

Building an ambidextrous organization

A framework to develop from a functional into an ambidextrous organization in a discontinues business environment

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Abstract

This thesis investigates the difficulties organizations face in discontinuous environments and the efficacy of various organizational structures in addressing these difficulties. The primary emphasis is on contrasting functional organizations and ambidextrous organizations to determine which approach is best suited to attaining a balance between flexibility and performance in discontinuous environments. The research begins with an examination of the risk management process and the change management process as crucial elements of organizational adaptation as elements of strategic risk management, the focus of the thesis. The chapter then examines organizational culture, communication, and structure, emphasizing their significance in facilitating effective change and risk management. Using a systematic literature review, the thesis identifies critical insights and research openings. The report then compares Apple (a functional company) and Amazon (an ambidextrous company) to obtain insight into their organizational cultures and internal structures. Examining how culture, communication, and structure contribute to organizational agility and adaptation, the analysis concentrates on culture, communication, and structure. The thesis's findings support the hypotheses that ambidextrous organizations are better suited to deal with discontinuous environments and that becoming an ambidextrous organization is essential for survival and success in such contexts. Ambidextrous organizations balance exploration and exploitation by segregating their core business from innovative initiatives and nurturing a culture of experimentation and collaboration. Additionally, the research emphasizes the significance of change management, effective communication, and flexible organizational structures in facilitating successful organizational transformations. It highlights the significance of ambidextrous structures in fostering innovation and preserving fundamental business performance. Future research is advised to investigate the triggers and drivers for organizations to pursue ambidexterity, the transferability of ambidexterity practices across industries, and the long-term viability of ambidextrous structures through longitudinal studies. Establishing clear mechanisms for separating the core business from innovation, implementing robust change management practices, fostering a culture of experimentation and collaboration, investing in talent development, and creating structures to facilitate knowledge sharing and cross-functional collaboration are practical recommendations for organizations seeking to develop ambidextrous capabilities. By imbibing these insights and recommendations, organizations can improve their adaptability, agility, and resilience, positioning themselves for success in discontinuous environments and driving sustainable growth in a constantly shifting business environment.

Key Words: ambidextrous organizations, functional organizations, growth strategies, risk management, risk assessment, change management.

Kurzreferat

Diese Arbeit untersucht die Schwierigkeiten, mit denen Organisationen in diskontinuierlichen Umgebungen konfrontiert sind, sowie die Wirksamkeit verschiedener Organisationsstrukturen bei der Bewältigung dieser Schwierigkeiten. Der Schwerpunkt liegt auf der Gegenüberstellung funktionaler Organisationen und ambidextrer Organisationen, um herauszufinden, welcher Ansatz am besten geeignet ist, um ein Gleichgewicht zwischen Flexibilität und Leistung in diskontinuierlichen Umgebungen zu erreichen. Die Forschung beginnt mit einer Untersuchung des Risikomanagement- und des Änderungsmanagementprozesses als entscheidende Elemente der organisatorischen Anpassung als Elemente des strategischen Risikomanagements, dem Schwerpunkt der Arbeit. Das Kapitel untersucht dann die Organisationskultur, Kommunikation und Struktur und betont deren Bedeutung für die Erleichterung eines effektiven Änderungs- und Risikomanagements. Mithilfe einer systematischen Literaturrecherche identifiziert die Arbeit kritische Erkenntnisse und Forschungsansätze. Der Bericht vergleicht dann Apple (ein funktionales Unternehmen) und Amazon (ein ambidextres Unternehmen), um Einblick in ihre Organisationskulturen und internen Strukturen zu erhalten. Die Analyse untersucht, wie Kultur, Kommunikation und Struktur zur organisatorischen Agilität und Anpassung beitragen, und konzentriert sich auf Kultur, Kommunikation und Struktur. Die Ergebnisse der Arbeit stützen die Hypothese, dass ambidextre Organisationen besser für den Umgang mit diskontinuierlichen Umgebungen geeignet sind und dass die Entwicklung einer derartigen Organisation für das Überleben und den Erfolg in solchen Kontexten von entscheidender Bedeutung ist. Ambidexter arbeitende Organisationen schaffen ein Gleichgewicht zwischen Erforschung und Ausbeutung, indem sie ihr Kerngeschäft von innovativen Initiativen trennen und eine Kultur des Experimentierens und der Zusammenarbeit pflegen. Darüber hinaus betont die Forschung die Bedeutung von Change Management, effektiver Kommunikation und flexiblen Organisationsstrukturen für die Erleichterung erfolgreicher organisatorischer Transformationen. Die Bedeutung ambidextrer Strukturen für die Förderung von Innovationen wird unterstrichen, sowie der Erhalt grundlegender Unternehmensleistungen. Zukünftige Forschung wird empfohlen, um die Auslöser und Treiber für Organisationen, die Ambidextrie verfolgen, die Übertragbarkeit von Ambidextrie-Praktiken über Branchen hinweg und die langfristige Tragfähigkeit beidhändiger Strukturen durch Längsschnittstudien zu untersuchen. Die Einrichtung klarer Mechanismen zur Trennung des Kerngeschäfts von der Innovation, die Implementierung robuster Change-Management-Praktiken, die Förderung einer Kultur des Experimentierens und der Zusammenarbeit, Investitionen in die Talententwicklung und die Schaffung von Strukturen zur Erleichterung des Wissensaustauschs und zur funktionsübergreifenden Zusammenarbeit sind praktische Empfehlungen für Organisationen, die sich weiterentwickeln möchten. Durch die Aufnahme dieser Erkenntnisse und Empfehlungen können Unternehmen ihre Anpassungsfähigkeit, Agilität und Widerstandsfähigkeit verbessern, sich für den Erfolg in diskontinuierlichen Umgebungen positionieren und nachhaltiges Wachstum in einem sich ständig verändernden Geschäftsumfeld vorantreiben.

Schlüsselwörter: organisationale Ambidextrie, funktionale Organisationen, Wachstumsstrategien, Risikomanagement, Risikobewertung, Change Management.

Table of Contents

Abstract	II
List of Figures	VI
List of Tables	VII
List of Abbreviations	VIII
1 Introduction	1
1.1 Starting Point & Objectives	1
1.2 Brief Literature Overview	3
1.3 Hypotheses and Research Questions	5
1.4 Method	7
1.5 Structure	8
1.6 Risks & Potential Limitations	8
2 Risk Management Process	10
2.1 Response to Risks	13
3 Change Management Process	16
3.1 Organizational Change	16
3.1.1 Adaptive Changes	18
3.1.2 Transformational Changes	20
4 Organizational Culture and Structure	26
4.1 Organizational Culture	26
4.2 Organizational Communication	27
4.3 Organizational Structure	28
4.3.1 Divisional Organizational Structures	28
4.3.2 Functional Structure	29
4.3.3 Ambidextrous Structure	31
5 Systematic Literature Review	33
5.1 Process	33

5.2 Literature Search and Evaluation	35
5.2.1 Inclusion/Exclusion Criteria.....	35
5.2.2 Literature Identification and Analysis	36
5.3 Concept Matrix	41
6 Comparative Analysis	44
6.1 Apple: A Functional Company	45
6.2 Amazon: An Ambidextrous Company	47
6.3 Analysis	49
7 Empirical Research	51
7.1 Research Method: Qualitative Content Analysis	51
7.2 Semi-Structured Interview	54
7.3 Parameters of the Research	55
7.4 Presentation of Results	56
8 Final Thoughts	61
8.1 Summary, Conclusion, and Limitations	61
8.2 Outlook	63
Bibliography	65
Appendix 1	76
Appendix 2	103
Statement of Affirmation	104

List of Figures

Figure 1: Risk Management Activities According to Microsoft (Microsoft, 2023) _____	12
Figure 2: 2 Types of Organizational Change (Stobierski, 2020) _____	18
Figure 3: Lewin's Model of Change. Own Illustration, based on (Lewin, 1951, p. 231) _____	22
Figure 4: Kotter's Model of Change (O'Reilly, 2023) _____	23
Figure 5: Centralized (functional) organizational structure (Haroun & Duffuaa, 2009, p. 10) _____	29
Figure 6: Functional organizational structure (Dolacek-Alduk & Radujkovic, 2015, p. 67) _____	30
Figure 7: concept matrix model 1 (Webster & Watson, 2002, p. xvii) _____	34
Figure 8: concept matrix model 2 (Webster & Watson, 2002, p. xvii) _____	34
Figure 9: concept matrix model 3 (Webster & Watson, 2002, p. xvii) _____	34
Figure 10: five maturity stages for capability development in organizations (Stelzl, Röglinger, & Wyrтки, 2020, p. 1219) _____	37
Figure 11: Apple's organizational structure (Dudovskiy, 2023) _____	45
Figure 12: Amazon's organizational structure (Dudovskiy, 2022) _____	48
Figure 13: empirical and non-empirical methods (Dan, 2018, p. 1) _____	52

List of Tables

Table 1: concept matrix. Own illustration	43
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List of Abbreviations

AP	actionable practices
e.g.	for example
et al.	et alia/alii, meaning 'and others'
i.e.	that is
OA	organizational ambidexterity
OAMM	organizational ambidexterity maturity model

1 Introduction

The introduction chapter is the gateway to this thesis, laying the groundwork for the investigation of organizational ambidexterity, risk and change management as components of strategic risk assessment, and the development of functional and ambidextrous structures. It outlines the major themes, objectives, and research queries that will be addressed throughout the thesis. This chapter examines the thesis's foundational elements, establishing the groundwork for a comprehensive understanding of the subject. It acts as a road map, directing the reader through the subsequent chapters and emphasizing the importance and relevance of the research conducted.

1.1 Starting Point & Objectives

Growth and innovation within a company often entail great changes that can have damaging to disastrous consequences (Lerner & Tufano, 2011, p. 524 f.) – meaning, for instance, changes in a company's structure, product and service innovations, or the transformation of entire business models. With fundamental alterations to a business's status quo – be it motivated by voluntary shifts or changes brought on by external circumstances – come significant risks of failure or even bankruptcy. Disruptive changes can also amplify issues concerning a company's viability (Michels & Murphy, 2021).

The inescapable necessity for growth and change forces businesses to confront their company culture and internal structures. Consequently, companies must deal with issues of implementing change for the sake of growth and of assessing the risk of doing so before the change is implemented (Sirkin, Keenan, & Jackson, 2005). The company's organizational structure is a fundamentally important aspect of the company's capacity to assess risks and implement changes and/or growth strategies (Adler, 2021). This brings to mind organizational ambidexterity/ambidextrous organizations. In 2004, O'Reilly & Tushman posed the following riddle in their article written for the Harvard Business Review:

The Roman god Janus had two sets of eyes — one pair focusing on what lay behind, the other on what lay ahead. General managers and corporate executives should be able to relate. They, too, must constantly look backward, attending to the products and processes of the past, while also gazing forward, preparing for the innovations that will define the future defined (O'Reilly & Tushman, 2004).

Nine years later, the same authors explained organizational ambidexterity as such:

Organizational ambidexterity refers to the ability of an organization to both explore and exploit — to compete in mature technologies and markets where efficiency, control, and incremental improvement are prized and to also compete in new technologies and markets where flexibility, autonomy, and experimentation are needed (O'Reilly & Tushman, 2013, p. 2).

According to O'Reilly & Tushman, there is extensive empirical evidence that organizational ambidexterity improves company performance (O'Reilly & Tushman, 2013, p. 5). They also create a culture of autonomy and risk-taking (Tushman & O'Reilly III, 1996, p. 26). At the same time, Durisin & Todorova argue that *“there is little empirical evidence on how managers implement the principles of the ‘ambidextrous organizations’ theory to dynamically align the structure and culture of ambidextrous organizations”* (Durisin & Todorova, 2012, p. 53). In this context, it is interesting to note that around 70 percent of all change and transformation programs end up not delivering on their promises (Gallagher, 2017). That is, the risks are often deemed acceptable but do not pay off. A fixed mindset might minimize risks, but it inhibits change and thus growth (Dweck, 2016, p. 2 ff.).

As Stefanović et al. put it, interactions *“between contemporary organizations and their environment [are] becoming more sophisticated”* (Stefanović, Prokić, & Milošević, 2014, p. 139). Minimizing risks and simultaneously seeking out new sources of revenue means reconciling opposite goals – and in an environment that has only become complicated and difficult to predict (Stefanović, Prokić, & Milošević, 2014, p. 139). Stefanović et al. call this *“environment discontinuity”* (Stefanović, Prokić, & Milošević, 2014, p. 139):

The environment discontinuity means the existence of any event in the environment that organizations cannot cope with on the basis of their existing capabilities and resources or the existence of events that could not be anticipated by the organization and therefore the organization is not able to adapt accordingly in the short term, even though it had the necessary resources and capabilities (Stefanović, Prokić, & Milošević, 2014, p. 139).

Whether or not ambidexterity is the best way to meet these challenges is up for debate, and so are the details of a possible implementation (O'Reilly & Tushman, 2013, p. 20). Based on what has so far been described, the following can be deduced:

- Contemporary organizations face multiple challenges in today's discontinuous environment.
- Ambidextrous organizations attempt to both manage their core business and to expand into new sources of revenue by focusing on innovative approaches.
- The dynamic capabilities of many organizations are not up to specifications in the contemporary business landscape.

There seems to be a gap between the two approaches – one more focused on organizational and structural changes and the other on risk management – which appears to be difficult to reconcile in the contemporary entrepreneurial landscape. Lerner, writing on behalf of the international managing consulting firm Arthur D. Little, states the following: *“In competitive markets[,] businesses need to embrace two sets of capabilities that are often seen as complete opposites – they have to be fast & creative, while also being productive & scale driven”* (Lerner W. , n.d.). He adds that ambidextrous organizations are best equipped to deal with disruption and to *“create organizational advantage”* (Lerner W. , n.d.).

As O'Reilly & Tushman summarized: *"The forces of inertia in companies are strong. The legions of once successful firms that have fallen on hard times or gone out of business underscore how hard it is to break out of a rut, especially a comfortable, profitable rut"* (O'Reilly & Tushman, 2004).

Out of this observation comes the motivation for this thesis. As Birkinshaw and Gibson argue, *"the concept of organizational ambidexterity has been around for many years, but evidence suggest that most companies have failed to apply it, and remain as one-handed as ever"* (Birkinshaw & Gibson, 2004, p. 3). Due to this, the aim is to provide a framework for such an implementation. For this purpose, the focus will not only be on organizational ambidexterity or even ambidextrous organizations but also functional organizations, which are, simply put, companies that are structured around specialization areas and that do not separate their core business from their innovation business like ambidextrous companies do (Kenton, 2022). Even though there are other forms of organizational structures (e.g., multi-divisional, matrix, and flat structures) (Kenton, 2022), the focus in this thesis will be placed on ambidextrous and functional ones, as the examples used are two large corporations that represent one of each: Amazon (ambidextrous) (O'Reilly & Tushman, 2016) and Apple (functional) (Podolny & Hansen, How Apple Is Organized for Innovation, 2020).

Amazon is considered to be an ambidextrous company because it supports *"risk-taking culture, pushing the company to explore areas outside of Amazon's core business"* (O'Reilly & Tushman, The Amazon Model, 2016).

Meanwhile, Apple was organized by CEO Steve Jobs as *"one functional organization that aligns expertise with decision rights – a structure Apple retains to this day"* (Podolny & Hansen, 2020).

The hypotheses and research questions derived from the premise delineated above are presented later on in this chapter. This includes the reasons for choosing Amazon and Apple to be the subjects of a comparative analysis. First, however, a very brief literature overview is presented.

1.2 Brief Literature Overview

This section will provide an overview of publications pertaining to the aforementioned subject matter. A systemic literature review will be presented in the thesis per se as one of the main sections. Thus, this short overview does not claim to be a complete, exhaustive, or comprehensive examination. Its purpose is to convey an idea of what the main explored areas in the field of study are. Consequently, the aim is to illustrate what this thesis may contribute

to the field of study. As is usual in literature reviews, brief or otherwise, there will be many direct quotes from the utilized publications. All are formatted and labeled as such.

IBM summarizes risk management as:

Risk management is the process of identifying, assessing and controlling financial, legal, strategic and security risks to an organization's capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters (IBM, n.d.).

This paper therefore focuses on strategic risk assessment and change management, which Edinburgh Business School summarizes as follows:

Strategic risk relates to risk at the corporate level, and it affects the development and implementation of an organization's strategy. An example is the risk resulting from an incorrect assessment of future market trends when developing the initial strategy (Roberts et al., 2003, p. 1/5).

Such a development and implementation of an organization's structure cannot exist without change management, which is defined by the Michigan State University as:

A process of overseeing and facilitating change at any level where it occurs. It is up to management teams to decide exactly how this change will be addressed, develop the process and how to best execute and apply (Michigan State University , n.d.).

A preliminary search of the key term 'change management' yields about 32,900 results in the scientific database Google Scholar – including only works published between 2010 and 2013. As for the key term 'risk management', the same search parameters yielded a whopping 434,000 results. There is a great number of publications dealing with supply chain risk management, such as Tang & Musa (Tang & Musa, 2011) and Ho et al. (Ho, Zheng, Yildiz, & Talluri, 2015). Risk management in finances and banking has also thus far been covered extensively, for example by Bessis (Bessis, 2011), Christoffersen (Christoffersen, 2011), and Hull (Hull, 2012). The implementation of risk management has, among others, been studied by Hopkin (Hopkin, 2018) as well as Hoyt & Liebenberg (Hoyt & Liebenberg, 2011). Risk management methods than can be applied to sustainable energy has been analyzed by Wing & Jin (Wing & Jin, 2015).

As for change management, there are a multitude of publications dealing with tools, techniques, and effective implementation, including Siebert et al. (Siebert, Paton, & McCalman, 2015), Cameron & Green (Cameron & Green, 2019), and Fernandez & Rainey (Fernandez & Rainey, 2017). The management of innovations has been studied, among others, by Tidd & Bessant (Tidd & Bessant, 2020).

Regarding the intersection of risk management and change management, there seems to be a lack of publications that have extensively dived into the juxtaposition of both areas. Glendon et al. have, in 2016, published a monograph on the combination of human safety and risk management, which offers a few valuable insights on risk factors, risk avoidance, and liabilities. It does not offer any insights into the implementation of organizational ambidexterity

as a method to improve performativity processes and to avoid a lack of innovation (Glendon, Clarke, & McKenna, 2016).

The balance between flexibility and control was assessed by Aven in the same year. The paper does not dive deeply into issues of change and growth, however, but focuses more intensely on the principles as well as methods that have been developed over the decades pertaining to risk management and risk assessment (Aven, 2016). A similar approach is taken by Osipova & Eriksson, who also concentrate on the issue of risk management and thus risk aversion in a flexible environment (Osipova & Eriksson, 2013).

Judging by this initial analysis of the topics at hand, it seems as if there is a lack of publications that analyze how, in a discontinuous environment, risk to the core business can be managed, whilst at the same time, significant change and growth can be achieved. The juxtaposition of both – simultaneously employed – growth strategies and risk management in a company is a topic that concerns contemporary companies in a way that, as far as this initial analysis shows, has not yet been reconciled comprehensively, especially not concerning ambidextrous companies, which place a lot of emphasis on exploring new avenues whilst keeping their core business.

This is shown in a meta-analysis conducted in 2021 by Chakma et al. The researchers reviewed research trends of organizational ambidexterity and uncovered tendencies as well as knowledge gaps. While they confirmed that organizational ambidexterity is a topic that has gained much attention by researchers over the past years, the publications mostly focus on *“dynamic capabilities of firms [that play] a very important role in adapting to the situation and to remain relevant in unwanted circumstances”*. Moreover, *“present literature is also characterized by insufficient conceptualization as most of the studies focused on exploration and exploitation, not much importance has been given to the dualities and their integration process”* (Chakma, Paul, & Dhir, 2021, p. 14).

This warrants further and deeper analysis, especially as questions arise pertaining to the culture and internal structures that would be well suited for developing an ambidextrous organization. As a result, hypotheses and research questions have been formulated, which will be presented and elaborated on in the following section.

1.3 Hypotheses and Research Questions

On the basis of the stated premise and observations to date, the following hypotheses and research questions have been developed to steer the research:

Hypothesis 1: A balance between flexibility (growth strategies) and company performance (core business) can be achieved by an ambidextrous organization better than by a functional

organization, especially in a discontinuous environment. Organizations must develop into ambidextrous organization to cope up with discontinuous environment.

Therefore, the second hypothesis is this:

Hypothesis 2: Organizations must develop into ambidextrous organizations to cope with discontinuous environments.

These hypotheses are based on the realization that contemporary organizations confront a multitude of obstacles in a discontinuous business environment. Ambidextrous organizations, which endeavor to manage their primary business while also investigating innovative approaches, are viewed as a potential solution. However, there seems to be – as was previously explained – a disconnect between structural changes and risk management, which makes achieving organizational ambidexterity difficult.

Following the formulation of hypotheses, it is necessary to investigate the research queries that will direct the investigation. These research queries delve deeper into the factors, categories, components, and prerequisites associated with ambidextrous organization development. By resolving these concerns, a thorough comprehension of ambidexterity's implementation can be attained. The research questions will elucidate the decision-making process, the characteristics of ambidextrous organizations, and the conditions required to transform functional organizations into ambidextrous ones. These questions will be investigated through a comparison of Amazon and Apple, casting light on the applicability and efficacy of functional and ambidextrous approaches in a discontinuous business environment.

Research question: How, is it possible to develop a company culture and internal structures from a functional into an ambidextrous organization in a discontinuous environment?

To reach this objective, it is needed to answer following sub-research questions:

Sub-Research question 1: What factors trigger the decision to develop into an ambidextrous organization?

Sub-Research question 2: What are different types of ambidextrous organizations?

Sub-Research question 3: What are the elements characterizing ambidextrous organizations?

Sub-Research question 4: What are the major prerequisites to develop a functional organization into an ambidextrous organization?

In the following section will describe how these questions will be answered in the study.

1.4 Method

As mentioned previously, the aim of this thesis is to provide a framework how to develop a company culture and internal structures from a functional into an ambidextrous organization in a discontinuous environment. To achieve this, it is necessary to define terminology and deliver a theoretical background that will serve as a basis for further deliberations. Discontinuous environments, as has been determined, have a palpable impact on modern-day companies.

To establish the differences between functional and ambidextrous companies, the method of comparative analysis will be applied, focusing on company cultures and internal structures. This will bring to light whether or not organizational ambidexterity is best suited to meet the challenges of a discontinuous environment. For such a comparison, it is sensible to use examples that are inherently comparable, i.e., companies of a similar size and scope. That is why Amazon and Apple were picked as examples for the comparative analysis. As one of the interests for this thesis is to find out whether an ambidextrous organization is better suited to deal with discontinuous environment than a functional, it is important to compare culture and internal structures of both Apple and Amazon. The organizational structure will be determined by the findings of a systematic literature review based on the Webster & Watson model (Webster & Watson, 2002), wherein an extensive analysis of multiple publications pertaining to the subject shall be presented.

The concepts determined after the analysis of the literature review will provide the basis for the comparative analysis. This also provides the means to systematically categorize results, which will then facilitate answering the research questions (Webster & Watson, 2002). As soon as the current state of available research and its insights are presented, it becomes easier to avoid logical fallacies and conclusions that have already been broadly discarded.

This systematic review will shape the subsequent semi-structured expert interviews with leading figures in assumed ambidextrous companies. These companies are based in the DACH region and defined by clear factors, such as being established internationally, with a focus on both strengthening their core business and tapping into business opportunities outside of their traditional scope. The comparative analysis will also serve to better define which companies in the DACH region could qualify for the interviews. These will be conducted and analyzed according to Mayring (Mayring, 2019). The experts will be asked questions pertaining to their companies' organizational structure, to their experiences working in a discontinuous environment, and also regarding their experiences with risk assessment, growth strategies, and change management. All questions will be formulated based on the hypotheses and the research questions, so that the former can be tested and the latter answered.

The aim of this qualitative study is to add new material to the thesis that shall serve as further support to the main sections. Whilst the theoretical section, the comparative analysis, and the systematic literature review are vital for properly answering the research questions, it is important to add new insights that can complement the conclusions drawn by exploring, perusing, analyzing, and categorizing already existing research. By adding the voices of experts in the field, it will be easier to apply the conclusions drawn from the findings of the other sections in order to either validate or discard the hypotheses and to answer the research questions. The results will then be added to the body of research in order to provide frameworks for companies looking to develop into an ambidextrous organization. By combining the findings of existing literature, a comparative analysis, and the opinions of established experts, the findings will create a three-dimensional picture of a complex topic (Walk, 1998). That is, the results are composed of three aspects: the theoretical framework and the comparative analysis are the basis, whilst the empirical analysis provides support and/or a counterpoint to what the first two elements uncover.

1.5 Structure

Following this introductory chapter – which contains the derivation of the research question and the scientific relevance as well as a description of the research design – the thesis will be divided into three main sections and a further complementary one. Firstly, a theoretical framework will contain all relevant information regarding the core concepts of the thesis.

Secondly, a systematic literature review will provide an in-depth analysis of publications that focus on the objects of study. Not only will this review provide the current state of research. It will also help to draw the necessary conclusions for the final analysis and evaluation required to analyze the hypotheses and answer the research questions. The third section contains the aforementioned comparative analysis. The thesis's fourth section will present the analysis of the conducted expert interviews. This section serves as a complement to the main three sections, to provide further insights into what was uncovered in the main body of the thesis. Finally, all sections will be analyzed in combination in order to answer the research questions and provide practical implications as well as an outlook for future research and endeavors.

1.6 Risks & Potential Limitations

The author of this thesis is aware that the systematic literature review may be influenced by several types of bias, including confirmation bias. In addition, it is possible that the sources are limited in their scope due to their place and language of publication. Experiences are not universal, but the analyzed literature will be limited to German and English language

publications, and it will be mostly applicable to German-speaking countries. The same kind of bias applies to potential interview partners, who may be experts but bring their own world views, experiences, and perspectives into the conversation. Hence, there is a risk of bias toward certain opinions and thus conclusions.

The author of this thesis will attempt to keep this risk and the related limitations in mind during the writing process. Therefore, future research could investigate business outside the DACH region. Furthermore, longitudinal studies accompanying the development of ambidextrous business over time could be helpful to bring to light further perspectives on the issue. Additionally, research into how business new to market could implement ambidexterity from the ground on could be interesting, however would go beyond the scope of this thesis.

2 Risk Management Process

This chapter – the first that comprises the theoretical framework – focuses on the risk management process. The following chapter is dedicated to change management. The reason for this is that as the main focus of the thesis is risk assessment and the ensuing measures taken in reaction to that assessed risk. Discovering what kind of organizational structure is best suited to risks in a discontinuous environment depends first on identifying risks, before appropriate strategies can be developed in order to mitigate the risk in question. The ‘what/why’ of the entire endeavor is the risk management process (IBM, n.d.). The ‘how’ is the change management process (Schewe, n.d.). Whether risks are only managed or growth strategies implemented depends on what necessities are discovered, and following that, how they can be implemented depending on the company’s structure and culture. This is the reasoning behind the placement of the chapters of the theoretical framework.

The management of possible risks that are linked with organizational transformation is a crucial component of the thesis. This is because risk management refers to the management of such hazards. Due to the fact that the thesis intends to explore the growth of ambidextrous organizations in a discontinuous environment, it is quite possible that the organization will be confronted with a number of hazards while it is in the process of changing. These risks may include being resistant to change, suffering financial loss or reputational harm, or encountering additional dangers that were not anticipated. Therefore, having a solid awareness of the risks involved and actively working to mitigate them is essential to the success of the change process and the organization’s overall performance. The thesis may give insights into how companies can reduce possible risks connected with organizational transformation and enhance their overall performance by investigating the principles of risk management. These insights can be gleaned through the exploration of risk management principles (Marquette University, 2023).

What, then, is risk management? According to a definition provided by IBM, it is a process that assists companies in identifying, evaluating, and mitigating risks that might have a detrimental effect on their operations, finances, or reputation. By formulating and putting into action methods to control the risks that an organization is exposed to, the purpose of risk management is to reduce the likelihood of experiencing possible losses and increase the likelihood of benefiting from potential opportunities (IBM, n.d.).

Risk management is also an essential component in many other areas, including the financial sector, the insurance industry, and the healthcare sector, all of which face the possibility of suffering considerable financial losses. In these types of businesses, risk management is often subject to regulations and is required to be monitored and reported on in a meticulous manner. In general, risk management is a process that is vital for companies of all sizes and in all sectors. The field continues to expand as new hazards arise and as new technologies as well

as techniques are created to handle them (Kaplan & Mikes, 2012). The following are the steps of the risk management process:

Identifying risks: Identifying risks may be done in a number of different ways. The use of a risk identification checklist or questionnaire, which is a structured tool that helps identify possible hazards based on a preset set of categories or areas of concern, is one strategy that is often used. This is because a risk identification checklist or questionnaire is a structured instrument that helps identify potential risks (Tang & Musa, 2011, p. 25 ff.). The holding of brainstorming sessions or workshops with important stakeholders is another strategy that might be used to identify risks and possible problems. As part of this process, it may require bringing together people who come from a variety of backgrounds and have a variety of areas of expertise in order to exchange their viewpoints and identify risks from a variety of angles (Stevenson, 2018, p. 321 ff.).

Assessing risks: The next phase, after the identification of possible hazards, is to evaluate those risks and rank them according to the probability of their occurrence and the potential damage they may do to the project. Risk assessment and analysis are both terms that refer to the same procedure. The evaluation of risk may be carried out using a variety of techniques, including qualitative and quantitative approaches. In qualitative risk assessment, both subjective judgements and the views of experts are used to establish the probability of each risk as well as its potential effect (Aven, 2016, p. 1 ff.). Quantitative risk assessment includes doing numerical analysis and modeling in order to quantify the likelihood of each risk as well as its potential effects (Stevenson, 2018, p. 321 ff.).

In each of these strategies, risks are assessed by looking at how likely they are to occur and how they may potentially affect the project's goals. This enables project managers and stakeholders to prioritize risks and spend resources to either reduce or avoid the hazards that pose the greatest threat (Aven, 2016, p. 1 ff.).

Controlling risks: Controlling the risks is the third stage of the risk management process. After risks have been identified and evaluated, the necessary strategies for their management or mitigation need to be created and put into action as soon as possible. Developing and putting into action risk mitigation methods that will minimize the risk's chance of happening as well as its potential effect is a necessary step in the process of risk control. It is essential to be vigilant regarding the risk management strategy. Regular reviews are also required, to guarantee that it fulfills its intended purpose and keeps up with shifting circumstances (Smith & Merritt, 2020, p. 1 ff.).

Reviewing controls: After the controls have been put into place, it is essential to evaluate how effectively they are working in order to confirm that the risks are being mitigated as intended. As part of the review process, the controls that have been put in place will be

evaluated to see whether or not they are successful in minimizing or obliterating the risks that were previously identified (Bromiley, McShane, Nair, & Rustambekov, 2015, p. 265 ff.).

Performing routine audits of the risk management process is a method that is often used in the process of control review. These audits can be carried out internally or by independent auditors from the outside. Their purpose should be to confirm that the controls are being implemented appropriately and are producing the results that were intended. During the process of review, it is essential to determine whether or not there are any holes or flaws in the control mechanisms that have been put into place. After gathering this information, one might put it to use in the creation of new or upgraded controls for improved risk management (Vinnari & Skærbæk, 2014, p. 490 ff.).

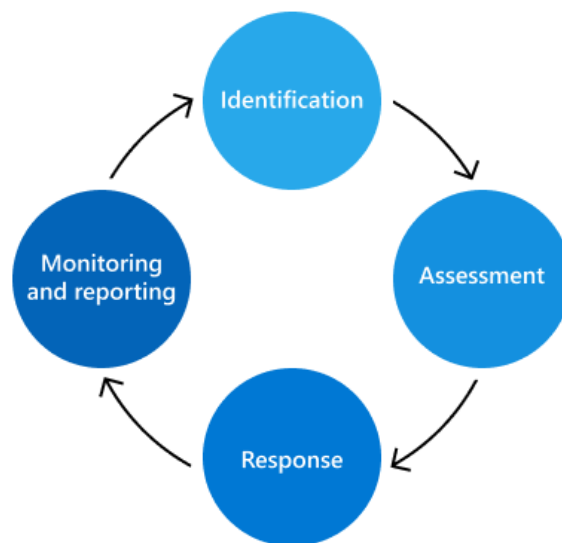


Figure 1: Risk Management Activities According to Microsoft (Microsoft, 2023)

In addition to this, it is essential to keep a close eye on any changes in the external environment that may have an impact on the risk profile of the company. This includes shifts in legislation, changes in market circumstances, or developments in technology that have the potential to either raise or reduce the degree of risk the organization is exposed to. In general, the review procedure must be an ongoing and unending process that is meant to make certain that the organization's risk management methods continue to be efficient and up to date (Power, 2004, p. 58 ff.).

On the basis of the findings of this evaluation, the corporation may choose to make modifications to the controls, such as tightening particular rules or processes or investing in extra safety precautions. They could also want to monitor the controls more carefully to ensure that they remain effective throughout the course of time.

2.1 Response to Risks

The process of formulating and executing strategies to reduce, avoid, transfer, or accept risks that were discovered during the risk assessment process is referred to as the response to risks in the context of risk management. After the risks have been identified, evaluated, and controls have been implemented, the next step for businesses is to choose which course of action will be the most effective in managing each risk (Stanford University, n.d.).

The organization may decide not to participate in the risky activity in order to avoid the potential consequences of doing so. For instance, a company could decide against introducing a brand-new product line into a potentially unstable market. The term 'mitigation' refers to the process of adopting preventative measures in order to lessen the severity of a potential danger. In order to lessen the chances of their being a fire, a company can decide to establish certain fire safety practices. If the risk is determined to be manageable, the company may decide to simply take it on board and live with the consequences. A company could make the decision to tolerate the possibility of a short delay in the completion of a project. The way in which an organization reacts to risk will be determined by a variety of criteria, such as the seriousness of the risk, the probability that the danger will materialize, the cost of the response, and the amount of risk an organization is willing to take (University of Waterloo, n.d.).

Risk avoidance: Changing the project's plan, scope, or approach is an example of a risk management method known as risk avoidance. The goal of this risk management strategy is to reduce or remove the risk entirely. In this approach, the organization identifies the primary factor contributing to the risk and then takes actions to eradicate the underlying problem, with the goal of preventing the risk from ever happening. A firm that is worried about the possibility of data breaches can elect to minimize the risk by not keeping sensitive information or by outsourcing their data storage to a trustworthy third-party provider who already has sophisticated security measures in place. Both of these options would help the company to avoid the danger (Stanford University, n.d.).

When dealing with hazards that provide a significant degree of danger to the project or the business, avoiding such risks may be an efficient technique. Nevertheless, it may also include considerable expenditures, such as modifying the scope of the project or the operations of the company. These changes might be expensive. Therefore, prior to making a choice to implement a risk avoidance plan, it is important to conduct an in-depth analysis of the situation and strike a balance between the prospective costs and benefits (University of Waterloo, n.d.).

Risk Mitigation and Acceptance: The process of mitigating risks entails taking steps to lessen the chance of occurrence or the severity of the effect of recognized hazards. It places an emphasis on reducing the severity of the undesirable outcomes that might result from the occurrence of a risk event. The purpose of risk mitigation is to bring the degree of risk down

to a point where it is more manageable (University of Waterloo, n.d.). There are many different methods available to reduce risk, including the following:

1. Avoidance is the practice of removing a risk entirely by avoiding engaging in the action that creates the risk in the first place. If there is a possibility that a project would be unsuccessful owing to a lack of resources, the organization can opt against participating in the project altogether (University of Waterloo, n.d.).
2. Transfer occurs when the risk is passed on to a different entity, such as an insurance company, from the original party. A company can get insurance to protect itself against the possibility of its property being damaged (University of Waterloo, n.d.).
3. Reduction entails taking measures to lessen the possibility of the risk happening or the severity of its consequences. If an organization is concerned that a project would fail owing to a lack of resources, one strategy for mitigating that risk would be for the business to recruit extra workers or to contract out part of the work (University of Waterloo, n.d.).
4. Sharing the risk with another party, such as in a joint venture, which is an example of sharing. Two different firms could get together to create a joint venture in order to share the expenses and risks of a brand-new initiative (University of Waterloo, n.d.).
5. Acceptance: This stage entails coming to terms with the possibility that the danger may materialize and bearing the associated repercussions. This strategy is often used when the expense of reducing the risk is greater than the possible advantages that may be gained (University of Waterloo, n.d.).

It is essential to keep in mind that the process of risk reduction is not a one-time event. Reviewing the efficacy of risk reduction strategies on a regular basis and making any required adjustments should be done so in order to keep the amount of risk at an acceptable level. The practice of recognizing and deciding to tolerate the possible negative effect of a risk if it happens is referred to as risk acceptance. This is done rather than taking action to minimize or lessen the risk. In other words, risk acceptance entails making the deliberate choice to live with a certain degree of risk, rather than attempting to entirely remove it. This is in contrast to risk avoidance, which involves making every effort to avoid danger. When the expense or effort necessary to prevent or minimize a risk is higher than the possible consequences of the risk happening, risk acceptance is typically utilized as a strategy to deal with the situation. For example: A firm chooses to not invest in expensive cybersecurity. Instead, it chooses to risk a potential data breach (Zhang & Fan, 2014, p. 414 ff.).

It is essential to highlight that the risk acceptance strategy should not be used until after a thorough assessment of the risk's possible repercussions as well as an investigation into the probability that it will materialize. Additionally, organizations must have a strategy in place to monitor the risk and modify their approach accordingly in the event that the conditions alter (University of Waterloo, n.d.).

In the prior chapters, the primary attention was placed on the many aspects and procedures that are involved in risk assessment and management. In the following, the 'how' of dealing with risk – change management – will be the focus of the theoretical framework. The corporate culture functions as the foundation for all of these other components. To ensure the success of change initiatives, it is crucial to comprehend how an organization's culture functions. It is also vital to understand how it can be leveraged to promote effective change.

In light of this, the thesis will also examine corporate culture after the chapter on change management.

3 Change Management Process

This chapter deals with the 'how' of dealing with risks that have already been identified and assessed. The risks are met with changes, which must be tailored to the requirements of the company in question. The process of planning, carrying out, and evaluating the effects of change inside an organization is referred to as change management. Alterations might have either a good or a negative impact (Schewe, n.d.). The process of change management involves the systematic approach of managing the people, behaviors, and systems that are influenced by change in order to minimize the negative consequences of the change and maximize the positive benefits of the change (Michigan State University, 2021). Change management is often very important for a business to do if it wants to achieve a new goal, adapt to shifting market conditions, or improve its performance. It entails evaluating the need of change, defining the scope of the change, formulating a plan for executing the change, communicating the change to stakeholders, monitoring and analyzing the consequences, and concluding whether or not the change was successful (Miller K. , n.d.).

In order to effectively manage change inside an organization, it is often necessary to solicit input from a diverse range of stakeholders, including shareholders, employees, customers, and suppliers – which will be confirmed by the interviewees in the thesis's empirical part. The ability to consciously establish a plan, strong leadership, open and honest communication between all parties involved, and active engagement from stakeholders are all critical components of successful change management. In addition to this, it is essential to establish a culture that is adaptable, open to new experiences, and focused on making consistent strides forward (Miller K. , n.d.). Change management can be viewed as a method that is vital for any business or organization that wants to maintain its competitive edge and effectively react to situations that are always evolving. If businesses are able to effectively manage change, they will be able to reduce disruption, build trust and support among stakeholders, as well as carry out their goals in a way that is both more efficient and effective than it would be otherwise (Rafferty, Jimmieson, & Armenakis, 2013, p. 111 ff.).

From this broader definition of change management, it is relevant to the purposes of the thesis to dive into the subject of organizational change, especially because this thesis purports that the organizational structure plays a vital role in how a company reacts to assessed risks and how (as well as how well) it effects change. Thus, the following subchapter will be dedicated to the subject of organizational change.

3.1 Organizational Change

The term 'organizational change' refers to the process of modifying an organization's structure, culture, systems, or procedures in order to enhance its performance, adapt to changes in the

external environment, or accomplish strategic objectives. This transformation may be planned or unplanned and may refer to a wide variety of treatments, some of which include structural changes, technical changes, cultural changes, and behavioral changes. Behavioral changes are also included in this category (PennState, 2015).

The field of organizational transformation has benefited greatly from the contributions of several academics, including Kurt Lewin (Sarayreh, Khudair, & Barakat, 2013, p. 626 ff.), Chris Argyris, and Edgar Schein, amongst others (Fatzer, 2014, p. 247 ff.). The force-field analysis model developed by Kurt Lewin is among the first and most significant ways to comprehending the process of organizational transformation. It indicates that organizations are always in a condition of balance, with competing forces either pushing change or limiting it (Sarayreh, Khudair, & Barakat, 2013, p. 626 ff.), an observation that was already touched upon earlier in this thesis. The research conducted by Chris Argyris and Edgar Schein on double-loop learning and organizational culture, respectively, have both contributed significantly to the overall knowledge of organizational transformation (Fatzer, 2014, p. 247 ff.).

The research that has been done so far on organizational transformation is varied and draws from a number of disciplines. The study of organizational transformation has received contributions from academics coming from a variety of disciplines, including psychology, sociology, management, and organizational behavior (Al-Haddad & Kotnour, 2015, p. 234 ff.). Recent studies have concentrated their attention on the ways in which effective leadership, communication, and employee engagement all play a part in making organizational transformation a reality. Research has been conducted to investigate the influence that digital technologies have on organizational change, as well as the part that change management approaches play in ensuring the success of change initiatives (Hanelt, Bohnsack, Marz, & Antunes Marante, 2021, p. 1160 ff.). This showcases the connection between risk assessment, risk management, change management, and organizational structures.

Changes in a company may take many forms, such as mergers and acquisitions, reorganizations, process enhancements, technology deployments, and cultural shifts (Lewis, 2019, p. 407 ff.). For example, when Apple purchased Beats by Dre, the company went through a considerable organizational restructuring in order to properly combine the cultures and operations of the two businesses that it had acquired (Green, 2019, p. 1 ff.). Another illustration of this concept is the transition that IBM made from being a maker of hardware to a provider of software and services. This transition demanded extensive organizational changes, which involves a shift in the organizational structure, company ethos, as well as business model. These modifications were brought about by this transformation (Jacobi & Webb, 2020, p. 50 ff.).



Figure 2: 2 Types of Organizational Change (Stobierski, 2020)

In the context of this thesis, the goal of organizational transformation is to convert a functional organization into an ambidextrous one. This is done in order to ensure it is more capable of dealing with a discontinuous environment. This transformation requires making changes to the internal structures, procedures, and culture of the organization in order to provide it the capability of engaging in both exploitation and exploration operations at the same time (Shibata, Baba, Kodama, & Suzuki, 2019, p. 455 ff.).

In order to accomplish the main goal of the thesis, which is to determine the primary requirements that must be met before a functional organization can be transformed into an ambidextrous one, it is essential to have an in-depth knowledge of the process of organizational change as well as the reasons that cause it. With this newfound knowledge, it will be easy to identify the essential components that characterize ambidextrous organizations. In addition, the comparative analysis will serve to further investigate how firms such as Amazon and Apple have adapted their internal structures and culture to become ambidextrous businesses.

3.1.1 Adaptive Changes

Because the research questions and hypotheses center on the need for businesses to be adaptable in order to deal with a discontinuous environment, it makes sense to investigate the idea of adaptive change within the framework of this thesis. Based on what has been presented, the assumption is that businesses must be able to modify their operations

incrementally and respond effectively to altering conditions if they are to flourish in an unstable and rapidly changing environment. The research questions specifically ask about the factors that trigger the decision to develop into an ambidextrous organization, the elements that characterize ambidextrous organizations, as well as the primary prerequisites for developing a functional organization into an ambidextrous organization. All of these problems need a knowledge of the ways in which organizations may change and develop in order to respond to the obstacles presented by a discontinuous environment.

In addition, the study intends to examine the organizational cultures and internal structures of functional and ambidextrous businesses, with Amazon and Apple serving as examples of each kind, respectively. Insights into how businesses may effectively modify their internal structures and culture to become more adaptable and ambidextrous can be gained by first acquiring an understanding of the variations between the ways in which these corporations approach adaptive transformation. Investigating the notion of adaptive change is essential for this thesis because it offers a framework for comprehending how businesses may successfully adapt to a discontinuous environment and reform both their internal structures and culture in order to become more ambidextrous.

What, then, is adaptive change, and how can it be defined? Adaptive change is a kind of organizational change that focuses on making incremental improvements to an organization's current structure, processes, or systems in order to enhance its performance or adapt to changes in the environment. Adaptive change may also be referred to as evolutionary change. It is an incremental and continuous process designed to increase an organization's adaptability to changing conditions (Eriksen, 2008, p. 622 ff.). In contrast to transformational change, which includes making substantial and dramatic alterations in an organization's structure or operations, adaptive change is intended to make the organization better able to respond to new situations as they arise (Yaghi, 2017).

In *Leadership Without Easy Answers*, published in 1994, Ronald Heifetz was the first person to present the idea of adaptable change to the general public. Heifetz made the argument that solving adaptive issues requires a different kind of leadership than solving technical difficulties. Technical difficulties have answers that are already known and can be quickly discovered and executed, but adaptive challenges are complicated and need a deeper knowledge of both the problem at hand and the organization's culture as well as values in order to be tackled successfully (Heifetz, 1998, p. 90 ff.). This further cements the idea that the organizational structure is highly important to the way in which changes are implemented as well as the prospect of their success. The most recent study on adaptive transformation argues that it is essential for businesses to be nimble and adaptable in order to flourish in the quickly shifting business climate of today. Researchers like John Kotter and David Garvin have highlighted the significance of adaptive transformation in relation to organizational learning and continuous development (Baulant, 2017, p. 1 ff.).

Strengthening staff training and development programs is one example of an adaptive change (Stichler, 2011, p. 8 ff.). Other examples include modernizing outdated technological systems and strengthening current business procedures (Aggarwal, Posen, & Workiewicz, 2017, p. 1212 ff.). For example: A corporation may identify areas of its manufacturing process that are inefficient and then implement incremental improvements in order to boost efficiency while simultaneously lowering costs. One such example of this would be a business that places a significant emphasis on the education and professional growth of its personnel in order to better respond to changes in market conditions and improve overall competitiveness.

This can be concluded: Adaptive change is a type of organizational change that emphasizes incremental enhancements meant to boost the efficiency of an enterprise and help it adapt to environmental shifts (McCarthy, Collard, & Johnson, 2017, p. 33 ff.). This sort of change is also known as evolutionary change. To successfully facilitate adaptive change, a thorough comprehension of the variables that drive adaptive change, as well as the importance of leadership, organizational learning, and continuous improvement, is essential (Hanelt, Bohnsack, Marz, & Antunes Marante, 2021, p. 1160 ff.).

3.1.2 Transformational Changes

Since this thesis examines the juxtaposition of growth strategies and risk management, it is relevant to take a look at transformational in addition to adaptive changes. A substantial and fundamental change in a company's structure, processes, and systems as a whole as well as its culture, can lead to a change in the organization's general strategy and goals. This type of transformation is known as transformational change. This kind of change often entails a full rethinking of how an organization runs, and it has the potential to have far-reaching ramifications for workers, customers, stakeholders, and the business as a whole (Termeer, Dewulf, & Biesbroek, 2017, p. 558 ff.).

John Kotter is a prominent academic who has made significant contributions to the subject of transformational change. Kotter offers an eight-step approach for leading transformational change in companies in his book titled *Leading Change* (Kotter, 2012). This process includes a number of steps. Among them are: establishing a sense of urgency, coalition building, a strategy development, properly communicating the vision for change, empowering stakeholders, short-term wins, consolidation and the generating of further change, besides anchoring new approaches (Seijts & Gandz, 2018, p. 238 ff.).

Kurt Lewin, an additional prominent scientist in this field, is the one who devised the 'three-step model' for the process of organizational transformation. This paradigm involves first defrosting the current state, then transitioning to a new state, and then refreezing the new state so that it remains in place permanently. Lewin's model places an emphasis on the need

of adopting a methodical strategy toward change and underscores the significance of incorporating relevant stakeholders in the process (Cummings, Bridgman, & Brown, 2016, p. 34 ff.).

In recent years, a significant amount of study has been conducted on transformational change. During this time, academics have investigated several facets of this process, including its drivers, its hurdles, and its consequences. One of the current trends in this field is the emphasis on agile and adaptable methods to transformational change. These approaches place more of an emphasis on continuous improvement and incremental modifications as opposed to large-scale, top-down projects. The adoption of new technology or business models, as well as substantial shifts in corporate culture or leadership, are all examples of transformational changes that may occur in businesses. Other scenarios involve a shift in the organization's direction, a significant reorganization of the company, and the launch of innovative technologies (Morakanyane, Grace, & O'reilly, 2017, p. 428 ff.).

Understanding transformational change is important in the context of this thesis because it exemplifies one of the many routes that may be taken by businesses on their journey toward ambidexterity. Transformational change is shown by significant changes in an organization's structure, culture, and strategic emphasis; being an ambidextrous organization is often one of the prerequisites for achieving this kind of change (Shibata, Baba, Kodama, & Suzuki, 2019, p. 455 ff.).

When an organization is confronted with severe environmental changes, such as those brought on by disruptive technology or shifting market circumstances, transformational change may be required in order for the business to survive. In these kinds of circumstances, a typical functional organization may have difficulty adapting rapidly enough to maintain its competitive edge (Coccia, 2020, p. 1462 ff.). An ambidextrous company, on the other hand, is better prepared to cope with discontinuous change because it is structured to concurrently manage its core business while also exploring new chances for expansion. This allows it to be more resilient in the face of disruptive change. This kind of company is often distinguished by a culture that encourages creativity and the taking of risks, both of which are defining characteristics of transformative change (Stoiber, Matzler, & Hautz, 2023, p. 1440 ff.).

As a result, having an awareness of transformational change as well as the elements that contribute to the success of transformation can assist businesses in making the shift from a typical functional structure to an ambidextrous one. Additionally, it may assist firms overcome the issues that come along with substantial organizational changes, which can be a big benefit. It is reasonable to anticipate that the future of change management will be characterized by higher levels of complexity, increased levels of uncertainty, and quicker rates of change. In order to be successful in this new context, change management must become more flexible, centered around data, and stakeholder-focused. This solidifies the notion that ambidextrous

organizations have greater capacity to deal with a discontinuous environment, and that transforming a functional organization into an ambidextrous one will enhance the viability of a business over the long run. The company must be flexible enough to adjust to the ever-shifting requirements of businesses and the many stakeholders that these organizations stand for (Cameron & Green, 2019, p. 9 ff.).

Throughout the course of time, a number of concepts regarding the administration of change have emerged. The following are some the most widely held theories in relation to change management:

Lewin's Change-As-3-Steps Approach: This model, which was developed by the psychologist Kurt Lewin, suggests that one should approach the process of change in a manner that is composed of three stages. Unfreezing the current condition, making the transition to a new state, and then freezing the new state to make it permanent are the processes involved in this process. The 'change-as-three-steps' notion that was introduced by Lewin is a basic and well-liked model for understanding the transformational process that takes place inside of organizations (Hussain, et al., 2018, p. 124). The model developed by Lewin can be broken down into the following three stages:

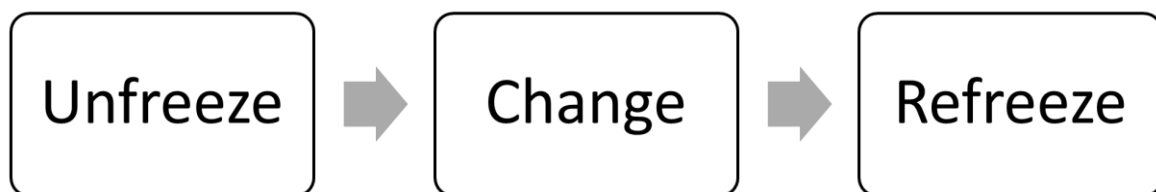


Figure 3: Lewin's Model of Change. Own Illustration, based on (Lewin, 1951, p. 231)

Unfreeze: The first step in the Lewin model of organizational transformation is to 'unfreeze' the present state or status quo inside the corporation. This indicates that the current state of affairs should not be maintained. In order to accomplish this goal, it is necessary to first accept the reality that change is necessary, and then to cultivate a sense of immediacy about the significance of the need for change (Levasseur, 2001, p. 72 f.).

Initiate the change itself: The next step in Lewin's paradigm is to get things moving in the direction of achieving the change, and this phase is called 'getting things moving'. This requires developing new processes, procedures, or behaviors that will aid the organization in accomplishing its goals and putting them into action inside the business. Additionally, this entails putting the company's goals into action on a consistent basis (Levasseur, 2001, p. 73).

Refreeze: The last step in Lewin's model is to 'refreeze' the organization's new situation or status quo. This is the phase that takes place last. This stage also includes factors such as the consolidation of the changes and the integration of those changes in a lasting way into the culture of the organization as well as its day-to-day activities (Hussain, et al., 2018, p. 125).

The 8-Step Change Model was designed by **John Kotter, who expanded on Lewin's model**. The emphasis is placed on the steps that companies and other types of organizations may take in order to successfully implement change (Kotter International Inc., 2023). The model can be broken down into the subsequent eight stages:

1. Establishing a feeling of time pressure (Kotter International Inc., 2023).
2. Putting together a group of influential people who can help move the change initiative forward; establishing a powerful coalition (Kotter International Inc., 2023).
3. Creating a picture that is crystal clear and convincing of what the company will look like after the modification has been executed (Kotter International Inc., 2023).
4. Providing all of the stakeholders with information pertaining to the transformation vision (Kotter International Inc., 2023).
5. Making it possible for other people to carry out the idea (Kotter International Inc., 2023).
6. Putting up a plan to attain success in the near future (Kotter International Inc., 2023).
7. Consolidating the successes that have been achieved up to this point and using them as a foundation upon which to produce more change (Kotter International Inc., 2023).
8. Integrating innovative strategies into the established practices of the organization (Kotter International Inc., 2023).

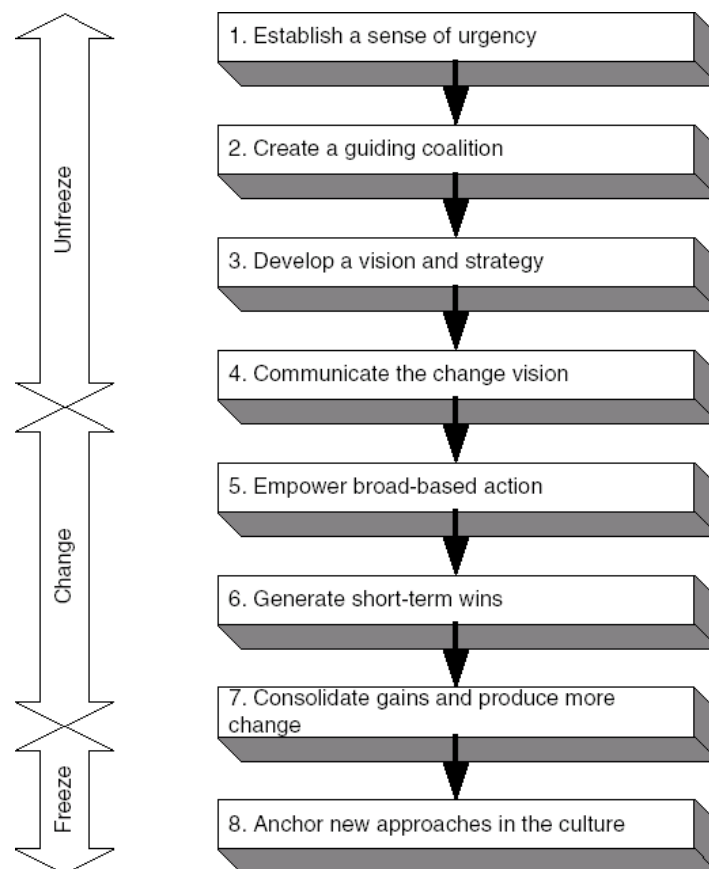


Figure 4: Kotter's Model of Change (O'Reilly, 2023)

The focus that Kotter places on firmly embedding new procedures inside a company's culture is comparable to the need for an organization to make long-term changes in both the culture and operations of the business. When organizations successfully incorporate newly adopted behaviors, processes, or procedures into their culture, they are able to ensure that the benefits of change will be retained over the long term and continue to be effective. It should also be mentioned that the emotional side of organizational change can play an important role regarding the success or failure of attempted changes. This makes dealing with the stakeholders' emotions a priority (Queens University, 2023). This assessment will be confirmed in the empirical part of this thesis.

In conjunction with this operational spectrum, the emotional dimension is crucial for change management: It determines the level of acceptance. The probability of the change being successful is increased (Vaahs, 2019, p. 12). The need for emotional engagement in successful change management is comparable to the emphasis that Kotter places on enabling individuals to take actions in accordance with the vision and achieving success in the near term (see, for instance, (Kotter International Inc., 2023)).

Utilizing an integrative approach, there is a level on which the operative change takes place as a process (analysis, planning, implementation, and control). In addition, the connection to unfreezing, changing and refreezing is made on the psychological level (Vaahs, 2019, p. 12). The emotive phases of change that a company or its employees experience become relevant. These stages of change management begin with the first phase, a foreboding that culminates in apprehension regarding the unknown. The second phase outlines the employees' condition of astonishment and the shock that accompanies it as a result of what lies ahead. The third phase entails denial and the adoption of a defensive stance. The fourth phase is characterized by aggression and fury at what is occurring, while the fifth phase is characterized by insight and frustration regarding one's competence. The sixth phase is resignation, which is characterized by sorrow over the loss of what was formerly known. This is followed by the seventh phase of receptivity to the new, which is followed by the eighth phase of integration and self-assurance (Lehner, 2015, p. 72 f.).

Every organization has a unique structure, history, culture, and set of requirements – every transition is also unique. The characteristics of each change (type, magnitude, source etc.) influence the planning and management of changes effectively. Despite the diversity of change management approaches, there are some common factors that contribute to successful change. Change management is positively influenced by a clear vision, specific objectives, communication and participation, an integrative approach, the initiation of a cultural shift, and the commitment of senior management. In contrast, unclear vision, a lack of problem comprehension, insufficient communication, attempts at partial optimization, a lack of fortitude, and a too-short time horizon can result in the failure of change processes (Vaahs & Weiland, 2013, p. 9).

Highlighting the role project stakeholders play is highly relevant at this point. Individuals or organizations who have an interest in the project itself, its results, or the influence it will have, are referred to as stakeholders in project management. Customers, workers, shareholders, suppliers, and members of the community are all examples. Stakeholders may also include anybody else who may be impacted in some way by the project. It is essential to a project's success to effectively manage the expectations of its stakeholders. It comprises identifying the stakeholders, gaining a knowledge of the expectations they have of the project, and establishing methods to resolve any issues the stakeholders may have (Derakhshan, Turner, & Mancini, 2019, p. 101 ff.).

The project team is comprised of the personnel who are tasked with the responsibility of putting the project strategy into action. The project manager, the members of the team, and any external resources that have been brought in to assist with the project are all included in this category (Larson & DeChurch, 2020, p. 3 ff.). The members of the project team collaborate in order to finish the project on schedule, without going over the allotted budget, and up to the specified quality standards. The success of the project is highly dependent on the team's ability to effectively communicate with one another and work together (Guinan, Parise, & Langowitz, 2019, p. 718 ff.).

It is very necessary for there to be effective communication, cooperation, and teamwork among the members of the project team in order for the project to be successful (Al Nahyan, Sohal, Hawas, & Fildes, 2019).

The following can, in light of what has been uncovered in the preceding sections, be assumed: For enterprises and various other organizations to transition from a functional to an ambidextrous structure, the transformation process must be managed effectively. It is feasible to find best practices and potential hazards in the process of change management if all relevant variables are taken into account. This makes it possible to identify prospective best practices. Furthermore, one may obtain insights into how firms can successfully manage the cultural and structural changes that come along with being ambidextrous – and thus better equipped to handle a discontinuous environment as well as ensuing changes – by evaluating the impact that leadership, communication, and employee engagement have in the process of change management. These are all aspects that contribute to the change management process. In the end, this thesis may provide a framework for businesses that are looking to evolve into ambidextrous organizations by highlighting the essential processes and success criteria in the process of change management.

4 Organizational Culture and Structure

This chapter concerns organizational culture and structure. As risk and change management have already been covered, it is now important to explicate the relevance of organizational culture and structure for the purposes of this thesis. Organizational structure is the core of this thesis and its objectives. It is argued that organizational culture is a vital component of the organization and that assessing risks and implementing changes – as previously stated and as will be made clear in the following – are not possible without an understanding of how a business is organized and what both material and intangible variables affect company life.

4.1 Organizational Culture

The values, beliefs, attitudes, behaviors, and practices that are shared among the members of an organization are what are referred to as its organizational culture. It encompasses factors like the organization's objective and goals, as well as its communication style, decision-making processes, leadership styles, working environment, and employee attitudes and behaviors (Huff, 2014). The culture of an organization has a significant impact on employees' perspectives on their jobs, their interactions with coworkers and customers, and their commitment to the company's mission and goals. A culture that is supporting and positive leads to increased levels of employee satisfaction, productivity, and retention, while a culture that is unsupportive and negative leads to poor morale, high staff turnover, and lower organizational performance (Watkins, 2013).

According to Edgar Schein, organizational culture is defined as a collection of assumptions, values, beliefs, and standards that are held in common by members of an organization and serve to form the behavior and attitudes of its members. It is very uncommon for people to adopt these ideas and assumptions at face value. Since they are so ingrained in the collective psyche of an organization, it can be challenging to alter them. Schein believes that workers get an understanding of the company's culture via the socialization process, which starts when new employees start working for the company. The process of socialization may be broken down into three distinct phases: the pre-arrival phase, the encounter phase, and the transformation phase. Schein also recognizes three layers of culture, which are the objects and actions, the ideals that are advocated, and the assumptions that are underlying. The most obvious manifestations of culture are its artifacts and practices, which might take the form of things like clothing codes, office layouts, and communication patterns (Somers, 2023).

In terms of the culture of an organization, Elliot Jaques believed that it was essential for an organization to have a common concept of the time span of discretion at each level of the hierarchy, and that personnel must be taught and nurtured to be able to function efficiently within the time span that has been allotted to them (Bicer, 2022, p. 205 ff.).

Organizational culture may also be defined as a collection of shared symbols, practices, and beliefs among the members of an organization. These elements work together to determine the identity and behavior of the company as a whole. Ravasi and Schultz argue that the organizational culture has the potential to have an important influence on the strategic decisions and outcomes of an enterprise, in addition to the accomplishments of both individuals and groups within the organization in question (Ravasi & Schultz, 2006, p. 433 ff.).

4.2 Organizational Communication

The processes of information creation, exchange, interpretation, and storage that take place inside an organization are collectively referred to as organizational communication. It includes the exchange of information, ideas, and messages between different persons or groups within an organization, as well as the routes and networks via which these things are conveyed. Effective organizational communication is essential to the success of any business because it makes it possible to coordinate tasks, share information, experience, and knowledge, as well as develop relationships and trust among workers (Cote, 2023).

Communication inside an organization may take many different forms, including official and informal communication, communication upward and communication downward, communication internal and communication external. In addition to this, it requires the use of a variety of communication methods, including but not limited to face-to-face interaction, email, telephone, video conferencing, and social media (Lewis, 2019, p. 406 ff.).

Understanding the idea of organizational culture is essential in the context of the thesis because it influences the manner in which workers behave and interact with one another inside a company and may have an effect on the level of success achieved by risk management procedures – and also, the psychological component of change and transformation can be connected to the role of organizational culture, something that will be further corroborated by the interviewed experts. It is possible to improve the efficiency of risk management by cultivating a robust and constructive corporate culture that places a high emphasis on open communication and encourages workers to speak out about potential dangers (Szczepańska-Woszczyńska, 2014, p. 27 ff.). On the flipside, an organizational culture that is weak or negative may lead to workers being afraid to disclose hazards or speak up about issues, which may impair attempts to control risks. This can be a barrier to effective risk management. As a result, it is essential for the thesis to have an awareness of the many kinds of organizational cultures as well as the ways in which these cultures influence communication and risk management (Warrick, 2017, p. 395 ff.).

4.3 Organizational Structure

It is essential to investigate not just the culture of a company but also its structure in order to get an in-depth comprehension of the operations that take place inside it. The formal system of authority, communication, roles, responsibilities, and processes that comprise an organization is known as its organizational structure. It dictates how information flows between various levels and functions of the organization as well as how roles, authority, and duties are distributed within the organization. The structure of an organization has an effect on how decisions are made, how information is communicated and coordinated within the company, as well as the organization's capacity to adapt and accomplish its objectives (Ahmady, Mehrpour, & Nikooravesh, 2016, p. 455 ff.).

4.3.1 Divisional Organizational Structures

The degree to which people or groups within an organization are vested with the ability to make decisions is what distinguishes centralized organizational structures from decentralized organizational structures. The decision-making power in an organization with a centralized structure is often held by either a small group of executives or a single leader. This places the authority to make decisions at the very top of the company. This kind of structure may be helpful in ensuring consistency and clear communication, but it also has the potential to slow down decision-making and cut down on creativity (BBC, 2023).

In an organization with a decentralized structure, decision-making power is dispersed among the many departments and teams. As a result, each department or team has more discretion over the choices that affect their particular area of expertise. Although this organizational structure possesses the capacity to expedite decision-making and increase imaginative thinking, it additionally has the capacity for creating discrepancies and difficulties with communication among the various departments (Campbell, Kunisch, & Müller-Stewens, 2011).

The making of decisions is centralized at the highest level of management in an organization with a centralized organizational structure, and this level of management maintains control over the majority of the company's activities and procedures. This top-down strategy is distinguished by stringent control, restricted autonomy, and a distinct line of command at each level. Organizations that operate in stable and predictable contexts or in sectors where stringent regulatory compliance is essential often pick the centralized structure as their organizational model of choice. The effective coordination and management of resources, the consistent application of rules and procedures, and the streamlining of communication channels are some of the benefits that come with using this structure. A dearth of mobility and flexibility is an important drawback, given that it can lead to delayed reaction times, greater

bureaucracy, and limited ingenuity (Kaufmann, Borry, & DeHart-Davis, 2019, p. 237 ff.). One example of a centralized organizational structure is presented below:

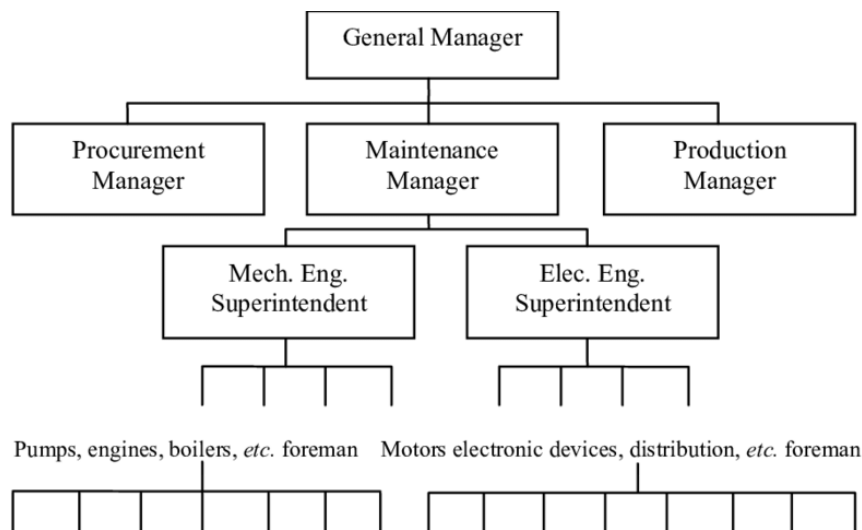


Figure 5: Centralized (functional) organizational structure (Haroun & Duffuaa, 2009, p. 10)

In contrast to centralized organizational structures, decentralized organizational structures disperse decision-making power and authority among a variety of levels and places within an organization. In this hierarchy, individuals with lower levels of responsibility have greater freedom to make choices and carry out activities that have an impact on their job. Because local entities can make choices more rapidly and effectively than a centralized authority can, decentralization helps enhance reaction time to changes in the environment (Organ & Bottorff, 2023). However, there is a possibility that decisions made at various levels and places will not be compatible with one another, which may result in difficulties in dispute resolution and coordination. In addition to this, it is necessary for there to be a high degree of communication and coordination across the various units of the organization so that the company's objectives and plans may be effectively implemented (Burns, 2022).

One example of a large corporation that has a decentralized organizational structure is Johnson & Johnson. The company describes their model as “business-based, collaborative” (Johnson & Johnson, n.d.).

4.3.2 Functional Structure

A functional structure is a sort of organizational structure in which people are organized according to their area of expertise or function, such as production, marketing, or finance. When an organization is organized using a functional structure, each department or function has its own distinct hierarchical structure, complete with distinct lines of authority and

communication channels (Ahmady, Mehrpour, & Nikooravesh, 2016, p. 455 ff.). Below, an example of a functional organizational structure is provided:

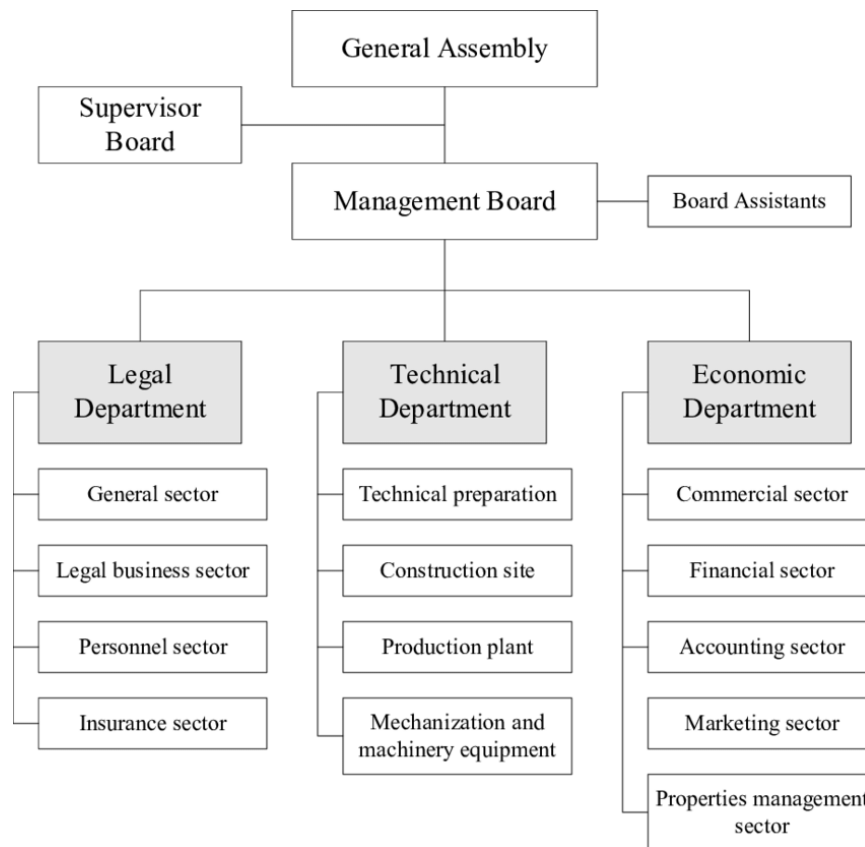


Figure 6: Functional organizational structure (Dolacek-Alduk & Radujkovic, 2015, p. 67)

Employees are thus grouped together on the basis of the talents and information they share, which enables effective decision-making and the specialization of tasks. On the other hand, it may also result in a work environment that is compartmentalized, with little cooperation or communication occurring across the many departments or roles (Organ & Bottorff, 2023). For instance, all of the people working in marketing may be put together, while all of the people working in engineering could be grouped together (MasterClass, 2021).

The functional structure is still widely used in many different sectors in the modern day, especially in big businesses that have several departments and a diverse variety of activities. Still, there are many who believe that the functional organization might result in the formation of silos and a lack of communication between the various divisions, both of which can stifle creative thinking and innovation. The ambidextrous structure, which blends functional specialization with cross-functional cooperation, is what comes into play at this point in the process (Organ & Bottorff, 2023).

4.3.3 Ambidextrous Structure

An ambidextrous organizational structure is a hybrid structure that contains characteristics of both centralized and decentralized organizations. An organization has an ambidextrous structure if it contains distinct units or divisions for exploration and exploitation. These units or divisions are tasked with the respective responsibilities of discovering new ideas and refining current goods or services. This method makes it possible for the company to strike a balance between the competing demands of innovation and efficiency, which is vital in the fast-paced and competitive corporate climate of the modern day (O'Reilly & Tushman, 2013, p. 1 ff.).

In actuality, an ambidextrous structure could seem more like a standard functional structure, with distinct departments for various purposes such as marketing, finance, research and development. This is because ambidextrous structures tend to be used in large organizations. Nevertheless, the research and development department can include different divisions for exploration and exploitation. Each of these can have its own objectives, methods, and metrics. While the exploitation unit may be focused on enhancing already existing goods or services and optimizing operations, the exploration unit may be responsible for doing research and development on novel concepts and technologies (O'Reilly & Tushman, 2004).

The rising pressure on businesses to strike a healthy balance between inventiveness and effectiveness led to the formulation of the idea of an ambidextrous organizational structure. Even while traditional functional structures are an efficient means of reaching size and efficiency, they have the potential to inhibit innovation and make it difficult to adjust to changing market circumstances. Completely decentralized systems can promote more creative thinking, but they can additionally result in redundancy, an absence of coordination, and scaling difficulties. Instead of being forced to make a choice between the two, businesses that have an ambidextrous structure are able to pursue both innovation and efficiency concurrently, which is one of the most significant benefits of such a structure (Maine, Samuelsson, & Uman, 2022).

The organization will be able to devote resources and attention more efficiently to each region if they keep exploration and exploitation in separate departments. In addition, the structure may assist in the development of a culture that values innovation and experimentation, all the while keeping the primary emphasis on achieving operational excellence (O'Reilly & Tushman, 2004).

An ambidextrous structure does, however, carry with it the possibility of a few significant downsides. For instance, the distinct divisions responsible for exploration and exploitation can lead to a lack of coordination and communication between the various parts of the company. In addition, managing two distinct units at the same time can be difficult. There may be conflict between the two units on the distribution of resources and the order of priority. Adopting an ambidextrous organizational structure can prove to be a fruitful strategy for businesses,

especially those operating in dynamic marketplaces, as it enables them to strike a healthy balance between inventiveness and effectiveness. However, this demands careful management and attention to detail in order to guarantee that both divisions are cooperating in order to achieve the organization's overarching objectives (Nieto-Rodrigues, 2014).

It stands to reason to conclude, based on what has been delineated above, that not only the company's culture but also its structure are vital aspects of not only assessing and managing risk but also of successfully implementing bespoke measures of change and/or transformation.

5 Systematic Literature Review

This chapter contains the systematic literature review that will expand on the brief literature overview, which was presented in Chapter 1. The aim of systematic literature research is to collect current and relevant literature on the research topic. As a result, literature should be collected, checked and evaluated in order to work out research gaps and/or to survey the status quo in research. The basic idea of a systematic literature research is that the research area is considered as comprehensively as possible by collecting the literature. Therefore, there is no restriction of research, e.g. to a database or a specific journal (Burmans, Eisenbeiß, Klein, & Schade, 2021, p. 4 ff.).

5.1 Process

The basic work that describes the methodology of a systematic literature research comes from Webster and Watson in 2002. In their article *Analyzing the Past to Prepare for the Future: Writing a Literature Review* they describe the procedure for literature research very precisely and present it to everyone clear how the results are to be documented (Webster & Watson, 2002, p. xii ff.).

Step 1: Recognize/identify the relevant literature: Identifying relevant literature is the cornerstone of any literature review. The collected articles must fully and qualitatively reflect the research topic under consideration. Accordingly, the search should not be limited to a specific journal, geographical area or research method. In addition, a literature review should be conceptualized and follow a structured process (Webster & Watson, 2002, p. xv f.). First of all, relevant articles in leading specialist magazines are searched for. These then serve as the starting point for 'Backward/Forward Search'. 'Backward Search' is the search for further relevant literature from the cited sources of the article under consideration. 'Forward Search' is the search for literature citing the present article by searching the article on the Web of Science (www.webofscience.com). This procedure is intended to ensure that the relevant literature can be included in the literature analysis as completely as possible (Webster & Watson, 2002, p. xvi).

Step 2: Structure the review: Webster and Watson emphasize that a literature review should always be concept-centric. That is, the review should explain the research area using concepts. In contrast, a presentation based on women authors is not useful for penetrating a research area. By referencing different authors, the existing literature is often not synthesized, so that it becomes impossible to compare the ideas presented. Instead, a series of summaries of the work follows. To counter this problem, Weber and Watson propose the use of a concept matrix (Becker, p. 4).

The selected literature must then be analyzed logically. This is done conceptually, not author-centrally, since the review article is intended to be based on ideas and concepts, not people (Webster & Watson, 2002, p. xvii). In this thesis, the aforementioned variables respectively categories shall be utilized for this purpose. During this step, Webster and Watson suggest compiling a concept matrix that organizes the research based on the established concepts and not the authors (Webster & Watson, 2002, p. xvii). For example:

Table 1. Approaches to Literature Reviews	
Concept-centric	Author-centric
Concept X ... [author A, author B, ...]	Author A ... concept X, concept Y, ...
Concept Y ... [author A, author C, ...]	Author B ... concept X, concept W, ...

Figure 7: concept matrix model 1 (Webster & Watson, 2002, p. xvii)

Table 2. Concept Matrix					
Articles	Concepts				
	A	B	C	D	...
1		✗	✗		✗
2	✗	✗			
...			✗	✗	

Figure 8: concept matrix model 2 (Webster & Watson, 2002, p. xvii)

Table 3. Concept Matrix Augmented with Units of Analysis															
Articles	Concepts														
	A			B			C			D			...		
Unit of analysis	O	G	I	O	G	I	O	G	I	O	G	I	O	G	I
1					✗				✗						✗
2	✗				✗	✗		✗							
...								✗	✗			✗			

Legend: O (organizational), G (group), I (individual)

Figure 9: concept matrix model 3 (Webster & Watson, 2002, p. xvii)

Step 3: Theoretical development of an article: Webster and Watson again mention the elaboration of research gaps as the goal of an article. They also recognize that this is the most difficult part of a literature review. A conceptual model with supporting propositions is considered the methodology for completing this task (Webster & Watson, 2002, p. xix).

Step 4: Evaluation of a theory, conclusions and discussion: The authors recommend reading the work of other researchers and their comments/comments (Webster & Watson, 2002, p. xx). At the end of a presentation, suggestions for further research topics and theories should be given as a mandate for the researchers in the area concerned (Webster & Watson, 2002, p. xx).

An important criterion for evaluating literature reviews is the extent to which they cover the existing literature. In the case of complete coverage, an attempt is made to illuminate all or almost all publications on a topic (Becker, p. 3). The review performed for this thesis is organized around concepts and shall make use of the Backward Search method. It will not cover the entirety of scientific literature published concerning the subject matter at hand. That kind of review would be the subject of an entire thesis and would exceed the scope of the present one.

5.2 Literature Search and Evaluation

This part of the chapter entails both the criteria that are used as basis for including or excluding certain publications as well as the bulk of the review: the identification and analysis of the utilized publications.

5.2.1 Inclusion/Exclusion Criteria

A systematic review is understood to mean the qualitative summary of the results of individual studies in relation to a previously clearly formulated question (based on the main topics of the work area). If possible, all available published studies on the selected topic should be taken into account, whereby the criteria for selecting studies and the search strategy in the literature search must be made transparent. The goal is to compile a systematic overview of the current state of research on the selected topic. In this way, the quality of individual studies can be better assessed and inconsistent findings better classified (FU Berlin, 2021, p. 1).

Finding articles, monographs, studies etc. that contains the fundamental elements of the posed research (Obst, 2011). As such, a few key terms were used to compile a list of suitable publications by inputting them in proper scientific databases. In the case of this thesis, the main key terms are: “ambidextrous organization(s)”, “characteristics/types/elements (of) ambidextrous organization(s)”, “functional organization(s)”, “differences functional/ambidextrous organizations”. These terms shall be utilized individually and combined in an adequate manner.

5.2.2 Literature Identification and Analysis

To prevent the concept matrix in the following chapter from becoming too long and difficult to interpret, the utilized publications will be abbreviated appropriately. For example, if the author's name is Steinmetz, and the text in question was published in 2021, then the abbreviated version will be Stei21 – i.e., the author's last name's first three letters and the last two digits of the date of publication. In the case of two or more authors, the abbreviation shall utilize the first listed author's name. If several works by the same author are cited (and if they have been published in the same year), then the abbreviated version shall contain further identification in the form of lower-case letters, i.e., a, b, c etc. If two different authors have names that share the first three letters, then one of them shall be represented by an abbreviation containing the first four letters of their name.

As was the case in the brief literature overview in the first chapter, this chapter shall contain a large number of direct quotes – which are all marked as such.

A first cursory search of the key term 'ambidextrous organization' generated about 20,200 results on the database Google Scholar. The first listed result is a 2004 publication by O'Reilly & Tushman for the Harvard Business Review appropriately named *The ambidextrous organization*. The article summarizes the concept and concludes: "*Companies that use ambidextrous structures are nine times more likely to create breakthrough products and processes than those using other organizational structures—while sustaining or even improving their existing businesses*" (O'Reilly & Tushman, 2004, p. 1).

Over the course of their comprehensive literature review, Lis et al. identified five streams in research pertaining to organizational ambidexterity: "organizational learning, technological innovation, organizational adaptation, strategic management and organizational design" (Lis, Józefowicz, Tomanek, & Gulak-Lipka, 2018, p. 79). According to the authors, the main research areas in this particular field of study are the following: "*1) ambidexterity and ambidextrous organization conceptualization, (2) organizational management context (including managers) where these assumptions are embedded and studied, (3) innovations, organizational learning processes and creativity, and (4) strategic management aspects*" (Lis, Józefowicz, Tomanek, & Gulak-Lipka, 2018, p. 91).

These findings can help formulate steps required to develop a functional organization into an ambidextrous one:

1. Develop a viable concept for a transition into an ambidextrous organization.
2. Study and analyze the concepts at the managerial level.
3. Develop innovations and learn from the organizational processes and the creativity that is required in order to implement them.

4. Apply the knowledge to future strategies.

Meanwhile Stelzl et al. “developed an organizational ambidexterity maturity model (OAMM) that assists organizations in becoming ambidextrous based on actionable practices (APs) structured according to five capability areas” (Stelzl, Röglinger, & Wyrтки, 2020, p. 1203). The maturity stages suggested by Stelzl et al. are the following:

Maturity stages	Stage characteristics
(1) Novice	Novice organizations act based on defined rules that are independent of situations and context and can be understood without specific experience
(2) Advanced beginner	Advanced beginner organizations act based on guidelines, some experience, and an initial understanding of situations and context
(3) Competent	Competent organizations act based on habits in a wide variety of situations and contexts by drawing on experience
(4) Proficient	Proficient organizations have wide experience and a holistic understanding of situations and contexts, which enables them to act based on self-defined priorities
(5) Expert	Expert organizations draw from substantial experiences and intuitively act in various situations and contexts

Figure 10: five maturity stages for capability development in organizations (Stelzl, Röglinger, & Wyrтки, 2020, p. 1219)

In the end, the authors make the following recommendations:

First, organizations need to decide that they strive for a distinct OA type or a hybrid form. Most APs can be implemented independently of the OA type, while some must depend on the OA type (Sect. 6.1). Second, as OA is contingent to organizational context, organizations need to consider organizational boundary conditions (e.g., business strategy, competitive situation, IT landscape) and decide whether the assignment of APs to maturity stages needs to be adjusted. This leads to an organization-specific OAMM. Third, organizations need to determine the desired to-be OA maturity. It is important to note that not every organization has to strive for the expert stage in all capability areas (Stelzl, Röglinger, & Wyrтки, 2020, p. 1226).

Agostini et al. – a paper found via the backward search method, i.e., by perusing the references section of Lis et al., 2018 – describe organizational ambidexterity as a form of juxtaposing certain concepts that define the organizational structure: “alignment vs. adaptability, comfort of the past vs. uncertainty of the future, exploitation vs. exploration of knowledge, radical vs incremental innovations. Being able to solve these contrasting tensions, which corresponds to realizing ambidexterity, has generally been demonstrated to contribute to superior performance” (Agostini, Nosella, & Filippini, 2016, p. 1203).

Another systematic literature review was conducted by Kraft, who confirms the findings by Lis et al. and adds that apart from conceptual and implementation issues, managerial problems may hinder the implementation of an ambidextrous organizational structure (Kraft, 2018, p. 13). Two years prior, Sinha postulated that managerial issues are the greatest hindrance to the successful implementation of organizational ambidexterity, adding that a lack of ethics and values can lead managers to make bad decisions, which influences the potential success or failure of any strategy or measure (Sinha, 2016, p. 2).

This conclusion is supported by Solís-Molina et al. They assert the following: If there is a discrepancy between the exploration and exploitation facets of organizational ambidexterity at the level of the organization, ambidexterity may not be achieved. (Solís-Molina, Hernández-Espallardo, & Rodríguez-Orejuela, 2018, p. 181).

Another study to emphasize the importance of the organizational context and its effect on the outcome of ambidextrous structures was conducted by Brion et al. a few years prior, wherein the authors come to the same conclusion as Solís-Molina et al. (Brion, Mothe, & Sabatier, 2010, p. 175 ff.).

On a related note, Lee et al. discovered that organizational ambidexterity has a positive influence on job performance, which can have interesting implications for a company's organizational culture (Lee, Seo, Jeung, & Kim, 2019, p. 860 ff.). Comparable results were achieved by Qammar & Abidin. Their study examined "*how transformational leadership and ambidextrous leadership impact on employee performance*" (Qammar & Abidin, 2020, p. 1). Their research revealed a link between ambidextrous leadership along with employee performance (Qammar & Abidin, 2020, p. 7).

The influence of organizational culture on productivity and creativity had previously been examined by Moon et al. as well as Nunes et al., who emphasize the impact of organizational culture on the outcome of personal performance (Moon, Quigley, & Marr, 2012, p. 123 f.) (Nunes, Martins, & Mozzicafreddo, 2018, p. 6 ff.). The supportive role that managers can play in this context was examined by Kauppila & Tempelaar:

Our results demonstrate that general self-efficacy positively predicts ambidextrous behaviour through learning orientation. In addition, we show that employees exhibit higher ambidexterity when their group managers demonstrate paradoxical leadership; that is, a leadership style that couples strong managerial support with high performance expectations (Kauppila & Tempelaar, 2016, p. 1019).

The backward search revealed an article by Cantarello et al. from 2012. In that publication, the authors highlight the importance of innovation for a company that aims to keep its competitive edge in the long run, i.e., by using already existing knowledge and simultaneously exploring innovations and new possibilities. They emphasize the importance of balancing these two aspects: exploitation of existing knowledge and exploration. In their opinion, a balanced mix is vital for organizational ambidexterity to work. As such, they suggest "*a multi-level approach that integrates both the operational and the strategic levels*" (Cantarello, Martini, & Nosella, 2012, p. 28).

The multi-level approach was already supported by Lis et al. as well as Agostini et al. Cantarello et al. also support the idea of a structured approach to innovation processes, citing these steps: "*search is one of the three phases of the innovation process: search for new ideas, selection to decide which particular ideas should be investigated, and implementation*

of evaluated concepts” (Cantarello, Martini, & Nosella, 2012, p. 32). The concept of exploitation and exploration is then later picked up by van Lieshout et al., who posit that “an open innovation strategy complements the organization's ambidextrous strategy in attaining a competitive advantage” (van Lieshout, van der Velden, Blomme, & Peters, 2021, p. 39).

The study by Chebbi et al., also found via backward search, seconds the findings by Kraft. The authors thus “*propose an executive-oriented comprehensive model towards divisionalized ambidexterity*” (Chebbi, Yahiaoui, Vrontis, & Thrassou, 2015, p. s155). Taródy concurs, not only mentioning that a company's longevity and growth are connected to its capacity for exploiting current knowledge and exploring innovations, but also that finding this balance is a task for the strategic management (Taródy, 2016, p. 39).

A link between organizational ambidexterity and innovation performance was also detected by Li et al. in their 2020 study. They emphasize that not only internal ideas should be used to explore: “*To effectively use organizational ambidexterity, firms need open innovation to use external ideas as well as internal ideas, and to take advantage of both internal and external paths to market*” (Li, Fu, & Liu, 2020, p. 251). Mirow et al. add that organizational ambidexterity is highly important for functioning “*research and development activities*”, “*as they are both (...) explorative and exploitative*” (Mirow, Hoelzle, & Gemuenden, 2008, p. 1).

The competitive advantage that organizational ambidexterity brings has also been studied by many scholars. For instance, Clauss et al. analyzed, in 2021, the “*role of strategic agility in the exploration-exploitation paradox*” (Clauss, et al., 2021, p. 203). They conclude that strategic agility, which “centers on organization's capacities to quickly respond to shifting demand” (Clauss, et al., 2021, p. 203), working in tandem with organizational ambidexterity, gives companies an advantage over those who are less agile, as they would be less prepared to overcome the paradox of exploration and exploitation (Clauss, et al., 2021, p. 213). These conclusions were already supported by Parikh in 2015, who cites strategic agility as an important component of a company's ability to overcome the apparent contradiction between exploitation and exploration (Parikh, 2016, p. 1047 ff.).

The backward search revealed a related article by Preda, who also researched the influence of organizational ambidexterity on companies' competitive advantage. The author states that ambidextrous organizations are especially well equipped to “*compete in mature markets and to develop new products and services for emerging markets simultaneously*” (Preda, 2014, p. 67). A similar angle was chosen by Peng et al., who argued that organizational ambidexterity can be a driver for sustainability in high-tech companies: “*We suggest that the co-existence of exploration and exploitation is important to organizational performance. Accordingly,*

developing the two capabilities at the same time conforms to the concept of ambidexterity” (Peng, Lin, Peng, & Chen, 2019, p. 1).

The sustainability aspect was contrasted with the concept of substitutability by Shibata et al., who offered “*an in-depth case study illustrating how distinguishing between two types¹ of an ambidextrous organization explains effectively the corporate transformation process of Fujifilm”* (Shibata, Baba, Kodama, & Suzuki, 2019, p. 455).

¹ The two types being, in the authors’ opinion, “cannibalistic and complementary” (Shibata, Baba, Kodama, & Suzuki, 2019, p. 455).

5.3 Concept Matrix

As the analysis was concept-centric in lieu of being author-centric, the concept matrix shall – first and foremost – focus on the concepts. The publications, their type, their central conclusions will be further categories of import.

Concept	Publication	Type of Publication	Central Conclusions
<p>Ambidextrous organizations are better at protecting existing business (exploitation) and innovating (exploration) at the same time than functional organizations. There is a greater competitive advantage.</p>	<p>O'Re04 Ago16 vanLie21 Tar16 Cla21 Par15 Pre14 Bri10 Pen19</p>	<p>Article Article Article Article Article Article Article Article Article</p>	<p>Ambidextrous companies are more likely to develop breakthrough innovations (products, services, processes) than companies that adhere to other organizational structures, because they sustain/improve their existing business and invest in innovations at the same time.</p> <p>Ambidexterity uses contextual and structural solutions simultaneously to provide stability and adaptability to changing environments. Ambidextrous companies are well suited to compete in mature markets whilst simultaneously developing new products/services.</p> <p>An open innovation concept can be used as part of an organization's ambidextrous strategy in order to attain a competitive edge. The combination with the utilization of existing knowledge creates an optimal balance to both exploit and explore. Especially if companies employ strategic agility, they are better equipped to overcome the exploitation-exploration paradox and keep a competitive edge.</p>
<p>Organizational ambidexterity has several streams that need to be considered in order to implement such an organizational structure.</p>	<p>Lis18 Ago16 Can12 Sol18 Pen19 Mir08</p>	<p>Article Article Article Article Article Article</p>	<p>The five main streams of organizational ambidexterity are: organizational learning, technological innovation, organizational adaptation, strategic management and organizational design.</p> <p>Research and development thrive best in an ambidextrous organization.</p>

<p>Certain steps must be taken in the right order to develop a functional organization into an ambidextrous one. A multi-level approach is recommended.</p>	<p>Lis18 Ago16 Can12 Li20 Bri10 Stel20 Moo12 Nun18 Kau16</p>	<p>Article Article Article Article Article Article Article Article Article</p>	<p>A number of steps can help to develop a functional organization into an ambidextrous one:</p> <ol style="list-style-type: none"> 1. Develop a viable concept for a transition into an ambidextrous organization. 2. Study and analyze the concepts at the managerial level. 3. Develop innovations and learn from the organizational processes and the creativity that is required in order to implement them. 4. Apply the knowledge to future strategies. <p>Developing a model that analyses a company's maturity levels might help the decision of what kind of ambidexterity is best for the company:</p> <ul style="list-style-type: none"> • Novice: organizations have defined rules that don't depend on context and don't require experience in order to be understood. • Advanced beginner: There are guidelines, and some experience is required, as well as understanding of context. • Competent: habits and context matter more, as does experience. • Proficient: great experience and understanding of context, which makes it possible to focus on set priorities. • Expert: substantial experience and intuitive decision-making in many different contexts and situations. <p>A multi-level approach can help minimize risk and achieve a working balance between utilizing existing knowledge and exploring new possibilities.</p> <p>There should also be a mix between internal and external innovation to keep a competitive advantage.</p>
<p>Main sources of problems when it comes to implementing an ambidextrous organizational structure are conceptual, implementation-related or</p>	<p>Kra18 Lis18 Sin16 Che15 Tar16 Cla21 Par15 Sol18 Bri10 Lee19 Moo12</p>	<p>Article Article Article Article Article Article Article Article Article Article Article</p>	<p>There can be myriad issues when it comes to implementing an ambidextrous organizational structure. These relate back to the steps delineated in Concept 3 of this analysis. If the concepts are flawed, the development of measures will be, too, as will be the implementation. This isn't simply a problem of concepts and implementation, however, but of the management in charge of these changes. The implemented model should not only be comprehensive and structured accordingly but also</p>

<p>connected to managerial problems.</p>	<p>Nun18 Kau16 Qam20</p>	<p>Article Article Article</p>	<p>executive-oriented, i.e., developed and devised at the top.</p> <p>In addition, a lack of ethics and values can lead managers to make irresponsible and bad decisions, which can impact the outcome of measures and strategies, potentially causing the implementation of organizational ambidexterity to fail.</p> <p>Organizational ambidexterity has a positive influence on job performance, which can have interesting implications for a company's organizational culture.</p>
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Table 1: concept matrix. Own illustration

6 Comparative Analysis

Comparative analysis is a process for doing research that entails comparing and contrasting two or more things or events in order to uncover similarities and differences between the subjects of the comparison (Drobnič, 2014, p. 1125 ff.). Comparative analysis is used in the field of organizational studies. It entails evaluating and comparing various organizations or organizational structures in order to acquire insights on the strengths and weaknesses of these organizations as well as their performance (Harvard College Writing Center, 1998).

In order to accomplish the objectives of this thesis, which is to investigate the connection that exists between organizational culture, structure, risk assessment, and innovation, comparative analysis is going to be a useful tool. It is possible to get a better understanding of how organizational structure and culture impact innovation and organizational success if two organizations are examined: Apple (Meyer, 2022) and Amazon (Meyer, 2023), whose cultures and organizational structures are quite different from one another. A greater understanding of the role that culture and structure play in innovation as well as how businesses can successfully harness culture and structure to promote innovation can be acquired if an examination of similarities and differences between two entities is conducted.

Apple, to reiterate, has achieved great success as a result of its functional organization, which enables the business to concentrate on its core capabilities in the areas of design, engineering, and marketing, and to produce products that are renowned for their inventiveness and superiority. Still, there are many who believe that this structure has also resulted in a lack of flexibility and delayed decision-making, both of which have impeded the capacity of the corporation to enter new markets or develop new product lines (Podolny & Hansen, 2020).

The structure of Amazon, on the other hand, is ambidextrous, meaning that it permits both exploration and exploitation of its resources. Because of this structure, the firm has been able to continually develop and test out new goods and services while still retaining its core business activities (O'Reilly & Tushman, 2016). The comparative analysis will dive into the benefits and drawbacks of each structure, as well as investigate how they have influenced the performance of the firms.

The criteria that are used to compare the different examples have been thoughtfully chosen, and they should be pertinent to the research subject that is currently being researched. Finding patterns or associations that are relevant to answering the research question or testing the hypotheses is the objective of this step. The study will evaluate which form of organization is better adapted to cope with a discontinuous environment by comparing the internal structures and cultures of the two firms. In order to guarantee that the evaluation will provide results that are pertinent to the study questions and hypotheses, the comparison criteria that are employed will be meticulously chosen. The findings of the comparative study will serve to provide insight

on the degree to which various organizational structures and cultures are helpful in addressing environmental concerns.

6.1 Apple: A Functional Company

Apple is a worldwide technological titan that has been renowned for a very long time for the unique products and designs that it has produced. The organizational structure of the corporation is best characterized as functional, and it has a distinct hierarchy as well as a division of work (Dudovskiy, 2023). The premise that various activities need distinct areas of knowledge and, as a result, should be divided within the organization underpins the concept of the company's functional structure. Apple is an excellent illustration of this sort of organizational structure (Meyer, 2022).

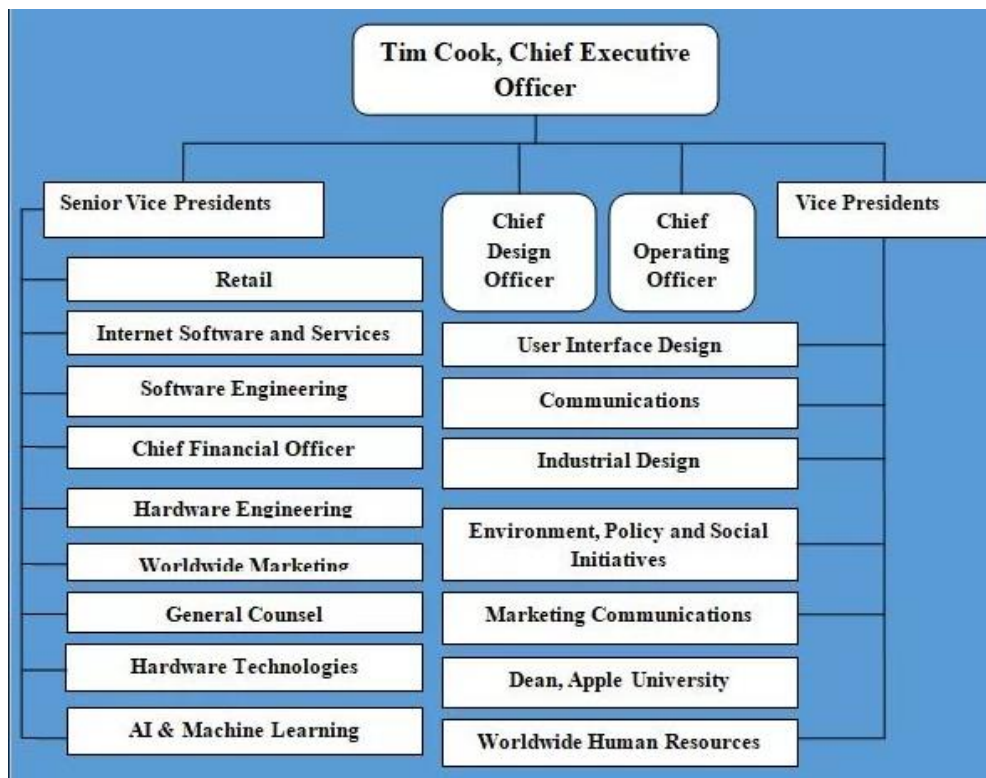


Figure 11: Apple's organizational structure (Dudovskiy, 2023)

Apple's organizational structure is structured around core departments such as design, marketing, engineering, finances, and operations. Each division possesses a designated functional leader who is responsible for overseeing the team and ensuring the accomplishment of the department's initiatives. This functional organization has shown to be effective for Apple, especially in the early years of the company's existence when the primary emphasis of the business was on the creation of new products and their designs (Podolny & Hansen, 2020). Apart from the hierarchical structure, Apple's departments are formed based on their products,

e.g., services, iPhone, iPad etc. (Dudovskiy, 2023). The senior vice presidents who report to the CEO “are in charge of functions, not products” (Dudovskiy, 2023).

One of the most significant benefits of a functional organization is that it facilitates distinct lines of authority and responsibility (Organ & Bottorff, 2023). This has resulted in Apple developing a strong culture of decision-making that places a great emphasis on getting things done in a timely and effective manner. The creator of the firm, Steve Jobs, had a reputation for being a strong leader who was able to make swift judgments with clarity and conviction. This culture has been passed down through the generations, and Apple is still a corporation that places a premium on swiftness and effectiveness in decision-making (Meyer, 2022).

Nevertheless, the functional structure does have certain drawbacks to consider. One of the most important is the possibility that it may result in the establishment of silos inside the business (Nasrudin, 2022). This is especially true of Apple’s design department, which has traditionally functioned independently from the rest of the firm. Recently, though, Apple has begun to integrate the design team with the rest of the organization. Because of this, there have been some disagreements between the design team and other departments, notably engineering, which has been accused of placing an excessive amount of importance on functionality at the cost of design. These disagreements have led to some infrequent disputes (Miller C. , 2023).

Another possible disadvantage of the functional structure is that it may be sluggish to adjust to different aspects of the surrounding environment. This is especially true in the technology sector, which is known for its high rate of change and rapid speed. Although Apple’s functional organization is excellent at managing day-to-day operations, there is a possibility that it is not as effective when it comes to rapidly reacting to shifts in the preferences of consumers or changes in the market (San Cristóbal, Fernández, & Diaz, 2018, p. 792 ff.).

Meyer remarks that Apple’s restricted flexibility regarding its organizational structure is a definite downside. The strict hierarchy frequently hampers the responsiveness of the lower tiers of a structure to current market and company demands. Before instituting changes in response to consumer electronics market trends, for example, the company’s product-oriented departments have to wait for instructions from the CEO or other high-ranking executives. Due to the fact that everything must go through Tim Cook and senior management, Apple’s organizational structure does not facilitate rapid alterations in business processes (Meyer, 2022).

Despite the possible downsides that could occur as a consequence of these structures, Apple’s functional structure has proven beneficial in assisting the company in developing and bringing innovative products to market. Because the firm places such a great emphasis on design and paying attention to detail, it has developed a powerful brand that is known all over the globe. Apple has been able to successfully manage the complexity of its product

development process because to the functional structure that has been put in place. This has helped the company to keep its clear focus on providing products that are user-friendly and aesthetically attractive (Podolny & Hansen, 2020).

To summarize: Apple has been quite successful in developing and bringing new and creative products to market thanks in large part to the functional organization of the corporation. Apple has been effective in overcoming the potential drawbacks of this form of structure and developing a strong culture of decision-making that places a high priority on speed and efficiency despite the fact that this structure may have these drawbacks. However, as the technology sector continues to undergo change, it is uncertain if Apple's functional organization will be able to adjust rapidly enough to keep up with the industry's pace of development and maintain its competitive edge.

6.2 Amazon: An Ambidextrous Company

Amazon is a fantastic illustration of a corporation that has ambidextrous capabilities. Because of its singular strategy regarding organizational structure, it is able to both capitalize on its present skills and investigate potential new avenues for growth. Jeff Bezos, the founder of Amazon, is noted for his emphasis on innovation and approach that is centered on the needs of the consumer. Bezos is also responsible for the company's ambidextrous structure. The organizational structure of the corporation was developed to facilitate innovation and experimentation while preserving its high level of operational efficiency (O'Reilly & Tushman, 2016).

Utilization of tiny, autonomous teams is one of the most essential aspects of Amazon's ambidextrous organizational structure. These teams are provided with a substantial amount of latitude to experiment with new ideas and technology, without being bound by conventional bureaucratic procedures. Because of this, Amazon is able to react rapidly and take advantage of new possibilities as they become available. At the same time, the firm continues to place a significant emphasis on both operational excellence and customer satisfaction, which helps to ensure that it will always be able to provide goods and services of a high standard (Dudovskiy, 2022).

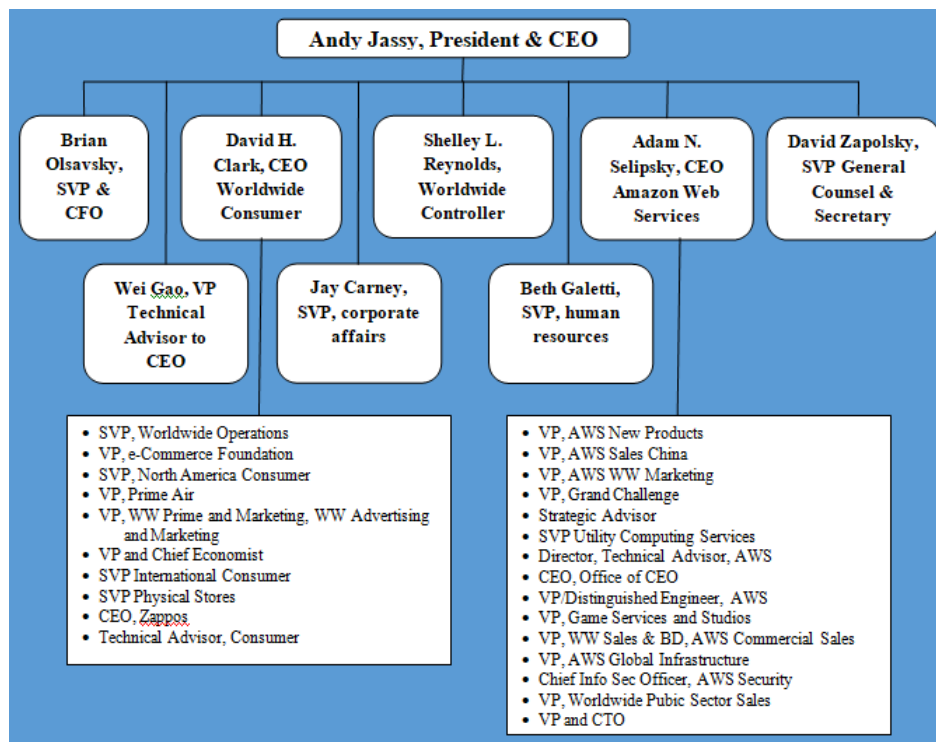


Figure 12: Amazon's organizational structure (Dudovskiy, 2022)

Amazon places a strong emphasis on ongoing quality improvement, which is yet another essential component of its unique ambidextrous organizational design. Amazon actively encourages its workers to consider ways in which they might innovate new ways of doing their jobs as well as enhance the ways in which they now do their work. The leadership of the organization places a strong emphasis on the significance of experimenting, learning, and being innovative. As a result, this culture of continuous development is pushed by the leadership (Meyer, 2023).

The ambidextrous structure of Amazon also incorporates a number of essential organizational practices and procedures. For instance, the organization has a specialized team that is in charge of locating and cultivating new chances for business. This team has access to a substantial amount of resources as well as autonomy, allowing them to investigate novel concepts and construct brand-new enterprises from the bottom up. In addition to this, Amazon has a variety of systems in place to guarantee that new business prospects are thoroughly investigated (O'Reilly & Tushman, 2016).

The 'working backwards' technique is one of the mechanisms that Amazon uses in order to assess potential new business prospects. This entails determining the needs of the client as the beginning point for developing the product or service and moving backward from there. In this step, a press release is formulated as if the product were already available. A document is then created, including answers to frequently asked questions. The user experience is then precisely defined. Amazon is in the unique position of being able to prioritize consumer

demands and assure that each new product or service would match those needs because of this working backwards method (Bryar & Carr, 2021, p. 5 ff.).

Another method is what Amazon refers to as the 'two-pizza teams' strategy, which entails forming small teams of people that work independently and are accountable for a certain project or product. The name of these teams comes from the concept that each member should be able to satisfy their hunger with just two pizzas. Amazon is in a position to foster invention and creativity thanks to the formation of these tiny teams, which also allows the company to guarantee that every team is working toward a particular objective (Amazon, n.d.).

Additionally, Amazon relies heavily on analytics in order to analyze the potential of its next business chances. For every new product or service, for instance, the corporation monitors measures such as customer uptake, customer satisfaction, and revenue growth. Amazon is able to swiftly determine whether a new product or service is successful because it tracks these measures; if the product is not successful, Amazon may either make modifications to it or stop selling it completely (Amazon, n.d.).

In addition, with its 'fail fast' philosophy, Amazon encourages its customers to try new things and take calculated risks. In order to do this, you need to be willing to take some chances, adapt fast to the lessons that you learn from your mistakes, and change so that you may achieve better results in the future. Amazon is able to cultivate a culture of innovation and continual improvement because employees are encouraged to see failure as an opportunity for learning (Babineaux & Krumholtz, 2013, p. 23 ff.).

Therefore: The evaluation of potential new company ventures is also influenced by the leadership values upheld by Amazon. These concepts include a focus on the client, taking charge of the business, innovating while keeping things simple, and delivering results. Amazon is in a position to guarantee that each new business opportunity is in line with the company's general aims and values because of the company's strict adherence to these principles.

6.3 Analysis

This section assesses and contrasts the organizational cultures and structures of Apple and Amazon as part of the comparative examination. This subchapter only contains the conclusions and thoughts of the thesis's author based on the information presented above. New information is not presented in this section.

Apple's functional structure is characterized by a clear division of labor and centralized decision-making. The capacity of the firm to adjust its operations in response to shifting conditions is the first factor to consider in this analysis. In this aspect, the ambidextrous structure that Amazon employs seems to be more appropriate than the functional structure

that Apple employs. Apple's concentration on innovation via product design and development has left it susceptible to disruption from new entrants, but Amazon's ability to explore new possibilities has allowed it to pivot effectively into new areas, such as cloud computing and smart home devices.

The degree to which members of the organization work together and are open to new ideas is the second factor to consider. Although Apple's functional organization facilitates effective communication and collaboration, the company's culture often discourages creative thinking and new product development. Amazon's structure is ambidextrous, allowing it to both investigate and exploit opportunities. This promotes innovation and cooperation.

The capability of the organization to react to shifting market trends and changing demands from customers is the third criteria. Amazon is able to swiftly adapt to changing conditions in the market and the requirements of its customers because to the ambidextrous structure of the company. Amazon is able to keep one step ahead of its rivals because the company is always looking for new business possibilities and adapting its strategies swiftly to satisfy customers' shifting needs. The decision-making process at Apple is highly centralized, and the company's primary emphasis is on product development. As a result, Apple's functional organization may be sluggish to react to changes in the market.

The capacity of the firm to expand while preserving its existing competitive advantage is the fourth factor to consider. When it comes to creativity and flexibility, Apple's functional organization might be restrictive due to the fact that it enables efficient scalability and maximizes the use of resources. A culture of invention and experimentation is encouraged by Amazon's ambidextrous structure, which makes it possible for the company to both explore and exploit its market.

The capability of the firm to effectively handle risk and uncertainty is the last criteria. Because of the way Apple's functional organization is organized, the company's decision-making can be consolidated, which helps reduce risk and uncertainty. On the other hand, using this strategy may restrict the company's capacity to react quickly to unforeseen difficulties or interruptions. Amazon, on the other hand, benefits from an ambidextrous structure that enables the company to explore new prospects while simultaneously capitalizing on current skills. This makes it easier for Amazon to handle risk and uncertainty. A By establishing an equilibrium between exploration and exploitation in its corporate approach, Amazon can protect itself from the risks of turmoil and remain ahead of the competition.

7 Empirical Research

The empirical research chapter is a crucial component of this thesis because it provides valuable insights and empirical evidence to support the theoretical analysis' findings and conclusions. This chapter seeks to reconcile the distance between theory and practice by confirming while improving the understanding of earlier chapters' concepts. In the context of this thesis, empirical research entails the acquisition and analysis of data from the actual world by means of qualitative content analysis and semi-structured interviews. By interacting with practitioners and experts in the field, it is possible to acquire firsthand knowledge and perspectives that enhance the comprehension of organizational ambidexterity, change management, and the development of functional and ambidextrous structures.

7.1 Research Method: Qualitative Content Analysis

A thorough and detailed explanation of how an inquiry is planned may be found in the research design. It is advantageous to comprehend how the research process's numerous processes are interconnected and to ensure their consistency. Consequently, it provides a guideline that, over the course of the research process, may be returned to on several occasions. Therefore, it is possible to arrange the resources that are necessary for a research project, which not only helps to legitimate those resources but also makes it practicable to do so (Marczyk, DeMatteo, & Festinger, 2005, p. 26 ff.).

Examining one's personal interest in a certain field of knowledge and developing a research question that is predicated on that interest is a necessary step in the process of developing any sort of study. After that, it is really necessary to carry out a methodological posture that corresponds to it. The findings of the study need to be analyzed in light of the theoretical framework (Przyborski & Wohlrab-Sahr, 2014, p. 118).

The approach chosen for this thesis is the qualitative content analysis technique, which is going to be discussed in more detail below. This approach was chosen because the author had access to a limited number of experts in the field, who agreed to be participants in expert interviews. The purpose of empirical research is to get knowledge from one's genuine experiences as opposed to gaining information from one's theoretical views (Emerald Publishing, n.d.). The most significant aspects of empirical research are listed in the following bullet point format:

- A list of questions pertaining to the study that need to be answered (Dan, 2018, p. 1).
- Determining the characteristics of the events, groups, or behaviors that will serve as the primary foci of the inquiry. (Dan, 2018, p. 1).

- A detailed explanation of the method that was decided to use in order to check the object that was chosen. In addition to controls and criterion for selection, this includes a number of different types of testing (Dan, 2018, p. 1).

Empirical procedures are those that include the systematic gathering of material and/or the analysis of data in order to get insights on a certain subject. These processes are used so that one may gain these insights. This goes against methods that do not depend on scientific proof, such as literary reviews, historical study, and other aspects of social life (LaSalle University, 2022).

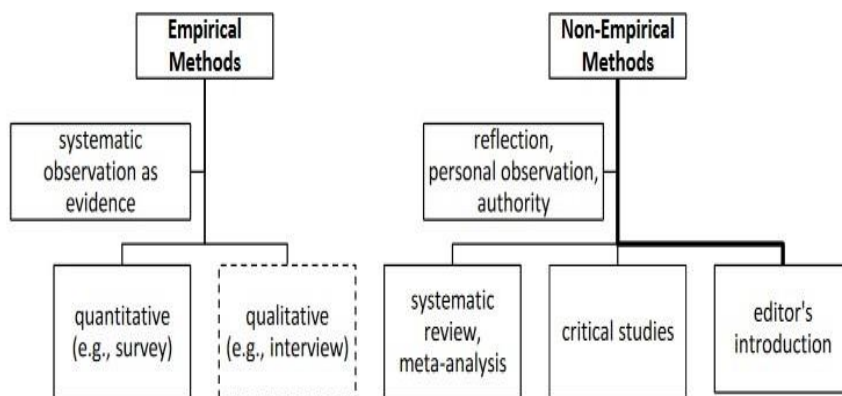


Figure 13: empirical and non-empirical methods (Dan, 2018, p. 1)

The empirical method sets a premium not only on conduct of experiments, but also on observation of the results of such experiments (Writing Commons, n.d.). It is conceivable to understand the word 'qualitative research' as referring to a broad variety of research theories and procedures (Hennink, Hutter, & Bailey, 2020 (2010), p. 29 f.). The methodology permits an investigation of aspects of the topic from the respondents' perspective (Hennink, Hutter, & Bailey, 2020 (2010), p. 30).

The primary focus of qualitative research is the assessment of occurrences throughout the chosen topic area from the perspective of specialists or subject matter authorities (Lapan, Quartaroli, & Riemer, 2011, p. 12 f.). Qualitative data refers to information on events that may be seen but are difficult to quantify. One such instance is that of language (McLeod, 2019).

	Qualitative	Quantitative
Conceptual	Concerned with understanding human behaviour from the informant's perspective Assumes a dynamic and negotiated reality	Concerned with discovering facts about social phenomena Assumes a fixed and measurable reality
Methodological	Data are collected through participant observation and interviews Data are analysed by themes from descriptions by informants Data are reported in the language of the informant	Data are collected through measuring things Data are analysed through numerical comparisons and statistical inferences Data are reported through statistical analyses
<i>Source: Adapted from Minichiello et al. (1990, p. 5)</i>		

Figure 4: focus of qualitative and quantitative methods (McLeod, 2019)

When doing qualitative research, the main goal is not usually to create a representation of reality (in its current state, which is an entirely other topic of discussion). Instead, it provides a glance into the uncharted from the perspective of a human, allowing others to comprehend, experience, and gain greater access (Flick, 2004, p. 180 ff.). After the data have been collected, it is not feasible to instantly assess which of them will be important for the study and which of them will not be relevant right away. This indicates that a more in-depth examination has to take place in the process of assessing the information that was obtained (Gläser & Laudel, 2009, p. 44). The planning of the study takes into account the following aspects and components:

- In order to successfully complete the research, a systematic approach should be used to the preparation of the project (Mayring, 2007, p. 3).
- It is vital to offer the research with scientific and theoretical arguments when it is still in the design phase of the reasoning project. Justification on a reasonable level is required for each stage (Mayring, 2007, p. 3).
- The strategy for the project makes use of previous experience and is based on established methods that have been shown to be successful (Mayring, 2007, p. 3).
- The plan for the project will consist of a number of phases that will systematically and logically follow one another after having been completed in the previous stage (Mayring, 2007, p. 3).

While conducting expert interviews, it is feasible to build categories through either inductive or deductive reasoning in order to arrive at a conclusion. The generation of textual material in a structured manner is essential to both of these (Mayring, 2007, p. 3). The process of categorizing, which Mayring refers to as 'structuring', begins with the establishment and defining of categories. This step comes before beginning the study of the data material. To do

this, several components of the material will need to be extracted first. It is ensured that each and every piece of information is thoroughly investigated. This takes into account structures that have previously been specified prior to this point. Examination of the basic form is required to be conducted in keeping with already established standards of classification (Mayring, 2007, p. 3).

7.2 Semi-Structured Interview

This method is a style of interviewing that is somewhere in the between of highly standardized interviews and unstructured interviews. It incorporates elements from both sorts of interviews and arranges them in a way that differentiates them from one another, albeit retaining certain similarities (Adams, 2015, p. 492).

Simple semi-structured interviews are essential conversations that are meant to aid the researcher in acquiring new insights into the issue that is to be researched. The purpose of these interviews is to help the researcher. The person who is conducting the interview has prepared a list of questions that they want to ask the person who is being questioned, as well as a thorough outline of the topics that will be covered at various points throughout the course of the conversation. Concurrently, there is room for the conversation to deepen and broaden as time goes on (Fylan, 2005, p. 65). The extent whereby those polled take part represents one of the more important benefits of these various types of interviews (Jennings, 2005).

Following the conclusion of the interviews, the collected data must be analyzed. It is possible to identify recurring themes within the responses, organize those themes in a meaningful manner, and then categorize the responses of the various participants based on those themes (Adams, 2015, p. 504). The deductive method is utilized here. The text's meaning is divided into a number of categories, each of which can be summed up in a few essential phrases. Therefore, only the category system can be used to evaluate the content (Meier, 2014). The categories are derived from an initial analysis of the interviews' content:

- Finding a balance between importance of growth strategies and risk management.
- Separation of core business from innovative business.
- The importance of communication in the implementation of changes within the company.

These categories can be utilized to prevent thematic duplication. The data is stored up after the deductive categories have been completed. This necessitates the assignment of pertinent text passages to categories, also known as the classification process. This procedure was carried out manually by meticulously examining the textual content (Meier, 2014). This method is more appropriate for lesser quantities of text, as is the case here, which was why the

decision was made to not utilize a software to aid as a tool in the process. As the text material is very limited, no tables or charts were further annexed to the thesis, as this was deemed redundant in this particular case. In a subsequent phase, the text passages are assigned to the appropriate category, followed by an examination of the content without the addition of personal judgements (Meier, 2014).

7.3 Parameters of the Research

First, the research questions were used to formulate questions for the interview guideline (which can be found in Appendix 2). These questions were aligned with the objectives of the study. Following that, the participants were selected, i.e., the experts who might provide valuable insights into the research questions. As the interview was semi-structured, the questions developed were open-ended. This choice was made in order to allow for in-depth responses and to encourage participants to share their experiences and perspectives. After that, the questions were organized in a logical sequence that flowed naturally from one question to the next.

In total, four interviews were conducted. To guarantee the participants' anonymity, they will be referred to as E1, E2, E3, and E4. In addition, as is customary for persons whose gender has not been disclosed, the personal pronoun 'them/their' will be used in place of the gendered counterparts. This usage is congruent with practices that date back to the late Middle Ages, as the Oxford English Dictionary clarifies (Oxford English Dictionary, n.d.).

- E1 is “responsible for logistics, which means planning order management, intralogistics warehousing and transportation. Our company is global operating manufacturer of rigid plastic packaging solutions. We are producing all over the world in around 180 plants and have 23,000 employees“.
- E2 works for a packaging company. They are “part of an innovation branch within the ground and leading a venture that has been established 4 ½ years ago”.
- E3 is a business consultant who mostly works with small businesses and assists them with their digitalization efforts.
- E4 also works for a plastic packaging company, which manufactures packaging for their clients. The company's focus is on sustainability and nutritional sciences, and E4 works in their company's innovation department. That means that they “manage innovation projects, which currently are very much product development driven, but currently we're in the process of changing this to a more to a more strategic level”.

During the transcription process, there was a formatting error when it came to numbering the lines on the transcripts. This error was only discovered after the analysis was completed. As there were only four interviews and the amount of text was rather limited, there will be no line numbers presented. The passages that are paraphrased or even quoted can easily be found in the now reformatted transcripts – which have been annexed as appendices.

7.4 Presentation of Results

Using the above-mentioned categories, the results will be presented in a concise manner that serves the purposes of the thesis.

Finding a balance between importance of growth strategies and risk management.

E1 believes that the greater the implemented change, the greater the risk to the company will end up becoming. They iterate that in a “fast-changing environment”, it is especially important to understand the risks of implementing changes and to prepare accordingly – and also to determine whether a change is worth the risk or not. The greatest problem is that in a discontinuous environment, companies must be quick to adapt, or any change will be obsolete by the time the risk has been properly assessed. Thus, E1 does believe that there must be a balance between change and risk management, but that under current market conditions, it pays off better to act in a riskier manner than an overly cautious one. E1 also adds that established companies should, as it pertains to change and innovation, act more like startups in order to keep up to date with new developments.

E2 also believes that change management is fundamental for a company’s long-term success. If innovations must be implemented, then the manner in which this is accomplished is essential. Especially if a company must be flexible, like E2’s is, then change management is vital. E2 agrees with E1 that changes in the economic landscape are happening very quickly, and thus, a good mix between stability and innovation must be found. Therefore, both risk and change management need to be considered in order to guarantee a company’s longevity.

E3 comments that there is a lot that is part of change management, such as a stronger focus on remote work during a crisis. The companies that E3 works with are usually not focused on risk management, as they are mostly concerned with implementing changes. Risk need to be minimized, E3 explains, though the focus is still more on future developments. They also believe that a focus on either flexibility or stability depends on the phase of the company. Flexibility is especially important during initial stages, whilst stability matters more when the company is established and has a number of constant customers.

E4 mentions that especially established companies find it difficult to implement real change, even if it becomes necessary due to the discontinuous environment in which they operate.

Established companies tend to be on the more risk averse side. According to them, this indicates that it is difficult for established companies to adjust to disruptive technologies or new market competitors. According to E4, established companies typically place a great deal of emphasis on their primary business. They easily lose track of emerging trends and new consumers, which can appear less essential than the established ones.

However, new companies and startups are by nature far more flexible and intent on disrupting the market they're entering, according to E4. Thus, their focus, during the establishing phase, is on flexibility and innovation rather than stability and continuity.

Separation of core business from innovative business.

According to E1, it is vital that there should be a strong focus on innovation, and that the innovative business should be kept apart from the core business so that the former can flourish and the latter be kept as stable as possible. In addition, by keeping both segments separated, there is more room for creativity when it comes to developing innovations, whilst the customers of the core business are not neglected. E1 does emphasize that they believe that innovations are the future of their company and that there must be a strong focus on them, if the company is to successfully adapt to the discontinuous environment. When asked what kind of strategy they would choose – innovation or preservation – E1 answered that both are necessary. Focusing only on control means stagnation, but letting go of the core business could ruin the company.

In the industry for which E2 works, it is also essential to strike an equilibrium amid innovation and tradition. For instance, if a business is involved in the production and/or use of packaging made from plastic, the cultural environment is crucial. In this age, customers have grown wary of plastic, which means that keeping the core business running and finding a way to foster innovation is a delicate balancing act.

Investing in new branches, finding new talents are actions that, in E2's opinion, need to be taken, while it is also important to value the core business that has been bringing in revenue for years. Like E1, E2 emphasizes that changes are happening very quickly, including digitalization processes, and that adapting to these changes is required for any company that wishes to survive in a discontinuous environment. E2 also mentions that companies that miss the opportunity to change are doomed to fail, such as Kodak. E2 also states that innovation can be harmful if the core customers are not reached properly. Selling innovation to the clients is an important aspect of adapting to changes, thus making it vital to include state-of-the-art marketing in any change and innovation strategies.

E3 opines that large corporations can be less flexible than smaller businesses, especially because they only grew to be as large as they are in the first place because of a successful

core business. For large businesses, it makes less sense to keep up with new trends than it does for small businesses and startups. Especially the kind of company that E3 works with are willing to implement changes and to take risks in order to keep a competitive edge. Like E1 and E2, E3 agrees that changes are happening practically overnight – they mention smartphones as an example – and that companies need to keep pace with the discontinuous environment in which they are trying to thrive.

In E4's opinion, separating the core and the innovation business is "easier said than done". They explain that true and groundbreaking innovation is really difficult for established companies. As an example, they cite the automobile industry during the early 2000s and the banking sector. Within the period in question, a number of industries tried to incorporate a FinTech in order to transition to the Internet era. Many experienced substantial monetary losses as a result of the risk, i.e., by wagering on investments in businesses and unproven technologies. This is, according to E4, a good example of why established companies are rarely the most innovative ones, and that keeping the core business separated from the innovative branches is more difficult than might appear at a first glance.

E4 makes another interesting observation: in the case of established companies, innovations only receive sufficient funding when there are resources in abundance – i.e., if the core business permits diverting funds to innovations. This is because the primary business is the established one, and therefore the one that generates the revenue that is required. E4 additionally argues that if growth is to be facilitated, a company must exert a certain level of control, implying that viable innovation is impossible if the primary business is neglected in any manner.

Furthermore, E4 notes that there is a substantial disparity between gradual and disruptive innovation. In the case of the latter, there are not as many problems for established companies, since they can build on their core business and simply adapt in smaller steps that are relatively easy to control. Disruptive innovations, however, may make an established company's core business obsolete, which can lead to bankruptcy in the long run – as an example, they mention the light bulb industry, which suffered significant financial losses once LED light bulbs hit the market.

It is difficult to understand which changes are incremental and which are disruptive, and thus, established companies tend to be more risk averse than younger companies and startups. At the same time, E4 reinforces the idea that the other interviewees already touched upon: The economic landscape is undergoing swift change. Businesses must find methods to evolve in order to survive.

The importance of communication in the implementation of changes within the company

If a company is not strictly hierarchical, then cooperation and communication are vital for the company's success, which requires a great deal of commitment. According to E1, only more decentralized organizations are capable of balancing both core business and innovations, and for that, the employees need to be on board, committed, and dedicated to the job. A lack of cooperation and communication can have highly deleterious effects.

E1 explains that their company is a family business, and that this plays a role in how disruptive changes are met – in the short, middle, and long term. The business model needs to be kept up to date and fresh in order for the company to survive, and for that to happen, the company's stakeholders need to be on board. There is always risk, according to E1, but by spreading awareness and keeping the workforce in the loop – and thus committed – much of this risk can be mitigated.

E1 emphasizes the importance not only of change per se, i.e., of implementing technological changes in their company. They also note that communicating the necessity of change both internally and to customers is of vital importance. In addition, they believe that all stakeholders who are affected by change need to be considered. That is, their anxieties must be taken seriously, which requires that the change be communicated in a careful and adequate manner. Change management is, according to E1, highly important for innovations to be successful, and if the necessity for change is not communicated properly, then the change management process has failed.

E2 enforces the idea that a company is just the sum of its parts, i.e., that the employees are what makes or breaks a company. If these stakeholders are not invested in the company's strategies, then the company will end up falling apart, especially if massive changes are carried out. Just like E1, E2 agrees that flexibility is an important component of adaptable organizations. A more matrix-like structure works better than a strictly hierarchical one, especially if the company faces a crisis, as it is much more flexible, then. Especially the handling of crises and how this is communicated to the workforce plays an important role when it comes to the learning factor. If the employees do not learn anything from the crisis, then they cannot change their behavior. Thus, E2 reinforces what E1 stated.

E3 agrees that if changes are to be implemented successfully within a company, then it is absolutely vital that employees be included in these efforts. They argue that for this to function, the core business must be separated from the innovative side of the company, and that the employees working for both need to be met in their needs. It is of the utmost importance that employees favor or at least comprehend the need for them, as an enterprise would not exist without its employees. If there is too much resistance, then implementing any sort of significant

change will end in failure. This is why storytelling and adequate narratives are so important as a part of change management.

They also emphasize that communicating changes to customers is of vital importance. If the customers either are not on board with product changes or demand product changes that the company is not delivering – such as AI – then this may negatively impact the company's revenue and future prospects. E3 suggests establishing a staff office that can coordinate changes and innovations as well as how to communicate these to the employees. This could include brainstorming activities, evaluations, and change management measures.

E4 agrees that communication is vital for the implementation of changes within a company. They argue that if the company lacks a clear vision, if the changes are not sustainable and not communicated in a proper manner then the employees will not cooperate, and the change will fail. Thus, it is very important that change managers be competent and able to convey the company's vision in a way that makes sense to the employees. Adaptability, according to E4, plays a very important role in the communication and the implementation of changes within a company. If the employees are given options as well as opportunities, especially during times of crisis (such as the COVID-19 pandemic), then they will be more willing to adopt changes than if the orders simply occur top to bottom.

8 Final Thoughts

This chapter contains a brief summary, the ensuing conclusions drawn – referencing the hypotheses and the research questions, the study’s limitations, and an outlook. The first three elements (summary, conclusion, and limitations) are contained in one subchapter, as the former two are closely intertwined, and the latter does not warrant its own subchapter.

8.1 Summary, Conclusion, and Limitations

This thesis examined the shift of a company’s culture along with internal structures from those of a functional organization to those of an ambidextrous organization in the backdrop of a discontinuous environment. According to the first hypothesis, an ambidextrous organization is preferable to a functional organization in terms of the equilibrium it strikes between flexibility and corporate success. In the second hypothesis, it was argued that organizations must develop into ambidextrous organizations in order to function in discontinuous environments. Several research queries were formulated to investigate these concepts.

The results of the study have provided helpful fresh perspectives into the way ambidextrous organizations can be designed to adjust to discontinuous environments. It was possible to identify the factors that influence the decision to transform into an ambidextrous organization, highlighting the need for organizations to be able to adapt and respond to the challenges that discontinuous environments present.

The characteristics of ambidextrous organizations were established, and it was emphasized how important it is to keep one’s core company distinct from one’s innovative business in order to preserve the core while simultaneously supporting innovation. The results additionally suggested that for an enterprise to prosper in a discontinuous environment, expansion plans and risk management must be balanced. By combining both of their distinctive business models, ambidextrous organizations effectively demonstrate their adaptability to change.

The claim presented in the thesis that ambidextrous organizations are better able to traverse discontinuous situations was validated at least partially by the comparative analysis, which showed that functional organizations can face flexibility issues, which – as was demonstrated in the theoretical framework as well as the literature analysis – can cause problems for the company’s adaptability in an ever-changing business landscape. These findings were also partially corroborated in the empirical study, which included interviews with industry professionals. When it comes to effectively implementing organizational changes, the insights that were gleaned from the interviews emphasized the relevance of well-planned change management as well as good communication with the stakeholders, including employees and customers. It was generally, over the course of the thesis, emphasized that the ambidextrous

structure helps facilitate communication and fosters creativity, which enables organizations to adapt more successfully.

The emotional aspects of change and/or transformation that a company or its employees undergo are, as was elaborated on in the theoretical framework and confirmed by the interviewees, highly relevant. In the theoretical framework, the phases of transformation and the emotional components were explicated: apprehension regarding the unknown, confusion and distress experienced by the employees as a result of what is to come, denial and a defensive stance, aggression, insight, resignation, novel acceptance, and finally integration as well as self-assurance.

The importance of communication of change to the employees was emphasized by the interviewees, as a failure to communicate the necessity of change and/or to ease the employees' fears can lead to boycott by the employees and thus failure. Therefore, it is of vital importance to consider not only the operational aspects of risk assessment and change.

Each organization has a unique structure, history, culture, and set of requirements; therefore, each transition is unique. There are common factors that contribute to the success of change, despite the diversity of change management strategies. Change management is positively affected by a clear vision, specific objectives, communication and participation, an integrative approach, the initiation of a cultural shift, and the backing of senior management. Apart from inadequate communication, further elements can lead to failure of change processes: an imprecise vision, a lack of problem comprehension, attempts at partial optimization, a lack of resolve, and a time horizon that is too brief are chief among them.

There is thus ample evidence that flexibility is a key component of successful adaptation to a discontinuous environment. As it was shown that ambidextrous organizations are generally more flexible and adaptable than functional ones, one may thus conclude that the former are better suited to meet the demands of a rapidly changing and unstable business landscape.

In conclusion, the evidence presented in this thesis has shown that the transition from a functional to an ambidextrous organization, together with the associated changes in corporate culture and internal structures, is an essential step for businesses that perform in discontinuous contexts. The results from the interviews seem to support the first hypothesis. The second hypothesis is similarly validated, which highlights the need of organizations embracing ambidexterity in order to deal with the difficulties presented by discontinuous settings.

The study highlights the importance of recognizing the causes and incentives for pursuing ambidexterity, among them the imperative to adjust to discontinuous environments and find an appropriate equilibrium between exploration and exploitation. It highlights the importance of segregating the core business from innovative initiatives in order to safeguard core

operations while nurturing a culture of experimentation and collaboration. In addition, the thesis emphasizes the vital role that change management practices play in facilitating the organizational transformation process. It highlights the need for effective communication strategies to impart the rationale and benefits of transitioning to an ambidextrous model to all organization stakeholders.

The thesis serves as a reference for organizations seeking to develop and leverage ambidextrous capabilities to flourish and succeed in the dynamic and unpredictable business environment of the 21st century. The results of this thesis demonstrate, in conclusion, the relevance of establishing ambidextrous organizations in order to efficiently manage discontinuous situations. The findings of this study add to both theoretical knowledge and practical consequences for businesses and other organizations that are looking to improve their flexibility and performance in the face of continual disturbances.

By implementing an ambidextrous structure, enterprises can differentiate between their primary operations and creative initiatives, find a balance between change and risk management, as well as promote effective communication at all organizational levels. These results give practical implications for organizations that are attempting to survive in an environment that is fast changing and discontinuous, and they add to the current body of research on organizational growth.

It is essential to keep in mind that this research has a number of shortcomings, the most notable of which is the limited number of participants who were interviewed. The results' ability to be generalized might be improved by doing more study with a sample that is both bigger and more demographically varied. In addition, conducting research on the implementation difficulties that businesses have throughout the period of transition to ambidexterity may give significant insights for further studies. It must be noted that none of the interviewees' companies has already fully undergone such a transition, which can be seen as both a limitation of the study as well as a recommendation for further research.

8.2 Outlook

On the basis of this thesis's findings, a number of research suggestions are made to further our comprehension of organizational development in discontinuous environments and the efficacy of ambidextrous structures. To begin with, future research could delve deeper into the specific factors that motivate organizations to pursue ambidexterity, taking into account various industry contexts and organizational sizes. This would contribute to a more in-depth comprehension of the factors influencing organizational change in response to discontinuous environments.

In addition, comparative analyses of ambidextrous organizations in various industries may shed light on the transferability of ambidexterity practices across industries. Exploring the obstacles encountered by organizations during the implementation of ambidextrous structures, as well as the strategies employed to overcome these obstacles, would provide organizations undertaking similar transformations with useful insights. In addition, longitudinal studies that monitor the evolution of ambidextrous organizations over time would provide valuable insights into the sustainability and long-term efficacy of such structures. Understanding how ambidextrous organizations adapt and modify their strategies in response to changing environmental dynamics would add to our understanding of organizational agility and resilience.

The implications of this thesis' findings for organizations seeking to develop ambidextrous structures and thrive in discontinuous environments are numerous. Before embarking on the path to ambidexterity, organizations must first conduct a thorough analysis of their unique environment, industry dynamics, and strategic objectives. It is crucial to identify the factors and triggers that necessitate a transition from a functional to an ambidextrous organization in order to align the transformation with the organization's objectives.

Practitioners should prioritize establishing explicit mechanisms and procedures for segregating innovative initiatives from the primary business. This separation enables innovation-focused attention and resource allocation without compromising the performance or stability of the core business. During the transition, it is crucial to implement effective change management and communication strategies to ensure that employees comprehend the rationale behind the transformation and are prepared to embrace the new ambidextrous structure.

In addition to recommending investments in talent development and the creation of structures that facilitate the sharing of knowledge and the cross-pollination of ideas between different divisions, the recommendations are also practical. Organizational ambidexterity can be enhanced by encouraging employees to engage in boundary-spanning activities and providing platforms for collaboration and knowledge exchange.

Adopting ambidextrous structures requires an all-encompassing strategy, ethos, structure, and communication approach. By harmonizing these elements and adopting the ambidexterity principles, organizations can position themselves as agile and adaptable entities capable of flourishing in discontinuous environments. It is indispensable to recognize that each organization's journey toward ambidexterity will be distinct, based on its particular context and strategic objectives.

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Appendix 1

Interviews

Interview 1

Andreas Tabor:

Hello, thank you for taking the time for this interview. The complete data obtained during this interview will be treated confidentially. All names and company names will be removed. The interview itself is being recorded, and I have already started the recording. I would like to start with the first question. Please tell me a little bit about yourself and the company you work for.

Expert #1:

My name is C. I am responsible for logistics, which means planning, order management, intralogistics, warehousing, and transportation. Our company is a global operating manufacturer of rigid plastic packaging solutions. We produce all over the world in around 180 plants and have 23,000 employees.

Andreas Tabor:

OK. Thank you. How would you describe your position and area of responsibility?

Expert #1:

As I mentioned earlier, I'm responsible for logistics. Some other companies call it supply chain management. It starts with the order management of our customers. It goes into the planning of our production scheduling. Production itself is not in my responsibility, but after the goods are produced, they go into the warehouse, which we call intra-logistic processes. Then the products are shipped to the customer, which is again in my area.

Andreas Tabor:

OK, thank you. How would you explain the term change management in the company and the role it plays?

Expert #1:

We are a very technology-driven company. We have been operating for the last 60 years, but there is change happening. So, we also need to focus more on the social and technological behavior of the people. This is something we have started. We've recognized that only focusing on the technical aspects and communicating with our customers is not sufficient. We need to closely monitor what is happening in our environment.

Andreas Tabor:

OK, thank you. How important do you think the balance or finding the balance between risk management and change management is?

Expert #1:

I don't understand this question.

Andreas Tabor:

As you know, there's always a conflict between changing the company and maintaining its stability. The theory says that you need to be able to change and adapt to your volatile business environment. It's always a fine line between these two approaches. So, do we develop new things, do we go with the market, or do we stick to stability?

Expert #1:

You know, I think it's essential to go with the market and adapt to the environment. So, there is no question about change. Change needs to happen because otherwise, you will be outdated very fast. Coming to the equilibrium or balance between risk management and change management, the bigger the changes you are making, the bigger the risk is. I think this is also coming from the scrum methods to go step by step in small pieces, which reduces the risk and makes change easier in our fast-changing environment. The bigger the pieces are, the longer the approach takes, and the higher the risk that when you start rolling out the project, it's already obsolete.

Andreas Tabor:

Thank you. You already touched on the next question partly. The dynamic capabilities of many organizations are not up to specifications in the contemporary business landscape. Nowadays, the business environment is very volatile, and companies need to prepare for that. To what extent do you agree with this statement and why? You mentioned before that, in your opinion, it's fundamental to change and understand the needs of the market to survive.

Expert #1:

I think as organizations become bigger, more hierarchical setups exist, and they can slow down the company's flexibility. It is important for larger organizations to adopt an organizational setup that is similar to startups or small companies to be able to capture future requirements.

Andreas Tabor:

OK, perfect. Thank you. Research suggests that companies tend to be inert even in the face of disruptive changes. In what way does this apply to your company? In what way does it apply in a more general sense? How does your company react to disruptive changes in the market?

Expert #1:

In my opinion, as our company is family-owned, we take a long-term perspective, which means we consider possible changes in the short term, mid-term, and long term. We are always keeping an eye on disruptive actions and preparing for them. Disruptive actions can come suddenly, but we try to anticipate them. Change has an impact on our company, and we try to be aware of it. Wherever needed, we work out Plan A, Plan B, and Plan C to overcome any challenges. I think it might be a problem for many companies to think their business model is the Holy Grail and that no change is needed. If you have that opinion, then you are at risk.

Andreas Tabor:

I understand it is a proactive approach and not a reactive approach that your company is applying. You're always observing what is going on in the surrounding and taking counteractions. Research also suggests that companies can best adapt to a discontinuous environment by separating their core business from the innovative business. For example, if they focus on both preserving the core business while at the same time investing in innovations, which is the definition of ambidextrous organizations. In what way does this apply to your company and in what way, in your opinion, does it apply in general to supply?

Expert #1:

In many companies, innovation is focused on making products better or improving existing processes, but it's not true innovation. It was also similar in our company. We looked at how we can make things better, which was the starting point of the innovation process. But nowadays, innovation is fully separated from our day-to-day business. This separation gives the liberty to think and try out new things without being too influenced by the core business. It's necessary to have this separation. However, it's important to stay connected to the core customers.

Andreas Tabor:

Thank you. If you had to choose between growth strategies and control strategies, focusing on making the company more stable and reinforcing only the core business, what reasons would you give for your choice? What would be your choice, and what are the reasons for your choice?

Expert #1:

I would choose both. By only focusing on control, you're not growing anymore. Companies need to grow and become more powerful to fulfill customer demands. So, if the customer is growing, we need to grow as well and go with our customers. That's on the growth side. On the control side, if you grow too much without proper control, it becomes difficult to harmonize and bring everything under a controllable state. There needs to be a good balance between both.

Andreas Tabor:

Have your opinions on the adaptability of a company, respectively the importance of the core business, shifted over the past decade? If so, in what way?

Expert #1:

I think changes are happening much faster now because the new generation has different focus settings.

Andreas Tabor:

Thank you. What are your predictions for the long-term viability of companies in the face of major global uncertainties? What role does adaptability play in your opinion, and what role does the ability to maintain its core business?

Expert #1:

I think it's possible to be a very big company, but it depends on the organizational structure. If you have a hierarchical and centralized company, global crises can quickly bring big problems. On the other hand, if you have a more decentralized organization, it's an advantage because different organizational units can work independently. This is crucial for long-term viability.

Andreas Tabor:

OK, thank you. You already touched on the next question. In your opinion, what is the ideal corporate structure to prepare the company for fluctuations and crises?

Expert #1:

In my opinion, in very decentralized organizations, you need to have a matrix organization as a big company to avoid reinventing the wheel multiple times and to share best practices. Leading in a matrix organization is not easy because there's no clear hierarchical setup, so collaboration is necessary. The question of who is ultimately responsible arises, but for decentralized operations and sharing best practices, a matrix organization is the correct approach. If you work in a very hierarchical organization, decentralized innovative

departments are not possible. So, a matrix organization is necessary to maintain a balance between centralization and decentralization.

Andreas Tabor:

Thank you. What is the degree of importance of flexibility versus stability in the organization? Can one strategy be considered more relevant or important than the other?

Expert #1:

Flexibility is important for adapting to new business opportunities and market changes, while stability is crucial for maintaining existing business operations. Both strategies have their significance, and finding the right balance between them is important for the organization's success.

Andreas Tabor:

OK, very good. Thank you. The company that specializes in several individual areas is more sustainable than one that has a core portfolio and a department that only deals with innovations. To what extent do you agree with this statement?

Expert #1:

The innovation department should be disconnected from the core portfolio because innovation is something different. I think this is necessary because innovation is happening faster than before and therefore requires specific attention. By separating innovation from the core portfolio, a company, in my opinion, becomes more sustainable.

Andreas Tabor:

Thank you! How important do you think is the role of change management in formulating change plans in a way that generates the least possible resistance or the highest approval rate at the company?

Expert #1:

I think it's crucial to consider the participants, the people who are affected by the change, and to understand their insights and reactions. It's important to try to reduce resistance and anxiety as much as possible from the beginning. This saves a lot of time in the long run. Change management should be done properly, considering the risks involved, to ensure the success of the implementation.

Andreas Tabor:

Thank you. Is there anything else you would like to add before we conclude or any further recommendations you would like to share?

Expert #1:

No, I think I have covered everything.

Andreas Tabor:

OK, good. Perfect. In that case, I want to thank you for your participation and input.

Interview 2

Andreas Tabor:

Thank you for your time. I appreciate it.

As you know, I'm recording this interview, but don't worry, your name and your company's name, or any other confidential information, will be removed from the transcript.

Expert #2:

Okay, sounds good.

Andreas Tabor:

Before we begin, could you please tell me a little bit about yourself and the company you work for?

Expert #2:

Certainly. I work for a leading organization in the packaging industry, part of an innovation branch within the group. Four and a half years ago, I was involved in establishing a venture in a different material sector, which the main group was not active in. Currently, I hold the position of CEO. Before that, I served as the CTO of the organization for over four years, giving me a good understanding of the products, processes, and challenges involved.

Andreas Tabor:

Thank you. You've already described your position and area of responsibility. Let's move on to the next question. How would you explain the term "change management" in the company and the role it plays?

Expert #2:

Change management is a fundamental process that every company handles differently. Whether it's an innovative or non-innovative company, moving forward requires departing from established and possibly outdated processes. This change can be challenging and may lead to a period of disappointment among employees. However, it also creates an opportunity to look ahead and envision a brighter future. In an organization like mine, change management is a daily concept, given our constant exploration and rapid growth. Informing everyone about the changes and keeping the organization up to date is a significant challenge.

Andreas Tabor:

Understood. Now, I'd like to know, in your opinion, how important is it to find a balance between risk management and change management?

Expert #2:

Maintaining a balance between risk management and change management is crucial. Both stagnation and excessive change pose risks to a company. The importance of each aspect depends on external and internal factors. For instance, in our organization, with the plastic industry facing increasing skepticism, change management becomes vital to adapt to the changing trends and remain relevant. On the other hand, for a young organization with a successful product, immediate drastic changes may not be the wisest decision. Balancing these factors is essential to drive the company forward.

Andreas Tabor:

Thank you for your insights. Moving on to the next question, research suggests that many companies struggle to adapt to disruptive change. How does this apply to your company, and do you think this applies more generally?

Expert #2:

I agree that many companies face challenges in adapting to disruptive change. Established companies may have a hard time accepting new trends and technologies, especially when it challenges their existing knowledge base. This can lead to conflicts between new employees with innovative ideas and long-time employees who feel their expertise is being undermined. Embracing change and diversifying into new business areas can be a great choice, but it's not always easy, especially when the core business is still profitable. However, in today's rapidly changing environment, companies need to be agile and open to adaptation to stay competitive.

Andreas Tabor:

You've raised some interesting points. Continuing along the same lines, research also suggests that companies can best adapt to a discontinuous environment by separating their core business from their innovative business. How does this apply to your company, and do you think it applies more broadly?

Expert #2:

Indeed, the concept of separating core and innovative businesses is a strategy worth considering. Many companies, including ours, have a core business that sustains their revenue and margin. At the same time, we invest in innovative business areas to explore new opportunities. While the core business may generate more money, the innovative ventures can provide new pillars of growth. However, it's important to balance the allocation of resources and not overlook the potential of the innovative ventures. Companies should reinvest in new strategies, attract diverse talent, and adapt to the changing landscape to thrive in discontinuous environments.

Andreas Tabor:

Thank you for sharing your perspective. Now, if you had to choose between growth strategies and control strategies, such as increasing efficiency and effectiveness, what reason would you give for your choice?

Expert #2:

Yeah, I think we need to come back to a balanced setup. Focusing on just one strategy is not a winning approach. You need to grow your business and ensure that the product is still in demand to compensate for increasing costs and inflation. Additionally, as you become stronger, there tends to be more fluctuation in the workforce, so it's important to manage that. Of course, you also need to understand your value stream, identify losses and gains, and strive to eliminate the losses to continuously improve. However, there comes a point where it becomes increasingly challenging to make further improvements, and the resources required for marginal gains become significant. This is especially true when it comes to organizational time leading. In the beginning, we made significant strides every week, revolutionizing the entire process. But now, it's tapering out as we have found our way of doing things. We are still improving, but the effort needed to make incremental steps is considerable, and the timeline extends to weeks or even longer.

Andreas Tabor:

Clear. The next question is related to the adaptability of companies and the shifting importance of the core business over the past decades. As you mentioned earlier, companies need to be able to react and understand trends to stay relevant. In the past decade, changes have been occurring more rapidly and frequently. Is there anything else you would like to add to this point?

Expert #2:

No, I think we've covered it. It's important to stay aware and investigate. One interesting strategy is for a company to try to eliminate itself by creating new products. How can you disrupt your own business? If the management supports this approach and sees the value in products that cannibalize the core offering, it's great because it means you're the one doing it, not your competitors. However, this strategy can go wrong when consumer tendencies shift and their preferences change. It's crucial to differentiate between business-to-business and business-to-client setups. Clients don't always make rational judgments; they lack the time and information to make the most informed decision. They are influenced by social media, newspapers, and opinions that may or may not be based on truth. Therefore, it's important to stay alert and have a clear vision of what could be next.

Andreas Tabor:

Understood. Thank you. Moving on to the next point, what are your predictions for the long-term viability of companies in the face of major global uncertainties? Considering the current uncertainties and fast changes, what role does adaptability play, and how important is it to maintain the core business?

Expert #2:

I came across a fascinating company that was founded around 1850. They started by building satellites and space stations, which seems questionable given the time period. However, they adapted and reinvented themselves multiple times, abandoning businesses that were no longer needed and embracing new opportunities that seemed promising. I find this approach intriguing. First of all, many companies don't truly know what their core strength is. It's usually not just the product itself; it's more than that. It includes processes, people, networks, and footprints. It's the combination that makes a company stand out with its product, as there are often others capable of creating similar products. Therefore, it's crucial to identify these strengths and apply innovative thinking to continuously reinvent the organization. A supportive management is vital in this process, encouraging the exploration of new products and projects that may cannibalize the core offering. However, it's important to recognize that consumer tendencies and preferences may change, especially influenced by external factors. We need to accept and adapt to these changes while differentiating between business-to-business and business-to-client setups. Clients don't always make rational decisions due to limited time and information. They are influenced by various external sources, so it's important to remain vigilant and have a clear vision of what could come next.

Andreas Tabor:

Indeed, continuously developing and reinventing oneself is crucial.

Expert #2:

Absolutely, and I believe that's exactly what you're doing with your master thesis.

Andreas Tabor:

Regarding corporate structure, which type of organizational structure is best suited to prepare a company for fluctuations and crises? Do you have any preference, such as a matrix organization?

Expert #2:

There are many angles to consider when looking at this question. It starts with having sufficient financial buffers to weather the storm if other companies are unable to pay within a month. This ensures you have a sufficient runway and avoids having to lay off employees in the early stages of a crisis. Remember, a company is the sum of the knowledge and expertise of its people, and losing a significant portion can be detrimental and time-consuming to rebuild. During a crisis, it's also important to consider products that are more resilient. For example, in the packaging industry, people still need to eat even during crises, making it a relatively resistant product. However, this doesn't mean that you should avoid investing in premium products. You should be prepared to accept that some products may come to an end, and it's important to recognize the life cycle of your product, idea, or service. Accepting this reality allows you to move on to new ideas and reinvent yourself, as startups often do. They test and explore, burning money while having fun until they find a

breakthrough and can build a successful organization. It's crucial to be open to change and reinvention.

Andreas Tabor:

Is there a specific organizational structure you prefer for a company, such as a matrix organization?

Expert #2:

Matrix organizations provide flexibility, especially when you have different products and can shift people between divisions. However, it's important to assess whether the products are congruent and if the financing structure supports such flexibility. There's no general statement that one structure will always be superior and provide advantages. It needs to be optimized for your specific product. Additionally, it's important to experience and learn from a crisis, especially during a mild one where you can survive and improve. Taking the lessons learned from a crisis should influence your culture and behavior in the long run, rather than forgetting about it three months later when the numbers are good. It's essential to prioritize and consider the relevance of both flexibility and stability in your organization.

Andreas Tabor:

Great insights. We're nearing the end. Considering the clear strategies of choosing either flexibility or stability, do you believe one strategy is more relevant or should be prioritized over the other?

Expert #2:

Again, I think it's important to look at the use case. Do you want to run the core business with a very flexible organization? It might be tricky if you run the innovation department in a very rigid way. It's also maybe tricky. I think you need the right mix for the right use case. Again, try out. Don't be afraid to take some wrong turns and maybe then just go back and reinvent. I think trying out and being open to new things is essential because generations are changing, and what worked 20 years ago with people who were happy to have a stable environment with 8 to 5 working hours might not apply today. People now love to work on Saturdays because there's no party on that day. So you need to move with the generations and the environment. If you stay static, you'll only attract static people, and that's something you need to consider and be aware of. I think this awareness factor is really important when making decisions about organizational structure. Many organizations make the mistake of staying static and are disappointed by the results, finding it challenging to attract new talent, but the source of the problem lies elsewhere.

Andreas Tabor:

Then I would like to ask you, my thesis is that a company that specializes in several individual areas is more sustainable than one that has a core portfolio and only one department dealing with innovation. Well, I think you have answered this question. To what extent do you agree with this statement, and there's an example with space satellites and spaceships as an organization. They continuously reinvented themselves and addressed several industrial areas, surviving until today. So am I correct in saying that a company with several individual areas is more sustainable and likely to survive longer than a company with one core business and one department focused on innovations?

Expert #2:

I mean, again, it depends very much on the target. I also know companies these days that have a clear vision to run for two years, make money, and that's the lifetime of the company. And then they're happy if they can shut it down. So I think it's extremely important to look into what you're trying to build, especially when you have very capital-intensive companies that need to run long to have a chance to pay back. Then obviously, staying innovative and having departments that look into the future are key factors in surviving. While if you just have a brand organization that taps into different service organizations where they get whatever they need, then it's a different approach.

Andreas Tabor:

Then I'm coming to my last question. Change doesn't happen without change management, and how important do you think is the role of the change agent in formulating change plans in a way that creates the least possible resistance and the highest approval rate within the company?

Expert #2:

Yeah, unfortunately, I've never been exposed to such a process within the company. So I've been exposed to change management, but never with a change manager, and I think it's extremely important. The core is that someone with a plan needs to communicate it in a clear, instructional, and logical way so that people can buy in and see that it leads to something better in the future, even if there might be a pain phase now. It's a specific art to be able to do that because it requires understanding each individual's needs and what will make them happy. It's very tricky, and I think it's a specific skill. Unfortunately, I have never experienced it in a positive way until now.

Andreas Tabor:

Me neither, but it's quite interesting what you're saying because based on research, the main reason for any kind of change or organizational development to fail is the missing vision. So if there is no clear vision, and even if there is a clear mission, the second reason is communication. Companies fail to provide a vision that fits everybody and to clearly communicate it within the company. Is there anything else you would like to add related to this topic or in general?

Expert #2:

I think it's important to stay agile and open. It's difficult, but organizations should try to do so.

Andreas Tabor:

Perfect, thank you for this interview.

Interview 3

Andreas Tabor:

First of all, thank you very much for your time. This interview will be completely anonymized. The interview will be recorded, but at the end, all names, including company names, will be completely removed. In the first instance, I would ask you to tell me something about yourself and the company you work for.

Expert #3:

Hello, I'm T., a business consultant. I mainly support small companies in their transformation and digitalization. I work with self-employed individuals.

Andreas Tabor:

Perfect, because my next question would have been how would you describe your position and your areas of responsibility? I understand that you work in consulting.

Expert #3:

Exactly.

Andreas Tabor:

Next, I would like to ask how you would explain the term "change management" in companies and what role it plays for you?

Expert #3:

Well, I would understand the term "change management" as something that comes into play whenever there is a significant change in processes, a business model, or other areas within a company. It can be related to changes in a business model, but also to changes in employee management, for example. I am currently advising a company that wants to transition from a traditional office setup to full remote work, and from my perspective, that is already a topic for change management.

Andreas Tabor:

Okay, thank you. Building on the previous question, how important do you think it is to find a balance between risk management and change management?

Expert #3:

Now you have to explain to me what you mean by risk management.

Andreas Tabor:

By that, I mean assessing the likelihood of an event occurring and the potential impact it would have. We can consider anything above a certain threshold as a identified risk.

Expert #3:

I believe that risk assessment is common practice in large corporations or bigger companies that are usually led by managers. However, the companies I advise are in the range of 2 to 15 million euros in annual revenue. They are usually founder-led or owner-led, and risk assessment is not typically a part of their process. It's more about making changes that they feel are necessary for the future of the company. The big question is how to do it most successfully.

Andreas Tabor:

So, if I understand correctly, it's more about a mixture of proactive and reactive action. Identifying risks for the future?

Expert #3:

Yes, and minimizing those risks as much as possible.

Andreas Tabor:

Okay, great. Thank you. One statement and hypothesis that often appears in the literature is that the dynamic capabilities of many organizations do not match the needs of today's business landscape and society. To what extent do you agree with this statement, and why?

Expert #3:

I would agree. I believe that most companies in the market, especially the successful ones and the larger ones with a significant market share, are not very flexible. They find it difficult to adapt to new market trends and innovations. However, I also think it is clear and logical, and important even, that it is this way. These companies have become successful by operating efficiently and effectively. Efficiency and effectiveness can only be achieved by not constantly chasing the latest trends. They stay true to what they know works. To be successful today, it is crucial to be very efficient during a certain phase of the company.

Andreas Tabor:

There are studies that suggest that companies tend to remain inactive even in the face of disruptive changes, despite feeling the need to act. To what extent does this apply to your company, or in general, to companies in today's time?

Expert #3:

Well, for the companies I support, I believe this applies very little because these changes, from my perspective, are mostly dangerous for market-dominant companies. For small players who have around 2% market share but are not market leaders, disruptive changes might even be more of an opportunity than a threat. However, for large companies, it is crucial to quickly recognize what constitutes a long-term and sustainable disruptive change versus just a trend. It's essential for a big company to respond to changes that have come to stay and incorporate them into their business. But chasing after individual small trends and unnecessarily tying up resources valuable to all companies doesn't make sense.

Andreas Tabor:

Thank you. Let me move on to the next question. There are research findings suggesting that companies can best adapt to a discontinuous environment by separating their core business from their innovative business. This means focusing on preserving their core business while simultaneously investing in innovations. How does this apply to your company or companies in general in today's world?

Expert #3:

I completely agree with this statement. For companies that are experts or even market leaders in their field, introducing new, innovative, and especially disruptive changes to their business model is practically impossible because they have committed employees. With the vision of making something big, now they are supposed to promote something within the company that may jeopardize this business model. From my perspective, that's not feasible. It needs to be done in a different, new environment.

Andreas Tabor:

Very well, thank you. So, you confirm that idea.

Expert #3:

Yes, 100%.

Andreas Tabor:

Great. If you had to choose between growth and control strategies, what reasons could you give for your choice?

Expert #3:

By control strategy, do you mean the existing business?

Andreas Tabor:

Yes, or in other words, to increase efficiency and effectiveness. For example, first, stabilizing the business and then growing, or doing both simultaneously, or growing first and then stabilizing, how would you approach it?

Expert #3:

It depends on the phase of the company. In the early stages of a company, it's important to accept inefficiency, not dwell on it too much, hire too many people, or try too many things. For instance, trying out various marketing channels even if they are not effective yet. Only after finding the right direction and thoroughly exploring the business model, one enters the scaling phase. In this scaling phase, one can start implementing control strategies and focus on the efficient allocation of resources, that is, how to best use the money.

Andreas Tabor:

Has your view on adaptability of functional relationships or the importance of the core business changed in the last 10 years? If yes, in what way?

Expert #3:

It has changed in the sense that established companies now have to be vigilant about trends that may threaten their core business, even challenge it. Trends spread globally much faster today than they did 10 years ago, and probably 10 years from now, they will be even faster. Companies need to react much quicker. For example, look at how quickly e-commerce or smartphones became established, and how quickly mobile internet usage spread globally. From my perspective, it is now very important to anticipate such developments. Yes, it has changed, and one must keep an eye on trends to see if they will bring sustainable changes to the business model.

Andreas Tabor:

What is your prognosis for the long-term viability of companies, especially in light of significant global uncertainties? And what role do you think adaptability plays in this, as well as the ability to maintain core business?

Expert #3:

For me, the viability of a company always depends on its ability to solve the core problem for the customer in the best possible way. An organization must always be able to do it better than the competition. What has changed is that customers now require faster implementation of changes or adaptations to their business models or problem-solving. For example, if artificial intelligence is crucial for solving a customer's problem, I need to assess whether I can incorporate it into my core business. I have to carefully consider it, otherwise competitors will take advantage of it. Therefore, it is dangerous for me if I don't adapt.

Andreas Tabor:

In your opinion, what would be the ideal company structure to prepare organizations for fluctuations or crises of any kind?

Expert #3:

Hmm, company structure is a challenging question. I believe that the company structure is shaped by the business model. It would probably be beneficial for every company to have a dedicated department specializing in innovation, independent of the entire organization. This department would monitor emerging trends, new companies, and market developments. They could evaluate potential mergers and acquisitions or consider implementing and integrating these technologies into their own company. So, I would probably establish such a department as part of the company structure.

Andreas Tabor:

In your opinion, what is the importance of flexibility versus stability in an organization? Can one strategy outweigh the other, and if so, why?

Expert #3:

I don't believe that one strategy is superior or more important than the other. I think these strategies have different weights depending on the company's life cycle. Flexibility is crucial at the beginning to determine whether a business model works. Eventually, the company enters the efficiency phase, where stability becomes essential for gaining market share and dominating the market. Stability is vital when acquiring and serving large customers. However, when the market is disrupted by technology or external events, and the business model is at risk, flexibility becomes crucial again. So, in my opinion, it is phase-oriented.

Andreas Tabor:

A company that specializes in multiple individual areas is more future-oriented than one that has a core portfolio and a separate department dedicated to innovations. To what extent do you agree with this statement?

Expert #3:

Since I just said the opposite before, stating that a core portfolio with a separate department for innovations is more important, I actually disagree with this statement.

Andreas Tabor:

Okay, thank you. Such an implementation does not work without change management. In your opinion, how important is the role of change management in formulating change plans? How can it be done to generate either the least resistance or the highest possible approval rate within the organization?

Expert #3:

Okay, that's a difficult question to understand, but I hope I got it right. The least resistance or the highest approval rate within the organization, so change management is always challenging. People are resistant to change and find it difficult to let go of the old ways and embrace something new, even if it's for the better. That's why, for me, it is crucial that employees not only accept the changes but also fully understand them, embrace them, and want them. So, it should be the highest approval rate, and since it's a people business, it's vital for the change management manager to have excellent interpersonal skills. They need to find ways to communicate effectively and try to ignite the highest level of approval among the employees.

Andreas Tabor:

Okay, perfect. That's a very good answer. Is there any final point, tip, or comment that you would like to add to this topic?

Expert #3:

No, not at the moment.

Andreas Tabor:

Okay, perfect. I would like to thank you once again for this conversation and your time. I will now end the recording.

Interview 4

Andreas Tabor:

Thank you for your time and for joining today's interview. I'd like to inform you that this data will be treated confidentially, and no private or personal data of yours will be shared with anyone. So, your name and the name of the company will be removed from the transcript. Please tell me something about yourself and the company you work for.

Expert #4:

Thank you, Andreas. I'm D. and I work for one of the largest rigid plastic packaging producers. We supply FMCGs with their necessary primary packaging for their products. We are very manufacturing-driven. I have been working in the innovation department for four years now. My background is in packaging technology, sustainability, and nutritional sciences. I hold a position in the Innovation department as an innovation manager. Our team consists of 11 people. My role involves managing innovation projects, which are currently mostly focused on product development. However, we are in the process of shifting towards a more strategic approach.

Andreas Tabor:

Thank you. My second question would have been if you could describe your position and area of responsibility, and you have already done so. Now, I would like to ask about change management in your company and its role. How would you explain the term "change management" and its significance?

Expert #4:

I suggest we address this question later. I don't have an answer for you at the moment.

Andreas Tabor:

Alright, let's save that question for later. Change management can encompass various aspects such as organizational change, structural change, change in product portfolio, innovation, risk management, and more. I will move on to my next question. How important is it for you to find a balance between risk management and change management, considering the conflict that often arises between the two?

Expert #4:

Finding the right balance can be very challenging, especially for more conservative companies like ours. The more conservative a company is, the more risk-averse it tends to be. So, it becomes crucial to strike a good balance between risk management and change management.

Andreas Tabor:

Many organizations struggle to meet the dynamic capabilities required in today's business landscape. To what extent do you agree with this statement, and why?

Expert #4:

It depends on the specific specifications and criteria we consider. Established companies often have a traditional way of thinking and operating, which makes it difficult for them to adapt to new challenges. They tend to prioritize safety and stability. Smaller, more innovative companies often drive dynamic capabilities as they are less risk-averse and more open to exploring new opportunities. So, I agree to some extent that many established companies lag behind in terms of dynamic capabilities.

Andreas Tabor:

Thank you for your perspective. Moving on to the next question, research suggests that companies can better thrive in a continuously changing environment by separating their core business from their innovative business. This involves focusing on preserving the core business while simultaneously investing in innovations. How does this concept apply to your company, and what are your thoughts on this discipline in general?

Expert #4:

Separating the core business from innovation is easier said than done. Established firms often struggle to be truly innovative. For instance, in the automobile industry or banking sector, many attempts to integrate fintechs have not been successful for most banks. It is challenging to excel in both core business and innovation. Therefore, innovative technologies usually come from new players and new companies.

Andreas Tabor:

So, in theory, separating the core business and innovation makes sense, but in practice, it is challenging to implement.

Expert #4:

Yes, it is very difficult to apply in practice. When allocating resources, established companies tend to prioritize the core business, which generates revenue, over innovation, which is initially a cost factor.

Andreas Tabor:

Thank you. Let's move on to the next question. If you had to choose between growth strategies and control strategies, what factors would influence your choice?

Expert #4:

Could you please clarify what you mean by control strategies?

Andreas Tabor:

Control strategies refer to reinforcing and maintaining the existing business or market, focusing on control rather than growth.

Expert #4:

I believe the choice depends on the company's current situation and the level of control it has over its market. If the existing business is not well-controlled, focusing on growth without addressing control issues can exacerbate problems. So, it's important to strike a balance between both strategies.

Andreas Tabor:

Understood. It seems that a combination of growth and control is necessary.

Expert #4:

Indeed, both aspects are crucial. Without a certain level of control, it's challenging to achieve profitability. However, without growth, a company may struggle to survive. So, a balanced approach is essential.

Andreas Tabor:

Thank you. Now, I would like to ask about your opinion on the adaptability of companies and the importance of being able to maintain the core business. Have your views on these aspects changed over the past decade, and if so, how?

Expert #4:

In terms of disruptive innovation, established companies often face the same challenge. They desire innovation but struggle to achieve it. Incremental improvements are where established players often excel, but when it comes to disruptive innovations, new players tend to be more successful. While there is more talk about focusing on innovation, the actual actions and innovations within our industry, not just our company, have been mostly incremental. So, the focus still remains on the core business for many players.

Andreas Tabor:

Thank you for sharing your insights. Now, looking into the future, what are your predictions regarding the long-term viability of companies amidst major global uncertainties? And how does adaptability and the ability to maintain the core business factor into this?

Expert #4:

Established companies face a common dilemma when it comes to disruptive innovation. Everyone wants innovation, but only a few manage to achieve it. There is a shift in rhetoric towards prioritizing innovation, but in reality, most companies still focus on the core business. Adaptability plays a crucial role in surviving major global uncertainties. It requires a balance between maintaining the core business for stability and exploring new opportunities for growth. So, companies need to strike a balance between both aspects to ensure long-term viability.

Andreas Tabor:

Thank you for your insights. Before we conclude, is there anything you would like to add based on the previous question, particularly in relation to the example you provided regarding companies anticipating disruptions but failing to react?

Expert #4:

I mean, it feels like change is coming around very rapidly these days. We also see a lot of regulatory changes coming in, not only in our industry but in many others, especially regarding sustainability. These changes have the potential to completely transform entire industries. Many companies will have to reinvent their business models, and I'm not just referring to petrochemical companies. The automotive sector, construction sectors, and food production are also areas that need to consider sustainability. While sustainability may not have played a significant role in these sectors before, the general public and politics are slowly starting to push for change. In the packaging industry, for example, we are already witnessing a lot of regulations being implemented in Europe. This not only affects us but also our customers and competitors. However, I believe this phenomenon will extend to other continents where there is currently little to no pressure regarding sustainability. This will have a significant impact on businesses because these markets are larger than Europe. Therefore, adaptability will be necessary in many segments, and sometimes companies will have very little time to react to legal changes. If, for instance, the legislator establishes a law stating that 1/4 of all packaging must be reusable within 10 years, it will greatly impact single-use packaging producers. They will have to find ways to recover from this change and develop new business models that are still appealing without cannibalizing their current operations. This challenge is not limited to our industry but applies to many others as well.

Andreas Tabor:

OK, perfect. Thank you for that answer. You've mentioned the importance of structure and resources earlier. In your opinion, what is the ideal corporate structure to prepare a company for fluctuations and crises?

Expert #4:

Are you referring to hierarchy or organizational structure? It could be hierarchical, matrix, functional, or divisional organizations, for example.

Andreas Tabor:

Yes, I'm referring to both hierarchy and organizational structure. Please elaborate on which one you consider to be the most effective.

Expert #4:

I believe that being diversified by having multiple divisions or business units can be very helpful. Let's take the example of Phillips, a manufacturer of old-style light bulbs. They were one of the few producers, and they made money primarily from the glass part of the light bulb. However, when LED technology emerged, everyone could produce LED light bulbs, and the replacement cycles became shorter. As a result, the entire old-style light bulb business collapsed, and only a few companies, including Phillips, could survive. Even though Phillips introduced LED lights, they still suffered significant losses in their light bulb business. However, they had multiple business units that helped them recover. Competitors who focused solely on old-style light bulbs couldn't handle the disruption and went bankrupt. Therefore, diversification and having multiple business units or divisions are crucial. This way, if one technology, product, or division gets disrupted, there are other areas that can sustain the company. This applies not only to our industry but to others as well.

Andreas Tabor:

I agree with you. It's indeed challenging to determine which aspect is more important. Both flexibility and stability are desirable. It may vary depending on the perspective within the organization.

Expert #4:

Exactly. Different individuals within the organization may have different opinions on this matter.

Andreas Tabor:

Moving on to the next question, in your opinion, how important is flexibility compared to adaptability within an organization? Can one be considered more relevant or important than the other?

Expert #4:

Ideally, you want both flexibility and adaptability. However, established companies, with their established business models, tend to focus more on stability because they are experts at executing their existing strategies. On the other hand, startups often prioritize flexibility as they are still searching for their business model. While both are important, it is challenging to achieve a balance between them.

Andreas Tabor:

I agree. It's difficult to define which one is more important as it depends on the context and specific circumstances.

Expert #4:

Indeed. Different people within the organization may have varying perspectives on this matter.

Andreas Tabor:

Thank you for your insights. Now, let's address the question we postponed earlier. The statement suggests that a company specializing in several individual areas is more sustainable than one with a core portfolio and a separate innovation department. What are your thoughts on this?

Expert #4:

I don't believe one necessarily excludes the other. Specializing in several individual areas can be achieved through divisions or business units. These units are focused on executing a proven business model and generating profits. Incremental innovations within these units should be managed within the respective divisions. However, the search for new business models, which could be considered disruptive, may require a separate innovation team. Therefore, it's possible to have both specialized divisions and a dedicated innovation team to coexist within a company.

Andreas Tabor:

That's an interesting perspective. By combining specialized divisions and an innovation team, companies can address both incremental improvements and disruptive changes.

Expert #4:

Exactly. It allows for a balanced approach to managing different areas of the business.

Andreas Tabor:

Moving on, how important do you believe change management is in formulating change plans that generate minimal resistance and achieve a high approval rate within a company?

Expert #4:

I'm sorry, but I'm not sure I understand the question.

Andreas Tabor:

Change management plays a crucial role in the success of change and innovation initiatives. Factors such as having a clear vision, allocating sufficient resources, and effective communication contribute to high approval rates and minimal resistance. What are your thoughts on this? What factors should be considered?

Expert #4:

Ah, I see now. Let me give you an example of Elon Musk. He is a charismatic leader with a clear vision, and people approve and follow along, even if the vision initially seems crazy. Having a clear vision and strategy is crucial. Unfortunately, many companies lack a clear vision and fail to communicate it effectively. They need someone to set boundaries and clearly define the directions they want to pursue or the challenges they want to address during a strategic period. Without a clear vision statement and effective communication, change plans are often met with resistance or fail to gain approval.

Andreas Tabor:

Thank you for sharing that example. A clear vision and effective communication are indeed key to successful change management.

Expert #4:

You're welcome. In our company, I've observed significant changes in the human resources department, especially during the COVID-19 pandemic. Many employees expressed dissatisfaction with their job situations, and the power dynamics shifted in favor of the employees. Our HR department responded by creating new benefit and compensation packages, offering more flexibility and opportunities for personal fulfillment. They also embraced remote work, leading to substantial changes in this area.

Andreas Tabor:

That's a great example of how companies can adapt and implement changes in response to new circumstances.

Expert #4:

Yes, I believe adaptability to new circumstances is crucial for companies to thrive.

Andreas Tabor:

Thank you for your insights. Is there anything else you would like to add?

Expert #4:

No, I believe I have covered everything.

Andreas Tabor:

Alright. Once again, thank you for your time. I will now stop the recording.

Expert #4:

Perfect. Thank you too.

Appendix 2

Interview questions

- 1 Please tell me something about yourself and the company you work for.
- 2 How would you describe your position and your area of responsibility?
- 3 How would you explain the term “change management” in the company and the role it plays?
- 4 How important do you think it is to find a balance between risk management and change management?
- 5 “The dynamic capabilities of many organizations are not up to specifications in the contemporary business landscape”. To what extent do you agree with this statement and why?
- 6 Research suggests that companies tend to be inert even in the face of disruptive changes. In what way does this apply to your company? In what way does this apply in a more general sense?
- 7 Research also suggests that companies can best adapt to a discontinuous environment by separating their core business from their innovative business, i.e., if they focus on both preserving their core business while at the same time investing in innovations. In what way does this apply to your company? In what way, in your opinion, does this apply in general?
- 8 If you were to choose between growth strategies and control strategies, what reasons could you give for your choice?
- 9 Have your opinions on the adaptability of a company respectively on the importance of the core business shifted over the past decade? If so, in what way?
- 10 What are your predictions for the long-term viability of companies in the face of major global uncertainties? What role does adaptability play in this? What role does the ability to maintain the core business play?
- 11 In your opinion, what is the ideal corporate structure to prepare the company for fluctuations and crises?
- 12 In your opinion, what is the degree of importance of flexibility versus stability of the organization? Meaning: Can one strategy be considered more relevant than the other?
- 13 "A company that specializes in several individual areas is more sustainable than one that has a core portfolio and a department that only deals with innovations". To what extent do you agree with this statement?
- 14 How important do you think the role of change management is in formulating change plans in a way that generates the least resistance or the highest approval rate at the company?

Statement of Affirmation

I hereby declare that all parts of this thesis were exclusively prepared by me, without using resources other than those stated above. The thoughts taken directly or indirectly from external sources are appropriately annotated.

This thesis or parts of it were not previously submitted to any other academic institution and have not yet been published.



Dornbirn, 07, July 2023

Andreas Tabor