Ambidexterity: A matter of size?
– A single case study on ambidexterity in SMEs

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Abstract

Title: Ambidexterity: A matter of size? - A single case study on ambidexterity in SMEs

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Background: An organization cannot only rely on how they have been accustomed to doing things in the past, rather they have to be willing to change and adapt in order to be successful in the present as well as the future by achieving and sustaining a competitive advantage. The ability to have a successful core business, be profitable today and also be able to predict future possibilities is a key for organizations that aim at being successful in the long term. Ambidexterity deals with these issues. An ambidextrous organization aims to balance the capability to exploit the present and exploring the future simultaneously. Therefore, it is an essential factor for the long term survival of firms.

Aim: The purpose of this thesis is to study ambidexterity with regard to SMEs in the service sector.

Completion: This study is based on a qualitative research which is conducted as a single case study on Mediakonsulterna as a firm.

Conclusions: The study shows that ambidexterity can be applied in a SME in the service sector. Furthermore, there are different approaches as to how ambidexterity can be applied as discussed in this study. More specifically, the study concludes that a contextual approach to ambidexterity is viable when firms lack the resources and size for implementing ambidexterity through structural measures. This means that a SME in the service sector can conduct ambidexterity on an individual level throughout the company rather than relying on a structural division of separate units. In order to apply ambidexterity, SMEs rely to a large amount on individuals to balance the different activities such as exploitation and exploration.

Keywords: ambidexterity, organizational ambidexterity, SME, Mediakonsulterna, exploration, exploitation
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1. Introduction

In the previous summer of 2014 we, like million others followed the football World Cup in Brazil and following the matches closely we started to make comparisons to our studies and came to wonder about the different strategies that teams apply in modern football. There are several prominent examples such as Italian, Dutch or Brazilian football which by now are often used as generic expressions for different styles and strategies such as total defense, possessions football or all-out attack in a spectacular manner. Other examples are prominent trainers like Jose Mourinho or Pep Guardiola who almost personify expressions such as “parking the bus” which basically means defending at all costs with the whole team or “tiki-taka” which describes a play style based on maintaining possession through constant short-passing and movement. However, which strategy is the best and most likely to lead to victories of prestigious tournaments such as the FIFA World Cup? A short online search reveals the truth of it. There are tons of heated debates about the different styles and strategies and opinions often depend on which teams the different authors support. Then we took a step back and started to consider what the point of a football strategy is. “Strategy is about winning” (Robert M. Grant, 2010 p. 4), is a simple way of explaining a highly relevant topic which has been discussed for many years in both sports and business contexts. To win a football match one team has to score more goals than their opponent. So basically each football strategy consists of two rather conflicting parts, the attacking part in order to be able to score in the first place and the defending part which is essential to keep the opponent from scoring. Both parts are naturally in conflict with each other since to successfully attack, one normally needs to leave the own half rather undefended and when the focus is on defending the own goal a team naturally lacks the manpower to implement pressure in the offense. Furthermore it obviously isn’t a pure internal matter; rather the opponent's strategy also plays a big role. It seems to be a question of balance and deploying and managing the available resources correctly. In this regard Pep Guardiola’s philosophy is interesting. Guardiola does not believe in dividing offense and defense into two separate activities. He rather seeks to combine them into one simultaneous activity (Perarnau, 2014). He tries to drill his players to think and act defensively while in possession of the ball during offensive maneuvers in order to be prepared to win back the ball as soon as possession might be lost. Ultimately his goal is to regain possession in less than 4 seconds after losing the ball (Perarnau, 2014). The whole discussion left us wondering about the importance of simultaneously balancing and managing two different and conflicting activities in the business world, which brought us to the field of ambidexterity that started to emerge more strongly in recent years.
The word ambidexterity comes from the Latin word ambidexter and literally means the ability to use both hands at the same time (Oxford English Dictionary, 2015). Such an ability which enables a firm to adapt and be flexible to external forces in order to stay in a competitive market and industry is now more important than ever (Francis & Bessant, 2005). An organization cannot only rely on how they have been accustomed to doing things in the past, rather they have to be willing to change and adapt in order to be successful in the present as well as the future by achieving and sustaining a competitive advantage. The ability to have a successful core business, be profitable today and also be able to predict future possibilities is a key for organizations that aim at being successful in the long term (Barney, 1991). Francis and Bessant (2005) go so far as to state that innovation is of critical importance for the survival and growth of firms and therefore has to be managed and balanced against the necessary daily activities in an organization. Other authors push into the same direction and address the issue of balancing different types of activities that often do not complement each other (e.g. March, 1991; Gupta et al., 2006; Lepak et al., 2007; Bowman & Ambrosini, 2000; Teece et al., 1997; O’Reilly & Tushman, 2004; Winter & Szulanski, 2001). March (1991) is one of the first to address this difficulty and the necessity to balance activities of so called exploitative and explorative nature. Ambidexterity deals with these issues. An ambidextrous organization aims to balance the capability to exploit the present and exploring the future simultaneously (March, 1991). Therefore it is an essential factor for the long term survival of firms (Tushman & O’Reilly, 1996; March, 1991).

**1.1 Problem discussion**

Duncan first introduced the expression of an ambidextrous organization in an article in 1976 (Raisch & Birkinshaw, 2008). However, it was in an article written by March (1991) that the two concepts of exploitation and exploration and the way a firm’s resources are divided between these two widely different organizational learning activities that sparked an interest and research wave on the topic of ambidexterity. In his article March (1991) conclude that a balance between exploration and exploitation is a primary factor for a firm’s survival and future success. March (1991) conversely argues that organizations need to be aligned to both exploitation and exploration. A one-sided focus on exploitation may enhance short-term performance, but it can render firms unable to respond adequately to environmental changes. This kind of duality can be transformed and applied to the way organizations operate.
Tushman and O’Reilly (1996) that have researched on this subject suggest that an organization in today’s fast paced markets will not manage to live a long life and be successful unless they possess the ability to be ambidextrous. They continue to explain that to be ambidextrous an organization needs to be successful in the present by exploiting current capabilities and aligning strategy, structure, culture and processes while simultaneously preparing for inevitable revolutions that future environmental changes bring by exploring new opportunities.

Previous research on organizational ambidexterity has been discussed in contexts such as organizational learning, technological innovation, organizational adaptation, strategic management, and organizational design (Raisch & Birkinshaw, 2008). This previous research has mainly focused on large and high technological firms. Being ambidextrous is a positive quality for a firm to possess however the desire for a firm to be ambidextrous can sometimes be constrained. O’Reilly, Harreld and Tushman (2009) note, that the causes of death to small firms when dealing with change and flexibility, is usually the lack of resources. To be ambidextrous often requires big investments and resources that many small firms usually do not have at their disposal or are not capable of managing (O’Reilly et al., 2009). Large firms on the other hand are often better suited to face the same problematics and therefore have a better chance to successfully exploit and explore at the same time. Consequently large firms with multiple business units have the biggest opportunity to survive and succeed in being ambidextrous (O’Reilly et al., 2009). However, how do small or medium sized enterprises (SMEs) handle this problematic? Is it maintainable in the same way as it is with large firms or does it need to be managed differently?

Lubatkin, Ling and Veiga (2006) studied 139 SMEs in the US and how they went about to attain ambidexterity. The findings showed that, contradictory to previous research on organizational ambidexterity, being more suitable for large firms and harder for small firms to attain, SMEs can manage ambidexterity through leadership (Lubatkin et al., 2006). CEOs with the right requirements that can select, evaluate, motivate and coach top management teams through leadership-based ambidexterity can be a solution to smaller firms with limited resources in the quest for organizational ambidexterity (Lubatkin et al., 2006).

Furthermore, not much attention has been given to firms within the service sector when looking at organizational ambidexterity (Raisch & Birkinshaw, 2008). Large high technological firms with product development have usually been the object of research and less is available on SMEs in the service sector. Process innovations within the banking industry demonstrated ambidexterity and the need for change to support customer satisfaction (Marabelli et al., 2012). Management style and culture were determinants when exploration
and exploitation were simultaneously integrated and managed in the banking industry (Marabelli et al., 2012).

A thorough search of the previous literature and research on organizational ambidexterity, point to a gap of studies done on smaller firms and in particular service organizations. The need for further research on SMEs in general but also small firms in the service sector is evident when thoroughly researching the topic of organizational ambidexterity in the world of academia.

1.2 Purpose and research question

The purpose of this thesis is to study ambidexterity with regard to SMEs in the service sector which leads us to the question:

How can ambidexterity be applied in a SME in the service sector?

1.3 Limitations

This study is based on a qualitative research which is conducted as a single case study. The benefits from making a single case study research are that it provides a better understanding
and depth of the chosen study object. Because the focus is on only one object, in this case the company “Mediakonsulterna”, the researcher is allowed to dig deeper in order to collect and explore information that otherwise is not that easily extracted by an outsider. However, we are aware of that the results of a single case study are not necessarily applicable to all other firms that might be essentially different in e.g. size, structure, cultural background and industry in which they operate, which rather gives the study a theoretical validity. The study is therefore limited to this specific setting which is regarded out of the specific perspective dictated by the purpose and research question of this study. While this does not change the type of validity for this study, it is still necessary to keep in mind that results cannot randomly be applied to other organizations and settings.

1.4 Disposition
Having introduced the chosen field of study, the authors of the thesis continue with the second chapter, which is a methodology chapter that includes the chosen research strategy, approach, design and collection of data. Additionally, the authors present how they conducted an analysis and interpretation of data and describe the study’s reliability and validity. In the third chapter the theoretical framework is presented. The chosen theories consist mainly of previous literature with a focus on aspects within the chosen field of ambidexterity that are relevant for the purpose of the study. These aspects of ambidexterity, knowledge, culture and leadership are thereafter linked together to form a new conceptual framework constructed by the authors that explains the interaction and importance of balance between them. The theoretical framework provides the reader with a certain understanding and the opportunity to reflect over the empirical findings that are presented after the theoretical chapter. In the fourth chapter the collected data from the five conducted interviews is presented with regard to the purpose of the study and the research question. In chapter six the analysis is presented where the empirical findings are connected and analyzed with the theoretical framework. The final chapter presents reflections and conclusions to answer the purpose of the study. In the end of the sixth chapter suggestions for future research are made.
2. Methodology

In this chapter we will discuss and present the methodology and the process of how our research was conducted, in order to establish validity of the research.

2.1 Research strategy

Research can be conducted in two different ways either in a quantitative or a qualitative manner when conducting studies within social sciences (Ahrne & Svensson, 2011). A quantitative study can be characterized by a research strategy that emphasizes quantification in the collection and analysis of data (Bryman & Bell, 2007). Researchers are preoccupied with measurement and generalization for the particular reason of wanting to apply the results on individuals other than those participating in the study (Bryman & Bell, 2007). A quantitative research method also demands a representative sample of a population (Bryman & Bell, 2007) which should be relatively large to present a statistically representative sample (Bryman & Bell, 2007).

Qualitative researchers on the other hand, are concerned with understanding and interpreting the social world through the interpretation of that world by its participants (Bryman & Bell, 2007). Carlsson (1991) as well as Starrin, Dahlgren and Styrborn (1997) agree with Bryman and Bell (2007) by explaining that qualitative studies are conducted with the intention of creating or finding descriptions of e.g. thoughts, circumstances, behavior and emotions in the social world. However, qualitative researchers can also want to create generally applicable results and therefore often seek ways to standardize and “quantify” their qualitative research. Whichever research approach to choose should be dependent and determined by the purpose at hand (Carlsson, 1991). For this study we found that a qualitative research method in form of a case study would be most suitable to help us determine how ambidexterity can be applied to suit a smaller sized company. A qualitative research strategy seems appropriate for our purpose, since we mean to shed light on a social phenomenon in a specific context in order to create a deeper understanding according to Holme and Solvang (1997). As Yin (2003) states,
case studies are specifically well suited to answer “how or “why” questions and are therefore our preferred research strategy. Applying the case study method gives the possibility to retain the holistic and important characteristics of real-life events such as organizational and managerial processes (Yin, 2003). A qualitative research strategy can also provide the researcher the possibility to make own perceptions and gain a deeper understanding of the studied object, which in turn a quantitative research cannot due to the fact that a person's level of understanding cannot be measured in numbers (Bryman & Bell, 2007). Due to the purpose and research question that focuses on a “how” aspect of a problem, we ruled out a quantitative approach and came to the conclusion that a qualitative research method would best suit our purpose of attaining a more in depth understanding of our study object. There are several interview styles and methods that distance themselves from the uttermost unique and individual research but still retain the characteristics of qualitative research that we seek. A more detailed presentation of the tools and methods we chose to make use of will follow in the following sections.

2.2 Research approach

While qualitative researchers are more concerned with words than numbers, Bryman and Bell (2007) point out additional features of qualitative research which they deem noteworthy. They discuss an inductive view of the relationship between theory and research, explaining that theory is based and generated out of research results. The second feature is a so called “interpretivist position”, meaning that the focus is put on the understanding of the social world instead of merely adopting and accepting natural scientific models as common in a quantitative study.

As previously mentioned Bryman and Bell (2007) explain “induction” to entail theory being generated and based on observations and/or findings. Contrarily “deduction” means theory leading to observation and/or findings which is also argued by Svensson (2011). However, Bryman and Bell (2007) discuss a certain influence of one on the other. As an example they explain the process of deduction which has its roots in a theory and leads to certain findings but in the end these might lead to a revision of the theory which would involve induction. The
same can be true vice versa. For our work we have taken this advice and tried to combine both views in an iterative process. This so called abductive approach entails three steps (Alvesson & Kärreman, 2007). First the application of an already established theory, second, an observation of a surprising new empirical phenomenon within that theory and finally, a creative articulation of a new theory that resolves the surprise of the studied empirical phenomenon (Alvesson & Kärreman, 2007). Therefore, our goal with collecting empirical material through qualitative interviews will be applied in such a way as to develop a theory of our chosen case study that adds something new and interesting and not obvious or irrelevant to the already existing research on ambidexterity (Alvesson & Kärreman, 2007). Furthermore, the contribution of our work is not to validate existing knowledge about ambidexterity, but to investigate possible connections that have not previously been suspected (Alvesson & Kärreman, 2007). Alvesson and Kärreman (2007) point out that to develop a theory empirical material has to offer some credibility and clues for thinking and making claims and or counterclaims and ideas that challenges conventional thinking within a chosen field.

Our research could be said to have begun with a deductive focus. We had a collection of relevant theories which we then used to analyze our collected data. However, we tried to maintain an inductive perspective as well and therefore discussed what consequences the collected data would have for the theories that we had at our disposal. The result was that based on the empirical observations and findings we decided to increase the focus on relevant aspects in our theoretical foundation, the aspect of leadership, culture and knowledge. This process, adapting our theoretical grounding based on empirical observations and findings would be the inductive perspective in our research approach.

2.3 Research Design

What is considered an interesting theory? What differentiates an interesting from a non-interesting theory is that the interesting ones deny certain assumptions of their audience and the non-interesting ones affirm assumptions of their audience (Davis, 1971). An interesting theory catches the attention of its readers if it stands out from their empirical and taken for granted everyday life and challenges what they previously have known to be the “truth”
Organizational ambidexterity in small and medium sized firms in the service sector which is to be studied in this paper, is a field in which a taken for granted “truth” has yet to be identified. The main interest and wide circulation (Davis, 1971) in the field of ambidexterity has been of larger firms and the way they can manage the paradoxical challenge of exploitation and exploration. A proposition to question the wide circulation that organizational ambidexterity is preferable for large firms with access to high amount of resources is put forward in this paper. The search for an interesting and new “truth” which questions and denies the existing ontological phenomenological pretense (Davis, 1971) on organizational ambidexterity and that it favors larger organizations and is not as easily attainable for smaller firms is our main focus. The aspect of putting forward an interesting research and trying to draw attention to an audience in the world of social science is the reason for the selected case study. When deciding upon our field of interest on ambidexterity we conducted a thorough search in online management journals and scientific articles to gain deeper knowledge on what findings scholars already have made about the subject. Our investigation showed that attention on ambidexterity has increased during recent years. This could be explained by increasing relevance for firms to adapt to fast changes. Although much has been researched since March introduced the concept of ambidexterity in 1991, our search revealed very little about ambidexterity in relation to SMEs (March, 1991). This gap in the existing knowledge about ambidexterity was the driver to our decision to conduct this case study and the basis of how we decided on our research question.

After deciding on the general research direction and question we moved on to the second step of qualitative research which includes the choice of relevant research sites and subjects (Bryman & Bell, 2007). In accordance to the nature of qualitative research (Bryman & Bell, 2007) we decided to limit the sample number for our single case study on the company Mediakonsulterna AB in Linköping. The decision to make a case study with a sample of one organization, present some opportunities as well as constraints. On the positive side when researching a single case is the in depth gained knowledge and understanding of a specific phenomenon (Easton, 2010). Furthermore, Easton (2010) states that case studies as research method provides the possibility to practically study a specific problem or complex situation in great detail, in particular organizations. The main constraint of case study research Easton (2010) argues is the low level of statistical representativeness due to the sample size containing one case instead of several cases. However, the positive aspect a single case study research provides is the opportunity to gain a deeper and more thorough understanding of the studied organization (Easton, 2010). Furthermore, in a field where there is little existing theory, a single case study can be sufficient to start the development of new theory (Easton, 2010).
2.4 Data Collection

Data can be collected in different ways. Different methods of data collection present themselves depending on the kind of data at hand. A very common way to categorize data is to divide between “primary” and “secondary” data. Primary data means new information that is acquired by the researcher for a specific purpose. On the other hand, secondary data is existing information that has been generated or collected in past researches which most likely had other purposes (Bryman & Bell, 2007). In accordance with Jacobsen (2002) we strove to use primary data whenever possible as well as adapt a critical perspective towards the sources of the data. This critical review of sources is not only limited to written data but also applies to orally delivered data, e.g. through an interview (Ejvegård, 2009). After spending some time searching for secondary data relevant for our study we realized that there is little existing research done on this topic.

2.4.1 Secondary Data Collection

We started to study secondary data on a broader level in the form of existing literature on organizational theories in general, in order to build a knowledge base which we regard as important for ensuring the quality of the analysis of collected data as well as the quality of the research in general. Furthermore, we started to narrow it down to a more specific field of theory, that is ambidexterity, which is also more relevant for the purpose of this study. Later on, the field was narrowed down even further and other relevant fields such as research on leadership, knowledge and culture have been added as they have been deemed relevant due to the empirical findings in this study. During this process of literature review, similarities and repeating patterns have been identified throughout the ambidexterity literature which increased our understanding and knowledge base of the field. The primary search method for finding literature has been Linköping University’s online search engine as well as the university’s physical library and search engines such as Google Scholar and Scopus.
only provides literature that has been reviewed and accepted and therefore is regarded as reliable.

According to Bryman and Bell (2007) the main methods for collecting data are participant observation, qualitative interviewing, focus groups and the collection and analysis of texts and documents. Yin (2003) describes several sources for the collection of relevant data in a case study which match the previously mentioned methods. Due to several limitations such as time constraints and restricted access to operations inside the company we have chosen to focus on interviews and the available documentation as the two main sources for the collection of data.

2.4.2 Primary Data Collection

The object of study in this research is the company Mediakonsulterna. Mediakonsulterna was founded in 2004 and is a consulting company that provides their customers with services for online marketing websites. They have built their business on an own developed CRM system and have in recent years also become certified within Google AdWords. The company’s business concept rests on three pillars, web design, Google AdWords and Facebook. Currently their main targeted customer group, which they specialize their products and services for, are SMEs. The company consists of 30 employees including the CEO and their two offices are located in Linköping respectively Örebro. In beginning of 2015 they also opened an office in Warsaw, Poland. The conducted interviews were held in their main office in Linköping and the participants included; The CEO, CFO, Head of Development, Head of Sales (Linköping) and the Head of Production and Support.

Qualitative interviewing is beneficial to gain insight into personal information regarding experiences and behavior of individuals (Bryman & Bell, 2007), which we regard to be suitable for our purpose and aim enabling us to receive as rich and deep information as possible. Bryman and Bell (2007) discuss many advantages that present themselves for qualitative research when interviewing. Often body language provides information that simple written answers do not. Gestures, facial expressions and voice can reveal valuable information that could be lost in e.g. a simple survey. At the same time this presents disadvantages with qualitative interviewing since a lot of time is required, the technique is subjective and takes time to perfect and finally there is a rather large risk for biasing the interviewee (Bryman & Bell, 2007).
There are several different styles and types of interviews such as structured-, unstructured-, standardized-, group- and focused interviews (Bryman & Bell, 2007). While some are used as common tools for quantitative research there are many types which are very popular and useful for qualitative research such as qualitative interviewing and focus groups. There is usually a big difference between qualitative interviewing and interviewing in quantitative research. The latter prefers a highly structured approach to ensure maximized reliability and validity of measurement. Furthermore there is a clearly specified set of research questions which benefit from more structured approaches while in qualitative research there is a focus on a rather general research idea with an emphasis on an individual’s own perspective and thoughts (Bryman & Bell, 2007). However, there are interview styles that enhance general applicability and comparability of the results while retaining the qualitative character of the study. A popular choice of style is the so called semi-structured interview (Rubin & Rubin, 1995). Hence opposite to structured interviewing, in qualitative interviewing it is positive and often encouraged to “ramble” or move away from the preset interview guide in order to receive rich and detailed answers giving insight into what the individual regards as important and relevant exploring and revealing individual knowledge and experiences. Therefore the actual stream of questions in an interview is likely to be fluid rather than rigid in a case study (Rubin & Rubin, 1995). This flexibility is what makes this kind of interviewing attractive in a study such as this one. To retain that flexibility and be able to receive rich and detailed answers we chose to conduct semi-structured interviews with pre-formulated interview guides. This type of interview enabled us to have a set of questions as a fundament but at the same time gave us the necessary leash to scramble order and add follow-up questions.

The selection of respondents has been made according to the firm’s structure. Among the available personnel we have chosen to interview all personnel that hold key positions in the organization. Thankfully, Mediakonsulterna did not have any restrictions on that and provided us with their full cooperation. The interviews were scheduled to take approximately one hour, which Jacobson (2002) argues to be the optimal length for an interview. This estimation proved to be sufficient for all the interviews conducted. Furthermore the interviews were held in the company office located in Linköping in a conference room. The interview guide (Appendix 1) was, prior to the interviews, reviewed by several people to ensure that it was in line with the purpose of the study. The guide was also sent out to all respondents in advance so that they could prepare and ask questions in case something would be unclear to them. Even though recording an interview could possibly hamper the respondent’s willingness to talk freely (Ejvegårđ, 2009), we still chose to record each interview on a voice recorder. Obviously this has not been done without the prior consent of each respondent which was freely given by all but one person. Although the willingness to talk freely might be hampered by a recording device, the advantages outweighed the risk of that in our opinion. Recordings enable interviewers to focus on the respondent, both when it comes to body language and
facial expressions but also and more importantly, the interviewers can focus on the content of the respondent’s answers, more easily come up with and ask follow-up questions and thereby “dig deeper” if needed (Holme & Solvang, 1997). Furthermore, we decided to conduct the interviews together although it obviously is more time consuming. However, we found that it is of advantage to have two “minds” present instead of one since one person could easily miss some details. In accordance with Repstad (2007) we split the responsibilities during the interviews. One person would have the main responsibility of an interviewer while the other would focus on writing down additional comments about possible non-verbal communication and chip in with follow-up questions if some arose. Although Repstad (2007) regards transcription to be an extremely time consuming method, we still decided to go forth and transcribe the recorded interviews after they had been conducted in order to simplify the analytical work that would follow. Ejvegård (2009) also points out that it is beneficial to both transcribe and confirm the transcriptions with the respondents. Hence, we returned each transcription to its respondent in order to verify the content and avoid misunderstandings or misinterpretations.

As previously mentioned, one respondent did not agree to be recorded. Furthermore, the person did not agree to be interviewed in person due to personal social limitations when it comes to interacting with new people. Of course we respected this decision and therefore asked for a written response to our questions which was freely provided. This however, obviously does not entail all the benefits of a semi-structured interview as discussed above and therefore consequently reduces the quality of the “interview”. We are aware of that but nevertheless chose to conduct the “interview” because of the key position that the respondent holds in the firm.

2.5 Analysis and interpretation of data

Previously it was explained that qualitative research is very attractive due to the possible richness of the data collected. However, this can have a downside due to the difficulty of finding analytic paths through that richness (Bryman & Bell, 2007). According to Bryman and Bell (2007) there are few well-established and widely accepted rules for a qualitative data analysis. Nevertheless, the authors present two strategies for data analysis, so called “analytic
induction” and “grounded theory”. While analytic induction is a data analysis approach for researchers who seek universal explanation with proving pre-defined hypotheses true or false, “grounded theory” rather seeks to derive theory out of data which was systematically gathered and analyzed through the research process (Bryman & Bell, 2007).

We had no interest in seeking universal explanation based on a single case and therefore ruled out a pure “analytic induction” approach to the analysis. Additionally we did not judge “grounded theory” to be perfectly suited for our research since we chose to not strictly follow one of the presented strategies for data analysis. Rather we have tried to gain insights and conclusions based on a combination of the data collected and the relevant theory. In truth it could be said that we have applied an iterative process swinging back and forth. Our basis could be said to be the analytic induction due to the heavily theoretical start of our study process. However, we also realized and identified the gaps in the theoretical foundation with regard to ambidexterity in SMEs, which gave us reason to shift to a perspective that is rather influenced by grounded theory. Hence, we have tried to iterate between the two and be open-minded with regard to our findings.

Furthermore we tried to be as systematic as possible in analyzing our findings in order to ensure a high reliability. As part of the analysis of the collected data we chose to make use of so called coding to categorize the data. Coding is the procedure of finding relevant topics and creating theoretical categories and themes to create a structure and divide the big data chunk into more manageable pieces (Spiggle, 1994; Charmaz, 2002). Additionally we applied abstraction which entails incorporating these categories into fewer and broader ones in order to create a schematic, providing us with a good overview of our collected data and enabling further comparison and analysis (Spiggle, 1994). Rennstam and Wästerfors (2011) describe this as narrowing down and filtering the data step by step which they describe is the first step of the analysis of qualitative data. Initially we identified and created certain categories such as Strengths, Weaknesses, Difficulties, Opportunities and Potential for Improvement. Each category was then filled with keywords that have been identified throughout the data collection such as Flexibility, Core Competences, Structure, Time Management, Resources etc. Furthermore, through abstraction we created the themes of Roles, Strategy, Goals, Challenges, Opportunities, Development. After the whole process of coding, categorization and abstraction was completed we felt that we had created a manageable and clear empirical foundation which is presented in the fourth chapter of the study.
2.6 Reliability and Validity

Both reliability and validity are two key factors for both quantitative and qualitative research. While the two concepts are connected they still maintain separate and have individual meanings which are essential for each study granting or, in their absence, bereaving credibility. For a study to be valid it first has to provide reliability (Bryman & Bell, 2007). Reliability refers to the consistency of a measure or method used in any research ensuring that a study can be replicated. This means that if the same study should be conducted by someone else, similar results should be found (Bryman & Bell, 2007). When it comes to case studies it is of utmost importance to proceed and conduct the study with systematically and avoid sloppiness to ensure a high reliability (Yin, 2003). Validity on the other hand refers to if the right measures, indicators or methods are used to really measure a concept, indicating a degree to which results can be generalized (Bryman & Bell, 2007). A sort of analogy could be drawn to the popular idiom of “apples and oranges” which refer to a comparison of items that cannot validly be compared. As an example one could think that there is no validity in trying to measure a person’s weight with a ruler or vice versa try to measure body length/height using a scale.

While these definitions should easily be applied and true for quantitative studies there are some controversies regarding qualitative studies. Qualitative research is often criticized as being too subjective, difficult to replicate and problematic regarding generalization (Bryman & Bell, 2007). LeCompte and Goetz (1982) therefore introduce an external and internal view to both reliability and validity. External reliability and validity could be used synonymous with reliability and validity in quantitative studies. LeCompte and Goetz (1982) agree that it is very difficult to employ an external view of reliability because of the relative uniqueness of qualitative studies. The same is true for external validity since in most qualitative studies the focus lies on case studies with a small sample size which makes it hard to generalize findings. Therefore they introduce the internal view of both elements. Internal reliability depends on whether or not there are more than one observer/member of the research team present for the research and if they perceive and observe the same thing which would thereby grand a high internal reliability. Internal validity is described by LeCompte and Goetz (1982) as whether or not there is a good match between the observations and the theoretical ideas developed. Here the small sample size pays off since to spend more time with a small group of people is regarding advantageous ensuring a high level of congruence between concepts and observations. When it comes to the generalization of case studies, Yin (2003) argues that they indeed are not generalizable to populations or universes. However, the goal of a case study is
to be generalizable to theoretical propositions which Yin (2003) calls analytic generalization which stands in opposition to statistical generalization.

In our research we tried to ensure as high external reliability as possible. We contacted all interviewees individually trying to avoid having them influencing each other. The personal information was solely collected to provide insight and better understanding of the interviewee but is not to be published in our work in order to give them a certain degree of anonymity which generally seems difficult due to the small size of the firm. As previously described we made use of semi-structured pre-formulated interview guides to collect primary data in order to standardize the procedure but still retain high flexibility. In addition to our tutor we had the interview guide checked by a few people independent from our research sample group to make sure that the questions are understandable, clear and not misleading. The interviews have been recorded to be able to go back and further analyze answers as well as things like intonation, hesitation and so on. To ensure the highest internal reliability we conducted the interviews together and compared each other’s impressions and findings.

2.7 Ethics

This study was conducted according to Swedish ethical rules. Information about the purpose of the study and how it was to be conducted were given to the respondents beforehand. Additionally, all the interviewees gave their consents to be part of the study and a spoken agreement that their participation was voluntary and not forced was made between the respondents and the authors of this study. The respondents were presented with the opportunity to keep their identity anonymous and any shared information was treated with great confidentiality. Information received at the interviews was only used for the purpose of the study according to the good research practice. Ethical aspects associated with good research practice were considered in order to respect behavioral requirements (Vetenskapsrådet, 2011). The practice refers to the researcher's obligation to truthfully present the method and result of the study, which was done accordingly in this study.
3. Theoretical framework

The following chapter will present theories and definitions that are necessary to have for a better understanding of the thesis subject and the question that is to be answered, as well as the theoretical framework that has been particularly chosen for the sake of presenting and analyzing the empirical results that have been collected.

3.1 Exploitation and exploration

In his article that was published roughly 25 years ago, March (1991) was one of the first to make use of terms such as “exploration” and “exploitation” in relation to organizational learning and organizational sciences in general. Since then the terms have increased in popularity with regard to organizational analyses and have been commonly used by many authors such as O’Reilly and Tushman (2013), Benner and Tushman (2003), Gupta et al. (2006), Lubatkin et al. (2006) and Winter and Szulanski (2000). However, it seems as not all authors agree on the definition of the terms. Gupta et al. (2006) have conducted a study and comprised a review for the usage of the terms by different authors. They conclude that authors seem to agree on the definition of the term exploration which refers to learning and innovation, as in the pursuit and creating of new knowledge. However, when it comes to exploitation Gupta et al. (2006) found that there are two conflicting sides to definitions of exploitation. While some authors, such as Vermeulen and Barkema (2001), seem to regard exploitation as the pure usage of past knowledge, others such as Benner and Tushman (2002) connect the term to the pursuit and creation of knowledge similar to the definition of exploration but with regard to a different kind of knowledge. While reflecting on these differences, we decided to go back to March’s (1991) original approach to these concepts. March (1991) discusses that all activities include the creation of new knowledge to some degree. Gupta et al. (2006) agree with this logic by arguing that even when the aim is to only replicate past actions in an exploitative manner, there is still a certain amount of experience gained and some lessons are inevitably learned. We agree with this logic and choose to apply
the second definition of exploitation since, although the creation of new knowledge or the amount of learning might be incremental, it is still undeniably present.

Furthermore March (1991) describes both exploitation and exploration to be essential for the ability of a firm to adapt and thereby survive in the long run. However, he also provides several arguments for the incompatibility of the two. The two main arguments are first, the scarcity of resources which explorative and exploitative activities need to compete for and second, the radical differences in mindset and routines needed to conduct the different activities of exploration and exploitation. O’Reilly et al. (2009) agree with this and discuss that survival is only possible through adaptation and the organization’s ability to exploit and explore. Gupta et al. (2006) agree with March’s (1991) logic and conclude that exploration and exploitation are to “be viewed as two ends of a continuum” (2006:3). Nonaka (1994) also confirms the contradictory nature of exploration and exploitation. He explains that exploitative activities include the usage of explicit knowledge while exploration includes the use of tacit knowledge. Obviously Nonaka (1994) has a focus on knowledge while he argues that during exploitation, explicit knowledge is internalized and combined to achieve incremental improvements to existing knowledge while exploration entails tacit knowledge being externalized and combined to achieve more radical and novel results. Lubatkin et al. (2006) theorize into the same direction by explaining that the different knowledge processes that are required for exploitation and exploration are contradictory since they require “different administrative routines and managerial behaviors” (2006:3). According to Lubatkin et al. (2006), exploitation requires a top-down process for learning, which requires the management’s involvement in institutionalizing the processes needed for improving current competencies. On the other hand a bottom-up process for learning is required for exploration where senior employees in key positions are persuaded to change their old processes and routines for the benefit of a novelty (Lubatkin et al., 2006).

However, one thing seems to be clear for March (1991) and other authors such as Gupta et al. (2006), while they address the difficulty and the necessity to balance activities of exploitative and explorative nature. It seems that for an organization to flourish and prosper they need to find a balance between what they can do today and what they can improve for tomorrow and the future, which seems to be a very difficult balancing act. According to O’Reilly and Tushman (2004) small or incremental innovations to existing products and processes that will improve efficiency and create more value to customers are essential. At the same time radical innovations are necessary to create a new demand and added value that may not already exist with the customer base. Firms have to look ahead and plan in advance because they cannot wait for the change to happen and then try to react when it probably would be too late. A firm’s ability to exploit their existing capabilities for profit is critical (O’Reilly & Tushman, 2004). Focusing on small changes to already existing operations and applying a cost
efficiency strategy gives them the chance to create added value to customers according to O’Reilly and Tushman (2004). Quality of the products and processes also improves when incremental changes are constant and risks a relatively low (O’Reilly & Tushman, 2004). As previously mentioned different activities and processes are required to be implemented when a firm goes into exploring mode. Exploring new opportunities in order to grow involves breakthrough innovations. Breakthrough innovations involve a higher level of risk and increase the need for a firm to be more flexible. Breakthrough innovations also require a large R&D effort hence the importance of the balance between applying an exploiting and exploring strategy simultaneously. By securing today’s profit a firm can supply for tomorrow’s opportunities (O’Reilly & Tushman, 2004).

3.2 Ambidexterity

As previously mentioned the term ambidexterity was first introduced by Duncan in 1976 (Raisch & Birkinshaw, 2008) and comes from the word ambidexter which according to the Oxford English Dictionary (2015) has several definitions such as someone who “takes bribes from both sides”, a “double-dealer” or a “two-faced actor”. However, when it comes to ambidexterity the meaning of the word is regarded to stem from the definition of ambidexter, as the ability to use both hands at the same time (Oxford English Dictionary, 2015), which obviously suits the previous discussed logic of duality. This kind of duality can be transformed and applied to the way organizations operate. Tushman and O’Reilly (1996) confirm through their research in this field, that organizations in today’s fast paced environments are required to achieve the duality first introduced by March (1991) in order to survive. They discuss that firms will only manage to live a long life and be successful if they possess the ability to be ambidextrous. Tushman and O’Reilly put it as following: “Companies failed because of their inability to play two games at once: To be both effective defenders of what quickly became old technologies and effective attackers with new technologies” (1996:3), which cuts remarkably close to the football themed introduction of this study. Organizations, be it firms or football teams, need to balance “offense” and “defense”.

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Tushman and O’Reilly (1996) build their discussion around March’s (1991) reasoning and argue that to be successful an organization needs to be ambidextrous by being able to juggle both exploration and exploitation simultaneously. They explain that success in the present requires exploiting current capabilities and aligning strategy, structure, culture and processes where “cost, efficiency and incremental innovation are key” (Tushman & O’Reilly, 1996:4). However, at the same time they stress that exploitation is only one part of the duality and while the other part requires organizations to simultaneously prepare for inevitable revolutions that future environmental changes bring by exploring new opportunities, which includes new product- and service development where “radical innovation, speed and flexibility are critical” (Tushman & O’Reilly, 1996:4). They discuss that competing in already existing markets involves a different strategy than when an organization searches for or creates new markets to enter. Exploiting mature markets means a low-cost and efficiency strategy where the focus is on incremental processes to improve products and processes already known to the firm. Exploring new markets at the same time requires an organization to be flexible and able to develop and use a resource heavy strategy that increases speed and fosters radical innovations. According to Tushman and O’Reilly (1996), focusing on a single one of these two parts is conceptually easy. However, while it would provide short-term success, it would also lead to failure in the long-term. It seems that, similarly to the world of football, “Managers need to be able to do both at the same time, that is, they need to be ambidextrous” (Tushman & O’Reilly, 1996:4).

Since March (1991) and the publication of Tushman and O’Reilly’s (1996) article, the interest in the topic of ambidexterity seems to have significantly increased. Several papers and articles by authors such as O’Reilly and Tushman (2008), Simsek et al. (2009) and Raisch and Birkinshaw (2008) have been devoted to the research field. O’Reilly and Tushman (2013) have conducted a study to review the current state of the research in the field of organizational ambidexterity. Among other conclusions they present that ambidexterity generally is positively regarded and displayed as necessary for sustained long-term success in accordance with the original logic of duality between exploitation and exploration by March (1991). Especially in uncertain environments, organizational ambidexterity appears to be positively regarded when it comes to better financial performance, increasing innovation and a company’s survival rate in general (O’Reilly & Tushman, 2013). However, while the regard for the benefit of ambidexterity seems to practically be the same and generally positive among authors, the opinions on how ambidexterity is achieved differ significantly. Three main approaches to achieve ambidexterity have consequently emerged and been discussed in the recent years, a sequential, structural/simultaneous and contextual approach to achieve ambidexterity (O’Reilly & Tushman, 2013).
3.2.1 Sequential ambidexterity

Duncan originally suggests that ambidexterity is to be achieved through organizations shifting their structures over time to enable the implementation of the conflicting strategies sequentially (O’Reilly & Tushman, 2013). In their review of the research status on ambidexterity, O’Reilly and Tushman explain that companies “can realign their structures to reflect changed environmental conditions or strategies” (2013:4). Brown and Eisenhardt (1997) describe how firms can, similar to a pendulum, periodically switch back and forth between exploring and exploiting. Boumgarden et al. (2012) support this by arguing that switching between formal structures is easier than making changes in an informal organization and culture. However, O’Reilly and Tushman (2013) point out that historically this switch between structures happens over very long periods of time and discuss that therefore sequential ambidexterity is more suited in stable, slower moving environments and that it is overall more useful for smaller companies that lack the resources to apply simultaneous ambidexterity. However, O’Reilly and Tushman (2013) also point out, that large structural changes can be very disruptive in a firm and conclude that one also should ask the question if this really can be called ambidexterity with regard to the long periods between a switch.

3.2.2 Structural or simultaneous ambidexterity

A second approach to ambidexterity and balancing exploration with exploitation is the attempt to simultaneously implement both through structural separation (O’Reilly & Tushman, 2013). The basic principle is to create separate structural units that are independent from each other and each strive to either attend to exploration or exploitation. However, this includes “not only separate structural units for exploration and exploitation but also different competencies, systems, incentives, processes and cultures” (O’Reilly & Tushman, 2008:192). The only thing connecting the two different units that otherwise are structurally separated, is a common strategy, shared values and possibly shared assets which, according to O’Reilly and Tushman’s (2013) review of the literature on ambidexterity, presents a leadership issue rather
than a structural one. This is generally confirmed by several studies (e.g. Lubatkin et al., 2006; O’Reilly & Tushman, 2011; Schulze, 2008) which explain that structural ambidexterity requires autonomous and independent units for exploration and exploitation that are structurally divided as well as a common vision and a leadership that is capable of managing tensions that can arise between different units. O’Reilly and Tushman (2013) conclude their review of structural/simultaneous ambidexterity with discussing the general consensus that structural ambidexterity generally has a positive effect on a firm’s performance. They confirm this connection and furthermore add that during their review they also have been able to detect a positive correlation between internal structural ambidexterity and external partnerships and alliances which seems to enhance exploitation and exploration. This is confirmed by Kauppila (2010) who in a case study discusses how internal ambidexterity is complemented by external partnerships in order to improve the ability to exploit and explore.

3.2.3 Contextual ambidexterity

The term contextual ambidexterity was first introduced by Gibson and Birkinshaw (2004), who argue that in order to deal with the issue of balancing exploration and exploitation it is possible to handle it on an individual level while both structural- and sequential ambidexterity aim to deal with the balancing issue by the means of structural measures. They define contextual ambidexterity as “the behavioral capacity to simultaneously demonstrate alignment and adaptability across an entire business unit” (Gibson and Birkinshaw, 2004:209). Individuals are supposed to possess the capability to demonstrate alignment to the current business demands but also be flexible enough to adapt to new changes in the environment. Furthermore, the authors argue that individuals require a supportive organizational surrounding which encourages them to autonomously decide on how to divide their attention between the conflicting activities of exploration and exploitation or, as Gibson and Birkinshaw (2004) call it, alignment and adaptability. Moreover, these organizational surroundings need to encompass a certain dynamic between flexibility, trust and discipline (Gibson & Birkinshaw, 2004). As mentioned earlier, the most significant difference between contextual ambidexterity and structural- as well as sequential ambidexterity is the focus on individuals rather than structural means to balance exploitation and exploration. O’Reilly and Tushman (2013) also discuss that for contextual ambidexterity to be effective, individuals are
required to make relevant decisions towards balancing their daily activities instead of relying on structures to resolve the issue. As an example they point out the Toyota production system where “workers perform routine tasks like automobile assembly (exploitation) but are also expected to continuously change their jobs to become more efficient (exploration)” (O’Reilly & Tushman, 2013:329). Khazanchi et al. (2007) have a cultural perspective in the discussion of contextual ambidexterity. For them, exploitation and exploration is a result of a culture throughout an organization which allows and supports both control and flexibility. In their study they have found that flexibility leads to creativity and control ensures execution.

However, Kauppila (2010) points to a serious drawback in the concept of contextual ambidexterity. As this approach relies on individuals as independent decision makers for balancing exploration and exploitation, it does not explain how more radical forms of exploration and exploitation, which often require substantial investments, are conducted. O’Reilly and Tushman also argue that such decisions often can “require senior managers to provide the resources and legitimacy for the new technology or business model” (2013:329), something that low-level employees could not be expected and allowed to autonomously decide over. However, while these three approaches to tackle the issue of balancing exploration and exploitation through ambidexterity were initially proposed separately, O’Reilly and Tushman (2013) conclude in their review that all three concepts can be viable. On the contrary, there are several studies on examples of firms that have been most successful through a combination of these concepts in order to balance exploitation and exploration (O’Reilly & Tushman, 2013). “In reality, firms are likely to create ambidexterity through a combination of structural and contextual antecedents and at both organizational and interorganizational levels, rather than through any single organizational or interorganizational antecedent alone” (Kauppila, 2010:284).

### 3.2.4 Knowledge creation and ambidexterity

Above, the topic of knowledge and learning has been considered with regard to balancing exploration and exploitation. As previously mentioned, several authors such as Gupta et al. (2006) consider knowledge creation to be an important aspect of exploration while effective integration of knowledge is vital for optimized exploitation.
In an article discussing knowledge-based theory, Grant (1996) points out that knowledge, except from the simple definition “all that which is known” can exist as different types of knowledge relevant to a firm in order to create value. According to Grant (1996) there is a distinction between subjective and objective learning and knowing how and knowing about. Knowing how can be compared to tacit knowledge and knowing about different theories and facts can be identified with explicit knowledge. Tacit knowledge is made transparent when it is applied and is easiest acquired by practice. If tacit knowledge cannot be made explicit and codified the transfer of such knowledge between individuals will be slow and costly (Kogut & Zander, 1992). The transferability of explicit knowledge is possible through communication and can be shared among several people (Grant, 1996). Although most explicit and all tacit knowledge is specific to the individual that possesses it, knowledge tends to be firm specific and created within the firm. Nonaka (1994) explains that single ideas obviously spring to life in an individual’s mind but that the further development of these ideas requires the interaction with others, which in the end constitutes the process of how new organizational knowledge is developed.

Nonaka et al. (2000) discuss that knowledge is created by the dynamic transformation and combination of tacit and explicit knowledge leading to the ability in an organization to continuously create new knowledge out of existing firm-specific capabilities. In their model knowledge is dynamic, context-specific and created through social interactions amongst individuals and organizations. Grant (1996) goes on to explain that if most of the knowledge that is relevant for a firm in order to create value is tacit, then the transfer of knowledge between individuals in the organization will be extremely challenging. The most efficient solution rather is to accomplish effective knowledge integration while minimizing the transfer of knowledge through cross-learning by individuals of the organization. Grant (1996) presents four different integration mechanisms; rules and directives, sequencing, routines and group problem solving and decision making. These mechanisms on their own, however they simplify the sharing of individual’s specific knowledge, are not sufficient without common knowledge of the firm’s operations. The existence of a common language (Kogut & Zander, 1992) and other forms of symbolic communication is important for the integration of knowledge (Grant, 1996). Commonality of specialized knowledge, shared meaning and recognition of individual knowledge domains are also essential for effective knowledge integration.

Organizational capabilities in turn, are the outcome of knowledge integration and the firm’s ability to integrate many individual’s specialized knowledge rather than creating new knowledge (Grant, 1996). Leonard-Barton (1992) also defines core capabilities as a collection of knowledge sets that an organization has developed over a course of time. Knowledge and skills of individuals are embedded in the organizations systems and norms and values.
Understanding your core capabilities has a positive effect on the level of innovativeness of a firm and which is hard for competitors to imitate because they are related and specific to a firm's corporate history and can thus provide a competitive advantage (Leonard-Barton, 1992). Teece et al. (1997) also agrees on this issue that a firm's capabilities cannot be acquired but they must be built over time.

With regard to ambidexterity it is vital to consider the aspect of knowledge (Lubatkin et al., 2006). As previously introduced, exploitation and exploration require different knowledge processes (Nonaka, 1994). Lubatkin et al. (2006) agree with Nonaka (1994) by explaining that the different knowledge processes that are required for exploitation and exploration are contradictory since they require “different administrative routines and managerial behaviors” (2006:3). While exploitative activities include the usage of explicit knowledge, exploration relates to the use and creation of tacit knowledge (Nonaka, 1994). According to Nonaka (1994) explicit knowledge is internalized and combined to achieve incremental improvements to existing knowledge during exploitation, while exploration necessitates tacit knowledge being externalized and combined to achieve the desired radical and novel results. Tushman and O’Reilly (1996) argue that top management needs to ensure knowledge integration across different organizational units and functions.

According to Lubatkin et al. (2006) there are key differences in the learning processes required for the integration of knowledge. They explain that exploitation requires a top-down process for learning, which requires the management's involvement in institutionalizing the processes needed for improving current competencies. On the other hand a bottom-up process for learning is required for exploration where senior employees in key positions are persuaded to change their old processes and routines for the benefit of a novelty (Lubatkin et al., 2006). Raisch and Birkinshaw confirm that “top-down knowledge inflows from persons at higher hierarchical levels than the manager are positively related to exploitation. Conversely, horizontal and bottom-up knowledge inflows from peers and persons at lower hierarchical levels are positively related to exploration.” (2008:378). Raisch and Birkinshaw (2008) conclude that the level of exploration and exploitation positively correlates to the amount of top-down and bottom-up knowledge flows that the management takes part of. Raisch (2008) as well as Gilbert (2006) suggest that integration mechanisms, as suggested by Grant (1996), should be implemented on a lower-level in an ambidextrous organization to increase horizontal knowledge flows.
3.2.5 Ambidextrous culture

To be an ambidextrous firm and manage an exploitative and explorative strategy simultaneously can sometimes be difficult to accomplish due to an already established shared corporate culture and common history that can be difficult to change (Tushman & O’Reilly, 1996). Corporate culture can be seen and defined at different levels in an organization and is divided in what is visible to an outsider eye and core and basic values and routines that are deep integrated within a group and have in a sense become a norm and a taken for granted way of working and handling situations that are not questioned by the group members (Schein, 2004). According to Schein (2004) there are three different levels of culture. The tangible and conscious level of artifacts can be obvious and seen by non-members of the group. Environment structure, product design, dress code and rituals specific to an organization are some of the visual aspects of a shared corporate culture (Schein, 2004). Exposed beliefs and values, Schein (2004) states are developed from a group’s shared knowledge of how something ought to be and should be done. These beliefs and values function as an explicit set of rules and norms on how members should deal with and behave in certain situations. Exposed beliefs and values are deeply rooted in an organization's' philosophy and can serve as a way of connecting a group together and also establish a common group identity (Schein, 2004). The deepest level, basic underlying assumptions are very hard to change according to Schein (2004), because they are the foundation of how the groups’ members should identify, think, feel, and react in various situations. O’Reilly and Tushman (2004) point out a significant difference in cultural aspects and the main values of a firm in regards to exploitation and exploration. An exploitative strategy requires a company culture that is based on high efficiency and low risk taking with a focus on improving quality and customer satisfaction (O’Reilly & Tushman, 2004). On the other hand, an exploration strategy is more efficient when company culture promotes risk taking and encourages individuals to experiment and increases the level of flexibility in order to seize new opportunities (O’Reilly & Tushman, 2004). It is also beneficial to consider the innovative spirit that can be fostered as a corporate culture in a firm, which can be essential as a source of sustainable competitive advantage (Barney, 1986; Ireland et al., 2005; Fiol, 1991). This is confirmed by Lee et al. (2013), who have conducted a study to present empirical data regarding how an innovative culture can be a foundation for a company's sustained competitive resource and advantage. Lee et al. (2013) conclude that an innovative culture results in successfully creating superior employee output levels with regard to a firm’s innovative performance and competitive advantage. Rigby et al. (2009) also agrees that an innovation-oriented culture may lead innovativeness to thrive by creating the required
mentality.

3.3 Ambidexterity in SMEs

Being ambidextrous is presented as a positive and necessary quality for a firm to possess, however, the desire for a firm to be ambidextrous can sometimes be constrained. In their article about organizational ambidexterity O’Reilly, Harreld and Tushman (2009) note that the causes of death to small firms when dealing with change is usually the lack of resources. To be ambidextrous requires big investments and resources that many small firms are not capable of managing. Large firms on the other hand are often better suited to face the same problematic and therefore have a better chance to successfully exploit and explore at the same time. Consequently large firms with multiple business units have the biggest opportunity to survive and succeed in being ambidextrous (O’Reilly et al., 2009). This is confirmed by Lubatkin et al. (2006) who argue that SMEs not only lack the amount of slack resources required but also lack other necessary structures and systems compared to larger firms. Furthermore Lubatkin et al. (2006) conclude that the right leadership and management may be the solution to the SME’s issue regarding ambidexterity. This also resonates with O’Reilly and Tushman (2013) who discuss similar problems with regard to firm size and ambidexterity. However, they also point out that leadership can be both, beneficial to ambidexterity if correctly matched but also devastatingly negative when firms through wrong leadership behaviors, do not manage to meet the required demands for exploitation and exploration (O’Reilly & Tushman, 2013).

3.3.1 Leadership Paradox

Managing an organization in an ever evolving and changing environment in order to stay competitive is not a simple task (Tushman et al., 2011). Managers tend to focus on the core business and what they know have worked for them in the past and hence neglect exploring new opportunities that will have a positive outcome for their company in the future (Tushman et al., 2011). An organization that wishes to both exploit and explore simultaneously may
require management with specific qualities that can handle the two paradoxical strategies (Tushman et al., 2011). Tushman et al. (2011) suggest that for a company to succeed in being ambidextrous, top management need to handle the tension between core businesses and new possible business and generate creative conflict at the highest level of decision-making.

Three leadership principles were identified in Tushman’s et al. (2011) study about ambidextrous leaders when investigating 12 top management teams. The leader should “(1) engage the senior team around a forward-looking strategic aspiration, (2) (...) explicitly hold the tension between the demands of innovation units and the core business at the top of the organization, (3) (...) embrace inconsistency by maintaining multiple and often conflicting strategic agendas” (Tushman et al., 2011:76). The first principle suggests that a company should identify their business and their products and services they offer to their customers in a broader view as not to place the company in a category that limits strategic opportunities. If a company directs their products and services to mainly one specific customer group, they set boundaries for other possible customers outside of the targeted customer group.

The second principle explains that firms thrive when decisions about a firm’s present and future are made by management at top level. Tushman et al. (2011) continue with two different approaches on how to hold tension at the top. The first approach is called the “Hub and spoke” where the CEO or general manager surrounds himself with business unit leaders that he communicates with separately but whom do not communicate with one another. This makes each business unit rely heavily on their leader. Unit leaders may also form a small group within their unit consisting of two or three individuals in favor of coordinating and managing the progress being made within their unit. However, it is rare that unit leaders coordinate amongst themselves, rather it is top management that has the role of coordinating. The second approach is referred to as the “Ring-team model” which, compared to the “Hub and spoke model,” suggests that decisions are made collectively by the unit leaders and the CEO as a team. Decisions about how to distribute resources between exploiting the present and exploring the future are made and there is a clear focus on reaching a consensus that fosters the company’s long-term growth. The “Ring-team model” requires a higher level of cooperation because strategic decisions are made as a team (Tushman et al., 2011).

Tushman’s et al., (2011) third principle refers to top management’s ability to shift resources such as financial investments and individual’s skills to serve the intended strategy. Core businesses and the exploration of new businesses should not be measures against the same standards because a core business does not involve as much experimentation and heavy resources necessary that come with searching for a new business. Furthermore, as company resources are scarce, successful top management teams are able to be flexible and move
resources and adjust them to where they are needed the most at a given time (Tushman et al., 2011).

Lubatkin et al. (2006) discuss the difference in how a company deals with ambidexterity and state that the size of the firm has an impact on how it is managed. While the size of a firm does not affect the willingness to both explore and exploit at the same time in order to stay competitive, there are some restrictions as to how much a small firm can do compared to a larger firm (Lubatkin et al., 2006). Small to medium size enterprises unlike large firms do not have the same availability to resources or an organization structure with the possibility to divide explorative and exploitative processes in separate business units where each unit have their own strategic focus (Lubatkin et al., 2006). Furthermore, like Tushman et al. (2011), Lubatkin et al. (2006) identify that ambidexterity in small to medium size enterprises is best pursued when the level of top management teams’ so called behavioral integration in internal processes is high. The behavioral integration of top management teams relates to how a firm through a higher level of cooperation, handles the different knowledge processes that come with jointly having an explorative and exploitative orientation (Lubatkin et al., 2006). Lubatkin et al. (2006) go on to say that top management teams can gain a better understanding of the firm’s current explicit knowledge base and increase the ability to adapt to environmental challenges, given that internal social- and task processes involving cooperation, the flow of information exchange and collaborative decision-making are synchronized. Additionally, the reluctance to share tacit knowledge that fosters exploration decreases when cooperation and the sharing of information results in more interaction and trust building among the top management team (Lubatkin et al., 2006).

Moreover, Lubatkin et al. (2006) state that senior managers in SMEs being closer to the firm’s operative function then managers in a large firm, do not only set the firm’s strategy but they are more involved in everyday activities that are implemented to reach those set strategies. Hence, senior management in SMEs has more insight and specific knowledge about the firm’s competences and can choose to exploit them when the time is right. Additionally, changes in customer demand can be identified at a greater pace in SMEs due to managers being closer to the markets, which allows them to explore new potential opportunities. What may be required in SMEs, according to Lubatkin et al. (2006), is a CEO with a leadership style that encourages behavioral integration among his top managers including the overall responsibility to select, motivate and coach his managers.

Furthermore, Lubatkin et al. (2006) mention that SME’s have a certain similarity to business units in large firms considering the different combination and numbers of individuals they consist of. Lubatkin et al. (2006) go on to argue that ambidexterity when managed in large firms, where business units are structurally divided with either a focus on exploration or
exploitation instead in order to become more ambidextrous, should attempt to establish business units that can handle both strategies at the same time. However, O’Reilly and Tushman (2013) state that the key to ambidexterity is not so much a structural matter as it is a question about leadership.

In addition to Lubatkin’s et al. (2006) discussion about a CEO in SME’s and his leadership ability, Goleman (2000) also suggests that different leadership styles are often necessary at different situations. He (Goleman, 2000) identifies six different leadership styles and the impact these various styles have on a firm’s outcome. Coercive, authoritative, affiliative, democratic, pacesetting and coaching are the different styles described on effective leadership (Goleman, 2000). Depending on what kind of leadership style a leader chooses to use, it will have a direct influence of the “climate” in the organization (Goleman, 2000). The climate is constructed of six elements: flexibility, responsibility, standards, rewards, clarity and commitment. These elements are strongly correlated to the firm’s mission and some more than others have either a positive or negative effect on the common work atmosphere between individuals in a firm. Goleman’s (2006) research also indicates that leaders with the most efficient results are the ones that do not only rely and use one leadership style, rather the ones that combine and switch between the different styles.

In accordance with Lubatkin et al. (2006) and the importance of a CEO in a SME that encourages behavioral integration, the authoritative, affiliative and democratic leadership styles all have a high positive affect among individuals of a firm (Goleman, 2000). An authoritative leader is a visionary and motivates the individuals of the firm to commit to the firm’s overall goals and strategy (Goleman, 2000). Furthermore, he makes clear the long-term vision but leaves room for flexibility and gives individuals the freedom to innovate and take risks with experimentation (Goleman, 2000). Goleman (2000) describes the affiliative leader as a leader who drives communication within a firm, hence creating strong emotional bonds that are built on trust which in turn increases the willingness to innovate and take risks. Individuals within a firm who trust one another according to Goleman (2000) and Lubatkin et al. (2006) are more likely to exchange information and ideas. Additionally, the democratic leader builds trust, respect and commitment within the firm by involving individuals in the decision making processes that affect their goals (Goleman, 2000) in a similar way as represented by the “Ring-team model”, where managers make decisions as a collective (Tushman et al., 2011). These different leadership styles should be combined and used depending on the situation at hand and what is necessary for a firm at a given time in order to have a positive outcome on the internal climate between individuals (Goleman, 2000). Furthermore, O’Reilly and Tushman (2004) suggest that exploitative and explorative business require different kind of leadership. Exploitative business should be handled by a leader with authoritative skills with the ability to make top-down decisions and has operational
competences (O’Reilly & Tushman, 2004). In contrast, an exploratory orientation with the strategic intent of innovation and growth, O’Reilly and Tushman (2004) suggest that a visionary leader who is involved and promotes experimentation, risk taking and allows flexibility is required.

### 3.4 Conceptual Framework

Considering the presented literature and theoretical framework regarding ambidexterity one could conceptualize it in a framework that connects the different fields and puts them in relation to each other. Throughout studies as well as work life, one is often confronted with conceptualizations that are inspired by nature such as so called “organization trees” that are often used to map organizations’ hierarchical structures. Picking up on the example of a tree, one could conceptualize the ability and process of ambidexterity in organizations in the form of a tree as an organism. With the comings and goings of the different seasons each year, so does a tree adapt to the changes in its environment. The way a tree adapts to the changing environment each year, could be compared to Francis and Bessant’s (2005) discussion of the importance of the need of an organization to adapt and be flexible to external forces in order to stay competitive and survive in an ever changing environment. Tushman and O’Reilly (1996) as well as March (1991) argue for the necessity of organizations to be ambidextrous by balancing exploitative and explorative activities and capabilities in order to the long term survival of firms.

For an organization to flourish and prosper they need to find a balance between what they can do today and what they can improve for tomorrow and the future (Gupta et al., 2006). Similarly, a tree continuously increases its size marginally, from roots to trunk and crown, it also adapts to radical environmental changes while reproducing itself through the production and distribution of seeds which come in the form of fruits for some trees. However, the aspect of balance, needs to be considered, as March (1991) argues. A trunk does not grow infinitely without the roots to support it. Neither does a tree grow an enormous crown with tons of fruits without a stable and large enough trunk to support it. Organizations, as well as trees, cannot successfully sustain a large crown in order to “harvest” a large amount of fruit in the future if the fundament in form of the trunk and roots is not developed accordingly. Vice versa, if a
tree does not adapt to change and reproduces in the future by growing a large enough crown with leaves and seeds/fruit it will not be able to sustain itself by photosynthesis which is required for the tree to continue its own growth. This matches O’Reilly and Tushman’s (2004) deliberation of the importance of the balance between applying an exploiting and exploring strategy simultaneously. By securing today’s profit a firm can supply for tomorrow’s opportunities (O’Reilly & Tushman, 2004), or rather one could say tomorrow’s “fruit” in accordance with the tree example. As is so often the case in nature, a tree is a balanced organism which serves as a good example for ambidexterity, which is the balancing of paradoxical activities such as exploration and exploitation.

Figure 1: Ambidextrous Tree
3.4.1 Roots

The “ambidextrous tree” (Figure 1) presents a conceptualization of the theoretical framework presented in this chapter. The foundation for every tree is made out of roots which give the tree structural support and provide it with the necessary nourishment. Similarly, knowledge could be regarded as fundamental in every firm. Lubatkin et al. (2006) describe knowledge as vital with regard to ambidexterity in organizations. Grant (1996) argues that all organizational capabilities are the outcome of knowledge integration and a firm’s ability to integrate many individual’s specialized knowledge. Leonard-Barton (1992) defines core capabilities as a collection of knowledge sets that an organization has developed over a course of time. Furthermore, there are two different types of knowledge as earlier discussed; tacit knowledge and explicit knowledge. While exploitative activities include the usage of explicit knowledge, exploration relates to the use and creation of tacit knowledge (Nonaka, 1994). Explicit knowledge is internalized and combined to achieve incremental improvements to existing knowledge during exploitation, while exploration necessitates tacit knowledge being externalized and combined to achieve the desired radical and novel results (Nonaka, 1994). Similarly, the roots of a tree both provide structural stability for the tree to be able to incrementally grow but also provide nourishment for reproduction and adaptation. Furthermore, the more a tree’s roots develop, the stronger a tree’s ability to grow and survive, which in turn suits the discussion by the above mentioned authors regarding the importance of knowledge and knowledge integration for sustained success and survivability in general, as well as with regard to ambidexterity.

3.4.2 Trunk

Leadership is symbolized as the core of the tree’s trunk. It supports and keeps the tree fixated while it grows. While leadership should keep a firm on the right track it could also be seen as a pipe or a funnel that channels and manages the firm’s resources and core capabilities that stem from a firm’s knowledge base towards a common goal. Tushman et al. (2011) suggest that for a company to succeed in being ambidextrous, top management need to handle the tension between core businesses and new possible business. Similarly, a tree trunk is required to handle the tension that arises between roots and crown the heavier a tree crown grows. If
the trunk is too weak, it snaps when the tension gets too high. At the same time when the environment’s strong winds threaten to snap the tree in half, a strong but flexible trunk can easily withstand such winds. Tushman et al. (2011) discuss how managers tend to focus on the core business and neglect exploring new opportunities that will have a positive outcome for their company in the future. Accordingly, if a tree would cut its branches off, neglecting to nourish future growth of fruit and leaves, it would wither and die. Furthermore, O’Reilly and Tushman (2004) suggest that exploitative and explorative business require different kind of leadership. Exploitative business should be handled by a leader with authoritative skills, which one could compare to the rigidity and strength of a tree trunk that has to carry the weight of the crown, while an exploratory orientation with the strategic intent of innovation and growth requires a visionary leader who promotes experimentation, risk taking and allows flexibility (O’Reilly & Tushman, 2004), which could also be compared to a tree trunk that has the ability to bend with the wind instead of snapping.

3.4.3 Bark

Corporate culture can be seen and defined at different levels in an organization and is divided in what is visible to an outsider eye and the core and basic values that are deep integrated within a group (Schein, 2004). In this conceptual framework the aspect of culture is compared to the layers of bark that cover a tree. In comparison to Schein (2004) a tree has both, visible outer bark as well as layers of inner bark that are not visible to the eye. This tissue covers the whole tree in a common layer which enables outside watchers to identify the tree even during winter. This could be compared to a corporate culture with shared values that can serve as a way of connecting a group together and also establish a common group identity (Schein, 2004). O’Reilly and Tushman (2004) point out a significant difference in cultural aspects and the main values of a firm in regards to exploitation and exploration. These previously discussed differences can also be compared to the bark of a tree which needs to both serve as a rigid protective layer (outer bark) but at the same time provide enough flexibility for the tree to bend and adapt to the environment. Furthermore, in comparison to a corporate culture that is essential and usually is deeply rooted in an organization (Tushman & O’Reilly, 1996), the inner bark also runs throughout the whole tree fulfilling the essential task of providing a pipeline for the transportation of sugar (Gibson, 2015).
4. Empirical findings

The empirical findings from the interviews conducted with Mediakonsulterna are presented in this chapter along with some internally acquired background information about Mediakonsulterna. The information from the participants was placed in appropriate categories that followed the coding method for a better understanding and overview.

4.1 Division of Labor

4.1.1 Organizational structure

At Mediakonsulterna the workload is divided amongst the different employees including the CEO. Everyone has their area of expertise and focuses on their daily assignments in favor of moving the company forward and reaching both short- and long-term goals. The main department, which is situated in Linköping, is comprised of the CEO, CFO, Head of Development and Head of Sales who both directly report to the CEO, and eight account managers and six salesmen who in turn report to the Head of Sales. While the main office for the company is in Linköping they are also present in Örebro where the Head of Production and Support sit together with three Web designers who work under his lead. The division in Örebro also has their own Head of Sales including two account managers and six salesmen working close with him. The Örebro office and its two managers report directly to the CEO in Linköping. Recently they also established a new office which is situated in Warsaw in Poland.
4.1.2 Roles

The CEO needs to divide the time that he has at his disposal and make sure that they reach the long-term goals that he together with the CFO decide upon twice a year at a beforehand planned meeting. Structuring of the daily work and being involved in direct sales to customers means that the CEO works close with the account managers. He also takes part of the development of new products and systems together with the Head of Development. Approximately 10% of his time is given to new development questions, 20% on monitoring and meetings and 20% on planning and structuring for Mediakonsulterna. The CEO explains that it is in his nature to act like a football team captain by motivating, promoting open communication and creating a sense of belonging for the individuals at Mediakonsulterna. While his position at Mediakonsulterna is his main employment he is also the owner and CEO of four other companies in other business areas very different from what Mediakonsulterna provides. These in turn also occupy some of his time. Furthermore, at occasions he also takes the time to order new pens and watering the flowers at the office.

My duties vary very much from day to day. We are still working on getting rid of “the small-business duties” like ordering pens and watering flowers.

(Kenny J. CEO, 2015)

The CFOs main responsibility apart from being the co-owner of Mediakonsulterna is to handle all the financial issues such as planning of budget, invoices and calculating and distributing salaries for all the employees. Each day he spends around two hours of working with these different financial aspects. The remaining time he too, like the CEO, is involved in the development of new products and new campaigns and also in developing new sale strategies. However, he also states that it is difficult to change a taken for granted way of working and that it is easier to keep doing things like they have always been done. The amount of time he disposes at Mediakonsulterna relative to the total time he has at his
disposal is approximately 60%. The remaining time he spends on other companies and projects he is part of outside of Mediakonsulterna.

...I think it’s quite fun with finance but what I really love doing is project management and to create things. That’s what I enjoy the most. But finance became more pragmatic...

(Petter J. CFO, 2015)

The Head of Development is the one and only official member of the development department. He is responsible for all the programming and development of IT-platforms as well as installation and maintenance of the firm’s servers and networks. His main goal is to provide a good product for the customer by continuously develop and improve the firm’s own CRM system. At times the CEO and CFO contribute with their time and help him with simple development issues. However, communication with his colleagues that are not completely involved or do not possess the right competences about the system and its technical aspects, is at times difficult.

Sometimes it’s hard to communicate with the others. It’s like we talk different languages.

(Daniel L. Head of Development, 2015)
The Head of Production and Support is responsible for designing websites for the customers and reassuring that the customers receive what they have ordered and that they deliver it on time. The main goal is to produce websites in an effective manner and making sure that the lead-time to delivery is as short as possible. To conduct the previously mentioned production of websites, the Head of Production and Support has three web designers at his disposal that report directly to him and his jobs is to divide the work amongst them. Furthermore, Mediakonsulterna integrate their customers in the development process of a website to better meet customer expectations and to guarantee customer satisfaction. The support function where customers can contact Mediakonsulterna and more specifically the Head of Production and Support, either by telephone or e-mail, is therefore a complementing part of the production of new websites and is not limited to post-product delivery, rather it is incorporated in the production phase. It particularly entails bringing forward essential material and solving problems that the customers may experience with the websites. The time spent on Production versus Support the manager estimates to be around 50% on each, but at times the production due to the need of more capacity takes up more of his time.

"...I get an understanding and know what problems they face and what the customers say. It’s good for me to hear it directly from the customers and not only from my colleagues."

(Linus V. Head of Production & Support, 2015)

As Head of Sales Adrian is in charge of the sales force and the eight account managers and six salesmen that all have direct contact with the customers. He ensures that the daily work with selling websites proceeds without difficulties and when problems arise with customers that the sales personnel cannot handle it is his responsibility to solve them. In addition, his area of responsibility is extended to cover recruitment of new salesmen, calculating salaries for his staff and at the moment also supporting an account manager that recently came back from sick leave who is in need of extra guidance and explicit instructions to get back into his routines.
4.2 Core Competence

The strengths at Mediakonsulterna can be said to be a combination of a variety of different aspects. An own internally developed complete system for producing websites adjustable to the individual customer, years of experience within telemarketing as the main sales channel and the flexibility that comes with the size of the company are some of the assets that work in favor for the company.

4.2.1 Own CRM system

A so-called customer relationship management (CRM) system that has been developed internally and exclusively for the use at Mediakonsulterna, is something that all the interviewees mentioned as one of their main strengths. The system they use was developed by the Head of Development with inputs from the CEO, and he holds all the knowledge about the system. The system and the high level of know-how about it resulting from having created it themselves allow Mediakonsulterna to adjust features to meet specific customer preferences. If the system and its functions are capable of producing what the customer requires, Mediakonsulterna will make sure it is done. The system also has a function where the customers can log in to see how the work in progress is developing and there also is the possibility to add on and or make changes to the website for the customers themselves if they wish to.

...they (competitors) have come further with their systems, more customer friendly...I think we have finished adjusting our system to ourselves but there is more to do for the customer with our system.

(Petter J. CFO, 2015)
4.2.2 Sales competence

The selling technique with 11 years of experience and telemarketing as their main sales channel is an important competence that provides Mediakonsulterna with the advantage of reaching a wide range of customers that are not necessarily located close to the company’s office. Their customers come from cities and towns all over Sweden and geographical distance is not an issue because everything is done either by telephone contact or the internet. Most of their sales contracts are made over telephone calls but some customers also contact the company by e-mail. The sales personnel are chosen carefully and trained to hold certain qualities to be able to guide the customers that sometimes do not necessarily know what they need or have the knowledge about the products they require.

It is important that the personnel who work with sales are competent enough to guide the customers to how a good website can look like and have that in check.

(Adrian L. Head of Sales Linköping, 2015)

The sales force is to be increased with more than twice the number of sales personnel in order to improve sales numbers and reach more potential customers. The recruitment process takes time because the sales personnel need to hold specific capabilities and have the personal potential to develop and learn in order for Mediakonsulterna to benefit in the long run.

...first and foremost we need to find good sales personnel and we need to get better with the recruitment process, that’s it, that’s what counts. We work a lot
with the sales personnel we hire and we want them to grow, so it takes time to find the right people.

(Petter J. CFO, 2015)

4.2.3 Flexibility

The size of the company works for their advantage when it comes to making changes and allows a high amount of flexibility. The company works in an open environment where all the employees can see each other and there are no strict hierarchical rules that hinder or slows down the flow of communication. Internal communication between the different employees is very open and feedback as well as constructive criticism is shared amongst the group in favor of improving and striving to be better.

Internal it's a nice group, which is a very good strength, and it's easy to talk to each other, you know. Everyone is very open when it comes to criticism and feedback and such things.

(Linus V. Head of Production & Support, 2015)
Furthermore, the service they supply their customers with is very flexible. Usually there is never a solution that they cannot offer the customer. Constructing a new website and involving the customer in the process and giving them the chance to bring inputs for the final product give them the ability to adjust the end product to meet the exact needs of the individual customer. The support function also adds to this flexibility, it allows the customer to communicate anything that they feel unsure about or have issues with before the final product is delivered. Additionally, the time for a customer to get a response to a problem when in contact with the support department is kept short to increase effectivity. Another aspect is the completely internal solution where everything at Mediakonsulterna is done in-house. Making adjustment and changes is easier and not as time consuming as when you know exactly who to turn to for guidance.

...if the customer expected something that we did not think they expected in the beginning then we can always solve it, you know. There is always a solution to the problem.

(Adrian L. Head of Sales Linköping, 2015)

4.3. Goals

The company’s main focus lies on growth. All planning and the subsequent execution of plans are aimed at enabling and optimizing growth. Mediakonsulterna want to develop and grow from being a minor player on the market towards becoming one of the “big boys” amongst the competition. However, there are different aspects to the company’s focus on growth. There are more or less specific objectives considering growth and they could be divided into subcategories such as goals for turnover, diversification of the product portfolio and the
development of personnel which all address a different aspect of the company’s growth strategy.

...take over the world of course! But our goal, more specifically, is to become Sweden’s largest supplier of internet marketing services for SME’s.

(Adrian L. Head of Sales Linköping, 2015)

4.3.1 Turnover

The company’s most specific and well-articulated objective is to increase turnover immensely. Turnover is to increase from last year’s six million SEK to ten million SEK by the end of the fiscal year of 2014/2015. This staggering 67% increase does not seem farfetched considering current numbers and sales trends according to the CEO. In order to achieve this goal, turnover needs to continue on a similar level as seen in February/march which, according to the company’s CEO, is a reasonable estimate based on past numbers and trends in the sales department. However, the company aims at doubling their turnover once more, already in the following year, aiming at a turnover of 20 million SEK for the fiscal year of 2015/2016.

Well simply put, to bring in as many customers as possible, that is our goal. We also set up specific turnover goals, to achieve these we need to significantly increase the number of sellers, so well, that’s our current main objective.

(Petter J. CFO, 2015)
In order to achieve such an increase in turnover, Mediakonsulterna plan to significantly strengthen the sales staff. According to the CFO the company is also considering the possibility of new sales channels in form of collaborations with new partners such as industry specific organizations that could serve as a door opener to said industries.

4.3.2 Diversified product portfolio

Another aspect of Mediakonsulterna’s growth strategy is the diversification and increase of the current product portfolio. Currently the company’s business concept rests on three pillars. The main income generator is the website business which includes the design, creation and support of customer websites. However, Mediakonsulterna do not limit their service to the creation of websites, instead they aim at relieving the customer of as much work as possible. The services offered by the company include the research of possible content for a website, authoring texts and acquiring pictures. Customers can decide to be a part of the production process with an intensity of their choosing, but they also have the possibility to step back and trust Mediakonsulterna to deliver a complete package. Customers also receive a brief course on how to edit or alter content themselves once the final product has been delivered.

...we actually provide the customers with everything! We do the homepage for them, create and write the texts for them, we buy pictures for them, we fix the domain and do everything. The only thing they have to do is say “Hey I need a website and I work with...”.

(Kenny J. CEO, 2015)
Additionally the company provides services related to Facebook which consist of the creation of Facebook pages as well as helping to maximize the customer’s exposure towards a certain target group. Again, the company manages every step of the process and relieves the customers of as much burden as possible as well as provides the customers with the necessary knowledge in order to be able to manage by themselves if required. The third major pillar in Mediakonsulterna’s product portfolio consists of the work with Google AdWords, a marketing service provided by Google which is designed to enhance a company’s exposure on the single most dominant search engine which currently enjoys 95% market share in Sweden (Befound, 2015). Google AdWords does not only provide a marketing platform connected to a search conducted through Google but also provides a platform for marketing tools such as pictures and videos on YouTube, mobile apps or many other sites such as blogs etc. Mediakonsulterna aim to provide the customer with a complete package and the service does not end at the completion of a certain website, Facebook page or advertisement. Instead the company has repeated “sit downs” with the customers in order to development a common strategy and goal for the marketing that is to be conducted as well as analyze results and if required make possible changes to content and search-keywords. The firm independently analyzes and monitors the possible progress and development weekly in order to be able to make and advice on relevant changes.

The reason why we have been successful is that we do everything for the customer who often do not know how to do anything themselves. The customers have total transparency if they like and can be included in every process if they would want to and if they don’t then we can do everything for them.

(Kenny J. CEO, 2015)

This holistic concept is also part of the company’s growth objective according to Mediakonsulterna’s CEO. Part of the increase in turnover is to be achieved through a more diversified and refined product portfolio. Currently projects are conducted to determine what new service packages to offer, starting in the next fiscal year. The company’s plan is to test a
range of different packages from a low-budget package, aimed at introducing new- and specifically small customers to Mediakonsulterna’s services, to a new deluxe package that includes literally every service available in their product portfolio. Such an all-including package is not meant to solely aim at the current target group amongst customers but also open the doors towards potential customers that run larger businesses.

4.3.3 Sales staff

As previously mentioned, recruitment of new sales staff is considered a main factor for the increase of turnover and sales and therefore part of the growth strategy. Mediakonsulterna plan to strengthen the sales staff by more than doubling their sales personnel from 12 sellers currently to a total of 35 salesmen and -women, in order to achieve such an increase in turnover. Hence, Mediakonsulterna are currently in the planning phase for a recruitment project which aims at optimizing the recruitment processes. Part of this project is the work on recruitment channels such as the creation of a own recruitment-website as well as a tighter cooperation with the employment agency.

Now we have a lot of new customers coming in and many of the current customers that are going to extend their subscriptions but first and foremost we are going to increase the number of sellers. We are going from eight sellers last year, to a total of 35 sellers by September this year. Most of the increase in turnover is based on this.

(Kenny J. CEO, 2015, p. 2)
4.4 Development

4.4.1 Customer analysis

Although the internally developed CRM system is perceived very positively and as strength throughout Mediakonsulterna, there are still several aspects that need to be improved. One main aspect is the analytical and statistical data output both for the company as well as statistical data provided to the customer. Both the CFO and CEO agree that it is difficult to get appropriate and reliable data with regard to customer related costs and consequently they perceive it as difficult to calculate reliable numbers for profitability when it comes to the different product and service packages.

We need to improve our customer analysis. What is our cost for a customer? What is our break-even point for a web customer? Which customers do we earn most money on, web, google or Facebook? [...] We are still very “entrepreneurial” when it comes to this.”

(Kenny J. CEO, 2015)

The company seeks to bind customers in contracts with durations up to three years. However, the system again fails to reliably deliver a key performance indicator such as the customer retention rate which poses a second major development objective. When asked about estimation regarding the part of next year’s turnover that is to be generated by existing customers, both CEO and CFO could not provide any clear answers. The company expects to
retain 70% of the existing customers annually. However, the firm is aware and has also expressed that there actually is no reliable way of calculating this number at the moment. According to the CEO this issue is among the most prioritized objectives and currently in the pipe for further development.

4.4.2 Product development

As mentioned above, Mediakonsulterna aim at increasing and diversifying their product portfolio to be able to provide a variety of services and product packages as well as reach a broader selection of customers. Additionally they continuously seek to improve the current products and services. The motivation for development is twofold according to the head of production and sales. The diversification and increasing of the product portfolio is internally induced and aims at both, reaching more customers as well as a broader variety of potential clients. However, product development is also externally induced by customer feedback and requests. The company prides itself on its flexibility and service and seeks to fulfill all customer wishes.

We are very flexible, especially towards our customers. If a problem pops up we can solve it through snapping our fingers in principle. I should rather say, there are no problems.

(Adrian L. Head of Sales Linköping, 2015)

Another external influence other than customer feedback is the fast paced nature of the industry as well as parallel development and trends in other industries that affect the business. Mediakonsulterna’s CEO explains that nowadays 60% of all Google searches are conducted
via a mobile phone instead of a computer and emphasizes that this number is still significantly and steadily rising. Such external usage trends and developments work as catalysts according to the CEO and thereby give the company cause to try to keep up and never stop developing their own product portfolio. The firm has identified that many SMEs lack websites suited for access and usage via a mobile phone. Therefore the company currently works on developing a low-budget package that aims at providing the service of converting existing websites into so called “responsive” websites which automatically adjust their design to keep up functionality regardless of the smaller screen sizes of mobile phones and tablets. Mediakonsulterna plans to test this package locally in Linköping due to restrictions in manpower before permanently putting it into the company’s product portfolio. Said low-budget service is seen to be a possible “door opener” for new customers, who later on could be potential customers for more extensive products and service. On the other side of the budget scale is a project to develop and test a “total package” which includes every available service and product, targeting rather bigger clients and customers and hence, possibly leading out of the SME segment according to the company’s CEO.

4.4.3 Competency development

Besides increasing the size of the workforce, Mediakonsulterna also work with continuously improving competences and qualities among the current employees. At the moment all sales personnel is undergoing the process of certification for Google AdWords and Google Analytics which is an external certification program provided and monitored by Google in order to ensure customers of a standardized quality and competence among the sellers and account managers. In general, all conducted interviews indicate a high focus on further education and competency development. The need to keep up in this fast paced environment is well articulated throughout the company and is part of the aim to provide the customers with a high standard for services and products.
But we can make sure that the homepages we create become better. There are some functions we simply cannot offer today such as search functions or databases. That could open up for bigger sales and the employment by even bigger customers if we for example could offer them databases and such things.

(Adrian L. Head of Sales Linköping, 2015)

The Head of Sales further states that the continuous development of competences and knowledge among the company’s employees obviously is connected to the product development and the ability to offer a diversified array of products in the company’s portfolio. However, the improvement and development of competencies is not limited to the production and development side of the business. As the CEO and several other interviewees repeatedly indicate, there is a need to improve on the general internal processes and structures as well, which the CEO calls “managerial competencies” and all seem to agree that the company is still struggling with a “small-company-” or “entrepreneurial-mindset” as several interviewees named it. However, there is little consent on how to solve this problem since some interviewees think to solve it with the acquisition of competency by hiring specialized management personnel or assistance, while others argue that the limitations on resources call for an internal improvement of managerial competencies.

4.4.4 Lead time

While Medialkonsulterna pride themselves on their flexibility and service, lead time can present a serious issue throughout the production- and value chain. A main factor regarding lead time has been the communication with the customer who is required to provide necessary key information in order for the production process to commence in earnest. In some cases this has been a severe bottleneck, slowing down and delaying production significantly. In
these cases the customer for some unknown reasons simply doesn’t communicate the relevant information necessary to commence or finish production. Although the initial sales process is complete and therefore the potential customer becomes a paying customer, the second step of the process, the production phase, cannot be successfully initiated or completed and final delivery gets significantly delayed.

...then this customer is stuck in step two of the process if we do not manage to get hold of the customer again in order to receive the last material and the customer just keeps postponing it further and further. Customers can postpone this for one and a half years in some cases, and have no issue to keep on paying the monthly fees without ever receiving any website and of course this then does not present a satisfied customer.

(Kenny J. CEO, 2015)

The Head of Production and Support presents this as one of the bigger issues for his department. However, he describes this not as a communication issue as in “getting in touch” with the customer, but rather as an issue of getting such customers to do the work it takes to provide Mediakonsulterna with the required information. He continues to explain that customers often simply prioritize other things and neglect to fulfill their part even though they have signed a contract and keep paying for the service. The CEO explains that in order to increase customer satisfaction and cutting the lead time in such cases, the company is planning a project to look over current processes with the goal of both improving initial steps for the collection of materials as well as automating and computerizing other parts of the process to keep “nagging” the customer, as the Head of Production and Support puts it, without inefficiently wasting as many resources on this bottleneck issue.
4.4.5 Sales channels and cooperation

As previously mentioned, the CFO explains that a part of the growth strategy entails finding new sales channels with a special focus on collaborations with new partners. At the moment telemarketing serves as the major source of customer acquisition for Mediakonsulterna. While telemarketing is one of the company’s major strengths, the firm keeps looking beyond and seeks to extend their sales capabilities by adding alternative sales channels.

To achieve our goals we need to increase our sales channels. [...] I think we need to find more partners like Nyföretagarcentrum which are connected to other industries, with the goal of becoming the natural choice for companies in such industries, e.g. a partnership with some organization specific for electricians. Maybe we should also attend exhibitions...

(Kenny J. CEO, 2015)

Currently the CEO is responsible for managing the collaborations between Mediakonsulterna and organizations such as “Nyföretagarcentrum”, an organization that offers free pre-startup counseling as well as other counseling services for newly started firms. He now holds lectures at said organizations between two to three times per year with regard to online-marketing. However, Mediakonsulterna’s aim is to intensify and extend such partnerships with the hope of making use of such collaborations as a form of “conductor” for future business outside of the usual segment and customer target groups. Hence, as a part of the partnership development objective the CEO is constantly on the look for new collaborations with industry specific organizations that could serve as “door openers” for new segments, branches or industries.
4.5 Challenges

4.5.1 Control

Top management at Mediakonsulterna consists of the CEO and CFO who are the ones that make the biggest decisions regarding the company’s business and its future. The two managers together started and founded the company and strive at moving it forward and make it flourish into a long-term successful business. Given their history they are the ones that possess most knowledge about the company and have a greater understanding of how it has developed over the years. However, this can at times become a barrier. Reluctance of loosening control and trying to be involved everywhere at the same time can restrict them and cause a loss of focus on their main assignments. They attempt to make the employees work in a more effective manner and therefore at times they work closely with their colleagues leaving less time for more advanced management issues. Beyond their own duties they also spend time on a great amount of administrative work that they are generally overqualified for.

*Then Kenny and I have a problem that we have a bit of a hard time to release control. We want to be involved a bit too much everywhere.*

(Petter J. CFO, 2015)
4.5.2 Matching problems

The sales force and the development department are both something that Mediakonsulterna have an interest in increasing the capacity of. The sales force is already planned to more than double with personnel until September 2015. Today the total amount is 12 sales personnel and the goal is to employ a total of 35 sales personnel by September. However, the process of finding the right people is not without difficulty. Mediakonsulterna aim at hiring personnel, which they believe, can learn and develop with time and grow with the company. When a new salesman is hired he is first coached by an account manager where he is taught the sales technique and all the information about the products Mediakonsulterna offers. Thereafter, they go through a test period of a few weeks and some prove to not be capable of dealing with the pressure of the position. High sales personnel turnover is regarded as a major challenge and an aspect that Mediakonsulterna puts an effort in keeping on a low level for it is time consuming and ineffective to train and incorporate new employees that the end of the process decide not to stay with the company. It takes time to find the right people with the ability to sell and represent the company’s products in a proper manner.

The development department currently officially consists of one person. However, the CEO and CFO both contribute with time and input in development questions in cooperation with the Head of Development. The internal system which is used daily was originally developed by the Head of Development for the exclusive use at and by Mediakonsulterna. The system, although in current use, has the potential for improvements and should be further developed in order to provide a better and more effective service for the customer. However, the resources available at the company are not sufficient to develop at the time and pace that they consider preferable. They have for a longer period actively been on the search for a second programmer to extend the development department with, but the task at hand is not without difficulty. First, they need to find a person with the necessary competence and skills for the task at hand. Secondly, he has to be able to cooperate and work with the current head of development since they would need to work closely together. Thirdly, documentation and guidelines at Mediakonsulterna for their system are almost non-existent and most of the knowledge about the system is tacit knowledge, which the programmer who developed it possesses. Therefore, the difficulty lies not only in finding a suitable person for the position but also to integrate them and teach them the underlying principles of the complete system which functions in a taken-for granted automatic way. As previously mentioned the interview with the Head of Development was not conducted in person. He asked if it was possible to receive the questions by e-mail and answer them written. This was not due to time limitations
from his side, but rather he considered it to be an uncomfortable situation to sit down and talk to the authors of this paper.

We have a very good programmer but it’s hard to find another one that has the same knowledge. And the hard part is I think, that they have to think in the same way.

(Petter J. CFO, 2015)

4.5.3 Follow up

Following up on plans and projects is an assignment given to the CEO at Mediakonsulterna. Due to the fact that the CEO’s time is split between managing so many different tasks, he has a difficulty following up on what has been done and what hasn’t. There is lack of structure on how to drive forward a relevant matter that has been discussed in joint meetings. Furthermore, necessary information about customer satisfaction with existing products and services are not given enough time. They do not really know their customers and what their preferences are as much as they would like to. Additionally, Mediakonsulterna are not really aware of or have real numbers as evidence as to how their products work for the customers. Once a customer has purchased a product, a follow-up for research purposes in order to make possible improvements and changes is regarded as essential. Hence, Mediakonsulterna need to improve the after-sale stage by contacting customers and following up on their work.
4.5.4 Documentation

Structuring and managing information when people are engaged in different areas of their expertise and trying to maintain an overview of who is doing what is a challenge, mentioned by several interviewees at Mediakonsulterna. Documentation of current and future project and plans for fostering development is not so much deeply rooted in the company’s daily routines. At times it is not clear who is responsible to carry out a planned idea or instruction. Development projects are sometimes discussed without anyone really pinning down and documenting how they are supposed to be carried out in reality. This leads to confusion and is time consuming because ideas that are discussed and brought forward are not effectively implemented. Another necessity aspect of the documentation progress at Mediakonsulterna is the fact that the company’s two offices are located in different cities. Without proper rules for how documentation is to be conducted, employees experience a harder time on keeping updated on what is to be done and what has already been done. The information flow and communication between the two offices can be improved when all the employees have set rules on how to report what they are working on.

4.5.5 Limited Resources

The size of Mediakonsulterna is at times a challenge considering what they want to accomplish. Goals on growth and expansion are mentioned as highly relevant and something they strive for. However, the amount of resources they currently have at their disposal stands as an obstacle in their path of becoming bigger. Actions have already been taken to hiring more sales personnel in order to increase sales numbers and make more profit. However, investment in product development is also necessary to grow and take on a greater part of market. Having one programmer as a sole member of the development department is not sufficient. The speed in which they wish to grow with is not supported by such a small development team.
At the same time as it can be a strength, the size and that it is so small...there are not these big resources to put on development...it becomes a restriction. You want to do everything at the same time but it does not work like that obviously.

(Linus V. Head of Production & Support, 2015)

The CEO and CFO beside the duties that come with their official role spend some of their time on assignments that could be done by someone less qualified. Simple administrative work and easy tasks like watering the plants take up time that management can spend on working with bigger and more important questions in favor of the company’s development.

We need to bring in more development capacity on our systems and we need more employees to proceed in the pace that we wish.

(Petter J. CFO, 2015)
4.5.6 Tacit knowledge

A great challenge at Mediakonsulterna is one with individuals that hold tacit knowledge, which is hard to transfer between different people. The vulnerability that comes with having only one programmer who knows the system and has created it himself from the beginning can be an Achilles heel for the company. Relying on one person and having no one else as back up can have very negative outcomes if that person for any reason was to leave the company. Furthermore, the sales staff and the recruitment of such individuals that should possess certain qualities that Mediakonsulterna search for raises yet another question of transferring tacit knowledge. There is no manual to learn about the company’s sales structure and style. Therefore, sales personnel go through a period of coaching and learning by doing which is not only costly, but it takes up time from the Head of Sales which to a degree possesses tacit knowledge because he is the one who coaches them and guides them until they learn the way it is done.
5. Analysis

In the previous chapters we established a theoretical foundation about ambidexterity. However, we also presented empirical data about Mediakonsulterna and the respondents of the conducted interviews. In the following chapter we will make use of the theoretical foundation to analyze the data collected regarding the purpose of this study.

Looking back at the conceptual framework in chapter 3.4 one could state that in terms of age, Mediakonsulterna are a very young “tree”. In business terms this might not be true since the firm has been operating for eleven years. However, when it comes to size, the company definitely does not qualify as a big “tree”. Being an SME provides the company with several challenges which partly relates to a lack of resources or the small size of the organization. However, through the course of this study it becomes clear that the firm still has the ambition to be ambidextrous both in the present as well as through future plans. Although they might not be aware of the expression of ambidexterity itself, the personnel confirmed the struggle of balancing both exploitation and exploration throughout the conducted interviews. Tushman and O’Reilly (1994) explain that ambidexterity is required for the long term success of a firm. They explain that success in the present requires exploiting current capabilities and aligning strategy, structure, culture and processes where “cost, efficiency and incremental innovation are key” (Tushman & O’Reilly, 1996:4). At the same time they stress that the other part requires organizations to simultaneously prepare for inevitable revolutions that future environmental changes bring by exploring new opportunities, which includes new product- and service development where “radical innovation, speed and flexibility are critical” (Tushman & O’Reilly, 1996:4). Mediakonsulterna try to balance both parts while simultaneously aiming at growth as their main goal. The company has a high focus on improving current capabilities with regard to costs, efficiency and incremental innovations which agrees with Tushman and O’Reilly’s (1994) focus on exploitation. Mediakonsulterna focus on increasing turnover. However, part of this strategy is the increased exploitation through incremental development of current processes, systems, products and services while keeping costs down. Another part is keeping up with today’s rapid development and ever changing environment by exploring and developing new products and services which currently are outside of the company’s product range. Like the tree in the conceptual
framework, Mediakonsulterna try to maintain a certain stability while growing, without losing the flexibility which the company prides itself with.

5.1 Knowledge creation and ambidexterity

When relating to the tree in the conceptual framework, ambidexterity throughout Mediakonsulterna also builds on a foundation of knowledge and knowledge management. The firm has identified certain factors such as their telemarketing sales capabilities as a major strength which, in accordance with Leonard-Barton (1992), presents a collection of knowledge sets that the organization has developed over the course of eleven years. The effective exploitation of this knowledge and experience is considered to be one of the main reasons for the company’s success and Mediakonsulterna are actively and constantly working on refining this capability even further. According to Nonaka (1994), explicit knowledge is internalized and combined to achieve incremental improvements to existing knowledge during exploitation. However, this presents a challenge regarding Mediakonsulterna’s sales capabilities that are partly based on tacit knowledge. The explicit part of the knowledge regarding the sales capabilities is not documented in any manuals. According to Kogut and Zander (1992), if tacit knowledge cannot be made explicit and codified the transfer of such knowledge between individuals will be slow and costly. This could be part of the reasons for the long time that the recruitment process takes. Despite the this lack of explicit knowledge in the form of guides and telemarketing manuscripts, the new sales personnel need to acquire specific capabilities related to the services and the mentality of the company. Sales personnel go through a period of coaching and learning by doing which is not only costly, but it takes up time from the Head of Sales which is required to transfer this knowledge since he is the one who coaches them and guides them until they learn the way it is done. This is not only costly but also inefficient according to Grant (1996). Both the Head of Production and Support as well as the Head of Sales are also involved in direct customer interaction to keep in touch with daily operations. They combine their collected knowledge from their different perspectives, through direct customer contact and staff supervision, on a regular basis in order
to continuously improve their customer related capabilities such as telemarketing sales and customer support. This agrees with Lubatkin et al. (2006) and Raisch and Birkinshaw (2008) who argue that exploitation requires a top-down learning process. Furthermore, in accordance with the firm’s ambition to continuously improve, the sellers undergo a process of certification for Google AdWords and Google Analytics. This aims at ensuring a standardized knowledge base and capabilities with regard to these Google tools. With regard to Kogut and Zander (1992), Medieakonsulterna struggle with managing the tacit knowledge possessed by the Head of Development. According to the CFO the specific knowledge about the internally developed systems is highly tacit and for the most part solely possessed by the Head of Development which is considered very risky. Furthermore the firm regards this tacit knowledge challenge as a hindrance towards hiring more development staff.

At the same time Medieakonsulterna seek to develop in an explorative manner which necessitates tacit knowledge being externalized and combined to achieve the desired radical and novel results (Nonaka, 1994). The company aspires to follow the fast paced developments and trends, such as the increased usage of mobile phones for internet related activities or increased usage of social media platforms. This requires a developing effort by the SME, which considering the size of the firm and lack of resources is considered as very substantial. Communication is very open and there are no strict separations with regard to functions in the structure of the company. Additionally, employees throughout the company seem to be in close exchange with regard to their individual knowledge gathered throughout their work which according to Nonaka (1994) supports externalization and the combination of knowledge. Although the development department, nominally only consists of one person, many other colleagues are involved in the development work which certainly promotes the knowledge integration and agrees with Lubatkin et al. (2006) and Raisch and Birkinshaw (2008) who explain that a bottom-up process for learning is required for exploration. As Raisch (2008) and Gilbert (2006) suggest, the company integrates the lower-level personnel in the exploration process, which according to the authors increases beneficial knowledge flows in an ambidextrous organization.
5.2 Ambidextrous Culture

Corporate culture at Mediakonsulterna can be compared to the layers of bark that covers and surrounds the conceptual tree. In comparison to Schein (2004) a tree has both, visible outer bark as well as layers of inner bark that are not visible to the eye. Similarly, Mediakonsulterna and their structural environment are visible to an outsider, but beliefs and values are integrated in the firm’s identity and stem from the firm’s shared knowledge. According to O’Reilly and Tushman (2004), a firm’s cultural aspects and values differ significantly when simultaneously pursuing an exploration and exploitation orientation. Mediakonsulterna has in accordance with O’Reilly and Tushman (2004) and the cultural aspects and values, which best supports an exploitative strategy, high efficiency in their daily work, which is based on flexibility in order to increase customer satisfaction and improve quality. The corporate culture at Mediakonsulterna involves continuous adjustments and customer involvement to meet specific customer preferences and if problems occur the Support Department makes sure that they are solved quickly. Furthermore, the flexibility that comes with the size of the firm and the fact that there is no strict hierarchical structure adds to the efficiency aspect (O’Reilly & Tushman, 2004) because communication is open and allows for quick reactions to changes in customer preferences. Furthermore, an exploration strategy is best implemented when company culture promotes risk taking and experimentation and allows flexibility in order to seize new opportunities (O’Reilly & Tushman, 2004). Mediakonsulterna continuously develop their product portfolio and look for external opportunities and trends where there is new demand as in the case with the increased usage of mobile phones and the need to develop websites adjusted accordingly. Additionally, all of the interviewees stated that their main strength is the firm’s flexibility when it comes to finding solutions and what they can accomplish for the customers. This, according to Schein (2004), is rooted in a firm’s philosophy and has in a sense become their identity. However, at times challenges arise because of old embedded routines that are hard to change. The CFO mentions that at times it is hard change the course of processes and “we have always done it this way” thinking, because they have become accustomed to deal with things a certain way.
5.3 Leadership Paradox

Similar to the conceptual framework presented above, leadership at Mediakonsulterna symbolizes the tree’s trunk, which keeps a firm on the right track and can also function like a pipe or a funnel that channels and manages the firm’s resources and core capabilities that stem from a firm’s knowledge base towards a common goal. With regards to the study object Mediakonsulterna and the way their senior management operates in their daily work, there are different aspects to consider on the level of ambidextrous leadership they currently possess to sufficiently explore and exploit simultaneously. In accordance with Lubatkin et al. (2006) Mediakonsulterna as a SME can be explained as being similar to a business unit at a large firm considering the combination of individuals and number of people they employ. Therefore, senior management at Mediakonsulterna consisting of the CEO, CFO, Head of Development, Head of Sales and Head of Production and Support and the way they work can be explained by looking at the models about leading ambidextrously presented by Tushman et al. (2011). The CEO at Mediakonsulterna together with the CFO set the long-term goals twice every year and communicates these with the rest of the managers in order to reach their set strategy. Furthermore, they communicate the strategy to the senior managers by being very much involved in the different operational departments where they contribute with what they can and make sure that the work is done effectively and moving towards the set goals. Lubatkin et al. (2006) states that such close involvement to strategic implementation adds to top management’s knowledge about internal competences, giving them the advantage to exploit these when deemed necessary.

Considering the first of the leadership principles presented by Tushman et al. (2011), the top management team at Mediakonsulterna is engaged in the firm’s long-term strategy and growth aspiration. Although having a fixed customer base and high competence in their core sales business, the strategy is to broaden their identity with a diversified product portfolio to reach a broader customer base (Tushman et al., 2011). By developing and testing new product packages they aim at reaching new segments where they want to offer low-budget packages for smaller customers and deluxe-packages for bigger customers. According to Lubatkin et al. (2006) managers in SMEs being closer to the market gives them the ability to detect changes in customer demand to explore new potential opportunities as in the case of Mediakonsulterna. Furthermore, Mediakonsulterna are searching for potential partnerships to seize opportunities to reach other industries than their own, which is in accordance with Tushman et al. (2011), to further broaden the firm’s identity. They maintain an exploratory orientation in search of new opportunities in order to grow and do not limit themselves to their current customer base and focusing only on their core products.
Looking at the second principle and how decisions about where to allocate resources when following both an exploratory and exploitative strategy are made, like in the case of Mediakonsulterna and especially when resources are scarce, it is best explained by the “Ring-team model” (Tushman et al., 2011). Even though the CEO and CFO are the ones that make the firm’s strategic decisions, internal communication at Mediakonsulterna is high and criticism and feedback about decisions are shared openly between all the senior managers, which agrees with the discussion by Tushman et al. (2011). The CEO’s involvement in almost all parts of the firm and continuously cooperating with the department managers gives him according to Lubatkin et al. (2006) a closer look as to where resources are needed the most at a given time. Unlike in the “Ring-team model” (Tushman et al., 2011), decisions are not strictly made collectively since there are not several business units pursuing different strategies that need to be linked together. However, the CEO is close to the departments which have different strategic focuses, giving him direct insight and information from the managers as to what is required. Therefore, the final decisions could be said to be indirectly made as a collective as in the “Ring-team model” (Tushman et al., 2011) because the level of information exchange between the managers is high and decisions are made by the CEO which fosters the firm’s long-term strategy based on exchanged internal information.

Lubatkin et al. (2006) agrees that such leadership with a focus on behavioral integration, where collaborative decision-making is synchronized with the information flow and the internal cooperation to handle different knowledge processes, is most efficient for pursuing ambidexterity in a SME. However, the intensive involvement in daily activities and operations by both the CEO and CFO, is regarded as a potential issue the more the company grows. The CFO explains that both might be having somewhat of a control issue and therefore have little time to spare. He suggests that both should probably take a step back and not be as involved in the daily operations in order to prioritize the most important tasks.

As Mediakonsulterna has a limited amount of resources at their disposal due to the size of the firm, it is according to Tushman’s et al. (2011) third principle, the role of the top management to be flexible and move available financial resources and individual’s skills where they are needed the most. This is also true considering the discussion by Lubatkin et al. (2006) of the need for managers’ high level of behavioral integration when resources are limited and there is no clear structural division between the explorative and exploitative business. Financial investments have been made in the exploitative and core business at Mediakonsulterna, which is their sales force and sales competence. They are hiring new sales personnel to increase their turnover in order to grow. However, due to financial restrictions they have a limit on how many new employees they can hire. Therefore, resources are invested in educating and certifying existing employees to improve existing internal competences. Additionally, the development department at Mediakonsulterna is in need of personnel. Strategic intentions to
develop new products and services have started a search for a second programmer at Mediakonsulterna. The discussion about hiring a second developer has been relevant for a longer period of time. The issue is not so much about financial restrictions as it is to find a person that matches the required skills needed to fill the place as mentioned in chapter 5.1.

The division between exploitative business and exploratory business requires different kind of leadership abilities (O’Reilly & Tushman, 2004). The CEO at Mediakonsulterna can be said to possess qualities of both an authoritative and visionary leader as described by O’Reilly and Tushman (2004). Decisions at Mediakonsulterna are made at the top by the CEO and CFO and they both have operational competences in most of the firm’s diversified areas. An authoritative leader according to O’Reilly and Tushman (2004) as well as Goleman (2000) should have such competences and also make clear the overall goals and strategy as well as motivate the individuals of the firm in order to have a positive effect on internal environment aspects that contribute to the overall cooperation and commitment of the employees. At the same time, the CEO has skills of a visionary leader (O’Reilly & Tushman, 2004) by being involved in experimentation and in the development department and with a strategic intent for Mediakonsulterna to grow in size as well as promoting flexibility to innovate and explore new markets and industries. The affiliative leader as described by Goleman (2000) is a leader that drives communication within the firm and creates strong bonds built on trust between individuals for the purpose of increasing the willingness to innovate and take risks. The CEO at Mediakonsulterna defines himself as having it in his nature to behave like a captain of a football team. The CEO motivates the employees and promotes open communication within the firm, creating a sense of belonging for the individuals. Furthermore, Goleman (2000) suggests that leaders with the best result are the ones that combine and switch between different leadership styles that best fits the situation at hand.

5.4 Contextual ambidexterity

The different parts of the “ambidextrous tree” have been established above. Mediakonsulterna’s “roots”, “bark” and “trunk” are in place and form an “ambidextrous tree”.

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However, as O’Reilly and Tushman (2013) discuss, there are different approaches to ambidexterity. Choosing an appropriate approach can be dependent on the firm size in accordance with Lubatkin’s et al. (2006) discussion that SMEs not only lack the amount of slack resources required but also lack other necessary structures and systems compared to larger firms. O’Reilly et al. (2009) discuss that large firms on the other hand are often better suited to face the same problematic and therefore have a better chance to successfully exploit and explore at the same time. They conclude that large firms with multiple business units have the biggest opportunity to survive and succeed in being ambidextrous (O’Reilly et al., 2009). Mediakonsulterna do not have the size and resources to create separate structural units that are independent from each other and each strive to either attend to exploration or exploitation. In accordance with Gibson and Birkinshaw (2004), the firm deals with the issue of balancing exploration and exploitation on an individual level, as is the case in the approach of contextual ambidexterity, while both structural- and sequential ambidexterity aim to deal with the balancing issue by the means of structural measures. Gibson and Birkinshaw define contextual ambidexterity as “the behavioral capacity to simultaneously demonstrate alignment and adaptability across an entire business unit” (2004:209). As previously mentioned in 5.3, Mediakonsulterna could be seen as a single business unit. Furthermore, the firm has shown the required behavioral capacity for ambidexterity. Individuals throughout the company, possess the capability for alignment to the current business demands but also show and emphasize a high flexibility for adapting to new changes in the environment which fits well into Gibson and Birkinshaw’s (2004) discussion of contextual ambidexterity. Individuals in the firm such as, but not limited to, the CEO are required to make daily decisions about how to divide their time between different types of activities which according to O’Reilly and Tushman (2013), is a requirement for effective contextual ambidexterity if it is not possible to rely on organizational structures to sort it out. Khazanchi et al. (2007) look at contextual ambidexterity out of a cultural perspective which agrees with the previous discussion of Mediakonsulterna’s culture that enables and promotes flexibility and ambidexterity. Khazanchi et al. (2007) argue that flexibility leads to creativity while control ensures execution. Mediakonsulterna’s leadership, with the CEO and CFO as owners of the firm, is very involved in most parts of the operations which could give a measure of control in accordance with Khazanchi et al. (2007). However, Kauppila (2010) points to a serious drawback in the concept of contextual ambidexterity. O’Reilly and Tushman (2013) agree with Kauppila (2010) that the major problem is the reliance on lower-level employees’ judgement as independent decision makers for balancing exploration and exploitation. The study of Mediakonsulterna indicated problems with follow up and execution of planned activities which could relate to this potential problem (Kauppila, 2010; O’Reilly & Tushman, 2013) and a possible lack of control that is required according to Khazanchi et al. (2007). Several respondents indicated that planned activities and actions that have been decided on, are not always executed and a certain lack of thorough follow up has been expressed.
Furthermore, this has been ascribed to a lack of resources regarding manpower and consequently a lack of time among the top management. Improving the poor follow up and thereby improving control improves execution throughout the company (Khazanchi et al., 2007). However, the underlying problem might be the one addressed by Kauppila (2010) and O’Reilly and Tushman (2013); the problem of a lack of judgement among lower-level employees when prioritizing and balancing explorative and exploitative activities.
6. Reflections

The purpose of this thesis is to study ambidexterity with regard to SMEs in the service sector.

6.1 Conclusions

The study shows that ambidexterity can be applied in a SME in the service sector. Furthermore, there are different approaches as to how ambidexterity can be applied as previously discussed in this study. More specifically, the study concludes that a contextual approach to ambidexterity is viable when firms lack the resources and size for implementing ambidexterity through structural measures. This means that a SME in the service sector can conduct ambidexterity on an individual level throughout the company rather than relying on a structural division of separate units. In order to apply ambidexterity, SMEs rely to a large amount on individuals to balance the different activities such as exploitation and exploration.

However, while existing literature and previous studies mainly focus on leadership as a key aspect for ambidexterity in SMEs, this study confirms the importance of leadership but also adds to the importance of other aspects that need to be balanced and managed through leadership. The study has, through a conceptual framework in form of an “ambidextrous tree”, established that there are several aspects and parts that are required to be balanced in order for ambidexterity to be conducted and applied. While leadership has been confirmed as an essential factor, similarly as a trunk is for a tree, other aspects such as knowledge and culture are also important for the ambidextrous SME. These aspects need to be managed and balanced in order to be able to be ambidextrous. Mediakonsulterna have displayed the different parts of the “ambidextrous tree”. Leadership is strongly engaged in daily operations regarding both exploitation and exploration. Additionally, the firm has a suitable culture which fosters ambidexterity through flexibility and thereby enables both exploration and exploitation. Furthermore, the firm successfully exploits its “roots”, its knowledge base, in order to improve the business. However, when it comes to balancing both exploitation and exploration it becomes apparent throughout the study that the firm is struggling with some parts of the knowledge management that are independent of a lack of resources and
leadership. While the firm is planning on increasing the staff significantly which implies that the resources for hiring are available, it still struggles with finding suitable personnel for the development department. The issue is related to the management of tacit knowledge. The firm struggles to externalize the tacit knowledge that is held by the Head of Development and thereby limits its ability for exploration. Additional problems, such as a struggle with the internalization of sales capabilities due to a lack in documentation of explicit knowledge, become apparent during the study. Previous literature and studies on ambidexterity focus on leadership and a lack of resources as key aspects with regard to ambidexterity in SMEs. However, this study shows other aspects, such as these issues regarding the management of knowledge for ambidexterity, which should also be taken into consideration as is the ambition with the conceptual framework of the “ambidextrous tree”.

Furthermore, previous research and literature by authors such as March (1991), as discussed in the study, argue for ambidexterity by balancing exploitation and exploration. However, during the study the question of balance arises. Are exploitation and exploration to be treated as equals and if not, then what is the desired ratio? The study can conclude that, in the case of the studied SME, operations are rather biased towards exploitation. The largest focus lies on improving current capabilities and competences such as sales capabilities. While exploration is actively considered by the firm and a desired activity, it falls rather short if compared to the commitment of the organization towards exploitation.

6.2 Future research

In the theoretical framework the relevance and importance of ambidexterity have been discussed. While interest in ambidexterity has increased since the term has first been introduced in 1976, there are still many questions to be answered. As indicated above, there are question marks that arise during the study such as the ratio between exploration and exploitation. Based on the perspective and limitations of this study there are several possible research projects that could be conducted in the future:
• To further confirm the findings of this study, it could be beneficial to change the research methods and conduct respective studies with different quantitative and qualitative approaches.

• While the study confirmed the viability of ambidexterity in SMEs that operate in the service sector, it could be of interest to research the question of ambidexterity in other contexts. What role does the nationality and location play with regard to differences in culture and mentality? How does ambidexterity compare between different industries?

• Another interesting question that was previously mentioned is the question of the appropriate ratio between exploration and exploitation? The authors of this study speculated that the ratio is more biased towards exploitation when regarding SMEs which often lack the resources and are focused on surviving and establishing themselves on the market instead of focusing on the more risky activities of exploration. Is there a connection between a firm’s size, the amount of resources available and the ratio between ambidexterity? Is there an ideal ratio and if not then what factors affect which ratio to aim for?
7. Bibliography


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Internet:

Appendix:

Appendix 1: Interview Guide

Tema: Introduktion
- Kan du berätta om dig själva och vad ni gör här hos Mediekonsulterna.
- Beskriv gärna din roll inom företaget.
  - Vad innebär det konkret? (din roll)
  - Hur kommer det sig att du fick den här rollen?

Tema: Strategi/Mål
- Vad skulle du säga är företagets mål?
  - Vilken strategi följer ni för att uppnå dessa mål?
  - Var anser du att det finns förbättringspotential för att förbättra arbetet mot dessa mål?
- Hur bidrar du i ditt vardagliga arbete till att nå dessa mål?

Tema: Möjligheter & Utmaningar
- Vad anser du vara företagets styrkor?
  - Hur kan detta förbättras?
- Vad anser du vara företagets svagheter?
  - Hur tycker du att företaget utvecklas och förbättras kontinuerligt?
  - Hur kan dessa förbättras?
- Vilka utmaningar ser du med dina arbetsuppgifter? Vilka är de största utmaningar som du är tvungen att hantera?
  - Vad skulle krävas för att lösa detta?

Tema: Avslutning
- Hur tror du att företagets framtid ser ut?
- Vilka utvecklingsmöjligheter anser du finns för företaget? (Internt, externt och utvecklingstrender)
o Hur tycker du att man på bästa sätt ska gå tillväga för att ta till vara på dessa möjligheter?