Managing Paradoxes in a Complex Organisation

A Case Study About the Experiences and Responses to Paradoxical Tensions Between Organisational Design and Organisational Strategy

Victoria Marie Stang

Master's Degree in Organisation, Management and Work

Faculty of Social Sciences, Department of Sociology and Human Geography,

University of Oslo

Spring 2019

Managing Paradoxes in a Complex Organisation

A Case Study About the Experiences and Responses to Paradoxical Tensions Between Organisational Design and Organisational Strategy

Abstract

As organisations are increasingly expected to adhere to conflicting demands from different stakeholders- the paradox literature has become of vital importance as it focuses on coping and thriving with, rather than eliminating paradoxes. Given modern organisations complexity the presence of paradoxes cannot be solved or fixed, rather it must be accommodated. Accepting and working with organisational paradoxes is associated with long-term sustainability and performance, and the paradox literature provides a useful framework in which one can analyse current organisational practices of managing paradoxes. This research has had two objectives, which have been formulated in the below research questions.

1. How are the tensions between strategy and design as disclosed by the ARC's, experienced by the managers?

2. How do the managers respond to the tensions between the organisational design and the organisational strategy, and what is the significance of this response for the achievement of the strategic objectives?

The first objective was discovered after conducting a document-analysis where evidence of tensions between the organisational design and strategy was discovered. The first objective thus, became to analyse how the actors experienced these tensions. However, what also became interesting was how the individuals reconciled, coped and perhaps resolved these tensions. The second objective, therefore, became to study the management of paradoxes; accentuating the importance of actors' responses to the tensions. Understanding specifically whether the managers responses to the paradoxes played a significant role in the achievement of the strategic objective.

The analysis has firstly, provided empirical evidence for how the managers experienced the presence of paradoxical tensions between organisational design and strategy. Highlighting an organisational strategy which promoted a balancing of exploitation/exploration and stability/agility, whilst the design supported exploitation and stability over exploration and agility. The design traits which supported exploitation and stability were especially experienced through the focus on perfectionism, consensus-seeking in decision-making, the organisation's tight-coupling and interdependence and the overall lack of accumulated slack. Secondly, the managers' responses to the tensions and the significance of these responses for

the achievement of the strategic objectives has been disclosed. Here, the paradox literature has been applied, particularly Smith & Lewis's (2011) dynamic equilibrium model. This model provided a theoretical lens in which the responses could be comprehended, emphasizing individual and organisational characteristics which signify a vicious or a virtuous cycle of managing paradoxes.

In the second part of the analysis, evidence of a vicious cycle has been discussed, emphasizing the organisational characteristic of inertia. The organisational inertia discovered was revealed by the lack of dynamic capabilities which could be viewed as confirming organisational anxiety and defensiveness. These types of traits often lead to inaction or paralysis and a vicious cycle overall can be destructive as the management of paradoxes is repressed. Evidence of a virtuous cycle has also been examined, discussing the individual levels of responses. The mobilization of informal networks was presented as a way the managers resolved or coped with the tension between design and strategy. This response could be confirmation of a virtuous cycle. Nevertheless, findings suggest that these informal networks had become so vast that they seemingly added layers of organisational inertia rather than solving them. Thus, the mobilizing of the informal networks reinforced the presence of a vicious cycles rather than sustaining a virtuous one. Therefore, even though the managers responses were primarily of a virtuous nature the organisational characteristics of inertia hindered their responses from having any real impact on the achievement of the strategic objectives.

Lastly, this research has discussed and highlighted a pathway to become ambidextrous. Emphasizing and summarizing some steps and measures organisations should take in order to have a both/and approach to paradoxes. Additionally, the author has attempted to briefly discuss the concept of agility and exploration within large complex organisations. Here, tenure and size has been argued to often lead to bureaucratic features and organisational inertia. Thus, traits inconsistent with agility and exploration. Finally, institutional isomorphism has been described as the tension between design and strategy could be viewed through the neo-institutional lens. Altogether, this research has examined how the managers experienced the tension between strategy and design and the significance of their responses to these tensions.

Preface

After five years at the University I have finally delivered a product which I have been in total charge of myself. These five years of joy and frustration have in many ways led up to this moment and this is where I can show that these five years have not been wasted. It is safe to say that I have felt some pressure. Altogether, I have learned a great deal, not least how to trust my intuition and to trust my capabilities. I have acquired some useful tools over the years which really became useful when writing a thesis. Overall, I am quite proud of my accomplishment and myself during this process.

However, this thesis could not have been successful without a supporting community and team around me. There are especially two people who have pushed me through these last five months; my supervisor and my contact person in the organisation. I would like to particularly acknowledge my contact person in the organisation. Whilst some of my other fellow students have struggled with finding informants and getting relevant information from their contacts, my contact has made sure that the data gathering went as smoothly as possible. She arranged all the candidates and has shown great enthusiasm to all my ideas and the thesis overall. I am really humbled by the time and dedication she has spent helping me, knowing how busy she is. To my supervisor, Lars Klemsdal, I would also like to dedicate some words. He has shown so much excitement for the topics in this thesis and provided me with so much useful guidance. He has expected me to deliver, which has pushed me to deliver.

Lastly, I would like to thank my mother, who since day one of my education has spell-checked and corrected my essays and kept my spirit up. I know that reading this rather lengthy piece here wasn't easy, but she never complained.

Thank you so much!!

24th of May 2019, Oslo

Victoria Marie Stang

Content

1 Introduction

Organisations are complex systems. They consist of different subsystems which interact and operate independently, yet, "success of the overall system depends on their interdependence" (Smith & Lewis, 2011, p. 389). Thus, leaders have to understand how to organise these different subsystems so that they work both independently and cooperatively. However, what intensifies the complexity is that organisations not only have to organise their internal context, but also adhere to the demands from their external context (i.e. environment, customer etc.). The external context that the organisations need to adhere to can have conflicting demands, but most importantly their demands are adaptive, further complexifying how to organise. Ergo, organisations are increasingly being subjected to a divergent set of external demands which further complexifies organising. With the predicted rise of e.g. *Industry 4.0.*, new business models increasingly pressure organisations towards changing their strategies, structure and business-as-usual for them to gain competitive advantage in the digital age to come (Schwab, 2016; Brynjolfsson & McAfee, 2014). These new business models and pressures give rise to organisational tensions as leaders have to face the demands of tomorrow as well as today. This rise of organisational tensions has subsequently spurred a rise of `new´ organisational theories and perspectives which draws attention to the increasing presence of tensions. This research's ambition is to highlight one such perspective through conducting a case study.

The following case study in this thesis describes a shared services organisation within a global company which has created a strategy for enhancing the organisation's ability to digitally transform. As part of this strategy, leaders and managers at different levels within this organisation completed a programme and an ARC analysis (Architecture, Routines and Culture) (Saloner, Shephard & Podolny, 2001) in cooperation with INSEAD business school. According to Saloner et al. (2001), the organisation's architecture, routine and culture need to interact and work consistently to support the organisations ability to reach its strategic objectives. However, the organisation's ARC's disclosed some specific tensions between exploitation/exploration and agility/stability. Altogether, this could be evidence of tensions between the organisational design (Architecture, Routine and Culture) and the organisational strategy. To understand this further two research questions was created.

1.1 The Research Questions

The following two research questions were proposed;

1. How are the tensions between strategy and design as disclosed by the ARC's, experienced by the managers?

2. How do the managers respond to the tensions between the organisational design and the organisational strategy, and what is the significance of this response for the achievement of the strategic objectives?

1.1.2 Research Question One.

As explained the ARC's suggested some tensions between the organisational design and organisational strategy. In order to analyse this further the first research question was created. The purpose of this research question is to understand whether the analysis of the ARC's and the following suggestion of tensions between the design and the strategy can be backed up by more extensive research. Trying to understand how, and if, the tensions as disclosed by the ARCs are experienced by the managers. As described in the introduction, the presence of tensions within organisations have become a familiar phenomenon. The observation of only this would thus be of little importance for the research community. Therefore, what became more interesting was how these tensions were experienced and articulated by the actors. It is necessary to address that `organisational design´ and `organisational strategy´ throughout this thesis will hereby refer to the shared services organisation's design and strategy and not the overall company's design and strategy. It is also necessary to address that the term organisational design will be used according to the Saloner et al. (2001) theory, meaning that it will address the architecture, routines and culture of the organisation.

When conducting research regarding organisational tensions, the author came across the organisational paradox literature. This literature provided an interesting view on how organisations and individuals should manage these tensions, and how one can analyse current organisational paradox management. Exploring this perspective was therefore viewed as a way of interpreting the tensions in a more comprehensive way. Additionally, it provided the research with an analytical tool. Consequently, research question number two was created.

1.1.3 Research Question Two.

In order to answer the second research question, the author will engage with the literature on organisational paradoxes. This literature deals with the result of the increasing demands facing organisations, namely, the presence of paradoxes. As Lewis (2000, p. 760) explains "increasing technological change, global competition, and workforce diversity reveal and intensify paradox". Today, organisations are expected to be agile and innovating whilst simultaneously remaining efficient and productive, increasing the possibility of paradoxes arising. As organisations are increasingly expected to adhere to conflicting demands from different stakeholders the paradox literature has become of vital importance as it focuses on coping and thriving with, rather than eliminating paradoxes. The belief is that given modern organisations complexity the presence of paradoxes cannot be solved or fixed, rather it must be accommodated. Eliminating paradoxes are, therefore, not a sustainable option anymore and understanding how to thrive and attend to paradoxes have received attention. Additionally, accepting and working with organisational paradoxes is associated with long-term sustainability and performance. Therefore, the paradox literature provides a useful framework in which one can analyse current organisational practices of managing paradoxes. This attention the author believed would add another interesting perspective to the research. Therefore, the research has additionally been interested in how the individual actors in this case study reconcile, cope and perhaps resolve the tensions discovered in the ARC's. The second research question therefore became;

How do the managers respond to the tensions between the organisational design and the organisational strategy, and what is the significance of this response for the achievement of the strategic objectives?

This research question's objective is to highlight whether the managers' responses to the tension between organisational design and strategy can support the achievement of the strategic objectives. Here, the paradox literature will be applied as the predominant perspective, capturing the responses of the managers. Smith & Lewis's dynamic equilibrium model of organising (2011) will be of theoretical importance here, understanding whether the responses are of a virtuous or a vicious nature. Analysing whether there are synergies within the responses to the paradox (virtuous), or antagonism (vicious). Altogether, this research aims to contribute to the organisational paradox literature. To summarize, the first research question is interested

in how the tensions as disclosed by the ARC's are experienced and articulated by the actors. The first part of the analysis will be dedicated to answering this. Once this is completed, the managers' responses to the tensions will be analysed through the paradox literature perspective in order to comprehend the significance of the paradox responses for the achievement of the strategic objectives.

1.2 Research Structure

The structure of this research will now be presented:

1. The first chapter provide the reader with a brief background and objective of the study, elaborating the research questions that will be the basis for the thesis.

2. The second chapter will introduce the theoretical frameworks that will be applied in order to answer the two research questions stated in the first chapter. Here, terms, definitions and models are presented to the reader to get acquainted with these before they are applied to the research.

3. The third chapter will address the methods applied. Thus, explaining the research context and the research process that has been completed in order to answer the research question. Additionally, a methodological discussion is included, addressing the validity and reliability of the research process. This chapter concludes with a discussion of ethical issues.

4. Chapter four contains the analysis. Here, the data will be presented and analysed in order to answer the two research questions. This section will be divided into two sections, where the first section focuses on research question one, and the second on research question two. The purpose of this chapter is to try to answer both the research questions.

5. Chapter five contains a discussion of the findings presented in the analysis. Here, other theoretical lenses will be applied in order to gain further reflections regarding the analysis.

6. Chapter six briefly concludes the five chapters above and discusses some implications and limitations of the research.

2 Theory

2.1 The ARC's (Architecture, Routine and Culture)

As explained in the introduction the shared services organisation in the following case study conducted an ARC analysis in collaboration with INSEAD. Thus, some theoretical background to this type of analysis is of importance. Saloner et al. (2001) argue that "a firm's competitive advantage is rooted in its context" (p. 65). They further describe how both the external context and the internal context holds the key to this advantage and that the managers must get acquainted with both context's in order to manage the firm successfully. The internal context is defined by the authors as the firms "assets and the way those assets are organized" (p. 65). The authors believe that the most adequate way to manage the internal context is through manipulating the organisational design. The external context the authors explain "includes both industry characteristics- such as actual and potential competitors, buyers, and suppliers- as well as nonmarket factors, such as the regulatory, political, and social environment in which the firm operates" (p. 3). The organisation's strategy reflects managers understanding of the external environment and is "(…) a framework for guiding the choice of actions" deemed fitting in order to respond to the external market (p. 4). Thus, the strategy created is the organisation's response to the external context and a way of analysing the managers' thoughts regarding the external environment. Nevertheless, it is vital to stress that the internal context (the organisational design) and the external context (the strategy) needs to be aligned in order to gain the competitive advantage pursued. The authors believe that there is no `best recipe´ for one organisational design, and that "the best design for a firm actually depends on the strategy its pursuing" (p. 66).

This is where the ARC analysis plays a pivotal role. According to Saloner et al. (2001), an effective organisational design is capable of addressing two preeminent problems; the coordination problem and the incentive problem. These problems revolve around "*coordinating* the deployment of the firm's assets and aligning the *incentives* of its employees and units with those of the firm" (p. 89). To solve these problems the architecture, routine and culture of the organisation needs to be assessed in order to reassure that these features interact and work together consistently with the strategy. If they do not interact and work together the ARC's can provide information regarding which element to manipulate. Thus, the architecture, routines

and culture are the way in which the organisational design can be analysed in order to comprehend which way the organisation solves its coordination and incentive problem and additionally, evaluate whether the design is suitable when considering the strategy.

The architecture term tries to cover aspects of division of labour and subunits, the reporting relationships, the formal and informal mechanisms and hierarchical governing scheme. When analysing the architecture one can for example inspect for evidence of tight or loose coupling between the different subunits in order to understand the level of interdependence and thus, the level of autonomy a subunit has. The level of interdependence can explain the level of decision-making and the level of information-sharing across units. The level of organisational slack should also be examined as it provides evidence of how resources are provided with discretion. According to the authors organisational slack "does not connote waste" (p. 109) rather, it signifies the degree of freedom provided to the employees in how to allocate their time and resources. The routine term here, refers to the activities and decision patterns repeated in the organisation's daily activities. Here, particularly routines of decision-making can be inspected, viewing whether majority rule, consensus or expertise lays the foundation for decisions being made. Lastly, the culture term here "refers to the commonly held values and beliefs of individuals within the organization and, accordingly, the evaluative criteria used to make both large and small decisions" (p. 76). Altogether, architecture, routine and culture are used to understand an organisation's design and throughout this thesis whenever applying the term organisational design the ARC's will be the theoretical background. The ARC's provide a framework for understanding the organisational design and compare it to the strategy. Saloner et al. (2001) stress how "the design must not only "work," it must do the work that is necessary to achieve the firm's strategic goals. (p. 94).

The ARC framework allows the researcher to recognize clear distinctions between the organisational design and the organisational strategy and highlights the importance of fit. It contributes to this thesis both as data, as the sheet in *Appendix 1* has been filled out by several managers, and as a theory. As a theory it is most applicable when analysing the tension between organisational design and organisational strategy, answering research question one. The conceptualisation of certain organisational traits that can hinder the fit between the internal and the external context will be of specific importance in the analysis.

6

2.2 Organisational Paradoxes

The study of organisational paradoxes has grown over the last twenty years and has received increasing attention within organisational literature (Smith et al., 2017, p. 1). This `new´ field of research has tried to expand on the previous ideas raised by the contingency theorists regarding organisational tensions and the following choice and selection solutions proposed by these theorists (Smith et al.,2017; Smith & Lewis, 2011). "Paradox studies adopt an alternative approach to tensions, exploring how organisations can attend to competing demands simultaneously" (Smith & Lewis, 2011, p. 381). Within organisational paradox studies the focus is rather on "(…) the contradictory *and* interdependent aspects of competing demands (…)" and how "actors and organisations cope, even thrive with plurality, tensions, and contradictions" (Smith et al., 2017, p. 2-3). As opposed to the contingency theories which have rather searched for the `best practice´ when choosing between competing tensions.

A paradox is defined as:

> "*Contradictory yet interrelated elements (dualities) that exists simultaneously and persist over time; such elements seem logical when considered in isolation, but irrational inconsistent, and absurd when juxtaposed*" (Smith & Lewis, 2011, p. 387).

The paradox literature can according to Smith & Lewis (2011) be divided into four overarching categories which deals with distinct elements of organising. These are "(…) learning (knowledge), belonging (identity/interpersonal relationships), organizing (processes), and performing (goals)" (p.383). Within the *learning* category the paradox theories deal with tensions regarding renewing and changing, within the *belonging* category the theories deal with tensions between individual and collective values and roles, the *organizing* deals with tensions regarding competing designs and processes and lastly, the *performing* category deals with competing demands resulting from different stakeholders (p. 383-384). Tensions can cut across several of these categories and should not be viewed as a scientific straitjacket but rather a way of classifying the research. The following research will deal primarily with the organising and the performing category, dealing with the internal organisational design and processes (organizing) versus the external demands from different stakeholders which the strategy is meant to comply with (performing). Nevertheless, one common theme within the paradox literature revolves around how to manage these paradoxes. "Managing paradox, does not imply resolution or eliminating the paradox, but tapping into its energizing potential" (Andriopoulos

& Lewis, 2009, p. 702). This literature is vital as it addresses how managers can support their organisation in navigating the organisational paradoxes present. The paradox literature thus, accentuates the role of the individuals and the importance of actor's responses to the paradoxes. Thus, rather than simply categorizing and acknowledging the presence of organisational paradoxes the managing of these paradoxes will be of interest. The organisational paradox literature will be applied as the predominant analytical perspective when answering research question two.

2.3 Exploration and Exploitation

James March's writings regarding the relationship between exploration and exploitation (1991) have received much attention both in the organisational learning discipline and the organisational paradox studies. The exploration/exploitation dilemma has in particular gained attention during the last two decades as organisations have increasingly been challenged to adhere to competing demands from different stakeholders (e.g. customers, environment). A brief definition regarding the two terms is necessary:

> "*Exploration includes things captured by terms such as search, variation, risk taking, experimentation, play, flexibility, discovery, innovation. Exploitation includes things such as refinement, choice, production, efficiency, selection, implementation, execution*" (March, 1991, p. 71).

These two terms are essentially two different business models (Saloner et al., 2001). Where exploitation revolves around `exploiting´ already established operations and products "doing better what we already do" (Saloner et al., 2001, p. 103). Whereas, the explorer `explores´ new ways of doing things, finding for example alternative domains to occupy. According to March (1991) "maintaining an appropriate balance between exploration and exploitation is a primary factor in system survival and prosperity" (p. 71). However, exploration and exploitation are competitive processes and have differing outcomes and attributions attached to them, thus making them essentially paradoxical. Even worse, the achievement of one might reduce the achievement of the other tremendously (Smith, Binns & Tushman, 2010). March (1991) explain how because of this, what is challenging, is how to balance these seemingly paradoxical processes. It is firmly argued that this balance needs to be achieved in order to gain organisational long-term performance (Raisch & Zimmerman, 2017). Therefore, this balancing

8

between these paradoxical business models has become imperative. Organisational ambidexterity has become the term to signify those who achieve this balance. "Ambidextrous firms are capable of simultaneously, yet contradictory, knowledge management processes, exploiting current competencies and exploring new domains with equal dexterity". (Andriopoulos & Lewis, 2009, p. 696). Becoming an ambidextrous organisation, however, is an ambitious goal as organisations are dependent on boundary construction. When managers create boundaries, they define what one should do and consequently they define what not to do (Smith & Lewis, 2011). Once this definition is made organisations tend to find comfort towards the movement of this goal, neglecting the construction of other goals (Andriopoulos & Lewis, 2009, p. 697). This according to Raisch & Zimmerman (2017) signifies the danger of path-dependency which could weaken an organisations ability to balance exploration and exploitation. Organisations tend to exploit their chosen explorative goal, neglecting the search and flexibility side of exploration. This complexify further the search for balance between these two business models.

March's discussion of exploitation and exploration is highly relevant for this thesis as it highlights the tension between the organisational design and the organisational strategy. It will be applied primarily in the first section of the analysis, which answers research question one. However, the debates regarding how to balance these two opposite models will be applied throughout the analysis in order to reveal the necessity and complexity of balancing paradoxes. The organisational ambidexterity literature will be applied in the discussion of the research to emphasize traits which support the balancing of exploitation and exploration.

2.4   A Dynamic Equilibrium Model of Organising

As previously addressed, a vital aspect within the paradox literature revolves around how to manage paradoxes and how "actors and organisations cope, even thrive with plurality, tensions, and contradictions" (Smith et al., 2017, p. 2-3). Thus, the paradox literature recognizes not only the organisation but also the individual's role in managing paradoxes. Simply stating that there exist paradoxes and that changes need to be made might simplify the process and overlook individual and organisational dynamics which spur the managing of these paradoxes. In order to avoid overlooking these factors the analysis has relied on Smith & Lewis (2011) dynamic equilibrium model for managing paradoxes (*see Figure 1.)*

This model explains how "tensions are inherent and persistent in organizing" (Tsoukas & Pina e Cunha, 2017, p. 7) however, they can be latent or salient. Once the tensions move from latent to salient due to environmental factors, they become experienced by organisational actors and actors respond to the paradoxical tensions. These responses can trigger reinforcing cycles which can be either defensive or receptive and can lead to vicious or virtuous cycles of managing paradoxes (Tsoukas & Pina e Cunha, 2017; Smith & Lewis 2001; Lewis, 2000). "The dynamics of paradox are often vicious" (Lewis, 2000, p. 763) and actors when dealing with these can fall into vicious cycles of responses. According to Smith & Lewis (2011) these vicious cycles "(…) stem from such factors as cognitive and behavioral forces for consistency, emotional anxiety and defensiveness, and organisational forces for inertia" (p. 391). These forces lead to negative responses such as inaction or choosing one of the competing agendas. Consequently, this cycle leads to a negative reinforcing of the paradoxes, which amplifies the tension and negative consequences.
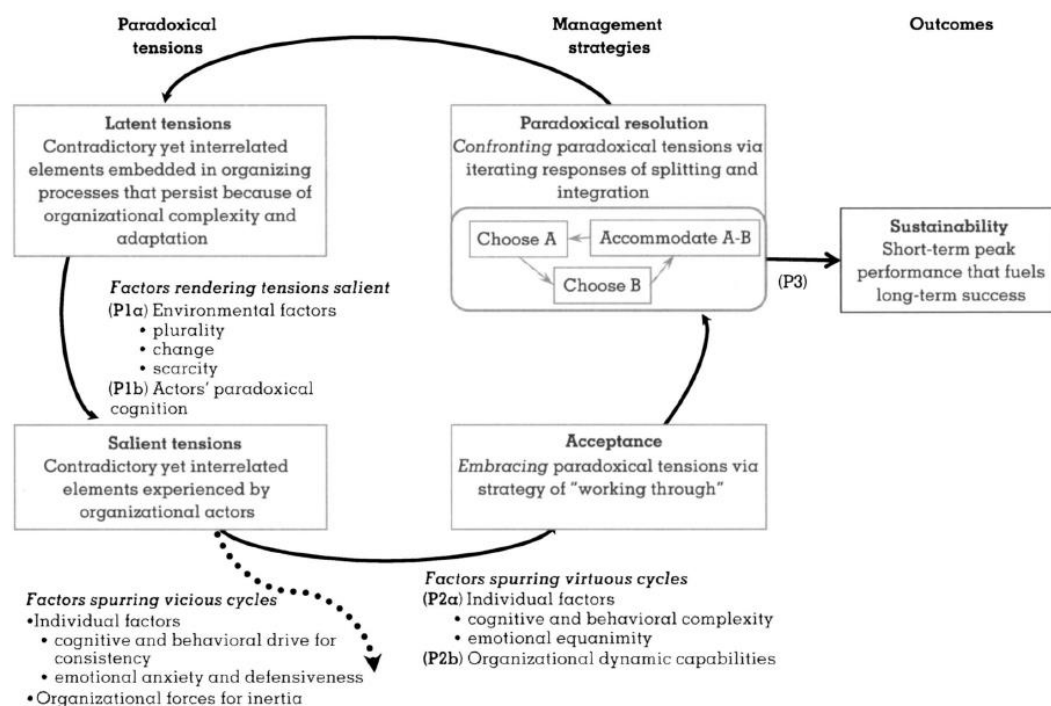

Figure 1. A Dynamic Equilibrium Model of Organizing (Smith & Lewis, 2011, p. 389).

Virtuous cycles of responses, however, are positive paradoxical responses. These entail acceptance and recognition of paradoxes and opens up for individuals hosting paradoxical cognitions and being innovative (Smith & Lewis, 2011). What is vital here is that within the

10

virtuous cycles there is a higher focus on resolutions. "Resolutions involves seeking responses to paradoxical tensions, either through splitting and choosing between tensions or by finding synergies that accommodate opposing poles" (p. 392). Thus, as virtuous cycles lead to acceptance of the paradox it also enables the management of it. "Paradox management entails exploring, rather than suppressing, tensions" (Lewis, 2000, p. 764). Virtuous cycles enable the managing of paradoxes not just the reinforcing of them. The outcome of the management of paradoxes is according to Smith & Lewis (2011): sustainability, meaning that it can allow for the satisfaction of both tensions e.g. satisfying both exploration and exploitation simultaneously. Only virtuous cycles of responses can lead to dynamic equilibrium, as dynamic equilibrium "assumes constant motion across opposing forces" (Smith & Lewis, 386). Since vicious cycles can lead to inaction and paralysis it can never lead to the point where it can be managed and in return reach a sustainable point. The authors conclude their remarks about the model with the following passage: "*Finally, the dynamic equilibrium model proposes that this virtuous cycle enables sustainability by fostering creativity and learning, enabling flexibility and resilience, and unleashing human potential*" (p. 394).

This theory provides an analytical tool in which to diagnose the managers' responses to the tensions experienced. It is applied in the second section of the analysis, where research question two is in focus. It provides clear symptoms which when diagnosed signify either a virtuous or vicious cycle. These symptoms can be discovered when analysing the data and they allow for a conclusion which can signify the significance of the responses.

2.5   Summary of The Theory Chapter

This chapter has introduced the main theoretical frameworks that will be applied in order to answer the two research questions stated in the first chapter. The ARC theory and March's discussion of exploitation and exploration will mostly be utilized when answering research question one. The ARC theory's conceptualisation of certain organisational traits that can hinder the fit between the internal and the external context is of importance as it highlights the tension between this case's design and strategy. March's discussion of exploitation and exploration also highlights the tension between organisational design and organisational strategy. It allows the researcher to observe traits and divide them into exploitation versus exploration, and, consequently, describe tensions between the traits as expressed in the strategy

versus the traits as found in the design. Additionally, the discussion section will use literature focusing on ambidextrous organisations in order to demonstrate the attributes found in organisations able to balance exploration and exploitation.

The organisational paradox literature as explained will be applied as the predominant analytical perspective when answering research question two. A definition of paradox has been presented here and this will be the definition of paradoxes utilized throughout the thesis. When answering research question two, the dynamic equilibrium model of organising paradoxes is vital. This theory and model provide the researcher with an analytical tool to discuss the significance of the managers' responses for the management of paradoxes. Other theoretical contributions from the paradox literature will feature in the second part of the analysis in order to accentuate the paradox literature's perspective.

3   Method

3.1   Research Context

The research was carried out in a large global company with a long history of providing professional services, with the case context being the part of the company that delivers common services globally. This research came to existence after a previous project was completed by the author in the same organisation. This opened a dialogue where specific projects appeared and soon one project attracted my attention. It became apparent that the leaders and managers at different levels had just completed a programme which sought to enhance the company's ability to digitally transform, as this is one of their main strategies for 2020. As part of this programme hundreds of employees had completed an ARC analysis (*see Appendix 1*). The ARC sheet encouraged them to analyse the current organisational design. In the case's shared services organisation 46 managers and leaders had completed this ARC sheet, but because of lack of time and resources the organisation had not been able to analyse the data material at hand any further. It was assumed that the dynamics found in this analysis could be expected to be found at other business areas in the wider company. The managers believed that getting this analysis on paper and analysed considering organisational theory would strengthen the need for change at the top-level.

3.2   Methodological Approach

The research began with the idea that the ARC's would provide enough data to answer questions revolving the organisational design. However, the data was not sufficient to answer any questions standalone. The data did, however, give clear indications of organisational tensions and appeared to be great as background material. Thus, the data did provide a clear roadmap and allowed the creation of two research question which would hopefully provide further insights. In order to answer the research questions stated above the following research was conducted in two phases. Phase one revolved around a thorough document analysis where materials already collected by the organisation (secondary sources) was analysed in an abductive fashion in order to create the research questions. As the research questions revolved around understanding how actors experience and respond to tensions between organisational

design and organisational strategy the researcher decided to perform a qualitative research. The research questions would thus be further explored through phase two where data was gathered from interviews (primary source).

The qualitative research was chosen as it made it possible to comprehend and explore the reasoning behind those perceptions and responses "(…) and their deeper thoughts and behaviors that governed their responses" (Creswell and Poth, 2018, p. 46). As the research questions revolved around uncovering a particular phenomenon, it was important to gain a "(…) complex, detailed understanding of the issue" (Creswell and Poth, 2018, p. 45). This according to the authors is best discovered through direct storytelling and dialogue. Additionally, the choice of a qualitative method allowed the researcher to discover new factors and topic's as the research was conducted. This feature is less possible when conducting quantitative research methods as the questions and possible answers are already created (Tjora, 2013). The quantitative research method thus becomes more fixed. The qualitative method on the other hand provides more inductive freedom allowing the research to listen to and interpret the data in retrospect. As this research involved understanding experiences and responses, it had to remain open to any types of experiences and responses and this could only be achieved through a personal open dialogue.

3.2.1 Case Study

As emphasized above the research has been conducted in one shared services organisation within a global company. As the study is bounded within an existing real-life system it qualifies as a case study. "A case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident". (Yin 2009: 18). Since the phenomena under study (tensions) is hard to isolate from its context simultaneously as it is a study of one organisation's context (it is "a" case) it is appropriate to describe this research as a case study. This research additionally qualifies as a case study as it applies more than one data source. The usage of multiple sources (i.e. primary and secondary) is a regular occurrence within case studies (Ghauri & Grønhaug, 2010), and is even encouraged (Tjora, 2013). This case study as explained in section 3.1 has been chosen for pragmatic reasons as the researcher had access and knowledge of the case from beforehand (Tjora, 2013). The case was chosen by the researcher; however, it is important to emphasize that the case chosen already qualified as a case-study

when it was selected. Since the ARC's already had investigated a phenomenon which was bounded within a real-life context. However, this was viewed as positive as already collected data was considered as timesaving. Additionally, the researcher's prior knowledge and access to the organisation was viewed as positive as this thesis had a very narrow time frame and finding informants elsewhere would take additional time.

3.3   The Research Process

In order to ensure compliance with the new General Data Protection Regulation (GDPR), the research was notified to and improved by the Norwegian Centre for Research Data (*see Appendix 3*). The research began in January 2019 and lasted until mid-May 2019. Two methods have been applied: document analysis and in-depth interviews. These processes will now be explained in detail.

3.3.1   Document Analysis

"Document analysis is a form of qualitative research that uses a systematic procedure to analyse documentary evidence and answer specific research questions" (Gross, 2018, p. 545). According to Gross it is a type of method which can be applied either as a stand-alone research method or as part of a wider mixed-method study. In this research the document analysis was applied as one method in a mixed-method study and functioned as a way to elucidate the managers and leaders' views regarding their organisational design. The ARC sheets *(see Appendix 1.)* became the data material which would provide an understanding of this. Additionally, the organisation's strategy for 2020 was applied as a way of gaining knowledge about the strategy and thus their external context. The findings from the ARC's analysis were then compared to the strategy as a way to determine the research question.

3.3.1.1. Selection

The ARC sheets were completed by 46 managers and these sheets became the primary documents to be analysed. The ARC sheets were completed by leaders at different levels within the organisation and they were delivered to the researcher fully anonymized. The ARC sheets were completed prior to this research and the researcher did not have any influence over the selection criteria's or the design of the sheets. However, in order to learn more regarding the

background of the sheets the researcher contacted those in charge of creating them beforehand in order to understand the purpose of the design. The researcher got acquainted with the theories behind the sheet and through e-mail correspondence got provided with key information. The organisation was in charge of the selection before the researcher got involved. The selection criterion appeared to be based on position, location and unit. The informants needed to be managers, however, they wanted spread within the locations and units and diversity within age and gender. So overall, the selection appeared to be representative of the managers working in the shared services organisation.

3.3.1.2. Execution & Analysis

The document analysis concerning the ARC's were firstly analysed inductively. "Induction is associated with qualitative research and naturalism, where the intent is to be 'true to the data themselves', allowing the data 'to speak for themselves" (Miller & Brewer, 2003, n.p.). Analysing data inductively simply means viewing the data without a priori assumptions or theoretical ideas (Miller & Brewer, 2003). The ARC sheets where coded and categorized in two phases. The first phase revolved around sampling all the sheets and dividing them into sections (i.e. architecture, routine and culture). These were all transferred into one table creating one large ARC overview. The second phase involved applying the Gioia methodology to the analysis. Gioia, Corley & Hamilton (2012) has encouraged all researchers seeking qualitative rigor to present their systematic approach to analysis, so that the reader can comprehend and hopefully agree with the way conclusions has been drawn. Using their article as inspiration, the below *Figure 2.* has been created as an illustration of how the analysis has been conducted. After all the ARC data was gathered it became easier to code the data in order to find patterns. Coding "(…) involves close exploration of collected data and assigning it codes, which may be names, categories, concepts, theoretical ideas or classes" (O'Reilly, 2009, p. 34). In *Figure 2.* Under 1st Order Concepts this type of coding is presented. The 1st-order analysis's purpose is to remain as adherent to the informant's terms as possible, creating broad categories which when compiled are compared to other categories and given phrasal descriptors (which are true to the informant's terms) (Gioia et al., 2012).
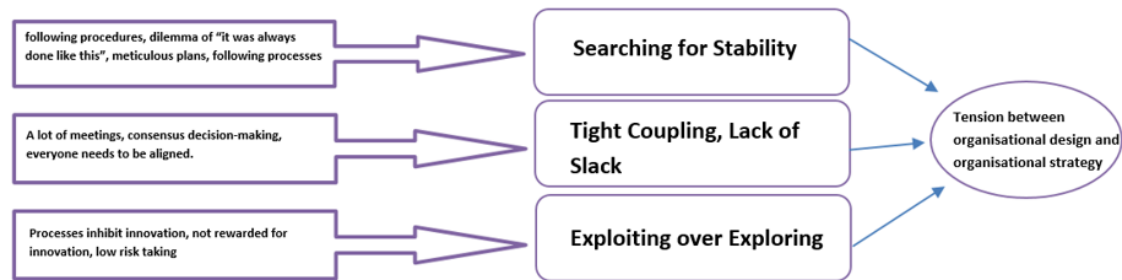
16

1st Order Concepts   **2nd Order Themes**   **Aggregate Dimensions**

following procedures, dilemma of "it was always done like this", meticulous plans, following processes → **Searching for Stability**

A lot of meetings, consensus decision-making, everyone needs to be aligned. → **Tight Coupling, Lack of Slack**

Processes inhibit innovation, not rewarded for innovation, low risk taking → **Exploiting over Exploring**

Tension between organisational design and organisational strategy

Figure 2. Data Structure of Analysis of Documents (Gioia et al., 2012).

Once this is completed, the 2nd Order Themes are searched for. "It is at this point that we treat *ourselves* as knowledgeable agents who can (and must) think at multiple levels simultaneously (i.e., at the level of the informant terms and codes *and* at the more abstract, 2nd-order theoretical level of themes, dimensions, and the larger narrative (…)" (Gioia et al., 2012, p. 20). Thus, this is where we move towards the theoretical realm, asking what the 1st-Order Concepts describes and which theoretical lenses can be applied to explain the phenomenon. Within this level of the analysis the organisation's strategy was applied. This was initially done as a way of completing the ARC's purpose; to check that the internal context of the organisation was consistent with the external context. The strategy however, provided some clear 2nd Order Themes. An example is how the strategy emphasized agility as a strategic driver, whilst the first box in the 1st order concept provided evidence of search for stability.

The 2nd order themes consequently highlighted the contradictions between the ARC's and the strategy and allowed for the aggregate dimension to be created. The 2nd order themes allowed the researcher to find evidence of tensions between the ARCs and the strategy, however, it gave little explanations as to how or why this was the case. These findings thus allowed the researcher to compose the research questions, however it also provided evidence that more data was necessary in order to fully answer the research questions created. As a result of this interviews became the next method gathering data.

3.3.2 In-Depth Interviews

As this research was particularly interested in how the informants experienced and responded to the tension between strategy and design the in-depth interview method was suitable as it allowed the researcher to dive into the experienced reality of the informants. When applying in-depth interviews as a research method the purpose is to study the meaning, attitudes and experiences of the informants through asking open questions attached to certain topics (Tjora, 2013). "The purpose of the in-depth interviews is to create a situation for a relative free conversation which revolves around some specific topics the researchers have predetermined" [my translation] (Tjora, 2013, p. 104). Thus, it provided the researcher with the opportunity to guide the conversation towards certain topics at the same time as the informants are free to answer the questions in any direction they please. The in-depth interviews are also specifically purposeful when the researcher has a limited understanding of the phenomenon at hand. As the research tried to disclose experiences and responses and the significance of these the in-depth interviews were viewed as most appropriate as it allowed for real-time reflection and answers. The in-depth interviews also allowed the researcher to understand more precisely the findings found from the data analysis and add further insight.

3.2.2.1. Selection

The in-depth interviews were conducted with ten managers. The informants where chosen strategically, meaning that the researcher in advance believed that these individuals had something particular to contribute to in the research (Dalland, 2010). In this case the contact person in the organisation chose the informants based on some criterions given by the researcher. The first criterion was that the manager had to have filled out the ARC previously. Additionally, the researcher wanted the number of women and men to be as equal as possible and wanted different tenure. From a research point of view, it would have been interesting to see if the responses differed from both gender and age. However, the contact person was only able to find three women as opposed to seven men who could participate. This could, nevertheless, be argued to be a representative number as more men than women were in manager positions. Tenure as well became a problem as most managers within this organisation had over a decade of tenure behind them. Only one informant had worked less than three years in the company. The contact person wanted the interviews to have candidates from several locations as this perhaps could provide different insights. This was achieved as six of ten

18

informants were based at other locations than at the headquarter. The informants represented distinct units within the organisation and thus the organisation as a whole can be said to be represented.

A discussion was early conducted whether interviews with other employees than managers would be wise, as it would provide a more `bottom-up´ angle than a merely `top-down´. However, as the interview guide was created on the basis of the ARC's which had only been filled out by managers, and there were strict time-constraints it was chosen to focus mainly on the managers. This has positive and negative consequences for this thesis. It is negative in the way that it will not reveal the `full picture´ as `normal´ employees are not allowed to address the findings. However, it is also important to address that many view leaders as the most important catalysts for change and thus the leader's interpretations regarding their design versus strategy could be viewed as beneficial. It can be argued that a thesis based on what the managers experience might have more merit and more chance of sustaining any alterations in the future.

3.3.2.1. Execution & Analysis

Prior to the interviews a semi-structured interview guide was created *(see Appendix 2.)*. This interview guide was created based on the findings from the document analysis conducted earlier on. As the document analysis disclosed tensions between the organisational design and the organisational strategy this became the basis for the questions asked. The interview guide tried to accomplish what Tjora (2013) discussed regarding having three phases; warm up, reflection and completion. The first phase, the warm up phase revolved around the researcher asking the informant a simple and in no way intimidating question. In this case the question was connected to what type of position the informant had and how long they had been employed in the organisation. The purpose of the warm up phase is to make the informant feel comfortable and in control over the situation (Tjora, 2013). The reflection phase revolves around asking questions that allow the informant to reflect over the topic. In accordance to Kvale (2007) the interview guide tried to avoid questions emphasizing `why´ and `what´ as these questions might create speculative explanations rather than spontaneous. The questions were instead framed in a way that encouraged reflection, such as "do you have any examples of" or "do you feel that". One particular discussion element when creating the interview guide concerned the usage of the word paradox in the questions. After a discussion with the project leader we came to an

agreement that asking questions with the term `paradox´ would be leading and instead words such as `tensions´ and `contradictions´ were applied. In Andriopoulos & Lewis's (2009) article about managing paradoxes of innovation they consistently did not apply terms such as `tensions´, `contradictions´ or `dilemma´ as they wanted the informants to wander into these subjects on their own (p. 699) However, because of a lack of time and resources this research did not have the privilege to conduct an equal amount of interviews and therefore did not have the opportunity to let the interviews prone these freely. It can also be argued that terms such as `tensions´ and `contradictions´ are terms used in day-to-day life and therefore do not contain the same rigid meanings as the term `paradox´.

During the interviews some logistical issues appeared which forced the researcher to move away from a semi-structured interview guide to a more focused interview. The main logistical issue which caused this was time. A focused interview is a shorter type of interview where the topic is highly demarcated which allows for more closed questions. The interview guide was based on the idea that the interview would last 45-60 minutes, however, the researcher was only provided with 30 minutes. The first interview conducted provided the researcher with clear evidence on the need to have lesser questions, and more focused questions. It also required a stricter need to steer the conversation when it went off track. Thankfully many of the informants had spare time which meant that the average interview time was around 40 minutes. As Tjora (2013) explained the usage of shorter interview methods such as focused interviews should be considered when the topic of discussion is highly demarcated and when the topics are less sensitive. Focused interviews allow the researcher to probe the informants and keep them on track. Another issue regarding the interviews were the mix of physical interviews and interviews through Skype. Even though there was video on Skype so that the researcher was able to see the informant there is a clear difference when it comes to the researcher's ability to create a safe environment and atmosphere. The general experience with the two were that the interviews over Skype were more formal and not as relaxed as the physical once. Nevertheless, video interviews (Skype) provide a great opportunity to involve informants across the borders in both a cheap and effective way.

All the interviews where audio-recorded and afterwards transcribed. The audio-recordings were deleted after the transcription and the transcribed data was later analysed. To analyse the

transcriptions the Gioia methodology was also applied here as a tool to analyse the data (2012). *Figure 3.* demonstrates an example of this.
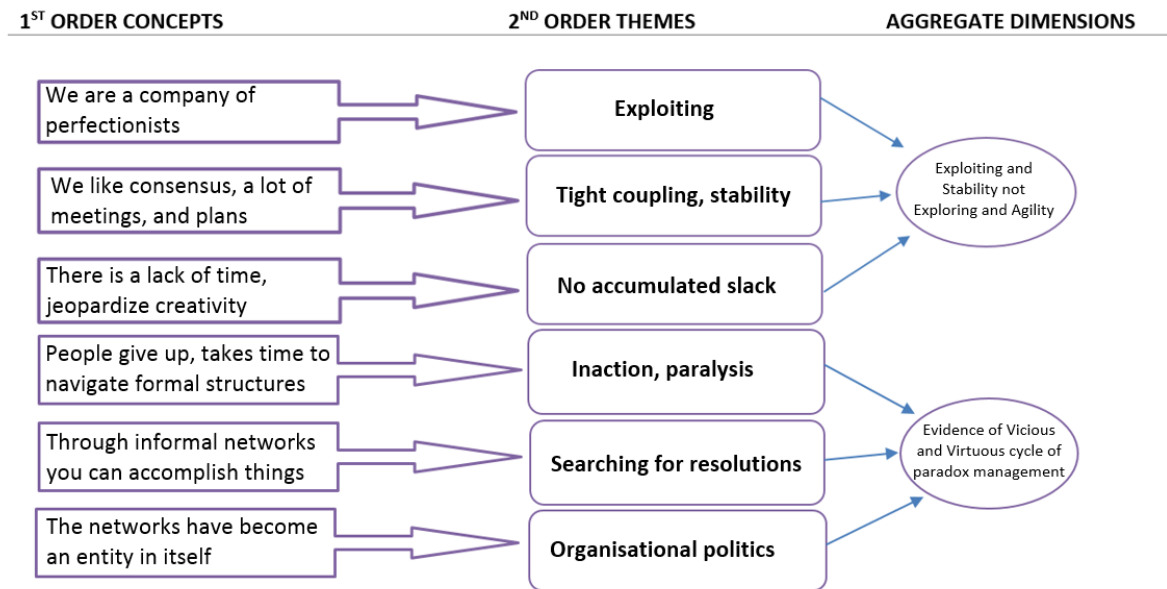
Figure 3. Data Structure of Analysis of Transcripts from Interviews (Gioia et al., 2012).

To summarize, the three first boxes under 1st Order Concepts are phrasal descriptors compiled from the transcripts which were linked to the first research question. The last three boxes are phrasal descriptors which when analysed where viewed as belonging to the second research question. This is evident in the 2nd Order Themes where these phrasal descriptors have been given a broader theoretical theme. These theoretical themes combined allowed for the creation of the aggregate dimensions. The aggregate dimensions were created with the research question in the back of the researcher's mind. When reviewing the data, the researcher tried to examine whether there were any differences in the data which could result from cultural differences based on different work-locations. However, no significant differences were discovered.

3.4   Methodological Discussion

The concept of validity and reliability has been questioned within the qualitative research community as it bestows a positivistic and quantitative concept to the field (Kvale, 2007, p. 122). However, as Kvale further argues these concepts can be transferrable to qualitative

research if one treats them in a manner consistent with the epistemology within social sciences. Therefore, this section will deal with the concept of validity and reliability within this thesis.

3.4.1 Validity

"Validity refers in ordinary language to the truth, the correctness and the strength of a statement. A valid argument is sound, well grounded, justifiable, strong and convincing" (Kvale, 2007, p. 122). Within social sciences the word validity refers to the way the method and research conducted investigates what it claims to investigate in a convincing way (Kvale, 2007). It revolves around discussing which strategies have been chosen in order to support the arguments made in this dissertation. In this section I will justify the ways and the means the researcher has taken in order to write an "accurate" thesis (Creswell and Poth, 2018). Accurate, means that the research's arguments and analysis are created in a valid way.

The first argument for validity revolves around the plentiful usage of the organisational paradox literature. "The most important source of high validity is that the research is conducted within the frames of the discipline, and that it is rooted in other relevant research" [my translation] (Tjora, 2013, p. 207). In order to support the arguments created below the researcher has spent a great amount of time reading relevant articles connected to the organisational paradox field. Here, patterns of discussions have been found and one article has led to another. Through engaging with one discipline in this way the validity increases as a triangulation of research can back up the findings presented in the study below. The research has tried to commit itself to multiple theories and has used them as a justification for its own arguments. This provides a higher validity for the arguments presented below. Creswell and Poth (2018) explain that corroborating evidence through triangulation of multiple data sources is a way of gaining validity and this thesis has done just this through its utilization of a document-analysis and interviews (p. 260). Additionally, all the data and analysis has been debriefed to the supervisor. The supervisor has been made familiar with the research and phenomenon explored and has functioned as a sort of external check (Creswell and Poth, 2018). This strengthens the validity as the data is critically looked at by someone outside the scope of the research. It is not uncommon for researchers to get biased towards their own understanding of the data and shape their interpretations based on past experiences and prejudice. Through allowing a peer to review your data and analysis throughout the process this allows for `a new set of eyes´ who can

critically engage with your interpretations. The contact person in the organisation has also been provided with drafts during the process so that misinformation could be discovered and corrected.

There are some general misconceptions regarding the value of conducting a case study, particularly around the issue of it being context-dependent (Flyvbjerg, 2004). Some believe that context-independent knowledge has a more scientific value. However, Flyvbjerg (2004) explain how the pursuit of universal truths and context-independent knowledge "cannot be found in the study of human affairs. Concrete, context-dependent knowledge is therefore more valuable than the vain search for predictive theories and universals" (p. 393). A qualitative case study allows the researcher to describe, interpret and analyse a particular case's context in real-time without the scientific demand of generalizability attached to it. That is not to say, however, that this case's findings cannot be found in other contexts apart from this case.

3.4.2 Reliability

"Reliability pertains to the consistency and trustworthiness of research findings; it is often treated in relation to the issue of whether a finding is reproducible at other times and by other researchers" (Kvale, 2007, p. 122). According to Tjora (2013), the epistemology in which qualitative methods have originated from does not believe that research can be conducted in a neutral, objective manner. The researcher cannot fully remove itself from the object it studies and thus the researcher's subjective self is always a part of the findings. This according to Tjora (2013) is dealt with through openness. The researcher must be open regarding its preconceived ideas, its engagement with the study and possible personal biases. When reflecting about the possible affect the researcher has had on the study one particular pre-conceived idea which could have affected the study was discovered. The researcher has spent five years studying organisational studies through a critical lens. This has probably made finding critical elements in this case more likely. However, in order to deal with this the researcher has tried to be open throughout the process of finding non-critical features. The researcher has been open about the possibility of the pre-conceived notions being wrong and has been open about changing the research question if the data did not provide any proof of the researcher's hypothesis. This has enhanced the trustworthiness of this research.

The second aspect of Kvale's quote above revolves around issues of reproducibility. As the interviewer had no prior knowledge or acquaintance with the informants it is likely that another researcher would be able to get the same responses. "Issues of reliability also arise in connection with transcription and analysis of interviews, pertaining to whether different transcribers and analysers will come up with similar transcriptions and analyses" (Kvale 2007, p. 122). As the interviews where audio-recorded this enhances the possibility of the transcriptions being similar if another researcher had conducted this. In the analysis section the researcher has tried to apply as many direct quotes from the informants as possible, allowing the data to speak for itself. According to Tjora (2013) this strengthens the reliability of a research. The direct quotes found in the analysis have been applied in a sensitive way. What is often the case in qualitative studies you will find that the informants discuss several topics simultaneously and often for several minutes. Thus, in order for the research to be comprehendible for an outsider it needs to be stripped down. This means that sometimes the quotes found in the analysis are cut out of a larger context. However, as a researcher it is vital to remain as true to the informants' voice as possible. This means that when `stripping down´ the quote a lot of considerations are made in order for it to remain as true as possible. It is impossible to say whether another researcher would have performed this task in the same manner, and this is a weakness of reliability.

3.5 Ethical Issues

Creswell and Poth (2018), explains how most of the ethical issues of a research emerge in the data collection phase. It is vital that the wellbeing and safety of the informants are considered and that they are not deceived or treated without respect. Therefore, most of the ethical considerations made during this research concerned the interviews. The informants were provided with an information letter (*see Appendix 4.)* where they were informed about the research's purpose, requirements and also their rights concerning personal privacy. This information letter kept faith with the requirements from the Norwegian Centre of Research Data. The research was as earlier mentioned also approved by the same centre. The information letter was sent out approximately one week before the interviews so that the informants had time to get acquainted with the information. During the interviews the researcher made room for questions revolving matters such as anonymity, personal privacy and any other concerns the informants might have had regarding participating. Even though the study in itself did not include any sensitive topics, some of the informants expressed some concern regarding

24

discussing their own organisation and/or company critically. One informant in particular addressed how discussing critically the way things where done around in the organisation could perhaps limit the career opportunities for the informant. After the researcher reminded the informant of the degree of anonymity this concern seemed to diminish. The researcher obtained written consent from all the informants before the interviews were conducted. They were also told to contact the researcher at any time if they wanted to review, correct or delete their data. The anonymisation phase and treatment of quotes has throughout the process kept the issue of anonymisation in mind. The selection section of the interviews in this thesis has therefore, been intentionally kept short. The less information provided about age, title, and business unit the less likely it is that the informants can be identified. The same procedure has been conducted throughout the analysis, where informants are given names as random numbers ranging from 1-10. No information has been provided regarding age, appearances, ethnicity, tenure or location. The researcher has also been sensitive regarding including quotes containing information about projects the informants worked on, or specific information such as special meetings they have attended.

3.6   Summary of The Method Chapter

This chapter has introduced the research' context; a shared services organisation within a global company which had completed an ARC analysis in collaboration with the business school INSEAD. These ARC sheets had been completed by 46 managers but had not been analysed and this organisation and its ARC's became the case study. After conducting a document-analysis of the ARC's, evidence of tensions between organisational design and strategy became apparent. In order to research into this further, two research questions were created, and in-depth interviews were conducted with ten managers. This chapter has emphasized this research process in detail, providing arguments for the choice of a qualitative research method and interviews. Disclosing how the qualitative research allowed the researcher to uncover the detailed experiences and responses of the managers through an open dialogue. Additionally, the selection and execution of these research processes have been made explicit. Lastly, the validity and reliability of the research has been discussed and how the ethical issues in the research have been managed.

4   Analysis

1. How are the tensions between strategy and design as disclosed by the ARC's, experienced by the managers?

2. How do the managers respond to the tensions between the organisational design and the organisational strategy, and what is the significance of this response for the achievement of the strategic objectives?

In order to answer the two research questions stated above, the following analysis will be divided into two sections. The first section will disclose how the managers experience the tension between the organisational design and the organisational strategy as disclosed by the ARC's. This section will utilize both the ARC theory and the exploration/exploitation theory as addressed in the theory chapter. It is necessary here to remind the reader that the term organisational design refers to the architecture, routine and culture as addressed in the theory section 2.1. It is a necessary reminder as the ARC's appliance of this term is in a broader fashion than other definitions, and thus should not be mistaken for other definitions. The analysis connected to the first research question reveal that the managers experienced an organisational design which tended to promote exploitation and stability over exploration and agility. The strategy on the other hand emphasizes the need to balance stability/agility and exploration/exploitation and thus a tension between design and strategy arises. Evidence of how these tensions were experienced will be discussed in the first section.

The second section will address the managers' responses to these tensions and the significance of this response for the organisation's ability to achieve its goals as highlighted by the strategy. This section will use the dynamic equilibrium model of organising and discuss the significance of the responses in regard to Smith & Lewis discussions of vicious versus virtuous cycles of paradox management. The analysis connected to the second research question reveal evidence of both types of cycles, where the individual level corresponds with the virtuous characteristics and the organisational level to the vicious. To briefly summarise, the first section will provide empirical evidence for the presence of tensions and the second section will apply the paradox literature as the perspective in which these tensions can be viewed.

4.2 Tensions Between the Organisational Design and the Organisational Strategy

There were particularly two tensions disclosed by the ARC's; between exploration/exploitation and agility/stability. Evidence of how these tensions are experienced by the managers will now be presented. As both these tensions stem from the same traits of organisational design it has been difficult to separate them and analyse them individually. However, an attempt has been made to do just this for the sake of structure. Regardless, there will be topics that cross and intersect one another. This section of the analysis will focus on providing empirical evidence of the presence of tensions as experienced by the actors. Some theoretical contributions will be provided here in order to strengthen the findings.

4.2.1 Exploitation versus Exploration

When the informants were asked whether they believed their organisation had an exploitation or an exploration business model the vast majority believed that the exploitation business model described their operations most accurately. They experienced that their core operational activities revolved around transactional services, cost-reduction and efficiency seeking. Thus, aspects of refinement, efficiency and execution as March (1991, p. 71) described as characteristics of exploitation. This is also consistent with parts of their strategy, which focuses on providing efficient services to the other business areas. Nevertheless, several informants also believed that the future state for the organisation as addressed in the strategy had more exploration than in the past. The future state for the organisation involves becoming a global business partner for the other business areas. The informants described how the great thing about the strategy is that it amplifies the importance of creating added value for the customers. The customers in this case are the other business areas in the organisation, which this organisation provides services to. Two informants explained how the strategy focuses on moving the organisation from a `servant-like´ position to a `partner´ position (**Informant 1 & 4**). It is about exploring new ways to deliver their services to the other units. The strategy thus has clear elements of exploring as well; searching, experimenting and innovating (March, 1991). One informant emphasized this need to balance both the exploitation and exploration traits of their operations.

"I think we are the exploiters. And we should be the exploiters because that is why we have set up our department, to execute services more efficient than the other business areas. But then being an executor also requires us to take a holistic view and think how we can innovate our services or the way we deliver our services, digitalization to become even better service providers to the business areas" (**Informant 8**).

As explained by Informant **8**, the process towards becoming a business partner involved exploring areas of service-providing which have previously been unexplored. Informant **6** further emphasized how it is about being able to communicate the organisation's added-value *"instead of always being viewed as this constant cost-centre that just needs to be squeezed, squeezed, squeezed"*. All the managers viewed this new future image of the organisation as positive as it provided it with a necessary lift and highlighted the competence and knowledge the organisation possessed. To summarize, the informants experienced their current organisational business model to be most similar to March's exploitation model. Nevertheless, many believed that the future state as addressed in the strategy had more aspects of the exploitation model. However, what was discovered in the interviews was that several experienced parts of their organisational design as hindering them from engaging with exploration. When analysing the data, it became clear that one of the main experienced tension between the organisational design and the organisational strategy encompassed the decision-making coordination. However, as this trait of organisational design is also the one experienced as creating the tension between agility/stability the analysis will come back to this topic after introducing the agility/stability tension.

4.2.2 Agility versus Stability

One of the organisation's strategic drivers is being agile. In the strategy it is explained how this is about moving fast and being flexible, having a mindset that quickly spots change and embraces it. It is described how agility for them revolves around the practices and processes so that things are done in an agile way. During the analysis of the ARC's certain patterns were discovered which suggested a higher focus on stability rather than agility. Thus, it was hypothesized that consistency and business-as-usual was a priority over flexibility and quickly embracing change. This was therefore chosen as a topic of discussion in the interviews as this could point towards a tension between their organisational design and the strategy.

When providing examples on how they worked towards reaching the strategy in their everyday operations some evidence on behaviour spurring agility was found. Several managers explained how they had focused on changing the mindsets of their employees towards becoming more dynamic as opposed to static. This they had done through encouraging their employees to engage in critical thinking regarding their work instead of "well that's the way it's always been done" thinking (**Informant 3**). One informant in particular during the interview described how he had instead of trying to figure out how to robotize or digitalize certain process to make them more efficient had tried to ask himself why they were doing the processes at all, engaging in a type of double-loop learning (Argyris & Schön, 1996). This could be argued to represents a move towards agility, as the managers are taking a leap away from stable, consistent thought processes towards spotting change and embracing dynamic thinking. However, many of the informants discussed how the company had a history of perfectionism which hindered the company from being as flexible as the managers would like. From this point forward both the agility/stability tension and the exploitation/exploration will be discussed together as the decision-making affected both these strategic objectives.

4.2.3 The Coordination Problem

An organisation's decision-making process is part of their organisational design, and Saloner et al. (2001) accentuate how the decision-making processes designed, constitute a major coordination problem. The ARC literature explains how "the coordination problem is the challenge of designing an optimal organisation even when everyone in the firm fully internalizes its goals and puts self-interests aside in helping it to pursue those goals" (Saloner et al., 2001, p. 71). This problem revolves around how to coordinate the assets whether tangible or intangible so that the organisations can operate in order to reach its goals. The way the organisation has designed its decision-making process and information-flows are examples of coordination that can both support and obstruct their performance. The characteristics of the decision-making described in the interviews will now be discussed. The findings below indicate a decision-making coordination embedded into the organisational design which spurs tensions between the design and the strategy. Particularly, the traits regarding perfectionism and consensus-seeking can be viewed as evidence of coordination not being aligned with the strategy.

The informants described the decision-making processes as characterized by the search for perfection; "*We like to get everything right. We are a company of perfectionists. 100% accurate all the time yet that then becomes a limitation in our ability to move fast*" **(Informant 4)**.

"*I think there is a little high focus on doing the right things and what kind is the best approach and focusing on achieving the planned outcomes and so it's really kind of culture which is about getting the right things done and accomplish*" (**Informant 5**).

"*I think there is a mentality of perfection which is embedded in our culture. We are a company of engineers and I think actually an engineering mindset that everything needs to be perfect and very well embedded from the beginning*" **(Informant 7).**

Even though the distinction between doing "the things right" and doing "the right things" are treated somewhat unclear by the informants here, the overall point is that perfectionism entails a strive towards doing "the things right". Thus, focusing on exploitation features. If the consensus lied in doing "the right thing" this would point towards more of an explorative mode which would entail experimentation and search rather than refinement and execution (March, 1991). This focus on doing "things right" involves aspects of stability rather than agility as it involves adhering to formal plans and processes focusing on executing things to perfection rather than allowing flexibility and fast changing. This culture of perfectionism addressed above was also conferred by other informants, and it was expressed that a part of the perfectionism culture related to creating meticulous plans that once created were hoped to last "forever" and became the steering document to everyone. "*We have an over-focus on problems and risks, and as a part of that we become terribly plan focused. And these take a lot of time to create, with a lot of people involved. We make these five-year plans which are outdated within a year, so we are extremely plan-focused*" (**Informant 8**).

According to the informants the decision-making process revolving around crafting plans would drag on, sometimes for years, as everything was supposed to be perfect and everyone was supposed to be perfectly aligned and informed. One informant explained how once when he presented something to the directors which had a clear set of recommendations; it took four months to start on those recommendations as the right project structure had to be in place. "*It wasn't even about is this the right thing to look at or right thing to do, it was how to put the project structure together to enable us to do that. Rather than just saying "let's go with it" it was like four months back and forth asking who will sit in this seat and that seat, who will steer*

30

it, what is the scope etc." (**Informant 4**). Informant **7** and **10** had similar stories where issues that needed to be resolved took up to two years to resolve. This highly elevates the argument that stability and exploitation rather than agility and exploration is part of their organisational design.

Perfectionism was described as the need to have everything perfectly aligned and embedded from the beginning. Meaning that a project was not approved before all the details regarding the project's intention, outcomes and processes were discussed and agreed upon by several parties. Nevertheless, exploration de facto involves returns that are "less certain, more remote in time, and organisationally more distant from the locus of action and adaption" (March, 1991, p. 73). Exploration involves searching, testing and in many cases failing. It is about taking risks without knowing the outcomes. Informant **7** explained how in order to reach the exploration sides of the strategy it was all about "*accepting that you may need to turn once or twice, three times to you are right. You need to test things, and sometimes for testing you may need to right your wrong*". However, the informant believed that there were forces suppressing this. Informant **10** further emphasized how on a verbal level they were there, however on the action level it stopped.

It became clear that one of the time-consuming aspects of creating these plans were an emphasis on information-sharing and consensus-creating across all business units before reaching a conclusion. "*We like consensus and that is again a part of our historical culture. So, trying to get everybody onboard on the same page before you go can be a limitation*" (**Informant 4**). Informant **2, 4, 6, 7, 8, 9** & **10** discussed this issue of information-sharing and consensus-seeking and emphasized how this was excessive. One informant explained how this was related to the general control aspect within the organisation. "*There is a lot of reporting, a lot of control, a lot of meetings, and most meetings are control related. Like "please report to me" type of meetings. And I think this is a big weakness, and we have addressed this several times because it takes up a lot of time and defocuses us on achieving improvements and innovation and value-creation*" (**Informant 8**). As informant **8** describes the meeting culture in the organisation de-focused them from achieving improvements and value-creation. Thus, it prevented the managers from pursuing the more explorative aspects of their strategy as most of their time was spent on meetings and other formal processes and procedures. Lewis, et al. (2014) accentuate how when balancing the stability/agility tension it is about confidence, trust and risk taking.

However, when talking with the informants they discussed aspects of control, and lack of trust and confidence. *"We sometimes don't want to let go. And there are moments where we sometimes will go into micro-management, where it will be difficult for us to lose that control and say, "go and figure that out, go and do it, I trust you" with all the consequences that could bring"* (**Informant 10**). Another informant described how this micro-management suited the exploitation aspects of business but when it came to the innovation and creative processes it did not make that much sense (**Informant 9**).

Further, it was explained how the business units which they provide their services to and which they call their customers needed to be consulted on most of their activities. Informant **4** described how when he had presented a project which was going to provide even better services to the business units the business units had admittedly asked why they hadn't been consulted on this before. Further emphasizing how it was frustrating that the business units needed to be involved as it only slowed down the project timeline as everybody felt they had a say. The informant also addressed the irony in how a service which was only going to provide better services to the business unit was delayed by the business units themselves as they did not want to let the organisation have full autonomy over the project. Informant **7** also addressed a frustration over this. *"The need to agree and reach consensus against everybody is a problem sometimes. It's hard to get consensus around the different business areas, and sometimes there will be individuals there who have their beliefs and they have their history as people don't want to divide. It's a lot of things that count on these discussions. If you look at the business areas, they don't look at the whole picture, they look at their own bedding. It hinders us from achieving efficiency for them as customers as well as for us"* (**Informant 7**).

These experiences above reveal that the organisation has a strong interdependence and tight coupling to the other business areas. Saloner et al. (2001) disclose how strong interdependence and tight coupling signifies an exploitation business model. "When a unit is tightly coupled to others, it cannot explore on its own; it requires the cooperation of other units" (Saloner et al., 2001, p. 108). The authors explain how "the more the others in the organisation must be induced to participate in the project, the less likely the project is to succeed" as the other units may not understand the profits of undertaking the project, might see the project as conflicting with their success and thus create an internal political struggle (p. 108). Altogether, the authors discuss how tight coupling can "(…) increase both the cost to the organisation of pursuing the

opportunity and the probability that the project will fail from a lack of wholehearted participation" (p. 108). This type of tight-coupling embedded into the decision-making processes thus restraints the organisation from pursuing its overall strategic goal of becoming a global business partner to the other business areas as the `old´ ways of interdependence obstructs the organisation's capabilities of exploring on its own.

The last thing that that the informants discussed which has an impact specifically on the possibility to have a both/and approach to exploitation/exploration is capacity. Several informants experienced how their capacity was already full due to business-as-usual. **"***So, everyone is so busy doing their day-to-day job that it is difficult to take a break and focus on finding improvements. Even if you think like this, being able to find the time to deliver these improvements is impossible***"** (**Informant 6**). March (1991) explain how the implicit choices organisations make enable the balancing of exploitation and exploration. These implicit choices can be found in "procedures for accumulating and reducing slack, in search rules and practices, in the ways in which targets are set and changed, and in incentive systems" (1991, p. 71). Accumulation slack enhances the opportunity for exploration, as people have the time to test, fail, re-trial and learn in ways that enhances exploration. Reducing slack however is another feature of the exploitation mode. A just summary of the topics discussed above can be found in the following quote from **Informant 7.** "*I think that the lack of time definitely hinders creativity, and I think that in our department we are put in a situation where we are given no time to breathe. You take people to the extreme. And then of course you jeopardize creativity within that. I think we should try to shorten some of the discussions, or reduce some of the pains*"

This brings us back to the ARC's and the idea that "a firm's competitive advantage is rooted in its context" (Saloner et al. 2001, p. 65). The ARC emphasizes how the organisational design provides evidence of how the assets in the organisation is organised. Further emphasizing how "the best engineer, for example, cannot be productive if she doesn't have access to the information she needs to design products consumers value" (Saloner et al., 2001, p. 66). The ARC's stress how strategic alignment is only achieved when the organisational design is supportive to the strategy. As has been explained the strategy emphasizes a balancing of exploration/exploitation and agility/stability. In this organisation however, the problem is that the best managers can't be agile or explorative as the design of the organisation isn't built to

support agility or exploration. It supports instead the search for perfectionism, interdependence, consensus, and lack of slack. These aren't bad routines, architecture or cultural aspect viewed in isolation, but when juxtaposed with the strategic goals of exploration and agility they become absurd. This goes back to the paradoxical definition provided by Smith & Lewis (2011) and further strengthens the argument that there is a paradoxical tension between the design and the strategy.

4.2.4 Back to Research Question One

How are the tensions between strategy and design as disclosed by the ARC's, experienced by the managers?

As previously discussed, the organisation's strategy aimed at balancing exploitation/ exploration and stability/agility. However, the findings in the ARC' called attention to an organisational design supporting exploitation and stability over exploration and agility. The analysis above emphasizes the same, as the tension between exploitation/exploration and stability/agility were experienced by the managers in several different ways. Several informants experienced a focus on perfectionism, which was believed to impede agility. This focus on perfectionism was particularly experienced when it came to the coordination of decision-making as planning would sometimes drag on for years. This focus on perfection elevates the argument of a tension between design and strategy. Additionally, the organisation's interdependence and tight-coupling with other business areas required consensus-seeking and the managers experienced this as being unable to explore on its own. This the managers experienced as hindering them from achieving the strategic goal of becoming a partner to the other business units. Additionally, a lack of accumulating slack made the informants feel like they were unable to explore even if they wanted to. Overall the managers experienced the tensions the most when it came to the coordination embedded into the organisational design regarding "getting things done". Altogether, this first part of the analysis has attempted to answer research question one and provide evidence of how the managers experienced the tensions disclosed by the ARC's regarding exploitation/exploration and stability/agility. The analysis will now engage with the organisational paradox theory in order to provide a further perspective on this topic, focusing on the managers' responses to the tensions and the significance of this.

4.3 Paradox Responses

So far, the analysis has examined how the tensions between the organisational design and the organisational strategy were experienced by the managers. Explaining how the organisation's strategy focused on the balancing of exploration/exploitation and agility/stability whilst the design supported mainly exploitation and stability. Nevertheless, exploration and exploitation can be viewed as paradoxical when combined (Lewis et al., 2014). As models of operation they are contradictory as one seeks continuous improvements and further knowledge in already established fields whilst the other seeks experimentation and new knowledge from new fields. "These forms of innovation require conflicting mindsets and processes" (Lewis, et al., 2014, p. 62). In one model it is sufficient with single-loop learning; inquiring into assumptions or strategies of a given action but not the underlying values and norms of the organisation (Argyris & Schön, 1996, p. 21). In the other, double-loop learning is necessary as the underlying values and norms needs to be modified to find alternative actions. Agility and stability face the same contradictory demands.

Nevertheless, as has been discussed, the presence of paradoxes within organisations have only been heightened as environmental and technological demands have increased over the last two decades (Lewis, 2000). Thus, the presence of paradoxes is not extraordinary; on the contrary they have become a natural part of organisations. Given modern organisations complexity the presence of paradoxes cannot be solved or fixed, rather it must be accommodated. The organisational paradox literature provides a useful perspective of paradoxes, which instead of choosing between agenda's or trying to eliminate tensions tries to manage the paradoxes. However, managing paradoxes "(..) requires creative, both/and approach that leverages the benefits of each side separately, while also tapping into their synergistic potential" (Lewis, et al., 2014, p. 62). Smith & Lewis (2011) in their research on organisational paradoxes emphasize the importance of individual and organisational responses to paradoxes. So far, the analysis has discussed how the managers experienced the tension between the design and the strategy. However, what is also interesting according to Smith & Lewis is to accentuate the responses to these.

Smith & Lewis (2011) in their dynamic equilibrium model of organising (*see Figure* 1.) address different types of responses to paradoxes which can spur either defensive or receptive cycles. The defensive cycles are called vicious cycles and the receptive are called virtuous. These

cycles represent two different ways in which the organisation deals with the presence of tensions. If responses spur a virtuous cycle, the existence of paradoxes can be advantageous. If they spur vicious cycles the existence of paradoxes can be destructive. This provides a new perspective on the tensions discussed above and the analysis will now discuss whether the responses discovered through the interviews indicate a vicious or virtuous cycle. On the organisational level one can argue that there were clear elements of the vicious cycle whilst on the individual level elements of a virtuous cycle could be argued was present yet elements of it may have rendered it destructive. Both these cycles will be further discussed.

Based on the findings above there were clear patterns of what could be described as organisational forces of inertia on the organisational level. According to Smith & Lewis (2010) organisational inertia can spur and reinforce vicious cycles of paradoxical responses as commitments to consistency becomes reinforced through the organisational structures, routines, processes and capabilities (p. 391). As described, the organisation had as a part of their organisational design a high focus on perfectionism. This perfectionism led to rigid detailed-oriented planning where the focus was on consensus and information sharing. Lewis et al. (2014) explained how excessive planning "raises the danger of inertia, as competitive advantages become entrenched, inhibiting responsiveness" (p. 5). Several informants described how this perfectionism culture was part of their historical legacy and "the way it has always been done" (**Informant 10**) mindset. As discussed previously, organisations are dependent on boundary constriction and when they define what to do, they simultaneously define what not to do. This boundary constriction after a while becomes comfortable, creating a static path-dependency which becomes embedded into the organisational design. A too rigid planning structure stands in sharp contrast to the dynamic capabilities suggested as most appropriate to respond to environmental shifts and managing paradoxes (Smith & Lewis, 2010).

Managing paradoxes revolves around embracing a both/and approach rather than an either/or approach. Having a structure which supports dynamic capabilities and dynamic decision-making thus becomes a necessity in order to reach both/and responses. "Doing so involves consistent inconsistency as managers frequently and dynamically shift decisions. Actors therefore make choices in the short term while remaining acutely aware of accepting contradictions in the long term" (Smith & Lewis,2010, p. 392). However, according to Lewis et al. (2014) the presence of tensions or paradoxes can instead of enhancing the pressure to

become dynamic, enhance the presence of anxiety and defensive decision making that can hinder the management of paradoxes. «The tug-of-war between tensions can drive leaders to remain inert, becoming trapped within the comfort of the past" (Lewis et al., 2014, p. 69). Anxiety and defensiveness can turn to an even higher focus on control through rules and routines which again can impair organisational success "because of inflexibility" (Ulrich et al., 2014, p. 53). The presence of paradoxes can, therefore, create path-dependent behaviours which is continuously reinforced. Morgan (2006) explain how often unobtrusive control mechanisms can be built into the organisational practices. "The way we do things around here" is exemplified by the author as an element of control that can be built into procedures. The application of this type of control mechanisms was found in the data and this could be evidence of a type of anxiety present in the organisation. It also strengthens the argument suggesting there are organisational forces of inertia embedded into the organisation.

These organisational forces of inertia led to individual frustration for the managers who had a clear drive towards the more agile and explorative aspects of their strategy. Some informants explained how they "gave up" pursuing this drive because of the organisational forces of inertia. "*Navigating these formal structures take up a lot of time and resources, and you have to talk to a great deal of people and repeat, repeat, repeat. There also exists a lot of counter-forces in the system to change which unfortunately makes people give up*" (**Informant 8**). This quote emphasizes how the organisational inertia could create inaction and paralysis from the individual actors as the contradiction between the organisational design and organisational strategy becomes too deep. When faced with contradictions it is not uncommon for mechanisms such as inaction to occur, further intensifying the presence of a vicious cycle of managing paradoxes (Smith & Lewis, 2010). Altogether, it can be argued that it exists organisational forces of inertia embedded into their organisational design. This inertia limits the degree to which exploration and agility can be achieved as it tends to reinforce the ideal of "that's the way we have always done things around here" instead of more dynamic capabilities. This interferes with the ability to manage the paradoxes and instead encourages the selection of one strategic agenda.

4.3.1 From a Virtuous to a Vicious Cycle of Responses to Paradoxes

So far, the analysis has discussed the organisational characteristics which was argued could be evidence of a vicious cycle. Regardless of this, evidence will now be presented which demonstrate characteristics on the individual level which could be an indication of a virtuous cycle. One topic which emerged in the ARC's and the interviews was the significance of informal networks. As was emphasized in the theory chapter; one of the characteristics of a virtuous cycle is the focus on resolutions. "Resolutions involves seeking responses to paradoxical tensions, either through splitting and choosing between tensions or by finding synergies that accommodate opposing poles" (Smith & Lewis, 2011, p. 392). Within a virtuous cycle there is a focus on managing the paradoxes instead of reinforcing it and some patterns suggested that the managers do have consistent behaviour with what Smith & Lewis described as a virtuous cycle. Smith & Lewis (2011) explain how both individual factors and organisational dynamic capabilities can contribute to the stimulation of a virtuous cycle. As was addressed in the section above there was a clear lack of organisational dynamic capabilities which was argued culminated a type of vicious cycle. Nevertheless, on the individual level there was more elements of a virtuous cycle when it came to the individual's proficiency regarding sustaining a cognitive and behavioural complexity (Smith & Lewis, 2011).

It became clear that all the informants tried to resolve the tension between organisational design and organisational strategy through navigating and mobilizing their informal networks. Hence, in order to navigate the inertia and achieve both exploitation and exploration the informants sought out their informal networks: *"For me who has been a part of the company for many years and know the systems I can manoeuvre the rigid structures. Through the informal networks you can accomplish much more, and you can just call people. I know a lot of people which is a strength when it comes to accomplishing things. So, the informal networks function as a sort of counter to the rigid structures"* (**Informant 8**). Almost all the informants praised the informal networks for allowing the managers to reach out and contact people and especially decision-makers. At this point in the analysis it is vital to address that turn-over is very low and job-rotation is common within this organisation. So, most of the informants had worked in different positions in the organisation for over a decade. Therefore, they had been able to create quite an excessive informal network. *"I think these networks exists because people have been here so long. Because we have the opportunity to switch around in the organisation"* (**Informant 6**).

38

The custom of mobilizing the informal networks could be argued to be an attempt to find a creative resolution to the current lack of organisational dynamic capabilities, and thus, qualify as individual attempts at creating a virtuous cycle of managing paradoxes. One informant described this type of creativity; "*I don't think the formal procedures hinders our creativity, I think it's the opposite that we just bypass them. It may be a blunt way to say it but it's actually what happens that people become creative within the boundary of the position they are given*" (**Informant 2**). This quote does not contain any elements of defensiveness, and defensiveness did not appear as a characteristic in any of the interviews. Instead it demonstrates acceptance and individual cognitive and behavioural complexity. "At the individual level, cognitive complexity reflects an ability to recognize and accept the interrelated relationship of underlying tensions" (Smith & Lewis, 2011, p. 391). Tsoukas & Pina e Cunha (2017) explain how its only when the individuals have "developed factors enabling cognitive and behavioural complexity and emotional equanimity and the organisation possesses dynamic capabilities" that paradoxes can be truly managed or `resolved´ (p. 7). Resolved in this case means that it enables the both/and approach to the contradicting tensions which over time creates sustainability and enhanced organisational efficiency. Many of the informants did accept the presence of organisational forces of inertia, as they experienced it as a necessity from management to gain a certain level of control. This could be argued to represent a cognitive and behavioural complexity from the informants. On the other hand, emotional equanimity was not present in the interviews as several informants discussed being frustrated over the inertia. However, the lack of emotional equanimity is not the only argument that discourages the belief of a virtuous cycle in this particular case. The analysis provided evidence of these informal networks instead of enhancing a virtuous cycle intensifies the presence of a vicious cycles.

In brief, this is due to the informal networks becoming so vast that instead of supporting more efficient decision-making they have created even more talk, meetings and anchoring. Hence, making the coordination design even more static as opposed to dynamic. "*It's the informal networks which has been the success of the organisation and the ability to reach out and contact people who have experience on certain things. But it can also be a weakness going forward because if you think of the network thing being so vast that the network becomes an entity in itself. So, you have to consult with this and this group*" (**Informant 4**). Thus, the informal networks have become a double-edged sword within the organisation. Both informant **4** and **5** discussed how in order to drive change you need to anchor it in the organisation and the

networks. They explained how the informal networks needed to be onboard and the idea needed to be anchored so that the meetings simply became the formality of agreeing on the idea already anchored. This process was viewed as even more time-consuming and goes back to the consensus feature discussed previously. Having to anchor and reach consensus with different actors and networks is time-consuming as it involves dealing with organisational politics. "Organisational politics arise when people think differently and want to act differently. This diversity creates a tension that must be resolved through political means" (Morgan, 2006, p. 156). Dealing with organisational politics means dealing with personal agenda-driven interests, complex conflicts and other types of "political" forms of behaviour such as struggles for political control (Morgan, 2006). A person or groups ability to influence decision-making is according to Morgan (2006) a well-recognized source of power (p. 173). Informal networks, or social networks as some call it can enhance a group's ability to do just this. "Through various kinds of interlocking networks, individuals can acquire advance notice of developments that are relevant to their interests, exert various forms of interpersonal influence to shape these developments in a manner that they desire, and prepare the way for proposals they are interested in advancing" (Morgan, 2006, p. 181). Thus, informal networks become an arena in which organisational politics can be played out without the presence of formal organisational structures and routines. Nevertheless, if the informal networks become too vast and the informal organisation becomes too rigid this intensifies the already formal organisational forces of inertia discussed above.

As was emphasized the organisation had little turnover and it was common that employees rotated around in the organisation. Therefore, the informants had the opportunity to get acquainted and become a part of several informal networks over the years. Informal networks were viewed as positive quite possibly because it allowed for individuals to gain informal power and influence around in the organisation. Informal networks can prevent the occurrence of silo-tendencies and too rigid formal hierarchies and thus make the decision making more `flat´. So, it can provide several benefits for the organisation. Despite this, it appeared that the informal networks had in some instances reinforced the vicious cycle of organisational inertia. So, rather than being a productive entity which could support the navigation and management of the paradoxes, it had intensified the organisational force of inertia by adding layers of consensus-seeking and information-sharing. This could perhaps demonstrate aspect of struggles for political control or anxieties revolved around loosing critical influencing power. "*Informal*

networks in our organisation is massive, they are so critical in getting anything done"
(**Informant 6**). This clearly displays the informal network's power over the decision-making. If these networks have become too vast and too hard to navigate this represents a present, and a future, dilemma not just for the exploration features of the strategy but the exploitation.

This section of the analysis has tried to discuss the managers responses to the tensions addressed in the first part of the analysis. Firstly, arguments supporting the presence of a vicious cycle was presented. Here, evidence on forces of organisational inertia was introduced as the lack of dynamic capabilities could be viewed as a confirmation of organisational anxiety and defensiveness. This inertia can, in return, lead to inaction or paralysis. Secondly, individual levels of responses were discussed as potentially leading to a virtuous cycle. Here, the mobilization of informal networks to resolve the tension between design and strategy was discussed and how this could be viewed as evidence on individual and behavioural complexity. The individuals showed signs of accepting the tensions and trying to resolve them through navigating their informal networks. Nevertheless, as has been argued, these informal networks had become so vast that they seemingly added layers of organisational inertia rather than solving them. Thus, the informal networks are/or is in danger of reinforcing the presence of a vicious cycles rather than sustaining a virtuous one.

4.3.2 Back to Research Question Two

How do the managers respond to the tensions between the organisational design and the organisational strategy, and what is the significance of this response for the achievement of the strategic objectives?

Implicitly, this research question has been answered throughout the second section. Nonetheless, a more explicit answer is imperative. The second section of the analysis has tried to apply an organisational paradox perspective to the data, trying to comprehend the managers' responses to the tensions between the organisational design and the organisational strategy. The findings suggest that the managers displayed some responses of a destructive nature which enhances the possibility of a vicious cycle being present. These responses disclosed notably frustration, which induced inaction and paralysis. However, the managerial responses had more characteristics of a virtuous cycle as the findings suggest them searching for resolutions and ways of navigating the paradoxes. Specifically, the mobilization of informal networks was

found as this type of response. Furthermore, there were few findings indicating defensiveness or anxiety. On the contrary, evidence of cognitive and behavioural complexity and creativity was prominent, meaning that the managers were capable of recognizing and accepting the tensions, and reasons as to why they existed. These findings suggest that the manager's responses to the tensions between the organisational design and the organisational strategy are comparable to those individual factors recommended to spur a virtuous cycle of managing paradoxes. Although the discussion above highlighted the vicious nature of the informal networks this cannot be blamed on the individual manager's responses. Even though the significance of the informal networks becoming too vast adds even more layer to the decision-making discussed previously, this would not have been a problem had it not been for the decision-making design already present. To summarize, if one could isolate the managers' responses from the context in which it operated, the significance of their responses would probably be virtuous.

A virtuous cycle can according to Smith & Lewis promote sustainability, and a dynamic equilibrium of managing paradoxes. However, the findings in both section one and section two of the analysis suggest that the organisational design creates great obstacles for the managers trying to achieve the strategic objectives. The findings in section one demonstrates organisational forces of inertia which have in section two been argued to create a vicious cycle. These organisational forces are thus so strong that the significance of the managers' responses is thus reduced to nil. To summarize, the managers' responses have characteristics that can be characterized as virtuous. However, the significance of their responses become profoundly reduced as the organisational forces of inertia hinders them from realizing them properly. The organisational design thus hinders the managers' responses from having a deep impact on the paradox management and the achievement of the strategic objectives. In order to comprehend what measures that need to be made in order to truly cope with paradox management, the discussion chapter will briefly disclose some features that make up the ambidextrous organisation, before finishing with some general discussions.

5 Discussion

5.1 Pathways to a Both/And Approach

Some patterns have been discussed above which suggest an organisation which instead of coping with the paradoxes, intensifies the tension between them through their organisational design. All the discussions above presents the organisational design as supporting the organisation's exploitation and stability and not its exploration and agility. Thus, choosing one over the other as opposed to a both/and approach. However, balancing paradoxes is associated with long-term sustainability and performance (Smith & Lewis, 2011, Tsoukas and Pina e Cunha, 2017, Raisch & Zimmerman, 2017). The managerial objective should, therefore, not revolve around overcoming the contradiction intensified by the presence of paradoxes, but to accept and work with the contradictions as if they were a natural part of the organisation (Raisch & Zimmerman, 2017). Within the exploitation/exploration theory the organisations which are capable of accomplishing this are called ambidextrous.

Raisch & Zimmerman (2017) explain how becoming ambidextrous means engaging in a particular process of initiating, contextualizing and implementing. Initiation refers to the organisations ability to identify the paradoxes and agree on how to attend to them. The contextualization refers to the decisions regarding the organisational design so that the organisation is capable of dealing with the paradoxes. Lastly, the implementation revolves around day-to-day activities that deal with the managing of paradoxes. The initiating, contextualizing and implementing processes found in ambidextrous organisations are all connected to leadership. A large part of the ambidextrous literature highlights the necessity of managers and leaders at high levels to steer the organisation towards building these processes. Smith, Binns & Tushman (2010) sought to identify the characteristics of senior leaders "who succeed in managing the tensions between simultaneous exploratory and exploitative strategies" (p. 452). They explain how those leaders were capable of dynamic decision-making, "where management teams made quick, frequent and flexible decisions, continually shifting resources, roles and responsibilities between the two" (p. 452). They were able to build commitment to overarching visions that encouraged the presence of paradoxes, and they were able to set differentiated goals and agendas. They actively engaged in learning from actions directed at both opposing poles, and lastly, they engaged and encouraged conflict in order to

remove emotional stress and defensiveness. Thus, leaders are vital actors when it comes to initiating, contextualizing and implementation.

Lewis et al. (2014) also provide a list of processes organisations have completed in order to become ambidextrous. Describing how "in hypercompetitive environments, organisational survival depends on strategic agility- flexible, mindful responses to constantly changing environments" (Lewis et al., 2014, p. 58). Strategic agility is according to these authors one essential key to gaining a both/and approach to paradoxes. The process they discuss which is the most relevant to this case perhaps is the avoidance of traps of anxiety and defensiveness. The authors explain how the tensions paradoxes bring forward can "spur defensive decision making" (p. 69) due to a fear of failure. This defensive decision-making hinders especially the explorative features of an organisation as it gets stuck with old habits. Hence, they become too path dependent. Confidence is the tool in which this process can be achieved, as it allows trust in one self, the team and the organisation. Leaders play a vital role in the active avoidance of traps of anxiety and defensiveness as they can `normalize´ the paradoxes and bestow confidence upon their employees to act paradoxically. In Lewis et al.'s. (2014) case study research, all five of their cases demonstrated the importance of top-management "modelling paradox management and setting a paradoxical vision" (p. 73). Ulrich et al. (2017), further supports this by stating that the leaders of the organisation needs to commit themselves to paradox navigation in order to respond to environmental changes.

However, Raisch & Zimmerman (2017) explain how observations regarding organisational ambidextrous path-dependency have been made, meaning that when the organisation first weigh one approach over the other, they become "(…) increasingly blinded to forces calling for shifts in their orientation" (n.p.). The authors further explain how path-dependency within the management of exploration-exploitation can be beneficial for organisations operating in rather stable environments, however in order to deal with transformations a more dynamic equilibrium model is necessary. The results of a too rigid path-dependency approach can be destructive and creates and intensifies vicious cycles of paradox management (Andriopoulos & Lewis, 2009). These authors describe how a virtuous cycle of ambidexterity stem from an organisations ability to integrate and differentiate. Integrating means that the organisation through different tactics emphasize the importance of both poles of the paradox, whilst differentiation refers to the organisations ability to support the actions targeting both poles. This

suggests that the organisation needs to adapt a more dynamic approach to the paradoxes. The presence of vicious and virtuous cycles within ambidextrous organisation further provides evidence of the complexity of managing paradoxes in a sustainable manner. It is necessary to disclose that the literature on ambidextrous organisation is vast and the section above only covers a brief fraction of the discussions and findings. Nevertheless, it provides some clues to how the organisation in this case study must commit to the management of paradoxes in order to not only fulfil its strategic objectives but also to respond to a consistently changing environment which will only spur further paradoxes.

As discussed previously some evidence on behaviour spurring dynamic thinking was found, particularly revolving how managers tried to change their employees' mindsets towards becoming more agile. This could be evidence of the managers engaging in the initiation process. However, if the process is not further institutionalized into the context and actions of the organisation this process could be in vain. To summarize briefly, it has been discussed how the organisation in order to achieve a both/and approach to paradoxes needs to observe the processes discovered by ambidextrous organisations. These processes involve identifying the paradoxes (initiating), creating a context in which paradox management is attainable (contextualizing) and engaging with the paradoxes on a daily basis (implementing). These processes are dependent on leaders supporting dynamic decision-making, enabling strategic agility, and avoiding traps of defensiveness and anxiety. Allowing for dynamic decision-making is of particular importance as how decision-making is coordinated becomes routinized in many organisations, and thus taken for granted. This path-dependency in return may prevent the managers from intervening with it (Saloner et al., 2001). This path-dependency leads to a vicious cycle, and path-dependency is a feature of ambidextrous organisations as well if they don't sustain their dynamic capabilities.

Lastly, it is important to emphasize that the organisation as a whole might be ambidextrous. This research has addressed the shared services organisation within a company and has tried to compare the organisation's design to the strategy. This research has shown that the strategy points towards ambidexterity, but the design is structured towards focusing on one pole as opposed to balancing the poles. Thus, the organisation is unable to be ambidextrous. This, however, does not incline that the company as a whole is not ambidextrous. This research could never claim that based on the lack of supporting research on the whole company. It is not an

uncommon strategy even in ambidextrous organisations to differentiate between the different units. Ergo, some units are supported to focus on exploration, whilst others remain in an exploitative field. Nevertheless, some indications in the analysis points towards the company as a whole having a design which suits exploitation over exploration, particularly when it comes to the coordination of decision-making.

5.2 Other Discussions

Overall, the findings in this case represent a dilemma which has been discussed for at least three decades now. It revolves around tensions surrounding design and strategy, and especially exploration and exploitation. The research suggests navigating complex and contradicting forces that are pulling in opposite directions simultaneously, and in a seamless manner. Balancing these forces is a difficult task and this balancing is probably even more difficult in large complex organisations. These organisations daily social and structural ties are intricate enough as it is without the additional demands of having paradoxical mindsets and so on. Therefore, it is important to discuss whether these large, complex organisations can ever truly become agile. In a recent survey conducted by HR Norge (2018) they found that organisations with more than 5000 employees reported that they had the least amount of autonomy compared to smaller organisations. The report interpreted that this could be linked to the fact that large organisations might have more formal systems of governance in place in order to maintain control and overview as opposed to smaller organisations. Lant & Mezias (1992) explain how Tushman & Romanelli (1985) have proposed that "increased size leads to increased complexity, increased convergence, and thus, increased inertia" (p. 52). Tushman & Romanelli (1985) emphasize that when organisations grow in size the complexity of managing them is heightened and as a result hierarchy, structures, increased formalization and complex bureaucratic controls are imposed. These structural features are well known for creating inertia and resistance to change as the system is in place to create stability. Tushman & Romanelli (1985) explain how the older the organisation, the longer the time it has had on establishing certain social and normative outcomes that later on become a source of inertia. In the search for predictability and control, people become habitual, and through joint decision-making and shared commitments previous actions become legitimized. This becomes a self-reinforcing cycle, where exploring features are unable to penetrate. (p. 194-195). "In these bureaucratic

46

organisations, while performance of routine work is efficient, the ability to handle new situations is stunted" (p. 192).

According to Mintzberg, it is common that typically old and very large organisation tend to organise itself into a divisionalized form, i.e. an organisation made up by "rather independent entities joined together by a loose administrative overlay" (1981, p. 110). The case presented above could be argued to represent a type of divisionalized organisation, where the different units have distinct specializations and separate performance targets but are all linked to the same administrative overlay and so forth. Mintzberg (1981) explain how the divisionalized form often is created to spread the organisational risks so that a disaster in the organisation does not pull down the entire organisation. Nevertheless, Mintzberg highlights how this fear of risks also creates strict control measures of investments which again stumps the ambition level of the innovation proposed. Additionally, since this form emphasize performance measuring, those performances that lead to clear economic rewards are often emphasized over those harder to measure or those rewards hard to foresee. "Some evidence suggests that the control systems of these structures discourage risk taking and innovation, that the division head who must justify his or her performance every month is not free to experiment the way the independent entrepreneur is" (Mintzberg, 1981, p. 111). This corresponds well to the findings in the main analysis and points towards an issue of organisational design overall, and not just the design of the shared services organisation addressed in this case. It also addresses the complexity of organising large and complex organisations. To summarize, research shows that large complex organisations tend to be more bureaucratic in nature as part of their size and tenure and the features of bureaucracy tend to stand at odds with agility and exploration. This raises the question whether these concepts are truly achievable within complex, large organisation overall. Further research into this question is recommended.

Throughout this case study the focus has been on organisational paradoxes and the management of these. As exciting as the findings in this analysis is, it is vital to discuss some other lenses this data could have been viewed through. The first question that needs to be addressed is whether the exploration/agility focus in the strategy revolves more about a symbolic compliance with the general expectations in the environment, than a genuine ambition to disrupt with the prevailing organisational culture and design. Meyer & Rowan already in 1977 noticed how organisations in their search for legitimacy from their environment were driven to

incorporate the prevailing rationalized concepts of organisational work (p. 340). "As more organisations conform to these myths they become more deeply institutionalized, which subsequently leads to institutional isomorphism" (Boxenbaum & Jonsson, 2017, p. 77) Meyer & Rowan (1977) further argue that these incorporated rationalized concepts however, often become very separated from actual day-to-day activities (p. 341). This separation is called `decoupling´. "Decoupling means that organisations abide only superficially by institutional pressure and adopt new structures without necessarily implementing the related practices" (Boxenbaum & Jonsson, 2017, p. 80). Institutional isomorphism should not be bypassed when reviewing tensions between organisational design and strategy. With the rise of the concept of *Industry 4.0*. there has been increasing focus on the necessity of organisations becoming agile and exploring the rising opportunities the internet of things can bring. Even though this research cannot provide evidence of institutional isomorphism it is not unlikely that there have been elements of environmental rationalities that have driven the organisation to conform to these `new´ strategies. If this has been the case some of the discussions above could further suggest evidences of decoupling as the business-as-usual was to some degree detached from the formal strategy set in place. In a larger study this would be interesting to look at as it forces us to view the data through a neo-institutional lens.

To summarize, research shows that large complex organisations tend to be more bureaucratic in nature as part of their size and tenure and the features of bureaucracy tend to stand at odds with agility. These organisations tend to create features that lead to organisational inertia in order to gain control. These control systems can additionally impede innovation. This raises the question whether agility and exploration are truly achievable within complex, large organisation. It also raises the debate about institutional isomorphism, as features such as agility and exploration have become prevailing concepts within the business community. It is not impossible that the concept of specifically agility has become incorporated into many organisations due to organisational search for legitimacy. If this is the case, the tensions described in this thesis might be a result of a decoupling.

6 Conclusion

1. How are the tensions between strategy and design as disclosed by the ARC's, experienced by the managers?

2. How do the managers respond to the tensions between the organisational design and the organisational strategy, and what is the significance of this response for the achievement of the strategic objectives?

This research has attempted to answer the two research questions stated above. In order to answer these, ten interviews with managers were conducted and these became the primary data material in which the experiences and the responses were to be discovered. After an initial document analysis of the ARC's certain tensions between the strategy and design were discovered. Therefore, the purpose of the first research question was to understand how, and if, the tensions as disclosed by the ARCs were experienced by the managers. This part of the analysis discussed and provided evidence of how the tension between exploitation/exploration and stability/agility was experienced by the managers. The design traits which supported exploitation and stability were especially experienced through the focus on perfectionism and consensus-seeking in decision-making processes, the organisation's tight-coupling and interdependence, and the overall lack of accumulated slack. Overall, the managers experienced the tensions the most when it came to the coordination embedded into the organisational design regarding "getting things done".

When creating research question one, the author discovered the organisational paradox literature. This literature provided an interesting perspective on how organisations and individuals should manage these tensions, and how one can analyse current organisational paradox management. Therefore, research question two wanted to explore how the individuals reconciled, coped and perhaps resolved these tensions. Thus, understanding whether the managers' responses to the paradoxes played a significant role in the achievement of the strategic objective. Here, the paradox perspective was applied to the analysis, and specifically Smith & Lewis's (2011) dynamic equilibrium model in order to comprehend whether the individual and organisational characteristics found in the data material signified a vicious or virtuous cycle of managing paradoxes.

Firstly, arguments supporting a vicious cycle was presented. The characteristics suggesting organisational inertia involved a lack of dynamic capabilities which could be viewed as confirmation of organisational anxiety and defensiveness. These types of traits often lead to inaction or paralysis and a vicious cycle in general can be destructive as the management of paradoxes is repressed. Secondly, individual levels of responses were discussed as potentially characterising a virtuous cycle. The mobilization of informal networks was presented as a way the managers resolved or coped with the tension between design and strategy. Nevertheless, findings suggested that these informal networks had become so vast that they seemingly added layers of organisational inertia rather than solving them. It was argued that the mobilizing of the informal networks therefore reinforced the presence of a vicious cycles rather than sustaining a virtuous one. This section of the analysis concluded that even though the managers' responses were primarily of a virtuous nature the organisational characteristics of inertia hindered their responses from having any real impact on the achievement of the strategic objectives.

Advancing from the findings in the analysis the first part of the discussion highlighted a pathway to become ambidextrous. Emphasizing and summarizing some steps and measures organisations should take in order to have a both/and approach to paradoxes. Here, the process of initiating, contextualizing and implementing has been discussed. Additionally, the importance of leaders supporting dynamic decision-making, enabling strategic agility and avoiding traps of defensiveness and anxiety has been considered. The discussion chapter has also considered the question regarding the concept of agility and exploration within large, complex organisations. Arguments have been presented regarding the impact of size and tenure, and the bureaucratic features that often follows. These features often impede the chances of truly becoming agile, as control and inertia becomes entrenched. Lastly, institutional isomorphism has been described, as the tensions discovered in the research could be a result of the organisation adapting to these concepts in search for legitimacy. The tensions could, thus, spur from a decoupling, where these concepts are only superficially adapted, and then consequently separated from actual day-to-day activities.

6.2 Implications & Limitations

The result of the analysis related to research question two creates some implications. The research showed that the managers' responses, regardless of their virtuous characteristics, were unable to play a vital role in supporting organisational paradox management as the forces of organisational inertia were too strong. This is an important finding as it highlights the importance of creating an environment in which paradox management can occur. Thus, encouraging paradox management without creating a design which supports it can be detrimental. Even though it is impossible to generalize based on this single case study it is possible that the findings presented above are representative for many organisations. As organisations are increasingly expected to adhere to conflicting demands from different stakeholders the paradox literature becomes of vital importance. The literature emphasizes the importance of a both/and approach and it provides a framework in which one can analyse current organisational practices of managing paradoxes. Further research into the individual responses to paradoxes and the possible significance of this for the management of paradoxes should be conducted.

It is important to emphasize that this research has had some limitations. If the research's timeframe had been longer it would have been interesting to conduct more interviews. Especially interviews with 'regular employees' and top-management could provide a more nuanced view on the topic. Exploring especially top-management's experiences and responses to the tension between design and strategy could have enhanced the study's findings. The fact that the researcher also applied the ARC's, which is data material created by other researchers is also a limitation. It is a limitation because the researcher was bound to this layout and additionally these theories. In hindsight the author also believes that in addition to more interviews, observation-studies would be an interesting method to apply. Attending several meetings would allow the researcher to witness the decision-making process and gather more data regarding the decision-making coordination. However, altogether, the researcher believed she exploited the timeframe efficiently and was able to create an interesting research using particularly the paradox perspective.
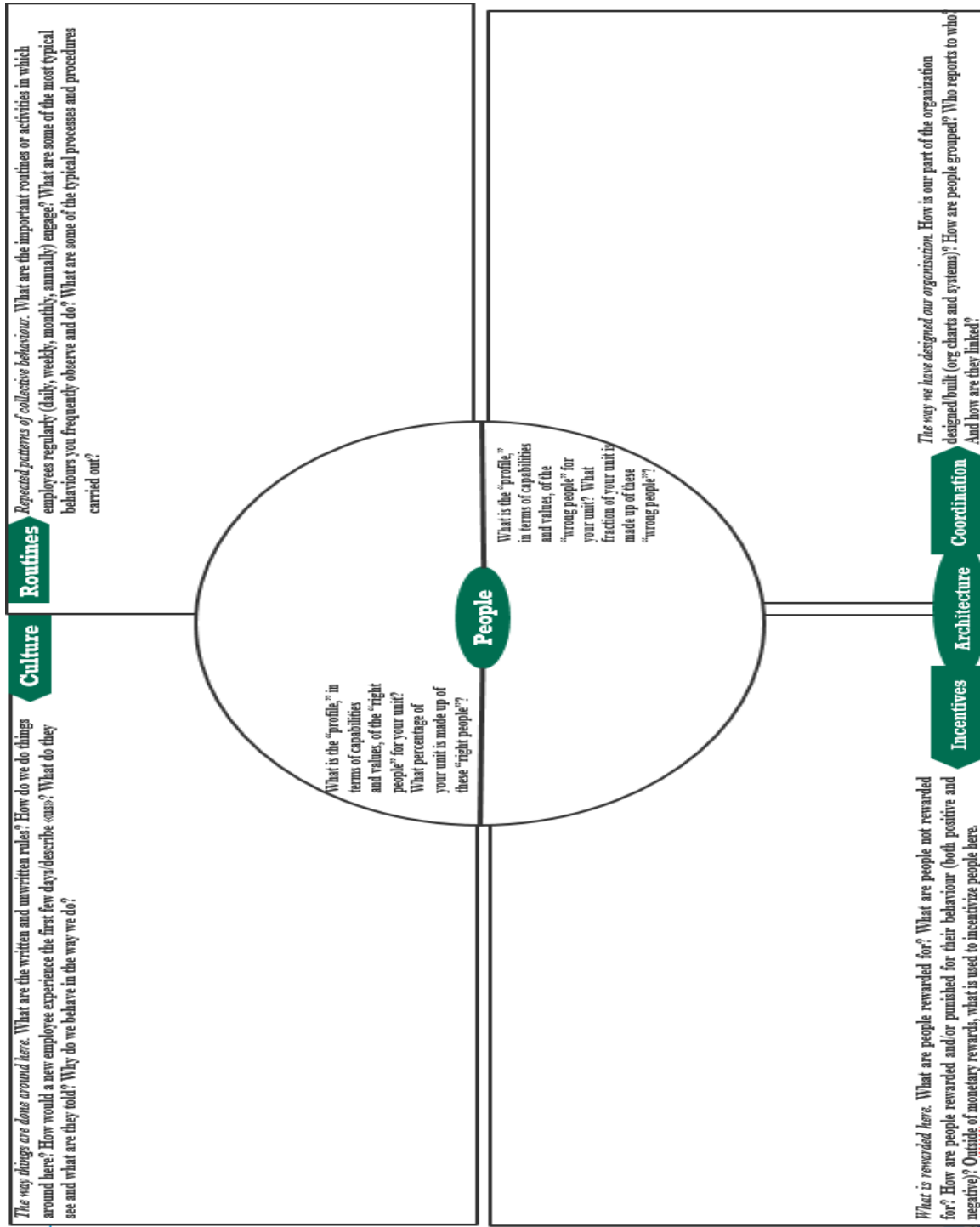
References

Andriopoulous, C. & Lewis, M.W. (2009) Exploitation-Exploration Tensions and Organizational Ambidexterity: Managing Paradoxes of Innovation. *Organization Science,* 20(4), 696-717.

Argyris, C. & Schön, D. (1996) What is an organization that it may learn?. In *Organisational learning II*. Addison-Wesley Publishing Company: Reading, Mass: pp 1 – 29.

Boxenbaum, E. & Jonsson, S. (2017) Isomorphism, Diffusion and Decoupling: Concept Evolution and Theoretical Challenges. In: Greenwood, R, Oliver, C, Lawrence, TB, & Meyer, RE, eds. *The SAGE Handbook of Organisational Institutionalism*. London: SAGE Publications, pp.77-101.

Brynjolfsson, E. & McAfee, A. (2014) *The second machine age: work, progress, and prosperity in a time of brilliant technologies*, New York: Norton.

Creswell, J.W. & Poth, C.N. (2018) *Qualitative inquiry & research design: choosing among five approaches* 4th ed., Los Angeles: SAGE Publications.

Dalland, O. (2010) *Metode og oppgaveskriving for studenter*. 4th edt. Oslo: Gyldendal Akademisk.

Flyvbjerg, B. (2004) 'Five misunderstandings about case-study research', in *Qualitative research practice*, London: SAGE Publications Ltd, pp. 390-404. [Accessed 21 March 2019], doi: 10.4135/9781848608191.

Ghauri, P.N. & Grønhaug, K. (2010) *Research methods in business studies* 4th ed., Harlow: Financial Times Prentice Hall.

Gioia, D.A., Corley, K.G. & A.L. Hamilton (2012) Seeking Qualitative Rigor in Inductive Research: Notes on the Gioia Methodology. *Organizational Research Methods*, 16(1), pp. 15-31.

Gross, J.M.S. (2018) Document Analysis. In: Frey, B.B. *The SAGE Encyclopedia of Educational Research, Measurement, and Evaluation*. Thousand Oaks: SAGE Publications, pp. 545-548.

HR Norge (2018) *HR Undersøkelsen 2018: HRs rolle i utviklingen av et bærekraftig arbeidsliv*. Oslo: HR Norge.

Kvale, S. (2007) Validation and generalization of interview knowledge. In Kvale, S. *Qualitative Research kit: Doing interviews*. London: SAGE Publications Ltd, pp. 121-128. [Accessed 10 March 2019] doi: 10.4135/9781849208963

Lant, T.K. & Mezias, S.J. (1992) An organisational Learning Model of Convergence and Reorientation. *Organization Science*, vol. 3(1), pp. 47-71.

Lewis, M.W. (2000) Exploring Paradox: Towards a more Comprehensive Guide. *Academy of Management Review*. Vol.25 (4). pp. 760-776.

Lewis, M.W., Andriopoulos, C. & Smith, W.K. (2014) Paradoxical Leadership to Enable Strategic Agility. *California Management Review*, 56(3), pp.58–77.

March, J. G. (1991) Exploration and Exploitation in Organisational Learning. *Organization Science*, vol. 2., no.1. pp. 71-87.

Meyer, J. & Rowan, B. (1977) Institutionalized Organizations: Formal Structure as Myth and Ceremony. *American Journal of Sociology, 83*(2), 340-363. Retrieved from http://www.jstor.org/stable/2778293

Miller, R. L. & Brewer, J. (2003) *The A-Z of Social Research* London: SAGE Publications, Ltd. doi: 10.4135/9780857020024 [online source].

Mintzberg, H. (1981) Organization Design: Fashion or Fit. *Harvard Business Review,* (January February).

Morgan, G. (2006) *Images of organization* (Updated ed.). Thousand Oaks, Calif: Sage.

O'Reilly, K. (2009) 'Coding', in *Key concepts in ethnography*, SAGE Key Concepts, SAGE Publications Ltd, London, pp. 34-38, [Accessed 27 March 2019], doi: 10.4135/9781446268308.

Raisch, S. & Zimmermann, A. (2017) Pathways to Ambidexterity: A Process Perspective on the Exploration–Exploitation Paradox. In (Ed.), *The Oxford Handbook of Organisational Paradox*. Oxford University Press. Retrieved 21 Mar. 2019, from http://www.oxfordhandbooks.com/view/10.1093/oxfordhb/9780198754428.001.0001/oxfordhb-9780198754428-e-17

Saloner, G., Shephard, A. & J. Podolny (2001) *Strategic Management*. New York: Wiley.

Schwab, K. (2016) *The fourth industrial revolution*, New York: Crown Business.

Smith, W., Binns, A. & M.L. Tushman (2010) Complex Business Models: Managing Strategic Paradoxes Simultaneously. *Long Range Planning*, 43(2), pp.448–46.

Smith, W.K., Lewis, M.W., Jarzabkowski, P. & Langley, A. (2017) Introduction: The Paradoxes of   Paradox. In (Ed.), The Oxford Handbook of Organisational Paradox. Oxford University Press,. Retrieved 29 Jan. 2019, from http://www.oxfordhandbooks.com.ezproxy.uio.no/view/10.1093/oxfordhb/9780198754428.001.0001/oxfordhb-9780198754428-e-30.

Smith, W.K. & Lewis, M.W. (2011) Toward a Theory of Paradox: A dynamic Equilibrium Model of Organizing. *Academy of Management Review*. Vol. 36, no. 2. pp: 381-403.

Tsoukas, H. & Pina e Cunha, M. (2017) On Organisational Circularity: Vicious and Virtuous Cycles in Organizing. In (Ed.), *The Oxford Handbook of Organisational Paradox*.: Oxford University Press,. Retrieved 5 Feb. 2019, from http://www.oxfordhandbooks.com.ezproxy.uio.no/view/10.1093/oxfordhb/9780198754428.001.0001/oxfordhb-9780198754428-e-20.=

Tjora, A. (2013) *Kvalitative Forskningsmetoder i praksis*. 2nd edt. Oslo: Gyldendal Akademisk.

Tushman, M. L. & Romanelli, E. (1985) Organisational evolution: A metamorphosis model of convergence and reorientation. *Research in Organisational Behavior, 7,* 171-222.

Ulrich, D., Kryscynski, D., Ulrich, M. & Brockbank, W. (2017) LEADERS AS PARADOX NAVIGATORS. *Leader to Leader, 2017*(86), 53-59.

Yin, R. (2009) *Case Study Research: Design and Methods,* fourth edition, Thousand Oaks, CA: Sage Publications.

Word count: 19217

Appendix 1. The ARC sheet

Routines — *Repeated patterns of collective behaviour.* What are the important routines or activities in which employees regularly (daily, weekly, monthly, annually) engage? What are some of the most typical behaviours you frequently observe and do? What are some of the typical processes and procedures carried out?

Culture — *The way things are done around here.* What are the written and unwritten rules? How do we do things around here? How would a new employee experience the first few days/describe «us»? What do they see and what are they told? Why do we behave in the way we do?

People

What is the "profile," in terms of capabilities and values, of the "right people" for your unit? What percentage of your unit is made up of these "right people"?

What is the "profile," in terms of capabilities and values, of the "wrong people" for your unit? What fraction of your unit is made up of these "wrong people"?

Coordination / Architecture — *The way we have designed our organisation.* How is our part of the organization designed/built (org charts and systems)? How are people grouped? Who reports to who? And how are they linked?

Incentives — *What is rewarded here.* What are people rewarded for? What are people not rewarded for? How are people rewarded and/or punished for their behaviour (both positive and negative)? Outside of monetary rewards, what is used to incentivize people here.

Appendix 2. The Interview Guide

Interview Guide

Thank you in advance for contributing today. My name is Victoria and I am currently writing my master's thesis in collaboration with xxx. As a result of analyzing the ARC's from xxx some particular tensions between the strategy and the ARC's where discovered and in order for me to comprehend these tensions more thorough these interviews have been arranged. The interview session will consist of open questions where the main objective is to talk about everyday responses to potential contradictory demands. The interviews will be audio recorded, however all the recordings will be deleted after they have been transcribed and anonymized.

Questions:

Introduction: Tell me briefly about yourself and your position at xxx

1. What are your general thoughts regarding the strategy?

2. Do you have any examples of how you are organized in order to reach the strategy?

3. The program you attended discussed two business models; the innovators (explorers) and the executors (exploiters). Which business model do you believe represents your department?

4. Do you feel there are any organizational demands that compete with the strategy?

5. Do you experience any contradictions between the work processes people do and what the strategy wants you to do?
    - How do you respond to these tensions?

6. Do you have any examples of how employees and managers are encouraged to pursue opportunities for efficiency in your operations?

7. Is there anything regarding your culture or the regular activities you participate in that discourages you from finding efficiency improvements?
    - Formal procedures, reports, reviews, meetings (time-management)

8. In the strategy it is stated that one of your strategic drivers is being agile. Do you have any examples of how employees and managers are being encouraged to doing things in an agile way?

9. Is there anything that you can think of that discourages flexibility in the way you do your work?

10. Do you feel like xxx quickly spots needed change and embraces it?

Closing remarks

Appendix 3. *The Approval Form from The Norwegian Centre of Research Data*

NSD NORSK SENTER FOR FORSKNINGSDATA

NSD sin vurdering

Prosjekttittel

Organizational paradoxes and responses to these

Referansenummer

125367

Registrert

22.01.2019 av Victoria Marie Stang - victoms@student.sv.uio.no

Behandlingsansvarlig institusjon

Universitetet i Oslo / Det samfunnsvitenskapelige fakultet / Institutt for sosiologi og samfunnsgeografi

Prosjektansvarlig (vitenskapelig ansatt/veileder eller stipendiat)

Lars Klemsdal , lars.klemsdal@sosgeo.uio.no, tlf: 22857089

Type prosjekt

Studentprosjekt, masterstudium

Kontaktinformasjon, student

Victoria Marie Stang, victoms@student.sv.uio.no, tlf: 40622252

Prosjektperiode

01.01.2019 - 25.05.2019

Status

29.01.2019 - Vurdert

Vurdering (1)

29.01.2019 - Vurdert

Det er vår vurdering at behandlingen av personopplysninger i prosjektet vil være i samsvar med personvernlovgivningen så fremt den gjennomføres i tråd med det som er dokumentert i meldeskjemaet med vedlegg den 29.1.2019, samt i meldingsdialogen mellom innmelder og NSD. Behandlingen kan starte.

MELD ENDRINGER
Dersom behandlingen av personopplysninger endrer seg, kan det være nødvendig å melde dette til NSD ved å oppdatere meldeskjemaet. På våre nettsider informerer vi om hvilke endringer som må meldes. Vent på svar før endringer gjennomføres.

TYPE OPPLYSNINGER OG VARIGHET

Prosjektet vil behandle alminnelige kategorier av personopplysninger frem til 25.5.2019.

LOVLIG GRUNNLAG

Prosjektet vil innhente samtykke fra de registrerte til behandlingen av personopplysninger. Vår vurdering er at prosjektet legger opp til et samtykke i samsvar med kravene i art. 4 og 7, ved at det er en frivillig, spesifikk, informert og utvetydig bekreftelse som kan dokumenteres, og som den registrerte kan trekke tilbake. Lovlig grunnlag for behandlingen vil dermed være den registrertes samtykke, jf. personvernforordningen art. 6 nr. 1 bokstav a.

PERSONVERNPRINSIPPER

NSD vurderer at den planlagte behandlingen av personopplysninger vil følge prinsippene i personvernforordningen om:

- lovlighet, rettferdighet og åpenhet (art. 5.1 a), ved at de registrerte får tilfredsstillende informasjon om og samtykker til behandlingen
- formålsbegrensning (art. 5.1 b), ved at personopplysninger samles inn for spesifikke, uttrykkelig angitte og berettigede formål, og ikke behandles til nye, uforenlige formål
- dataminimering (art. 5.1 c), ved at det kun behandles opplysninger som er adekvate, relevante og nødvendige for formålet med prosjektet
- lagringsbegrensning (art. 5.1 e), ved at personopplysningene ikke lagres lengre enn nødvendig for å oppfylle formålet

DE REGISTRERTES RETTIGHETER

Så lenge de registrerte kan identifiseres i datamaterialet vil de ha følgende rettigheter: åpenhet (art. 12), informasjon (art. 13), innsyn (art. 15), retting (art. 16), sletting (art. 17), begrensning (art. 18), underretning (art. 19), dataportabilitet (art. 20).

NSD vurderer at informasjonen om behandlingen som de registrerte vil motta oppfyller lovens krav til form og innhold, jf. art. 12.1 og art. 13.

Vi minner om at hvis en registrert tar kontakt om sine rettigheter, har behandlingsansvarlig institusjon plikt til å svare innen en måned.

FØLG DIN INSTITUSJONS RETNINGSLINJER

NSD legger til grunn at behandlingen oppfyller kravene i personvernforordningen om riktighet (art. 5.1 d), integritet og konfidensialitet (art. 5.1. f) og sikkerhet (art. 32).

For å forsikre dere om at kravene oppfylles, må dere følge interne retningslinjer og/eller rådføre dere med behandlingsansvarlig institusjon.

OPPFØLGING AV PROSJEKTET

NSD vil følge opp ved planlagt avslutning for å avklare om behandlingen av personopplysningene er avsluttet.

Lykke til med prosjektet!

Kontaktperson hos NSD: Lisa Lie Bjordal
Tlf. Personverntjenester: 55 58 21 17 (tast 1)

58

Appendix 4. The Information Letter

Are you interested in taking part in the research project:

"*Organizational paradoxes and responses to these*"

This is an inquiry about participation in a research project where the main purpose is to understand possible tensions between the organizational design and the organization strategy. In this letter we will give you information about the purpose of the project and what your participation will involve**.**

Purpose of the project

After reviewing the ARC's conducted by xxx managers some features of the organizational design (architecture, culture and routine) were not viewed as consistent with the xxx strategy. In order to more fully understand this issue, I am inviting you to participate in an interview regarding this subject. This project is part of a master's thesis.

Who is responsible for the research project?

The University of Oslo is the institution responsible for the project which is a part of Victoria Stang's master-thesis. She can be reached at victoms@student.sv.uio.no. Project leader Lars Klemsdal can also be contacted at lars.klemsdal@sosgeo.uio.no

Why are you being asked to participate?

You have received this invitation as you are an employee at xxx, and have earlier on completed an ARC sheet concerning your department. I have invited a total of 10 managers, which have been selected based on their belonging to either xxxxxxxxx. This information letter has been sent out on my behalf by xxxx

What does participation involve for you?

If you choose to take part in this project, this will involve participating in an in-depth interview. The interview will last approx. 30-45 minutes, and it includes roughly 10 questions. The interviews will be recorded, but the recordings will be anonymized in the transcription phase and then deleted. Anything discussed or said during the interview will not affect your employee relationship with xxxx.

Participation is voluntary
Participation in the project is voluntary. If you chose to participate, you can withdraw your consent at any time without giving a reason. All information about you will then be made anonymous. There will be no negative consequences for you if you chose not to participate or later decide to withdraw.

Your personal privacy – how we will store and use your personal data
We will only use your personal data for the purpose(s) specified in this information letter. We will process your personal data confidentially and in accordance with data protection legislation (the General Data Protection Regulation and Personal Data Act).

- *Only the student writing the master's thesis and the project leader will have access to the personal data.*
- *I will replace your name and contact details with a code. The list of names, contact details and respective codes will be stored separately from the rest of the collected data,*

Participants will not be recognizable in the publications.

What will happen to your personal data at the end of the research project?

The project is scheduled to end 25th of May 2019. *All personal data will then be deleted, including any digital recordings.*

Your rights
So long as you can be identified in the collected data, you have the right to:
access the personal data that is being processed about you
request that your personal data is deleted
request that incorrect personal data about you is corrected/rectified
receive a copy of your personal data (data portability), and
send a complaint to the Data Protection Officer or The Norwegian Data Protection Authority regarding the processing of your personal data

What gives us the right to process your personal data?
We will process your personal data based on your consent.

Based on an agreement with *University of Oslo and* NSD – The Norwegian Centre for Research Data AS has assessed that the processing of personal data in this project is in accordance with data protection legislation.

Where can I find out more?
If you have questions about the project, or want to exercise your rights, contact:
- *University of Oslo* via Lars Klemsdal- lars.klemsdal@sosgeo.uio.no
- Our Data Protection Officer: Maren Magnus Voll. The Data Protection officer can be reached by e-mail: personvernombud@uio.no.
- NSD – The Norwegian Centre for Research Data AS, by email: (personverntjenester@nsd.no) or by telephone: +47 55 58 21 17.

Yours sincerely,

Lars Klemsdal   Victoria Stang (student)
(Researcher/supervisor)

Consent form

I have received and understood information about the project *Organizational paradoxes and responses to these* and have been given the opportunity to ask questions. I give consent:

☐ to participate in interviews

I give consent for my personal data to be processed until the end date of the project, approx. 25.05.2019

(Signed by participant, date)