrengen werkt bij de meeste bedrijven wel het grootste deel van het personeel, maar het onderzoek gaat vooral over de organisatie van innovatie en daarom is V1 niet verder gedetailleerd.



Figuur 1: Het MIOS

Tijdens het behandelen van de twaalf functies van het MIOS, zal ik vragen stellen gerelateerd aan de organisatiecontext. In mijn onderzoek bestaat deze context uit de sociale context en de prestatie management context.

code	naam	Omschrijving van de bijdrage
V1	voortbrengen	het primaire proces, de transformatie van invoeren tot product, dienst of combinaties. inclusief de bij de orders horende administratieve en technische voorbereidende activiteiten en de niet aan orders gekoppelde facilitaire ondersteunende diensten
V2	regelen voortbrenging	de operationele, dagelijkse besturing van het primaire proces inclusief invoeren kleinere verbeteringen
V3	plannen heden	de betere opties die V4 vindt, nader bekijken en er een project- of investeringsvoorstel van maken als het een goede optie is
V4	verkennen heden	zoeken naar mogelijkheden om de bestaande producten en kennis beter te exploiteren, bijv. meer omzet bereiken, andere geografische markten benaderen, ...
I1	innoveren	het meestal gefaseerd uitvoeren van alle gekozen innovatieprojecten
I2	regelen innovatie	de operationele regeling van elk innovatieproject en elk ander (niet zo innovatieve) investeringsproject EN regelen over alle projecten heen (portfolio)
I3	plannen toekomst	de betere opties die I4 vindt, nader bekijken en er een innovatieprojectvoorstel van maken als het een goede optie blijft
I4	verkennen toekomst	exploratie en zoeken naar mogelijkheden om de bestaande markten met nieuwe technologie en andere kennis beter te bedienen of nieuwe markten daarmee te betreden
C1	onthouden	een geheugenfunctie, die alle kennis in het bedrijf toegankelijk moet vastleggen. Ook over projecten die 'in de ijskast' zijn gezet
C2	regisseren	een regiefunctie, die bijdragen van alle functies in de tijd op elkaar moet afstemmen
C3	balanceren	stelt periodiek een gebalanceerd uitvoerbaar beleidsplan vast en kiest daarbij uit nieuwe voorstellen van V3 en I3 en uit de onderhanden projecten van I1 de beste combinatie o.b.v. doelen van C4
C4	doelbepalen	formuleren van missie, visie en doelstellingen voor de langere termijn, zodanig dat (periodiek) C3 heldere keuzes kan maken

Tabel 1: De twaalf functies van het MIOS uitgelegd

## APPENDIX V Semi-structured interview guide

### [Introduction]

- Introduction of the interviewer
- Quick introduction of the research subject, check if interviewee has read the information email
- Any questions regarding the information email received in advance?
- Length of the interview: approx. 1 hour
- Answers: no wrong answers.
- Structure: The MIOS is used to guide the interview. For each function, questions are asked to whom the task is allocated and to give insight in the process of the function. Interim, questions are asked about the organizational context.
- Important to note the following definitions (based on Lekkerkerk (2012, p. 279):
  - o “*Innoveren* omvat het projectmatig ontwikkelen en realiseren van zowel technische als organisatorische of sociale vernieuwingen en de beleidsmatige aansturing ervan.”
  - o “*Verbeteren* moet iedereen continu doen en is soms ook wel vernieuwend, maar de invoering verloopt niet projectmatig, blijft binnen een afdeling en vereist meestal geen formele goedkeuring.”

[Ask if interviewee agrees with starting the voice recorder – interviewee agreed in advance on using the voice recorder]

### [Each function of the MIOS]

code	naam	Omschrijving van de bijdrage
V1	voortbrengen	het primaire proces, de transformatie van invoeren tot product, dienst of combinaties. inclusief de bij de orders horende administratieve en technische voorbereidende activiteiten en de niet aan orders gekoppelde facilitaire ondersteunende diensten
V2	regelen voortbrenging	de operationele, dagelijkse besturing van het primaire proces inclusief invoeren kleinere verbeteringen
V3	plannen heden	de betere opties die V4 vindt, nader bekijken en er een project- of investeringsvoorstel van maken als het een



		goede optie is
V4	verkennen heden	zoeken naar mogelijkheden om de bestaande producten en kennis beter te exploiteren, bijv. meer omzet bereiken, andere geografische markten benaderen, ...
I1	innoveren	het meestal gefaseerd uitvoeren van alle gekozen innovatieprojecten
I2	regelen innovatie	de operationele regeling van elk innovatieproject en elk ander (niet zo innovatieve) investeringsproject EN regelen over alle projecten heen (portfolio)
I3	plannen toekomst	de betere opties die I4 vindt, nader bekijken en er een innovatieprojectvoorstel van maken als het een goede optie blijft
I4	verkennen toekomst	exploratie en zoeken naar mogelijkheden om de bestaande markten met nieuwe technologie en andere kennis beter te bedienen of nieuwe markten daarmee te betreden
C1	onthouden	een geheugenfunctie, die alle kennis in het bedrijf toegankelijk moet vastleggen. Ook over projecten die 'in de ijskast' zijn gezet
C2	regisseren	een regiefunctie, die bijdragen van alle functies in de tijd op elkaar moet afstemmen
C3	balanceren	stelt periodiek een gebalanceerd uitvoerbaar beleidsplan vast en kiest daarbij uit nieuwe voorstellen van V3 en I3 en uit de onderhanden projecten van I1 de beste combinatie o.b.v. doelen van C4
C4	doelbepalen	formuleren van missie, visie en doelstellingen voor de langere termijn, zodanig dat (periodiek) C3 heldere keuzes kan maken

[Questions regarding the organizational context that may be asked]

*Performance context (hoe gaat de manager om met) – discipline & stretch*

- Persoonlijke doelen/indicatoren gespecificeerd om doelen aan prestaties te linken
- Organisatiedoelen
- Invloed van doelen op prestaties
- Beloning voor hard werken
- Duidelijke taken, of creatieve uitdagingen?
- Verantwoordelijk voor prestaties?
- Uitdagen van mensen (stretchen)

*Social context (de managers) – support & trust*

- Besteden aanzienlijke inspanning aan het ontwikkelen van ondergeschikten
- Geven beslissingsbevoegdheid aan het laagste adequate niveau
- Hebben toegang tot de informatie die zij nodig hebben om goede beslissingen te nemen
- Nemen best practices binnen de organisatie op korte termijn over
- Gaan goed met falen om door het te zien als een leermomenten en niet als iets om je voor te schamen
- Zijn bereid en in staat om verstandige risico's te nemen

APPENDIX VI Interview participants

Name (abbreviation)	Function	Team	Years of working	Level of recursion	Interview date	Interview duration
Joost Jolink (JJ)	Owner	-	Since origin	Organization	06/12/2016	58 min.
Benedict Houben (BH)	Team owner	Intern	1	Organization	06/12/2016	55 min.
Kevin Schuurmans (KS)	Team owner	Fresh Experiences	5	Business unit - FE	06/12/2016	54 min.
Lotte Werter (LW)	Project manager	Fresh Experiences	2,5	Business unit - FE	09/12/2016	57 min
Dasha van der Reijden (DvdR)	Project manager	Fresh Experiences	0,5	Business unit - FE	09/12/2016	55 min.
Ties de Vos (TdV)	Team owner	Fresh Analytics	3	Business unit - FA	12/12/2016	39 min.
Youp Horst (YH)	Project manager	Fresh Analytics	1,5	Business unit – FA	07/12/2016	59 min.
Geert Wanders (GW)	Project manager	Fresh Analytics	2,5	Business unit – FA	09/12/2016	68 min.

APPENDIX VII Code scheme for one area

	Part of	Name-code	Quotes		
<b>Organizational structure</b>	<b>MIOS</b>	Supply product service-V1			
		Regulate supply-V2			
		Propose improvement-V3			
		Search improvements-V4			
		Innovate-I1			
		Regulate innovation-I2			
		Propose innovation-I3			
		Search future new options-I4			
		Remember-C1			
		Tune-C2			
		Balance-C3			
		Define mission-C4			
			<b>Design parameters</b>	Functional concentration	
				Differentiation of operational transformations	
Specialization of operational transformations					
Separation between operational and regulatory transformations					
Differentiation of regulatory transformations into aspects					
Differentiation of regulatory transformations into parts					
Specialization of regulatory transformations					

		Part of	Name-code	Quotes
		Organizational context	Social support context	Support
Autonomy				
Guidance & Help				
Trust	Fairness & equity in decision making process			
	Involvement in the core-activities			
	Level of competence at all levels of the organization			
Performance management context	Discipline		Standards & expectations	
			Open & fast feedback	
			Application of sanctions	
	Stretch	Shared ambition		
		Collective identity		
		Personal significance in overall task		

APPENDIX VIII FRS-program booklet



## APPENDIX IX Interplay of organizational structure and context

Both the organizational structure and organizational context are diagnosed and both enable FF to achieve organizational ambidexterity. The organizational structure enables by parallel structures, in which individuals are allowed to move back and forth between exploration and exploitation tasks simultaneously, while the organizational context enables ambidexterity by a supportive social- and performance management context. The question occurs how the simultaneous effects between organizational structure (OS) and organizational context (OC) achieve organizational ambidexterity. Therefore, both supporting and impeding attributes of the structure regarding the context have to be determined, and vice versa. Four questions can be raised to determine this. Each question is elaborated in this section.

### *How does the OS support the four behavior-framing attributes of the OC?*

The organizational structure of FF support the four behavior-framing attributes in multiple ways. First, the way the remember function is designed, improves the support attribute of FF. The shared hard drive system supports the access to resources in different parts of the organization. Employees can easily browse all project documents, including project documents of other parts of the organization. Knowledge about projects is also shared by Yammer, Fresh Portfolio and WhatsApp. These methods also improve the access to resources in other parts of the organization.

Second, the allocation of tasks at FF support both the trust, stretch and support attributes. The low levels of separation between regulatory and operational transformations increases the autonomy of the lower levels of the organization. Combined with the low level of differentiation of operational transformations, project managers have broad tasks and a lot of autonomy. All employees are in this way involved in the core-activities of FF. Most functions of the MIOS are allocated to every one of the organization. Employees are not only allocated to all supply-V1 tasks, but also to operational- and design regulation tasks, like V2, I2, I3 and I4. This not only increases their involvement, but also their perceived personal significance on the overarching tasks. They are to a great extend responsible for their own innovation and order projects, thus they experience that their contributions have a significant impact on the innovation and order tasks of their BU.

Third, the allocation of function C4 supports both the trust and the stretch attributes. Employees are fully involved in defining the mission of their BU. This supports their



perceived involvement in the core-activities. The mission of FF as an organization is defined by the MT, but their choices are based on the strategic plans of the BU's. Project managers therefore experience a personal significance in overarching tasks, as they experience that their contributions to the strategic plans of their BU are taken into account by into the definition of the mission of FF. This structural characteristic increases the perceived fairness and equity in the decision-making process of defining the mission of FF, as project managers indicate that it is logical that the MT take these decisions, but their opinions are taken into account.

Fourth, the perceived fairness and equity in the decision-making process is increased by the way regulatory transformations are allocated. Initially, decisions regarding the operational regulation are allocated to the lowest level of the organization. Still, they often involve their teams leads or even the owners in these decisions to increase the quality and innovativeness. In the case that the team lead or owner then regulates, this is more often perceived as fair, as the project manager has asked for feedback on their decisions.

*How does the OS impede the four behavior-framing attributes of the OC?*

The diagnose of the organizational structure also indicated some characteristics of the structure that impede the behavior-framing attributes of the organizational context of FF.

Many functions are allocated to all employees. This is also true for the different regulatory transformations. Although this leads to a low level of differentiation of regulation into aspects and parts, this also leads to unclear standards and expectations regarding regulation. This becomes apparent when the informal allocations result in unclear situations in giving and receiving feedback. This is mainly indicated by one of the project managers. As a more senior project manager, she is expected to supervise a junior project manager working at the same client. As there is no formal hierarchy between different project managers, she experiences difficulty in giving feedback to the junior project manager. She is not his manager, but in the role of supervisor, she feels like she has to act like one. Informal allocation of tasks then result in difficulties giving feedback.

*How does the OC support the OS in achieving ambidexterity?*

The organizational context of FF supports the allocation and coordination of tasks in different manners.

First, the high level of support at FF contribute to the structural ambidexterity. High levels of autonomy at the lower levels of the organization, results in much responsibility for the project managers to divide their working time between V1, I1, I4, I3, V4 and V3. To a big extend, employees can individually balance (C3) different projects, with the supervision of



the team lead. The guidance and help in this process is important for the coordination between all functions performed by the individual employee. The easy access to resources in other parts of the organization help employees in performing their tasks related to I4 and V4, by much cross-collaboration between employees of different BU's in thinking of new innovation projects (I4 & I3), but also in thinking of new markets for acquiring projects (V4 & V3).

Second, the high level of trust ensures that the informal allocation of tasks is possible. Many functions are allocated to all employees. This is only possible because of the high level of competences at all levels of the organization, as everyone is capable of performing the different functions. Entrusting responsibility is very important in this. The amount of responsibility for an employee is often determined by the time working at FF and the performance of that employee. When a new project manager starts at FF, the coordination of different projects is mainly allocated by the team lead of the BU. The team lead determines most of the time the projects the project manager is working on. But as the project manager is performing well and works for a longer period of time at FF, the more coordination is individually performed, without interference of the team lead. The high perceived fairness in the decision-making process plays an important role in these coordination activities, as the informal allocation of regulatory transformation could lead to indistinctness. Individual project managers perform both operational-, design- and strategic regulation, but for every regulatory transformation, the MT can interfere. As standards are not set in this matter, a high level of perceived fairness and equity in the decision-making process is thus highly important for a clear working relationship.

Third, the environment at FF in which employees are stretched, supports the allocation and coordination of tasks in achieving ambidexterity at FF. Everyone at FF has some sort of ambition of becoming an entrepreneur. This ensures that all employees are eager to experiment. A lack of formal allocating the functions I4 and I3 is compensated by the intrinsic motivation of employees to perform these functions. The strong collective identity - funded on the core values of freedom, responsibility and trust - allows employees to perform these functions, without asking permission of their team leads. These core values contribute to the informal allocation of functions, as employees are to a certain extent free to divide their time on different functions, although they are guided by the behavior-framing attribute of discipline.

Aspects of discipline support the allocation and coordination of tasks by guiding employees in the act of dividing their time between functions they are allocated to. The 'four days at the client, fifth day for self-cultivation' rule indicate a minimum and maximum



amount of time an employee has to spent on order projects (V1). The consistency in the application of sanctions strengthen the clear standards and expectations regarding the autonomous division of work of employees. Both the variable reward system and the annual evaluation criteria are calibrated on this division of work. But the coordination between the different tasks is not always easy for employees. The open and fast feedback culture is therefore important. Although autonomy is highly rated in the organization, the supervision of the MT is present in every project. This supervision helps employees in dividing their time, besides ensuring the quality standards of FF.

The organizational context thus support the allocation and coordination of tasks in multiple ways. But at the same time, there are also some characteristics of the organizational context that impede these activities. The next section elaborates on these aspects.

*How does the OC impede the OS in achieving ambidexterity?*

Although the organizational context is diagnosed as a high-performance context, some characteristics of the context may impede the organizational structure in achieving ambidexterity.

The standards and expectations, set for different functions of the organizational structure, differ a lot. For some functions, clear standards are set, but for example for the functions I4 and I3, deliberately, no standards and expectations are set. The access to resources, combined with the shared ambition of becoming some sort of entrepreneur, has to commit employees to the functions I4 and I3. But many employees indicate that the standards and expectations regarding their billable hours, combined with the consistency in the application of sanctions (variable reward system), lower the priority of the innovation functions. The high level of autonomy to divide their working time experienced by employees, combined with differences in standards and expectations, result in a higher priority for order projects, and thus a lower priority for innovation projects. Although the shared ambition of the employees lead to an eagerness to innovate, this is not always enough for employees to spend time on the functions I4 and I3. The behavior-framing attribute of discipline thus tries to push employees towards exploration activities (V1, V4, V3), while the behavior-framing attribute of stretch tries to intrinsically motivate employees to allocate time to exploration activities (I4, I3, I1). Currently, discipline often has a stronger effect than stretch, resulting is less exploration activities than desired.

APPENDIX X Excerpts of interviews

