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Examining Ambidexterity Strategies: Organic Development vs. Mergers and Acquisitions - A Comparative Analysis of Organisational Growth Approaches

A Master's Thesis submitted for the degree of
“Executive Master of Business Administration”

supervised by
Dr. Stefan W. Konlechner

Andrei Barutia

01528550

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Affidavit

I, **ANDREI BARUTIA**, hereby declare

1. that I am the sole author of the present Master's Thesis, "EXAMINING AMBIDEXTERITY STRATEGIES: ORGANIC DEVELOPMENT VS. MERGERS AND ACQUISITIONS - A COMPARATIVE ANALYSIS OF ORGANISATIONAL GROWTH APPROACHES", 78 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted this Master's Thesis as an examination paper in any form in Austria or abroad.

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Abstract

Ambidexterity reflects the organisational capability to harmonize exploitation and exploration activities seamlessly. Some organisations achieve this state by using internal mechanisms to further explore, others are keener on pursuing external options, like M&A. While the academic research literature delving into the concept, creation and examples of organisational ambidexterity is abundant, there is a literature gap in the extrusion of factors that compare and provide a better positioning towards internal or external ambidexterity. This study, through the main research question:

"What are the supporting and disruptive factors between internal (organisational) and external (M&A) ambidexterity in organisations?"

aims to investigate which factors contribute to the birth and further development of exploration through internal means and which would indicate a better organisational fit through ambidexterity by external means.

To answer this pressing question, we opted for qualitative research and conducted several semi-structured interviews with high level managers and industry professionals from companies that either innovate internally, use M&A as the primary exploration utility, or do both. Once we had conducted the interviews, we transcribed and coded them according to Mayring's theory of qualitative analysis.

We discovered multiple factors that could lead to the birth of either the internal or external type of ambidexterity, which we then condensed in five overarching aspects comparing them with internal and external ambidexterity creation. Because of the small concentration of literature taking into consideration this comparison, it is difficult for organisations that are in search of guiding to know which path is better suited to them.

Organisations that have a culture of experimentation, that can accept the risks of their experiments, know their identity and have leaders that through their faith in them push them to be better and more innovative, and moreover provide them with the right organisational structure and resources are the ones where the growth of internal ambidexterity is the right choice.

If M&A is the answer to one's ambidexterity quest, then the organisations should be flexible, with a welcoming, integrating culture and leaders that are set on collaboration outside of their companies' boundaries.

Table of Contents

List of figures

List of tables

1 Introduction

In this chapter, we lay out the framework of the master thesis with the aim of establishing an understanding of the concept of ambidexterity, explore its various types as discussed in the academic literature, before outlining the structure of the thesis and the methodology for investigating internal and external ambidexterity.

My interest in this topic is rooted in my background and work experience. Being active in the technical field, I see major technical breakthroughs happening frequently and I am particularly interested to compare the different factors for achieving internal and external ambidexterity in organisations and helping understand how they can balance exploration and exploitation to enhance their innovation capabilities and competitive advantage.

1.1 Overview of the importance of ambidexterity in modern environments

In today's fast and changing business environment, firms face the still constant challenge of keeping their exploration and exploitation practices in balance in order to maintain market competitiveness and stay sustainable. This dance, known as ambidexterity, refers to an organisations ability to simultaneously pursue innovation, adapt to changing market conditions and predict future trends while still being highly efficient. Some would say this is a mammoth task! Long-term success and sustainable development require continuous change because organisations need to meet ever changing and increasing environmental demands (Andriopoulos & Lewis 2009). Some of the largest, most profitable and innovative companies on the market adopt not just one type of ambidexterity, but a blend of structural and contextual, at the same time (Foss & Kirkegaard 2020). Research also shows that the environment in which the organisation is situated, has a strong influence towards how can more types of ambidexterity be implemented at the same time *(*Ossenbrink et al. 2019*).*

One example to underline this theory showing how fast a downturn of a giant can actually take place is the fate of the telecommunications company Nokia. In 2004, in the Summer Magazine of MIT Sloan, Nokia was regarded as one of the pioneers in its (Birkinshaw & Gibson 2004). Only a couple of years later, Nokia was facing problems and was bought by Microsoft. At that point its CEO held the speech that would become famous in the business world, saying: *"We didn't do anything, but somehow we lost".* Nokia did indeed nothing wrong! Unfortunately, the world around

them changed to fast and, without being prepared for the future, they couldn't react in time to the huge momentum their competitors had built up.

1.2 Importance of ambidexterity in modern business environments

Organisations face the over important challenge of exploiting their core businesses while being required to keep innovating and exploring new possibilities (O'Reilly III & Tushman 2013). Innovation is the key to long-term organisational success, giving companies the opportunity to bring products and services on the market that keep up with the ever-changing demands and needs of the customers (Tushman & O'Reilly III 1996).

On the other hand, exploitation activities are based on operational excellence, leveraging existing resources and core capabilities to maximize productivity and efficiency (Levinthal & March 1993). The disadvantage that companies concentrating only on efficiency have, is the possibility of ending up in organisational inertia meaning a resistance to change and an all-in-all non-competitiveness but concentrating only on innovations could lead to fragmentation and organisational chaos.

The needed balance is defined by the concept of ambidexterity which advocates for the simultaneous pursuit of efficiency (exploitation) and innovation (exploration) (March 1991). Being ambidextrous, an organisation is better equipped in the face of change, being able to adapt and to sustain competitive advantage in normal and in turbulent environments (Güttel 2023).

One main factor that influences ambidexterity is the firms' internal organisational dynamic, which includes, on more levels, its organisational culture, structure, resources, leadership and employee behaviour (O'Reilly III & Tushman 2011). For example, it is possible that a company whose culture fosters innovation, encourages experimentation and rewards risk-taking is more instrumental to internal ambidexterity than its' counterpart, which enables strict hierarchies and rigid work packages.

The amazing thing is that, according to a Harvard Business Review paper from Bertolini et al. (2015), about 65% of the questioned companies where aware that change is a good and a very needed action in order to remain competitive, but not all of them are able to implement it.

1.3 External activities in creating ambidexterity

In the first two parts or our introduction, we argued that innovation and experimentation is a must to an organisation that values staying *"…ahead of the game to be able to stay in it"*, a term coined by the famous model Kate Moss in 2005.

Internal organisational dynamics do not function in isolation; innovative measures do not necessarily have to come from internal departments alone. External activities such as mergers and acquisitions (M&A) can also play an important role in shaping a company's two-way activities. When two companies merge or one company is acquired by another, the resulting effects can significantly change the organisational dynamics of the company (Cartwright & Cooper 1993), often leading to changes in organisational structures, strategies, processes, but also in culture, which potentially lead to opportunities and challenges.

One of the most important ways in which mergers and acquisitions affect organisations is through structural change. When two or more companies join forces, they often need to integrate their operations, including human resources and accounting, systems such as quality assurance and control, and of course personnel. In many cases, this new organisation leads to changes at a department level, reorganisation of reporting structures and reallocation of resources (Marks & Mirvis 1998, Voss 1998). For example, in the case of two technology firms merging, the newly former entity may need to streamline its product development process and consolidate R&D efforts to eliminate redundancies.

When taking culture into consideration, each company has its own set of values, norms and internal processes. After an M&A event, the involved companies must reconcile their cultural differences and reestablish a common identity and a new value set. This cultural integration can be very complex and challenging, as the employees may have certain uncertainties about their new roles or positions which could lead to conflicts and resistance to change. In cases like these, effective leadership, through communication and organisational development initiatives are essential for a successful cultural integration.

In some cases, M&A could lead to the change of the strategic direction. The motive for an M&A is mainly to achieve various strategic objectives, such as innovation like diversifying product portfolios, expanding market presence or entering new geographical markets. If we take the example of a pharmaceuticals firm taking over a biotechnology firm to maybe gain access to innovative drug candidates and

strengthen its pipeline, or an electronics assembly conglomerate can take over the entity delivering him with parts, having control over its own delivery chain. As we can see, companies can potentially create synergies and competitive advantage that drive long term value creation (Haspeslagh & Jemison 1991).

On the other hand, M&A activities could have as a result integration issues, such as incompatible systems conflicting processes and cultures that do not accept one-another leading to hindering of the expected synergies. Furthermore, an M&A process carries a lot of financial risk, like false value estimation which could possibly lead to overpayment for assets or underestimation of integration costs or failure of achieving projected project revenue. These can damage the reputation of the buyer or in worst cases, destroy shareholder value.

1.4 Definition of the research problem

While internal organisational dynamics and external activities like M&A have a significant impact on the way to ambidexterity, it is the possible interplay of these factors that ultimately determine the ability of companies to effectively balance exploration and exploitation (Lavie et al. 2010). The discussed internal factors, like organisational culture, structure and leadership can help or disrupt the development of ambidexterity capabilities (Gupta et al. 2006). Similarly to internal processes, the external processes, such as M&A, can either act as a catalyst or an inhibitor based on how these align with internal processes (Duncan 1976) and are being managed.

Understanding the intricacies between the main factors is essential for devising strategies to help the birth of ambidexterity processes within organisations. By untangling the mechanisms through which these factors influence the firms' dynamics, scholars and experts can gain valuable insights into the catalysts and inhibitors of ambidextrous behaviour and thereby support the development of effective management measures and strategic organisational practices.

But not every company has the capacity or know-how to introduce internal ambidexterity, may it be structural, contextual, sequential, hybrid or a blended mix of the three. Organisations acknowledge the significance of ambidexterity for long-term success, but because of internal constraints such as hierarchical structures, bureaucratic processes, and risk-averse cultures they face difficulties in overcoming the limitations of their current systems and processes (Robbins & Judge 2022) making them fail in achieving the level of innovation required to thrive in dynamic environments or turbulent times (Güttel 2023).

Enter *Mergers and Acquisitions (M&A)*: an alternative pathway to help drive innovation, leading to the end goal of the company's strategy - ambidexterity. If implemented correctly, mergers and acquisitions (M&A) can be a valuable tool for achieving ambidexterity, particularly for companies facing internal constraints that hinder their ability to pursue traditional ambidexterity strategies. Moreover, it can offer companies the opportunity to access and integrate new and innovative resources and processes expanding their portfolios and gain access to new markets diversifying their revenue streams.

From technology giants acquiring startups to pharmaceutical companies merging to expand their product portfolios, M&A has become a cornerstone of strategic growth and innovation for organisations across sectors.

In conclusion, while traditional ambidexterity strategies may not be feasible for every company, mergers and acquisitions offer an alternative pathway to implement ambidexterity and drive innovation. By strategically leveraging M&A, careful planning, execution, and a deep understanding of the potential risks and challenges involved, companies can overcome internal constraints and unlock new opportunities for growth and competitiveness in today's dynamic business landscape.

Is there a difference on the organisational level between internal and external implementation? Does the company culture identity or management level play a role in choosing internal or external ambidexterity?

The thesis is focused on finding out and evaluating multiple possible factors, leading to a better understanding of:

What are the supporting and disruptive factors between internal (organisational) and external (M&A) ambidexterity in organisations?

1.5 Significance of the thesis and the gap addressed

This thesis and its research question should not only be seen as academic work but should also highlight the practical implications of the concepts and factors addressed to implement or perfect ambidexterity in organisations.

1.5.1 Significance for the academic community

The thesis *"Examining Ambidexterity Strategies: Organic Development vs. Mergers and Acquisitions - A Comparative Analysis of Organisational Growth Approaches"* aims to contribute to the development of the theory of internal and external

ambidexterity by bringing and dissecting new practical data and highlighting the different factors that help achieving the status quo.

By putting the two concepts under a microscope, the thesis provides a factual comparison between internally and externally raised ambidexterity. Although both strategies aim at the same outcome, the creation or optimization of a firm's ability to exploit existing capabilities and to explore new opportunities, they involve different approaches and present unique challenges and benefits. As discussed, internal ambidexterity is achieved within the organization by developing or implementing special techniques like separate divisions for exploration and exploitation or using structures filled with culture of innovation, where cross-functional teams are encouraged to collaborate, learn and innovate, thus making the organization competitive on the market. The main advantage of internal ambidexterity is the organizations control over the processes and outcomes, although it can be difficult to manage the internal tensions or conflicts that could arise from managing the separate divisions.

Conversely, external ambidexterity is often obtained through mergers and acquisitions (M&A), and is used to quickly incorporate latest technologies, to grow by accessing new markets or broaden the existing products portfolios and integrate innovative complementary practices. This often-used tactic allows organizations to reap the benefits of innovation and market opportunities without the risks and costs of internal development. However, external ambidexterity poses challenges as well, mainly in the post-merger process, making external ambidexterity dependant of effective post-merger integration strategies and the ability to balance and harmonize the entities, cultures and identities involved.

1.5.2 Significance for businesses

Through an exploration of the concepts and factors that help introduce internal or external ambidexterity, the research seeks to bridge the gap between theoretical understanding and practical applications. By concentrating on the dynamics of organisational structure, culture, management and identity, this work focuses on offering insights that can help strategic decision making. Moreover, by investigating the role of M&A and comparing it to internal ambidexterity creation, this paper sets out to provide actual recommendations for organisations looking to achieve a greater scope of innovation in their practices.

1.6 Research methodology

Our primary data source consisted of semi-structured interviews with four “C” level managers. The interview questions were deliberately crafted to facilitate an open discussion concerning the challenges experienced by participants' organisations in actual projects, which aimed to optimize core capabilities while pursuing innovation objectives. The follow-up questions were meant to gain additional data about the insights of the companies. No topic was off the table and some responses turned out to be surprisingly fresh. The interviews were conducted over video conferencing software in the spring of 2024. The empirical data was analysed qualitatively using an inductive approach, based on the methods of Philipp Mayring from his book *“Qualitative Inhaltsanalyse”*.

Mayring advocates a methodical process that involves coding, categorizing, and interpreting data in order to gain meaningful insights. He emphasizes the importance of reflexivity and transparency throughout the analysis and encourages researchers to acknowledge their biases and assumptions. By providing detailed guidelines and examples, Mayring equips researchers with the tools to conduct rigorous qualitative analysis, thereby enhancing the credibility and trustworthiness of their findings.

The findings were validated by comparing them to the original interview notes and the academic literature.

1.7 Structure of the Thesis

This thesis is structured into six chapters, each aiming to delve into a particular theme, before coming together in chapter six.

Chapter one is a short introduction, delimiting the research question and motivating the research topic of searching for the factors that help companies achieve internal or external ambidexterity.

The introduction is followed in chapter two by a theoretical framework for internal ambidexterity versus ambidexterity through M&A, different types of ambidexterity found in the academic literature, a discussion about their advantages and disadvantages and specific challenges of organisations seeking to achieve ambidexterity internally or externally.

Chapter 3 provides details about the research methodology, including the type of research used (quantitative or qualitative), structuring of interviews, participants, the interviews and the how the questions were elaborated.

Finally, the data analysis is explained, and an example is described in detail.

Chapter 4 presents results based on the answers of the participants to the main topics, using actual quotes extracted from the interviews and laying the groundwork for the next chapter.

Chapter 5 dives into a discussion of the results of the interviews and their alignment with the reviewed literature, highlighting the answers to the main research question and their applicability in the real world.

Finally, Chapter 6 relates the study's key findings to the initial research question and formulates recommendations for companies trying to achieve ambidexterity internally or externally, as well as an outlook for possible future research.

2 Literature Review

2.1 Ambidexterity

In this chapter, we will explain the concept of ambidexterity and its major subsets, based on existing research. The aim of the theory review is to find and discuss factors which help to uncover possible applications of internal and external ambidextrous strategies. The different types of organisational ambidexterity are seen as relevant for the understanding of the concept as a whole.

2.1.1 The foundations of ambidexterity, as seen in the works of scholars Michael Tushman and Charles O'Reilly III

Michael Tushman and Charles O'Reilly III start their groundbreaking paper "Ambidexterity as a dynamic capability: Resolving the Innovators' Dilemma" (2008) with a specific and mind-blowing perspective:

"It is not the strongest of the species that survive, or the most intelligent, but the one that is the most responsive to change".

The sentiment expressed in the quote, survival by natural selection, was first introduced by Charles Darwin in his seminal work: "*On the origin of Species*" published in 1859.

Darwin's contributions to science revolutionized our understanding of biology and continue to transform research in fields such as evolutionary biology, genetics, and ecology. His legacy as one of the most influential scientists in history stays unparalleled by proposing that species evolve over time through a process called natural selection, meaning that individuals with traits that are better suited to their environment are more likely to survive, being better suited to adapt to environment change. Conducting the above-mentioned process leads to the incremental change and adaptation of species to their surroundings, transforming into the diversity of life forms we see today and ultimately resulting in what today we call evolution.

Similarly, Tushman and O'Reilly's concept of organisational ambidexterity, as described in *"Resolving the Innovator's Dilemma"*, addresses the need for organisations to balance exploration and exploitation not only to thrive, but to survive in today's rapidly changing business landscape. During their research, they analysed long-lived firms with an average of 105 years between them that not only have

adapted to change, but *"each began in an industry or technology different from the one they compete in today"* (O'Reilly III & Tushman 2008: p.5).

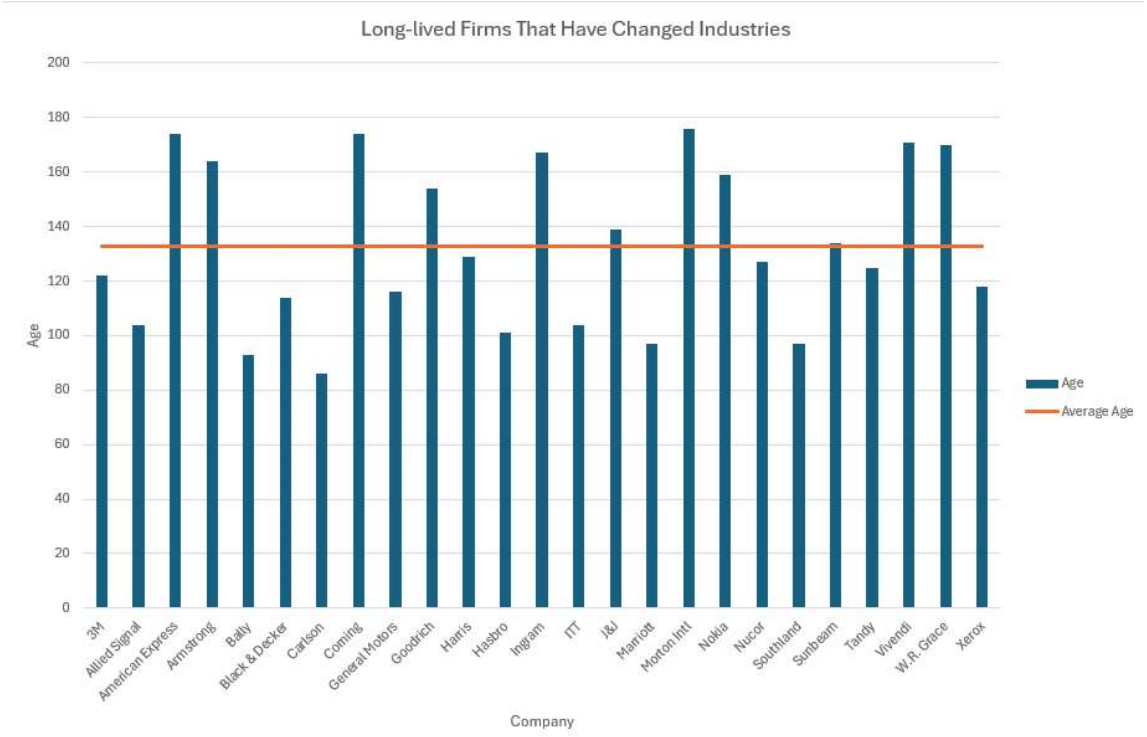

Figure 1: Long Lived Firms that have changed industries, based on O'Reilly III & Tushman (2008)

In other words, successful organisations are those that can effectively manage the tension of simultaneously pursuing exploration and exploitation. This idea parallels Darwin's concept of adaptation, where species must balance the need of exploiting current resources with the need of exploring new niches not only to thrive, but to survive.

It is no secret that innovation is a must for progress and is the driver used by companies to push boundaries and break new ground. Innovation is fraught with uncertainty, requiring organisations to strike a delicate balance between exploration and exploitation. Ambidexterity, within a technological context, takes an organisation's capacity to effectively balance these opposing forces, and enables it to simultaneously explore new possibilities while exploiting existing capabilities (Tushman & O'Reilly III 1996). The concept of ambidexterity dates back to the pioneering work of Duncan (1976), who argued that organisations must "*shift structure to initiate*" innovation. Duncan's insights laid the groundwork for understanding the importance of organisational flexibility in stimulating innovation. However, he also

acknowledged the potential strains that constant change can place on an organisation, emphasising the need for a more differentiated approach, as is found in the research of O'Reilly III & Tushman (2004).

Building on Duncan's ideas, Michael Tushman and Charles O'Reilly further developed the concept of ambidexterity in their seminal work published in 1996. In their research, Tushman and O'Reilly proposed that organisations should not only embrace exploration and exploitation as separate activities but should also try to integrate them into a coherent strategic framework (Tushman & O'Reilly III 1996).

2.1.2 Different types of ambidexterity found in literature

In the academic organisational literature, ambidexterity sits on the throne. It can manifest in different forms, including *Structural*, *Contextual* and *Sequential* with each type presenting its own advantages and constraints, which we'll explore in the context of internal and external ambidexterity. What are the pros and cons of each one? Managers often ask themselves: which one would better fit into my organisation?

2.1.2.1 Structural ambidexterity

Structural ambidexterity is defined by creating distinct and bordered off divisions each dedicated only to one of the two activities: exploration or exploitation activities.

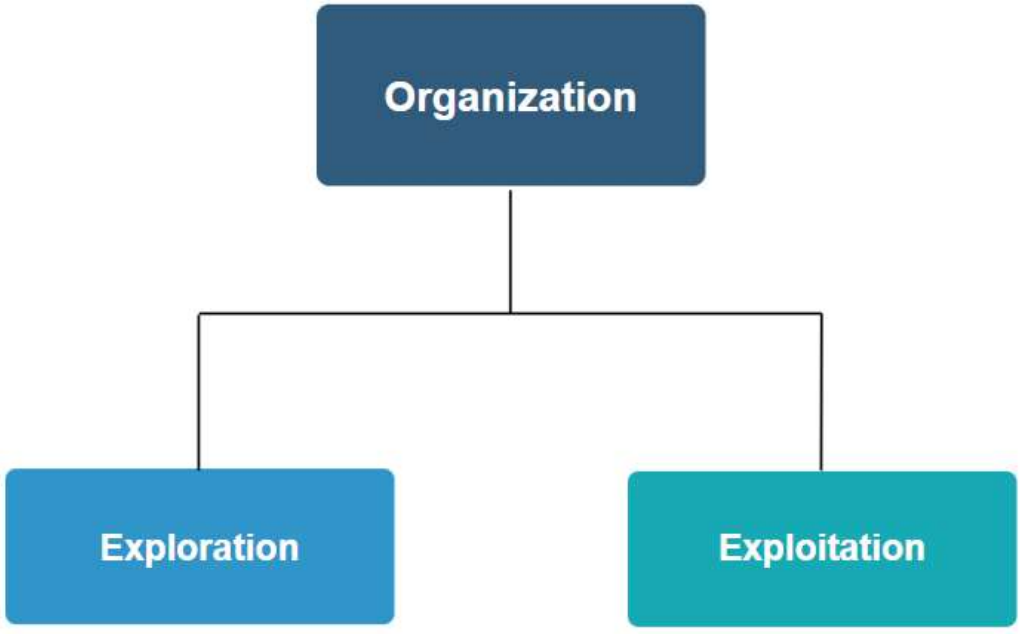

Figure 2: Example of Structural Ambidexterity in an organisation

These divisions, or business units work independently from one another, having clear boundaries, tasks, and accountability for their field of work. The division set to explore, is doing mostly R&D work, concentrating on producing something new, something that could possibly not have anything to do with the core business of the company. The number of employees in such units is significantly lower than in the classical exploitation units with them usually sitting in own offices, away from the core business team with the responsible person usually reporting directly to the CEO.

Exploitation units on the other hand, focus on optimizing the core business, the core capabilities, by taking advantage of process optimization and enhancing efficiency (O'Reilly III & Tushman 2008).

It's main advantage, as the name suggests is the fact that the units are structurally separated leading to fewer conflicts and tensions between exploration and exploitation (Güttel 2023) and therefore, organisations can avoid the challenges of competition in the same business unit.

Another advantage is the possibility of the successful allocation of resources to each department, making sure that it's needs are met (Tushman & O'Reilly III 1996).

The implementation of structural ambidexterity has unfortunately downsides as well. The main issue that could arise, if not managed appropriately, is the maintenance of adequate coordination and communication between the two separate departments. In turn, this could lead to potential conflicts and inefficiencies – like lack of information sharing, which could potentially lead to missed opportunities for collaboration and innovation as the units may be unaware of the insights or expertise of the other.

Another downside of unmanaged communication can be the goal misalignment which leads to conflicts in resource allocation and strategic direction. Cultural differences could also pose a drawback, raising the possibility of misunderstandings.

Additionally, the rigid structure of separate units may hinder flexibility and adaptability, making it challenging for organisations to respond quickly to changes in the external environment (O'Reilly III & Tushman 2013).

Larger organisations with greater resources and capabilities may have advantages in implementing structural ambidexterity, given their possibility to create separate structures units for exploration and exploitation. The advantages can be seen in the technology sector as well, structural ambidexterity offering several, like allocating resources and talents to each unit independently thus optimizing performance in both

areas. Coupled with clear boundaries between units that prevent conflicts and tensions, efficient operations could be ensured.

However, when using structural ambidexterity, large companies may face challenges related to coordination and communication between separate units, one of which could be the silo mentality and rigid structures which can complicate collaboration possibly leading to inefficiencies.

In the case of small companies, we can see benefits arising from the focus provided by structural ambidexterity, letting each unit to develop specialized capabilities, either optimizing their processes or raising their innovation to another level thus enhancing competitiveness in the market.

However, smaller organisations may find it more challenging to implement structural ambidexterity due to resource constraints and the need for flexibility.

2.1.2.2 Contextual ambidexterity

In contrast to structural ambidexterity, contextual ambidexterity, defines the simultaneous pursuit of exploration and exploitation within the same business units.

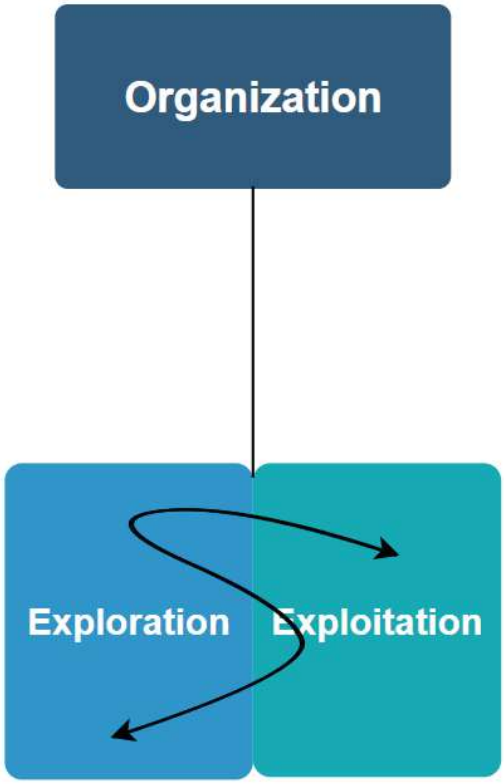

Figure 3: A representation of contextual ambidexterity as imagined by the author

Contextual ambidexterity aims to provide a dynamic and flexible organisational culture that encourages individuals and teams to engage in both exploratory and exploitative activities as needed to achieve their goals (Tushman & O'Reilly III 1996). Always being innovative, organisations should be better prepared to overcome changing market and economic conditions, customer needs, and new technological developments. This flexibility helps organisations get and keep a competitive edge in dynamic environments (O'Reilly III & Tushman 2008).

Additionally, being a systematic process, contextual ambidexterity, if working correctly, helps in knowledge sharing, coordination, and communication at the team level. The collaborative approach of the contextual ambidexterity helps instil an ever improving and hungry to learn culture, where individuals are backed from management and encouraged to experiment, take risks, and explore innovative ideas. They would still need to deliver results and meet performance targets but have the possibility to innovate.

Because the process happens in the same place, there are no walls, no physical separation between core business and innovation teams, the risks of possible cultural problems are in the process of contextual ambidexterity therefore basically non-appearing (Gibson & Birkinshaw 2004).

However, there are challenges to contextual ambidexterity as well. One of the main concerns is the resource prioritization and allocation. This sensitive topic could potentially lead to conflicts, which translate to inefficiencies in the business or, in extreme cases, to conflict of interests.

In order to keep the balance and not let possible tensions escalate, organisations must adopt a culture of openness, adaptability and risk-taking. As we see in the research of Henry Mintzberg (1989) for traditional hierarchical organisations (Robbins & Judge 2022), embracing risk-taking and openness is like trying to navigate a maze with blinders on. Traditional firms thrive on conflict avoidance. The hierarchy breeds a culture of playing everything safe, where innovation or challenging something is career suicide. Without trust, in a blame-culture, employees would most likely not collaborate, share ideas or take any risks that could put their position of the line, leading to a cultural stagnation. Hierarchies are known to be notorious for their bureaucratic communication channels and information silos, getting everyone on the same page feels like herding cats, with messages getting lost in translation and vital insights falling through the cracks.

Because of these factors, researchers concluded, that for traditional firms, embracing contextual ambidexterity is not always possible (Mintzberg 1989).

On the other hand, organisations that are open, prioritize flexibility, innovation, and collaboration are more likely to succeed in implementing contextual ambidexterity, as they can implement these principles to allow and grow a culture of experimentation, adaptability, and openness. For organisations operating in technical fast-paced, uncertain, and competitive industries, implementing contextual ambidexterity is particularly beneficial, as it allows them to respond quickly to changes and manage differentiation and growth. (Raisch et al. 2009). At first glance, large companies could benefit from implementing contextual ambidexterity. Because of their size and monetary strengths, implementation of contextual ambidexterity could be possible. By encouraging employees to engage in exploratory as well as in exploitative activities, large organisations can evolve an adaptive organisational structure which could provide them the flexibility needed to juggle exploitation and exploration to adapt to market changes.

On the other hand, large companies could have major problems in implementing contextual ambidexterity because their highly strict hierarchies, resisting the cultural shift, wouldn't allow for a healthy coordination and communication between different units or structures. This could lead to potential conflicts and inefficiencies in the business unit or worse, in the organisation. Additionally, resource allocation and prioritization may be challenging for large companies, as balancing exploration and exploitation within the same activities requires quick decision-making capabilities.

Similarly to large organisations, small companies can benefit from the agility and flexibility transposed by contextual ambidexterity. A small company could more easily accept the shift in organisation towards collaboration and knowledge sharing which could enhance innovation, optimization, and problem-solving capabilities. Unfortunately, the same as for large organisations, the lack of clear boundaries between activities may also lead to confusion and inefficiencies.

2.1.2.3 Sequential ambidexterity

Sequential ambidexterity, the third main branch of ambidexterity in organisational behaviour is a mixture of the first two. Building upon the foundational principles of organisational ambidexterity, this framework includes a further characteristic to the main exploration and exploitation activities, introducing time. By adopting the temporal axis, organisations can adjust their activities and priorities in alignment with the needs

of the market, being able to switch rapidly between their exploration and exploitation needs.

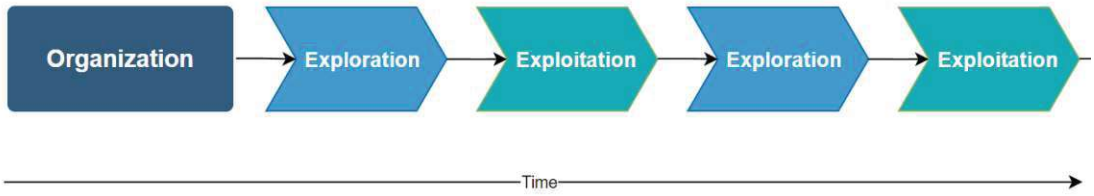

Figure 4: Sequential ambidexterity (own illustration)

But sequential ambidexterity is not spared of the inherent tension between exploration and exploitation. Rather than trying to balance these activities simultaneously like in the case of structural or contextual ambidexterity, as the name suggests, sequential ambidexterity concentrates on introducing alternating phases of exploration and exploitation. It is not easy for organisations, because they must continually adapt, evolve, and foresee the future based on current technological advancements, market changes and competitive pressures.

During exploration phases, organisations focus on more R&D activities, making sure to favour innovation, which can lead to uncovering novel solutions or insights that can help future growth and competitive advantage, for example starting up projects that have been put on pause or further developing products that have been discovered as a *mistake*. We can also draw a parallel to Entrepreneurship, highlighting *the "Crazy Quilt"* or *"Lemonade Principle"* from the research papers and model from Darden Professor Saras Sarasvathy in the "Theory of effectuation" (Sarasvathy 2001).

In contrast, during exploitation phases organisations delve into process optimisation techniques, scaling of successful innovations and core business processes.

Using the knowledge gained in the exploration phase, organisations and managers start the next phase by exploiting to optimize the new gained processes in order to generate maximum efficiency and profitability (O'Reilly III & Tushman 2011). This cycle of exploration and exploitation forms the basis for the adaptation and renewal of organisations, enabling them to continuously evolve and respond to changing market demands.

As for the other two types of ambidexterity, the effective implementation of sequential ambidexterity requires careful resource allocation and strategic and cultural alignment. Managers must allocate sufficient resources to support exploration and exploitation activities during their respective phases. But this is only the beginning! A

clear view of management, coupled with a good timeline and decision-making criteria is a must for the successful sequencing of the activities (Raisch et al. 2009).

Implementing ambidexterity is not a one-size-fits-all solution. Organisations must carefully consider their market context, internal capabilities, and future goals when deciding which approach to adopt. For some organisations, structural ambidexterity may be the preferred choice, providing clear boundaries and accountability for exploration and exploitation activities but others may opt for contextual or sequential ambidexterity seeking to foster a culture of innovation and adaptability throughout the organisation(Tushman & O'Reilly III 1996, Raisch et al. 2009, O'Reilly III & Tushman 2013).

2.2 M&A as a new path for reaching ambidexterity?

Mergers and acquisitions, better known in business as “M&A” offer organisations a strategic way to get hold of new abilities, resources and market access, which could lead to an enhancement of their ambidextrous capabilities. M&A is, for companies that are not able to induce ambidexterity by themselves, an important driver towards innovation and competitive advantage. Based on the citation: *“(…) companies can acquire new business models to serve as platforms for transformative growth – just as they could if they developed new business models in-house. At the end of the day, the decision to acquire is a question of whether it is faster and more economical to buy something that you could, given enough time and resources, make yourself”* (Christensen et al. 2011: p.11) we will research possible ambidexterity generation: structural, contextual and sequential, with the use of M&A.

Through strategic acquisitions, organisations can rejuvenate their product portfolios, expand their market reach, and enhance their competitive positioning, thus laying the foundation for long-term success (O'Reilly III & Tushman 2013). Thus, M&A serves as a catalyst for organisational learning and knowledge transfer, both critical elements in the pursuit of ambidexterity. Organisations can use acquired entities to improve their operations by leveraging their insights, best practices, intellectual capital and value creation informing decision-making and driving continuous improvement. Research by Capron & Mitchell (2010) stresses the importance of strategic fit in M&A processes, showing how acquiring companies look for complementary capabilities that align with their strategic goals. By strategically selecting targets that have complementary strengths, organisations can achieve structural or contextual ambidexterity externally, enlarging their internal capabilities with external resources.

Unfortunately, it is not as easy as 1-2-3: just by merging with or buying an external entity doesn't mean that success is guaranteed. It requires effective integration of acquired entities to make use of the known or possible new discovered synergies to unlock value. Research by Weber & Tarba (2014) once again relates, in the context of strategic agility, on the importance of integration processes in realizing the full potential of M&A transactions. Integration efforts normally focus on aligning the operations, processes, and most importantly cultures of the entities with the strategic goals of the acquiring organisation. By integrating acquired entities into the existing structural framework, organisations can create synergies between exploration and exploitation activities and at the same time to optimize resource allocation by consolidating operations and leveraging economies of scale. Research by Haleblian & Finkelstein (1999) highlights the role of resource redeployment in M&A transactions, emphasizing how organisations reallocate resources to maximize value creation. In the context of structural ambidexterity, M&A allows organisations to acquire external resources and capabilities that complement their existing operations, thereby enhancing efficiency and performance and thus leading to sustained competitive advantage.

One of the main challenges of M&A processes, is the management of cultural integration, after the closing of the deal. Buono & Bowditch (2003) argue that cultural integration plays a crucial role in M&A transactions, resulting in a unified organisational culture. Without this, the chances are that the deal will not last. By promoting cultural alignment and encouraging a shared vision, organisations can better manage the transition to a contextually ambidextrous operating model, enabling seamless collaboration between exploration and exploitation activities.

We saw how rigid traditional organisations can be (Robbins & Judge 2022). When talking about contextual ambidexterity, M&A activities could be the answer of traditional organisations to achieve ambidexterity by buying entities that have already implemented ambidextrous capabilities. By integrating these entities into their structure, organisations can inject new perspectives, practices, and processes that promote both innovation and efficiency.

Research published in the Harvard Business Review in 2011, by Christensen et al. (2011) shows the transformative potential of M&A in enabling contextual ambidexterity by using the *RBM. "…a company can buy another firms' business model, operate it separately, and use it as a platform for transformative growth. We call that a 'reinvent my business model'."* (Christensen et al. 2011: p.4).

That means that through targeted acquisitions, organisations can access new markets, technologies, and talent pools, thereby diversifying their capabilities and enhancing their adaptive capacity and boost their performance.

Another view would be that M&A provides traditional organisations with a walkthrough to disrupt their existing habits and embrace a more dynamic and agile approach (Weber & Tarba 2014) to business. Traditional companies could target entities known for their innovative and entrepreneurial culture and by acquiring them, they can invoke a sense of productivity and experimentation across their business.

However, achieving ambidexterity through M&A is not without its own challenges. The need for efficiency must be balanced carefully with the necessity to preserve the creativity of the acquired entity during integration efforts. Organisations and most importantly, upper management must actively manage structure and cultural differences and implement an environment of trust and collaboration to ensure the success of integration of the new entity.

Of course, even before an M&A transaction can be carried out, a careful due diligence and strategic planning in order to identify suitable acquisition targets must be done.

Acquirers evaluate more than just financial metrics when assessing a potential acquisition. They also consider cultural compatibility, leadership alignment, and organisational fit while trying to understand the target firm's identity and evaluate its harmony with their own strategic vision and cultural ethos. This step is essential for the organisations, because it assesses the compatibility of their existing processes, systems, and structures including cultural compatibility, leadership alignment and organisational fit (Gioia et al. 2013) with those of the target entity not only to facilitate a smooth transition, but not to be in the approximately 70 – 90% of the deals that , because of unsuccessful integration fail shortly after closing (Christensen et al. 2011).

In the pursuit of sequential ambidexterity, organisations alternate between exploration and exploitation phases, mergers and acquisitions (M&A) is seen as a positive and strategic tool to enable this dynamic approach.

However, as with the other two types, achieving sequential ambidexterity through M&A is not without its challenges. Integration efforts must be carefully orchestrated to ensure alignment between the acquired entity and the acquiring organisation's strategic goals.

Furthermore, organisations must contend with the inherent tensions between exploration and exploitation phases, balancing the need for innovation with the

imperative of operational efficiency. Effective management of these tensions requires a pragmatic approach to resource allocation and strategic decision-making.

By using the complementary strengths of the merged entity, organisations can achieve a new degree of innovation, agility, and maybe even long-term growth. However, the main success factor in this endeavour, is the disciplined approach to integration and a management commitment to installing a culture of collaboration and experimentation.

Larger organisations with greater resources and capabilities may be better positioned to implement structural or contextual ambidexterity allowing it to adapt their activities piece by piece in response to changing market conditions and technological advancements. This flexibility enables them to pursue long-term strategic initiatives while effectively managing short-term operational demands (O'Reilly III & Tushman 2013) and at the same time lowering risk, by not fully committing resources and capital.

Nevertheless, managing the shift between exploration and exploitation divisions require good coordination and communication across the involved business units and functions, which can be complex and time-consuming, as already mentioned in structural and contextual ambidexterity.

For small companies in the technical sector, sequential ambidexterity presents a better alternative to take on the competition.

The main benefit for small organisations could be the flexibility that sequential ambidexterity grants them, allowing them to play against larger competitors on the market and being able to adapt to market challenges. Another important benefit for a small organisation, is the capability to mitigate risk, by not going all-in in an investment which could not yield the promised response, in the meantime being able to capitalize on emerging possibilities.

On the other hand, being small organisations, the resources at the disposal of the firm are very limited, which could lead to restrictions in terms of funding, talent, and technology, forcing the organisation to make prioritizations based on these factors. Another drawback could be that small organisations may lack the scale to effectively coordinate and integrate exploration and exploitation leading to potential missed opportunities and inefficiencies.

2.3 Hybrid or blended ambidexterity

As already mentioned, ambidexterity takes the throne when it comes to organisational dynamics. It is the thriving force of the modern business world, and research that helps yield a profit is put on overdrive. There is an abundant literature about this topic, dissecting and analysing under the microscope each type of ambidexterity, may it be structural, contextual or after being projected on a time axis: sequential. But the question arises: could or should companies only use one type of ambidexterity? What would happen if they used more based on the needs they currently had or the environment they were in?

Hybrid ambidexterity is a strategic approach that combines multiple modes of ambidexterity within an organisation to effectively balance exploration and exploitation activities, based on their actual needs. Structural ambidexterity creates dedicated units for innovation and operational excellence, contextual ambidexterity, on the other hand, integrates exploration and exploitation within the same organisational unit or division and sequential ambidexterity entails alternating between periods of exploration and exploitation over time. An organisation could have multiple needs (Ossenbrink et al. 2019); thus, it could implement more types of ambidexterity simultaneously to explore new opportunities and exploit existing resources to remain competitive in dynamic markets or turbulent times (Güttel 2023). Hybrid ambidexterity integrates various forms of ambidexterity, internal such as structural, contextual, and sequential, and could possibly use external capabilities such as M&A to create a holistic approach to innovation and efficiency.

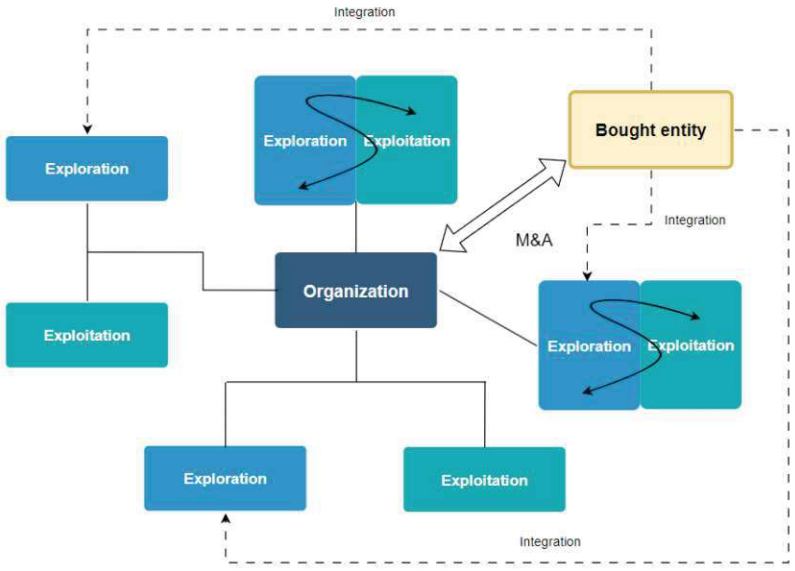

Figure 5: Hybrid Ambidexterity (own illustration)

One of the main advantages of hybrid ambidexterity is its flexibility. By combining multiple modes of ambidexterity, organisations can perfect their approach to suit their specific context and strategic goals. Additionally, hybrid ambidexterity enables organisations to mitigate the inherent trade-offs between exploration and exploitation. Instead of choosing between one or the other, organisations can pursue both simultaneously, maximizing their ability to innovate while also maximizing the value of existing resources and capabilities.

Ossenbrink et al. investigates the implementation of how organisational ambidexterity can be achieved through structural and contextual approaches in response to environmental changes, using a comparative case study of four electric utility companies in Germany. The authors argue that the choice of ambidexterity approach is shaped by managers' perceptions of external opportunities and internal capabilities and suggest a hybrid ambidexterity approach that combines the two, based on the environments of the companies (Ossenbrink et al. 2019). The article describes how the German electricity sector faced two major challenges in recent years. The first challenge was the rise of renewable energy as a technological alternative to conventional power generation, called *"new upstream"*. The second challenge was the sharp decline in profit margins on upstream power generation that forced utilities to search for new business models and technologies in the downstream part of the electricity value chain, the *"new downstream"*. The article focuses on studying how organisations from the same sector approached these two challenges with ambidexterity, concluding that this can be achieved through both structural and contextual approaches being used at the same time, based on the environment in which the company, or the business unit is situated.

However, implementing hybrid ambidexterity can be challenging. It requires organisations to effectively manage the tension between exploration and exploitation, as well as to create structures, processes, and cultures that support both activities. Moreover, it necessitates strong leadership and strategic alignment to ensure that exploration and exploitation efforts are coordinated and aligned with overall organisational goals.

Based on the same principles, blended ambidexterity introduced by Foss & Kirkegaard (2020) is a strategic approach that harmoniously integrates various modes of ambidexterity within an organisation to navigate the complex interplay between exploration and exploitation. This concept also acknowledges that organisations must

simultaneously pursue innovation and efficiency to survive and thrive in dynamic and competitive environments.

At its core, both concepts transcend the traditional dichotomy between exploration and exploitation by combining different organisational structures, processes, and cultures to achieve strategic goals, by emphasizing the synergistic interaction between multiple modes of ambidexterity, such as structural, contextual, and sequential ambidexterity.

In conclusion, the combination of multiple modes of ambidexterity, internal and external leads organisations to effectively balance the need for innovation and efficiency, ultimately driving sustainable competitive advantage in dynamic markets.

Despite the challenges involved, the benefits of ambidexterity are clear: organisations that successfully balance exploration and exploitation are better equipped to adapt to changing market conditions, predict future trends, capitalize on new opportunities and are more resilient in the face of uncertainty, being able to pivot quickly and effectively in response to evolving customer needs and competitive pressures (Tushman & O'Reilly III 1996).

2.4 Identity and Culture in Organisational Dynamics

In the context of business organisation, the concepts of identity and culture are of paramount significance for internal or external ambidexterity creation, serving as foundational elements that shape the essence and operations of an enterprise. Although identity and culture are distinct constructs, they are intricately interwoven, influencing each other and collectively contributing to the organisational fabric.

Identity and *culture* are closely intertwined and influence each other in an organisational context. Identity provides the overarching framework for strategic alignment and differentiation, while culture determines the lived experiences of employees within the organisation and influences their loyalties, attitudes, behaviours, and perceptions. The alignment of identity and culture is critical to promoting organisational coherence. Mismatches between the two can lead to cultural dissonance, employee disengagement and organisational dysfunction, thus making the efforts of achieving ambidexterity useless.

Therefore, organisations should strive to foster cultures that are aligned with the identities they stand for in order to achieve organizational ambidexterity. It is important

to create an environment in which employees can authentically embody and share the values of the organisation (Robbins & Judge 2022).

2.5 Ambidexterity in Navigating through Organisational Dynamics

In their paper, “How Is Ambidexterity Initiated? The Emergent Charter Definition Process”, Alexander Zimmermann, Sebastian Raisch and Julian Birkinshaw (2015) discuss how ambidexterity emerges and grows within organisations. The authors provide a foundational understanding of this concept, setting the stage for a comprehensive exploration of organisational dynamics. Zimmermann and Raisch's research sheds light on how organisations initiate and define ambidexterity by investigating how leaders articulate and shape their vision by exploring the dynamics of charter definition and laying the groundwork for its implementation. Their work combined with current research on organisational dynamics is essential in understanding the origins of ambidexterity offering valuable insights into how leadership, culture, employee behaviour, organisational structure and resource allocation can foster ambidextrous behaviours. Organisational culture, its values, norms and beliefs, affect how open employees are to ambidextrous behaviours and influences their views regarding change. As organisations embark on the journey of ambidexterity and M&A, their identity serves as a guiding compass, shaping their responses to change, resilience in the face of uncertainty, and alignment with strategic objectives.

The organisational structure provides the formal framework through which ambidexterity activities are executed. Whether through internal ambidexterity, characterized by innovation being started and developed in ones’ organisation, or using external methods, like M&A the organisational structure is the one which shapes the culture needed, resource allocation, communication, and processes necessary for achieving ambidexterity.

During our empirical research, it became apparent that the same main themes were consistently present in the interviews of all our participants. These are: Cultural Integration, Resource allocation, Organisational Identity, Organisational structure, Leadership and Management Backing.

2.6 Retrospect on literature

The transition from the literature review to the methodological approach in this master thesis marks a pivotal moment in our journey towards unravelling the complexities of internal ambidexterity and its relationship with Mergers and Acquisitions (M&A). Before diving into the intricacies of our methodological framework, it is essential to underscore the significance of our research and provide clarity on the research question driving our inquiry.

2.6.1 Importance of the Research

At the heart of our study lies a fundamental recognition of the evolving nature of contemporary business environments. In today's hypercompetitive landscape, characterized by rapid technological advancements, shifting consumer preferences, and globalization, organisations face unprecedented pressures to innovate and adapt. The concept of ambidexterity, which entails the simultaneous pursuit of exploration and exploitation, has emerged as a critical strategic imperative for organisations seeking to navigate these challenges successfully.

However, while the importance of ambidexterity is widely acknowledged in academic and managerial circles, there remains a notable gap in our understanding of how organisations can effectively achieve ambidexterity, particularly in the context of internal constraints such as traditional hierarchy, cultural norms, resource limitations and identity. This research seeks to address this gap by what can an organisation do in order to implement ambidexterity and which factors may pave the road to internal and external integration, leveraging M&A as a strategic tool for organisational transformation and innovation.

2.6.2 Research Question and Addressed Gaps

The central question guiding our inquiry is:

" What are the supporting and disruptive factors between internal (organisational) and external (M&A) ambidexterity in organisations?"

This research question serves as a compass, guiding our exploration into the intricate interplay between internal organisational dynamics, external strategic initiatives such as M&A, and how they impact the lives of organisations.

By focusing on the intersection of internal and external ambidexterity, our research aims to shed light on a critical yet understudied aspect of organisational strategy and

innovation. The thesis provides a comparison between internally and externally raised ambidexterity in organizations. Both of them aim at optimizing a firm's ability to simultaneously exploit existing capabilities and explore new opportunities. While internal ambidexterity is based on in-house development, using strategies such as creating separate divisions for different functions and fostering a culture of innovation, external ambidexterity is achieved through mergers and acquisitions, allowing rapid incorporation of new technologies and market expansion. Internally bread ambidexterity offers more control over the process, than M&A but at the same time could lead to internal conflicts. The success of external ambidexterity through M&A depends on effective post-merger integration to manage the diverse entities and cultures involved.

Through an in-depth examination of the auxiliary and disruptive factors_influencing ambidexterity, we seek to provide practical recommendations for strategic decision makers grappling with the complexities of managing ambidextrous organisations.

Moreover, our research contributes to bridging the gap between theory and practice by offering empirical evidence and real-world examples. By uncovering the factors at play which help the integration of internal and/or external ambidexterity, we strive to inform leaders and help navigate the challenges and opportunities inherent in their quest for excellence.

In essence, this short retrospect serves as a preamble to our methodological approach, setting the stage for a rigorous and systematic investigation into the factors shaping organisational ambidexterity and the role of M&A in driving strategic agility and innovation. As we embark on this journey, we remain committed to advancing scholarly understanding and practical insights into the complex dynamics of organisational adaptation and evolution in today's dynamic business landscape.

3 Methodical approach

3.1 Research approach

In order to answer the delicate research question:

" What are the supporting and disruptive factors between internal (organisational) and external (M&A) ambidexterity in organisations?"

a qualitative research method was chosen. This type of research focuses on understanding the depth and nuances of a phenomenon, not only its occurrences. This can be achieved by exploring and understanding individuals' experiences, perspectives, and behaviours. In our case, an interview guide was created to gather rich and detailed insights on out research topic from participants.

We conducted a number of interviews and analysed the responses quantitively underlying motivations, challenges, and opportunities relevant to your study.

For the creation of the interview guide, we decided to use an inductive approach to theory development.

3.2 Data Collection

To collect data, we conducted semi-structured interviews with upper hierarchical members, with at least 15 years of experience, of organisations operating in the technical sector to explore their views regarding the birth of internal and external innovation. The interviews were done by the author via online videocall in the spring of 2024.

3.2.1 The Participants

We have interviewed the following participants:

Table 1: List of participants that took part in the interviews

No.	Participant	Role	Company ambidexterity:
1	Participant #1	CEO	Internal & M&A
2	Participant #2	Department head	Internal & M&A
3	Participant #3	CTO of tech company	Mainly (90%) M&A
4	Participant #4	Founder and CEO	Only Internal

3.2.1.1 Participant #1

The first participant we had the honour of interviewing is a long time executive in a large organisation. They are active in the technical and energy sector and became extremely innovative over the last 5-10 years pursuing ambidexterity both internally and externally. Internal processes are able to accommodate innovation in the organisational structure, and because of its size, the company can also pursue M&As.
The participants relevance to this master thesis: The interviewee was mainly part of the internally brought up innovation, with one of their own ideas having been selected from innovation management and being put into practice. In the last couple of years, the interviewee has been appointed CEO of one of the subsidiaries, making them the perfect candidate for an interview on the factors leading to internal or external ambidexterity.

3.2.1.2 Participant #2

The second participant is a long time Project Manager and Department Head in a large organisation. The organisation is active in the technical and energy fields.
The participants relevance to this master thesis: his departments focus is mainly construction for the energy sector and the company is being known for innovations on their projects and well implemented circular economy. One of his references was depicted in the local newspaper.

3.2.1.3 Participant #3

The third participant is a long-time manager in a large, European tech company.
The participants relevance to this master thesis: in his long career, he was part of more than two high volume, across borders M&A activities from the due diligence part until the integration of the new companies, once being part of the company being bought and the second time as the buyer, making them our M&A Expert.

3.2.1.4 Participant #4

Founder and CEO of a small engineering and energy company. The company works mainly for private clients.
The participants relevance to this master thesis: long-time manager with experience in business and innovation, trying to bring innovative solutions to everyday households wanting to contribute to the circular economy and CO_2 reduction. He is single handedly in charge of the companies' core business and R&D department.

3.2.2 Preparation of the interviews

The questions of the semi-structured interviews followed a pre-defined pattern of questions, tightly linked to our scope of research, but also leaving a certain flexibility in order to explore new and exciting topics that might come up during the conversation. The interviews were conducted by the author, recorded, and afterwards transcribed. The main effort of the interviewer was to inspire a relaxed atmosphere and starting a conversation on a practical topic: a project.

A project could entail a lot of helpful information about the topic at hand, in our case internal organisation of a company, the internal flow of knowledge in the department or between departments, the role of different management layers, challenges overcome or failed finally leading to the culture and the learning process. It is the authors solid opinion, that talking about an empirical fact, a project in our case, is the best way of reaching insights than maybe in a normal discussion, wouldn't come to light, being thought of as unsignificant for the topic at hand.

The first two interviews were with participants from two large companies, belonging to the same holding that promotes internal innovation and only relies on M&A in some "niche" situations. The interviewees were open and proud of the change towards innovativeness their company has showed in the last five to ten years.

The third interview was done with a C-Level professional from a large European tech group. He was personally involved in two large, and several small, M&A activities in his career, one of them when the company he was active for was taken over by a large conglomerate, and the second one, when his employer took over another entity. The fourth and last interview was with an owner and CEO of a small engineering and energy company which was set up to provide future proof energy technologies for the private sector. He and his small team of professionals tackle all the challenges of exploitation and exploration themselves. Because of its size and niche sector, the company is not interested in M&A processes, having a good reputation with the innovation work it is currently doing.

3.3 The five main themes

In this chapter, we explore five key themes that emerge from our investigation into the factors influencing internal and external ambidexterity creation in organisations. These themes serve as foundational pillars that underpin the organisational capabilities and strategic initiatives necessary to navigate the complexities of

ambidextrous pursuits. We will examine each theme in detail, aiming to uncover insights into the factors that help organisations implement internal or external ambidexterity, achieving sustainable growth and competitive advantage in today's dynamic business environment.

3.3.1 Theme 1 - Culture as a factor to achieve ambidexterity

This theme encompasses questions related to the organisation's culture, and approaches to fostering innovation. Questions related to communication, human processes and knowledge flow within the company also fall under this theme. It was important for the interviewer to get a sense of how the culture of the organisation worked and based on that to filter the factors helping to create ambidexterity.

Organisational culture stands for the shared beliefs, values, norms, attitudes and behaviours that shape the social environment within an organisation. It reflects the collective psyche of employees and shapes their interactions, perceptions and attitudes towards work. Organisational culture is expressed in rituals, symbols, language and social norms that permeate the workplace, influence employee behaviour and shape organisational outcomes. In contrast to identity, which focuses on defining the organisation itself, culture describes the social dynamics and patterns of behaviour that determine employee interactions, decision-making processes and the functioning of the organisation as a whole. Cultures can vary widely within organisations, from hierarchical and bureaucratic to entrepreneurial and innovative, and they all have a profound impact on employee engagement, satisfaction and performance. Employee behaviour is rooted in the organisational culture and is a key determinant of the success of ambidexterity activities. If employees are not willing to embrace change, collaborate between units or engage in exploratory activities, it will be almost impossible to create an ambidextrous culture.

A culture that values innovation, risk-taking, and collaboration leads by default to internal ambidexterity, being a shame if these qualities wouldn't be fostered as employees are encouraged to explore new ideas, experiment with different approaches, and adapt to changing market dynamics. Such cultures foster openness, creativity, and a willingness to challenge the status quo, driving internal innovation initiatives. It shouldn't be forgotten that in these cases, a targeted integration must be a part of the process, in order not to lose all the momentum realized (O'Reilly III & Tushman (2013: p.327)! Another important point of view that shouldn't be forgotten by practitioners is that internal innovation could potentially lead to new resources and

capabilities, that could make the core capabilities obsolete. Of course, if the existing culture is not opened to such changes, it will be met with extreme resistance *"from anyone invested in the old practices, cultures and processes"* (Capron & Mitchell 2010: p.5).

Conversely, studies conducted in the past show that not all types of cultures can blend without problems in order to achieve a "Collaborative Marriage" (Cartwright & Cooper 1993: p.67). Based on the words of Cartwright & Cooper: *"Successful integration depends upon the shared perception of both partnering organisations that aspects of the other culture are attractive and worth preserving*" (Cartwright & Cooper 1993: p.68), a corporate culture focused more on cultural compatibility integration of complementary cultures and the willingness of integrating learnings and best practices may be better suited to embrace M&A practices. By fostering a mindset geared towards incorporation, rather than solely relying on internal innovation, organisations can effectively use the resources and expertise brought by M&A.

3.3.2 Theme 2 - Organisational identity of the company

Identity plays a major role in organisations, as we saw in an earlier chapter. Organisational identity refers to the fundamental attributes and characteristics that define an entity, including its mission, vision, values, and unique selling propositions. It serves as a guiding beacon that steers strategic decisions, shapes organisational behaviour, and fosters cohesion among stakeholders. Manifestations of identity could be tangible like brand logos, slogans, and marketing messages or intangible such as shared beliefs, values, and cognitive frameworks. A particular way of thinking, whether it's characterized by innovation, risk aversion, customer-centricity, or other cognitive orientations, can strongly influence the identity of an organisation and guide its actions and decisions.

In sum, the concept of organisational identity establishes a sense of purpose and coherence, offering a compass for navigating competitive landscapes and forging distinct identities in the minds of stakeholders. Firms with a well-defined identity have a greater clarity in their strategic vision, having the capacity and resources to align exploration and exploitation efforts with their core business and strategic values. By anchoring ambidexterity initiatives in their organisational identities, firms can instil a sense of coherence and continuity, making ambidexterity and innovation a part of their day-to-day lives. In such organisations, the sudden lack of innovation could even lead to questions being raised from internal or external stakeholders. Conversely, for

organisations that do not have their identity figured out, it could be difficult to coordinate conflicting priorities and resource allocation, resulting in faulty strategy.

The questions highlighted by this theme, were linked to Gioia's work on organisational identity formation, particularly in his paper "Organisational Identity Formation" (2013). Gioia's work provides a lot of insight into how organisations develop and maintain their identity as a socially constructed narrative which is shaped by the organisational members' interactions, experiences, and interpretations (2013) and is a "goldmine" of valuable information into how employees perceive their roles in the organisation, being able to create a sense of belonging and purpose motivating them to innovate and contribute to the firms' goals.

Because Gioia's research doesn't explicitly address the relationship between identity and innovation or M&A, we sought to explore if the topics observed in the research could be applied to this topic as well.

The identity of a company, including its mission, values, and core competencies, shape its ambidexterity strategy and approach to internal and external initiatives. Such companies view ambidexterity as integral to their identity and strategic direction, driving alignment and coherence across internal and external initiatives. Companies with a strong entrepreneurial identity and a history of innovation may be more inclined to pursue internal ambidexterity as they seek to leverage their internal resources and capabilities to drive continuous improvement and adaptation.

On the other hand, companies that don't have a very defined identity, or if they had an identity change recently, may find external ambidexterity more suitable for their current needs as a means of innovation through turbulent times or mainly in their day-to-day business. Moreover, by learning how to focus on integrating the newly acquired resources, they can truly benefit from the new value creation (Haspeslagh & Jemison 1991).

3.3.3 Theme 3 - Leadership and Management backing

The third section of our interview was to figure out how much of help good leadership could be inspiring employees in their innovation enquiry thus leading to ambidexterity. As we know, good leadership is a main driver of innovation and subsequently ambidexterity (Tushman & O'Reilly III 1996, O'Reilly III & Tushman 2008, O'Reilly III & Tushman 2011). The questions on this topic helped us to review if leadership soughs internal or external ambidexterity. Leaders who embody authenticity and transparency can inspire trust and mobilize collective action during the challenging

time of change, being seen as a needed role model. By championing the importance of balancing exploration and exploitation, leaders set the tone for organisational agility and adaptability in the face of dynamic market conditions.

Moreover, effective leadership and management backing is crucial in driving innovation thus internal ambidexterity or M&A initiatives. Leaders play a pivotal role in articulating and selling a compelling vision or fostering a culture of innovation and aligning organisational strategies with future goals, serving as custodians of the organisational narrative and embodying its values.

Transformational leaders who champion innovation, empower employees, and foster a culture of learning and experimentation are often instrumental in driving ambidextrous behaviour within organisations. Leadership styles that prioritize empowerment, collaboration, and openness to change can create an environment suitable for the birth of internal ambidexterity. As O'Reilly and Tushman say, *"Ambidextrous organisations create inevitable conflicts between operating units.[…] How these tensions are resolved is a crucial element in the ability of an organisation to simultaneously explore and exploit." (*2008: p.38*)*

But not only leadership style can show the path! It has been stipulated that senior-manager levels use performance feedback in order to gain experience in guiding the organisations down this tricky and perilous path. Levinthal & March (1993) as quoted in Lavie et al. (2010), note that managers learn from experience and performance feedback in order not to end up in an *"endless cycle of failure and unrewarding change"* (Levinthal & March 1993: p.106).

Leadership teams focused more on integration, with a supportive background and a good risk management which can mitigate and promote cross-cultural collaboration, may gain ambidexterity through M&A much easier and be able to quickly acquire new capabilities or market access without having to invest years in R&D, without any guarantee. Although M&A activities also pose a high degree of risk, with 70-90% failing and up to 90% of finished M&A activities not creating any additional value, as shown by Graham Kenny in the "Harvard Business Review" (2020), the thrill of quick wins, "*the prospect of increasing profitability and market share by acquisition or merger, continues to exercise a more immediate and seductive appeal to business leaders than a reliance on growth alone*" (Cartwright & Cooper 1993: p.1).

3.3.4 Theme 4 - Organisational Structure

The organisational structure of a company is one of the most important determinants in achieving ambidexterity, a concept that we have extensively explored in our theoretical review. Ambidexterity, as we have discussed, can manifest itself in many ways within organisations, and the organisational structure has a significant impact on its operation, perception and potential implementation with external support (M&A). Our interviews have been aimed at unravelling and analysing the internal divisions within companies in order to see if there are common disruptive or auxiliary factors aiming at internal or external ambidexterity.

Organisations with a more flexible and decentralized structures or cross-functional teams may be better equipped to support and further implement internal ambidexterity by facilitating communication, knowledge sharing, and collaboration across different parts of the organisation (O'Reilly III & Tushman 2008, O'Reilly III & Tushman 2011). Moreover, flat hierarchies and agile decision-making processes enable faster responses to market changes and opportunities for experimentation. Raisch et al. (2009) quotes research from Birkinshaw & Gibson (2004) which describe how organisational structure enable employees to pursue both activities, exploration and exploitation.

On the other hand, companies with rigid, siloed structures and bureaucratic processes may face challenges in fostering internal ambidexterity due to organisational inertia and resistance to change (Gioia et al. 2013). In such cases, external ambidexterity through M&A can provide a pathway for breaking down the walls, accessing new talent, and infusing fresh perspectives into the organisation. According to Cartwright & Cooper (1993) citing Porter (1989), *"related acquisitions have a greater probability of financial success than unrelated acquisitions."* This topic *"the fusion or integration of some or all of their human resources is required, and success becomes heavily dependent on human synergy."* (Cartwright & Cooper 1993: p.2). All these organisations need is a good integration process of all the functions involved an alignment of decision-making processes and maybe a modular integration approach.

3.3.5 Theme 5 - Resource Allocation

Resource allocation means reserving human, "*erroneously labelled the 'soft' or 'mushier' issue*" (Cartwright & Cooper 1993: p.2), technological and financial resources for the exploiting and exploring activities. For example: investing in

perfecting existing processes, enhancing productivity and simultaneously, investing in R&D initiatives.

The effective allocation of resources is crucial for balancing exploration and exploitation activities, which are fundamental to ambidexterity. Internal allocation of resources is based on each organisation's future strategy, in order to achieve a balance between exploitative and innovative paths.

Companies with sufficient internal resources, such as human or financial capital, and a well-organized technology infrastructure, may be more inclined to invest in internal ambidexterity initiatives. Resource allocation has a strong connection with identity as well, because when *"(…) the organisation's identity meets (…) expectations, the organisation is rewarded with legitimacy, thereby improving its chances of acquiring and mobilizing resources"* (Gioia et al. 2013: p.13). Strategic allocation of resources towards R&D and cross-functional projects enables organisations to explore new opportunities and build capabilities organically. But, according to Danneels (2002), cited by Tushman and O'Reilly (O'Reilly III & Tushman 2008), senior management need to be willing to commit resources to long-term projects.

In contrast, resource-constrained organisations or those operating in highly competitive industries may view external ambidexterity through M&A as a more viable option for quickly acquiring competitive advantage through resources, new markets or new technologies. By pooling resources with external partners or acquiring complementary businesses, companies can scale and diversify their businesses more rapidly than through internal efforts alone, but if the good resource allocation is not known, meaning that the buyer was not ready to know and make use of what it was buying, this could end in huge losses. One of the best examples to show this was the acquiring of Chrysler by Daimler: *"(…)when Daimler folded Chrysler resources (…) into its operations, the real value of the acquisition (…) disappeared, and with it the basis for Chrysler's success*" (Christensen et al. 2011: p.11).

3.4 Data analysis

For data analysis we used the method of Philipp Mayring from his book "*Qualitative Inhaltsanalyse*" (Mayring 2014).

Qualitative analysis often involves analysing text, in our case interview transcripts to uncover understandings and insights. Mayrings' method provides a systematic framework for analysing textual data, starting with a thorough familiarization with the data.

We began by immersing ourselves in the transcribed interviews, reading through the transcripts multiple times in order to gain a comprehensive understanding of the content. This initial step is crucial for identifying meaningful segments of text relevant to the research question.

Once having familiarized ourselves with the text, we continued to the next step: initial coding. We systematically read line by line through each transcript, identifying and labelling segments of text with descriptive codes based on their content or meaning. These codes are the basis for further analysis and interpretation. As the coding progressed, clear coding rules emerged to guide the process, ensuring consistency and reliability in the analysis.

After coding all relevant segments of text across the transcripts, we moved on to the next phase: category formation. This means an organisation of coded segments into broader segments that are building categories and themes by looking for patterns and similarities among the codes. After the raw data was coded to approximately 30%, we checked if the meaning of the codes to see if they meet their purpose. Some of them needed to be changed, leading to, as Mayring named it, an *iterative* approach. This means that the raw data needs to be read and coded multiple times in order to ensure a good quality and reliability of codes. After the first step was completed to our satisfaction, we started grouping the initial codes into clusters which are easier to handle. A representation of the process is shown below in Figure 6:

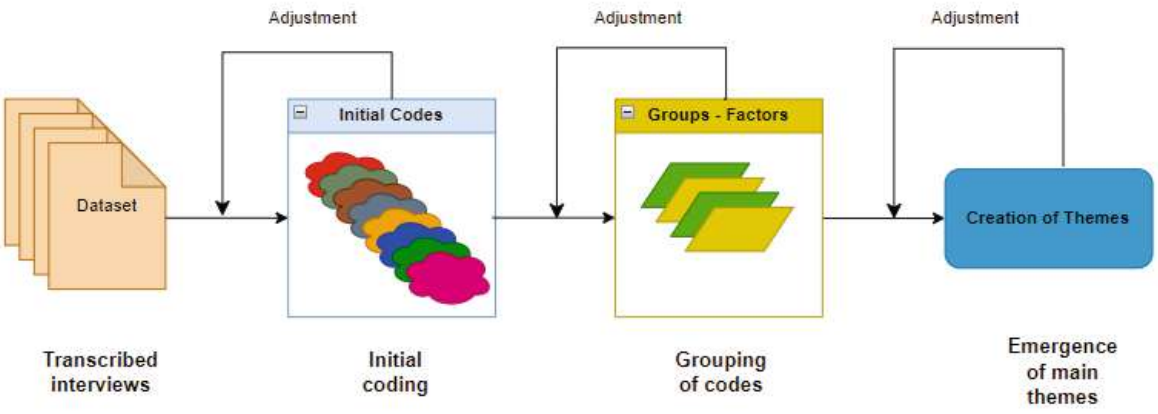

Figure 6: Example of how the codes led to building of groups and main themes

By grouping related codes together, overarching themes and concepts in the data appeared, which we could then assign to main themes.

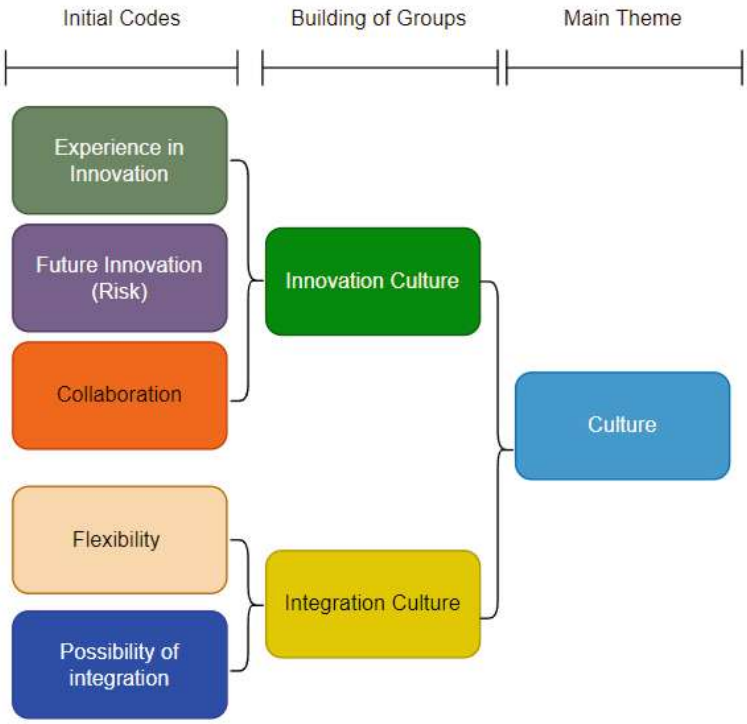

Figure 7: Example of building the theme “Culture”

The next step after category formation is the presentation of the gathered data. This step serves as a bridge between the raw input data from the transcripts and its conclusions and needs to be presented with clarity and precision to ensure effective communication of the findings.

4 Presentation of the results

4.1 Overview of the main results

The interviews gave us insights into the specific ways ambidexterity is initiated and lived by the participants in their respective organisations and the main factors that could contribute to organisations choosing of implementing internal or external ambidexterity. The presentation of our results follows below, as an overview of the factors fostering internal ambidexterity matching the five main themes:

Table 2: Factors helping internal ambidexterity

Theme	Factors helping internal ambidexterity
Culture	Innovation
	Risk-taking
	Collaborative and learning
Identity	Strong organizational identity
	Innovative mindset
	Customer-centricity
Leadership	Promotion of Innovation
	Empowerment and autonomy
	Balanced focus
Organizational Structure	Decentralized decision making
	Cross-functionality
	Innovation structure
Resource Allocation	Knowledge Management
	Technology infrastructure
	Long term orientation

As for the discovered factors that tend to create ambidexterity through outside inputs:

Table 3: Factors fostering M&A

Theme	Factors helping internal ambidexterity
Culture	Flexible
	Open to integration and learnings
Identity	Consistent branding
	Integrationist identity
Leadership	Strategic Partnering
	Relationship Building
	Boundary Stretching
Organizational Structure	Process Integration Strategy
	People Integration
Resource Allocation	Synergy identification
	Investment in integration and capability Development

4.2 Theme 1 - Cultural factors

Culture plays a huge role in the lives of the participants and their employers and could impact the type of ambidexterity they pursue.

When discussing one of their projects, the participants gave us insights about the culture they are living day-by-day. Based on our empirical evidence, we can conclude that one of the cultural factors that makes organisations lean towards internal ambidexterity is fostering a *culture of innovation in the company*.

Participant #4, the CEO and founder of the company, when discussing one of his projects, said: *"…I let my imagination run wild*" pointing towards a *culture of internal innovation* in the company, also sharing with us his feedback loop: *"…if I get positive feedback from the client, I try to implement the process in all my projects*".

This type of ambidextrous culture was also seen at Participants #2 and #3, when discussing about innovation, one of them mentioned that "*…I have tried to establish the innovation projects as far as possible with a certain physical distance, yes, at least a little distance*" in order to be able to concentrate on the task at hand and not be disturbed by the usual "conundrum" happening in the office. This was the case of participant #4 as well, him stating that he does research mainly *"…after the actual business hours, after 5pm and on the weekends".*

Not only do they put themselves in a sort of internal structural ambidexterity, by separating the exploration from the exploitation, but moreover, based on their work culture, they go the extra mile and have a sense of *cultural ethics*, hard work, when it comes to finishing the tasks at hand.

The importance of the companies' culture, and more exactly, *an innovative, risk-taking culture*, and how this can be important for reaching ambidexterity can be seen in the interviews, Participant #1 and #2, stating that, in order to achieve internal ambidexterity, their company is investing valuable resources in research and innovation: *"…in which subject areas they want to look specifically at internal ideas in order to develop them further and then make the corresponding resources available."*

Furthermore, their internal innovation process is so designed that anybody can pitch their ideas and if lucky, they could get selected and have the chance to work on their idea:

"We have innovation initiatives that are backed by management".

We can see the same type of risk-taking culture in smaller companies as well, ambidexterity being reached by the need of finishing the project. Participant #4 told us that his largest and best ideas are a by-product of his already running projects, for example: *"Implementation [of the project] took me to this madness of new development"*.

In the world of M&A, a risk welcoming culture is not standard, the point of mergers and/or acquisitions is mainly after a through due-diligence or the proof of concept.

Another factor that we found was the *collaborative culture* in order to achieve internal ambidexterity more easily. Most participants mentioned daily meetings in the projects and idea sessions with the whole team. Moreover, one of the participants working in a large holding, when working with Start-Ups, mentioned that they are young and dynamic, being able to "*(…) speak both languages"* and *"(…) all employees can speak both very well, and that probably distinguishes us culturally"* helping foster internal ambidexterity.

External ambidexterity was also a topic of our interviews, and we were keen on finding out what is its main driver. The interviews showed that in the process of starting an M&A process, innovation is one of the main thoughts about priorities, *"…yes, the first thing we thought about, was innovation for us.*" according to Participant #3. The results of the interview also show another type of ambidextrous culture, a culture that has a R&D unit but likes to work with external vendors or buy companies for the R&D capability, as seen in the following quote: "*we had a because we are [industry] the, the most [companies] have R&D or have some kind of vendors which are doing R&D for them."*

One factor mentioned in the interview, was that the culture of the companies more specialized on M&A than internal innovation, was more *open to integration and to learnings*, *being flexible*. Participant #3 mentioned how after one M&A activities in which he was involved, the buying company integrated the bought entity into its midst and because of the openness and integration prowess, the resulting culture was a mix of the two. *"we transferred most of our companies' culture into that new organisation and we did some kind of mixture"*

Next, we will present the factors based on organisational identity in choosing internal or external ambidexterity.

4.3 Theme 2 - Identity

In the pursuit of ambidexterity within organisations, understanding the role of organisational identity is a must in order to survive. Organisational identity has huge implications of the collective understanding of purpose and thoroughly guides the alignment of exploration and exploitation activities.

The conducted interviews were of paramount importance to understand the complicated web of connections between organisational identity and the factors leading to internal and external ambidexterity. One of the factors found in organisations with mainly internal ambidexterity background, was the fostering of a certain way of thinking: a sense of *proudness* leading to a strong *identity.*

This came into focus as we were discussing with Participant #3, our M&A specialist and it put another meaning to perception.

He said: *"we were perceived as a strong brand"* and continued saying that *"people wanted to have our service because we were we they would rely on the quality"* when he was part of the company which was taken over.

It was interesting to find out that in this case, the acquired entity was the one which was able to keep its identity after the M&A process was completed. According to Participant #3, the smaller organisation was in this case the one with the strongest organisational identity, mentioning that *"we were, let's say the heart of establishing the process."*

The interviewee, being part of the smaller company at that point, didn't see the intricacies of identity in the acquiring entity, but knew that the acquiring entity was set on M&A, with a comprehensive "*Integrative identity"* saying that *"they [acquirer] didn't have any problems with us because they […] saw that we were a stable brand".*

As he was discussing the second M&A process, and being part of the acquiring entity, his point of view changed, even citing MBB strategy with *"The mentality is 'Up or Out'."*

This is not proudness in perception anymore but connects to a factor that we came to call: "*Consistent branding*" and helps organisations improve their external ambidextrous capabilities. Having done that, they we able then to "*as we are big, we can discuss with the biggest players in [geographical region]"* and mentioning about the values and possibilities of using M&A as an ambidextrous force *"we are interested to explore this and to be innovative but still exploit the existing business".*

The interviewed brought to light another factor, the *"innovation mindset"* of the employees involved.

According to Participant #1, in order to have a chance of internally innovating, it is important to *"find the people with the right mindset, and these are the ones who go the extra mile." And of course, "that's the mindset, yes, those are the so-called hidden champions".*

On the way to innovation, it is possible to encounter challenges and setbacks, and also experience failure. These obstacles may arise from various sources, but it is important to recognize that such challenges are often inherent to the innovation process and can provide valuable learning opportunities. By embracing a mindset of innovation, organisations and employees can manage these drawbacks, as Participant #1 mentioned: *"we need to remember that there will also be setbacks in the beginning."*

Innovation mindset is an important factor, as we can see, Participant #1 also mentioning the flexibility they have when innovating. They mention this as an advantage and use it regularly: *"we have the advantage that we are small, that we move around a lot within the group, but we don't have the rigid structures that are familiar from large corporations. So, we certainly have greater flexibility"*

The mindset was found also in the words of Participant #4, when he was discussing the relationship with his clients, uncovering another factor that could potentially help companies in their pursuit of internal ambidexterity: "*customer-centricity*": *"We go by the principle that I show my clients how all works, they needn't be tied to me."*

Next, we will present the factors based on leadership in choosing internal or external ambidexterity.

4.4 Theme 3 - Leadership

Leaders in an organisation are ones who influence and guide others towards the achievement of common goals. In the context of ambidexterity, effective leadership plays a critical role in defining the path towards internally or externally implemented ambidexterity.

Moreover, they are the ones who have the right and power of decision-making. According to our interviews, one of the main factors that came to light when it comes to internal ambidexterity is the *Promotion of Innovation* through the backing of projects from the management team.

The management is the one who initiates innovation, changes in the organisation, as backed by the quote from Participant #2 when asked about the frequency of new projects: *"We are constantly undergoing change processes. These are supported by management."*

Participants #1 and #2 mentioned multiple times during the interview that their projects were possible because of "*the backing from top management."* and *"What helped was this backing from the management"* and making it clear that the project wouldn't have gotten the funding without it: *"the backing from the management yes, it doesn't work without it".*

And of course, using the possibilities that an internal ambidextrous organisation provides you with: *"my project was created in the course of the regular innovation process'"* said Participant #1.

In order to understand how and if their actions help their organisations go in the desired way, leaders could ask for help from academic institutions like universities. This was the case of Participant #1, who acknowledged the commissioning of outside specialists: "*We ourselves have also commissioned scientific work at [university]"*

When asked about where new projects come from, the second factor was exposed, e*mpowerment and autonomy* given to the members of organisations to find and execute the change projects."

Important "…*is to utilise the potential of your own employees"* said Participant #1. If your pitch is accepted, you are granted the possibility of working on it, having autonomy in its shaping: *"That means that if you're chosen to work on your project, it's of course great and you can realize your potential and really have a lot of fun. Yes, but you also work a lot"* said one of the participants. Leaders must take care of their employees, and how Participant #2 said, *"Maintaining a work-life balance is very important to us ".*

A *balanced focus* is a must in order to promote internal ambidexterity, recognizing that innovation takes a lot of time, and may not always be successful. It is good: *"to realize quick wins. But on the other hand, you also need to focus on long-term successes, because they are usually on a larger scale ",* said Participant #1.

Participant #4 was always thinking about the future, balancing the now with the strategic vision of tomorrow: *"It would help me a lot if the market calmed down a little (…) it would give me more security in terms of planning. And I could be more productive on the development side."*

When considering an external ambidexterity view, the strategic vision changes and is oriented towards a *Strategic Partnering* possibility: "*Either you are a company that will acquire, or you will be eaten and acquired by a larger [one]. So, there is no middle. [If] you are large enough to eat another one or you are so small that you will be eaten, you won't stay on the market as you are."* said the M&A expert.

Based on one of the interviews, we discovered that *Relationship Building* is a part of the external ambidextrous toolset of a leader. They must invest in building strong relationships with external stakeholders in order to achieve a good basis for innovation. Moreover, an integrational mindset is needed in order to facilitate the exchange of ideas and resources between the core and the external stakeholders. We can call this factor plainly: *"Boundary Stretching"*, as mentioned by one of the interviewees: *"Uh, actually, it was a mixture of us and them. So, we needed to add them because we acquired the database and wanted to work on it."*

Next, we will present the factors based on organisational structure in choosing internal or external ambidexterity.

4.5 Theme 4 - Organisational Structure

The organisational structure plays a pivotal role in facilitating the way to internal or external ambidexterity, being the gateway of roles, responsibilities, communication channels, and decision-making processes.

The internal ambidextrous organisation is structured on a basis of internal brainstorming or a *Decentralized decision-making* helping idea generation. *"A team leader doesn't make decisions on their own, we decide together how to tackle the issue"* - is a good example from Participant #4 in how the flow of communication works in his organisation. Each member has their own responsibility and are encouraged to make decisions on their own: *"we have a designer who exclusively handles design, and I don't interfere with him".*

Cross-functionality is a key factor of the organisational structure fostering internal ambidexterity. The involved teams bring together individuals from diverse functional areas to collaborate on projects and use mixed expertise to solve problems.

We discovered this factor in the course of the interview, based on the responses of our interviewees which show how cross-functionality works in a day-to-day operations field. *"I got competent people who each brought their specific technical expertise with them and who are very good".*

Or in the case of Participant #4: *"Regarding automation and power systems, I handle them along with an electronics engineer."*

Large organisations have the resources to go on the innovation trail with more power, and having the money and people for it, they integrated a separate division that handles and promotes innovation in their organisation, making internal ambidexterity a part of their structure. Let us call this factor: *"Innovation structure".*

Participant #1 proudly stated: *"…we have multiple innovation activities."*

In the case of externally oriented ambidexterity, the organisation should concentrate on other factors that facilitate the merger with the acquired entity. The main discovered factor is a well delivered *Process Integration Strategy*, starting with a compatibility check and a through Due-Diligence. *"We discussed the operation level, so whether this take-over will go without any obstacles. Can we acquire that kind of business, do they do the job in a similar way to? After that, when we have a clear picture, OK, so we are matching, we can do it."* And on the part of due diligence: *"We prepared everything to do the due diligence."*

And it is important what the product is and how could it be integrated in order to bring value to the business. *"…but we evaluated the value of the business or let's say value of the [product]. We saw what we can do with [it]. After that part, we finished the evaluation and we had the final decision".*

Purely taking the new technology and integrating it into yours is not easy, needing time for testing and adjusting the internal processes, as mentioned our M&A from own experience: "*we had to literally translate and implement our procedures in their company in order to change the small part that we needed*".

According to our experts, the integration was completed after a stabilizing period in which the two companies settled down and the processes started working: *"after establishing the procedures, stabilizing the approach to the customers and stabilizing the management, we finished the integration".*

During the interviews we saw that the due diligence before an M&A is a typical process that our expert has done many times, mentioning that the information provided in this interview is based on the large M&As in which he took part in: *"But I won't talk about that kind of the acquisitions because there were so small we are talking about […] customers".*

Similar to the internally ambidextrous companies, the interview showed that externally ambidextrous driven companies have also a top-down execution process: *"it was a top-down process, then an integration process backed by the management, backed by the CEO level".*

In an M&A, *People Integration* plays a huge role, as we saw in our interviews. In the course of the interviews our expert explained to us the ways in which people integration can take place. After the first M&A activity, he was given the opportunity of joining the acquiring company, having been offered the same position: *"We were offered to stay in the company and to have [...] our positions transferred in the bigger company."*

According to them, it was a typical integration effort, taking the people and inserting them into the existing structure. *"They didn't change [the structure] it because of us. So, we took roles which were similar to those we had in the previous company".*

Next, we will present the factors based on resource allocation in choosing internal or external ambidexterity.

4.6 Theme 5 - Resource Allocation

In order to bring the organisation into an ambidextrous state, leaders not only need he specific culture or identity but also need resources. In the context of ambidexterity, the term "Resource Allocation" refers to the allocation and distribution of organisational resources, may it be human, financial or technological and plays a main role in guiding the organisation to internal or external ambidexterity creation.

The interviews we carried out gave us insights into the possible factors that could determine the creation of internal or external ambidexterity. *Knowledge Management* could be a factor helping to foster internal ambidexterity, the pursuit of innovation in the own company, nurturing it and helping it grow. It is important to document the available knowledge in the organisation, to abstain of going on that path once more and wasting precious resources. The issue at hand was presented by Participants #1 and #2: *"We don't just develop a solution in our own little room, we don't simply face up to the challenges or the risk that someone will come along and say, hey, we've been doing this for ages".*

The flow of knowledge is a precious tool and according to Participant #2, transferring the knowledge from experienced to new employees is always a challenge. They found

a way that works in their department, namely: *"(…) I always put a young person next to an experienced employee."*

Knowledge management is a large part of the M&A proposition, helping experts during the due-diligence phase in *Synergy identification* of their intended target. According to the interviewed M&A Expert this means: *"how are they are doing their jobs, which services and offerings they have? How do they, how they do their financing? Which ERP-System are the using? So, we had a clear picture what they had and they had a clear picture."*

In case of external ambidexterity advocating organisations, one defining factor that we found during our interviews is the *Investment in Integration and Capability Development* through market expansion tactics and insertion in new markets.

As described by our expert when talking about his employer: *"They grew to some point and they needed to transform. They didn't do it naturally, but they did it by acquisition."* and when they couldn't grow anymore: *"They expanded in different projects or different based business streams and they OK after merging" "Now we need to go vertically in order to have different services."*

Companies that build their innovation internally, allocate resource to testing in the organisation, not buying a "plug-and-play" product, a *Technology infrastructure* as depicted by Participant #4 on discussing his products and quality assurance and control: *"…and it's only implemented after testing, no equipment leaves the company untested and unprogrammed.".* Furthermore, *"we don't do this part at the client's site, the client doesn't need to know how much effort we put into it, how much he does, and if there are any curious clients, when they see something starting to work, LEDs light up. They don't know the effort we put in behind the scenes to have a functional equipment."*

Based on our interviews we saw a *Long-term orientation* when it came to the internally ambidextrous companies. Resources, including human, are dedicated to this factor. Employees invest their time in pursuit of the innovative product, as we can see in the following quote: *"If it's really difficult, they don't say 'I'm going home at 4 o'clock because I've been there for 8 hours', but they say, OK, well, now we're facing a challenge, now we're all sitting there, let's think about how we can overcome these difficulties".*

In the case of an innovation project, that was selected by the innovation department of the large organisation: *"That was then a development over many years, and at*

some point, the project phase came to an end. […] In particular, it was then transferred to the line, which is a good example of a successful project."

Having been in the organisation for long, helps the allocation of resources, by knowing where to go and who to speak to in order to increase the chance of the project ending in success: *"As I have been with the [organisation] for a very long time, I know the [organisation] well and then we make sure that we pass these solutions on to the relevant colleagues in the [organisation] and, if they are interested, enable an introduction and then also help with the first steps, because that is also a challenge or a key success factor."*

When asked about the possible advice they would give an MBA-Student to advance their career, the Participants responded with:

"Don't let failures discourage you!"

5 Discussion

5.1 The main factors

In contemporary business environments, organisations face the challenge of balancing exploration and exploitation activities. This dance, known as ambidexterity, is crucial for organisational success as it allows firms to innovate while efficiently leveraging existing resources and capabilities. In this context, ambidexterity means organising the company in such a way that it can achieve its innovation goals based on its typical characteristics, be it through internally though innovation or externally through M&A.

The research question at the heart of this study, *"What are the supporting and disruptive factors between internal (organisational) and external (M&A) ambidexterity in organisations?"* sets the stage for a detailed exploration into ambidextrous strategies. Through a qualitative analysis and semi-structured interviews with leadership roles about their experience in achieving ambidexterity organically or through M&A, this research endeavours to uncover both the factors which favour shaping internal ambidexterity within organisations and the distinctive factors leading to more success through adopting external ambidexterity, through M&A.

The title of this study, *"Examining Ambidexterity Strategies: Organic Development vs. Mergers and Acquisitions - A Comparative Analysis of Organisational Growth Approaches"*, encapsulates the core focus of the research. By juxtaposing organic development and M&A as two distinct pathways to organisational growth, this study seeks to elucidate the underlying mechanisms and outcomes associated with each approach and offers a detailed understanding of ambidexterity strategies in different settings. In this study we aim to help leaders in navigating the challenges they face in their quest for success by uncovering the main factors which help either internal or external ambidexterity take form and thus providing practical recommendations for strategic decision making. The ensuing discussion dives into the findings and implications of this study, exploring the auxiliary and disruptive factors that shape internal and external ambidexterity strategies and their implementation within organisations. Through a rigorous examination of the empirical evidence, this chapter looks to elucidate the complexities of ambidexterity and offer practical recommendations for organisational leaders navigating the dynamic landscape of contemporary business. After analysing the interviews from our four participants, we were able to extract the following factors categorized by the main five themes.

Table 4: Summary of strategic factors discovered in the interviews together with an explanation: internal ambidexterity

Internal Ambidexterity		
Empirical findings	**Strategic factor**	**Definition**
Culture		
Findings suggest that a culture of innovation is crucial for fostering internal ambidexterity.	**Innovation**	Cultivating an environment that encourages creativity and pursuit of new ideas.
The results suggest that organizations that view risk-taking as part of their culture are more likely to pursue exploratory activities alongside exploitative ones, leading to greater internal ambidexterity.	**Risk-taking**	Being willing to take risks in pursuit of innovation, no blame culture.
By enabling knowledge sharing, the promotion of collaborative practices and a culture of continuous learning positively influence internal ambidexterity.	**Collaborative and learning**	Teamwork, knowledge sharing, and a culture of continuous learning.
Organizational identity factors		
Empirical findings show that organizations with a strong sense of identity are better prepared to balance exploration and exploitation.	**Strong organizational identity**	A clear sense of purpose, values and beliefs.
Findings suggest that cultivating an innovative mindset among employees is essential for internal ambidexterity.	**Innovative mindset**	Promotion of employee mindset that values creativity and experimentation.
Results indicate that organizations focused on understanding and meeting customer needs are more adept at balancing their customer needs, also being prepared with innovation.	**Customer-centricity**	Prioritizing customer needs and feedback to maintain competitive advantage.
Leadership		
Leadership that actively promotes and supports innovation initiatives plays a critical role in facilitating internal ambidexterity, setting the tone for experimentation and risk-taking.	**Promotion of Innovation**	Leaders actively support innovation initiatives and providing resources.
Empowering employees with autonomy and decision-making authority enables them to pursue exploratory activities while ensuring alignment with organizational goals and objectives.	**Empowerment and autonomy**	Granting employees the freedom to make decisions and pursue innovative ideas.
Leaders who maintain a balanced focus on both exploration and exploitation activities facilitate internal ambidexterity, guiding the organization towards strategic alignment and innovation.	**Balanced focus**	Leaders strike a balance between exploring new opportunities and exploiting existing capabilities to ensure competitive advantage.

Table continues on next page:

Organizational structure		
Organizations with decentralized decision-making structures are more agile and responsive to changing market conditions.	**Decentralized decision making**	Distributing decision-making authority across different levels of the organization to facilitate agility and responsiveness.
Results suggest that promoting cross-functional collaboration and integration by breaking down silos and facilitating knowledge sharing and helps internal ambidexterity.	**Cross-functionality**	Encouraging collaboration and communication across different de teams to take advantage of diverse perspectives and expertise.
Findings indicate that establishing dedicated structures and processes to support innovation efforts enhances internal ambidexterity, providing a framework for both exploratory and exploitative activities.	**Innovation structure**	Designing organizational structures such as dedicated innovation labs or project teams and processes that support innovation.
Resource Allocation		
Effective knowledge management support internal ambidexterity by helping sharing and integration of diverse knowledge and expertise across the organization.	**Knowledge Management**	Systematically capturing, sharing, and using developed knowledge and expertise within the organization.
Investments in technology infrastructure support both exploratory and exploitative activities, enhancing internal ambidexterity.	**Technology infrastructure**	Investing in technologies and tools that facilitate innovation and enable efficient collaboration.
Organizations with a long-term orientation prioritize investments in innovation and capability development, fostering internal ambidexterity.	**Long term orientation**	Taking a strategic, forward-thinking approach to resource allocation, prioritizing sustainable growth and innovation.

Table 5: Summary of strategic factors discovered in the interviews together with an explanation: external ambidexterity

External Ambidexterity		
Empirical findings	**Strategic factor**	**Definition**
Culture		
Organizations that exhibit cultural flexibility are better able to adapt to changing circumstances and overcome challenges encountered during integration.	**Flexible**	Being flexible means being open-minded, agile, and willing to adjust strategies and processes as needed.
Findings suggest that organizations open to integration and continuous learning throughout the M&A process foster a culture of collaboration leading to smoother transitions and enhanced value creation.	**Open to integration and learnings**	Organizations that are open to integration actively seek opportunities to learn from others, embrace diversity, and integrate new ideas and practices into their operations.

Table continues on next page:

Organizational identity factors		
Maintaining consistent branding across merging entities reinforces trust, enhances stakeholder perceptions, and facilitates alignment, contributing to successful integration and post-merger performance.	**Consistent branding**	Maintaining a consistent brand identity across all touchpoints and interactions with customers, employees, and other stakeholders.
Organizations that prioritize integrationist identity, emphasizing collaboration and shared values among different entities, are more successful in navigating M&A transitions.	**Integrationist identity**	Cultivating a shared sense of identity and purpose among employees to facilitate smooth integration.
Leadership		
Effective leadership enhances the likelihood of successful M&A outcomes by facilitating alignment, collaboration, and value creation.	**Strategic Partnering**	Leaders actively seek out and cultivate strategic partnerships with other organizations to leverage complementary strengths and drive mutual growth and innovation.
Leaders who prioritize relationship building with key stakeholders foster trust, cooperation, and engagement, contributing to creation of external ambidexterity.	**Relationship Building**	Strong relationships foster loyalty, cooperation, and long-term success.
Leadership that encourages boundary stretching, exploring new markets, capabilities drives innovation while mitigating risks associated with internal limitations.	**Boundary Stretching**	Leaders encourage thinking and action that goes beyond traditional boundaries of the own organization.
Organizational structure		
Organizations that develop and implement clear process integration strategies guide the M&A process effectively, minimizing disruptions, maximizing synergies, and ensuring alignment with strategic objectives.	**Process Integration Strategy**	Process integration enhances efficiency, coordination, and alignment towards organizational goals.
Effective organizational structure and leadership prioritize people integration, focusing on aligning cultures, values, and talent across merging entities to facilitate smooth transitions, enhance employee engagement, and retain key talent.	**People Integration**	This involves ensuring the smooth integration of employees from different organizations following a merger or acquisition.
Resource Allocation		
Successful M&A outcomes depend on the organization's ability to identify and capitalize on synergies between merging entities to drive value creation and competitive advantage.	**Synergy identification**	Organizations identify and capitalize on synergies between different parts of the business, such as shared resources, capabilities, or market opportunities.
Organizations that invest in integration activities and capability development initiatives during the M&A process enhance their capacity to capture synergies, realize long-term value, and sustain competitive advantage.	**Investment in integration and capability development**	Organizations allocate resources towards integrating acquired entities and developing capabilities that support long-term growth and competitive advantage.

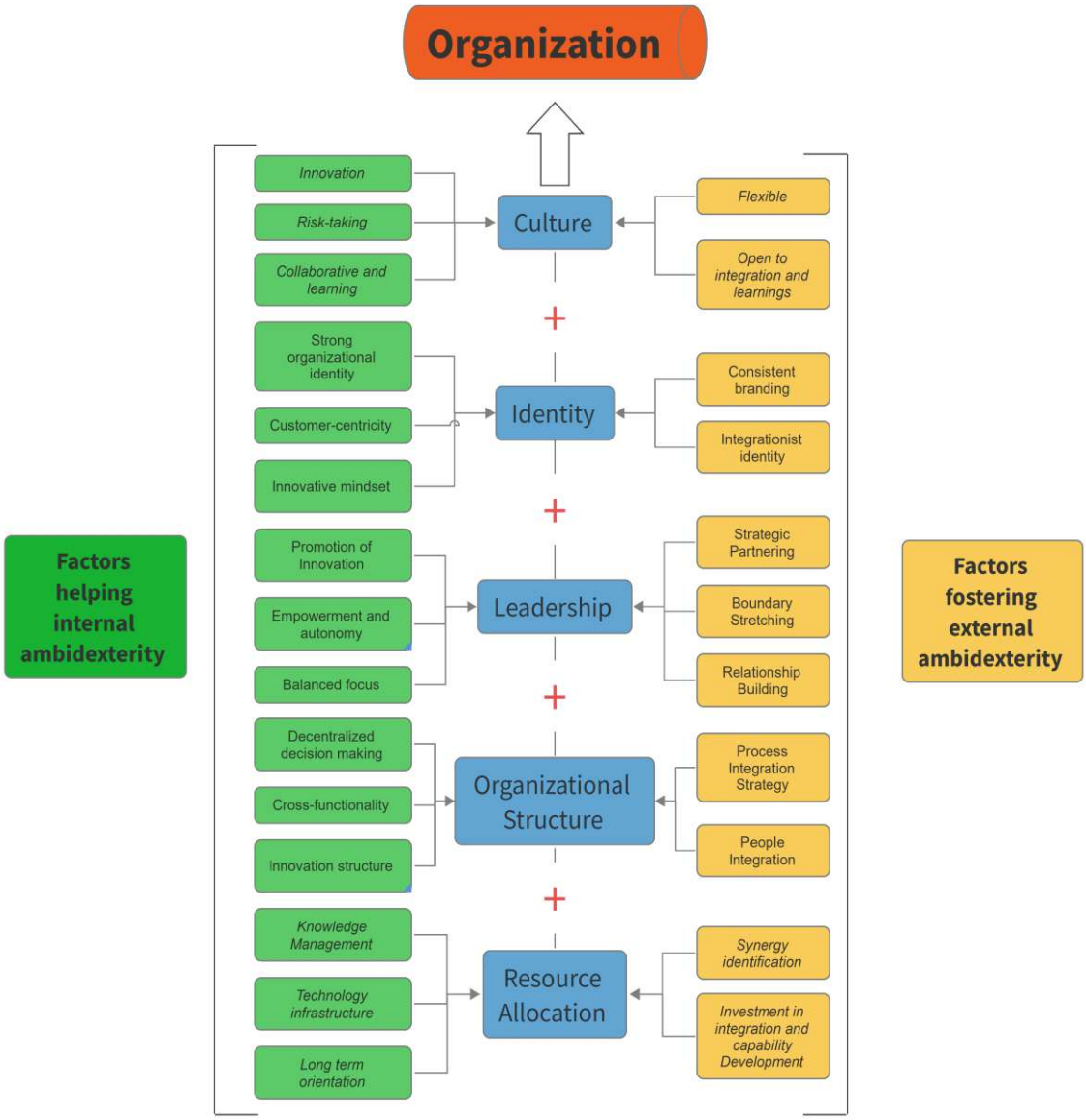

Figure 8: Visual representation of the factors helping internal and external ambidexterity in organisations

5.2 Factors based on organizational culture

The findings of our interviews, mainly the factors that would help the birth of internal ambidexterity are closely related to:

- *a culture of innovation*
- *a culture that fosters risk-taking*
- *a collaborative and learning culture*

and for external ambidexterity:

- *a flexible culture*

- *a culture open to integration and learnings*

as described in chapter 4.2 and proved a correlation between different types of culture and easier integration of internal or external ambidexterity.

As our empirical findings show, culture has a pivotal role in the organisation (O'Reilly III & Tushman 2008). According to studies from O'Reilly III & Tushman (2008) and (2013) culture is one of the main factors that influences internal organisational dynamics. A company that is more inclined to give its employees the freedom to experiment, rewards risk-taking and foster innovation is more likely to have found the road to implementation of internal ambidexterity (O'Reilly III & Tushman 2008). Collaboration between units or divisions is an important part of internal ambidexterity, as shown by the example of "*Ciba Vision*" (O'Reilly III & Tushman 2008), where the collaboration was needed to help the company stay in business. Our interviews also show that an important part in obtaining internal ambidexterity is a culture opened to learning and collaboration.

It was interesting to see that most of the interviewees, in pursuing internal ambidexterity, were using the learnings of Tushman and O'Reilly as a guide, acting out some type of structural ambidexterity, using the fourth condition from "*How managers explore and exploit*" (2011):

"Separate but aligned organisational architectures (business models, structure, incentives, metrics, and cultures) for the exploratory and exploitative units and targeted integration at both senior and tactical levels to properly leverage organisational assets." (O'Reilly III & Tushman 2011: p.5)

Moreover, in the same paper, Tushmann & O'Reilly gave the example of Misys, where Mike Lawrie *"…was willing to risk short-term revenue to help create longer-term options with a potentially disruptive technology" , (*O'Reilly III & Tushman 2011: p.15*)* aligning itself with our literature, discusses risk taking as a key success factor.

The analysis of our interviews supports the theory that a culture of innovation, a culture that fosters risk-taking and collaboration can help the organisation in implementing internal ambidexterity.

Not having these properties, is not considered a failure, and is not linked to running out of business! Having a culture that is open and acceptant to integrating new and diverse "ways of thinking" could mean that the organisation would do better by external ways of achieving ambidexterity. The expert in M&A, Participant #3, provided us with interesting insights into the culture of an M&A driven organisation, as follows in the next paragraph.

This mindset of M&A is not at all unoriginal, it is innovative but also differs from the innovation culture as described above. Innovation doesn't happen in the company; would this be the case, the new entity wouldn't be needed anymore, and the M&A activity would be considered a failure. This mindset has emerged based on other parameters, the strongest being the capacity to integrate. We can see good example of this in the literature, for example in Cartwright & Cooper (1993), where the term of integration is very ingeniously coined as a marriage or according to Schraeder & Self (2003) who proposes a flexible and comprehensive integration plan in order to help the post-merger integration efforts. This was made visible in our interview results, after the merger the first culture mixing with the second culture and giving birth to a third, new culture of the emerging company.

It was interesting for us to see that an M&A based company, didn't have the risk-taking culture of an internal innovation counterpart, having only a small R&D department and mainly relying on vendors or M&A to achieve ambidexterity.

Based on our interviews, we can safely conclude that if an organisation has a culture that tends to be open to integration, it is more suitable to follow the M&A path.

Culture is indeed a delicate concept that can influence a company's future and its style. Based on which culture is fostered in the organisation, the outcomes may differ. But culture is not the only theme that can influence the future of a company.

5.3 Factors driven out of organisational identity

The findings of our interviews on the organisational identity factors that would help the birth of internal ambidexterity are closely related to:

- *Strong organisational identity*
- *innovation mindset*
- *customer-centricity*

and the ones more towards external ambidexterity consist of:

- *Consistent branding*
- *Integrationist identity*

as described in chapter 4.3 and once more demonstrated a correlation between different types of identity and easier integration of internal or external ambidexterity. According to our findings, common visions and values make up the companies' unique business and employee identity, leading to a better collaboration between each unit (O'Reilly III & Tushman 2008). When we look at literature in the field of

organizational identity, the work of Gioia (2013) on identity creation stands out and gives us an anchor point in determining our sought-about factors. Gioia, in quoting Albert et al. (1985) defines identity as "*those features of an organisation that […] are central to the organisations character or 'self-image'* " (Gioia et al. 2013; p.3), transforming the rules of the company into a "*who we are*" (Gioia et al. 2013). Looking at the interview results on the theme of identity, we can see this factor, this attribute being conveyed from all the participants. It was interesting to see how one participant, could feel the change in identity together with the changing of the ambidextrous approach. At first, the small tech company he worked for, managed to integrate its strong identity and change the larger acquired company. This reminds us of Gioia, in quoting Brewer (1991), when he used the phrase "*optimal distinctiveness*" (Gioia et al. 2013: p.4), which fits perfectly to our presented interview results. But when we take a gander at the other side, we see a fact that contradicts Gioia. Normally, based on the studies of (Albert et al. 1985: p.275), the typical organisation goes through four common life-cycle events, leading to changes in their identity, which could potentially lead to organisational funerals. Based on our interview, the acquiring company, a tech giant, incorporated a small innovation driven entity and accepted its identity, without any mourning of its own organisational identity. It is possible that the acquiring company didn't have its own strong identity or was more concentrated on managing the complicated post-acquisition integration by transferring the capabilities and creating synergies because: *"an atmosphere conducive to such transfer must be created and an overall context needs to be set in place*" (Haspeslagh & Jemison 1991: p.7). Having done that, they benefited in full of the new value creation. This fact led us to discover one of the most important factors in displaying an externally driven ambidextrous organisation, the integrationist identity. This type of mindset fosters an open identity, in order to make it easier to create value. The branding of the new business, or the mixture of the two business was also detected by us based on our interviews.

Figure 9: After M&A Identity creation

Further analysis of our interviews reveals the factor we like to call “innovation mindset” as a driver for internal ambidexterity, the participants living the idea of doing something new, aligning themselves with the basic theory of ambidexterity (O’Reilly III & Tushman 2008, Raisch et al. 2009, O'Reilly III & Tushman 2011, O'Reilly III & Tushman 2013). In our findings, we could link the discussed innovation mindset to the third identified factor, the customer-centricity.

Customer centricity embodies a strategic approach that places the customer at the centre of all business decisions, processes, and activities. It goes beyond traditional market research and segmentation by seeking to develop a deep understanding of customers' aspirations and desires. Our empirical evidence showed that companies that were driven by innovation, were more customer centric as well.

The synergy between the innovation mindset and customer centricity empowers employees to challenge the status quo, experiment with new ideas, and explore uncharted territories. Moreover, by actively involving customers in the feedback loop, and having a better view of customer needs, a customer-centric approach provides a guiding compass for innovation efforts. This not only helps in the battle for innovation, but also in attracting customers by providing a sense of security. Studies by Clegg et al. (2007) and quoted by Gioia (2013), showed the importance of having an identity when working with stakeholders, giving an example of a not developed field in Australia, where companies “*attempted to perform a constant identity as they interacted with stakeholders (thus connoting stability)*” (Gioia et al. 2013: p.34).

As organisations embark on their innovation journeys, they must embrace a holistic approach that prioritizes customer insights, empathy, and engagement at every stage of the innovation lifecycle. By doing so, they can unlock new opportunities for growth, differentiation, and long-term success in an increasingly dynamic and customer-centric marketplace.

Organisations that propagate internal ambidexterity often cultivate an identity that values experimentation, innovation, and customer centricity. The organisational identity emphasizes the importance of internal cohesion, shared purpose, and collective learning in driving innovation and performance.

In contrast, organisations that foster external ambidexterity often cultivate an identity that mostly values collaboration and integration.

5.4 Factors based on leadership in organizations

The findings of our interviews, mainly the organisational identity factors that would help the birth of internal ambidexterity are closely related to:

- *Promotion of Innovation*
- *Empowerment and autonomy*
- *Balanced focus*

and for external ambidexterity:

- *Strategic Partnering*
- *Relationship Building*
- *Boundary Stretching*

as described in Chapter 4.4 and once more proved a correlation between different leadership types and easier integration of internal or external ambidexterity.

Each of our four participants, being themselves in leadership roles, knew how important leadership is to achieve ambidexterity. They were completely in unison with the importance of this term in the further development of organisations and types of ambidexterity. When we look in the academic literature, leadership shows up everywhere, and its complexity and entanglements with culture and organisational identity make us dive into this topic even more! For the integration of internal ambidexterity, leaders must promote innovation, empower and give autonomy to their employees but always keep the separate divisions, exploration and exploitation in balance!

In solving the "*Innovators dilemma*", Tushman and O'Reilly discover the importance of the leader role and give their final proposition in achieving internal ambidexterity by a keen promotion of innovation while maintaining a focus on balancing both activities:

"Proposition 5: Senior leadership that tolerates the contradictions of multiple alignments and is able to resolve the tensions that ensue increases the likelihood of ambidexterity." (O'Reilly III & Tushman 2008: p.38).

They also argue that ambidextrous leadership is a specific capability that is embodied in senior managements learnings and in order to achieve ambidexterity, it *"requires a leadership team with the skills necessary to provide a compelling vision and strategic intent, a clear consensus and commitment within the team, the skills to manage differentiated sub-units with aligned sub-unit organisational architectures (explore and exploit) with clearly defined interfaces to leverage existing assets, and the ability to*

resolve the inevitable conflicts that this design entails." (O'Reilly III & Tushman 2008: p.47).

Zimmermann et al. (2015) is also of the opinion that management needs to attenuate and balance tensions between exploitation and exploration by supporting both and creating a structure that could *"enable low-level managers and employees to exploit and explore […]"* (Zimmermann et al. 2015: p.16), in this case in a contextual ambidexterity sense. Raisch (2009) quotes O'Reilly and Tushman (2008) by saying that without the continuous and repeated intentional promotion of innovation by management, ambidexterity will not become a dynamic capability. Moreover, the mere existence of both exploitation and exploration divisions is not a sufficient condition for achieving ambidexterity, the top management needs to ensure its smooth integration (Raisch et al. 2009)!

Our findings are in perfect tandem with the conclusions of the studied research papers, but each scientific paper leaves gaps, because it does not make a comprehensive analysis of the factors scattered in all the five themes discussed, gaps that we can fill!

In the same paper, Raisch et el. looks at the difference between external and internal ambidexterity realization, concluding that strategic alliances and corporate venturing could lead to achieving external ambidexterity, another point that our empirical evidence with our M&A Experts was able to point out. The important part is to have a leadership that is able to "*span organisational boundaries*" and "*act like brokers*" (Raisch et al. 2009: p.5).

The relationship building of leadership in external ambidexterity is also showed in the paper "*On managing cultural integration and cultural change processes in mergers and acquisitions*" by Bijlsma-Frankema (2001), where the fact that a "*participatory style of leadership is to be preferred over an authoritarian one*" based on research of Pfeffer (1994), Hamel & Heene (1994) and Hamel & Prahalad (1996) is being highlighted.

Leadership fostering external ambidexterity, differs in many ways from the internally routed one, being more involved in identifying and engaging with strategic partners, negotiating alliances and joint ventures, and stretching the boundaries by managing complex networks of relationships to access external resources, capabilities, and market opportunities. Internal-ambidexterity oriented leaders promote cross-functional collaboration, encourage knowledge sharing, and foster a culture of

continuous improvement to drive innovation from within, while leaders in external ambidexterity prioritize relationship management, stakeholder engagement, and the ability to navigate and leverage diverse external ecosystems effectively.

5.5 Factors driven out of organisational structure

The findings of our interviews, mainly the organisational identity factors that would help the birth of internal ambidexterity are closely related to:

- *Decentralized decision making*
- *Cross-functionality*
- *Innovation structure*

and for external ambidexterity:

- *Process Integration Strategy*
- *People Integration*

as described in chapter 4.5 and shows a correlation between different types of organisational structure and easier integration of internal or external ambidexterity.

Organisational structure refers to the arrangement of roles, responsibilities, communication channels, and decision-making processes within an organisation. In the context of ambidexterity, the organisational structure can either facilitate or hinder the organisation's ability to internally become ambidextrous or find external ways of achieving its strategic goals.

O'Reilly and Tushman discovered in 1996 that decentralized structures, with each division making its own decisions, leads to the initiation of ambidexterity. Coupled with our empirical evidence, we can safely conclude that this important factor fosters the growth of internal ambidexterity, leading in turn to an innovation structure, the division that explores, while the core-business does its duty and refines its internal processes. Research presented in O'Reilly III & Tushman (2011), show that without decentralized decision making and a certain cross-functionality defined by aligned organisational architectures, *"there will be inefficient use of resources and poor coordination across the units"* (O'Reilly III & Tushman 2011: p.10). *"The development of new capabilities relies on the orchestration of organisational structure" (*O'Reilly III & Tushman 2008: p.8*)*

The identified factors in our interviews reflect the research theory on organisational structures. Moreover, they fill the gap of knowledge by showing which factors are relevant for achieving external ambidexterity through M&A. An organisation which

values integration, and mainly process and people integration, was found by our empirical research to be more opened and suited to accept an M&A process. In this case, the marriage, as proposed by Cartwright and Cooper (1993) must find the balance and more importantly, the place to integrate the new entity. As depicted, *"Changes which are perceived to impose more control on employees will encounter more resistance than those perceived as likely to increase employee autonomy"* (Cartwright & Cooper 1993: p.66) proving that an organisation with a structure opened to the new cultures and identities of people, will most surely be successful in external ambidexterity processes. We saw in our interview how relieved Participant #3 was when they *"[…] were offered to stay in the company and to have […] our positions transferred in the bigger company."*

In the case of Participant #1, their company had a successful internal innovation process which made them internally ambidextrous.

The organisational structure shows once more how small differences in a company can make large differences in their path forward.

Organisations that seek to propagate internal ambidexterity often adopt a flexible and adaptive organisational structure. Having such a structure, decentralized decision making and cross-functional collaboration across different parts of the organisation are highly encouraged. The organisational culture and identity are typically characterized by openness to change, risk-taking, and continuous learning, which are supported by its flexible structure.

In contrast, organisations that aim to foster external ambidexterity often adopt a networked or integrative organisational structure. This allows a better degree of collaboration, partnership, and information exchange with external stakeholders. The organisational structure is designed to support the integration, coordination and alignment of activities across the organisational boundaries, helping the organisation make use of its internal and external capabilities.

5.6 Factors based on resource allocation

The findings of our interviews, mainly the organisational identity factors that would help the birth of internal ambidexterity are closely related to:

- *Knowledge Management*
- *Technology infrastructure*
- *Long term orientation*

and for external ambidexterity:

- *Synergy identification*
- *Investment in integration and capability Development*

as described in chapter 4.6 and demonstrated a correlation between allocation of resources and easier integration of internal or external ambidexterity.

Knowledge management is one of the building blocks of internal ambidexterity, as shown by Tushman and O'Reilly in (2008), being needed in order to instil an innovation mindset. Tushman and O'Reilly quote the research of Bingham (2005), that proved that new capabilities were acquired by learning from the mistakes or successes made in the past, thus making knowledge management a vital factor towards successful integration of internal ambidexterity and also proven by our empirical evidence. Raisch (2008) agrees with the research of Levinthal & March (1993) by saying that *"an organisation that engages exclusively in exploration will ordinarily suffer from the fact that it never gains the returns of its knowledge"* Raisch & Birkinshaw (2008: p.18), showing the importance of knowledge management for a thriving business environment. Knowledge management needs to be implemented in a long-term strategy in order to yield the promised results, as discovered by Van Looy et al. (2005) and quoted by Raisch & Birkinshaw (2008). Zimmermann et al. (2015) quoting Im & Rai (2008) propose that interorganisational relationships benefit *"from developing ambidextrous knowledges in the long term"* (Zimmermann et al. 2015: p.5). Moreover, Tushman and O'Reilly (2008) discovered that reallocation of resources from *"mature and declining businesses towards emerging growth opportunities"* is a must in order to achieve long-term success, thus being a decisive factor in implementing internal ambidexterity.

Based on the results of our empirical evidence, we can conclude that one factor that could help organisations easier implement external ambidexterity, is a prowess and allocation of resources in finding synergies between the entities, making the merge of cultures, identities and organisations much easier. The importance of finding synergies is very high, an unsuccessful merger could be ruined without them. Using the words of Cartwright and Cooper (1993), the "*…objective of all mergers and acquisitions is to achieve synergy or the commonly described 'two plus two equals five' effect.*" (Cartwright & Cooper 1993: p.57). Post merger integration can become an issue, possibly rendering the acquisition worthless and leading to huge losses, as shown by Christensen et al. (2011), when describing the Daimler Chrysler acquisition,

where unpractical synergies were installed, instead of investing in the integration of the bought entities business model, or strengths in the acquirer's business model.

5.7 Filled gaps and future research possibilities

The results of the empirical research not only highlight once more the academic research on the topic of ambidexterity but are also able to fill the gaps that were left open by doing a comprehensive analysis of the subfactors in all of the five main themes and their affiliation to the concept of internal or external ambidexterity creation.

5.7.1 Filled gaps

Our research was able to investigate a wide range of factors influencing both internal and external ambidexterity creation within organisations and creating a holistic understanding of the nature of ambidexterity by exploring the faces of culture, identity, leadership, organisational structure and resource allocation through the lens of internal innovation and M&A. Moreover, while most of the studies on ambidexterity focus exclusively on either internal or external ambidexterity, our research was able to present a comparison of both viewpoints at the same time. After having detected which factors influence each type of ambidexterity, we were able to better understand how organisations can effectively balance exploration and exploitation and juggle them in many ways, for example in the creation of blended or hybrid ambidexterity. Moreover, our study can provide businesses in search of ambidexterity practical tools in identification of viable strategies that can be used in their quest of achieving competitive advantage.

5.7.2 Future research possibilities

One possible future research could concentrate on enlarging the number of interviews with C-Level managers and industry experts from other industries as well with different organisational sizes, possibly bringing to light which industries are more prone to internal and which to external ambidexterity. Furthermore, future studies could introduce the variable of different cultures by researching the factors in diverse geographical locations. Being able to talk about risk, innovation and change, could lead the research path to unique challenges and opportunities for uncovering new faces of internal or external ambidexterity. By considering these factors, future studies could offer even more precise recommendations for organisations in need of guidance.

Another possible future research would be to track the interviewed participants and their organisations over time seeing how they evolved and being able to adjust the initial indications, leading to more precise factors.

Future research could also concentrate on bridging the gap on measurement and assessment tools and frameworks to accurately quantify ambidextrous capabilities and performance and could focus on introducing new instruments to capture the complex dimension of the five main themes in achieving ambidexterity.

6 Conclusion

In this study, we have taken on the challenge of examining the landscape of organisational ambidexterity, trying to uncover the factors that contribute to its creation within the organisation and with external help, through M&A. The ability to simultaneously perfect one's existing capabilities and explore new avenues of opportunities is essential to not only achieving competitive advantage, but to survive.

Having our sights set on unravelling the intricate web of influences that shape ambidextrous behaviours within organisations, we included in our research both a meticulous examination of the literature on ambidexterity characterized through organisational culture, identity, leadership, organisational structure and resource allocation, and empirical evidence we collected through semi-structured interviews.

When we put on our ambidexterity lens and look at an organisation with a more flexible structure, an organisation opened to risk, with a strong identity and coupled with the right leadership and structure, we were able to find evidence linking it to a greater chance of managing a successful integration of internal ambidexterity.

But not having these abilities, not being able to grow ambidexterity in your own backyard, doesn't mean that the organisation is doing something wrong and is destined to fail in the long term! It only means that it needs to adopt another strategy, one of which could be investing in external ambidexterity. During our studies, we were able to deduce that organisations that embody a culture welcoming of integration coupled with an integrationist identity and backed by a management aimed at relationship building could be more successful in becoming externally ambidextrous. It is not our intention to make this sound easy; the intricacies of successfully integrating an acquired or merged with entity are known to be complicated, with 70 to 90% of finished M&A processes ending in failure (Christensen et al. 2011).

Our study was not only aimed at the development of the theory of internal and external ambidexterity by examining practical data, but was set to help provide a deeper practical understanding by concentrating on the dynamics of the five main themes that form an organisation:

- Culture
- Identity
- Leadership
- Organisational identity
- Resource Allocation

offering businesses a road map of valuable information that can help value creation and strategy.

Our structured discoveries of the factors influencing the road to internal or external ambidexterity can be found in the table below:

Table 6: Summary of our findings

Theme	*Factors helping the creation of internal ambidexterity*	*Factors fostering external ambidexterity*
Culture	Innovation	Flexible
	Risk-taking	Open to integration and learnings
	Collaborative and learning	
Identity	Strong organisational identity	Consistent branding
	Innovative mindset	Integrationist identity
	Customer-centricity	
Leadership	Promotion of Innovation	Strategic Partnering
	Empowerment and autonomy	Relationship Building
	Balanced focus	Boundary Stretching
Organisational Structure	Decentralized decision making	Process Integration Strategy
	Cross-functionality	
	Innovation structure	People Integration
Resource Allocation	Knowledge Management	Synergy identification
	Technology infrastructure	Investment in integration and capability Development
	Long term orientation	

We were able to point out the importance of *culture* and its main factors in fostering an internal or external ambidextrous environment: a culture opened to experimentation, risk-taking, and embracing failure as a catalyst for learning provides the fertile ground upon which ambidexterity can internally flourish.

The *identity* of an organisation and its employees can be compared to a beacon of light, showing the direction and collective purpose of the organisation. A strong organisational identity is needed to propagate a sense of cohesion among employees and more importantly aligns their actions with the organisation's strategic objectives.

Instilling of an *organisational identity* is possible only with the help of competent *leadership*. In the case of internal ambidexterity, leaders foster a culture prone to learning and experimenting, are open to risk-taking and have a long-term vision for their organisation. Fostering external ambidexterity could be achieved by leaders who like to build relationships, and dream of strategic partnering. Coupled with a flexible and integrative culture and identity, external ambidexterity is most likely to appear shortly!

It is important to remember that *effective leadership* involves not only setting a clear direction and inspiring others but also providing the necessary support, resources,

and incentives, as we saw in our interviews. When we discuss *resources*, our study has illuminated their significance in supporting ambidextrous endeavours. Effective resource allocation mechanisms need to be put into place and ensure that the organisation allocates sufficient resources, both financial and human, to support the chosen ambidextrous strategy, internal or external, according to each organisations liking.

Our study also showed the importance of an aligned *organisational structure* according to the strategy of each company: integrative or more culturally open.

Furthermore, the investigation into the *auxiliary and disruptive factors between internal and external ambidexterity* has uncovered rich insights into the intricate dynamics at play within organisations striving to balance exploration and exploitation. The alignment and integration of these factors are essential elements for fostering an ambidextrous orientation that enables organisations to adapt, innovate, and thrive in today's rapidly changing business environment.

Overall, the findings of this study contribute to advancing scholarly understanding of ambidexterity and offer practical implications for organisational leaders and managers seeking to enhance their organisation's adaptive capacity and strategic agility. By understanding the subtle differences between internal and external ambidexterity and correctly taking advantage of the factors that help in its creation and propagation, organisations can position themselves for long-term success in an increasingly complex and uncertain business landscape.

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