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# Developing Capacity for Continuous Renewal of the Established Firm

*A Process Perspective*

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**NORWEGIAN SCHOOL OF ECONOMICS**

This thesis was written as a part of the Master of Science in Economics and Business Administration at NHH. Please note that neither the institution nor the examiners are responsible – through the approval of this thesis – for the theories and methods used, or results and conclusions drawn in this work.

## Executive Summary

This thesis explores how innovation units within structurally ambidextrous established firms evolve over time. The case study is performed in the setting of a large Scandinavian media firm; more specifically in the innovation unit tasked with exploring video content for its parent brand newspaper. I further draw on my informants' experiences with historical innovation units that emerged from within the newspaper department.

I inductively develop a process model that reveals the different structural configurations an exploratory unit traverses as time goes by. I ascertain that the innovation process consists of four distinct, yet interrelated phases: scouting, separating, maturing, and reintegrating. While the main focus of this thesis lies on the exploratory unit, my analysis also reveals several implications for structural ambidexterity on the corporate level. By taking a process approach, my study enriches the currently prevailing static approach and shows that established firms ought to engage in iterative innovation processes to realize the full potential of structural ambidexterity. This enables them to stay innovative and continuously renew themselves.

My findings contribute to extant research by offering a process view of how innovation units evolve over time. I propose that the paradox stemming from the innovation division's need to explore new opportunities while simultaneously maintaining previously explored technologies can be handled by becoming contextually ambidextrous. This finding dilutes the lines between the two organizational ambidexterity modes that are presented in traditional literature as distinct. My research further suggests that structural ambidexterity is not a one-time decision, but rather an iterative process.

This study also has practical implications for managers tasked with innovation. From the exploratory unit's perspective, managers should see the bigger picture (i.e. their contribution to the focal firm's strategic renewal) and internalize the natural progression of the relationship with the established firm over time. Further, it highlights the necessity to train generalists and create a context that enables employees to handle the emerging exploration-exploitation dilemma. On the corporate level, this study reveals that top managers need to constantly manage several innovation processes to ensure sustained innovativeness. It thus highlights the value of managers who have experience with the innovation process for building the required change capacity. Moreover, it requires managers from the established firm to continuously assess how mature an innovation is and to adapt the organizational structure accordingly.

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## Preface

This thesis is written as part of the Master of Science in Economics and Business Administration at the Norwegian School of Economics (NHH) where I am pursuing a specialization in Strategy and Management.

This thesis is an independent work as part of the ongoing joint research program between NHH and Samfunns- og næringslivsforskning (SNF) called RaCE. RaCE, which stands for radical technology-driven change in established firms, aims to develop research-based knowledge on how established and well-performing firms may respond to and manage radical technology-driven change. Being part of this research program has enabled me to exchange views with fellow researchers working on similar, yet distinct projects.

I would particularly like to thank my supervisor, Professor Inger G. Stensaker, who willingly shared her experience and knowledge with me. She effortlessly handled the paradox between support and autonomy, thus demonstrating a high level of supervision ambidexterity. Her encouragement and critical reviews greatly supported the formation process of this thesis. I highly appreciate her support in making this experience both instructive and pleasant.

I would also like to thank PhD student Justin Harlan who was my sparring partner in data collection. Our discussions were very valuable as they stimulated in-depth analysis of the data.

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Vera Patrizia Schmidt

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# 1. Introduction

Now more than ever, rapidly changing market conditions call for quick reactions and novel business models that address the altered consumer needs. Remarkably, even successful established firms often fail to do so and get overtaken by innovative competitors. Christensen (2013) has termed this the “innovator’s dilemma” and explains it in the following way: Over time, incumbent firms become proficient in exploiting their entrenched business model. Processes are manifested to become as efficient as possible. However, on the flip side of things, their capability to explore new business opportunities becomes limited by the organizational inertia accrued by exploitative activities, leading to path dependency (Schreyögg & Sydow, 2011). Thus, when new competitors arise, the incumbent organizations fail to leverage new technologies and hence lose market share to disruptive firms (Christensen, 2013).

The ambidextrous solution to this dilemma is well-known: To achieve long-term survival and growth, organizations are required to heed both exploitative and exploratory activities, or in other words, evolutionary and revolutionary innovation (O’Reilly & Tushman, 2013). The most common configuration for balancing these two conflicting learning modes is structural separation, whereby a separate unit is established to explore new business opportunities, detached from the established organization’s legacy and daily operations, but still part of the overall business. The main challenge with this organizational mode is to find the right balance between autonomy, required to break free from long-established routines and differentiate, and integration, necessary to leverage existing capabilities and facilitate knowledge transfer (Raisch & Birkinshaw, 2008).

As various scholars have recently pointed out, structurally reintegrating the exploratory unit plays a crucial role in realizing the full potential of structural ambidexterity (Khanagha, Volberda, & Oshri, 2014; Siggelkow & Levinthal, 2003). Nevertheless, so far, there is only limited empirical support for this proposition. While extensive research has been conducted on the antecedents and outcomes of ambidexterity, the temporal development has received only limited scholarly attention. Thus, to date, little is known as to what happens once the innovation unit has scaled (Raisch & Tushman, 2016). Raisch, Birkinshaw, Probst, and Tushman (2009) therefore point out that “it remains unclear how structurally differentiated units evolve over time” (p. 688). This is partly due to a lack of process understanding regarding

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innovation in general (Khanagha et al., 2014) and ambidexterity in particular (Friesl, Garreau, & Heracleous, 2019). Moreover, a firm's environment and strategy presumably influence its ambidextrous behavior (Simsek, 2009), thus making this a promising research area for researchers who take a process view, as these factors evolve over time. However, the current ambidexterity literature is dominated by a static perspective (Raisch & Tushman, 2016). Simsek, Heavey, Veiga, and Souder (2009) thus encourage researchers to examine "ambidexterity as a dynamic, unfolding phenomenon" (p. 888). This is in line with Markides and Charitou (2004) who propose to take a contingency perspective when looking at innovation within an established firm. To observe the phenomenon holistically, this study will, therefore, take a process approach.

This thesis aims at closing the outlined research gap on structural ambidexterity by exploring the following research question: *How do innovation units in structurally ambidextrous firms evolve over time?* It will thus contribute to the emerging body of literature on the ambidextrous solution. Through an abductive research design, this thesis aims at exploring the interplay between the established firm and the innovation unit as time goes by. While this study takes the exploratory division's perspective, it also reveals implications for the way established firms can utilize structural ambidexterity to strategically renew themselves.

Firstly, relevant literature related to the proposed research question is discussed. To provide the necessary context for the study, I then present the research setting. Thereafter, the thesis' methodology and its inherent strengths and weaknesses are discussed. The findings, illustrated by quotes from the informants, are presented, and visualized in the form of an inductively developed model. Next, I discuss how my findings relate to existing theories in the field of ambidexterity and strategy literature, highlighting how my study complements, contradicts or supports the current theory. Lastly, the conclusion points out suggestions for future research avenues and practical implications for managers.

## 2. Literature Review

*This section lays the theoretical background for this thesis by presenting relevant research streams that will later be augmented by the findings of this study. In particular, relevant insights from organizational ambidexterity, change management, and innovation management in relation to this thesis' research question will be synthesized.*

### 2.1 Organizational Ambidexterity

In times of rapidly changing and dynamic environments such as these, companies need to be able to exploit their existing business model while also exploring alternative options that can sustain long term growth (O'Reilly & Tushman, 2013; Tushman & O'Reilly, 1996). In this context, *exploration* refers to the searching for new alternatives through experimentation and variation, and *exploitation* means the refinement of existing technologies (March, 1991). While researchers mostly agree that embracing the tension between these two concepts at firm level leads to enhanced performance (Güttel & Konlechner, 2009; Röglinger, Schwindenhammer, & Stelzl, 2018; Smith & Tushman, 2005), it also poses a cognitive paradox: Competing in a mature market requires efficient processes and high control, whereas new markets demand flexibility (O'Reilly & Tushman, 2011). While neglecting exploration can result in being stuck in the past, solely focusing on exploration can drain organizational resources (Andriopoulos & Lewis, 2009). As a solution to this dilemma, Robert Duncan (1976) shaped the term *organizational ambidexterity*. As Simsek (2009) points out, this term has since been used ambiguously by researchers in an attempt to describe various phenomena, making it indispensable to define it clearly. For this thesis, I build on his view and propose the following definition: *Organizational ambidexterity describes a firm's ability to simultaneously heed and achieve exploitation and exploration within the firm.*

Research has shown that efficiency and innovation can indeed be complementary rather than competing forces, thus making ambidextrous firms more successful than their monodextrous counterparts (Turner, Swart, & Maylor, 2013). Zimmermann, Raisch, and Cardinal (2018), however, argue that ambidexterity cannot constitute a 'solution' as it does not resolve the tension; it rather is an agile, continuous process shaping the organizational context, thereby allowing firms and managers to handle the paradox. Furthermore, as exploration takes resources away from the daily operations concerned with exploitation, ambidexterity is often



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inefficient and unprofitable at the beginning (O'Reilly & Tushman, 2016). One should thus keep in mind that ambidexterity should not be seen as the ultimate innovation strategy under all circumstances. Further, many attempts to become ambidextrous fail, hence highlighting the importance of choosing the right strategy according to the firm's context (Markides & Charitou, 2004).

Two main modes of ambidexterity have been discussed in research: structural and contextual ambidexterity. Within these distinct modes of ambidexterity, their antecedents, moderators, and outcomes have been studied (Gibson & Birkinshaw, 2004; Raisch & Birkinshaw, 2008; Simsek, 2009). A third research stream has investigated firms that achieve ambidexterity over time through sequential alteration (Birkinshaw, Zimmermann, & Raisch, 2016; Siggelkow & Levinthal, 2003; Simsek et al., 2009). Since this does not fit the proposed definition of organizational ambidexterity, it will, however, not be presented in this thesis. The same holds true for inter-organizational solutions, relying on acquisitions or strategic alliances (see for example Stettner and Lavie (2014) or Kauppila (2010)), as these relocate the exploitation-exploration tension outside of the established firm. While there is a dispute around which one is most successful, neither of the solutions can emerge as a clear winner under all circumstances (Markides, 2013; Siggelkow & Levinthal, 2003). Birkinshaw et al. (2016) argue that the choice of the right mode depends on the established firm's heritage and culture, which must then be used to build dynamic capabilities that in turn facilitate organizational ambidexterity.

### **2.1.1 Structural Ambidexterity**

*Structural ambidexterity* refers to independent business units handling the conflicting demands, i.e. one division working on incremental innovation and another one on radical innovation. For this thesis, the terms *exploratory unit/division* and *innovation unit/division* will be used synonymously to refer to the disjunct unit tasked with exploration. This is the more common type of ambidexterity as it is easier to implement, omitting the need to deal with the exploration-exploitation paradox on an individual level. However, it requires a high level of coordination across the units to avoid isolation and reap the benefits of the new opportunities (Jansen, Tempelaar, van den Bosch, & Volberda, 2009; O'Reilly & Tushman, 2004). The linkages, often established by middle managers, are crucial for the success of structurally ambidextrous firms (Taylor & Helfat, 2009). Besides, the social integration of the senior team contributes to connecting the entities in a meaningful way, a fact that most

research on structural ambidexterity has focused on (Jansen et al., 2009). Further, a clear strategic intent and a common vision and values linking both units are necessary (O'Reilly & Tushman, 2011). Leveraging existing capabilities from the established firm provides the exploratory unit with a competitive advantage over stand-alone competitors in the market (O'Reilly & Tushman, 2016). The separation, on the other hand, allows it to build its own culture without interference or spillovers from the established firm (Markides, 2013). Benner and Tushman (2002) confirm this by pointing out that the separate units can be characterized not only by distinct processes and systems but also by different cultures and incentive structures. Nevertheless, with too much autonomy, there is a risk that the exploratory unit does not act in the organization's best interest (Burgers & Covin, 2016). Too many integration mechanisms, on the other hand, can lead to negative externalities, including slower decision making, groupthink limiting the emergence of new ideas, and loss of autonomy (Burgers & Covin, 2016). The biggest challenge for the successful implementation of structural ambidexterity is thus to find the right balance between autonomy and integration mechanisms (O'Reilly & Tushman, 2016; Raisch & Birkinshaw, 2008), depending on the firm's structure and environment (Burgers & Covin, 2016).

### **2.1.2 Contextual Ambidexterity**

With *contextual ambidexterity*, on the other hand, individuals are enabled to embrace the paradox in their everyday work life through social and behavioral integration (Andriopoulos & Lewis, 2009). For example, the incentive structure needs to acknowledge that explorative and exploitative activities are equally important. The role of leadership is hence crucial for the emergence of an ambidextrous organizational context (Carmeli & Halevi, 2009). However, the actual conflict between exploration and exploitation is dealt with on the front line (Birkinshaw & Gibson, 2004). Naturally, employees in contextually ambidextrous organizations thus need to be more generalist than in structurally ambidextrous firms because their workstyle ought to exhibit the ability to quickly switch between exploration- and exploitation-related activities (Birkinshaw & Gibson, 2004). While there is a higher risk to neglect one of the two responsibilities as there are no clear competences, there is a faster knowledge transfer across the two disciplines than in structural ambidextrous firms (Güttel & Konlechner, 2009). Moreover, contextually ambidextrous units exhibit higher performance (Gibson & Birkinshaw, 2004; Jansen, Simsek, & Cao, 2012), but this relationship is dependent on the broader organizational context (Jansen et al., 2012). Carmeli and Halevi (2009) further

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argue that contextual ambidexterity “is a critical moderating condition for creating an ambidextrous organization” (p. 208), thus indicating that organizations should aim at achieving contextual rather than structural ambidexterity. However, Zimmermann, Raisch, and Birkinshaw (2015) point out that contextual ambidexterity is more prevalent on business unit level or in small to medium-sized firms.

### **2.1.3 Developments Over Time Within Exploratory Units**

Right after being established, the innovation unit can focus solely on exploratory activities because it has no legacy to attend to. However, after a while, particularly if it successfully innovates, it needs to scale up and start exploiting its previously explored business opportunities, unless it hands them over to the established firm. Otherwise, it will fail to deliver a return on investment for the organization (Raisch & Tushman, 2016) and be less efficient than competitors (Raisch et al., 2009). Westerman, McFarlan, and Iansiti (2006) conclude that “[t]he changing nature of strategic contingencies over an innovation’s life cycle [...] complicates organization design” (p. 230); as the division is still seen as the innovation unit within the established firm, it is required to continue searching for new opportunities. In other words, if kept separate, the new unit will at some point be forced to handle the paradox between exploration and exploitation, allocating the available resources accordingly. As Rothaermel and Deeds (2004) find, distinct capabilities are required for the exploration and the commercialization of radical innovation. One can thus argue that the exploratory unit is obliged to become contextually ambidextrous when scaling up, adopting a dual mindset to handle the emerging paradox (Raisch et al., 2009). This is in line with what Hill and Birkinshaw (2012) suggest in their study on corporate venture units — which are similar to innovation units in their initial orientation towards exploratory activities, but often receive funding from external partners — pointing out that ambidexterity increases the unit’s chance of survival. They thus conclude that “ambidexterity can be viewed as a nested phenomenon that exists at multiple levels of analysis within the organization” (Hill & Birkinshaw, 2012, p. 1921). As pointed out in the previous section, moving towards contextual ambidexterity calls for a change in the organizational context and constitutes a major leadership challenge (Carmeli & Halevi, 2009). Scholars, however, disagree whether the exploratory unit will need more integration mechanisms to leverage the focal firm’s capabilities (O’Reilly & Tushman, 2016), to the point of being entirely reintegrated into the established firm, or whether it needs more autonomy to continue building its own profile (Raisch, 2008) as time goes by and the

operations scale up. This dissent is intriguing and calls for further research attention, which is why this thesis aims at contributing to this emerging body of literature.

In terms of organizational structure in relation to the established firm, Khanagha et al. (2014) find that companies undergo iterative cycles of strategizing, restructuring, and learning when they explore new business opportunities. Since the particular strategic intent an established firm has about an innovation changes over time with the emergence of new information, differing structures are required (Khanagha et al., 2014). The relationship between exploitative and exploratory units over time should thus be seen as dynamic (Friesl et al., 2019).

## 2.2 (Re)integration Process

In recent years, several studies on ambidextrous firms have pointed out the benefits of reintegrating the separated exploratory unit into the established firm, namely strategic renewal (Friesl et al., 2019) and leveraging strategically relevant capabilities (O'Reilly & Tushman, 2016). Siggelkow and Levinthal (2003), for example, find that starting a new division, exploring new business models detached from the daily operations and cultures, and then bringing the unit back into the established firm after a while, is the favorable solution under conditions of nondecomposable activities. This refers to activities that are clearly linked across different divisions. They argue that this provides the optimal solution to the trade-off “between the short-term costs of decentralized exploration and the long-term benefits of reaching higher performance” (Siggelkow & Levinthal, 2003, p. 650). Markides and Charitou (2004), on the other hand, argue that this strategy is most suitable for innovations that pose serious conflicts with the established business model but have a high strategic relatedness. They argue that a slow integration can reduce the conflict while allowing to make use of synergies.

O'Reilly and Tushman (2016) point towards three important criteria when assessing whether reintegration should be pursued; scale, legitimacy, and strategic importance: “when the exploratory unit is big enough to have gained customer and organizational legitimacy and has demonstrated strategic viability, it can be integrated back into the incumbent unit” (p. 187). If strategic importance is not given, spinning the unit off might be a superior configuration because reintegration would not yield the expected results (O'Reilly & Tushman, 2016). While the potential benefits and the necessity of reintegration appear to be clear, the *how* remains uncertain. It, therefore, seems important to turn one's attention to the process, particularly in relation to the structural implications it has for the exploratory division.

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Integrations pose a major challenge for both the established organization and its integration target, as they constitute a demanding change process. To create value and leverage synergies, it is necessary to integrate the two entities and their ways of working. This alignment facilitates knowledge transfer and coordination, but from the mergers and acquisitions (M&A) literature, we know that although organizational integration may be the goal, a certain autonomy might be needed to preserve the target's capabilities (Rouzies, Colman, & Angwin, 2019). This is similar to the dilemma ambidextrous firms face when establishing a structurally separate unit (Raisch & Tushman, 2016).

Innovation units that emerge from within an ambidextrous established firm tend to have strong connections within the organization (Hill & Birkinshaw, 2012). Integration mechanisms on corporate level, i.e. resource allocation and strategic coherence, and on unit level, i.e. shared values and knowledge sharing, must be balanced with the autonomy the division needs to differentiate itself (Raisch & Tushman, 2016). Depending on how strong the strategic integration between the business units and the common strategic intent linking the two are, the integration might be simplified. This is in line with the research literature on M&As, which suggests that culture congruence eases integration (Birkinshaw, Bresman, & Håkanson, 2000). The fact that the innovation units were built to be different, however, influences both their self-image and how they are perceived within the firm. The (re)integration thus poses a threat to the purpose-built identity of the target, potentially resulting in a higher resistance to change from both sides (Colman & Lunnan, 2011). Moreover, it can be expected that the employees within the exploration unit fear to lose their impact and innovativeness when they are reintegrated into the established firm. Indeed, Skovvang Christensen (2006) finds that entrepreneurial, highly innovative firms tend to forfeit these characteristics once integrated into an established firm. From M&A literature we also know that the fear of being exploited and contaminated can limit the unit's willingness to share knowledge with the acquiring firm (Empson, 2001), thus presenting an important challenge to manage in the (re)integration process. Nevertheless, Colman and Lunnan (2011) find that resistance can facilitate innovativeness in the acquirer's culture because the target's employees want to preserve the processes and activities they perceive as superior. This can prove to be beneficial to the established firm as a source of strategic renewal.

## 2.3 Impact on Corporate Level Strategic Renewal

*Strategic renewal* refers to acquiring, connecting, and developing capabilities that improve the firm's long-term competitive advantage (Friesl et al., 2019). Since the established firm's ultimate goal with ambidexterity is to achieve sustained innovativeness, one can argue that the innovation unit is a facilitator of corporate-level strategic renewal. The question, therefore, is how the exploratory unit can have a long-lasting impact on the firm's culture and way of working.

As Raisch (2008) argues, knowledge transfer from the innovation division to the focal firm can facilitate breaking path dependencies and inertia. However, he also claims that “structural separation [...] fails to provide continuous exploration in the existing core business” (Raisch, 2008, p. 496), pointing out that this is insufficient in the long run. In their process study, Friesl et al. (2019) suggest that exploratory units can indeed contribute to the strategic renewal of a firm by being reintegrated into the established firm. A necessary boundary condition is that the innovation unit has proven its worth and thus gained legitimacy in the eyes of the established firm (Friesl et al., 2019), which is one of the criteria proposed by O'Reilly and Tushman (2016) to consider prior to reintegration.

Ambidexterity might indeed be a superior configuration for renewal and innovation if it enables the established firm to develop capabilities that allow it to continuously explore new opportunities inhouse. However, if the integration process is conducted unsuccessfully, for example leading to a reduced centrality and social status of the innovators, this may diminish the productivity in the combined entity as has been shown in acquisition studies (Paruchuri, Nerkar, & Hambrick, 2006). This highlights the importance of a carefully planned (re)integration in consideration of the specific objectives involved.

## 2.4 Capacity for Change and Renewal

*“[H]istory is a perception of a firm's ability to respond to future challenges based on an evaluation of its history of adaptation” (Suddaby, Coraiola, Harvey, & Foster, 2019, p. 3)*

Strategic renewal requires receptiveness for change at the corporate and the unit level, as “organisational change requires individual change” (Balogun, 2001, p. 4). Research suggests that companies can develop *organizational change capacity* which enables them to handle

changes with more ease (Heckmann, Steger, & Dowling, 2016). This term refers to a firm's ability to successfully implement changes by building on experience from preceding changes. This highlights the necessity for changes to be studied as interrelated rather than isolated events, thus making experience with changes an important aspect to keep in mind when exploring a change process. Further, as Birkinshaw et al. (2016) propose, a firm's heritage is closely linked to the capabilities it has developed and will thence influence its ambidextrous behavior. Organizational change capacity can thus be seen as an important antecedent of strategic ambidexterity (Judge & Blocker, 2008), which is why it ought to be considered when researching ambidexterity over time.

Another important factor to evaluate the impact of previous changes on subsequent processes is the perception thereof among the firm's employees, i.e. on the individual level. It is important to point out that this is a subjective appraisal and is thus likely to vary across the organization. Rafferty and Restubog (2017) illustrate two main reasons as to why negative experiences with change can hinder future initiatives, initiating a vicious cycle: Firstly, the employees will use their experiences with previous change processes to build expectations about their future abilities. Secondly, failed change attempts in the past can lead to cynicism, reducing the employee's ability to sense opportunities related to new change initiatives. On the other hand, employees' positive experiences can increase their receptiveness for new change processes (Stensaker & Meyer, 2011). This highlights the importance of understanding the predominant appraisal of a firm's history in regard to change when studying transformation processes such as the reintegration of a previously separated exploratory unit.

### 3. Research Setting

This section provides the necessary background about Media Corporation (MC), Newspaper X Division (NXD), Historic Innovation Units (HIU), and Innovative Video Unit (IVU) that form the research setting for this thesis. The information presented in this chapter was compiled from both primary and secondary data sources to ensure accuracy of the informants' information. To guarantee anonymity of the informants, the data has been anonymized and pseudonyms will be used throughout this thesis to refer to the companies and the informants. Figure 1 provides an overview of the main events.

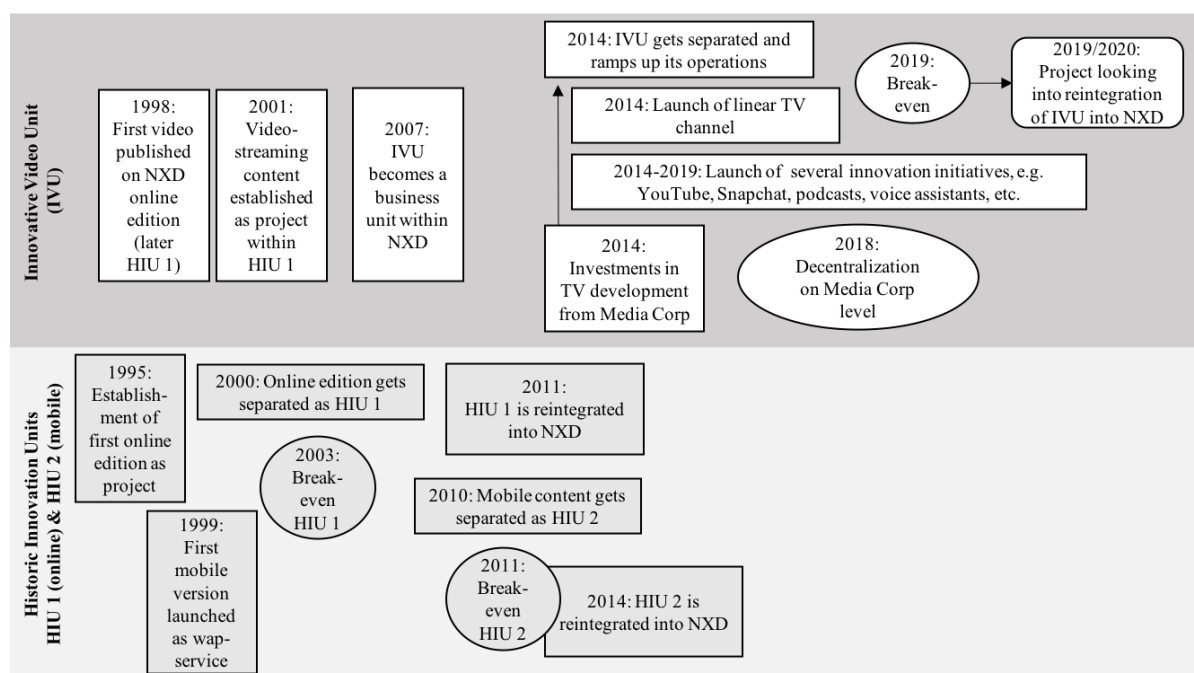


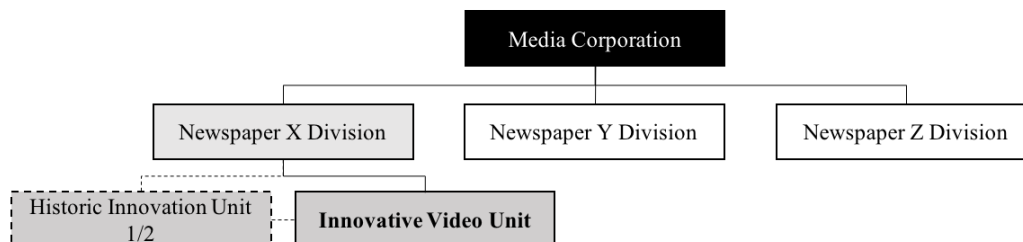
Figure 1: Timeline of main events at Innovative Video Unit (IVU) and Historic Innovation Unit 1 (HIU 1) & 2 (HIU 2) in relation to Newspaper X Division (NXD) from 1995 until 2020

#### 3.1 Media Corporation

Media Corporation is a publicly listed international media group, headquartered in a Scandinavian country. In its home country, Media Corporation is the market leader. It is also operating in several other countries around the world, predominantly in Europe. In addition to its core business in newspapers, the company has expanded its operations into online classifieds and marketplaces. Media Corporation has developed strong digital capabilities, now generating more than half of its revenues through digital products. It is thus known as a highly innovative firm within the media industry, even outside the Scandinavia. Therefore,



Media Corporation provides an opportune and interesting case to explore how innovation can be fostered in a large established corporation. Figure 2 illustrates Media Corporation's organizational structure in relation to the focal unit of analysis, Innovative Video Unit, and its parent, Newspaper X Division:



*Figure 2: Organizational chart Media Corporation, Newspaper X Division, and Innovative Video Unit*

## 3.2 Newspaper X Division

Newspaper X Division is one of the most prominent brands in the newspaper landscape in its country. Its first edition was published at the end of the second world war, in 1945. The company is fully owned by Media Corporation since its acquisition in the late 1960s. It is particularly remarkable that the Newspaper X Division brand has a very high number of daily online readers, making it less vulnerable in the face of a declining number of print readers. Due to operating in the news industry, daily operations in Newspaper X Division are characterized by time pressure and submission deadlines. Furthermore, the firm shows a high degree of customer-centricity, aiming at anticipating changing customer needs. Currently, their main strategic focus is to reach a younger audience.

## 3.3 Historic Innovation Units

Newspaper X Division has a history of separating and reintegrating innovation units. During the interviews, the informants pointed out two historic innovation units that had gone through such a process in recent years. Their common denominator is that they were established to work on new forms of content creation and delivery, be it for the web (Historic Innovation Unit 1) or mobile (Historic Innovation Unit 2). The units were all started as projects within Newspaper X Division and then separated once their strategic relevance for the future became clear, to allow for independent development and more autonomy. Once they were profitable, they were then reintegrated, and their products used in Newspaper X Division. In the

meantime, a new project on a new technology had been established and the process recommenced. Newspaper X Division thus presents an interesting case of an established company that has been strategically using structural ambidexterity to facilitate innovation and strategic renewal.

### 3.4 Innovative Video Unit

Innovative Video Unit is a formally separate division 100% owned by and located within Newspaper X Division, producing video content for the parent brand, particularly online. Innovative Video Unit was first established in 2001 as a project within Historic Innovation Unit 1 to explore the opportunities for video content for Newspaper X Division. It then became a business unit within Newspaper X Division in 2007. In 2014, the separation between Newspaper X Division and Innovative Video Unit became more pronounced through the establishment of distinct finances. However, this separation is only formal as the Innovative Video Unit employees still sit in the same offices as their colleagues from Newspaper X Division. Right after the separation, the unit's size was increased from 30 to 60 employees and large investments were made from Media Corporation. In 2014, Innovative Video Unit also established a linear television channel. The unit recently broke even and is expecting first profits in 2019. They are currently around 80 employees.

There is a cultural difference between the Innovative Video Unit and Newspaper X Division staff; the average Innovative Video Unit employee is younger and more dynamic. The goal is to hire generalists and train them in a way that enables them to take on many different roles within the unit. This makes Innovative Video Unit very agile as the staff can be deployed where it is most needed at a specific point in time. The workflows across the two divisions are mostly discrete; while the general news story that both units report about is the same, the difference in format (newspaper article at Newspaper X Division, video content at Innovative Video Unit) requires distinct approaches to content production. However, Innovative Video Unit is strongly dependent on Newspaper X Division. First of all, on its reach, as most clicks come from embedded videos on Newspaper X Division's website. Furthermore, on its economic wellbeing, as this influences the access to financial and human resources.

Innovation can take two main forms in Innovative Video Unit: Firstly, technical innovation, referring to for example new production technologies, the introduction of cloud storage, and new software, mostly aiming at reducing the costs of video production. Secondly, there are

content innovations, meaning the introduction of new formats or distribution channels (e.g. podcasts or Snapchat stories) and shows. These are further away from Innovative Video Unit's core business, producing news video content for Newspaper X Division and the linear channel. Both forms of innovation are, however, important to reduce the costs or increase the revenues, thus improving Innovative Video Unit's profitability.

Due to its recently achieved profitability, Newspaper X Division is at the time of this research looking into the reintegration of Innovative Video Unit. A project, headed by Innovative Video Unit's CEO, was established to examine potential implications. The CEO is therefore currently conducting interviews with employees within Innovative Video Unit to get their opinion on the topic. This presents an intriguing opportunity to explore the way an innovation unit handles this process.

## 4. Methodology

*This chapter describes the study's methodological modus operandi. Following the structure of the research process, the research design will be presented before outlining the data collection and analysis procedure. Lastly, the quality of the chosen methodology for this study will be discussed.*

### 4.1 Research Design

The research design can be seen as the roadmap for conducting a specific research. That being said, there is no one-fits-all solution (Gehman et al., 2018). This section elaborates on the methodological choices that were made to best answer this thesis' proposed research question, namely, *how do innovation units within structurally ambidextrous firms evolve over time?* Due to the limited amount of research on the specific phenomenon studied, this thesis follows an exploratory qualitative approach to gather a rich understanding of the context. This is in line with the future avenues for ambidexterity research, as suggested by Simsek et al. (2009), who point out that “[q]ualitative designs are especially well suited to the study of ambidexterity as a dynamic phenomenon that unfolds over time and could provide a firmer, more fine-grained theoretical foundation for delineating its antecedents and outcomes” (p. 888). All of the building blocks of the research design are interrelated, and they thus need to be considered as a whole. This is particularly important as this study follows an iterative approach, meaning that the methodology is adjusted as new insights emerge (Saunders, Lewis, & Thornhill, 2009).

#### 4.1.1 Theory Development

Inductive and abductive theory development were long thought of as distinct approaches to theory development (Saunders et al., 2009). However, more and more qualitative researchers have come to realize that their studies rarely are purely inductive; they often include a priori theory and could thus also be classified as abductive. As Langley puts it: “both deduction and induction are present in a kind of cycle. The word for that is abduction, which means connecting what you see in the empirical world with theoretical ideas” (Gehman et al., 2018, p. 297).

Following this train of thought, this thesis can be classified as abductive as it uses inductive methods but links the findings to previous research and theory. By combining inductive and

deductive techniques, this approach can overcome these approaches' inherent weaknesses and allows for the emergence of data-driven theory. While inductive theory development is often criticized for a lack of generalizability due to the focus on data collection and analysis, the starting point for deductive theory development is limited to what has already been presented in theory (Timmermans & Tavory, 2012). The ongoing movement back and forth between theory and data collection in abductive research, on the other hand, allows for meaningful and data-driven theory development (Tavory & Timmermans, 2014).

Abductive research often starts with a surprising fact arising from the initial data collection that cannot be explained through the existing theories. The research process is then devoted to finding potential explanations for this phenomenon (Saunders et al., 2009). While initially investigating how actors in structurally dislodged units handle the paradox stemming from ambidexterity, it caught my attention that Innovative Video Unit was well aware of the fact that they would eventually be reintegrated into Newspaper X Division. The fact that Newspaper X Division has separated and then reintegrated several Historic Innovation Units is intriguing and provides a unique opportunity to study how innovation units evolve over time.

### **4.1.2 Purpose**

The objective of this thesis is two-fold. For one thing, it aims at improving practitioners' understanding of how innovation units evolve and how their relationship with the established firm changes over time. In addition, this thesis seeks to lay the groundwork for further research in this field. The purpose of this thesis is of exploratory nature. This seems particularly suitable to answer the proposed research question because the study seeks to clarify the understanding of the situation within Innovative Video Unit and in relation to Newspaper X Division over time. The exploratory approach allows for the discovery of unexpected facts that have not previously been discussed in academic literature (Saunders et al., 2009). For researchers conducting exploratory research, it is thus particularly important to remain open-minded throughout the process to capitalize on the benefits of this strategy.

### **4.1.3 Strategy**

To study the topic in-depth within its real-life setting, a case study is the most suitable research strategy (Yin, 2018). Theory building from cases has the advantage that it provides context that is then used to make sense of the qualitative data collected (Flyvbjerg, 2006). However,

one must consider that case studies are not representative outside of the context studied (Eisenhardt & Graebner, 2007). Given the exploratory nature of this study, though, this fact is less of a concern because the purpose of this thesis is not to find the one correct answer to a question but to open the scientific discourse about the topic. Thus, this thesis aims at analytical rather than statistical generalization (see [Section 4.4.2](#) for more information on this thesis' transferability). Dubois and Gadde (2002) further object to case study critics stating that “[l]earning from a particular case (conditioned by the environmental context) should be considered a strength rather than a weakness” (p. 554).

Considering that to date there is very limited research on the development of innovation units in structurally ambidextrous firms over time, a single case was chosen to illustrate the implications for the separated exploratory division. While examining further cases would allow for testing of the replicability of the findings, it is out of scope for this thesis. This approach follows the recommendation made by Flyvbjerg (2006) who suggests that an in-depth single case is more valuable than a superficially conducted multi-case study. However, due to the transparent description of the methodology and the findings, further studies of different cases can be added at a later stage by other researchers. Focusing on one case will enable me to truly immerse myself in this specific setting, thus improving the quality and the depth of the findings (Dubois & Gadde, 2002).

The particular case of Innovative Video Unit was chosen because it represents a critical example of a successful, previously separated innovation division that is now facing reintegration. The context is particularly intriguing as the ambidextrous Newspaper X Division has previous experience with moving units back into the established firm once they have become successful. It will be fascinating to study how this history affects the subsequent processes.

#### **4.1.4 Time Horizon**

As suggested by Simsek et al. (2009), with regards to the time horizon, this study takes a process approach. This approach aims at “understanding how things evolve over time and why they evolve this way” (Langley, 1999, p. 692). This thesis can thus be classified as a longitudinal, as opposed to a cross-sectional study (Saunders et al., 2009). While the time constraints of a master's thesis impede to follow the whole process of the reintegration in real-time, in-depth interviews were used to gather information about retrospective events, the

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current situation, and anticipations about the imminent reintegration. The need to combine broader historical data and richer real-time data is common for process studies as it enables researchers to capture a bigger picture, as it is often impossible to accompany the whole process in real time (Langley, 1999). Further, the data collection took place at two points in time (beginning of June and end of October 2019), thus allowing for observation of changes within Innovative Video Unit over the course of several months. Particularly interviewing Innovative Video Unit's CEO twice provided an opportunity to get an understanding of the shift in the strategic importance of the reintegration. While the fact that some of the information the informants provided was retrospective might reduce the accuracy of the depictions due to forgetfulness, it can also increase the informative value because the informants have been able to reflect upon the events and their outcomes (Langley, 1999). To mitigate the risk of incorrect information, the statements from the various informants were matched both against each other and against external, publicly available sources on the events, thence strengthening the study's credibility.

## 4.2 Data Collection

This section explains how the data, the core of this research, was collected, coded, and analyzed. This study was conducted as part of the FOCUS RaCE program at the Norwegian School of Economics. A PhD student and I conducted the interviews together, thus increasing the reliability of the data. He was the contact person for the informants as he will conduct further research in Innovative Video Unit through his PhD program.

### 4.2.1 Data Sources

The primary data used for this study is collected through nine semi-structured interviews with executives and employees in the innovation unit. Informant 2, 3, 4, and 5 were interviewed in early June 2019, while the interviews with Informants 6, 7, 8 were conducted in late October 2019. The CEO (Informant 1) was interviewed twice, once in June and once in October. The two interview rounds allowed for a better understanding of the development of the process over time. To attend to the diversity of the phenomenon studied, look at the process from different angles, and mitigate the bias (Eisenhardt & Graebner, 2007), informants from different hierarchical levels and departments within Innovative Video Unit were interviewed. An overview of the interviewees and their backgrounds can be found in Table 1:

#	Role at Innovative Video Unit	Background Information
Informant 1	CEO	Informant 1 started as a trainee in Media Corporation in 2011 and had different positions both in Historic Innovation Unit 1 and Newspaper X Division before joining Innovative Video Unit as a business developer in 2007. He became the CEO in the summer of 2018, currently heading a project on reintegrating the unit back into Newspaper X Division.
Informant 2	Head of Technical Operations	Informant 2 has been in Media Corporation since 1994, first in Newspaper X Division, then in Historic Innovation Unit 1, before taking over the responsibility for video production at Innovative Video Unit in 2007 as Head of Technical Operations.
Informant 3	Head of Commercial	Informant 3 has been in Innovative Video Unit for three years and is responsible for advertising formats and revenues. Before, she worked in Newspaper X Division for two years and did the traineeship program in Media Corporation.
Informant 4	Head of News	Informant 4 came into Innovative Video Unit as an intern in 2014, then worked as a video journalist for several years. As Head of News, she is responsible for the editorial news content in Innovative Video Unit.
Informant 5	Head of Development	Informant 5 joined Innovative Video Unit five years ago. As Head of Development, his responsibility is to develop the product technically according to the editorial needs.
Informant 6	Head of Programming	Informant 6 has been in Innovative Video Unit for 11 years and is responsible for developing new content formats. Being in it almost from the start, he was taking initiative early on to develop Innovative Video Unit's aspirations and witnessed the unit's development over time. He also experienced the reintegration of Historic Innovation Unit 1.
Informant 7	Technical Producer	Informant 7 joined Innovative Video Unit in 2014 as one out of three technical producers. He is responsible for both live and pre-recorded formats.



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Informant 8	Technical Operations Manager	Informant 8 has been working for Innovative Video Unit since 2013. He is responsible for choosing the right equipment, maintaining it, and training the employees in using it. From 2004 to 2013, he also did some technology consulting for Innovative Video Unit as an external advisor.
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*Table 1: Overview of the informants' roles at Innovative Media Unit and some background information*

To triangulate the data, secondary data was used as an additional source to verify the informants' information (Dubois & Gadde, 2002). This included emails, news articles, the company's website, and other publicly available information. Doing this strengthens the trustworthiness of the findings discovered in this research (Saunders et al., 2009). Additionally, I was given access to the interview transcript of an interview my supervisor conducted with Newspaper X Division's CEO in Spring 2019. While this thesis takes the exploratory unit's (i.e. Innovative Video Unit's) perspective, this additional information allowed to see the things from another angle and verify the informants' statements.

#### **4.2.2 Case Selection**

Since it is impossible research all innovation units within all established firms, it is necessary to select one or several relevant cases. As previously disclosed, the case of Innovative Video Unit was chosen because it seems particularly suitable to analyze the structurally ambidextrous solution over time from the innovation unit's perspective. This can be characterized as purposeful, theoretical sampling (Saunders et al., 2009). After an initial interview with the CEO of Innovative Video Unit to get a general overview of the situation, it seemed particularly promising to study the development of ambidexterity over time. Further informants from within Innovative Video Unit were then chosen cumulatively based on the emerging theory, each giving a distinct perspective on the phenomenon studied. The CEO suggested relevant informants who were then contacted by us if deemed fitting. The data collected was concluded once data saturation was reached, meaning that only little additional information would have been generated through further interviews (Saunders et al., 2009).

#### **4.2.3 Semi-Structured Interviews**

Semi-structured interviews are a renowned tool in exploratory studies because they allow the researcher to ask follow-up questions required to fully understand complex situations. This

adds depth and significance to the obtained data. More than just exploring the “what” and “how”, they allow researchers to dive into the “why”, i.e. the underlying reason behind certain incidents, and are thus particularly suitable for the purpose of this study (Saunders et al., 2009).

All nine interviews were conducted face to face in Innovative Video Unit’s premises. The first round was carried out by the PhD student alone (one-on-one), while the remaining four were conducted two-on-one. The interviews lasted between 60 and 100 minutes each. Face-to-face interviews offer the opportunity to closely observe the respondents’ mimics and gestures, which allows for a better understanding of their intended meaning. Before the first round of interviews, a list of themes and probing questions to investigate the research question was developed (see appendix B). Due to the exploratory nature of this study, mainly open and probing questions were used. The sequence of the questions, however, followed the natural flow of the conversation to allow for a better atmosphere that leads to more insights. Moreover, not all interviewees were able to answer all of the questions equally well due to their position in the organization, so only suitable questions were selected.

Semi-structured interviews provide the interviewer with the flexibility to adjust the questions to the interviewees while assuring that the most relevant themes are covered in all interviews (Saunders et al., 2009). They also provide the opportunity to discover important themes that the researcher was not aware of prior to the interview but that are critical in the specific context of the informant’s company, which is an important aspect of abductive research. This is how the research question was ultimately found; before conducting the interviews, we did not know about Newspaper X Division’s plans to reintegrate Innovative Video Unit, but it became an apparent theme in the initial round of interviews. After the first set of interviews, the previously collected data were screened and analyzed for common themes, which led to the change in the focus of the research. As suggested by Charmaz (2014), the interview guide was then subject to adaption to integrate insights from the previous interviews (see appendix C). Examples of new questions aiming at exploring this theme are: “What do you think would happen if Innovative Video Unit was reintegrated back into Newspaper X Division?”, “How did you experience the separation from Newspaper X Division?”, and “How has the relationship between Innovative Video Unit and (a) Newspaper X Division and (b) Media Corporation evolved over time?”. The second round of interviews was conducted four months later, which allowed for the observation of changes that had since occurred in Innovative Video Unit’s work life and perception of the relationship with Newspaper X Division.

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Careful preparation is key to successful interviews (Saunders et al., 2009). This refers to several areas. First, it is crucial to be knowledgeable about the informant's company and the theoretical background of the phenomenon studied to be able to ask the right questions. In this study, that was achieved through reading the Innovative Video Unit's annual report, current news articles on the firm, and a wide literature review. This signals credibility to the informants and allows to use the available time efficiently to explore the situation in depth. Further, a room with little disturbance in Innovative Video Unit's headquarter was selected for the interviews to ensure that the informants feel safe and comfortable talking freely. This is crucial to get an accurate depiction of the informants' thoughts and feelings.

In personal face-to-face interviews, it is furthermore crucial to break the ice and establish trust within the first minutes of the interview before the actual questions start. To do so, we explained the purpose of this research and assured the participants of the confidentiality of the data. Moreover, we reassured them that their participation in this study is voluntary before asking them to sign a consent form (see appendix A). Only then were the recording and the actual interview started.

### 4.3 Data Analysis

As this master thesis follows an abductive approach, the iterative data analysis and connection with existing theories are the core activities to generate insights (Orton, 1997). Moreover, the qualitative data collected through the interviews is non-standardized, rich, and ambiguous and thus reveals its meaning only through rigorous analysis (Saunders et al., 2009). The process needs to be systematic yet flexible to yield high-quality results. Since this study utilizes qualitative, complex, linguistical data to explore how a separated innovation division within an ambidextrous firm evolves over time, it is particularly important to structure the analysis carefully to ensure high reliability. Furthermore, the data analysis process was iterative, meaning that insights from the first interviews were used to modify the subsequent data collection. For example, during transcribing and screening the first round of interviews, reintegration emerged as an important theme. The second round of interviews was then used to explore this theme in more depth through more specific questions and an adapted interview guide (see Appendix C) (Charmaz, 2014).

In her renowned article on "strategies for theorizing from process data", Langley (1999) aggregated influential papers using process data to highlight under which circumstances which

strategy to derive theory from qualitative process data is most meaningful. Based on my aim for this thesis and the data I collected, I chose two different strategies, namely visual mapping and temporal bracketing. Combining these two data analysis strategies allows for more comprehensive sensemaking of the ambiguous information process data consists of (Langley, 1999).

### **4.3.1 Data Preparation**

Firstly, I transcribed the audio recordings of the interviews verbatim. Contextual information, such as laughter, irony, and silence, was added to allow for a better understanding of the statements. This process helped to get acquainted with the data very well because one is forced to listen to every word. The transcripts were then imported into nVivo, a renowned qualitative data analysis software.

### **4.3.2 Visual Mapping**

Visual mapping is a suitable strategy to visualize processes in a comprehensible way (Gehman et al., 2018). To theorize from it, however, several detailed cases are required (Langley, 1999). Therefore, in this thesis, it was merely used as a visualization tool that provides a sound overview of the situation over time and thus represents a useful first step to make sense of the data (see [Figure 1](#)). To create a visual map, the interviews were examined for important decisions, actions, or events that either directly or indirectly affected Innovative Video Unit's development. These were then put in chronological order and split into the acting unit (Innovative Video Unit, Historic Innovation Unit 1 or Historic Innovation Unit 2). As all interviews included data from previous experiences, current incidents, and expectations about the future, not all clearly marked with dates, this was not a linear process. According to conventions, round-cornered rectangles were used for decisions, sharp-cornered rectangles for actions, and ovals for events outside the control of the firm. One must keep in mind, though, that this visual map is not intended to give all details of the process studied, but to provide an overview of the most characteristic instances of the process.

### **4.3.3 Temporal Bracketing**

Since the proposed research question refers to the development of the innovation unit over time, a meaningful way to organize the data was by dividing it into phases. The main benefit of temporal bracketing is that it allows to break complex process data down into

interdependent phases (Gehman et al., 2018). It thus enables researchers to examine "how actions of one period lead to changes in the context that will affect action in subsequent periods" (Langley, 1999, p. 703). Because of this and as one case is sufficient to generate meaningful insights (Langley, 1999), temporal bracketing was chosen as a sensemaking strategy. As shown in for example Langley and Truax (1994), the temporal brackets are well suited to be visualized in the visual mapping, so they were added subsequently to aid the reader in understand the process (see Figure 3 below).

Since "organizational phenomena are in a continuous state of *becoming*", Jarzabkowski, Lê, and Spee (2016, p. 238) suggest using verbs instead of nouns for describing the phases the process can be broken down to. Using the previously chronologically organized data and having Innovative Video Unit as the focal point, the process was eventually broken down into four interrelated phases. Their respective names, scouting, separating, maturing, and reintegrating, were developed inductively from the data.

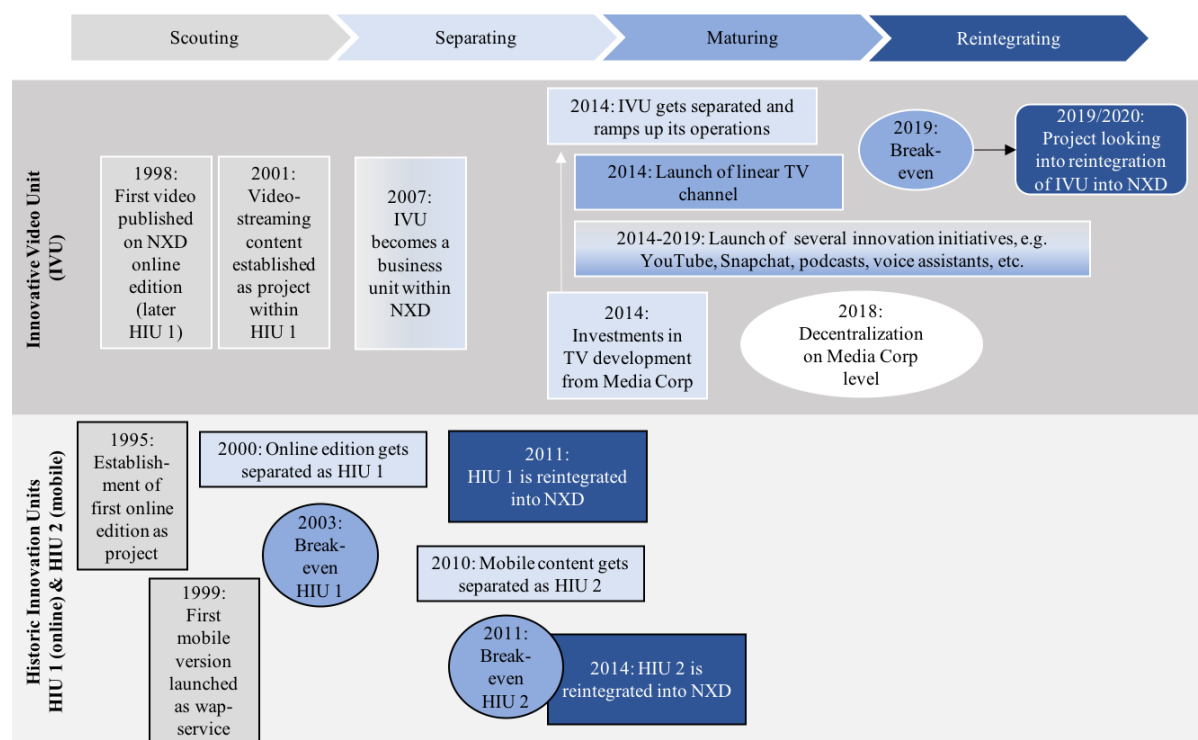


Figure 3: Visual mapping of main events within Innovative Video Unit, Historic Innovation Unit 1, and Historic Innovation Unit 2 including temporal brackets

Each phase depicted in the above figure is characterized by a distinct structure, presented in the Findings (see [Section 5](#)). In developing the phases, as suggested by Saunders et al. (2009), a definition of each category was attached to it in nVivo to ensure consistency in coding over time. In the context of qualitative data analysis, coding refers to assigning summarized

meaning to a fraction of data (Miles, Huberman, & Saldaña, 2014). Subsequently, relevant sections of the interviews were assigned to their respective phase (see Figure 4). Organizing the data in the described manner allowed for a detailed description of the research setting (see [Section 3](#)).

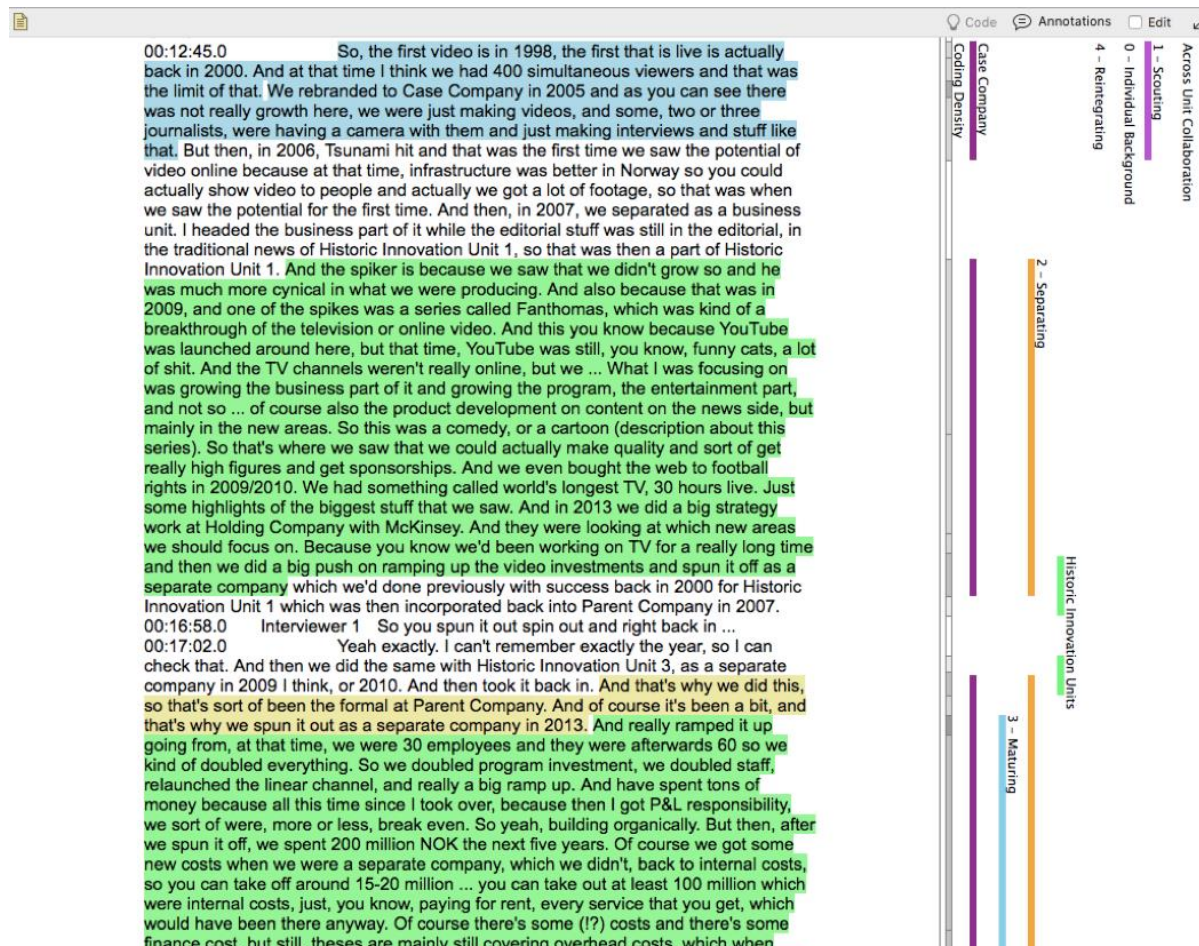


Figure 4: Screenshot showing an example of the initial coding for temporal brackets

Because the informants shared information about Innovative Video Unit and several Historic Innovation Units, an additional code was used to refer to either of these entities so that similarities and differences could be compared. The next step was the line-by-line coding of the transcript fractions within each phase, summarizing longer statements into more concise ones (see Figure 5). Through this process of descriptive coding (Miles et al., 2014), themes and linkages between them began to emerge.

Well, we were ... we have always been a business area since 2007. So becoming a separate company was more to have more investment possibilities and even more focus. But I believe that that would have happened anyway because that's been the success of Parent Company.

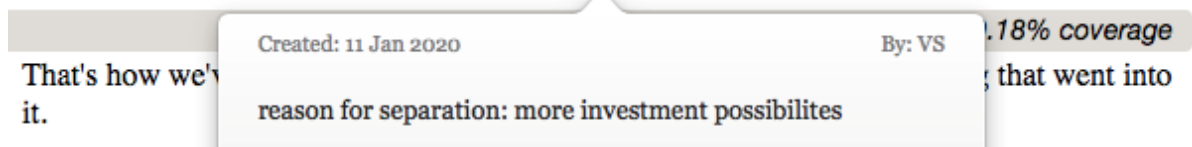


Figure 5: Screenshot showing an example of descriptive coding

In the secondary data analysis, the data was rearranged by themes, in a process called axial coding (Strauss & Corbin, 1998). Throughout this process, the initial codes were reviewed, compared, and, if necessary, split or merged. Through intent and iterated analysis, the most important aspects of each phase became apparent. In the last stage of coding, selective coding, I organized the data to connect the dots between the four temporal brackets and their inherent categories and the existing literature to best answer the proposed research question (Boeije, 2010). This allowed me to establish a meaningful structure to present my findings (see [Section 5](#)) and discuss their contribution to the existing literature (see [Section 6](#)). Once this structure was established, all interview transcripts were searched for words related to the categories and themes to ensure that no important information was left uncoded unintentionally.

## 4.4 Research Quality

As a researcher, one must constantly be concerned about the quality of one's research and the trustworthiness of the findings. This section will assess the strengths and weaknesses of the research methods selected for this study. While reliability and validity are the predominant quality criteria in quantitative research (Saunders et al., 2009), they are only limitedly applicable to the qualitative research conducted for this thesis. Many qualitative researchers argue that trustworthiness, measured through credibility, transferability, dependability, and confirmability, is a more fitting construct to assess qualitative research quality because this type of research is grounded on a different paradigmatic view (Guba, 1981; Lincoln & Guba, 1985). Sinkovics, Penz, and Ghauri (2009) argue that this holds particularly true for interview-based qualitative data. These concepts are closely related to validity and reliability, but their use is less dogmatic. Credibility refers to the plausibility of the findings; transferability assesses how applicable the findings can be in other settings; dependability revises whether the results can be recreated; and confirmability concerns the impartiality of the researcher

(Lincoln & Guba, 1985). In line with contemporary naturalistic research, I found that this thesis would benefit from gauging trustworthiness rather than validity and reliability.

#### **4.4.1 Credibility**

Credibility is aligned with the construct of internal validity in quantitative research, referring to the accuracy of the analysis in presenting the subjective reality experienced by the informants (Walle, 2015). To increase credibility during this research, follow-up questions were asked during the interviews to ensure the correct understanding of the informants' statements. To avoid misapprehension, important verbal tones, such as irony, laughter, and hesitation, were included in the interview transcripts. Moreover, field notes including important mimics and gestures were used alongside the transcripts to gain a more in-depth understanding. Furthermore, the findings were sent to the informants to assure that the way their quotes are used depicts their intended meaning. This process is known as participant validation (Saunders et al., 2009). The theoretical sampling further allowed for a diverse set of informants which contributed to the verification of the subjective points of view provided by the individual informants, thus increasing the credibility of the findings (Sinkovics et al., 2009). The fact that a PhD student and I independently analyzed the first set of interviews before comparing our results, a process called investigator triangulation (Korstjens & Moser, 2018), further strengthens the credibility of this research.

#### **4.4.2 Transferability**

The abductive approach that closely links data and theory allows for a constant verification of the empirical findings, thus improving their transferability to contexts outside the ones studied in this case. I thence do believe that the findings are applicable to other established firms that aim at using structural ambidexterity as an innovation strategy, and to other innovation units. It is, however, important to note that case studies are not intended to create statistically generalizable findings because due to their naturalistic nature, they take the specific context into account (Guba, 1981). To allow for transferability to other, similar contexts, it is, therefore, crucial to truly understand the setting this research was conducted in. A *thick description* (Geertz, 2008) of this thesis' research setting can thus be found in [section 3](#). Readers who wish to use the findings presented in this study to other contexts should examine their fittingness with this particular context.



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### **4.4.3 Dependability**

Dependability is the qualitative equivalent to reliability in quantitative research, referring to the tendency of the research to produce stable results when repeated on different occasions. It can thus be seen as a prerequisite for the other components resembling validity (Guba, 1981); if no dependability can be established, it will be impossible to achieve credibility and transferability. Dependability can be described as the consistency of the findings over time. Throughout this thesis, a thorough chain of evidence was created to allow other researchers to comprehend how the research was conducted. Critical feedback regarding the methodology was given by my supervisor in advance to achieve high quality in the data collection.

### **4.4.4 Confirmability**

The main conflict many qualitative researchers find themselves confronted with, is to find the right balance between intimacy and objectivity. While creating a familiar relationship with the informant can improve the quality of the data collected, it might also result in a bias, thus posing a threat to objectivity (Lincoln & Guba, 1985). Walle (2015) states that the mere awareness of this threat throughout the research process mitigates the associated risk, which is why particular caution was exercised.

During the interviews, leading questions were avoided to reduce interviewer bias (Saunders et al., 2009). To diminish interviewee bias due to fear of lack of confidentiality, on the other hand, the informants were informed about the procedure and their anonymity before starting the interviews. They were additionally given sufficient time to read through the detailed information provided on the consent form they had to sign.

In this thesis, nVivo was used as a computer-assisted qualitative data analysis software (CAQDAS). The use of CAQDAS enables researchers to systematically analyze large quantities of data. By making the process more transparent, this software also facilitates confirmability through external audits (Sinkovics et al., 2009).

### **4.4.5 Ethical Considerations**

Ethics ought to be considered throughout all stages of the research to ensure that no one experiences negative implications, such as shame, fear, financial disadvantages or pain. This concerns both the subjects of the study, in this case the interviewed employees, and other

people affected by the study. Research ethics are vital because of the permanence of the study, the fact that it might be referenced by other researchers, and that practitioners might follow its advice (Saunders et al., 2009). It is thus critical to keep the ethical principles in mind while designing the research. In the following, I will outline some measures I have undertaken to facilitate high ethical standards.

In terms of the interviewees, anonymity and confidentiality were secured. All audio files were deleted right after they were transcribed. By using pseudonyms in the transcriptions, backtracking to the individuals or the company was precluded. Moreover, the voluntary basis of participating in the study was highlighted so that anyone who felt uncomfortable could leave the study at any time.

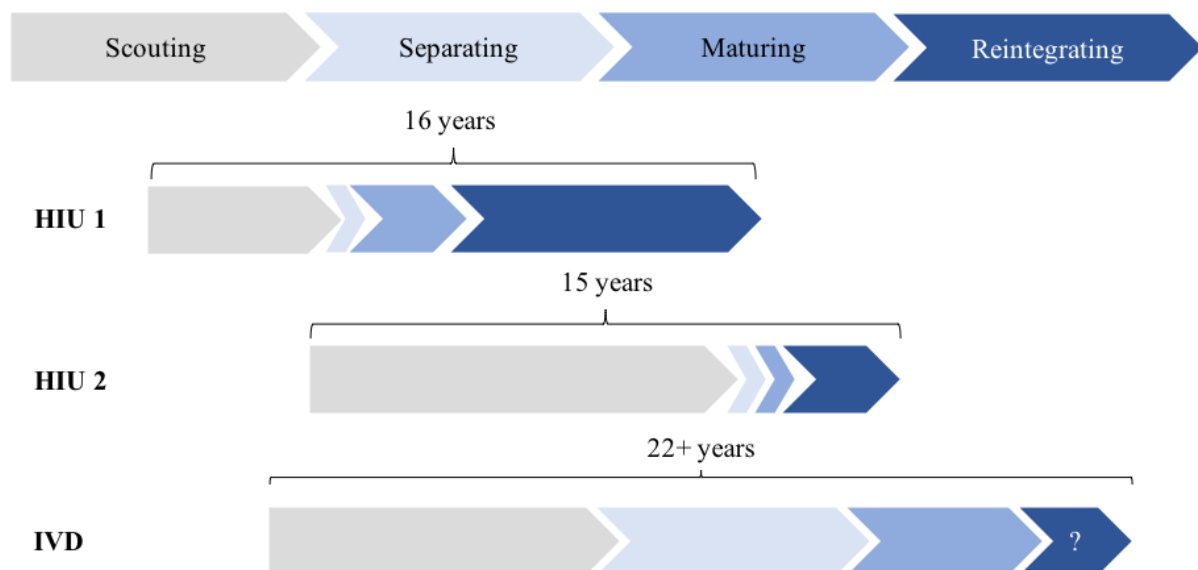
More generally speaking, the study was conducted and reported honestly, accurately and transparently. This assures that other researchers and recipients of the study can understand the applications and limitations of its findings. It furthermore allows for auditability by external parties.

## 5. Findings

*This section elaborates on this thesis' in-depth data analysis and the findings thereof. It thus provides an answer to the proposed research question of how innovation units in structurally ambidextrous firms evolve over time. Illustrative quotes are used to provide the reader with the most important details from the interviews and support my interpretations of the data. While drawing from data from all respondents for my analysis, to ensure the informants' anonymity, I will not indicate which of the informants the specific quotes are from.*

### 5.1 Innovation Process Model

To guide the reader and provide a comprehensive overview of the findings, the following model (see Figure 6) was inductively developed. It visualizes the temporal development of the three studied innovation units within Newspaper X Division; Historic Innovation Unit 1, Historic Innovation Unit 2, and Innovative Video Unit. While this is an abstract view, a more detailed version of the events can be found in [Figure 1](#).



*Figure 6: Innovation process model within Newspaper X Division, illustrating the four inductively developed phases scouting, separating, maturing, and reintegrating based on Historic Innovation Unit 1, Historic Innovation Unit 2, and Innovative Video Unit*

Based on my analysis, I identified four distinct, yet interrelated phases that these exploratory units underwent. During *scouting*, Newspaper X Division evaluated the relevance of the new technology for its future business, often through loose project structures within Newspaper X Division. The *separating* of viable technologies as separate exploratory units thereafter

allowed these units to develop independent processes and cultures while still being supported by Newspaper X Division. Throughout the *maturing* phase, the innovation units started to scale and ultimately financially broke even. This resulted in them requiring shifting their focus from pure exploration to a combination of exploration of new opportunities and exploitation of previously explored technologies. This was enabled by the culture they could build due to being separated from the established business' daily operations. As profitability was indicated as the main reason to look into bringing the exploratory unit back into Newspaper X Division, this marked the start of the *reintegration* phase.

As Figure 6 illustrates, the length of the different phases and the total innovation process varied greatly between the different innovation efforts. For example, the length from separation to reintegration in Historic Innovation Unit 1 was eleven years, in Historic Innovation Unit 2 four years, and in Innovative Video Unit it will be at least six years. Further, Newspaper X Division engaged in several innovation processes simultaneously. One can thus say that Newspaper X Division has developed a reoccurring innovation strategy that utilizes distinct structural configurations at different points in time. The findings suggest that this was, in fact, a crucial success factor as it allowed Newspaper X Division to strategically renew itself by incorporating the new technologies into its daily operations. In the following, each of the phases will be described in detail, illustrating their most important characteristics.

## 5.2 Scouting

Scouting refers to the process through which a company explores new technologies to evaluate their relevance and strategic importance for the future. It can thus be characterized as an exploratory activity, aiming at identifying trends that will enhance the current business model or constitute a completely new one.

To minimize risks and keep potential losses low, scouting often takes place in the form of loose structures or on the side. For example, when video content was first explored in Newspaper X Division, Innovative Video Unit was established as a project within Historic Innovation Unit 1 in 2001 before becoming a business unit in Newspaper X Division in 2007. This was at the time when Historic Innovation Unit 1 was reintegrated into Newspaper X Division.

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*In [2001] they decided they wanted to go into streaming media. So, there was this guy before me that had a project. He was working in Historic Innovation Unit 1 for one year with the project and starting off with the streaming part.*

*We rebranded to Innovative Video Unit in 2005 and as you can see there was not really growth here, we were just making videos, and some, two or three journalists, were having a camera with them and just making interviews and stuff like that. [...] And then, in 2007, we separated as a business unit [within Newspaper X Division].*

Their experiences with Historic Innovation Units have taught Newspaper X Division and Innovative Video Unit employees that it pays off to explore new technologies early on. The reasoning behind this is that determining these trends betimes provides the company with first-mover advantages. First-mover advantages refer to the benefits stemming from entering the market before competitors arise (Lieberman & Montgomery, 1988).

*Because that was the success with Historic Innovation Unit 2, we were the first site to get on the mobile site [...]. So I think that's one of the reasons why Newspaper X Division is the biggest news site on mobile – we were the first one and started early so people got in the habit of going on to our site and now we just maintain it by being the first with the news and product development. So, we're trying to keep that position but it's always important for us to be the first one, quickest learning as possible and just take it from there.*

*So, podcast [...], and when it comes to voice the same thing; we need to be where people are. And if it's the early stage, we need to experiment. And if it's getting bigger, then we are the first one.*

It is important to note that not all opportunities that are scouted end up being separated and explored further. This highlights the relevance of this phase of the process to separate the wheat from the chaff.

*We have a couple of new innovation initiatives that haven't worked that well that we might shut down.*

To do so, rigorous testing must be put in place. Trial and error thus constitutes an important characteristic of this process.

*So, for instance when the smartwatch came, maybe we tested small with that, just to see how it works. But we didn't go all in like we did now with voice because we were a little bit cautious to see if it's going to get big or not, but just testing some things just to see how it will work out. But we didn't get the indication that will be that big, so then we didn't go all in on that one.*

*You can come up with any idea. Probably no one will say no to it. You are allowed to test it out, give it a try, give it a shot. If it works, great, \*laughs\* if it doesn't, okay, find a new thing, a new idea.*

Scouting takes place both in Newspaper X Division, resulting in companies like Innovative Video Unit, and in Innovative Video Unit itself, resulting in several innovation initiatives like a Snapchat channel, podcasts, and a YouTube channel. It can thus be seen as a nested phenomenon within the ambidextrous firm. Some projects are pursued jointly, leveraging the forces and distinct capabilities each entity has.

*There have also been some projects which include both people from Innovative Video Unit and people from other parts of the company, from for instance internal development. And it's called actually "tip of the spear project" to really make formats like this for Newspaper X Division.*

*And then maybe we collaborate with other departments in Innovative Video Unit and Newspaper X Division, so as we go through the stages, putting more people, get the right expertise in and utilize the whole ecosystem in Newspaper X Division and Innovative Video Unit.*

## 5.3 Separating

Separating starts when the established firm has concluded that the new technology is indeed valuable for its future success, thus concluding the scouting phase. The key outcome of this phase is the establishment of a structurally separate unit tasked with exploring the applications of the innovation further. In the specific case of Newspaper X Division, innovative units were established as new units with a separate profit and loss statement but fully owned by Newspaper X Division. They were thus still dependent on Newspaper X Division, which will be discussed in more detail below. Further, the innovative units were only formally, not spatially separated by the rest of the established organization.

### 5.3.1 Reasons for Separating

The informants name two main reasons as for why Newspaper X Division separated Innovative Video Unit in 2014. While they represent Innovative Video Unit's perspective, an interview with Newspaper X Division's CEO conducted by my supervisor was used to verify these.

On the one hand, there were financial reasons for the separation. Establishing a separate unit with a distinct accounting structure allowed Newspaper X Division to make large investments

that are required to scale a new technology. Although investments in Innovative Video Unit will ultimately also hit Newspaper X Division's bottom line, having them in a separate unit makes them more visible and thus easier to explain to shareholders.

*You had to do some big investments and [...] you can't do those investments internally; you have to do them outside of the company. [...] I would say that's because [...] every time we try to do something in Newspaper X Division it hits our bottom line [...]. And even though Innovative Video Unit also does that [...] when you deliver the figures it's incorporated in those figures, it's kept consolidated. But still you can show: OK, with Innovative Video Unit we invested a hundred million. So that's why. And so you can sort of explain it to the market.*

*That's always how Media Corporation does it. It separates the company because you have a lot of investments that don't look good for the whole company to have a big minus. So, it's better that Innovative Video Unit has that for three or four years.*

On the other hand, the separation constituted a crucial boundary condition for Innovative Video Unit to be able to focus on innovation rather than daily operations. It was important that the new unit did not get bogged down with the existing business, but rather focused on innovation.

*When it's not established, then you need to be isolated and just do whatever just to not be distracted with everything else that's happening.*

*The reason why they started with different companies was to accelerate and having your own focus and not be disturbed.*

### 5.3.2 Effects of Separating

The perception of the separation of Innovative Video Unit among the employees is that it was just a formal process that did not change the way of working together.

*I think it is only the owner structure that it is a separation between Newspaper X Division and Innovative Video Unit. It's just formal.*

*Innovative Video Unit internally and Newspaper X Division, I think it's like nobody sort of thinks of it as a separate company.*

In part, the reason for this perception could be that the Innovative Video Unit staff had seen this procedure from other Newspaper X Division and Media Corporation ventures.

*The thing is when Innovative Video Unit was separated from Newspaper X Division, there was ... at least everybody knew that that's always how Media Corporation does it.*

Further, the separation only took place on paper, as Innovative Video Unit employees still sit in the same offices as their colleagues from Newspaper X Division. In other words, the separation was only formal, not spatial. Nevertheless, being a formally separate unit allowed the employees to develop their own culture.

*So, it's more a technicality, but still, it's important ... As you saw we're very connected. [...] Everyone sits with everyone, but still, people have an Innovative Video Unit identity. So, there's a balance there.*

Moreover, the separate finances that came with the separation allowed Innovative Video Unit to increase its speed and make decisions more autonomously.

*So, in the beginning when I started [in 2007], we were just part of the overall prioritization of Newspaper X Division. At every meeting we had to fight for our right or fight for the resources. But then we saw that this wasn't giving us enough speed, it took much time and it was extremely important that that was prioritized. So, then we had our separate team.*

## 5.4 Maturing

The maturing phase is characterized by the exploratory unit scaling up and slowly becoming more efficient in its operations. While the autonomy-integration and exploration-exploitation dilemmas have been widely discussed in the literature on structural ambidexterity (see for example O'Reilly and Tushman (2013)), their development over time remained unclear. I find that as time goes by, the relations between autonomy and integration and exploration and exploitation are reversed as the influence on the established firm increases. In the following, I will describe these developments in greater detail.

### 5.4.1 Autonomy vs. Integration

In the beginning of this phase, Innovative Video Unit was growing organically and had a high degree of autonomy. This allowed the employees to focus on exploratory activities and test new technologies, distribution channels, and forms of content, thence learning by doing.

*From 2008 to 2013, we were building rock by rock.*

*We had no rules – just experiment. I used to say to CEO "we have to try everything now before the top-level guys in Media Corporation discover web TV and want to interfere in what we do, so let's just experiment with all kinds of genres and use this as a learning platform."*



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As time went by, however, Media Corporation started to get involved and made a key strategic decision for Innovative Video Unit; to start a linear TV channel in 2014. Their investment allowed Innovative Video Unit to scale their operations considerably.

*Media Corporation had become more involved in our operations, and there were discussions around starting up a linear news channel. [...] We hired a lot of people and kind of made that step up in terms of having a fundament where you can actually compete with Competitor 1 and Competitor 2 on breaking news.*

Soon, it became apparent that the peak times of linear TV had already passed, but Innovative Video Unit has kept the linear channel nonetheless because its profits allow Innovative Video Unit to explore other innovations. This required Innovative Video Unit to use some of their resources for exploitative, rather than exploratory activities.

*We're still generating some income from the linear channel. It's a few millions a year actually. So as long it is making money, we will probably have it. But we're not spending much on the linear channel itself. We will take care of it, nurse it, and then let it die on its own \*laughs\*.*

*So, we've invested heavily in people but also infrastructure, equipment, technology. So [starting a linear TV] had a huge boost on Innovative Video Unit. So, I think it was a crazy decision to do it and it was a bad decision, poorly planned out. But if we hadn't done it, then we wouldn't have become what we are.*

The informants state that they are not completely autonomous in their decision-making because they have to keep Newspaper X Division's goals in mind. This interdependence requires integration mechanisms which in turn limit the unit's autonomy.

*And since we are a part of Newspaper X Division, news will always be important. So, if we were totally an independent company, it's not necessarily that we would maybe have the same prioritization to cover the election in Sweden for instance. But since we are part of Newspaper X Division, we'll have to always balance what we're going to deliver to the main company.*

*We're kind of an autonomous organization inside the organization. But of course, the stuff we do on the product side affects the Newspaper X Division products. And then we try to sync with the Newspaper X Division development team since they have the development responsibility for Newspaper X Division.*

Nevertheless, the informants do not see this as a negative thing; they realize that it is a necessity for them to contribute to the whole if they want to reap the benefits of belonging to Newspaper X Division. In other words, the unit needs to trade in autonomy for access to critical resources and capabilities from the established firm.

*When you maintain that autonomy, that's what I try to tell my people, you have to think of the bigger picture because if you go too autonomous, and you can succeed on that, but then they will clip your wings at some point.*

*So, it's a lot of lobbying and selling internally to get some prioritization but if you manage it you will get better things happening rather than just being on your own.*

Indeed, the level of collaboration between Newspaper X Division and Innovative Video Unit has intensified recently, allowing Innovative Video Unit to get more support from Newspaper X Division in times of high workload. The following quote also highlights the importance of the human factor in the collaboration between the exploratory unit and the established firm.

*So that shifted a lot last year. Earlier we had nearly no collaboration at all. We did our own thing and [Newspaper X Division developers] did their thing. But then they got a new Project Manager. They restructured the teams. Now we have a much, much tighter collaboration with them. So, if we have some big projects, we can get some of their resources joining in with our team. So, it has improved a lot.*

One example of an integration mechanism that emerged in the maturing phase is having regular shared meetings, which allows for knowledge sharing across the two units. These focus on the editorial development of Newspaper X Division.

*This is every day at 10:45, and then the editor of Newspaper X Division or the news editor has 15 minutes with what has been good and what has been bad during the weekend or the day before or the last couple of days. [...] And then people come down from all of Newspaper X Division, both marketing people, and developers, and journalists, everyone really who has the time listens to what he has to say, and he asks some questions.*

*We have something called "bollemøte" every Friday at 2 o'clock. So then people come and tell "there was a new thing." People give out some experience or whatever. So, we try to share that experience with people.*

Another factor that has influenced Innovative Video Unit in the phase of maturing was Newspaper X Division's and Media Corporation's economic wellbeing. Due to Innovative Video Unit's dependency on funding, their scaling attempts were limited by the resources they received.

*Since Newspaper X Division also had a poor economy back in the days, then some people were laid off.*

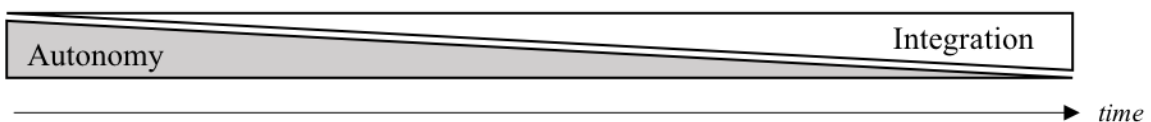
*Our problem is that it is easier when things are great in the mother company. Because then if we lost a million or two, it didn't really matter. Now I think it matters more.*

Since Innovative Video Unit broke even in 2019, their economics are self-sufficient. Nevertheless, they are still part of the Media Corporation and Newspaper X Division ecosystem, which results in slower processes. Hence a third factor that increasingly influenced the Innovative Video Unit was corporate politics.

*It's not about the money at all [anymore], we have the money. But it's politics. So, the politics are slowing down the innovation pace actually. And that's crazy \*laughs\*.*

*And that has been the problem with product and tech in Holding Company because they always are "this is not in our budget for this quarter, we have to do it next quarter." And that's not how the world works.*

To sum it up, while Innovative Video Unit was allowed a high degree of autonomy in the beginning to develop away from Newspaper X Division and Media Corporation's fixed processes and mindsets, the integration processes between the units have increased over the years as Innovative Video Unit matured (see Figure 7). Integration mechanisms that emerged between the innovative unit and the rest of the established firm (including headquarters) in the maturing phase include increased involvement in decision making, increased collaboration, shared meetings, as well as financial and economic interdependencies.



*Figure 7: Autonomy and integration dilemma over time: Closer integration between Newspaper X Division and Innovative Video Unit comes at the expense of decreased autonomy for Innovative Video Unit*

### 5.4.2 Exploration vs. Exploitation

Just as the ratio between autonomy and integration, the dynamics between exploration and exploitation have changed throughout the maturation phase. This requires Innovative Video Unit to create a context that enables its employees to switch between innovation- and maintenance-related tasks. In other words, the unit, which was initially structurally separated with an innovation purpose, is required to become contextually ambidextrous to cater for the emerging exploitation-exploration paradox.

Originally established as an innovation unit for video content by Newspaper X Division in 2014, Innovative Video Unit has become more than that; they now contribute to Newspaper X Division's goal to reach a younger demographic.

*If you take the TV out of Innovative Video Unit, it's about visual storytelling. It's about how to tell stories in a more compelling way for a younger generation.*

*Innovative Video Unit is used as a kind of innovation hub in Newspaper X Division.*

*It is our mandate to research and develop on [finding new ways to reach the younger audience] all of the time.*

To comply with its aspirations, Innovative Video Unit started its own scouting processes to find new technologies and distribution channels worthwhile implementing. Thus, Innovative Video Unit engaged in several innovation initiatives that led to new distribution channels, such as Snapchat Discovery, YouTube, or podcasts.

*"OK, let's do something new every six months". So now we have a YouTube channel – what's next? Let's have a podcast. Okay, now we have a podcast – what's next? Let's try a live show. Okay, now we have a live show – what's next? Let's go on tour, not just in Oslo. Okay, now we've been on tour – what's next? Snapchat is blowing up, let's make a Snap show. We kind of just added stuff.*

Snapchat has been particularly successful. Thus, Innovative Video Unit has intensified the integration mechanisms to help to renew Innovative Video Unit's approach of storytelling.

*That's our main focus: to learn how to bring all the success from Snapchat and bring it back to the rest of Innovative Video Unit.*

*All the experience that we got from Snapchat we put them also into the site.*

Over the years, Innovative Video Unit has built a strong innovation culture. According to the informants, this characteristic is linked to the fact that Innovative Video Unit employees are much younger than the average employee in Newspaper X Division. This facilitates learning in Innovative Video Unit.

*In Newspaper X Division you have more people who have worked here for many, many years and it's tougher to teach them something new than it is for us where half of the staff is in their 20s and ready to learn as much as they can. So that's a big advantage that we got: they're not that experienced but on the other side they're very eager to learn things and do new stuff and develop themselves.*

*We have young people that are open-minded, they are not that skeptical to do new stuff.*

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Moreover, there is a strong collaboration culture in Innovative Video Unit, which is enabled by common goals and the unit's smaller size.

*We have all these different areas of working really close together; development, ads or sales, editorial ... Much closer than in Newspaper X Division because it's much, much bigger.*

*It's better cooperation and more common goals [than in Newspaper X Division].*

As a further driver of innovation culture within Innovative Video Unit, informants mention highlighting achievements. This is done regularly through team meetings, where best practices and the newest developments are shown to all employees. This keeps all employees on the same page and increases the motivation and ownership within the team.

*So, making visible accomplishments, that's one way to make people proud of their accomplishments and getting noticed and having it visible in the company so they know what they have done is valuable.*

*So that's a mix of getting information of what's happening so you feel something is happening all the time and get informed from different areas. But at the same time making visible the good accomplishments, people get happy for that.*

Informants further state that daring to fail is another important aspect of Innovative Video Unit's culture that was established early on. This is crucial as it facilitates innovativeness by lowering the barriers to share ideas.

*I think it's the culture [...] that it's okay to fail. I think that's the most important ingredient in innovation.*

*And once a year we have a Christmas table where we have an award show \*laughs\*. Not just the best accomplishments but we also have the most embarrassing thing that happened within the company. [...] It's like making it fun. It's okay to make mistakes.*

However, the informants acknowledge that with increasing size, it is getting more demanding to keep the innovation culture up. This is because a higher number of employees requires a higher degree of organization to link the individual capabilities.

*To keep that culture of innovation and the pace and ownership, to keep that is really important, I think. But now we're 69 people, so it's getting more and more challenging.*

*There's a lot of new people in the core team and now it's more of a business, it's not the same startup feeling, not the same underdog feeling that we had back then. So, I'm at the impression that it's not putting that much extra effort, extra hours now compared to back in 2014.*

But it is not just the size that is changing the working conditions for employees within Innovative Video Unit; it is also the nature of the tasks. In the beginning, the separation from Newspaper X Division enabled Innovative Video Unit to start without legacy.

*We could start from scratch in the new century \*laughs\* but not bringing on the things from the 80s \*laughs\*.*

After a while, however, the previously explored technologies and distribution channels, such as Snapchat and podcasts, needed to be exploited to fulfill Newspaper X Division's increasing expectations in terms of financial independence. As the overall workload has increased due to the additional innovations that need to be maintained, Innovative Video Unit's capacity for innovation has decreased (see Figure 8). That is normal as resources, both human and financial, are scarce. One can thus argue that as the unit matures and is required to become more exploitative, the need for and the benefits of integration mechanisms with the established firm increase (see [Section 5.4.1](#)).

*There are more systems, so there has to be more maintenance. So that's why we got one more guy in as well. But compared to Competitor 1's technical department, which is 250 people only here in Oslo, I feel like we're a little bit understaffed.*

*We're sometimes struggling with the innovation because of the maintenance we have to do. Since we're such a small team we are fragile. When stuff happens, you have to put development or innovation processes on hold and do the maintenance tasks. We often get these breaks and it always takes some time when you have to pick up where you left off ... So the process takes much longer time than it should.*

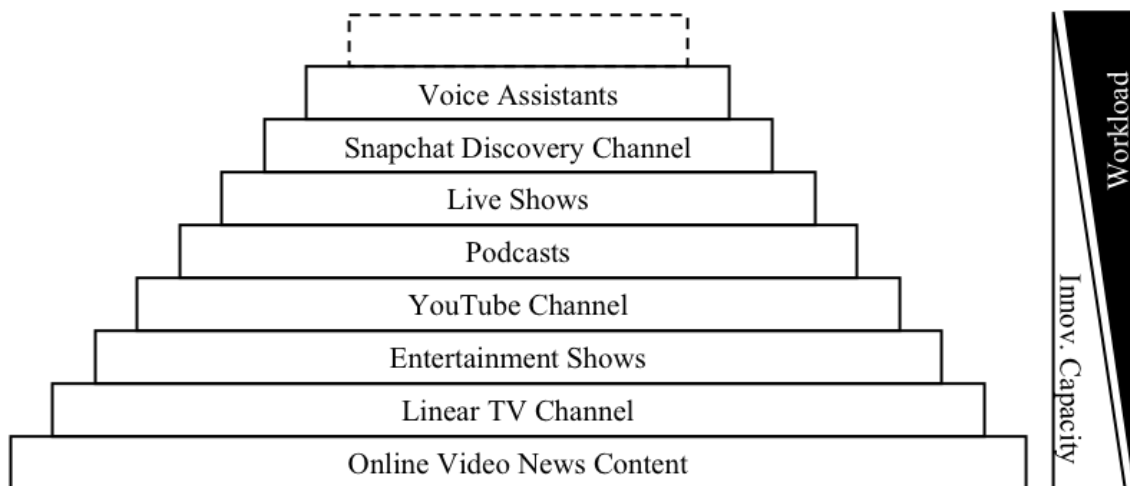


Figure 8: Maturation pyramid in Innovative Video Unit: As more innovations are explored, the overall workload increases, limiting the innovation capacity

The informants indicate that while switching between the two tasks, i.e. maintaining and innovating, can be challenging, they have created a context that allows them to deploy resources and employees flexibly, thence fostering innovation while also taking care of refining existing products.

*In my head, there's a long roadmap of things that I really want to do. But we're only three in the department and there's loads of systems, so you're always thrown around between different issues that need to be solved.*

*We need to juggle with what's important now, where do we need more people, we need more focus here – then we have the opportunity to.*

The main driver for this is that Innovative Video Unit employees are generalists with a diverse skillset. This enables them to swiftly switch between different tasks, making Innovative Video Unit very agile.

*We have washed away all the titles, we don't have anyone that's just in front of the camera; we have a set of technicians, but otherwise we have just video journalists that are able to do everything, from behind the camera, in front of the camera, producing the live shows. And we are more flexible that way.*

*You need people who can do all sorts of jobs. And that's the thing why Innovative Video Unit is a little bit different; because the VJs [video journalists], they're journalists, they're editing, they're doing sound, they're doing all sorts of things. You need to be capable of doing more of the jobs, that's the way it's moving on.*

One informant points out that this capability to balance exploration and exploitation was not given in the beginning. This suggests that Innovative Video Unit had to develop this capacity over time out of necessity.

*You have to be able to do innovate and not just adapt solutions, trying to keep that balance. It's really, really important because we didn't manage to for like two years.*

A potential alternative to becoming contextually ambidextrous, i.e. handling the exploitation-exploration paradox on an individual level within the unit, would be to further increase the functional differentiation of Innovative Video Unit. One informant suggests that the department could for example leave the exploitation of the new technologies to the established firm to keep the main focus on innovation.

*Ideally, I would wish that we could hand over more stuff than we do right now and be more of an innovation department than we are.*

### **5.4.3 Influence on Newspaper X Division**

As Innovative Video Unit was built to explore new opportunities of video content production for Newspaper X Division, the employees are aware of their task to contribute to a greater good with their work. This highlights the boundaries for the unit's autonomy; its goal is not to explore completely unrelated business opportunities, but rather complementary ones that can be integrated with Newspaper X Division's operations.

*It's like, we call it "entrepreneurial division", doing new stuff, testing stuff. We're working constantly on making new products that Newspaper X Division then later can use.*

*I think that our next possibility in terms of developing ourselves is to create premium content that we can put behind the paywall for Newspaper X Division. Then we can help Newspaper X Division's mission about bringing up the subscribers of Newspaper X Division Plus.*

Additionally, video content has become more important in the media industry, making Innovative Video Unit's expertise and capabilities all the more valuable for Newspaper X Division's future development. That holds particularly true for attracting young users.

*I think that digital journalism is moving towards live pictures, towards digital storytelling and stuff like that. So, I think the competence we have in Innovative Video Unit is going to be a great resource for Newspaper X Division in the long term.*

*Because what we are doing is that we're bringing a young audience to the Newspaper X Division brand. And we're doing it quite well.*

In line with that, Innovative Video Unit employees have observed that the perception Newspaper X Division has of their work has improved over time. This is a sign of legitimacy



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and allows Innovative Video Unit to exert a certain level of influence on Newspaper X Division.

*Innovative Video Unit is doing a lot of things right, so if there is something you're discussing that is kind of in our field, I think we are more listened to because they know that we provide what they want \*laughs\*.*

*Suddenly we get mails "could you edit this?" and they filmed themselves because they think this story is a good TV story. So, I think a lot of things have happened in the last three years in terms of who wants to work with us.*

## 5.5 Reintegrating

Reintegrating refers to the phase of the process in which the established firm sees a bigger benefit in bringing the exploratory unit back and integrating it within the established firm. The main reasons are to leverage synergies and to use newly developed capabilities for strategic renewal of the established firm. To successfully reintegrate, it is crucial to mitigate the employees' resistance towards the transformation.

While reintegration was on the employees' minds from the beginning of their operations due to their experience with several Historic Innovation Units, the topic only really came to the fore between our first and second round of interviews. A project looking into the effects of a potential reintegration was initiated by Newspaper X Division and is headed by Innovative Video Unit's CEO.

*The topic of integrating, it's on the agenda.*

*We have this pre-project right now looking into the cons and pros if we should remain a separate company [within Newspaper X Division] or we should integrate right now.*

While the actual reintegration has not begun at the time of my research, Newspaper X Division has started a pilot by merging the sports section of Newspaper X Division and Innovative Video Unit. While one informant believes that it is going well, it is uncertain whether the same success can be expected for other parts of Innovative Video Unit upon reintegration as the ways of working are substantially different.

*For the sports section we've gone a bit more hybrid. They are still part of Innovative Video Unit but they're a merged department, so they have TV people and sports journalists, everyone working together. Even though half of them are actually employed in Innovative Video Unit. [...] And it works on sports but it's a bit more difficult to see it work in the news department because everyone works on the same thing. It's a complex picture.*

### **5.5.1 Prerequisites for Successful Reintegration**

The informants indicate that the fact that Innovative Video Unit has now reached financial break-even makes Newspaper X Division consider their reintegration, as this was the time when the Historic Innovation Units were brought back into the established firm. Newspaper X Division's CEO confirmed that the financial wellbeing and size are indeed the primary indicators for Newspaper X Division to contemplate the reintegration of a previously separated exploratory unit. At the point of this study, there are approximately 80 employees in Innovative Video Unit.

*And now we've grown, we are on the plus side, that's the time when they reintegrate at some point anyway, that's happened to a lot of the Media Corporation companies.*

*But then [Historic Innovation Unit 1] was too big to have it as a separate company. And it was very successful economically, so there was no sense to have that extra focus. And the same with Historic Innovation Unit 2.*

However, the timeframe between break-even and reintegration was different in length; for Historic Innovation Unit 1 it was eight years (2003-2011), while it was only three years for Historic Innovation Unit 2 (2011-2014). This indicates that the finances are not the only variable that influences the timing of the reintegration. Financially breaking even should thus be seen as a necessary but not sufficient condition for reintegration.

In their answers, the informants mobilize the positive experiences with the reintegration of Historic Innovation Units when drawing conclusions towards the question whether Innovative Video Unit should be reintegrated into Newspaper X Division.

*I think [separating and then reintegrating] is sort of the Newspaper X Division way of doing it. So that's why everyone believes it should be done [with Innovative Video Unit] at some point.*

*I think that was the way they did it before and that they have a lot of success stories on that.*

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The positive appraisal of the historic reintegration process thus seems to have resulted in a certain level of change capacity within the unit. As pointed out in my literature review (see [Section 2.4](#)), change capacity can mitigate the resistance towards change processes such as integration. It enables the employees within the Innovative Video Unit to see the bigger picture, i.e. the potential benefit of a reintegration for Newspaper X Division. Nevertheless, there is a disconnect between the generally positive appraisal of historic integrational processes and the employees' assessment of the value of the reintegration of Innovative Video Unit.

*[Editor] actually led the integration process [of the editorial departments in Historic Innovation Unit 1 and Newspaper X Division] in 2013. And he believes it was a success. But now he's the most passionate against integration [of Innovative Video Unit] right now.*

This disconnect suggests that the employees cannot free themselves of a certain bias when evaluating their own situation rather than the general benefit of reintegrating for Newspaper X Division. This protective behavior is to be expected; literature on change management and M&As connotes that resistance is a common security mechanism. The employees' resistance becomes apparent as they express their concern about the impact of the reintegration on innovativeness within the firm.

*We need to have the mothership [Newspaper X Division] [...] go faster. So, what's the best way to do that? Is that to integrate those small speedboats [exploratory units] and try to push the whole thing? Or is the risk of integrating those speedboats that you will lack the pace and then in 2025 we will be at the 2022 level instead of having some parts at the 2025 level?*

*So, the question right now is: Should we integrate the companies right now? And what should be done to both increase the competence of the whole organization but also to keep up the pace in innovation and storytelling?*

While the Innovative Video Unit employees are certain that their department will be reintegrated at some point, the informants state that they believe that now is not the right time because Innovative Video Unit has not reached a big enough scale to have a significant impact in Newspaper X Division. Nevertheless, this could also be a technique to postpone the change to avoid having to deal with it right now.

*I think it's a little bit too early for Innovative Video Unit to kind of have the stamp on the rest of the organization.*

*You have some people that are coming from the [established firm], which are really like "we need to integrate now". And then we have the people working on my side which are more like "nah, it's too early, we need to have that autonomy here because there's so much growth, so it's too big of a risk to change the culture right now."*

*I think maybe it's a little bit too early to make that integration because there's a risk that we will be swallowed. And if we get like four or five more years to grow as a business in Innovative Video Unit, we would be more on the equal footing. Because I think that eventually we will connect the two. But Historic Innovation Unit 1 [was] [...] bigger in terms of numbers of staff and stuff like that [when they were reintegrated] than Innovative Video Unit is at the moment.*

A learning from the historical reintegration processes is that deploying managers from the exploratory unit in the established firm can facilitate the integration between the units and mitigate the associated risks of limited impact. In the case of Historic Innovation Unit 1, the managing director of the former innovation division became the Newspaper X Division CEO and was thus able to drive Newspaper X Division's development and strategic renewal more effectively. This enabled to leverage the newly gained capabilities on the group level.

*Ex Newspaper X Division CEO used to run Historic Innovation Unit 1, he was put in as boss of Newspaper X Division and then they connected the two. So basically [...] it was not Newspaper X Division that took Historic Innovation Unit 1, it was maybe Historic Innovation Unit 1 that took Newspaper X Division \*laughs\*.*

### **5.5.2 Potential for Strategic Renewal of the Established Firm**

The informants could see two main benefits from reintegrating Innovative Video Unit into Newspaper X Division: the potential to leverage synergies and to strategically renew Newspaper X Division. Leveraging synergies refers to generating higher value or lowering costs by integrating two units and is thus closely related to efficiency (Devos, Kadapakkam, & Krishnamurthy, 2009). As Innovative Video Unit video journalists often cover the same stories as Newspaper X Division reporters, this constitutes unnecessary double efforts.

*Why should you have two organizations doing the same things? Because, you know, you're actually making the same product, it's just two different formats.*

*There's potential to be working more efficiently. So definitely in that term there are upsides of integrating because then you would have other structures.*

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The informants also acknowledge that the current structures do not encourage Newspaper X Division journalists to change their way of working and acquire more visual storytelling capabilities as the responsibility lies with the separate unit, Innovative Video Unit.

*You have a news organization which doesn't care about video bits because someone else is taking care of video. So, they don't have the incentives, or they don't think about it enough, so they're not forced to develop their own nor leadership nor actions on becoming more visual, because there's another group that takes that part.*

Thence, developing the capabilities outside the core firm and providing it with content is insufficient in the long run. This can be related back to the initial goal Newspaper X Division had in mind when establishing an exploratory unit: to secure its long-term survival through developing new capabilities. Indeed, these inefficiencies can only be resolved through enabling employees in the established firm to leverage the new ways of working the innovation unit has explored. This is in line with the fact that the informants indicate that there is a need for the employees in the established firm to change their mindset towards thinking more visually.

*I think that we have to acknowledge that [Newspaper X Division has] a staff of 300 people and they're going to be there for a long time. And some have other competences than others, but I think the vast majority should at least think in a more modern way of presenting and producing content. So, there's definitely a need for that cultural shift.*

*We need to take Newspaper X Division to have more visual storytelling focus, more visual presentation, more focus on young users. While of course, you know, catering for the old target group as well.*

Reintegrating Innovative Video Unit could dilute the existing barriers and trigger journalists from the established firm to broaden their horizons and update their skill set according to altered demands. Experience with the Historic Innovation Units demonstrated that reintegration can, in fact, facilitate strategic renewal by providing the established firm with new capabilities. The informants' perception of the historical reintegration processes is thus generally positive.

*And people on the print side, they need to work more digital, right? So that was the main goal [of integrating Historic Innovation Unit 1] and I would say that that worked.*

*I think that was the right way to do it, bring Historic Innovation Unit 1 back in and then start to turn the organization around to think digitally.*

Nevertheless, history has also taught Innovative Video Unit employees that the innovation unit's impact on the established firm's innovativeness through reintegration is only transient. The informants argue that this means that the process needs to be traversed again and again to foster continuous renewal of the established firm.

*We got everyone to the same level [when Historic Innovation Unit 1 was reintegrated] but then the pace slowed. So that's why we're discussing it again. To have another integration to increase the pace. What should then be the new speedboats?*

*You got the whole company up to [2011] level when [Historic Innovation Unit 1] integrated. So, everyone came up to that level but then the pace slowed because then you had so many people, you know, older people, people lacking the competence or lacking the interest ... So you didn't have that spearhead organization that really drove the innovation. So, I would say that for the mothership, the pace has slowed. But then [...] they spun off Innovative Video Unit so they could continue that pace.*

To sum it up, reintegrating the innovative unit can contribute to strategic renewal of the established firm. Prerequisites are financial stability and a level of change capacity that can, to a certain degree, mitigate the resistance usually associated with integrations. At the time of this research, it is not possible to assess the level of resistance employees will exhibit once the reintegration of Innovative Video Unit is actually announced. Due to their generally positive attitude towards the historic reintegration processes and their understanding of the potential benefits for Newspaper X Division, I would, however, expect them to cooperate. Nevertheless, one can anticipate that they will try to hold on to their work style, which can prove to be beneficial in renewing the established firm's way of working and capabilities. This means resistance towards reintegration can be alleviated, but not completely eliminated through the mobilization of historic successes.

## 6. Discussion

*This section discusses my empirical findings in relation to existing literature. I draw on my empirical analysis and synthesize with my literature review. The most important findings will be outlined alongside the predominant views in ambidexterity research to highlight their contribution, discrepancies, or clarifications.*

This thesis explores how exploratory units within structurally ambidextrous firms evolve over time and contribute to the established firm's innovation efforts. An exploratory unit within an established firm is used as the focus point and two historic innovation units from the established firm are used to validate the findings. Several interesting findings are worth discussing in relation to existing ambidexterity literature.

Figure 9 presents my main findings in an aggregated manner. As a result of one of the few process studies in the ambidexterity research to date, it visualizes the four different phases, namely scouting, separating, maturing, and reintegrating, innovation units within structurally ambidextrous established firms undergo over time. This model was inductively developed based on my analysis of the case of Innovative Video Unit within Newspaper X Division. The model highlights that ambidexterity is not a one-off decision, but a dynamic process that requires a series of different structural configurations over time. Moreover, it shows how the two prevailing dilemmas, namely exploration-exploitation and autonomy-integration evolve as time goes by.

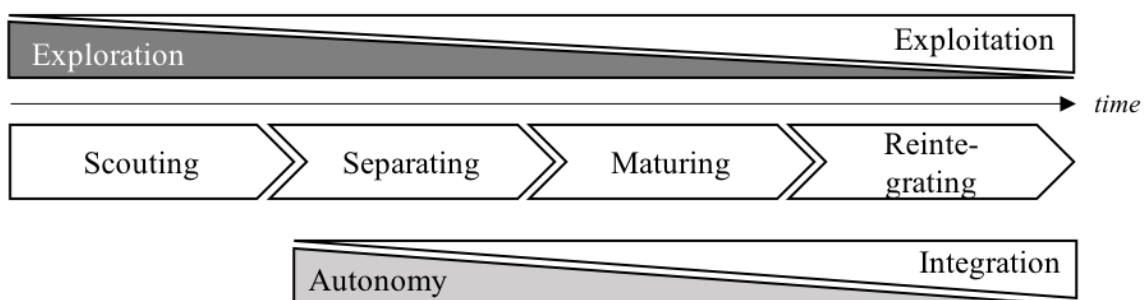


Figure 9: Innovation process model

On the micro level, from the innovation unit's perspective, four distinct, yet interrelated phases are traversed: scouting, separating, maturing, and reintegrating. During *scouting*, the established firm evaluates the relevance and strategic importance of a new technology in the form of project structures and through experimentation. Once an innovation's future viability has been confirmed, *separating* starts to allow the exploratory unit to develop itself without

interference from the established processes and cultures. This part of the process is in line with the prevailing literature on structural ambidexterity (O'Reilly & Tushman, 2016). After a while, the innovation unit will start *maturing*, a phase characterized by the necessity to develop capabilities that allow the exploratory unit to handle the paradox between exploiting previously explored technologies while exploring new ones. Lastly, *reintegrating* will start once the exploratory unit has become successful in leveraging synergies and contributing to the established firm's strategic renewal. Depending on the development, the length of the phases varies within and across different innovation efforts.

My findings are in line with Friesl et al. (2019), Markides and Charitou (2004), and Siggelkow and Levinthal (2003) who ascertain that separating and later reintegrating innovation units with high strategic relatedness is necessary to reap the benefits of structural ambidexterity. In addition to their findings, I show the importance of pre-separation scouting and post-separation/pre-reintegration maturing, thus enhancing the understanding of the innovation process. Further, although the established firm undergoes cycles of this innovation process and changes the structure accordingly, I argue that this enables the firm to simultaneously, rather than sequentially, achieve exploration and exploitation. That is an important differentiation criterion towards sequential ambidexterity (see for example Birkinshaw et al. (2016) and Simsek (2009)) in which the established firm itself switches its focus from exploitation to exploration and vice versa as time goes by.

My findings counter the predominant view in ambidexterity literature that presents structural and contextual ambidexterity as two distinct configuration modes (Birkinshaw & Gibson, 2004; Birkinshaw et al., 2016; Markides, 2013; Röglinger et al., 2018). In fact, I argue that they simply reflect ambidexterity at a different point in time; while structural ambidexterity allows the emergence of an exploration unit from within established firms, this unit later needs to take on exploitative tasks as it matures, thus required to become contextually ambidextrous. Contextual ambidexterity enables employees in the exploratory unit to handle the paradox between exploration (i.e. own scouting processes) and exploitation (i.e. maintenance of existing technologies). In accordance with what Birkinshaw and Gibson (2004) proposed, I observe that this indeed requires the employees to be generalists so they can switch between the conflicting demands. It is important to point out that the culture required for the innovation unit to become contextually ambidextrous while maturing was in part enabled by the preceding phase, separation. This confirms and complements the findings of previous research on structural ambidexterity which highlights the necessity of isolation for the emergence of an



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independent culture that fosters innovation (O'Reilly & Tushman, 2016; Raisch et al., 2009). The change from structural to contextual ambidexterity on the unit level also entails that the ratio between exploratory and exploitative tasks reverses and the innovation unit becomes less and less innovative, limited by the available human and financial resources. Thus, the exploratory unit is required to change its focus from just exploration to both exploration and exploitation, which constitutes a significant leadership challenge and requires a change in culture and values.

On the macro level, from the structurally ambidextrous firm's perspective, several of these scouting-separating-maturing-reintegrating processes can occur simultaneously. I argue that this is, in fact, essential to reap the benefits of structural ambidexterity in the long run, as the maturation of each innovation unit limits its innovativeness, and new impulses are thus required to secure the established firm's long-term innovativeness. My findings thus suggest that ambidexterity is an unfolding and evolving innovation strategy rather than a static one-time decision. This confirms Zimmermann et al. (2018)'s notion that ambidexterity is an agile process shaping the organizational context. It further expands the prevalent view of structural ambidexterity which suggests that companies can handle the innovation paradox by having two distinct divisions, one tasked with exploitation and one with exploration. I argue that erecting an exploratory unit is insufficient to achieve sustaining ambidexterity (this supports (Raisch, 2008)) because this unit is bound to become contextually ambidextrous over time, at best, and simply exploitative at worst due to the accumulating legacy of previous explorations. This highlights the importance of change capacity within the established firm to launch several ambidexterity processes to get a virtuous cycle going. The iterative nature of this process supports the findings of Friesl et al. (2019)'s recent study on strategic renewal through structural ambidexterity.

In line with literature on change management (Heckmann et al., 2016; Stensaker & Meyer, 2011), a positive appraisal of historic innovation processes has shown to be an antecedent of change capacity for subsequent innovations. Organizational change capacity can thus be seen as a *sine qua non* for maintaining ambidexterity over a sustained period of time. This highlights the importance of communication of successes to employees within the established firm to facilitate future exploration processes. Further, it suggests that employees who have experienced previous scouting-separating-maturing-reintegrating processes are a valuable resource worth retaining. My study further indicates that awareness of this iterative process within the organization can mitigate the resistance towards the reintegration from the

innovation unit's perspective — to a certain extent. This poses a new insight towards the much discussed challenge of integration vs. autonomy (Colman & Lunnan, 2011; Jansen et al., 2009; O'Reilly & Tushman, 2016; Raisch et al., 2009). While the employees want to contribute to the strategic renewal of the established firm, they are still protective of their way of working and fear losing their innovativeness. The presence of defense mechanisms, while mitigated by the historic experiences, complies with literature on change management. Interestingly, my findings suggest, contrary to Empson (2001) study of mergers, that employees in exploratory divisions are willing to share their knowledge with the established organization as they perceive their contribution as their *raison d'être*. A reason for this could be the strategic link and the integration mechanisms that are established between the focal firm and the innovation unit from the beginning. In line with Colman and Lunnan (2011), the remaining resistance could be beneficial to the established firm because it can ensure that employees from the exploratory division insist on passing on their ways of working to the staff in the established firm.

With regard to the autonomy-integration dilemma, my study suggests that as time goes by, integration mechanisms between the established firm and the exploratory unit increase and the innovation division's autonomy decreases. This is in line with O'Reilly and Tushman (2016). From the perspective of the exploratory division, this results in a bigger scale and more resources but also increased politics and slower decision-making processes over time. These findings enrich the understanding of the autonomy-integration dilemma by confirming the potential negative externalities related to high levels of integration pointed out by Burgers and Covin (2016). I find that integration mechanisms go beyond linking the two distinct units by ultimately resolving the borders between the established firm and the innovation unit altogether. Thus, my findings extend the ambidexterity literature that has only recently begun to explore the temporal aspect of structural ambidexterity (see for example Friesl et al. (2019)).

While some researchers have lately pointed towards the potential benefits of reintegration of the previously separated innovation unit (Friesl et al., 2019; Khanagha et al., 2014; Siggelkow & Levinthal, 2003), namely a contribution towards strategic renewal of the established firm, the actual reintegration process has remained mostly disregarded. My findings shed some light on this as they suggest that the financial stability, i.e. break even, is a necessary condition for the reintegration. Nevertheless, it is not a sufficient condition in itself as the time from break-even until reintegration has shown to be different in the two Historic Innovation Units within

Newspaper X Division. This presents an intriguing avenue for future research to explore this phase in more detail.

Another aspect worth noting is that the unit's legitimacy, gained throughout the maturing phase, plays an important role when assessing the impact it can exert on the established firm upon reintegration. Thus, O'Reilly and Tushman (2016) criteria for reintegration, namely scale (visible through break-even in maturing phase), legitimacy, and strategic importance (assessed early on through scouting), are confirmed through my research.

## 7. Conclusion

*This final section summarizes the findings of this study in relation to relevant literature. Thereafter, potential future research areas are pointed out before discussing the study's limitations.*

The objective of this study was to explore *how exploratory units within structurally ambidextrous firms evolve over time*. To answer this question, I conducted a case study with an innovation unit (Innovative Video Unit) within an established firm (Newspaper X Division). Carrying out nine interviews with executives and employees from the Innovative Video Unit over the course of five months allowed me to gain an in-depth understanding of the innovation process in structurally ambidextrous firms over time. Secondary data was used to further enrich my analysis. The literature on organizational ambidexterity was utilized as the theoretical frame for my analysis. Moving back and forth between data and theories in an abductive manner facilitated the emergence of valuable and data-grounded insights.

I inductively developed a process model that reveals the different structural configurations an exploratory unit traverses as time goes by. Through loose project structures and experimentation, the established firm for a start explores the new technology to validate its future usefulness, a phase I labeled *scouting*. In the following phase, *separating*, the innovation unit is formally separated from the established business, allowing it to make larger investments and develop its own culture. This is the prerequisite for the subsequent stage, *maturing*, which is characterized by the unit scaling up and devoting more and more attention towards exploitation rather than exploration. This conflict requires the unit to become contextually ambidextrous. Throughout this stage, the unit's autonomy decreases as the integration with the focal firm increases. This culminates in the last phase, *reintegrating*, in which the exploratory unit is brought back into the established firm to share its knowledge and capabilities, and consequently contribute to the strategic renewal of the firm. While the main focus lays on the innovation unit's perspective, my findings also suggest that structurally ambidextrous firms ought to engage in this innovation process repeatedly to secure their long-term innovativeness. My study creates value for practitioners in both the established firm and the innovation unit by pointing out relevant characteristics of each phase.

While this thesis took the exploratory unit's perspective, a promising avenue of future research would be a process study from the established firm's perspective. This would foster a holistic

understanding of the development of structural ambidexterity over time. Furthermore, I suggest scholars turn more detailed attention to the maturing phase to gain a more nuanced understanding of the inherent shift between structural and contextual ambidexterity. Additionally, due to the real-time research and limited timeframe available for this thesis, I was not able to observe the entire reintegration process. I thus propose scholars explore this process in depth to understand its triggers, success factors, and outcomes. Further, following more innovation units in this process could reveal potential alternatives to reintegration.

Finally, there are several limitations to this study that need to be acknowledged. First, while this study takes a process approach, the past was mostly captured through retrospective narratives, and the reintegration of Innovative Video Unit still lies ahead. This is a frequent limitation of process studies, as it is practically impossible to capture a process on the whole (Dubois & Gadde, 2002). Furthermore, as the phases were developed inductively, they are not clear-cut and imply a certain extent of ambiguity. Additionally, the findings of this study ought to be seen within their context; a generalization outside the context of this study is not intended. For example, the cultural context (Scandinavia) or the industry (media) might influence the collaboration across units. Further research would, therefore, benefit from exploring the phenomenon through a similar study in a different country or industry.

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# 9. Appendix

## 9.1 Appendix A: Consent Form

### **Informed consent form – FOCUS research program NHH Norwegian School of Economics**

The FOCUS-program is a collaboration between NHH Norwegian School of Economics and Norwegian-based multinational firms. One goal of the research program is to develop knowledge on the topics of international integration, managing knowledge workers, dynamic control systems, and change capacity.

We invite you to participate in an interview lasting 90 minutes. The interview will be recorded, and notes will be taken during the interview. The interview will then be transcribed. Any information that could identify individuals will be removed (e.g. your name). Only persons participating in the interviews will have access to material that can identify informants.

Participating in the project is voluntary. You can withdraw at any time. The researchers in the FOCUS program will have access to the transcribed interviews, and they have signed confidentiality agreements. In some cases, a follow-up study will be carried out. If so, you will receive new information and a new invitation to participate.

The data will be used for research, i.e. production of scientific articles and reports.

By signing this form, you consent to participate in the study. If you have any questions regarding this invitation, or you wish to be informed about the results of the study, please contact me at the address below.

Kind regards,

Vera Schmidt  
vera.schmidt@student.nhh.no  
FOCUS Program, SNF  
Dept. of Strategy and Management  
NHH Norwegian School of Economics / Norges Handelshøyskole

#### **Informed consent form:**

I have received written information and I am willing to participate in this study.

Signature..... Phone number.....

Printed name.....

## 9.2 Appendix B: Initial Interview Guide

### Informant

- Role in the daily operations: *How does a normal day in your job look like? How did last week look like? Was this normal?*
- Role in the innovation process: *How do you directly or indirectly innovate? How much time do you usually spend per week with tasks related to innovation?*
- Perceived dilemma between daily operations and innovation: *Is there competition between your regular tasks and your innovation initiatives? Can you do both or is there a clear trade-off? Why or why not? How do you prioritize DO vs. innovation?*

### Innovative Video Unit & Newspaper X Division

- Relationship between parent and subsidiary: *How would you describe the relationship between Innovative Video Unit, Media Corporation, and Newspaper X Division in general? Are there any points of conflict? How much autonomy does Innovative Video Unit have?*
- Capability to change: *From your experience, how well does Innovative Video Unit handle change processes? Can you give some examples? What are challenges related to this?*
- Culture: *How would you describe the culture in the company? Are there different cultures for different task groups? Do you think the culture works for or against the innovation initiatives?*
- Corporate identity: *Could you describe how you view the organization's identity? Do you think that innovation efforts disrupt this identity?*
- Vision: *Is there a vision behind the innovation efforts? What is it?*

### Innovation / Ambidexterity

- Attitude towards innovation: *Can you give us some background on the organization and its innovation efforts? Is there consensus in the organization about the need for innovation? Who are the people leading the innovation efforts? Who are the decision makers? Does the innovation strategy come from employees, Newspaper X Division, or from Media Corporation? In what ways? Do tensions and conflicts arise because of the innovation initiative?*
- History: structural ambidexterity
  - Success stories: *Can you give some examples of successful innovation departments from previous years? Why do you think they were successful?*
  - Failures/hurdles/struggles: *What were the main challenges you have faced in regard to innovation? Were they any major failures?*
  - Mechanisms/interventions
    - Incentives to promote ambidexterity: *How did innovation fit into the incentive systems? Was top management rewarded for both innovation and the current strategy?*
    - Autonomy vs. integration: *Was autonomy given to innovators? How? How were innovation units integrated?*
    - Support/attention from HQ/top management: *How was the support from the HQ and the top management? How much time did they devote to innovation?*
    - Control mechanisms: *How was success measured? How fast was success expected?*
- Current situation: contextual ambidexterity

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- **Reason(s) for change:** *Why did Newspaper X Division stop having separate innovation units?*
  - **Change agents:** *How was this decision made? Who made it? Was there a consensus? Who will carry out this change? Who is responsible for innovation now? How did the respective units and other stakeholders take the decision?*
  - **Required changes/capabilities (resources, processes, values/culture):** *What do you think has changed/needs to change to assure that innovation will still happen even though there are no separate units anymore? Which of these changes have been implemented? What happened to the innovation units? To the employees within? Do you think this will impact the innovativeness of the company? In which ways? Positively or negatively?*
  - **Mechanisms/interventions:** *What does the incentive structure look like now? Do you think it facilitates both exploration and exploitation? How? What type of control mechanisms are used? Do you think they are working?*
  - **Future state:** *How do you see your innovation efforts going in the future? What do you think is needed to provide Newspaper X Division with a sustainable competitive advantage in terms of innovation?*
  - **Miscellaneous:** *What is important that we have not talked about yet?*

## 9.3 Appendix C: Adapted Interview Guide

### **Matrix Structure**

- How and when was the matrix structure implemented in Media Corporation?
- What were the reasons for implementing it?
- How exactly does it look and work? Can you draw it out for us?
- How did you experience the shift?
- What do you see as positive outcomes from changing to the matrix structure?
- What do you see as negative outcomes from changing to the matrix structure?
- Which effect did changing to the matrix structure on Media Corporation level have on Innovative Video Unit? How was the cooperation before and how is it now? (autonomy, decision-making processes, access to resources, ...)
- How would you describe the effect of changing to the matrix structure on the ability to innovate?

### **Innovative Video Unit Separation**

- Innovative Video Unit was started as a project within Newspaper X Division in 2007 and then spun-off into a separate company in 2013, right?
- What were the main reasons for the separation?
- What changed when Innovative Video Unit was separated?
- How did you experience the separation from Newspaper X division?
- How has the relationship between Innovative Video Unit and
  - (a) Newspaper X Division and
  - (b) Media Corporation
 evolved over time?

**Innovative Video Unit Reintegration**

- What do you think would happen if Innovative Video Unit was reintegrated back into Newspaper X Division?
- What do you see as potential negative outcomes of reintegrating Innovative Video Unit back into Newspaper X Division?
- What do you see as potential positive outcomes of reintegrating Innovative Video Unit back into Newspaper X Division?
- What do you see as potential challenges when it comes to reintegrating Innovative Video Unit back into Newspaper X Division?  
Which effect do you think it would have on the ability to innovate?
- Who makes the decision about reintegrating Innovative Video Unit back into Newspaper X Division?
- What are their reasons for wanting to put Innovative Video Unit back into Newspaper X Division?