

# Strategic Renewal in Established Firms

## Exploring Identity Processes in Structurally Ambidextrous Firms

Wiktoria Jaworska

SNF



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## **Strategic Renewal in Established Firms**

*Exploring Identity Processes in Structurally Ambidextrous Firms*

by

**Wiktoria Jaworska**

SNF Project No. 10033

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## **Preface**

This thesis is an independent work written as part of the Master of Science in Economics and Business Administration at the Norwegian School of Economics (NHH) within the specialization of Strategy and Management.

This thesis is also part of an ongoing research project pursued in collaboration between NHH and Samfunns- og næringslivsforskning (SNF), called RaCE (Radical Technology-Driven Change in Established Firms). RaCE aims to develop research-based knowledge on how established and well-performing firms successfully may respond to and manage radical technology-driven change. Participation in RaCE not only enriched the research process with valuable insights from experienced researchers and fellow students, but also with some highly missed social interactions in the context of an ongoing pandemic.

First and foremost, I would like to thank my supervisor Professor Inger G. Stensaker, who supported me throughout this research by willingly sharing her knowledge and experience. Her encouragement and constructive criticism were critical to the production of this thesis and are highly appreciated.

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Bergen, May 2021

Wiktoria Jaworska



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# 1. Introduction

In order to succeed in mature businesses where today's profit comes from, a company needs to exploit existing assets and capabilities in an efficient manner. At the same time, the company's long-term survival depends on its ability to explore new technologies and business models through experimentation and innovation. In other words, the company needs to effectively balance exploration and exploitation activities (Levinthal & March, 1993; March, 1991). However, established firms often fail to proactively explore new markets and technologies and time after time find themselves deemed irrelevant by "disruptive" market entrants (Christensen, 1997). The explanation for this is remarkably simple; the very same aspects that make a firm successful in competing in its traditional business, become structural and cultural inertia that hinder the firm's ability to pursue radical innovation (Tushman & O'Reilly, 1996).

Research proposes organizational ambidexterity as one solution that allows established firms to balance the classic tension between exploration and exploitation (Duncan, 1976; Tushman & O'Reilly, 1996). The dominant ambidextrous configuration, known as structural ambidexterity, involves placing the inherently conflicting activities of exploration and exploitation in separate organizational units, each with structures and culture best suited to the pursuit of the particular activity that the unit is tasked with (O'Reilly & Tushman, 2004). At the same time, a certain level of integration is maintained between the two units due to existing interdependencies with regards to resources and capabilities (O'Reilly & Tushman, 2016).

However, more recently researchers taking on a dynamic perspective on ambidexterity have suggested that structural separation of exploratory units is insufficient to balance exploration and exploitation activities in the long-run (Raisch, Birkinshaw, Probst & Tushman, 2009; Raisch & Tushman, 2016). In fact, several researchers propose that in order to reap the full benefits of structural ambidexterity, the previously separated exploratory unit should be reintegrated back (Friesl, Garreau & Heracleous, 2019; Khanagha, Volbrede & Oshri, 2014; Siggelkow & Levinthal, 2003). Nevertheless, seeing that the argument for separating the exploratory unit in the first place is to allow it to develop into something completely distinct from the established unit, an interesting question arises about what happens when the two

units meet upon reintegration. In general, reintegrations are known to threaten a unit's pre-integration identity (Colman & Lunnan, 2011). However, while some scholars have started investigating the criteria for reintegration and potential benefits thereof, the reintegration process itself (Friesl et al., 2019) and the role of organizational identity in ambidextrous designs over time (O'Reilly & Tushman, 2013) have remained largely overlooked.

By studying structural ambidexterity from a temporal perspective, through a new lens of organizational identity, this thesis aims at closing the existing research gap. More specifically, this research seeks to answer the following research question: *How does organizational identity evolve over time in structurally ambidextrous firms?* A qualitative exploratory embedded case study of an established firm and its three exploratory units is conducted in order to explore identity evolution processes that occur within a structurally ambidextrous firm that repeatedly separates and reintegrates its exploratory units. As one of few ambidexterity studies to date, this research takes on a process perspective, offering a contribution to the emerging dynamic stream of ambidexterity that seeks to understand how the phenomenon unfolds over time (Markides, 2013; Raisch et al., 2009; Raisch & Tushman, 2016; Simsek, Heavy & Veiga, 2009). Furthermore, it yields new insights into organizational identity by exploring its role in a novel setting (Gioia, Patvardhan, Hamilton & Corley, 2013) represented by organizational ambidexterity.

This thesis starts by providing an overview of relevant literature, before the research setting is outlined to provide a context for the study. Thereafter, methodology followed throughout this research is described. Then, the thesis moves on to provide a detailed description of this study's findings, which are subsequently discussed in relation to literature in the following section. Lastly, the study's central findings, suggestions for future research, limitations of this study, and its practical implications, are summarized in a concluding section.

## 2. Theory

*This section provides a summary of existing research from three different theoretical streams that lay the theoretical foundation for this study: organizational ambidexterity, organizational identity, and post-acquisition integration strategies.*

### 2.1 Organizational ambidexterity

Many companies today find themselves operating in a business environment that is volatile, uncertain, complex and ambiguous (Schoemaker, Heaton & Teece, 2018). Frequently changing conditions in the environment are challenging established business models, requiring incumbents to adapt quickly in order to survive (O'Reilly & Tushman, 2016). However, as Christensen (1997) pointed out, established firms are often unable to respond to disruptive changes in their markets. While focusing on increasing efficiency and incrementally improving their product offering for existing customers, they seemingly tend to overlook disruptive entrants that threaten their long-term survival (Christensen, Raynor & McDonald, 2015).

Remarkably, it seems that the issue lies not in the fact that big companies do not see disruptive changes coming (Christensen & Overdorf, 2000). Rather, they are suffering from the *success syndrome*, whereby the same alignment that makes the mature firms successful is hindering their adaptation (O'Reilly & Tushman, 2016, p. 29). As a company over years learns its way of doing business successfully, the lessons become reflected in its resources, processes and values (Christensen & Overdorf, 2000; O'Reilly & Tushman, 2016, p. 33). While this tight alignment of formal and social control systems to the firm's strategy is what makes it successful, it also leads to structural and cultural inertia that hinder change and make it unable to pursue discontinuous innovation (Tushman & O'Reilly, 1996).

In order to survive, companies need to resolve this fundamental adaptive challenge (O'Reilly & Tushman, 2013). On one hand, the company must be able to exploit existing assets and capabilities in its mature business where today's profit comes from. On the other hand, it has to be able to explore new technologies and business models in order to be able to respond to changes in the external environment and stay relevant (Levinthal & March, 1993). While

*exploitation* is concerned with efficiency increases, continuous improvements, and incremental innovations to deepen already established knowledge, *exploration* focuses on experimentation and research that seeks new knowledge and fuels radical innovations (Levinthal & March, 1993; Lewis, Andriopoulos & Smith, 2014; March, 1991). The nature of exploration and exploitation is thus fundamentally different. Consequently, each activity requires a different set of resources, processes, and values (Christensen & Overdorf, 2000; Lewis et al., 2014). However, seeing that exploration by nature carries with itself uncertainty and initial inefficiency, mature firms tend to overly focus on exploitation, at the expense of exploration activities (March, 1991; O'Reilly & Tushman, 2016, p. 12).

A much-researched solution to resolving the exploration-exploitation tension and the paradox of success has become known under the term organizational ambidexterity (Duncan, 1976; Tushman & O'Reilly, 1996). Although over decades of research the term has been used ambiguously to refer to various phenomena (Simsek, 2009), this thesis will, as suggested by O'Reilly and Tushman (2013), return to the use of the construct's definition as *"The ability to simultaneously pursue both incremental and discontinuous innovation... from hosting multiple contradictory structures, processes, and cultures within the same firm"* (Tushman & O'Reilly, 1996, p. 24).

### **2.1.1 Approaches to ambidexterity**

Decades of research has provided us with different propositions on how firms can balance the apparent trade-off between exploration and exploitation (Markides, 2013; O'Reilly & Tushman, 2013; Simsek, 2009). Duncan (1976), who introduced the term organizational ambidexterity, originally suggested that firms should switch between exploitative and exploratory activities in a repeated fashion, continuously changing their structures to ensure alignment with each activity. Although several later studies (Brown & Eisenhardt, 1997; Nickerson & Zenger, 2002; Siggelkow & Levinthal, 2003) confirm that such *sequential ambidexterity* can be a successful way to balance exploration and exploitation, the approach mostly applies in slow-moving environments and is less suited when conditions in the environment change quickly (O'Reilly & Tushman, 2013).

Consequently, Tushman and O'Reilly (1996) propose that when faced with discontinuous changes, companies must engage in exploratory and exploitative activities simultaneously,

proposing *structural ambidexterity* as the solution to the exploration-exploitation trade-off. This approach, which dominates the ambidexterity literature (Markides, 2013), involves placing exploration and exploitation activities into separate organizational units in order to allow for the development of separate cultures, processes, and capabilities (O'Reilly & Tushman, 2004; Tushman & O'Reilly, 1996). Although formally separate, the units are bound together by a unified company vision and supportive leaders that are able to hold a dual focus, tolerate tensions, and orchestrate the complex interplay of resources across units (Birkinshaw, Zimmermann & Raisch, 2016; O'Reilly & Tushman, 2016).

In contrast to sequential and structural approaches, a third stream of ambidexterity research proposes to solve the tension between exploiting and exploring at the individual level instead of organizational level. *Contextual ambidexterity* involves empowered, highly competent employees handling the tension on the frontline by judging for themselves how to divide time between exploratory and exploitative activities (Birkinshaw & Gibson, 2004; Gibson & Birkinshaw, 2004). In order to enable all employees to hold a dual focus a context characterized by elements of stretch, discipline, support and trust, is needed (Ghoshal & Bartlett, 1994; Gibson & Birkinshaw, 2004). Furthermore, more recently researchers have started to consider ambidexterity at an interorganizational level, proposing that firms can achieve ambidexterity through solutions such as interorganizational partnerships (Kaupilla, 2010) or alliances and acquisitions (Stettner & Lavie, 2014).

The existence of various ambidexterity approaches illustrates that there is no “one size fits all” – solution to resolving the exploration-exploitation tension. Markides and Charitou (2004) propose that a firm's choice of strategy should depend on the level of strategic relatedness between exploratory and exploitative activities and the degree of conflicts between the two. Separation is most favorable when the two activities face serious conflicts and target different markets. In contrast, when the conflicts are minor and strategic relatedness high, exploration and exploitation can be integrated in a single unit (Markides & Charitou, 2004). Other researchers point to other factors that may influence the choice of ambidexterity approach, such as the firm's history, culture and vision (Birkinshaw et al., 2016). Nevertheless, the various approaches to ambidexterity should be viewed as complementary rather than mutually exclusive (Birkinshaw & Gibson, 2004). In reality, firms are expected to combine various approaches (Birkinshaw & Gibson, 2004; Kaupilla,

2010), and ambidexterity is likely to exist at several levels of analysis within an organization (Hill & Birkinshaw, 2012; Raisch & Birkinshaw, 2008).

In line with the proposed definition of ambidexterity this thesis will limit itself to focus on the structural approach, as that involves *simultaneous* exploration and exploitation, and hosting of *contradictory structures, processes, and cultures, within the same firm*. In the remaining of this thesis terms *established unit* will be used to refer to mature units that engage in exploitative activities, and *innovative/exploratory unit* to refer to units dealing with exploration.

### **2.1.2 Creation of separate units**

Proponents of the structural stream argue that simultaneous pursuit of incremental improvements in today's business on one hand, and radical innovations on the other, requires the creation of separate business units dedicated to handling each of the conflicting demands (O'Reilly & Tushman, 2004; Tushman & O'Reilly, 1996). By creating a separate organizational unit tasked with exploration the employees do not need to handle the exploration-exploitation trade-off at the individual level. In fact, employees may even self-select themselves according to their preferences. Change-willing and innovation-oriented employees may move to the exploratory unit, while more skeptical employees may continue with business as usual (Stensaker, 2018). If innovative undertakings are not given their own space to grow, the established unit will attend to its legacy and overemphasize exploitative activities (O'Reilly & Tushman, 2016). Any radically innovative attempts taking place in the established unit are thus likely to be undermined by the established culture. Established units with their focus on exploitative activities tend to be characterized by strong and rigid cultures that emphasize values such as efficiency, quality, and risk-aversion (O'Reilly & Tushman, 2004). In stark contrast, exploratory activities with their inherent uncertainty require a loose, decentralized culture that favors risk-taking, speed, flexibility and experimentation (O'Reilly & Tushman, 2004). The strength of the structural ambidexterity solution lies in the fact that it enables the existence of such two opposing cultures within the same firm.

Giving the exploratory unit autonomy enables it to develop not only a distinct culture, but also a suitable structure, working methods and control systems (Burgers & Jansen, 2008),

without the interference of the established business (Markides, 2013). However, too much autonomy may result in the unit not acting in the best interest of the company (Burgers & Covin, 2016). Moreover, the fact that the exploratory unit is not just an R&D department, but rather a separate business division tasked with developing a new product or service before any potential disruptors, means that it poses a cannibalization threat to the established unit (Stensaker, 2018). At the same time, leveraging the established unit's resources and capabilities is exactly what can give the exploratory unit a competitive advantage over disruptive newcomers that often lack the necessary resources and capabilities (O'Reilly & Tushman, 2016). Therefore, although the existence of two separate units, each internally aligned, is a prerequisite for structural ambidexterity, the right level of integration across the units is crucial to reap the full benefits of this solution (O'Reilly & Tushman, 2004, 2016, p. 185; Smith & Tushman, 2005). The top management team plays a central role in this process. Some of the important integration mechanisms proposed by O'Reilly and Tushman (2011, 2016) involve the creation of a clear strategic intent and a common vision and values that bind together the two very distinct units. In addition, the leaders must be able to tolerate and solve tensions that arise between the two units and be strong advocates for the ambidextrous solution (O'Reilly & Tushman, 2011, 2016).

### **2.1.3 Reintegration of exploratory units**

In recent years, researchers have started criticizing the static view that dominates ambidexterity literature (Raisch et al., 2009; Raisch & Tushman, 2016). Instead of looking at structures that need to be put in place to balance exploration and exploitation, ambidexterity research should take a more dynamic perspective in order to see how ambidexterity unfolds over time (Markides, 2013; Simsek et al., 2009). Within the context of innovative units, the dynamic approach has yielded insights into how exploratory units evolve over time. It appears that although created for the task of pursuing innovation, exploratory units themselves are likely to engage in more exploitation at the expense of exploration as time goes by (Lavie, Stettner & Tushman, 2010; Schmidt, 2020) in order to apply the newly developed knowledge (Lavie et al., 2010) and achieve competitive levels of efficiency (Raisch et al., 2009).

When the needs for exploration and exploitation change over time, this is likely to affect the need for separation and integration within the established firm (Jansen, Simsek & Cao, 2012; Raisch et al., 2009), although more insights into this relationship are needed (O'Reilly & Tushman, 2013). In fact, some researchers argue that in order to leverage the strategically relevant capabilities developed in the exploratory unit it should be reintegrated back into the established firm (Khanagha et al., 2014; Siggelkow & Levinthal, 2003), thus contributing to the strategic renewal of the mature firm (Friesl et al., 2019). This is also in line with Markides and Charitou (2004) who propose a *phased integration strategy*, involving separation of exploratory activities for a period of time followed by a gradual merger, when the exploratory unit and established unit share high strategic relatedness but face serious conflicts with regards to the way of competing. In a similar thought, O'Reilly and Tushman (2016, p. 187) emphasize that the reintegration argument holds for exploratory units that are of strategic importance to the established firm. However, the researchers also add scale and legitimacy as important prerequisites for reintegration. The importance legitimacy plays in the reintegration process is further illustrated in Friesl et al. (2019, p. 90) who suggest “legitimacy as a salient trigger of isomorphism” – the phenomenon of parent unit copying the exploratory unit.

In general, integration of organizational units poses challenges for both the exploratory unit and the established unit, as it constitutes a major change process involving broadening and transformation of organizational boundaries (Colman & Lunnan, 2011). Although the challenges might be expected to be more profound in the case of integration of two separate companies than in the case of reintegration of an exploratory unit that is already strongly linked with the organization (Hill & Birkinshaw, 2012), challenges are still likely to arise. It is important to remember that the argument for separating the exploratory unit in the first place, is to allow it to develop into something very distinct from the established unit. However, upon reintegration the two distinct units meet, something that will pose challenges to cooperation and threaten the pre-integration identities of the units (Colman & Lunnan, 2011).

Although scholars have started identifying criteria for reintegration with its potential benefits, more insights are needed into the reintegration process itself and the mechanisms by which the exploratory unit can influence its parent upon reintegration (Friesl et al., 2019).



Furthermore, seeing the largely overlooked role of organizational identity in ambidexterity in general, and the dynamic stream in particular, more research is needed to investigate the role of identity as a strategic capability in hosting ambidextrous designs over time (O'Reilly & Tushman, 2013). This thesis aims to contribute to filling this gap, by taking a closer look at the identity processes that unfold in the context of repeated separation and subsequent reintegration of exploratory units. Consequently, it is important to turn to organizational identity literature, in order to see how it can inform this research.

## 2.2 Organizational identity

The traditional definition of organizational identity describes the concept as being made up of three core elements, namely what is *central*, *distinctive*, and *enduring*, about an organization's character (Albert & Whetten, 1985). The first and most essential pillar of the identity concept refers to the central labels, products, services, practices, or values, used to define "who we are as an organization" and "what is it that we do" (Gioia et al., 2013). What is perceived as being central about an organization may be influenced, among other factors, by the beliefs and values of founders or leaders (Gioia, Price, Hamilton & Thomas, 2010) and organizational narratives which when being shared, provide a basis of commonality (Wertsch, 2012). In the case of subsidiaries, organizational identity is also likely to be influenced by "nested" identities derived from the parent firm (Ashforth, Rogers & Corley, 2012).

The second pillar emphasizes that identity is a concept that distinguishes the organization from other comparable entities (Corley, Harquail, Pratt, Glynn, Fiol & Hatch, 2006). However, rather than being maximally different from their competitors, organizations try to achieve *optimal distinctiveness*, that is, balance being similar to and simultaneously different from competing organizations (Gioia et al., 2010). Objectively, organizations may be more similar than they would like to acknowledge, due to processes such as benchmarking, adoption of industry best practices (Gioia et al., 2013) or emulation of identities of similar, legitimate organizations in the same institutional environment, in order to gain legitimacy needed for survival (Czarniawska & Wolff, 1998). Consequently, what is most important about the distinctiveness element is that the organization itself believes to have a distinctive identity.

Lastly, the third pillar of the identity concept, describing it as something enduring, has been subject to large disagreements (Corley et al., 2006).

## 2.2.1 Identity change

Albert and Whetten's (1985) definition of identity as something enduring gave rise to the traditional *enduring identity proposition* (Gioia et al., 2013). Although the proposition does not reject that identity can evolve, it views identity changes as happening gradually over long periods of time as organizations move through their life-cycles of birth, growth, maturity and retrenchment (Albert & Whetten, 1985, p. 275). Identity can change through *substitution* whereby one identity gives way to another. Alternatively, a new identity may join the other through a process of *addition*, resulting in multiple identities. Different identities can be held by various subgroups in the organization, or multiple identities can be held across all members of the organization (Albert & Whetten, 1985). Such multiple identities do not need to conflict with each other and can coexist through a maintenance of harmony, tolerance, and balance, between the various identities (Corley et al., 2006).

The argument for identity being enduring rests on several explanations. First of all, a feeling of continuity or stability over time is an important factor for psychological well-being of individuals (Erikson, 1968). Furthermore, although a strong social identity, the part of individual identity that is derived from being part of a social group, is positively related to identification with an organization, it can also lead to resistance to identity change (Fiol, 2002). In addition, identity change may also simply be hampered by inertia arising both from external sources such as stakeholders' expectations (Hannan & Freeman, 1984) and internal sources such as existing organizational routines and practices (Gioia et al., 2013). Organizations may even unconsciously avoid identity change by using various cognitive mechanisms, for example denying the need for change (Brown & Starkey, 2000), maintaining positive identity perceptions (Elsbach & Kramer, 1996), or changing parts of the organization other than identity (Gioia et al., 2013).

By now, lively debates have led to substantial evidence which demonstrates that identity is more prone to change than originally assumed (Fiol, 2002; Gioia, Schultz & Corley, 2000; Gioia et al., 2013; Gioia & Thomas, 1996). In contrast to the enduring identity view, the *dynamic identity proposition* holds that identity can change in shorter periods of time (Gioia

et al., 2013). However, identity change is often not easily identifiable and insiders themselves may not be aware of the changes occurring, as they want their identity to preserve an aura of stability (Whetten & Godfrey, 1998, p. 35). Gioia et al. (2000) explain this paradox by means of differentiating between the labels insiders use to describe who they are as an organization, and the meanings associated with these labels. Organizational identity may evolve while preserving the illusion of stability when the labels used to describe “who we are” stay the same, while the meanings behind those labels change (Gioia et al., 2000). According to Gioia et al. (2013, p. 126) it is therefore “more appropriate and accurate to refer to identity as having continuity over time rather than labelling it as “enduring””.

Nevertheless, some scholars go even further arguing that at times organizations must undergo discontinuous or radical identity changes in order to remain competitive (Fiol, 2002). This may require them to engage in planned and deliberate identity change processes (Gioia & Thomas, 1996). According to Fiol (2002) a radical identity change can be accomplished through a process of deidentification followed by reidentification, guided by leaders’ language and rhetoric. Furthermore, organizational members can be motivated to embrace identity change through a perceived identity gap between the current and desired future identity (Reger, Gustafson, Demarie & Mullane, 1994). Such change may be especially easily accepted when current identity threatens organizational survival (Biggart, 1977).

## **2.2.2 Relation to organizational culture**

While organizational identity in essence represents the beliefs of the insiders of an organization about what distinguishes them from others (Corley, 2004), culture can be defined as “a set of basic tacit assumptions about how the world is and ought to be that a group of people share and that determines their perceptions, thoughts, feelings, and, to some degree, their overt behavior” (Schein, 1996, p. 11). In a similar thought, Hofstede (1998, p. 2) refers to culture as the “collective programming of the mind”. Although numerous researchers have defined the concept in various ways, most definitions acknowledge that culture is something shared by a group of people that guides interpretations and behaviors (Chatman, Caldwell, O’Reilly & Doerr, 2013). In light of this, organizational identity can be

seen as providing an answer to the question “who are we?”, while organizational culture an answer to the question “how do we do things?” (Colman, 2008).

Seeing that both culture and identity are concepts referring to how organizational members make sense of the world around them and explain action, they are often used interchangeably of each other. This can be explained through the fact that “it is possible to conceive of either as a derivative of the other” (Gioia et al., 2013, p. 176). This issue is also illustrated through this research. When asked about how they would describe their unit, the research participants often emphasize their unique culture as a means of distinguishing themselves from other units (see section 5. *Findings*). Consequently, the lines between the two concepts may not appear as clear cut in the presentation of this research’s findings. Nevertheless, this thesis recognizes that conceptually, organizational culture and organizational identity are distinct constructs.

Already Albert and Whetten (1985) pointed to the issue of separating the concepts by reasoning whether culture can be seen as a part of identity. Gioia et al. (2000) argue that identity is the deepest level, or generative basis, of culture. Other researchers disagree, arguing that culture provides a context within which identity develops (Hatch, 1993). Hatch and Schultz (2002) conceptualize the link between culture and identity as a dynamic process, in which identity expresses cultural understandings but can also become embedded in culture through reflecting. For this thesis, I will build on their distinction between culture and identity along three dimensions, along which culture can be seen as relatively more tacit, conceptual, and contextual than identity, which is relatively more textual, explicit and instrumental (Hatch & Schultz, 2002).

The more textual and explicit nature of identity suggests that the concept is more easily accessible than the more tacit concept of organizational culture, to researchers who wish to study this phenomenon through conversations with organizational members. Consequently, this thesis limits itself to focusing on the phenomenon of organizational identity. Responding to the call of Gioia et al. (2013) to gain further insights into identity through trying to understand its role in other organizational phenomena, this thesis aims to explore how identity evolves over time in a structurally ambidextrous firm that repeatedly separates and reintegrates its exploratory units. The understanding of what happens upon reintegration of

units that were separated to become something very distinct from the established unit can be informed through looking at mergers and acquisitions (M&A) literature concerning post-acquisition integration.

## 2.3 Post-acquisition integration strategies

Numerous researchers have proposed various, largely overlapping, typologies for post-acquisition integration strategies that firms can pursue to reach organizational fit needed to realize synergies upon merging (Haspeslagh & Jemison, 1991; Nahavandi & Malekzadeh, 1988; Marks & Mirvis, 2001; Mirvis & Marks, 1992). In their seminal work on post-acquisition integration, Haspeslagh and Jemison (1991) propose that integration strategies can differ along two dimensions. On one hand, *strategic interdependence* is concerned with how much the two merging firms should engage in resource sharing and knowledge transfer. On the other hand, *organizational autonomy* refers to the extent to which the organization maintains its culture. Seeing that strategic interdependence or strategic importance of the exploratory unit is regarded as an important prerequisite for reintegration (Friesl et al., 2019; Khanagha et al., 2014; Markides & Charitou, 2004; O'Reilly & Tushman, 2016; Siggelkow & Levinthal, 2003), this suggests that strategies high on the strategic interdependence dimension are relevant when looking at how the reintegration of an exploratory unit back into the established firm can unfold.

According to Haspeslagh and Jemison (1991), when the need for strategic interdependence is high, but autonomy of the target does not need to be kept in place, an *absorption* strategy is suitable. In this case the operations, organization, and culture of the target, get consolidated into the parent and the unit loses its pre-integration distinctiveness. This strategy is mirrored by the *assimilation* strategy proposed by Nahavandi and Malekzadeh (1988) in their study on how cultures align after integration. Cultural *assimilation* happens when the target unit adopts the identity, culture, practices, and systems of the acquiring unit upon integration. In contrast, when the two merging entities require both a high level of strategic interdependence, and autonomy, a *symbiosis* strategy allows for integrating the best of both, by gradually dissolving the inter-firm boundaries through continuous interactions (Haspeslagh & Jemison, 1991). *Symbiosis* can be seen as parallel to cultural *integration* (Nahavandi & Malekzadeh, 1988). In this case the integration target would try to keep its

distinctive identity, culture, practices, and systems, while accepting structural integration into the acquirer. However, Marks & Mirvis (2001) also suggest the possibility of a *reverse takeover*, involving a rare case of the target unit exercising influence on the acquiring unit and effecting an assimilation of the unit to the identity and culture of the target.

### 2.3.1 Integrating two distinct identities

Birkinshaw, Bresman and Håkanson (2000) argue that the success of acquisitions is dependent on two interconnected processes: *task integration* and *human integration*. While task integration refers to identification and realization of operational synergies, human integration is concerned with the creation of positive attitudes towards the integration among employees on both sides (Birkinshaw et al., 2000). Both processes need to be managed successfully to ensure the success of an acquisition. Research shows that integrations of targets that identify with their acquirer reduce the classic “us” vs. “them” dynamics, and lead to several positive outcomes such as better performance and higher employee satisfaction (Colman & Lunnan, 2011). These outcomes can be interpreted as signs of successful task integration and human integration, respectively. In contrast, perceived threats to one’s own organizational identity are negatively associated with post-acquisition value creation (Brown & Starkey, 2000). A unit sticking to its pre-acquisition identity may hamper human integration of the two units, resulting in low employee satisfaction (Birkinshaw et al., 2000).

Nevertheless, Colman and Lunnan (2011) partially challenge this prevailing view. The researchers confirm that less identification with the acquirer indeed leads to lower employee satisfaction. However, identity threats also result in the creation of serendipitous value, that is, unexpected benefits stemming from new or improved processes, technological solutions, strategic ideas, or cultural renewal as a result of knowledge sharing between the two firms. When the target experiences identity threats, it may lead to resistance to adopt processes and structures of the acquirer that it views as inferior. Confident of its superiority in terms of aspects such as innovation, autonomy, or organizational culture, the target unit may undertake *mobilizing actions* to promote its knowledge and solutions in the acquiring firm, and *self-preserving mitigating actions* to continue with its old identity (Colman & Lunnan, 2011). This suggests that the acquiring unit itself can undertake actions to influence how the

integration unfolds. If the unit considers itself superior to the acquiring unit in some aspects, it may preserve its own identity and impose its way of doing things on the acquirer, in line with a reverse takeover strategy (Marks & Mirvis, 2001).

When the established ambidextrous firm chooses to reintegrate an innovative unit it will lead to a confrontation of the two groups with their distinct identities, cultures, processes, and capabilities. This confrontation will likely result in both parties experiencing their identities being challenged (Colman & Lunnan, 2011). An interesting question arises regarding the extent to which the exploratory unit manages to form a distinct identity upon separation, and how the unit may influence the established unit's identity upon subsequent reintegration. Will the identity of the innovative unit cease to exist through absorption/assimilation or be preserved through symbiosis/integration? Perhaps the established unit may even be assimilated to the exploratory unit's identity through a reverse takeover? Although these strategies originate from M&A literature, they may also apply in the context of integration of two units within an ambidextrous firm. This thesis will shed some light on the degree of transferability of the post-acquisition integration frameworks to this new context of organizational ambidexterity.

### 3. Research setting

*This section provides an overview of the research setting for this study. It starts by providing some background information about Media Corporation and its subsidiary Established Newspaper, which serves as the case company for this research. Thereafter, the three embedded cases of Established Newspaper's exploratory units; Online Exploration, Mobile Exploration, and Video Exploration, are presented. The accuracy of information provided in this section has been verified through comparisons of data from primary and secondary sources, which are described in more detail in section 4. Methodology. All names of companies, organizational units, products, and informants, figure under pseudonyms throughout this thesis, in order to ensure anonymity.*

#### 3.1 Media Corporation

Media Corporation is a large international media house with presence in over 20 countries around the world, of which the majority are located in Europe. The company was founded in a Scandinavian country in the mid-nineteenth century, where it remains headquartered. Media Corporation started in the newspaper business and is today the owner of several leading newspapers in its home country, in addition to many local newspapers. Besides its core business in the news industry, the company is a market leader in online marketplaces and online classifieds. Moreover, it invests heavily in new digital growth companies, ranging from the insurance industry to dating sites. In fact, over 50% of its revenue is generated through digital products.

Media Corporation laid ground for its success as an online player already in 1995, when the company's leadership articulated an explicit vision to become digital, which was strongly anchored within the board. The support of the owners meant that the company did not see itself forced to cut back on its online investments when the dot-com bubble burst in 2000, as many other companies did. Instead, being convinced that despite all the future is digital, the company continued investing in developing its digital offerings. As a step in this process Media Corporation acquired a newspaper from its neighbor country, Neighbor Newspaper, which had launched an online edition already in 1994. The company was perceived as having a highly innovative and experimenting culture that could contribute to sparking a cultural change in Media Corporation.



Today, the wide range of Media Corporation's digital undertakings, and the fact that the company is continuously looking for business opportunities in new fields, contribute to its reputation as a highly innovative company. However, not only Media Corporation itself is trying to remain a relevant player in a future that is digital. Its subsidiaries, of which many themselves are large established firms, need to resolve similar challenges of adaptation. One of them is Established Newspaper, one of the most read daily newspapers in its home country, which serves as the case company for this research.

## 3.2 Established Newspaper

Established Newspaper was established at the end of the second world war, as a politically independent newspaper. Few decades later, it became wholly-owned by Media Corporation, and the new management adopted the tabloid format for the newspaper. Within the first decade of being acquired, Established Newspaper became the second-largest newspaper in its country. In addition to continuing publishing news through the traditional tabloid paper format, Established Newspaper was an early adopter of the digital format. Today, Established Newspaper's news page has the highest readership in the country, constituting approximately 40% of the population as daily readers. Established Newspaper has successfully adapted to the digital shift in the newspaper industry and continues sensing shifting consumer preferences and trying to adapt to its environment in a proactive manner. The company managed to transform itself from being paper-based, to becoming desktop-centric and later mobile-centric. Currently, Established Newspaper is developing visual storytelling capabilities in order to attract younger users. The way Established Newspaper continuously renews itself, is through repeatedly creating separate organizational units tasked with innovation activities and reintegrating them back after some time. Consequently, the company is a highly relevant candidate for studying structural ambidexterity from a temporal perspective. Established Newspaper has repeated the process of separation and subsequent reintegration for two historic exploratory units, Online Exploration and Mobile Exploration, while the third unit, Video Exploration, still remains separate. Figure 1 on the next page provides a timeline of the research setting.

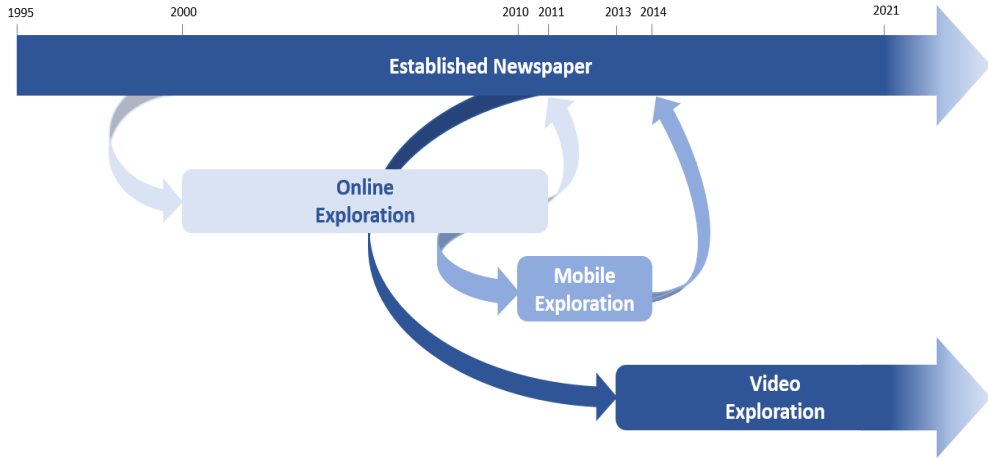


Figure 1: Timeline of the research setting covering the time period from 1995 to 2021

### 3.3 Online Exploration

Established Newspaper's first attempt at implementing the ambidextrous solution resulted in the creation of Online Exploration. The unit was first established as a project within Established Newspaper in 1995. By this time, the threat posed by the internet was recognized in the newspaper industry, and many firms in the industry started to experiment with the creation of digital formats of the newspapers.

In a similar manner as its newly acquired sister company, Neighbor Newspaper, Established Newspaper decided to set up Online Exploration as a separate, wholly-owned subsidiary in order to give the innovative unit sufficient autonomy to continue developing the online offering without the interruption of the established business. The unit was separated in 2000 and increased its size from 5 to approximately 25 employees. Initially, Online Exploration relied on Established Newspaper journalists, as many articles written for the printed edition were simply uploaded online. However, over time, more and more content was developed exclusively for the online edition by the unit's own online journalists. By 2003 the unit managed to break even and by 2007 the readership figures of the online version of Established Newspaper had surpassed printed copy sales. Having gained legitimacy in the eyes of the established business and being looked upon as the future, Online Exploration was

reintegrated into Established Newspaper in 2011. By the time the reintegration took place, the unit had grown to approximately 100 employees.

Throughout the period of separation Online Exploration was quite detached from the rest of Established Newspaper. Although the unit carried the brand of Established Newspaper online and for a long time relied on investments from its parent, Online Exploration was located at a separate floor in the corporate building and there was little interaction between the exploratory unit and the established unit. Online Exploration managed to develop an experimenting culture that gave rise to many innovative projects. Many of these projects resulted in products or offerings that still exist today within Established Newspaper.

### 3.4 Mobile Exploration

Already before the formal reintegration of Online Exploration, in 2010, a new innovative unit, Mobile Exploration, was established as a separate company. Mobile Exploration started as a project on developing a mobile version of Established Newspaper, as one of many innovative undertakings within Online Exploration. The project resulted in the launching of a mobile edition of the newspaper already in 1999, which relied on the WAP browser. However, after the introduction of the iPhone in 2007 it quickly became clear that subsequent development within the mobile arena will be based on this new technology. Since Online Exploration itself was becoming quite a large and mature organization by 2010, it was recognized that seeing the need for rapid development within mobile technology, it would be beneficial to once again place the innovative undertakings in a separate company.

In contrast to Online Exploration, which focused on developing both the online product as well as content for the online edition, Mobile Exploration was tasked primarily with developing on the mobile technology. As such, it relied more on the content from Established Newspaper and there were more interactions between the two units, than was the case with Online Exploration. Still, Mobile Exploration managed to establish a technology-focused experimenting culture that led to the development of many innovative products and solutions. Some of the most important innovations was the introduction of Established Newspaper Premium, a subscription-based product with premium journalistic content, and Ad Bureau, an own ad agency working on incorporating ads into the mobile newspaper.

Seeing the fast adoption rates of the smartphone, it quickly became clear that mobile would be the main technology for Established Newspaper's way of delivering news. Mobile Exploration broke even already in 2011, and by 2012 the mobile version of the newspaper had higher readership figures than all of Established Newspaper's competitors taken together. In light of this, the innovative unit was reintegrated already in 2014, only four years after it was separated. During that time the unit grew from 4 to approximately 25 employees.

### 3.5 Video Exploration

The last innovative unit can be traced back to the publication of the first video on the online version of Established Newspaper in 1998. Few years later, in 2001, Video Exploration was established as a small project within Online Exploration aimed at experimenting with producing video content for the news page. The project expanded and Video Exploration became a business unit inside Online Exploration in 2007. However, by 2014, driven by the success of the previous innovative units, Video Exploration was placed in a separate company, owned by Established Newspaper. Video Exploration was tasked with bringing a visual experience into Established Newspaper's traditional offering. The innovative unit was further responsible for attracting a younger audience to the Established Newspaper brand.

Video Exploration consisted of 30 employees upon separation and has currently grown to approximately 70 employees. Through hiring young employees with a willingness to experiment, Video Exploration managed to develop a highly innovative, entrepreneurial culture. The entrepreneurial spirit has led to the development of many different undertakings, ranging from a YouTube channel, a Snapchat channel, podcasts, and voice assistants, to entertainment shows and live shows. In 2014, Video Exploration even started an own linear TV channel.

Despite marked differences between the employees and cultures of both units, Video Exploration has in many aspects been closer to the established unit than the previous innovative units. Video Exploration employees are co-located on the same floor with Established Newspaper employees and collaborate with them on a daily basis, as Video Exploration produces video content for the news stories of Established Newspaper. In light of this, many employees from both units perceive the separation as mostly being formal.

Although the innovative unit was running in deficit for many years, it eventually managed to financially break even in 2019. Since that time discussions have been going on about a possible reintegration of the innovative unit back into Established Newspaper, and implications of the decision are being examined. However, a final decision about the reintegration has not yet been made at the time of this study.

## 4. Methodology

*This section provides a description of the methodology used to answer this study's research question. Firstly, the overarching research design is presented. Secondly, the techniques used to collect and analyze data are described in more detail. Lastly, the quality of the research and ethical considerations are discussed.*

### 4.1 Research design

Research design can be seen as a plan on how the research question is being operationalized into a research project, consisting of several choices made by the researcher that should form a coherent whole (Saunders, Lewin & Thornhill, 2016). Due to the fact that there is very limited research concerning *how organization identity evolves over time in structurally ambidextrous firms*, this research is conducted through a qualitative exploratory case study. Such research design is especially useful for developing an initial understanding of how identity can evolve in ambidextrous firms by examining the previously little explored phenomenon in a real-life setting. In addition, the design is flexible allowing the researcher to adjust her focus of the study as new insights are generated (Bhattacharjee, 2012). In the following, the choices regarding research design are explained in more detail.

#### 4.1.1 Approach to theory development

This study utilizes the abductive approach to theory development, which combines deductive and inductive logics, for a long time regarded as stark opposites, by moving back and forth between the two (Suddaby, 2006). Although this research approaches the data inductively, it compares the findings to existing theories (Gehman, Glaser, Eisenhardt, Gioia, Langley & Corley, 2018), to find possible explanations for the observed phenomenon of identity evolution within a structurally ambidextrous firm. The research setting was chosen deductively through examining existing literature on organizational ambidexterity. I wanted my study to contribute to the emerging dynamic stream of ambidexterity research. However, through my initial analysis of interviews conducted earlier on the topic of separation and reintegration of exploratory units within Established Newspaper, it occurred to me that organizational identity plays an interesting role in this process and should be explored

further. Consequently, the final research question was derived inductively from the data. While deduction can be criticized for taking as point of departure already existing theories thus limiting the potential for unexpected, novel findings, inductive research gives rise to untested conclusions limiting its generalizability (Timmermans & Tavory, 2012). Combining the two approaches allowed me to overcome the inherent weaknesses of each, in addition to providing a high degree of flexibility in the research process.

#### **4.1.2 Methodological choice**

Qualitative methods refer to techniques used to collect and analyze non-numerical data (Creswell, 2014). This research uses a multi-method qualitative design, since it relies on data from semi-structured interviews as well as secondary text-based sources. Qualitative data are contextual, as qualitative techniques often involve an element of interaction with research participants in their natural setting (Creswell, 2014). Due to its unstructured and complex nature, qualitative data require of the researcher considerable analytical skills. However, its complexity is also what makes qualitative data very rich, something that can provide deep insights into the phenomenon of interest (Saunders et al., 2016). Qualitative methods are therefore especially useful in exploratory studies such as this one, where the objective is to generate new insights into a previously underexplored topic (Ponelis, 2015). Taking on the dynamic approach to ambidexterity by looking at identity processes that occur in the context of repeated separation and reintegration of exploratory units, further supports the use of qualitative methods to explore the topic at hand (Simsek et al., 2009).

#### **4.1.3 Purpose**

Due to the fact that organizational identity has received limited attention within the study of ambidexterity in general, and the dynamic stream in particular, the purpose of this research is first and foremost exploratory. An exploratory study is well-suited to investigate previously underexplored phenomena as it allows for a high level of flexibility, whereby the research can move in unexpected directions as new insights are unraveled (Saunders et al., 2016). This research aims to explore organizational identity processes that occur over time within a structurally ambidextrous firm. The primary objective of this research is that it will provide valuable knowledge to practitioners on how organizational identity can evolve over time in

ambidextrous firms upon repeated separation and reintegration of innovative units. Furthermore, I hope that this study can become a starting point for future research in the cross-section between the organizational ambidexterity and organizational identity domains.

#### **4.1.4 Strategy**

A case study can be described as an in-depth inquiry into a particular phenomenon within its real-world context (Yin, 2018). The case study strategy seems particularly suited to inform this research as it allows for intensive and in-depth inquiry into the phenomenon of organizational identity evolution in a real-life setting of an ambidextrous firm that repeatedly separates and reintegrates its exploratory units. In particular, it allows for revealing the underlying causes and mechanisms of *how* and *why* the identity evolves (Edmondson & McManus, 2007). An important strength of case study research is that it relies on data triangulation. Building on several sources of information allows for comparisons of findings, thus increasing the research's validity (Yin, 1994).

The study utilizes a single case embedded design, where Established Newspaper serves as the case company and its three innovation units serve as embedded units of analysis. While Online Exploration and Mobile Exploration are historical units, Video Exploration still exists today. The case of Established Newspaper was chosen because it represents a unique example of an established firm that has a conscious approach to separating and reintegrating its exploratory units, in order to secure a renewal of its core. In addition, the company is a rare case of a persistent innovator with many instances of success that offered a unique opportunity to explore identity processes occurring in such context.

Since context plays an important role in the interpretation of the gathered data, the findings are not representative outside of their context (Eisenhardt & Graebner, 2007). Nevertheless, the use of a single case allows to go more in-depth into the phenomenon being studied and its particular setting (Dubois & Gradde, 2002). Seeing that the chosen case offers a unique opportunity to explore in-depth a previously overlooked phenomenon, the use of an embedded single-case approach was deemed suitable. Especially when taking into account the limited time and resource frame of this research, it was considered better to dive in-depth into a one firm's history than conduct a superficial multiple-case study (Flyvbjerg, 2006). Moreover, the use of an embedded design where three exploratory units of Established



Newspaper serve as units of analysis adds “significant opportunities for extensive analysis, enhancing the insights into the single case” (Yin, 2018, p. 46). Analyzing how the identity evolution process unraveled for each analytical unit separately, allows for making comparisons across the three cases and recognizing patterns across them, an advantage usually associated with the use of multiple cases (Eisenhardt & Graebner, 2007).

#### 4.1.5 Time horizon

Answering the calls of several researchers to study ambidexterity through a temporal perspective (Markides, 2013; Raisch et al., 2009; Simsek et al., 2009), this study takes on a longitudinal time horizon. In order to understand *how organizational identity evolves over time in structurally ambidextrous firms* a process approach seems to be particularly useful as it allows to understand “how things evolve over time and why they evolve this way” (Langley, 1999, p. 692). By joining an ongoing research project at the case company, I was able to become part of a data collection process extending over a period of several years. Data was collected in June and October 2019, between May and June 2020, and between March and April 2021, through a total of 16 qualitative semi-structured interviews.

In order to get a wide picture over the phenomenon at hand, process study research tends to rely on a combination of real-time data with broader historical data, as it is often impossible to get a real-time account of the process of interest in its whole (Langley, 1999). Although the process of separation and reintegration of exploratory units could not be observed in real-time, the interviews provided a rich and detailed retrospective account of the events. On one hand, the retrospective nature of the statements can be seen as a weakness, as events may not have been remembered accurately. On the other hand, looking at the events in hindsight may lead to statements that are more reflected upon (Langley, 1999). Seeing that this research employs the narrative inquiry strategy (see section 4.3.2 *Narrative inquiry*), the use of a retrospective account appears as especially valuable for constructing a detailed story about the ambidextrous firm’s identity evolution. To strengthen the credibility of the findings, information provided by different participants was compared with one another, as well as with data stemming from secondary sources (Yin, 2018).

## 4.2 Data collection

This research is conducted as part of the RaCE (Radical Technology-Driven Change in Established Firms) program at the Norwegian School of Economics (NHH), which aims to understand how big, established firms can successfully adapt to radical technology-driven change. Being part of the research program has been of crucial importance for the data collection part of this research. My supervisor and my collaborator, a PhD student doing research on the same company, had developed long-term relations with Media Corporation and Established Newspaper. This was very helpful in letting me get access to the case company. In addition, by joining an ongoing research at Established Newspaper I got access to transcripts of 12 interviews previously conducted in the case company by my collaborator on this project and an earlier master student (Schmidt, 2020). An initial analysis of these transcripts was decisive for setting the direction of this research. In the following, I will present in more detail the sources and methods used to collect data, before I proceed with explaining how the data were subsequently analyzed.

### 4.2.1 Data sources

As recommended in case-study research, this study triangulates data (Yin, 2018). More specifically, the data collection relies on a multi-method qualitative approach. Seeing its exploratory purpose, the study relies primarily on non-numerical primary data gathered through semi-structured interviews. The interviews were conducted with several key decision makers from Media Corporation, Established Newspaper, and the three exploratory units, that were involved in the processes of separation and reintegration of exploratory units and could contribute with their subjective insights into the events and the evolving identity of the firm. The primary data are supplemented with a range of secondary data from various internal and external sources. Data triangulation allows for the development of an in-depth understanding of the subject at hand and strengthens the credibility of this research (Guba, 1981).

### 4.2.2 Sample

The sampling technique describes the process through which a sample of respondents is chosen (Saunders et al., 2016). At the starting point, I was interested in exploring the topic of ambidexterity from the relatively newer dynamic perspective. My initial idea was to explore the topic of how innovation units within structurally ambidextrous firms evolve over time, in order to expand existing theory. Given its history of repeated separation and reintegration of exploratory units, the case of Established Newspaper was chosen because it offered a unique possibility to explore how innovation units can evolve over time in an established firm. The sampling technique used for case selection can therefore best be described as purposive, non-probability, theoretical sampling (Morse, 2007). This method is well suited for exploratory research that aims to build theory.

Since my research is part of an ongoing research at Established Newspaper it is heavily reliant on data collected earlier by my collaborator and an earlier master student (Schmidt, 2020). My research question: *How does organizational identity evolve over time in structurally ambidextrous firms?* and Schmidt's (2020) research question: *How do innovation units in structurally ambidextrous firms evolve over time?* are answered through studying exactly the same events of separation and reintegration of exploratory units in the exact same firm. Consequently, her interviews yielded a lot of insights required for answering my research question and they constitute an important part of this research's primary data. In fact, my research can be viewed as an extension of Schmidt's (2020) research, studying the same events, though through a new lens, namely that of organizational identity.

Through an initial analysis of the 12 transcripts of interviews conducted earlier the direction of my research was set. In light of this, my sampling of interview participants was based on who was considered to be able to further inform my research's emerging categories, in line with theoretical sampling (Charmaz, 2006). Throughout the whole interview process, by the end of each interview, the participants were asked to suggest relevant informants. The interview process continued until we managed to interview the key figures pointed to by several informants, and further interviews were no longer generating much additional insights. By this point I had a solid overview of the research topic, and it was deemed that

theoretical saturation was achieved (Corbin & Strauss, 2014). The result was a total sample size of 14 participants.

The informants included key individuals from Media Corporation, Established Newspaper, and Video Exploration, that either currently hold or in the past had held key positions as executives or board members in one or several of the units. Several of the participants had also held key positions in Online Exploration and Mobile Exploration, that is, the historical innovation units. The participants had witnessed the separation and reintegration events and could therefore provide their subjective experiences on the subject matter and in that way confirm or contradict other participants' statements. Seeing the events from various perspectives allows to develop a deeper understanding of the phenomenon at hand, thus helping to mitigate potential biases (Eisenhardt & Graebner, 2007). An overview of the research participants can be found in Table 1 on the next page.

*Table 1: Overview of the interview participants and their current and past business roles*

<b>Interview Participant</b>	<b>Current Business Roles</b>	<b>Past Business Roles</b>
<b>Informant 1</b>	Video Exploration (CEO)	Video Exploration (Head of Unit, later Strategy Director) Online Exploration (Project Manager) Media Corporation (Management Trainee)
<b>Informant 2</b>	Video Exploration (Head of Technical Operation)	Online Exploration (Responsible for Streaming Media) Established Newspaper (Photographer)
<b>Informant 3</b>	Media Corporation (Head of Product and Concept)	Video Exploration (Head of Commercial) Online Exploration (Commercial Product Manager) Media Corporation (Management Trainee) Established Newspaper (Account Manager)
<b>Informant 4</b>	Video Exploration (Head of Department)	Video Exploration (Video Journalist, later Head of News)
<b>Informant 5</b>	Video Exploration (Head of Development)	Video Exploration (Part of Editorial Team)
<b>Informant 6</b>	Video Exploration (Head of Programming)	Online Exploration (Product Manager)
<b>Informant 7</b>	Video Exploration (Technical Producer)	External Company

<b>Informant 8</b>	Video Exploration (Technical Operations Manager)	External Company (Consultant at Competing Broadcasting Companies)
<b>Informant 9</b>	Established Newspaper (News Editor)	Media Corporation (Board Member)
<b>Informant 10</b>	Established Newspaper (Board Member) Media Corporation (Special Advisor)	Video Exploration (Chair of the Board) Media Corporation (Board Observer, later Head of Editorial) Mobile Exploration (Chair of the Board) Established Newspaper (CEO prior to reintegration of Online Exploration; Editor in Chief & CEO of the merged entity) Online Exploration (Editor in Chief & CEO upon separation, later Chair of the Board) Established Newspaper (Executive Editor)
<b>Informant 11</b>	Media Corporation (Product Manager)	Established Newspaper (Head of Analysis, later Head of Editorial Development) Online Exploration (Head of Development)
<b>Informant 12</b>	Competing Media House (Chair of the Board)	Media Corporation (Consultant, later Deputy CEO)
<b>Informant 13</b>	Media Corporation (Senior Advisor)	Online Exploration (Board Member)
<b>Informant 14</b>	Media Corporation (Head of Consumer and Subscriptions)	Media Corporation (Head of Commercial) Mobile Exploration (CEO) Established Newspaper (Head of Sales)

### 4.2.3 Qualitative semi-structured interviews

Seeing the exploratory purpose of this study, the use of interviews as the primary data source allowed for getting an in-depth understanding of the complex phenomenon of separation and reintegration of exploratory units in Established Newspaper, as they allowed for asking follow-up questions that could help uncover the underlying reasons for particular events and their associated consequences (Brinkmann & Kvale, 2018). The interviews were semi-structured in nature, which means that besides some predetermined themes, the questions were asked flexibly and depended on the responses given by participants. Through asking open-ended “how” and “why” questions I invited the participants to provide their subjective experiences of the events. This allowed the participants to express their opinions and guide the conversation in directions I did not anticipate, something that contributed to giving valuable insights into this exploratory study (Bryant & Charmaz, 2007).

Of the sample consisting of 14 participants, two participants were interviewed twice, resulting in a total of 16 interviews. The first nine interviews were conducted in person in

Video Exploration's facilities. Of these, the first five were conducted by my PhD collaborator alone, while the next four were conducted by him together with an earlier master student. Conducting interviews in person can enrich the understanding of participants' statements as it allows for observations of associated mimics and gestures. Unfortunately, in light of restrictions imposed in March 2020 due to the COVID-19 pandemic, subsequent interviews could not be conducted face-to-face. These were instead conducted through Zoom. My collaborator conducted three further interviews between May and June 2020, while the last four were conducted two-on-one by me and my collaborator between March and April 2021.

Through analyzing transcripts of previously conducted interviews as well as a range of secondary data, I managed to gain an overview of the events and organizational units I wished to study further. This information, together with literature on organizational ambidexterity, organizational identity and post-acquisition integration strategies served as a basis for the development the interview guide, which can be found in *Appendix B*. The interview guide primarily contains questions about the historical innovation units: Online Exploration and Mobile Exploration, as parallel questions regarding the third unit, Video Exploration, were largely covered in the previously conducted interviews. The interview guide was gradually refined upon learnings from each subsequent interview and slightly adapted to each participant depending on the participant's role in the organization (Charmaz, 2014). Although the conversations unfolded differently for each participant, the guide was a valuable leaning point that helped to ensure that the most important themes got covered during the limited time frame.

My collaborator was the contact person that scheduled interviews with each of the participants. Prior to each interview, the interviewee would receive and be asked to sign the Informed Consent Form developed by RaCE researchers (see *Appendix A*), which explains how data is going to be used and assures anonymity. I would prepare for each interview by checking out the history of the participant through the participant's LinkedIn profile and a general internet search. The interviews would start by repeating the information provided in the Informed Consent Form and informing the participant about the research project, before asking the participant general questions about the participant's background in Media Corporation. Thereafter we would proceed with questions about the ambidextrous solution

and organizational identity. Before the end of each interview the participant would be asked if they have anything to add, in order to make sure that important aspects were not overlooked. Both my collaborator and I recorded the interviews to ensure double back-up. Each one of the 16 interviews lasted between 60 and 100 minutes. Every new interview was transcribed as soon as possible after it was conducted, and the video recordings were deleted immediately after transcriptions were completed.

#### **4.2.4 Secondary data**

The primary data were supplemented with a range of secondary data, to verify the information and gain additional knowledge. These consisted of an internal company PowerPoint presentation outlining future ambitions of Established Newspaper and Video Exploration, timelines describing the history of Established Newspaper and the exploratory units, field notes from earlier research on the case company, as well as of publicly available information. Furthermore, through collecting material from company websites, LinkedIn profiles, recognized journals, news articles, and an official government business register that gives insights into company ownership structures and history, I managed to access solid information about the events described in this thesis and verify it through comparing information from various sources to the information provided by the interview participants (Dubois & Gadde, 2002).

The secondary data also informed the creation of the interview guide (see *Appendix B*) as they helped to put my research into a broader context. Furthermore, they have largely informed the 3. *Research setting* section of this thesis. In addition, notes and memos were produced continuously during the research process. These helped to identify the most central topics addressed in the interviews and ensure consistency in the way data were coded and analyzed.

## 4.3 Data analysis

### 4.3.1 Data preparation

Before the large amount of qualitative data gathered through semi-structured interviews could be analyzed, the audio-recordings had to be transcribed (Bhattacharjee, 2012). Each interview recording was transcribed word for word in its whole. In the process of transcription all names of individuals, locations, organizational units, and products, that could have been used to identify the company or key individuals, were anonymized. For each interview, the transcription process started right after the completion of the interview. Laughter, sarcasm, hesitation, and other important aspects of participants expressions that could nuance or add depth to the participants' statements were included, to increase the quality of the transcripts (Bailey, 2008). Already while transcribing each interview, I started getting familiar with the data and got an initial idea of central themes and topics addressed, which I noted down in my research notebook. Completed transcripts were uploaded into the qualitative data analysis software NVivo, for further analysis.

### 4.3.2 Narrative inquiry

In order to answer *how organizational identity evolves over time in structurally ambidextrous firms* I found it useful to adopt the narrative inquiry strategy. The strategy involves the construction of a detailed story from the raw data (Connelly & Clandinin, 1990), while preserving chronological connections and sequences of events as presented by the participants (Saunders et al., 2016). Since narratives deal with time and sequences, it makes them well-suited to the development of process theories and explanations (Pentland, 1999). According to Pentland (1999, p. 712) "Process explanations that draw on narrative data are particularly close to the phenomena they purport to explain." Due to the fact that people often make sense of their world in narrative terms (Weick, 1995) the narrative strategy is especially valuable for gaining insights into organizational phenomena through the stories of organizational members. The interview data gathered in this research can clearly be identified as narrative data that describe a sequence of events (Rimmon-Kenan, 1983). The gathered data consist mainly of stories about events, activities and choices over time that explain what happened in the ambidextrous firm upon repeated separation and



reintegration of exploratory units. The three embedded cases of exploratory units provide rich data and allow for making insightful comparisons (Langley, 1999).

The narrative inquiry has resulted in the creation of the main product of this research, namely the narrative that constitutes section 5. *Findings* of this thesis. This narrative takes the reader through the history of Established Newspaper from approximately 1995 to current time, in a relatively chronological fashion. The three exploratory units are analyzed in the same order as they were separated, although given the complexity and unclear boundaries between units of analysis that characterize process data (Langley, 1999), the narrative involves some jumping back and forth in time.

### **4.3.3 Temporal bracketing**

Although the narrative strategy was very useful for developing chronology of events that took place in the case company, as I interacted with the data, it occurred to me that the three innovative units went through similar phases during their life-cycles. Consequently, I decided to supplement the narrative strategy with another strategy useful in process research, namely temporal bracketing. Temporal bracketing is a helpful method for breaking down complex data by dividing them into interdependent phases (Gehman et al., 2018). The phases identified through temporal bracketing are helpful in structuring the description of events provided by informants and enable to understand how actions in one phase influence the context that affects the actions in subsequent phases (Langley, 1999). In addition, since each strategy used to analyze data gives more attention to some aspect of the data and less attention to other, the use of temporal bracketing in combination with narrative inquiry can be a useful way of ensuring that important aspects of the data are not overlooked (Langley, 1999).

During the analysis three interrelated phases were inductively identified from the data. The phases were termed 1. *Creating space for new identity*, 2. *Forming distinct identity*, and 3. *Renewing old identity*. According to the suggestions of several researchers the phases were described using verbs rather than nouns in order to illustrate the notion of organizational phenomena being in a perpetual state of becoming (Jarzabkowski, Lê & Spee, 2017; Langley, Smallman, Tsoukas & Van de Ven, 2013). The three phases are illustrated in Figure 2 below.



*Figure 2: The three inductively developed phases of organizational identity evolution process within Established Newspaper, based on Online Exploration, Mobile Exploration, and Video Exploration*

Each one of the three embedded cases is presented through the three identified phases. This means that the overarching narrative involves a description of the three phases repeated three times, one for each exploratory unit. As such the identification of the phases helped to structure the overarching narrative and allowed for the phases themselves to be treated as units of analysis and be compared across the three innovation units (Gehman et al., 2018). The identified phases represent continuous episodes separated by discontinuities (Gehman et al., 2018), but should not necessarily be considered as sequential (Langley, 1999). As illustrated in this research a new round of the organizational identity evolution process can start before the previous ends, suggesting that the different phases can overlap.

#### **4.3.4 Coding**

Both of the strategies I used to analyze the data were aided by systematic coding. After data were transcribed, I moved on to coding in order to make sense of the large amount of primary and secondary data that was gathered. In the context of qualitative research coding refers to assigning labels that represent summarized meanings to units of data, which may consist of a few words, sentences, or a paragraph (Basil, 2003). The coding was performed by the use of NVivo, a computer-assisted qualitative data analysis software (CAQDAS). According to the suggestions of Gioia, Corley and Hamilton (2013) in the initial/open coding I tried to adhere closely to the terms used by participants and made little attempts to narrow down the number of different codes. This resulted in a large amount of different 1<sup>st</sup>-order categories, that helped me to develop a sense of understanding of the events that took place in Established Newspaper and its exploratory units. In the next step I compared the various categories by looking for similarities, differences, and relationships between the categories, in a process of axial coding (Strauss & Corbin, 1998). Through merging some categories and eliminating or changing other, I managed to arrive at some central 2<sup>nd</sup>-order

themes that helped me to develop the larger narrative. The temporal bracketing strategy allowed me to further categorize the 2<sup>nd</sup>-order themes into three distinct phases. The three phases can therefore be identified as aggregate dimensions (Gioia et al., 2013). Having a complete set of 1<sup>st</sup>-order categories, 2<sup>nd</sup>-order themes, and aggregate dimensions, allowed me to construct the data structure illustrated in Figure 3 below.

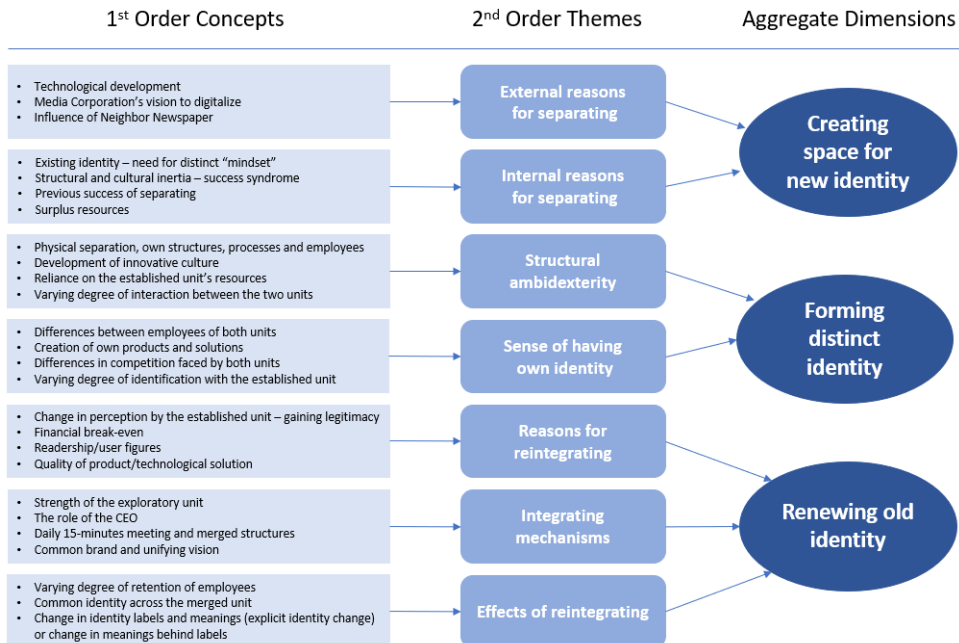


Figure 3: Data structure

This figure was especially useful in serving as a visual aid for structuring and presenting the overarching narrative in a meaningful way (see 5. *Findings*). In addition, it represents how the analysis progressed from raw data to specific concepts, themes, and dimensions, thus demonstrating rigor in this qualitative study (Gioia et al., 2013).

## 4.4 Research quality

In order to make sure that the findings of the research are trustworthy, it is important to consider the quality of the research (Saunders et al., 2016). Being aware of the strengths and limitations of a chosen research design allows for taking active measures to minimize its downsides. Research quality is usually determined in terms of *validity* and *reliability* (Yin, 2018). However, seeing that these concepts are derived from quantitative research, many qualitative researchers perceive these criteria as unfit to assess the quality of research with exploratory rather than explanatory purpose, relying on qualitative data and techniques (Lincoln & Guba, 1985; Sinkovics, Penz & Ghauri, 2008). Seeing the qualitative, exploratory nature of this research, a parallel set of more suited criteria are used to judge its trustworthiness. These measures include *credibility*, *transferability*, *dependability*, and *confirmability* (Guba, 1981; Lincoln & Guba, 1985; Sinkovics et al., 2008).

### 4.4.1 Credibility

Credibility is concerned with ensuring that representations of the participants' individual realities match what the interviewees intended (Walle, 2015). As such, the measure replaces internal validity to ensure that the findings of the research are plausible. Several measures were taken to aid the credibility of this research. First of all, during the interviews, credibility was addressed through asking follow-up questions to clarify the meaning of participants' statements. Furthermore, the fact that the interviews were conducted together with a PhD scholar meant that we could also follow up with important clarifying questions that did not occur to the other researcher, thus increasing credibility further. Being two researchers also gave us the possibility to use investigator triangulation, whereby we discussed the extent to which we agree about the findings, after having analyzed the interviews individually (Korstjens & Moser, 2018). In addition, a process of member validation was used, which involved the participants reading a draft of this thesis to make sure that my interpretation of the participants' stories accurately portrays their subjective experiences of the subject matter (Guba, 1981). Lastly, the way research participants were selected through theoretical sampling, resulted in a rich and heterogeneous sample that experienced this research's subject matter from different perspectives. This allowed to verify the other participants' subjective statements, thus increasing this research's credibility further. In a similar thought the process

of data triangulation was used, whereby evidence from secondary sources was compared with the interviews in order to see if data from different sources was converging (Denzin & Lincoln, 2011). The fact that a considerable part of the separation and reintegration processes had to be treated in retrospect poses a threat to credibility as participants may not have remembered events accurately many years after the events have taken place. Nevertheless, the information can also be claimed to be more reflected upon and therefore more accurate when provided in hindsight. The fact that the informants to a very large extent provided the same historical narrative, supports the findings' credibility.

#### **4.4.2 Transferability**

Transferability parallels external validity, as it is used to assess the generalizability of the findings. Given the exploratory nature of this research the primary aim is not to be able to make generalizations (Walle, 2015) but rather to gain a comprehensive, in-depth understanding of how an established firm's identity can evolve over time upon the use of structural ambidexterity, within the particular context at hand (Guba, 1981). The case of Established Newspaper was selected because it represents a unique case of an established firm that repeatedly separates and reintegrates its exploratory units to renew its core. In light of this, the company gave a unique opportunity to explore identity processes that occur within an established firm and its exploratory units in the context of structural ambidexterity. Moreover, the use of three embedded units of analysis which allowed for making comparisons across the cases in a similar way to a multiple-case design, yielded the research with further insights (Yin, 2018).

Transferability of this research is strengthened through providing precise and vivid descriptions of the research context (Bell, Bryman & Harley, 2018), that allows the reader the judge for him or herself if the findings can be applied to other settings. Such thick description is provided in the section 3. *Research setting*. Moreover, transferability can also be claimed to be enhanced through the use of an abductive approach, whereby the empirical findings are constantly verified through comparisons with existing theory. Thus, it can give a clue about the settings to which the findings can be transferred. Furthermore, if this study becomes recreated in different context and obtains similar results, it may become possible to claim further transferability of this research's findings.

#### **4.4.3 Dependability**

The criterion of dependability mirrors reliability in assessing whether the methods used to collect and analyze data are used consistently and accurately, thus making it possible to repeat the findings by recreating the study. In order to ensure dependability each step of the research process was documented and stored in an accessible form (Mills, Durepos & Wiebe, 2010). This thesis provides a thorough description of the process. In addition, a research notebook was used through all stages of my research to promote stability in coding and data analysis, thereby ensuring consistency (Brinkmann & Kvale, 2018). Furthermore, through a process of peer audit, my supervisor and other RaCE participants contributed to dependability of this research by giving critical feedback regarding my methodological choices as well as theoretical interpretations (Guba, 1981).

In general, semi-structured interviews which constitute this research's primary data are hard to replicate as they unfold differently for each participant. However, dependability was strengthened through the creation of an interview guide that gives an overview of the major themes addressed in the interviews, and a list of standard open-ended questions used to guide the conversation (see *Appendix B*). The interview guide was revised twice in conjunction with my supervisor to ensure that the questions were clear and accurate, while remaining open. The interviews were recorded and transcribed and participants' reactions and body language were included in the transcripts to increase accuracy (Bailey, 2008).

#### **4.4.4 Confirmability**

Lastly, confirmability is concerned with ensuring that the researcher has behaved impartially (Lincoln & Guba, 1985). At a general level, confirmability was aided through devising and following a clear and coherent research design. Given the study's qualitative nature and its reliance on semi-structured interviews, special attention was devoted to ensuring objectivity in the interview process. On one hand a certain level of trust needs to be established in order to gain cognitive access to the participants (Feldman, Bell & Berger, 2004). If the participants fear a lack of anonymity, they may withhold important information, leading to interviewee bias (Saunders et al., 2016). On the other hand, intimacy must be balanced with impartiality. Establishing a too familiar relationship to the participants may affect the objectivity of the researcher (Lincoln & Guba, 1985). In order to eliminate the participants'

potential fears of anonymity each participant got familiarized with the Informed Consent Form (see *Appendix A*). In addition, when creating the interview guide, preparing for the interviews, and carrying them out, measures were taken to minimize possible further threats to confirmability. By thinking thoroughly through how my behavior and other factors could create biases or errors in participants' answers, and how my personal views and values could affect my interpretation of the results, I attempted to ensure my objectivity in the research process (Walle, 2015). Discussions with my supervisor and PhD scholar contributed to further enhancing this research's confirmability. Valuable comments from my supervisor upon several rounds of revision of the interview guide helped to eliminate leading and unclear questions, thus avoiding interviewer bias (Saunders et al., 2016). Furthermore, discussing my interpretations of the results with two experienced researchers also aided objectivity in the conclusions drawn. My findings are backed by direct quotes from the participants, to demonstrate how their thoughts, stories and reactions have been interpreted (Gibbs, 2018). The use of the analytical software NVivo, further enhanced confirmability of this research, as it makes the analysis transparent allowing for audits by external parties (Sinkovics et al., 2008).

#### **4.4.5 Ethical considerations**

The importance of research ethics was recognized at all stages of this research, given their impact on research quality (Saunders et al., 2016). Due to the fact that other researchers and practitioners may draw learnings from this research and further build on it, it is of crucial importance to ensure that the study follows high ethical standards. Therefore, this thesis presents the research process in a transparent and honest way and addresses its limitations on several occasions. Furthermore, my research design did not subject the participants to any risk of embarrassment, pain, harm, or material disadvantage. When it comes to the interview process, the participants were given information about the research process prior to the interviews, and they were informed about their option to withdraw from the study at any time. Each participant got familiar with and signed the Informed Consent Form developed by RaCE researchers, which can be found in *Appendix A*. Already during the process of transcription, the interviews were anonymized to protect the participants' identities. Names of participants, companies, corporate units, and locations, were all given pseudonyms. In addition, interview recordings were deleted immediately after transcription. Moreover, all

data files were stored safely at my password protected personal computer and will upon completion of the thesis be handed over to RaCE and deleted from the personal computer.

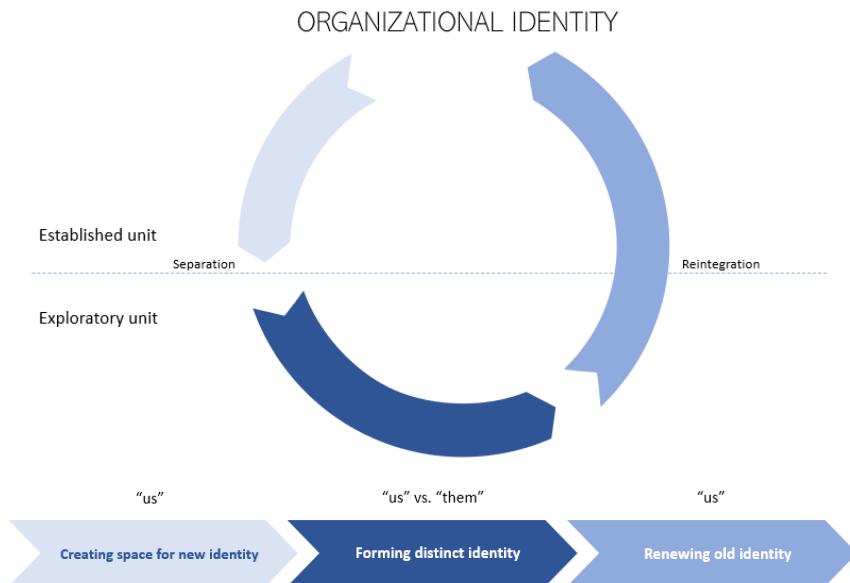


## 5. Findings

*This section presents the narrative of Established Newspaper and its three innovative units: Online Exploration, Mobile Exploration, and Video Exploration. The section starts with presenting an inductively developed organizational identity evolution model which outlines the process of identity evolution in the ambidextrous firm. Thereafter the narrative describes in more detail how this process unfolded for each of the three exploratory units, before the findings are summarized. Illustrative quotes are presented throughout the narrative to support my interpretations of the data. The informants behind each quote are not specified to protect the anonymity of each participant.*

### 5.1 Organizational identity evolution model

Through this research's data analysis process, and particularly as a result of the temporal bracketing strategy (see 4.3.3 *Temporal bracketing*), I inductively identified three phases of the organizational identity evolution process, that each of the exploratory units of the case company went through. These phases were labelled 1. *Creating space for new identity*, 2. *Forming distinct identity*, and 3. *Renewing old identity*. This process serves as the basis for the organizational identity evolution model, presented in Figure 4 below.



*Figure 4: Organizational identity evolution model incorporating the inductively developed phases of organizational identity evolution process within the structurally ambidextrous firm*

This model is meant to provide the reader with an overview of this research's findings and serves as an important tool for answering *how organizational identity evolves over time in structurally ambidextrous firms*. The organizational identity evolution model visualizes the phases of the organizational identity evolution process, but in addition incorporates the structurally ambidextrous context the process occurs in. It shows that the first phase takes place in the established unit, while the second phase starts after formal separation of the exploratory unit. It further illustrates that the third phase starts while the innovative unit is still separated, and that the event of reintegration takes place in this phase. In addition, the model shows how the notions of “us” and “them” change during the different phases. Each of the three phases is elaborated on in more detail in the following.

Each of the exploratory units was born as an outcome of the phase of *Creating space for new identity*. The phase starts when the established firm recognizes the importance of new technology for its long-term survival. The threat posed by the new technology creates a need to redefine “who we are” and “what we do”, that is, how the company thinks of itself and what it perceives as its core. Due to the company's current identity, existing structural and cultural inertia, and other influencing factors, it is deemed as necessary or beneficial to place the innovative undertakings in a separate autonomous organization where new identity can be given space to materialize.

The following phase of *Forming distinct identity* is characterized by the structurally ambidextrous solution. In this phase the exploratory unit develops its own structure, processes, and culture. It further engages in recruitment of own employees, of which the majority is hired from outside of the established unit. Through external recruitment of employees that have a “mindset” that sets them aside from people working in the established unit, the exploratory unit manages to create an innovative, experimenting culture that gives rise to the development of novel products and technological solutions. Structural separation further allows the exploratory unit to form a distinct identity. In this phase, both insiders from the exploratory unit and outsiders from the established unit develop notions of “us” and how “we” are different from “them”. While aware of its distinctiveness, the exploratory unit can still consider being part of the established unit as a part of their identity, to a higher or lower degree, depending on the level of interaction between the two units.

The last phase, *Renewing old identity*, usually starts with a change in the perception of the exploratory unit by the established unit. As the innovative unit proves its success in terms of aspects such as product quality, readership or user figures and financial results, it gains legitimacy in the eyes of the established unit. The acknowledgement of the importance of the exploratory unit for the established firm's core offering, leads to the introduction of various integrating mechanisms between the two units. These integrating mechanisms can be put in place after the exploratory unit is reintegrated, but also prior to a formal reintegration, depending on the existing identity gap between the two units, that is, the perceived gap between "us" and "them". Depending on the extent to which the established unit's existing identity needs to be changed, more or less explicit attempts are made to make sure that establish unit will be influenced by the innovative unit's identity. The outcome of this phase is a shared identity across the two units which are now merged into one. The two units melt together, leading to the renewal of the established firm's identity. The identity renewal can take place at the label-level, at the meaning-level or both. Identity renewal in terms of label renewal is more explicit and more easily identifiable, than a renewal of the meanings behind existing identity labels.

The model in Figure 2 is meant to provide a general picture of the organizational identity evolution process in Established Newspaper. It is important to note that although the phases appear as equal in length in the lower section of the figure, in reality the three phases can vary considerably in length. In addition, the same phase can be of different length for different innovative units, and consequently the timeframe encompassing the whole process can vary between innovative units. This appears more clearly in the detailed version of the model (see Figure 5) that is provided after the presentation of the cases which will be given in the following.

## 5.2 Online Exploration

### 5.2.1 Creating space for new identity

The first innovative unit was established through the structurally ambidextrous solution in order to develop the online offering of the newspaper. There were several external and internal factors that favored structural separation of Online Exploration. On one hand,

external factors such as technological change, Media Corporation's overarching vision and acquisition of Neighbor Newspaper played an important role in the decision to set up a separate innovative unit.

Media Corporation's top executives seem to have played an important role in the recognition that internet will change the rules of the game for newspapers and that they have to be early on developing their online offerings. In light of this, in 1995 they articulated an explicit vision to digitalize and made active steps to secure the support of the owners for this large transformative change.

*...I think that the starting point is probably the most important. You need to have the vision and you need to understand that this is coming anyway. So if you don't do it, someone else will do it. [...] At that point in time, the most important part was to anchor it within the board, and luckily, we had a few external board members who really understood that this digital transformation is coming. It's going to be the next Industrial Revolution. Those words were used in the board.*

With the backing of the board, the top management team of Media Corporation made some strategic investments as a first step in the digitalization process.

*I think you had a pretty good understanding of the internet, as a phenomenon. People were not only visionary, but they also understood what was possible to understand at that time and invested in the right things.*

One of the early moves undertaken by Media Corporation to facilitate the digital transformation was the acquisition of Neighbor Newspaper operating in neighboring Scandinavian country, in 1996. The newspaper had already come online in 1994 and was perceived as having a highly innovative and experimenting culture that Media Corporation's top management believed could help spark a cultural transformation within the corporation.

*...The culture within Neighbor Newspaper was extremely innovative, forward-leaning and open to new ideas, and they had a culture of testing out ideas and also being able to throw away ideas that didn't work. So, it was the right culture I [top executive at Media Corporation] was looking for.*

The acquisition of Neighbor Newspaper had an influence on Established Newspaper's approach to innovation. Although in 1995, Established Newspaper had set up a small department consisting of 5 people within the established firm tasked with bringing Established Newspaper online, the example of Neighbor Newspaper illustrated the value of separating the innovative activities from the mature business. As explained by a Media

Corporation executive that struggled to make Established Newspaper focus more on innovation activities:

*When I tried to convince Established Newspaper to do innovative projects and be more forward-leaning, it was extremely difficult [...] when Neighbor Newspaper was introduced into the family, it was easier for me to tell the people in Established Newspaper: "Look at Neighbor Newspaper, they're doing the right things." And then there can be a competitive brotherhood between the two and they are very willing to learn from each other. Established Newspaper didn't want to hear that they were second to Neighbor Newspaper. That was a very good stimulation, and much better than me telling them what to do.*

On the other hand, there were internal factors, most notably Established Newspaper's existing identity and associated structural and cultural inertia that favored structural separation of online endeavors.

For several decades, Established Newspaper had a unique position in the national newspaper business.

*The only competitors for the newspaper were other newspapers and Established Newspaper had a really distinct position in the market. It was not the number one newspaper for hardly anyone, because everyone in [Home country] subscribed to the local paper where they were living. If they were in [Home country city 1] they had [Regional Newspaper 1], if they were in [Home country city 2] they had [Regional Newspaper 2] or whatever, and then they bought Established Newspaper as a supplement, as a sort of entertaining way to get updated. Because the concept of Established Newspaper is quite different from most other newspapers. It has a tabloid flair, but it's not that scandalous and all that. [...] I think Established Newspaper had a really unique position and they were able to dominate based on that position.*

Based on its dominant position in the market, Established Newspaper had a strong and unique identity. Established Newspaper differed from most of its competitors as it was not a local newspaper, it based on single copy sales rather than subscription, and it had the tabloid format. Although Established Newspaper was not the number one choice newspaper for most people, being bought by a large number of people as a supplement to their first-choice traditional regional morning newspapers, it still outnumbered any of its competitors. Consequently, it perceived itself as the leading newspaper in its home country.

*The only position [Established Newspaper] knows about is number one.*

Established Newspaper has always been considered as having quite an innovative culture, in comparison to other, more traditional newspapers. However, the core of what Established

Newspaper considered itself to be, was a printed newspaper. Consequently, the company's innovativeness was limited to the overarching print paradigm.

*Working with editors, at least editors who have a strong linkage to their readers, is always very encouraging in terms of the innovation aspect, because they think about new ways of doing things all the time. The problem was that it was within the printed framework. So the very difficult part was to break that up, and to make sure that they were willing to attack their own business formula.*

*Their theorem, their approach, was based on how to make an excellent newspaper, on paper.*

Established Newspaper's ability to pursue innovative activities was also hampered by its traditional functional structure, characterized by quite strict silo departments.

*In the newspaper at the time, they had quite a normal structure for a newspaper where you have the editorial line, and then you have the commercial line, and they were quite separated. Because the CEO took the decisions on how much resources were available, and all publishing issues were taken by the Editor in Chief. So the separation between the commercial departments and the editorial were quite... the wall between them was quite high in the newspaper...*

*To be able to develop the online entity, you have to lower those barriers between the different departments.*

Established Newspaper's culture and structure were perfectly aligned to allow Established Newspaper to exploit its position as the biggest newspaper in the country in terms of single copy sales. However, when the internet came along its previous success meant that the company was inclined to overemphasize exploitation of the lucrative printed business, at the expense of exploring possibilities in the emerging, uncertain online arena.

*They had record earnings. They had record circulation figures. They didn't see the need to develop the internet business as quickly as we [top executives at Media Corporation] asked for. There were people in Established Newspaper who had that sense of urgency and were more keen on innovation. But the people who were heading Established Newspaper were more traditional and their competence was within print and they were very clear winner in the [Home country] print market, so they had a lot of self-confidence.*

*...if you go back to 1995-1996, internet was only an experiment. So it was nothing. It was nothing. Why bother? Because you had all the readers in print, all the money in print, and that lasts for the next 10 years. So you have to understand that it demanded a lot of the editors when we [top executives at Media Corporation] asked them to invest in online, because it was, essentially it was ruining their business, because you were giving away the readership for free without getting very much back.*

In order to develop on the online offering, it was necessary to separate Online Exploration to create space for a new identity to materialize, without the interference of the established business.

*I think we really understood in Established Newspaper that if you have a legacy business, and it's strong, it has a success, it could be difficult to create something new within that organization.*

*What became clear for me was that if you separated it, your only focus was to develop the digital offering. You had the security of all the money that was in the newspaper, but you were really eager to come onshore and be able to survive by yourself. And you were able to build quite separate identity.*

### **5.2.2 Forming distinct identity**

To allow Online Exploration to develop without the interference of the established business, Online Exploration was established as a separate, wholly-owned subsidiary of Established Newspaper in 2000. The separation was both formal and physical as the innovative unit was placed on a separate floor in the corporate building. This allowed Online Exploration to abandon the traditional functional structure of Established Newspaper, which was not suited for innovative activities, and cross-functional teams were set up instead.

*When I started out in the online, I created a leadership group, where the commercial people, the business developers, and the editorial, were in the same room and in the same meeting every week. The only way to run a digital operation is cross-functional teams and cross-functional discussions. So the way [Established Newspaper and Online Exploration] were organized, and structure, differed a lot.*

Furthermore, it was understood that in order to pursue innovation, Online Exploration had to develop a unique culture detached from the legacy culture of Established Newspaper.

*The legacy culture is by nature more conservative than a company who is off and told: "Just try to reach dry land as soon as you can." [...] So when we started out in 2000, we had a lot of focus on building a culture which would be unique for the company.*

To be able to innovate Online Exploration had to develop a culture that encouraged risk-taking, experimentation and learning by trial-and-error.

*You have to bear in mind that most of the things that Established Newspaper has tried to do online has been a fiasco. The thing is that the things that are successful, are hugely successful. And to create the huge successes, you have to allow yourself to do quite a few smaller failures. You just have*

*to learn from them. I think we have been willing to try to experiment with a lot of things which we have never made any money from, which have not taken off.*

Although Online Exploration was established as a separate company, to fully utilize the advantages of the ambidextrous solution, the company still relied on its parent's resources. The most important resource was Established Newspaper's brand. Online Exploration's product, the online newspaper, was branded Established Newspaper Net. Being able to use the name of the most read newspaper in the country gave Online Exploration an advantage over any potential online newcomers. In addition to the brand, Online Exploration also relied on money and content from the established unit it is early days.

*We were on different floors, but we were allowed to sort of cherry pick the material that was prepared for the newspaper, and cherry pick what we wanted to publish online.*

*Online Exploration arm didn't have to pay to the newspaper for the material they used. [...] If Online Exploration were to pay market price for that material, they wouldn't have been that much profitable, of course not.*

Nevertheless, as readership figures steadily increased, more and more content was produced specifically for the online version of the newspaper by online journalists hired by Online Exploration.

*As we more and more were able to build our own muscle, more and more of the journalism was exclusively for the online.*

After some time, besides of the brand, there were few linkages between Online Exploration and Established Newspaper. The units seem to have had a clear sense of boundaries between themselves and the other unit, as they were to a certain degree seeing each other as competitors.

*For some years, for quite a lot of years, there was only competition [between Online Exploration and Established Newspaper] actually.*

As Online Exploration grew and its readership figures increased, an identity independent of the established unit started to materialize within Online Exploration, as the leading news page in its home country. Online Exploration quickly understood that successful competition within the online business required a redefinition of the meaning behind being a leading newspaper. Whereas the printed newspaper competed with other newspapers within the borders of its home country, access to news online meant that people could now turn to not



only national, but also international newspapers. Moreover, online readers expected to be able to read latest news, not only once a day, but at any time during the day, something that required a continuous approach to publishing. These factors meant that the online landscape was much more competitive than the print business.

*If there was some... let's say there was a bombing in Gaza, as an example. We might write about it in the newspaper, but it was never the front-page main headline, because you will not be able to sell so many single copies based on that information. But if you come to the online, it was obvious that it has to be the main banner/headline online, if it was going on just now, because everyone was expecting that they get the update of the world with the most either important or interesting news at the top. [...] the competition online is fierce and it's global and it's time for attention. Whereas when journalists like to say that it was fierce competition in the newspaper arena, that's dead wrong. It wasn't.*

The innovative unit further realized that in order to become the leading news page, the online product, that is, how the technology was utilized to present the stories on the news page of Established Newspaper, was just as important as the content of the stories itself.

*Journalists tend to look upon journalism as journalism. But to be online, you have to have a product focus as well. It doesn't matter how good the journalism is if no one really likes the product, the app or the website or whatever.*

*In the newspaper, you were the second choice for most people. When you come to the online, we were able to make ourselves the number one choice for the majority of [Home country]. And that gives other obligations for the product.*

Consequently, identifying itself as the leading news page in its home country meant having not only high-quality journalism, but also a continuous approach to publishing, and a user-friendly webpage that was constantly updated.

### **5.2.3 Renewing old identity**

Seeing that Online Exploration largely relied on the established unit's resources in its early days, the level of confidence of the exploratory unit was low as it was looked upon as the unit that loses money.

*In 2000, when Online Exploration was established, I will say that the self-esteem and the confidence of that organization was not the highest one, whereas the confidence of the paper was at top level, because they sold out every day.*

*Everyone was aware that the owner, and those who had supplied the money to run the ship, were the newspaper.*

*In the beginning, when I came to the canteen, they asked me: "How much of our money have you wasted today?", because we were in deficit.*

However, in accordance with the rise in readership figures and revenues, the confidence level of the exploratory unit also increased. At the same time, the perception of Online Exploration by the established unit underwent a change as the importance of the exploratory unit for the future of Established Newspaper became more and more clear.

*...in 2007, there were more readers digitally than in the newspaper. It was sort of a watershed moment. And then we put up a big screen that we have become bigger than our mother \*laughs\*. We were growing up, and then the attitude sort of changed that... "Are you able to secure our future?" \*Laughs\*. So it was a mind shift from being looked upon as someone wasting money, maybe some kidding in the comments as well, to be looked upon as sort of the savior of the company going forward.*

By 2011, Online Exploration was making more money and having higher readership figures than the printed newspaper. The quality of the journalistic output produced by Online Exploration was also considered to have moved much closer to the quality of the analogue newspaper's traditional journalism, compared to the quality of the online output in 2000. As such, it did no longer make sense to produce separate content for printed and desktop editions of the newspaper. Consequently, having recognized that future revenues will come primarily from the online business, decision was made to reintegrate Online Exploration into the established unit in order to focus all of the company's resources on developing its digital position.

*It was understanding that going forward, the digital part of the business will be the part who would be growing. [...] And it was not sustainable to hire people separately for online and just put more and more resources into it. You have to utilize the total offering of resources in your company to be distributed to do digital journalism.*

Online Exploration was formally merged into Established Newspaper in 2011. Having an understanding that the future of Established Newspaper is online, it was important to make sure that the development that had taken place within Online Exploration would not be set back upon reintegration into the established firm. Although by the time of the reintegration, Online Exploration itself consisted of more than 100 people, it was to be merged into a mature organization consisting of somewhere between 300-400 people and characterized by

a traditional structure and legacy culture that made it necessary to separate the exploratory unit in the first place. In light of this some individuals opposed the reintegration fearing that the established part of the business would undermine the development that had happened within the exploratory unit and impose its practices and ways of operating on Online Exploration.

*I was actually on the board of Online Exploration at the time, and I was very much against [the reintegration]. I thought that was a really bad idea, and it was done for the wrong reasons. Because you know, there were clearly economic incentives, financial incentives behind it, trying to get costs slimmer. [...] My fear was that the bulk of the revenues was still in print. More journalists and folks were still working in print, so that they would... I think I feared that their practices, their way of looking at the world, their, you know, offline mentality, would contaminate the digital piece.*

Nevertheless, the same informant acknowledges that the reintegration process went much better than he anticipated.

*But it didn't [contaminate the digital piece]. It happened to a much smaller extent, I think, than I had feared. [...] I thought that it would go really badly, but it obviously didn't.*

*[The reintegration] was surprisingly frictionless, I think. I'm not saying that it was frictionless, but surprisingly little friction.*

Upon reintegration, there was an explicit aim to make sure that the online business would not become swallowed by the established unit. Several specific integrating mechanisms were put in place in order to make sure that the new merged entity would continue strengthening the online position developed by Online Exploration. Some of the crucial integrating factors include (1) the strength of the exploratory unit at the time of the reintegration, (2) the CEO of the merged unit, (3) the introduction of a 15-minutes daily meeting, (4) structural changes, (5) adoption of a common brand, and (6) communication of a common vision. Each of these factors is elaborated below.

The first important factor considered as a prerequisite for successful reintegration of Online Exploration was the strength of the exploratory unit at the time of reintegration. Already in 2007 when the online readership outgrew the readership figures of the printed version, Online Exploration gained a lot more legitimacy in the eyes of the established unit. This meant that the willingness to change within the established unit was much higher around 2008-2009, compared to 2000. In fact, Established Newspaper itself started pushing for reintegration around that time. However, reintegration was not decided until the units were

perceived as equally strong in terms of profitability, readership figures and product quality, in order to make sure that the “established way of doing thing” would not become imposed on Online Exploration after reintegration.

*The thing is that I was very reluctant to do the integration until the online arm had been strong enough to handle the integration. So that the online arm was looked upon as the future and a strong sort of participant in the marriage, which was very important, because the newspaper did very good journalism and had very good economic results. But by nature, they were sort of conservative towards online market. And it was important that there was a parity in strength between the two different entities when they were to be realigned as one company.*

*So then it took quite a long time. I think the paper people would have liked to do [the reintegration] maybe two or three years earlier.*

A second important integrating mechanism pointed to as decisive for successful reintegration of Online Exploration was the person that was appointed as CEO of the new merged entity. The person became the CEO of Online Exploration when the unit was separated in 2000 and headed it until 2008. By many people in the established and innovative units, he was looked upon as the impersonation of the digital shift within Established Newspaper, being someone constantly sensing new technological developments and pushing for changes. In 2008 he became the CEO of Established Newspaper, while continuing to serve as the chairman of the board of Online Exploration. When the innovative unit was reintegrated in 2011, he was a natural choice for becoming CEO of the new merged entity.

*When the reintegration took place in the spring of 2011, I became the Editor in Chief and the CEO of the reintegrated company. I had been the CEO and Editor in Chief for the digital operation for eight years. Then I was CEO of Established Newspaper for three years and simultaneously I was at the top management of Media Corporation. And before that, I was the Executive Editor of the newspaper. So my background was that I probably had an advantage, because I had been both at the top level of the editorial part of both organizations and I had been on the CEO part of both organizations.*

Although according to the CEO himself it was his unique background, having held top executive positions both in Established Newspaper and Online Exploration that was the reason why it was natural to appoint him as the head of the new merged entity, this decision seemed to have had a symbolic meaning to the rest of the organization. In fact, when describing the reintegration process, several informants claim that saying that it was Established Newspaper that was merged into Online Exploration, would be a more accurate description of the reintegration process.

*Typically, the folks that were put in charge of these integrations, they came from the digital world. The star example of this is of course [Informant 10] [...] I think he is not only a very, very smart, and reflected executive, but also, he was very knowledgeable about the digital piece. So to some extent the digital piece took over the print. Since he was overseeing it and had credibility in both camps, it went quite smoothly.*

*Ex Established Newspaper CEO used to run Online Exploration. He was put in as boss of Established Newspaper and then they connected the two. So basically, the company was run as a... it was not Established Newspaper that took Online Exploration, it was maybe Online Exploration that took Established Newspaper \*laughs\*.*

*It definitely changed Established Newspaper, from Online Exploration being like a stepchild of the newspaper, it was taken into the family and then became a full member. And after that it became the big brother \*laughs\*.*

It thus seems that through his unique history in both the established unit and the innovative unit, the CEO worked as a symbol that signaled that the reintegration of Online Exploration is a merger of equals, or perhaps even a reverse takeover. Beyond working as a symbol, the CEO made several explicit actions to make sure that Online Exploration would exercise influence on the way of working within Established Newspaper.

A third crucial mechanism used to integrate the two units was the introduction of a 15-minute daily meeting. The CEO started the practice already the very first day of the reintegration, and the daily meeting continues as a practice in Established Newspaper today. The aim of the meeting was to unite the employees of both units through a common vision. This vision was for Established Newspaper to be the primary news destination in its home country. The daily meetings were used to move the mental positions, in other words, ensure a common “digital mindset” across the employees that would from this point on be working together in a joint unit. There was no longer separate content to be developed for the printed and online versions of the newspaper. Since the primary news outlet would from this point be online, it was especially important to get the “paper people” on board, as it demanded more change from their side than from the online journalists, who already possessed a “digital mindset”.

*From the very first day I asked everyone there to come for 15 minutes, and then I could sort of start moving the mental positions of everyone [...] the big project was to move the mental position of the people who have been working in the very successful newspaper their whole life, to understand that the future of this company is digital. And to be able to be relevant, you have to adapt and train and develop yourself. And of course, because the online was very successful, I mean, it has 2 million*

*readers or whatever it is every day. And even the traditional newspaper journalist recognized that they got much more feedback when they published online than they were used to in the newspaper. So in that way, I think people sort of inherently understood that this was the way to go.*

Although the employees from Established Newspaper understood the need to change, they initially continued with their work practices and habits that were based on the way a printed newspaper organization worked. As an example, they continued publishing articles at 17.00, because the employees from the traditional newspaper were used to filing their articles right before leaving work at 16.00-16.30. In contrast, employees in Online Exploration had developed a continuous approach to publishing. The daily 15-minutes meetings worked as a forum to communicate the need to change the old work routines of Established Newspaper.

*[Publishing at hour 17.00 was] periodical approach to journalism, whereas the online is a continuous flow. So even 11 years later, you can see that the habits of how to operate the newspaper, were still influencing how we run the business online. And for me this was sort of a really, revelation, I will say, to recognize that, to change habits and attitudes, it really, it takes a lot of time, and you have to sort of show them. So, I put this up on a screen and told them, "Do you find this rational?" And when it's pointed out to people, it's of course not rational \*laughs\*. So then they start to understand that they have to file their stories as soon as they are possibly able to finish them. [...] And the people from the newspaper started publishing consistently throughout the day, because we were able to show them really hard facts figures that this is not the way it should be in the environment we are operating in today.*

A fourth integrating factor was the introduction of a common structure across the two merged units. In order to further make sure that the old practices of Established Newspaper would not continue into the new merged organization, the structure developed within Online Exploration, was brought into Established Newspaper. The barriers between the traditional functional departments were lowered, as these were not suited to run a digital organization, where the technological product was just as important as the journalistic content. Instead of having two separate organizations producing for print and for online, resources were brought together in cross-functional teams in order to develop one content, which would be distributed through different outlets.

*I took the commercial people, the developers, the finance, and the editors, into the same room and we had I think it was biweekly meetings for two or three hours with a set agenda where we sat down and discussed what we should be dealing with going forward. So I took the structure I established from the Online Exploration experience and put into the company which [was now publishing through different outlets] and everyone was sort of responsible the whole way through them.*

A fifth integrating mechanism was the adoption of the common brand of Established Newspaper, which further signaled the melting together of the two units. By 2011 it was clear that the main news outlet for Established Newspaper would be online. As steps were taken to merge the two units internally with regards to structures and practices, it did not make sense to continue differentiating between the two units externally. As Established Newspaper Net, the brand of Online Exploration, was now perceived as the core of Established Newspaper, decision was made to cut out the Net part and just call all versions of the newspaper for Established Newspaper.

*And then as digital overtook analogue it didn't make sense to brand it as separate, so then it was more: "Okay. Online Exploration is joining Established Newspaper, the mother company, again. So, let's internally and brand-wise stop splitting between Established Newspaper and Established Newspaper Net, also in the user-facing, brand-side of things."*

Although Online Exploration, being a wholly-owned subsidiary, was always perceived as formally being a part of Established Newspaper, it seems that it was only after the unit had proven its success and outgrown the parent in 2007, that Established Newspaper started to push for reintegration. At that point Established Newspaper perceived the unit as an important part of what Established Newspaper is and identified itself with the online business to a much larger extent than when Online Exploration was set up. As for Online Exploration it had grown into a self-confident organization identifying itself as the leading news page in its home country. Towards the end of its existence, the top executives of Online Exploration started to communicate the vision of being the primary news destination in home country.

*We are the number... Our aim is to be the number one news destination in [Home country]. And then you have to be really good on news. You have to have investigative journalism. You have to of course have sports which is important. You have to have entertainment.*

After reintegration, this common vision would serve as one of the crucial integrating mechanism, in addition to the five aforementioned elements. The common vision was actively communicated in the daily meetings, in order to develop a common identity in the new merged entity, which had the necessary resources to actually fulfil that vision.

*I will say that [the communication of the vision of being the primary news destination in home country] was at the end of the time of Online Exploration and it became much more expressed after*

*reintegration, because then you have the resources available to really develop the position because you have more journalistic firepower to put into the big stories online and it can really go with it.*

It thus seems that the following crucial integrating mechanisms: (1) parity in strength between the two units prior to reintegration, (2) a CEO that had not only knowledge of and respect in both units but also served as a symbol of the digital shift, (3) common daily meetings, (4) adoption of the common brand name, (5) incorporation of structures, practices and employees from Online Exploration into the established unit, and last but not least (6) active communication a common compelling vision, allowed Established Newspaper to renew its identity. The separation of the exploratory unit through structural ambidexterity allowed for new identity to materialize in the innovative unit, while the subsequent reintegration of the unit facilitated identity renewal of the established firm. The established firm went from viewing itself as the leading newspaper to considering itself as the primary news destination. Being a primary news destination meant not only having various offerings such as investigative journalism, sports, and entertainment, but also being on front of the technological development. As a primary news destination Established Newspaper was running the most visited news page in its home country, in addition to continuing with print, as long as money could still be made in that arena. A part of the shift in identity is a shift of the perception of competition. Considering itself primarily an online player, Established Newspaper adopted the online mentality and considers itself to compete for people's time.

*The thing we tried to accomplish was to be the primary news destination for [Home country citizens]. So when [Home country citizens] wake up in the morning, the first thing they should check is Established Newspaper. When they need three minutes break in the workday, what they should check is Established Newspaper. And before they go to bed, they should check Established Newspaper. And I could see from the statistics when people wake up in [Home country], and I could see when they went to bed, and I could follow their pattern through the whole evening.*

Nevertheless, there seems to be some interesting dynamics with regards to the cultural impacts of the reintegration. Although most informants view the reintegration of Online Exploration as successful, when asked specifically about the cultural impact, several informants expressed that the innovative culture of Online Exploration did not fully transition into Established Newspaper.

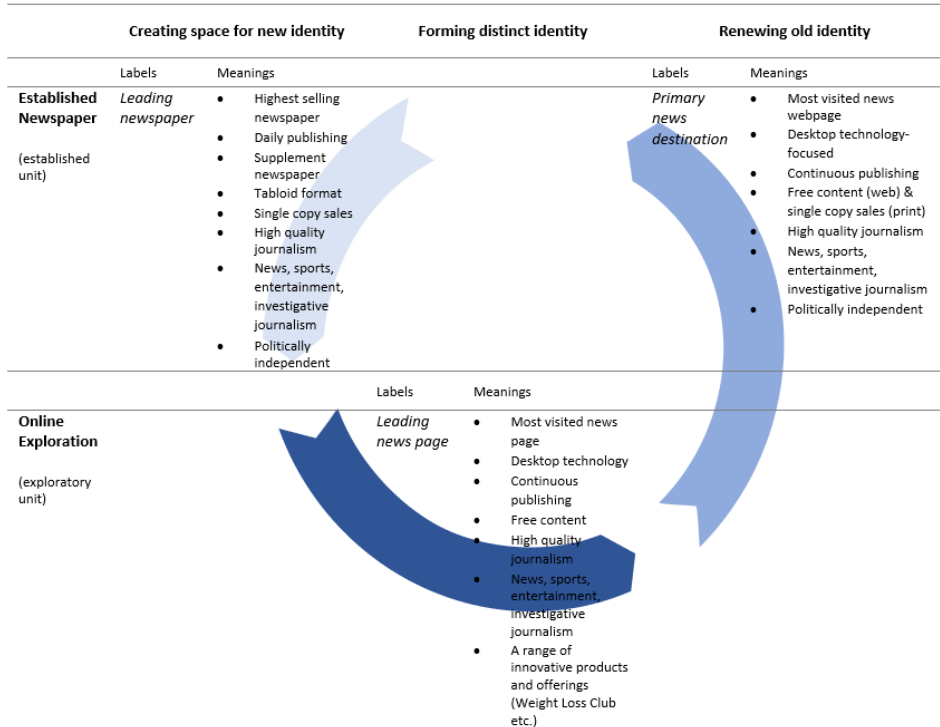
*What happened [upon reintegration of Online Exploration] was that the legacy culture won, which, in my opinion, set us back in thinking I don't know how many years, because the small culture was eaten by the big culture.*



*I think it's a good hypothesis that the printed part of the organization probably became more innovative, but the online part became less.*

Table 2 below provides a detailed description of the renewal Established Newspaper's identity underwent upon separation and subsequent reintegration of Online Exploration.

*Table 2: Organizational identity evolution of Established Newspaper and Online Exploration*



## 5.3 Mobile Exploration

### 5.3.1 Creating space for new identity

Already before Online Exploration was formally reintegrated into Established Newspaper in 2011, a new innovation unit was spun out of Online Exploration in 2010, in the same way as Online Exploration had been spun out of Established Newspaper previously. Just as the decision to separate Online Exploration, the decision to separate Mobile Exploration can be traced back to some key influencing external and internal factors.

In a similar manner as in the case of Online Exploration, the recognition of an undergoing technological change played a decisive role in the decision to establish Online Exploration as a separate company. In 2007, around the same time as the desktop version of Established Newspaper outgrew the printed version, came the smartphone revolution following the launch of the iPhone. Although some people within Online Exploration had already started experimenting with a mobile version of the newspaper based on the WAP browser, there was a recognition that the smartphones will change the way people interact with technology.

*[Some people] in the Online Exploration department had been dealing with mobile. But the difference between the WAP protocol and the smartphone is as the difference between the moon and the sun, I will say. \*Laughs\* It's another ballgame.*

Seeing the rapid growth in people's adoption rates of the smartphone, the top management team of Established Newspaper and Online Exploration understood that Established Newspaper needed to quickly adapt to the technological development within mobile.

*I have the theory, that the time you have to take a dominant position in the market is shorter for every new technological paradigm shift. You had a longer time to adapt to the desktop area, than you had to develop the mobile area.*

Seeing that by 2010 the reintegration of Online Exploration was being considered and anticipated more and more, the need for a new innovation unit that would remain separate and keep the necessary focus and speed of development became apparent.

Furthermore, separation was favored by several internal factors within Online Exploration, namely its existing identity and structural and cultural inertia. As illustrated through Online Exploration's case, the innovative unit managed to develop a unique identity and viewed itself as the leading news page in the home country. Identifying itself as the leading news page meant that the unit was very desktop-focused. Although there were people experimenting on mobile solutions within the unit, most of Online Exploration employees had a "desktop mindset" rather than a "mobile mindset". Consequently, the mobile version of the newspaper was largely based on the desktop version, and as an example, people did not see the need to develop an Established Newspaper app.

*Over time, they developed and became more sort of online-centric. Then the mobile came along and what they did on mobile was more or less take the desktop way of telling stories to the mobile...*

*What really happened was that when we started in mobile, we took the desktop way of presenting stories and put on a mobile.*

*If we hadn't [separated from Online Exploration], we would not have the possibility to really build the perfect mobile solution. [...] it was not made a mobile app, for instance, when we started. It was only that very nice mobile webpage that was made. It was not the most [technology-focused] people out in Established Newspaper or Online Exploration, so that they were very critical to making an app, because there's no point of having an app. [Having an app] it's a typical technical view. I mean, the consumer likes to have a button and some more features in an app.*

It thus seems that Online Exploration, the experimenting unit responsible for many innovative undertakings was itself becoming subject to the success syndrome.

*There's a whole life in between the three people [that Online Exploration consisted of at the start of the unit prior to separation] and I don't know how many, 60/70/80, that Online Exploration was before it was really integrated.*

As illustrated through the quote above, the once fast and innovative unit underwent a change over the course of the years. With a considerable increase in size the unit naturally developed more formal processes and routines than those characterizing the unit in its early days. Having grown to become by far the biggest news page in the home country and a large and mature organization, the innovative unit itself became more and more inclined to exploit its leading position within the desktop arena, something that slowed down the pace of innovation within other technologies.

*We wouldn't have been able to develop the commercial prospect of the [mobile] market as soon as we were able to do if it had been even in the Online Exploration company itself. Because at that time, [Online Exploration] probably had an inclination to become conservative by themselves, because they had been around for 15 years. So, you always establish a way of thinking.*

In addition to inertia within Online Exploration that spoke for separating mobile endeavors into a separate unit, the history of Online Exploration itself played a crucial role in the decision to establish Mobile Exploration as a separate company. While the decision to separate Online Exploration from Established Newspaper was largely influenced by Media Corporation, this time the decision to push out the exploratory unit was advocated from within. The success story of separating Online Exploration made key individuals within Online Exploration and Established Newspaper believe in structural separation as the solution to balance existing business with developing a position in emerging markets.

*I will say that the decision to separate Online Exploration as a separate company was very much*

*pushed by the top management of Media Corporation because they really believed in it. When it comes to Mobile Exploration [...] it was pushed by myself [Informant 10], because I was quite religious about how this should be done after the success with the Online Exploration part of the business. [...] By that time in 2010, I was completely convinced that the right structure to do innovative changing projects was to separate them in companies.*

*[Mobile Exploration was separated] because they had done that with Online Exploration in 2001 or something. And then they saw that that made it a lot more... much more speed, much more focus, much more action. So then they wanted to do the same thing with Mobile Exploration.*

In light of this, decision was made to establish Mobile Exploration as a separate company that would focus on developing the mobile solution for Established Newspaper and form a new identity that would contribute to turning Established Newspaper around from being desktop-focused to become more mobile-centric.

### **5.3.2 Forming distinct identity**

Mobile Exploration was established in 2010 as a subsidiary owned 100% by Online Exploration. The unit started as a small unit consisting of four people who were located in a separate corner at Online Exploration's floor in the corporate building.

*It was the same floor as Online Exploration, but then we had like our own kind of corner, and the corner was a little bit separate, so then we were pretty separate. That was in the beginning.*

In addition to partial physical separation, top management of the newly established unit was formally distanced from the top management of the established unit. The CEO of Mobile Exploration did not attend the top management meetings of Online Exploration or Established Newspaper. This allowed the CEO of the newly established unit to act freely and develop Mobile Exploration without the interference of the established business.

*I wasn't in the management team of Established Newspaper because then I would have been linked culturally and had totally different focus. And I think that actually was a very good idea.*

With the autonomy to run the mobile operation as he found most suitable, the CEO hired three people upon setting up Mobile Exploration. These employees had all background within the field of technology and were recruited from outside of Established Newspaper and Online Exploration.

*One [of the initial employees] was from Online Marketplace [a subsidiary of Media Corporation]. She was the kind of product or innovation person at Online Marketplace. And then one was technology, outside. And the third one was also technology, which also was from outside.*

Hiring employees from the outside meant that the employees were not influenced by the way of working within Online Exploration or Established Newspaper. As a result, the exploratory unit could develop its own culture necessary for innovation activities, and it could form a distinct identity.

*[Hiring people from the outside is] important because then they are... it's easier to come up with new ideas, look at things from a different perspective, etc. So, I think that was very important [for developing own culture and identity].*

*Because that was the thing [...] it was very important to build this own culture. And most people, probably including me, even though I have a very, very interesting job now, look back to those kind of three-four years as the best years ever, because it was so much growth, so much attention...*

In a similar way as the separation of the first exploratory unit, structural separation allowed Mobile Exploration to develop an own culture that encouraged experimentation and risk-taking with regards to technological solutions.

*I think that the culture here was very much... it was both less kind of editorial than Established Newspaper [...] we did not have that many journalists. It was more kind of desking and fixing and twisting things. But we were very experimental based, I would say. We were technology and product-technology driven. We also had very strong result-driven culture, with a big aim. [...] So maybe a little bit faster also, I would say, in the interaction and experimental part, especially if you compared to Established Newspaper.*

*We tried a lot of things [...] We did a lot of things, because we had the possibility to do it.*

*[...] We tried and tested and weren't very afraid of... we took pretty high risk sometimes. Very, very high risk, someone would say. And maybe we launched Established Newspaper Premium four months too early, maybe. And some products shouldn't be there and things like the numbers we told to the market [...] we were really pushing this future state. So, we were kind of high-riskers.*

In addition to the experimenting culture, innovation activities were also favored by the small size of the unit and the relatively flat structure. Although as the unit grew, more and more functional teams were set up, the unit was characterized by very few hierarchical levels, much direct reporting, and high level of cross-functional collaboration.

*The structure was a little bit messy [...] For instance, I didn't really have a management meeting, so very much direct reports. It was because I wouldn't make too much hierarchy. But we had the editorial team, then there was a manager on the editorial team. Then we had technology team and we*

*had a manager on the technology guys. And then, we had a commercial team, there everyone reported directly to me. And then we had this new advertising company team, and there it was also a manager.*

*We had a very, very good cross-collaboration. So, between editorial, between technology, that was fantastic [...] working very closely together, and people had an effort to everyone, and they could be very flexible. So that all those kinds of things were very, very positive.*

*This kind of small team also [...] makes more like you are together about this.*

Mobile Exploration's innovation efforts resulted in a wide range of new products and solutions. In addition to developing the mobile app version of Established Newspaper, Mobile Exploration undertook a lot of other innovation initiatives, of which the paid product Established Newspaper Premium would prove to be of crucial importance.

*So, we had the Established Newspaper app, then we had the sports app, we had Established Newspaper Premium app, we had TV Guide. And we had more and more.*

*So, it's kind of two separate things, I would say, that the company did. One thing was everything mobile related to Established Newspaper, so apps, making the revenue. And then [the other thing was to] build and start to talk to the new market in home country, which was about paid content, and that started off with Established Newspaper Premium.*

Established Newspaper Premium was a subscription-based product with premium journalistic content. Initially developed for the iPad, it was quickly adapted to iPhone, then Android and eventually also the web-version of Established Newspaper.

*Established Newspaper Premium was... First it was an iPad only product. And then it was iPad and iPhone only, and then an iPad and Android also, and then started to come on to web and was included in all kind of things on Established Newspaper.*

The Established Newspaper Premium product illustrates how a distinct identity of a mobile player started to materialize inside of the unit, that set it aside from the rest of Established Newspaper. Initially tasked with developing the mobile solution for Established Newspaper, the exploratory unit went beyond that, starting to experiment with paid content. Online Exploration, the unit responsible for developing the web version of the newspaper, shared the prevalent view in the online newspaper market, that the content on the internet must be free and all revenue needs to stem from ads.

*[Developing the Established Newspaper Premium product] was a very big cultural thing to do, because no one really believed in paid content digital back then. Very few believed in this, and especially Online Exploration.*

Nevertheless, Mobile Exploration recognized the potential of the new app-based technology for creating a subscription-based product with appealing content that people would continue to use in a habit like manner.

*Because that was the success with Mobile Exploration. We were the first site to get on the mobile site and you often [...] you get used to things and then it's maybe not as easy to change because you started with that site and then you just have that habit.*

Mobile Exploration's distinct "mobile mindset" can also be illustrated through another important development that took place within the unit. Recognizing that existing online advertising was not suited for the mobile product, Mobile Exploration established an own company called the Ad Bureau, responsible for developing mobile advertising solutions. Early successes with some initial large clients, attracted further clients, and allowed Mobile Exploration to become a leading player in the mobile advertising arena.

*One of the big successes [Mobile Exploration] did was that they established an in-house sort of ad agency. Because at that time, the ad agencies didn't understand or didn't know how to make ads for the mobile platform. And they did a lot of good work to develop the market, I will say.*

*We started a small mobile Ad Bureau. It was an advertising company just for mobile, because what we saw was that the old advertising company, they wanted to make TV and print [...] digital, and especially mobile, was uninteresting. Therefore, there were a lot of bad solutions, which again made the customer skeptical, and therefore it was important to make cool video ads [...] then we could have some clients, huge clients [for whom we would make] like really super good "mobile first" – advertising. That was perfect for us. Also, the cases... and then people want more and then we build a category and when we are by far the number one to building the category, we are building Mobile Exploration actually.*

People inside of Mobile Exploration viewed themselves as the unit responsible for making Established Newspaper the undisputed market leader on news on mobile and iPad. It further identified itself as an innovative and technology-driven unit willing to experiment with new mobile solutions and products.

*[Mobile Exploration] was the unit making Established Newspaper succeed on the biggest future device, mobile and iPad, both product-wise and commercial-wise, and secure the number one position for Established Newspaper on mobile and iPad. In addition to that, we also had this journey of paid content...*

*The thing is that in the market, we were really, we were so strong in the market, we were very much the market leader and really much market investor, so the biggest thing for us was to take this super strong... we needed to compete with ourselves [through constantly developing new mobile solutions and products].*

Mobile Exploration's distinctiveness as a mobile-technology-focused unit was also acknowledged within the rest of Established Newspaper.

*The mobile organization was mostly about business development, to commercialize the mobile, and to make the product.*

*I definitely think they were able to establish a separate culture and identity by themselves.*

Nevertheless, Mobile Exploration's identity seems to have been more tied to Established Newspaper than was the case with the first innovative unit. The ambidextrous solution involved a considerable degree of reliance on the established unit's journalistic and editorial resources. Whereas Online Exploration relied primarily on its own journalists and editors, Mobile Exploration largely relied on content produced in the established unit.

*...there weren't that many people working on the mobile content itself. That was mainly taking the content that was already produced and just distribute it on mobile instead on desktop.*

*To make, for instance, Established Newspaper Premium happen, we were really, really dependent on the journalists and editorial team in Established Newspaper to support it. We needed to have the support of Established Newspaper technology people because they made also a lot of the solution. We couldn't make everything ourselves.*

It was important to cooperate in order to make sure that the user would get the same experience regardless of the medium used to consume news, whether that would be desktop, mobile or iPad.

*...the users don't know and care that you are separate companies. I mean, it makes little sense that if you go to desktop, you have one experience, and when you go to mobile it's another. It shouldn't be that way. So that's why they need to collaborate and be more aligned.*

The close collaboration with the rest of Established Newspaper had an impact on how Mobile Exploration perceived itself. As illustrated through one informant's answer to the question of whether people inside of Mobile Exploration considered themselves to be part of Established Newspaper, being part of Established Newspaper was a part of Mobile Exploration's identity.



*That's a very hard question to be very accurate about because it's kind of more like a scale, but I would say [...] 70% Mobile Exploration – separate company, and 30% Established Newspaper.*

### 5.3.3 Renewing old identity

Upon separation there were tensions between the exploratory and the established unit as there was frustration inside of Online Exploration that Mobile Exploration would take their place as the unit responsible for innovation within Established Newspaper. The importance of having a company that would focus on mobile technology was not seen as very important.

*...in Mobile Exploration I think most people really believed in the mobile. But in the rest of Established Newspaper [...] it was kind of a little bit of irritation because we were like this new cool little brother, because Online Exploration was this cool little brother and they saw Established Newspaper as these backward-thinking, old guys, that had no clue. They were the cool guys that dealt with innovation, new things etc., and they were used to having that role [...] Then all of a sudden there should be a new [innovative unit], and a lot of people really didn't like that. [...] So, they thought that mobile was something like a small funny thing, not very important, very technical.*

However, the attitudes towards the new exploratory unit would quickly undergo a change. Mobile Exploration broke even already in 2011 and quickly surpassed the desktop version in terms of readership figures. In fact, by being the first-mover in the mobile newspaper arena in the home country, by 2012 Established Newspaper had a high-quality mobile product and higher readership figures than all of its competitors altogether.

*If you look into the figures, Established Newspaper was bigger than the other ones on desktop, but the distance was even much bigger in mobile than it was on desktop. And the main reason for that was that we were way before the other ones to separate it and give it that specific focus.*

Having proven its success also meant that the unit gained legitimacy in the eyes of the established unit. As the rest of Established Newspaper recognized that mobile would be the most important delivery mechanism for Established Newspaper in the future, the established unit wanted to become integrated with Mobile Exploration in order to be able to identify the successful mobile business as a part of themselves.

*Online Exploration took 11 years from inception to reintegration, whereas Mobile Exploration took three years from inception to reintegration. And the reason why is, of course, that the development on the mobile... when the smartphone came along, I mean, it came along in the summer of 2007 and the adoption rate of the smartphone was so much faster than for the desktop. And it was so obvious that the main way of delivering news for Established Newspaper would be mobile. It was obvious in 2013.*

*Some [at Established Newspaper] were like a little bit frustrated with “Why are we not on this team [Mobile Exploration]?” or “Why do you have a small separate team doing the future of Established Newspaper?”*

As of Mobile Exploration, given the linkages between the two units and their reliance on Established Newspaper for their success, the unit considered the boundaries between the two units as more blurred.

*It's not like “we against them”, but we are part of this and you're a very big part of our success. Mobile Exploration's success is Established Newspaper's success.*

Given the maturity of the mobile product and its commercial success it made sense to bring Mobile Exploration back into Established Newspaper, as had been done with Online Exploration previously. In addition, the already existing high degree of interconnectedness between the two units made it hard to manage them as two distinct units.

*And then to have totally separate people after a while, when it's getting more and more complicated, the products getting more and more complicated, you need to really kind of coordinate your efforts between all devices.*

*...everything was so interconnected. That was very strange to have like this separate thing anymore.*

The final event that eventually led to the decision about reintegration being made already towards the end of 2013 was the decision of the CEO of Mobile Exploration to quit his job. Instead of hiring a new CEO, it was decided that the unit was ready to be reintegrated.

*I quit in November [2013] and then [the CEO of Established Newspaper] was asking me what I would do. And there was like a plus or minus we discussed a lot. After a while I advised him to combine it with Established Newspaper again, because then Established Newspaper and Online Exploration was one company in 2012, I guess. So, I think it was time to just do the same now or one year after [...] But then if you should do it in one year, it has something to do with if he should have a new leader [...] So I think if I had stayed there, maybe we would have waited one or two years.*

Although the unit might have continued as a separate unit longer if the CEO had stayed, given the history of Online Exploration, the reintegration was anticipated as it did not come as a surprise to Mobile Exploration employees.

*[The reintegration was] not a totally new thing for them. So it's not a total surprise. [People at Mobile Exploration had] a sense of that it's going in this direction. So it's not like, “Wow, we didn't saw this happening.”*

Nevertheless, the reintegration of Mobile Exploration differed from the reintegration of Online Exploration in several important aspects. Most importantly, there were not taken explicit steps to make sure that Mobile Exploration would influence the existing ways of working inside of Established Newspaper, as was the case with Online Exploration. This can, however, be explained in terms of the closeness of the two units in terms of technology and already existing integrating mechanisms.

*I think that's fair to say that [Mobile Exploration] was a slightly different setup [than Online Exploration].*

First of all, the core of Established Newspaper at the point of reintegration of Mobile Exploration was digital. Technology-wise the distance between mobile and desktop was much smaller compared to the huge gap between digital and print technology. Second, due to the nature of the technology, Mobile Exploration was already integrated with the rest of Established Newspaper to a higher degree than Online Exploration was when the core of Established Newspaper was print.

*The other thing is that the interconnection with Established Newspaper technology-wise, was bigger and bigger and bigger, because all the backend was there.*

Given the collaboration between the units, it made sense to move Mobile Exploration employees physically closer to Established Newspaper when the unit started to outgrow its space.

*Then we went a little bit too big for [having own separate space]. And then we had to move to one floor up, and it was together with technologists, and also the feature guys from the editorial team. So, then we were a little bit more with all the guys [from Established Newspaper].*

*So that sort of [physical] integration, that's when the integration already starts without any formal reintegration.*

In addition to physical proximity and cooperation on the editorial side and technological side, Mobile Exploration was integrated with the rest of Established Newspaper through the 15-minutes daily meetings and joint sales meetings.

*We were more and more into this 10.45 meeting that [the CEO of Established Newspaper] had because it was happening right now. So, then there were a lot [of interactions between Mobile Exploration and Established Newspaper]. And then, for instance, at sales meeting, we were very much [present at the sales meetings at Established Newspaper].*

In light of the already existing integrating mechanisms, the formal reintegration would not require the same turnaround of the established unit as was the case with the reintegration of Online Exploration. In addition, the relatively small size of the exploratory unit, which consisted of around 25 people at the time of the reintegration, meant that it was easy to just place people from Mobile Exploration into already existing structures.

*[Mobile Exploration became] one of many things in Established Newspaper [...] we had the commercial people into the advertising department, the small team there. So, it was like people were put different places.*

However, the split up of Mobile Exploration employees upon reintegration would prove to have a negative effect on the innovative culture of the exploratory unit.

*[The reintegration] looks like one culture eats the other one. So the legacy, the old culture with the volume, the mature culture eats the young and not as mature, not as set culture, not as defined, not as written down, not as powerful.*

Mobile Exploration had only existed for four years and the feeling of innovativeness was still high when the decision to reintegrate was made.

*I think the grade of feeling of innovating culture was more present in the mobile at the time the integration took place than it was in the desktop organization, because [Online Exploration] have been along for 11 years or even more.*

Consequently, some employees left after the reintegration.

*I think a lot of [Mobile Exploration employees] did think it was a little bit sad [that the unit was to be reintegrated]. Both because it has been a very cool journey, and culture-wise, and they had their friends and colleagues, and it was a very tight group of people.*

*I will say that probably there were quite a lot of people from the mobile organization who quit after the reintegration, because I think what really attracted them was to be in a separate unit with quite a wide lever to do experimentation and those sorts of things and when it came into the bigger bureaucracy they went to other endeavors. [...] it's probably fair to say, that some of the more innovative and so to say, people challenging the established way of doing things, they maybe went other places after [the reintegration]. At least some of the really good ones did, I will say.*

Although Mobile Exploration's reintegration can largely be described in terms of an absorption/assimilation by the established unit, the exploratory unit nevertheless seem to have contributed to a renewal of Established Newspaper's identity, although a more subtle and less explicit renewal than in the case of Online Exploration. As illustrated in section

5.2.3 *Renewing old identity*, after the reintegration of Online Exploration in 2011, Established Newspaper went from perceiving itself as the leading newspaper to consider itself as the primary news destination in the home country. However, when Mobile Exploration was set up in 2010 there was no need for a complete redefinition of how Established Newspaper thought of itself, in the same way as was the case upon separation of Online Exploration in 2000 when the newspaper's core was print. When Mobile Exploration was separated the core of Established Newspaper was already digital.

*I think [the reintegration process of Mobile Exploration] differed because the overall maturity of the staff towards digital publishing was at a higher level when mobile came along than [when Online Exploration was reintegrated] even if it's just two years or two and a half years later, the maturity has changed quite considerably in that time.*

The separation of Mobile Exploration was a means to further strengthen Established Newspaper's position as the primary news destination through the use of the new mobile medium. Structural ambidexterity allowed Mobile Exploration to form a mobile-centric identity that would eventually contribute to changing the meaning behind Established Newspaper's identity as the primary news destination.

*It became so apparent that the mobile was the prime delivery mechanism for the journalism. So, I will say that today that's probably where most of the focus in the whole newsroom is. It's around the mobile.*

*...Established Newspaper is the biggest news site on mobile. We were the first one [...] and now we just maintain it by being the first with the news and product development. So we're trying to keep that position but it's always important for us to be the first one, quickest learning as possible and just take it from there.*

*Established Newspaper has a huge mobile now, a lot bigger than they did on desktop 10 years ago. So it's impossible to say that [the reintegration] hasn't been successful.*

*Mobile? Well, Internet is basically mobile now. So, it's bread and butter [for Established Newspaper].*

The reintegration of Mobile Exploration did not lead to an explicit change in the identity of Established Newspaper in a similar way as the reintegration of Online Exploration. Established Newspaper was still considering itself as the primary news destination in its home country. Nevertheless, as illustrated through the quotes above, what it meant to Established Newspaper to be the primary news destination clearly changed. From viewing themselves as the ones responsible for running the most visited webpage in home country it

went to see mobile technology as their core. Being the primary news destination came to mean something else than being the biggest news page – it now meant being biggest and best on mobile news outlet. This is also illustrated in Table 3 on the next page.

Table 3: Organizational identity evolution of Established Newspaper and Mobile Exploration

Creating space for new identity		Forming distinct identity		Renewing old identity	
				Labels	Meanings
<b>Established Newspaper</b>	(established unit at the point of reintegration of Mobile Exploration)			<i>Primary news destination</i>	<ul style="list-style-type: none"><li>• Most visited news destination (web &amp; mobile)</li><li>• Mobile technology-focused</li><li>• Continuous publishing</li><li>• Free and paid Established Newspaper Premium content (web &amp; mobile) &amp; single copy sales (print)</li><li>• High quality journalism</li><li>• News, sports, entertainment, investigative journalism</li><li>• Politically independent</li></ul>
		Labels	Meanings		
<b>Online Exploration</b>	(established unit upon separation of Mobile Exploration)	<i>Leading news page</i>	<ul style="list-style-type: none"><li>• Most visited news webpage</li><li>• Desktop technology</li><li>• Continuous publishing</li><li>• Free content</li><li>• High quality journalism</li><li>• News, sports, entertainment, investigative journalism</li><li>• A range of innovative products and offerings (Weight Loss Club, etc.)</li></ul>		
		Labels	Meanings		
<b>Mobile Exploration</b>	(exploratory unit)	<i>Making Established Newspaper succeed on mobile</i>	<ul style="list-style-type: none"><li>• Most visited newspaper app</li><li>• Technology-driven innovative unit</li><li>• Mobile technology</li><li>• Paid subscription product (Established Newspaper Premium)</li><li>• Leading on mobile advertising (Ad Bureau)</li><li>• A range of innovative products and offerings (Established Newspaper App, Sports App, TV Guide, etc.)</li></ul>		

## 5.4 Video Exploration

### 5.4.1 Creating space for new identity

While Mobile Exploration was still formally separate, in 2013, once again a new exploratory unit was spun out of Established Newspaper to ensure that the organization would not lay back being too confident of its position as the primary news destination in the home country.

*[Established Newspaper] are continuously challenging themselves. How can we be better this month than we were last month? And they have not allowed themselves, up until now at least, to become fat and lazy because of their success.*

Once again, some important external and internal factors influenced the decision to establish Video Exploration as a wholly-owned subsidiary of Established Newspaper in 2013. Similar to the previous two innovation units, technological development was an important external factor that influenced Established Newspaper to set up a new exploratory unit. Established Newspaper realized that in order to stay relevant as a first-choice news destination, the company needed to incorporate video into the way stories were being told.

*...Breaking news is extremely important for Established Newspaper because when things happen people go to Established Newspaper. [...] On breaking news TV or video is extremely important, because now you get video first. That's the first thing you get. Like on the Hudson River that was the first tweet, and in that Las Vegas shooting was a snap. It's gonna be video, and people are expecting to see video if there's a big news event and you're expecting to read about it but also to see the documentation.*

*People watch more videos now than ever.*

In addition, Established Newspaper recognized that in order to stay relevant for future generations of users, who do not have fixed habits of consuming news and are frequently changing platforms they spend their time on, Established Newspaper needed to strengthen their visual storytelling techniques that appeal to younger users.

*I think the biggest issue is how do we engage the young users? When I grew up, you were used to seeing your parents and there was a habit of reading something. Now I'm just on my phone, so my kids, they don't see what I watch, nor the news on TV nor the news on the phone, they don't see what I watch. So they don't get that habit from the family. So how do you create that habit?*

*We try to reach a younger audience, that is difficult. Because they are the ones that we want to bring with us into the future [...] getting the young ones like from 14/15 to 25, it's difficult because they are constantly moving over to new platforms.*



*Because these young guys, they don't want to read long articles. They want to have things in a visual experience.*

Furthermore, there were internal aspects that favored separation. Similar to Mobile Exploration, Video Exploration started as a small project inside of the established unit. The first video was published on the desktop version of Established Newspaper already in 1998, and projects on video streaming continued inside of Online Exploration after the unit was separated. In light of technological development moving towards visual storytelling Video Exploration became an own division inside of Online Exploration in 2007. However, once again it was hard to pursue the necessary innovative activities inside of the established unit. Due to structural and cultural inertia the exploitative activities were overemphasized at the expense of exploration within video and visual storytelling.

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

*[Being a separate company] allows for focus that you are not allowed to have within a large company, or not that you're not allowed, but you know, everyday business is always more important than something that's small but seems to grow.*

In addition, the fact that Established Newspaper was doing well economically meant that there were surplus resources that could be used to put more focus into exploration within video and visual storytelling.

*We established Video Exploration as a separate company in 2014, because we then scaled the enterprise quite significantly that year, because the rest of the business was healthy and we had surplus resources allowing us to invest quite heavily at that time.*

Finally, the decision to separate was once again influenced by Established Newspaper's history. At this point in time there was even more evidence which suggested that structural ambidexterity was Established Newspaper's success formula when it came to renewing the core of who the company is.

*...we did a big push on ramping up the video investments and spun it off as a separate company which [had been done] previously with success [with Online Exploration and Mobile Exploration]. So that's sort of been the formal [way of pursuing innovation] at Established Newspaper.*

*And in order to have enough focus on this potential [of a new, growing technology], it has been at least the experience of Established Newspaper at least two times, probably three times, that it has value to separate it and give it that focus in order for it to grow on its own terms, but also with dedicated resources and everything.*

*I think it's part of the learning and the history. So I think this is in the backbone [of Established Newspaper] that if you want to succeed, one possible vehicle is to separate and to make sure that you give responsibility.*

*In Established Newspaper, it's a very fundamental belief in the top management that this is the way to do it, and the results prove that, that's correct.*

*So we have always started with the tradition to start our new initiatives as own companies, with their own P&L, with their own management team, with their own employees [...] and I think that has been a success factor for Established Newspaper until now.*

Consequently, separating Video Exploration would again allow for a new video-centric identity to form without the interference of the established business.

*[Being separate, Video Exploration] don't have to think about the legacy business. They can solely focus on being good at online video. So they really don't have to care about the printed edition or they don't have to care about this press conference or that, they just have to think about how are we going to grow Video Exploration as a company to be number one.*

## **5.4.2 Forming distinct identity**

In order to allow for exploration within streaming and visual storytelling, in 2013 Established Newspaper once again decided to place the innovative activities into a separate, wholly-owned subsidiary, which remains separate to this date. Although Video Exploration is physically co-located on the same floor as the rest of Established Newspaper, in a similar manner as the two previous exploratory units, Video Exploration was given autonomy to develop its own structure, practices, routines and culture, without the interference of the established unit.

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

Starting as a relatively small unit consisting of approximately 30 employees allowed Video Exploration to create an environment where everyone could be involved in the daily operations in a start-up like fashion. The unit relies on a high degree of cross-functional

cooperation, something that distinguishes it from the large established unit, where divisions between various departments are more pronounced.

*So we have all these different areas working really close together: development, ads or sales, editorial... Much more closer than in Established Newspaper because it's much, much bigger.*

*There is no room for everyone [in Established Newspaper] to know exactly how this has something to do with that department [...] So one of the biggest opportunities being this own company is that it's better cooperation and more common goals.*

In addition, the separation allowed Video Exploration to recruit its own employees with the right “video mindset”. Most employees therefore have background from competitors within TV and streaming, rather than from the established unit. Furthermore, Video Exploration employees are on average younger and less experienced than Established Newspaper employees and are to a larger extent generalists. Employees in the innovative unit are expected to be able take on different roles, to allow for a high level of flexibility. This requires from the employees a broad skillset and a high willingness to learn and challenge themselves.

*They can produce videos, they can be in front of television, or they can be from the camera, they can just be in their voice. They are multitasked. They can do everything. And they're young, much younger than the average journalists. And we have decided there's only very few special functions so everyone can do everything.*

*I think we are super good at teaching our workers to develop themselves. Because we are so used to doing new things all the time, when in Established Newspaper you have more people who have worked here for many, many years and it's tougher to learn them something than it is for us where half of the staff is in their 20s and ready to learn as much as they can.*

By bringing in employees with a different “mindset” and higher willingness to challenge the established way of doing things into a separate unit with a specific mandate to innovate, Video Exploration managed to create a culture that fosters innovation. This culture is characterized by experimentation and high tolerance for mistakes. Failing fast on many ideas is encouraged, in order to quickly learn from the failures.

*I think one of the good things with the leaders as well in Video Exploration is that they allow you to fail, it's no problem. "Okay, let's move on, try new things." And I think when you boil it down, that's basically the secret sauce that lays the groundwork for innovation in Video Exploration, that you can come up with any idea. Probably no one will say no to it. You are allowed to test it out, give it a try, give it a shot. If it works, great. \*Laughs\* If you don't: "Okay, find a new thing, a new idea."*

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

*So that was extremely important part of developing the culture, meaning that we were not evaluated on the mistakes we did. We were evaluated by taking risk and moving on.*

The experimental culture encourages Video Exploration to constantly look for new possibilities within various technologies that can be used to convey stories, especially to young viewers. This has resulted in a broad range of successful innovations, both in terms of content and distribution channels.

*So now we have a YouTube channel. What's next? Let's have a podcast. Okay, now we have a podcast. What's next? Let's try a live show. Okay, now we have a live show. What's next? Let's go on tour, not just in [Home country capital]. Okay, now we've been on tour. What's next? Snapchat is blowing up, let's make a Snap show. So we kind of just added stuff.*

The innovative spirit that characterizes Video Exploration seems to be central to how the unit perceives itself. In light of its many exploratory efforts, Video Exploration has managed to develop a distinct identity, as the entrepreneurial, experimenting unit responsible for research and development within visual storytelling.

*Everyone sits with everyone, but still, people have a Video Exploration identity.*

*We call ourselves "the lab". \*laughs\* So every new project regularly starts with us. And we are changing very fast and trying to make sure that we are doing the right things according to people's media habits.*

*[Video Exploration] is a company that is working on developing stuff. It's like, we call it "entrepreneurial division", doing new stuff, testing stuff.*

*Video Exploration is about visual storytelling. It's about how to tell stories in a more compelling way for a younger generation.*

In comparison with their main competitors within TV and streaming who they perceive as being legacy-driven and afraid to test new things, Video Exploration considers itself to be highly innovative and daring to experiment.

*And we do a lot of stupid stuff, we do a lot of stuff that doesn't work, but if you compare our operations to production companies or TV channels that we kind of compete with, I think it's more like they are afraid to experiment.*

However, Video Exploration's identity seems to be largely defined through the unit's

relation to Established Newspaper. The innovative unit's main mission is to find new ways for Established Newspaper to present stories to young users, who expect a visual experience. There is an explicit aim to develop products that can be of value to the established unit.

*We're working constantly on making new products that Established Newspaper then later can use.*

*Since we are part of Established Newspaper, we'll have to always balance what we're going to deliver to the main company.*

When defining "who we are", informants from Video Exploration often answer in terms of how the unit is perceived by Established Newspaper.

*You know, they call us now also the development hub, the research lab of Established Newspaper. Like the Snapchat guys, they are part of Video Exploration so trying to find new ways of getting not only Video Exploration content, but also Established Newspaper's content, out to a younger audience in a more visual experience.*

*[We are viewed by the established unit as] the research hub and developing hub of new ways of delivering and publishing content, trying to reach a younger audience.*

### **5.4.3 Renewing old identity**

Similar to the other innovative units, Video Exploration has experienced a change in the perception of the unit by Established Newspaper. For many years Video Exploration was running in deficit and relied on money from the established unit. Just as Online Exploration, it was thus looked upon as the unit losing money, something that contributed to Video Exploration feeling as the underdog in the media house.

*...now it's more of a business, it's not the same start-up feeling, not the same underdog feeling that we had back then.*

*There were some critics [in Established Newspaper] since we spent that much money.*

In contrast to Mobile Exploration, which quickly proved its success to Established Newspaper, the process took somewhat longer time for Video Exploration. However, with increase in revenues and successful adoption rates of Video Exploration products, especially among the younger generations, Video Exploration has managed to gain legitimacy in the eyes of the established unit. Today Established Newspaper clearly recognizes the importance of Video Exploration for its core offering within news, sports, or entertainment, and views

Video Exploration as an important complement that brings in a visual experience into Established Newspaper's traditional offering.

*I think if you work at Established Newspaper now, you see that Video Exploration is important. [...] Everyone understands that they have to contribute into Video Exploration and they understand that bringing Video Exploration stories into their article is also something that is important for the media house. [...] I think that [the time where Video Exploration had to prove its value to Established Newspaper] has gone.*

Video Exploration has developed a range of successful products and offerings including a YouTube channel, Snapchat channel, a visual news app, podcasts and entertainment shows. In addition, the unit has more than doubled its size going from approximately 30 to around 70 employees. Video Exploration's commercial success and the fact that the unit achieved financial break-even in 2019 have naturally given rise to discussions about bringing the unit back into Established Newspaper.

*And now we've grown, we are on the plus side, that's the time when they reintegrate at some point anyway...*

*...it's been sort of the premise from the start, that one time we should merge.*

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

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

Although Video Exploration employees have always expected to be merged with Established Newspaper at some point in time, many consider it as too early. While Established Newspaper seems to push for reintegration, many employees within Video Exploration fear that the reintegration will pose a threat to their innovativeness, the core of who they are. They fear that the unit has not reached the same level of maturity as the previous exploratory units did prior to reintegration, seeing that there is still a lot of innovative projects going on inside of the unit.

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

*I think maybe it's a little bit too early to make that integration because there's a risk that we will be swallowed. And if we get like four or five more years to grow as a business in Video Exploration, we would be more on the equal footing.*

Nevertheless, although many employees fear that their distinctiveness as the innovative unit will vanish upon reintegration, at the same time several informants both from within Video Exploration and outside of the unit already perceive the two units as being one entity and the separation as only being a formality.

*So, I think it's only on the business side of things that it's actually a separate company.*

*[Being a separate company], it's more a technicality.*

*So it's still a separate company. But in reality, it's very much in Established Newspaper, I would say, Video Exploration.*

This can be explained through the fact that similar to Mobile Exploration, Video Exploration has become considerably integrated with the established unit already prior to any formal reintegration. In contrast to Online Exploration which involved physical separation and little cooperation between the innovative and the established unit, Video Exploration has had more linkages to Established Newspaper from the start and was integrated even more with the established unit over the years.

*The Online Exploration from 2000 up into 2011 was absolutely separate. But we, Video Exploration have in a way been closer to the established business than the online offering was back in the 2000s.*

*So the reason [for separating] was to accelerate and having your own focus and not be disturbed, but now it's turned out more to be... you don't work on your own, you have to still have the connection with the mother company and deliver at the same time what the goals are for Established Newspaper.*

*Earlier we had nearly no collaboration at all. We did our own thing and [Established Newspaper developers] did their thing. [...] Now we have a much, much tighter collaboration with them. So, if we have some big projects, we can get some of their resources joining in with our team.*

There are several mechanisms that already today imply a considerable level of integration between Video Exploration and the established unit. Some of the important mechanisms include structural aspects such as physical co-location and common meetings, as well as a common future vision.

First of all, the two units are not physically separated. Although Video Exploration employees are grouped together in one area, they are placed on the same floor with the rest of Established Newspaper employees, as they collaborate on projects on a daily basis.

*[Working at Established Newspaper] you have to work together with Video Exploration, even on a single case. Like you're on a press conference or something you have to work together with the Video Exploration crew, or maybe the Video Exploration camera man or woman, or the Video Exploration reporter.*

Moreover, there seems to be a very fluent line between the editorial departments of both units. Since Video Exploration has a smaller staff than Established Newspaper, working in shifts implies that Video Exploration employees work under Video Exploration leaders during early shifts, and leaders from the established unit in their evening shifts.

*I work evening and day, and in the evenings we don't have any leaders on Video Exploration, so all the editorial decisions are done by Established Newspaper, also for Video Exploration. [...] So if we were combined, it wouldn't affect our daily operations.*

*In the daily work here, it's all melted together.*

*For the sports section we've gone a bit more hybrid. They are still part of Video Exploration but they're a merged department, so they have TV people and sports journalists, everyone working together. Even though half of them are actually employed in Video Exploration.*

In order to facilitate the cooperation, employees from both units use a common chatting program to exchange information on common projects. In addition, both units interact on a daily basis through attending the daily 15-minutes meetings together, something that contributes to the feeling of being part of one organization.

*We have a 15-minutes meeting every day for all employees in Established Newspaper. It's from product development from all these areas and where we really discuss and look into what we're doing on different levels in our organization. So, building that feeling of being part of a team, even though they are a different organization, I think that has worked.*

The units are not only bound together on the operational but also on the strategic level. In contrast to Mobile Exploration's management, who had little interactions with the management of the established unit, the top managers of Established Newspaper and Video Exploration are working more closely together.



*The difference between [Mobile Exploration and Video Exploration] is for instance, that Video Exploration managers, they are in the management team in Established Newspaper. So, they're much more linked to Established Newspaper than [Mobile Exploration was].*

The fluid boundaries between the two units are further illustrated through the way people from Video Exploration refer to the common vision of being people's first choice as a news destination. To fulfil that vision the units share the ambitions of being the best news player on mobile user experience and to develop a future oriented organization.

*So, the objectives of Established Newspaper it's to be the number one choice of [Home country's] number one news destination. That's the primary objective. [...] so that's really important to be that primary destination. And then the second one is that we have an ambition to be the best news outlet on mobile user experience. And we don't say the best one because that would be Snapchat or Instagram or whatever. But in terms of the [Home country] market, that's the goal that we have set. [...] And to develop a future-oriented organization, which is really important.*

The fact that both Video Exploration and Established Newspaper are referred to in terms of "us" and "we" signals that already prior to a formal reintegration the two units seem to share a common identity. Especially Video Exploration seem to have come to view itself as a part of Established Newspaper.

*It's like if you ask any people in Video Exploration, they all say "I work at Established Newspaper". So it's the same thing – it's a structural thing.*

The ongoing informal integration of the two units seems to be a process of absorption/assimilation by the established unit, seeing that it is Established Newspaper who seems to exercise most influence over the exploratory unit.

*I think it's Established Newspaper that has the most influence. [...] Video Exploration is owned by Established Newspaper and I think we all feel that they are the bosses.*

Whether the exploratory unit has managed to lead to a renewal of Established Newspaper's identity is at this point in time hard to define. Although Video Exploration is viewed as an important complement to Established Newspaper, at this point the established unit does not seem to be willing to allow Video Exploration to redefine their existing identity. While it was clear that desktop would take over print as the primary way of consuming news, and later that mobile would replace desktop as the preferred point of interaction, it is not yet clear whether visual storytelling will completely replace the existing ways of presenting news.

*So, then there is the discussion: "Is Video Exploration now, and what they offer, as much the bread and butter as the online was and turned out to be?"*

Consequently, it seems that the established unit has not yet redefined that being primary news destination means being a company whose core is about visual storytelling.

*...it was so given that print was gonna decline. It wasn't going to last forever. There were probably some people that denied that fact but I think the vast majority understood that. [...] But in terms of visual storytelling I'm not sure that everyone shares, and I might be wrong as well, but it's not that obvious to everyone. I don't think people feel that urge as much in the organization. [...] I think it was easier coming from the internet at that time to sort of change the culture of print because the print guys knew they had to change.*

Nevertheless, there are still hopes that a formal reintegration of Video Exploration can contribute to a renewal of Established Newspaper's identity in terms of incorporating visual storytelling into the core that defines the established firm.

*So [the established unit does not] have the incentives or they don't think about it enough so they're not forced to develop their own nor leadership nor actions on becoming more visual, because there's another group that takes that part. So, in that term I can really see the arguments and understand the arguments why it would be better to have everything integrated.*

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

Table 4 below summarizes the identity evolution process of Established Newspaper through separation of Video Exploration. It also suggests how the unit might contribute to the renewal of Established Newspaper's current identity, through adding new meanings to what it means to be the primary news destination. These potential new meanings are indicated in italics.

Table 4: Organizational identity evolution of Established Newspaper and Video Exploration

Creating space for new identity		Forming distinct identity		Renewing old identity	
Labels	Meanings	Labels	Meanings	Labels	Meanings
<b>Established Newspaper</b>  (established unit)	<b>Primary news destination</b> <ul style="list-style-type: none"> <li>• Most visited news destination (web &amp; mobile)</li> <li>• Mobile technology-focused</li> <li>• Continuous publishing</li> <li>• Free and paid Established Newspaper Premium content (web &amp; mobile) &amp; single copy sales (print)</li> <li>• High quality journalism</li> <li>• News, sports, entertainment, investigative journalism</li> <li>• Politically independent</li> </ul>			<b>Primary news destination</b> <ul style="list-style-type: none"> <li>• Most visited news destination (web &amp; mobile)</li> <li>• Mobile technology-focused</li> <li>• Continuous publishing</li> <li>• Free and paid Established Newspaper Premium content (web &amp; mobile) &amp; single copy sales (print)</li> <li>• High quality journalism</li> <li>• News, sports, entertainment, investigative journalism</li> <li>• Politically independent</li> <li>• Presence on own (web &amp; mobile) and external platforms (YouTube, Snapchat etc.)?</li> <li>• Text-based &amp; visuals-based storytelling?</li> <li>• Video technology-focused?</li> </ul>	
		Labels	Meanings		
<b>Video Exploration</b>  (exploratory unit)		<b>The innovative division of Established Newspaper</b> <ul style="list-style-type: none"> <li>• Experimentation within visual storytelling</li> <li>• Responsible for attracting young users</li> <li>• Video technology</li> <li>• News, sports, entertainment, investigative journalism</li> <li>• A range of innovative products and offerings (Snapchat, Visual News App, YouTube Channel, streaming, linear TV channel, podcasts etc.)</li> </ul>			

## 5.5 Summary

The findings suggest that over the time-period covered by this research, spanning from approximately 1995 until today, Established Newspaper went from perceiving itself as the country's leading newspaper to adopting a new identity as the primary news destination in its home country. The identity evolution process unfolded in the context of structural ambidexterity, whereby Established Newspaper separated three innovative units, and

subsequently brought them back (reintegration of the last unit is anticipated). The findings from each of the three cases are summarized in an extended version of the organizational identity evolution model, presented in Figure 5 below.

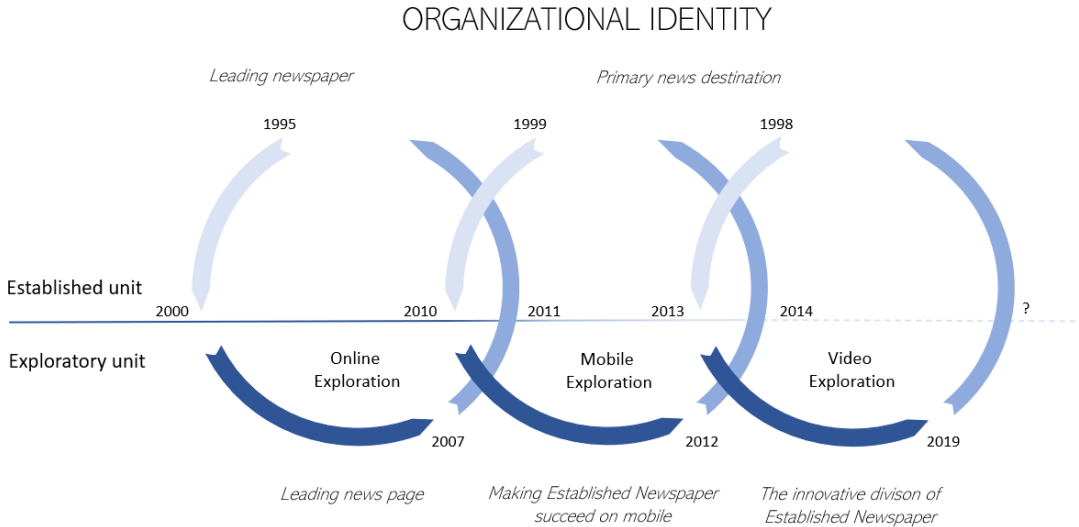


Figure 5: Organizational identity evolution of Established Newspaper and its exploratory units

As illustrated in the figure above, Established Newspaper went through the identity evolution process three times, one for each exploratory unit. The fact that the next cycle of the process starts before the previous ends, demonstrates that in reality the inductively developed phases are likely to overlap. As an example, around 2009 the phase of *Renewing old identity* through Online Exploration was ongoing, while simultaneously Established Newspaper was *Creating space for new identity* that would form inside of Mobile Exploration. Moreover, each of the three phases varied considerably in length, and the same phases varied across various innovative units.

On one hand, Online Exploration, the unit which faced the biggest “mindset” incompatibility with the established unit, experienced the shortest phase of *Creating space for new identity* (5 years). On the other hand, the unit also spent the longest time in the *Forming distinct identity* phase (7 years), as it took many years for the unit to prove its success and gain legitimacy in the eyes of the established unit. In contrast, Mobile Exploration spent much

longer time in the first phase (11 years), while the second phase was very short (2 years) due to the exponential growth in the adoption rates of the mobile technology in the market, that quickly demonstrated the unit's worth. Lastly, it took even longer time before the need for *Creating space for new identity* incorporating visual storytelling was realized within Established Newspaper (15 years), and Video Exploration spent longer time in the *Forming distinct identity* phase, struggling for a longer time than Mobile Exploration to be perceived as legitimate by the established unit (6 years).

It is important to point out that the boundaries between the phases as not clear cut, and the starting and ending dates for the various phases should be regarded as approximations. Seeing the difficulty of observing any discontinuities that could mark the end of the *Renewing old identity* phase, attempts were not made at approximating the ending dates of this phase for Online Exploration and Mobile Exploration.

While prior to separation of Online Exploration, Established Newspaper had a strong identity as the leading newspaper in its country, through physical separation and low degree of interactions with the established unit, Online Exploration managed to develop quite an independent identity as the leading news page. The vision of Established Newspaper as the primary news destination in its country, strongly communicated upon reintegration of Online Exploration, became the new identity of the new merged unit. The separation and reintegration of Online Exploration thus contributed to a renewal of the old labels Established Newspaper used to describe "who we are". From being a newspaper, Established Newspaper went on to become a news destination, of which print was a minor and steadily diminishing part. Being a primary news destination had a lot of new meanings into it. Among the central ones were running the country's most visited news webpage and having a continuous approach to publishing.

In contrast, the two other exploratory units have been closer to the established unit than Online Exploration was, both in physical terms, and in terms of the level of interactions with the established unit. Nevertheless, although both Mobile Exploration and Video Exploration have to a higher degree than Online Exploration tied their identity to the established unit, both managed to develop an identity new to the established unit. Especially the case of Mobile Exploration demonstrates that although the unit was separated for only four years, it

managed to form an identity that would effectively contribute to the renewal of the identity of Established Newspaper, though in a much less explicit way than in the case of Online Exploration. Whereas Online Exploration contributed to the renewal of identity labels Established Newspaper used to define itself, Mobile Exploration changed the meanings behind being a primary news destination, from being leading on desktop to having mobile technology as its core.

While the process of *Renewing old identity* involving Video Exploration seems to have started, it is unclear to what extent the exploratory unit will contribute to an identity renewal of the established firm. The innovative unit itself hopes that it will contribute to putting video technology and visual storytelling into the core of what it means to be a primary news destination.

## 6. Discussion

*This section presents the discussion of this study's findings in relation to existing literature. My central findings on how organizational identity evolves over time in structurally ambidextrous firms are compared and contrasted with existing literature. Ways in which my empirical analysis supports, contradicts, clarifies, or yields new insights into existing research, is outlined.*

This thesis seeks to understand *how organizational identity evolves over time in structurally ambidextrous firms*. To provide insights into the research topic an exploratory case study of an established company and its three embedded cases of exploratory units has been conducted. The findings of this research provide several interesting insights that are worth highlighting in relation to existing literature.

On a general level, my study confirms that viewing structural ambidexterity as a one-time decision is insufficient in order to explain how an established firm can manage to continuously renew itself (Raisch et al., 2009, Friesl et al., 2019). In order to ensure a continuous renewal of its core, Established Newspaper engaged in repeated separation and reintegration of exploratory units. This also supports that when the need for exploration and exploitation activities changes over time, it affects the need for separation and reintegration of exploratory units (Jansen et al., 2012; Raisch et al., 2009). Moreover, the fact that the separation and reintegration activities were not only repeated, but also overlapping, suggests that it may be beneficial to separate new exploratory units before formally reintegrating the previously separated units. As illustrated in Figure 1 and Figure 5, both Mobile Exploration and Video Exploration were separated before the reintegration of the previous innovative unit took place. In such way the established firm could ensure that at any point in time exploratory activities would take place within technologies important for its future.

As one of few ambidexterity studies to date, this research takes on a process perspective in order to explore identity processes in structurally ambidextrous firms. Based on the case of Established Newspaper and the embedded cases of its exploratory units, a model of organizational identity evolution has been inductively developed (see Figure 2). The model illustrates how organizational identity of a structurally ambidextrous firm can evolve upon repeated separation and reintegration of innovative units. Through bridging the organizational ambidexterity and organizational identity domains, my study offers a novel

contribution into the growing stream of ambidexterity research that studies the phenomenon as a dynamic process that unfolds over time (Markides, 2013; Simsek et al., 2009). Most notably, this research has resulted in identification of three phases of identity evolution process an ambidextrous firm undergoes upon structural separation and subsequent reintegration of exploratory units. These phases have been labelled *1. Creating space for new identity*, *2. Forming distinct identity*, and *3. Renewing old identity*.

## 6.1 Creating space for new identity

Each of the three units struggled to mobilize the necessary resources and create the necessary attention to pursue exploratory activities related to emerging technologies, within the established firm. In accordance with existing ambidexterity research, in each case, structural and cultural aspects appeared as the primary factors that inhibited the pursuit of exploration within the established unit (O'Reilly & Tushman, 2016; Tushman & O'Reilly, 1996). Interestingly, even the innovative unit Online Exploration was deemed unfit to pursue exploratory activities within mobile technology after a couple of years of existence, resulting in Mobile Exploration being separated from the innovative unit itself. Online Exploration's inclination to become conservative as its size grew, commercial success increased, and processes formalized, supports the idea that exploratory units themselves are likely to engage in more exploitation activities and less exploration activities over time (Lavie et al., 2010; Schmidt, 2020). Furthermore, it confirms that ambidexterity should be viewed as a nested phenomenon, existing at different levels within the same company (Hill & Birkinshaw, 2012).

Moreover, my findings suggest that existing identity of the established firm should also be recognized as an important factor inhibiting exploration activities within an established firm, in addition to the structural and cultural inertia widely discussed in ambidexterity research. The understanding of organizational members of "who we are" (identity) seems to be just as important as the understanding of "how we do things" (culture) when explaining why exploratory activities face the threat of being neglected if not given separate space to grow. For each of the three exploratory units, informants pointed to the incompatibility of the "mindset" of the employees working in the established unit, with the "mindset" required to succeed with the new technology, whether it was desktop, mobile or video. This suggests



that exploration activities pose an identity threat to what the company is and what it stands for (Elsbach & Kramer, 1996). Employees of the established unit may respond to the threat by neglecting the exploratory activities that do not fit with their idea of what lies at the core of the established firm. This is in line with research on organizational identity as a source of inertia that limits companies' effectiveness to act on environmental changes that do not correspond with their organizational identities (Stimpert, Gustafson & Sarason, 1998). Furthermore, the finding is supported by Tripsas (2009) who argues that firms often fail to capitalize on what she labels as *identity-challenging technologies*, because of the difficulty of making explicit efforts at shifting identity to accommodate such technologies.

The importance of top leadership for creating space for new identity through advocating the ambidextrous solution (O'Reilly & Tushman, 2004, 2011, 2016; Smith & Tushman, 2005; Tushman & O'Reilly, 1996) has also found support through this study. The visionary top-management of Media Corporation played a decisive role in creating space for new identity to form within Established Newspaper, through influencing the established firm to separate its exploratory activities within desktop technology into Online Exploration. In the subsequent cases of exploratory units, the top management of Established Newspaper itself was decisive in pushing the decisions to set up Mobile Exploration and later Video Exploration as separate units.

## 6.2 Forming distinct identity

In accordance with the prevailing view in ambidexterity research, my findings support the benefits of separating exploratory activities from the established unit in order to give innovation activities the necessary attention and resources (O'Reilly & Tushman, 2004, 2016; Tushman & O'Reilly, 1996). Structural separation gave the innovative units autonomy to develop their own structures characterized by low barriers between different functions, which are known to facilitate innovation activities (Kahn, 1996). Furthermore, each of the units managed to develop a culture characterized by experimentation and risk-taking, that fostered innovation within a range of products and solutions (O'Reilly & Tushman, 2004). Hiring of external employees who were not carrying with themselves the cultural baggage from the established unit appears as an important factor that facilitated the development of a distinct culture.

Moreover, structural separation allowed each of the exploratory units to develop an own definition of “who we are” and “what we do” and a sense of distinctiveness from the established unit, although the degree to which the exploratory units identified with the established unit varied considerably across the three cases. While Online Exploration developed a rather independent identity as the leading news page, the two subsequent exploratory units included being part of Established Newspaper when defining how they perceived themselves; Mobile Exploration seeing itself as the unit responsible for making Established Newspaper succeed on mobile, while Video Exploration describing itself as the entrepreneurial division of Established Newspaper. The extent to which insiders of the exploratory units perceived clear boundaries between their unit and the established unit, depended on the degree of physical separation and the degree of interdependencies between the units with regards to resources, capabilities, and operations. While Online Exploration developed almost entirely separate operations, the two latter innovative units were closer to Established Newspaper from the start. Prior to the reintegration of Online Exploration, the printed and online parts of the organization shared few resources and capabilities besides the common brand, and the units engaged in little interactions. In fact, there was even an element of competition between the two. In contrast, Mobile Exploration was primarily about technological development and mostly redistributed the content produced in Established Newspaper to the mobile medium. Consequently, it viewed itself as much more dependent on its parent than Online Exploration did. With Video Exploration the relationship between the exploratory and the established unit seems to be even more reciprocal, Video Exploration complementing the offerings of Established Newspaper with visuals, while relying on the huge traffic of its parent for attracting viewers. The high level of interaction between Mobile Exploration and Video Exploration on one hand and the established unit on the other hand, together with the fact that the exploratory units were aware from the start that they would be reintegrated back sooner or later, a characteristic of the phased integration strategy (Markides & Charitou, 2004), can explain why the units included being part of Established Newspaper, as part of their self-definition.

On one hand, the level of conflict between the “mindset” of the established unit and the “mindset” required to succeed with the particular technology or market that the exploration activities target, can explain to what extent it is necessary to keep the exploratory units physically and operationally separate from established unit. Seeing the huge gap between the

“print mindset” and the “desktop mindset”, there was a high need for shielding Online Exploration from the established unit, to allow it to fulfil its task of innovation (Tushman & O’Reilly, 1996). This is also in line with the argument of Markides and Charitou (2004), that when the nature of conflict between the exploratory unit and established unit is serious, and they operate in different markets, separation is the best strategy. In contrast, when Mobile Exploration was separated, it was already acknowledged that desktop technology was at the core of Established Newspaper. In a similar way, before Video Exploration was separated, it was clear that mobile technology was defining the core of the organization. As such, the level of incompatibility of the “mindsets” of Mobile Exploration and Video Exploration on one hand and the online-focused Established Newspaper on the other hand, was much lower. These two units were primarily separated in order to give the development within the particular technology more speed and there were more synergies to be exploited through cooperation across Mobile Exploration (and later Video Exploration) and the established unit, when the core of Established Newspaper was digital.

On the other hand, the mere fact that Online Exploration was Established Newspaper’s first attempt at implementing the structurally ambidextrous solution can explain why it was necessary to protect the unit from the established unit by physical and operational separation, to allow for a distinct identity to form. Without a high degree of separation, the exploratory activities would likely have been undermined by the established unit, confident of its position as the country’s leading newspaper. However, positive appraisal of the separation and subsequent reintegration of Online Exploration with the associated identity evolution process, may have contributed to creating change capacity for subsequent innovations (Schmidt, 2020; Stensaker & Meyer, 2012). The success story of Online Exploration may have alleviated resistance to change and fears of exploratory activities cannibalizing the established business, allowing exploration activities of Mobile Exploration, and later Video Exploration, to take place closer to the exploitative activities. Through physical co-location and intertwined operations Established Newspaper could exploit synergies across the exploratory unit and established unit, while not undermining the exploratory unit in creating a distinct identity that would allow it to succeed with a different technology.

## 6.3 Renewing old identity

While several researchers have pointed out the benefits of structurally reintegrating exploratory units (Friesl et al., 2019; Khanagha et al., 2014; Siggelkow & Levinthal, 2003), more insights are needed into the reintegration process itself (Schmidt, 2020). My research offers some further insights into this largely overlooked process.

While all of the exploratory units experienced some level of hostility from the established unit at the start of their existence; Online Exploration and Video Exploration primarily due to spending too much money and Mobile Exploration due to replacing Online Exploration as the innovative unit, all of the units experienced a change in the attitudes of the established unit after some time. In each case, when the exploratory unit managed to (1) develop high quality product or solution, (2) start making money, and (3) achieve high readership or user figures or surpass the established unit in these terms, the established unit acknowledged the importance of the exploratory unit for its future and the unit gained its respect. This can be interpreted as a sign of the exploratory unit gaining legitimacy in the eyes of the established unit (Suchman, 1995). While Schmidt (2020) proposes that financial break-even is a necessary but insufficient condition for reintegration, I argue that financial break-even is one of three factors contributing to the exploratory unit gaining legitimacy. Legitimacy then, is the factor offsetting the desire to reintegrate. As an example, Online Exploration broke even already in 2003, but it was not until 2007, when the readership figures of the online version outgrew the printed version of the newspaper, that the unit experienced a change in the attitudes of the established unit and the unit started to push for reintegration.

My findings suggest that legitimacy is not only a prerequisite for reintegration, as also suggested by O'Reilly and Tushman (2016), but it is, in fact, the crucial factor offsetting the identity renewal process, which starts already before a formal reintegration. I argue that legitimacy is required in order for the established unit to be willing to redefine its identity through adopting the identity of the exploratory unit, either as a substitute or addition (Albert & Whetten, 1985) to the existing identity. This argument finds support through the study of Friesl et al. (2019) who emphasize legitimacy as the factor influencing the parent unit to copy the exploratory unit. The readiness to redefine the core of who the company is, is illustrated through the fact that it is the established unit who pushes for reintegration. As

such, the concept of status proposed by Colman and Lunnan (2011) seems to also be applicable to the acquiring unit's perceived position with regards to the exploratory unit. The higher the perceived status of the exploratory unit, the less the established unit may engage in actions to preserve its ways of working and its existing identity upon integration of the exploratory unit.

Nevertheless, the readiness to change within the established unit is not sufficient to secure an identity renewal of the established firm. Although employees in the established unit were ready to become online journalists, they did not know what exactly that required of them, as illustrated through the fact that they continued publishing online at 17.00, as they always had done. This suggests that whether the activities and the "mindset" of the exploratory unit manage to transition into the established unit, resides not only on (1) readiness to change through integration but also on (2) formal integrating mechanisms. While the exploratory unit gaining legitimacy, which creates a readiness to change in the established unit, is what sparks the identity renewal phase, formal mechanisms, such as common daily meetings and new organizational structures, must be put in place to change the activities performed by the employees. This is in line with Birkinshaw et al. (2000), who suggest that both human and task integration is needed for successful integration. While readiness to change can be interpreted as a sign of successful human integration, task integration processes are also needed to allow for integration of the operations of the two units. The fact that the readiness to undergo a change upon integration needs to be in place before formal mechanisms are introduced, further supports that human integration facilitates the effectiveness of task integration (Birkinshaw et al., 2000).

Furthermore, with regards to the organizational identity domain, this study illustrates the value of differentiating between the labels used to define "who we are" and the meanings behind those labels, in line with Gioia et al. (2000). As demonstrated through the case of Mobile Exploration, implicit identity change can occur through a means of change in the meanings behind existing labels, thus giving an appearance of stability of existing identity (Gioia et al., 2000). However, the case of Online Exploration also illustrates that a company may achieve a more radical identity change, thus supporting Fiol (2002). In particular, this study offers new insights into how successful mature firms can deliberately engage in planned and deliberate identity change (Gioia & Thomas, 1996), through suggesting

structural ambidexterity involving separation and subsequent reintegration of exploratory units as a means to not only accomplish a strategic renewal of the established firm (Friesl et al., 2019), but also an organizational identity renewal.

Such renewal may preserve an illusion of stability but may also be explicit and quite radical. In line with existing literature, the established unit is more likely to accept or even embrace a more radical identity change when the current identity threatens organizational survival (Biggart, 1977), while the identity of the exploratory unit represents desired future identity (Gioia & Thomas, 1996; Reger et al., 1994). In addition, my findings suggest that the higher the extent to which the exploratory unit manages to develop an identity independent of its parent, through higher degree of physical and operational separation, the bigger is the potential for renewal of the established unit's identity. This is illustrated through the finding that of the three exploratory units, Online Exploration developed the most independent identity while separated, and exercised the most influence on the identity of Established Newspaper after reintegration, through changing the labels the established firm uses to describe "who we are". Mobile Exploration, characterized by a higher level of integration with the established unit, was also able to contribute to a renewal of the established firm's identity, though in a less explicit way, through changing the meanings behind Established Newspaper's identity as a primary news destination.

Interestingly, the findings also add some nuance to post-acquisition integration literature. While the integration process of Online Exploration, which involved the preservation of the exploratory unit's structures, processes, systems, and identity, can be interpreted as an integration (Nahavandi & Malekzadeh, 1988) or even a reverse takeover, seeing that these aspects were not only preserved but adopted by the established unit (Marks & Mirvis, 2001), the integration of Mobile Exploration is more difficult to explain in terms of existing frameworks. While the operations and organization of the unit were consolidated into the existing structures within the established unit in line with an absorption/assimilation strategy (Haspeslagh & Jemison, 1991; Nahavandi & Malekzadeh, 1988), the unit still exercised influence on the established unit's identity. This suggests that existing typologies for post-acquisition integration strategies are insufficient to explain integration processes that can unfold in the context of integration of two units within an ambidextrous firm.

With regards to the last innovative unit, Video Exploration, there seems to be more uncertainty regarding the influence Video Exploration might be able to exert on Established Newspaper upon reintegration. Some of the informants express fears of losing their innovativeness and think that it is too early to reintegrate. On one hand, this uncertainty may be attributed to the fact that the informants find themselves in the middle of this process. Whereas the events taking place in the previous exploratory units were treated in retrospect and their outcomes were already observed, the effects of reintegrating Video Exploration are currently unknown. The informants' wish to postpone the reintegration can thus be seen as a form of slight passive resistance to change, through avoiding the reintegration to take place just now (Bovey & Hede, 2001). On the other hand, the fears of not being able to make Established Newspaper think of visual storytelling as part of their core, may be seen as valid. Seeing that Video Exploration shares the identity of Established Newspaper to a larger extent than the previous units, the boundaries between the units are already blurred and it is Established Newspaper that is perceived as the unit having the most influence, it is unlikely that the formal reintegration will cause a turnaround of Established Newspaper, similar to the one that happened upon reintegration of Online Exploration. Although Video Exploration (1) has managed to develop a range of high-quality products, (2) the unit has broken even, and (3) it can point to high user figures, it has not surpassed the established unit in terms of user figures, as was the case with the previous units. This can explain why Established Newspaper does not seem possess the same kind of urge to take on the identity of the exploratory unit, as it did with the previous units.

Last but not least, the study contributes to filling a gap in ambidexterity research regarding the role of organizational identity in hosting ambidextrous solutions over time (O'Reilly & Tushman, 2013). It seems that after the first cycle of the process, which led to a complete renewal of the labels the company uses to describe itself as a news destination rather than a newspaper, the company also developed a much broader sense of who it is. Not only did the more general label incorporate more meanings behind it, but it also made it easier to add new meanings into it. This can explain why there was a lower need for protecting the last two exploratory units from the established unit, and the exploratory units could interact much more with the established unit and exploit synergies already prior to a formal reintegration. The new identity also allowed the exploratory units and the established unit to perceive themselves as each other's complements, rather than competitors, and boundaries between

the units became more blurred. This suggests that the need to separate exploratory units may become less pronounced over time as the company's understanding of "who we are" and "what we do" becomes much broader through the use of structural ambidexterity.



## 7. Conclusion

*This final section presents a brief summary of this study's findings in relation to current literature. In addition, suggestions for future research and limitations of this study are discussed. Finally, this study's practical implications for managers are outlined.*

The aim of this research was to explore identity processes in structurally ambidextrous firms. In order to answer the research question: *How does organizational identity evolve over time in structurally ambidextrous firms?* I conducted an embedded case study of an established firm and its three exploratory units. Based on primary data from 16 qualitative semi-structured interviews with key individuals that witnessed the separation and reintegration events, supplemented with a range of secondary data, I was able to gain an in-depth understanding of identity processes that unfold over time in a structurally ambidextrous firm. Theory on organizational ambidexterity along with research within the field of organizational identity, supplemented with insights from post-acquisition integration literature, aided the interpretation of this study's inductive findings.

This research has resulted in the development of a process model for how organizational identity of a structurally ambidextrous firm evolves over time through three phases. In the first phase, *Creating space for new identity*, the established firm recognizes the need to redefine its understanding of “who we are” and “what we do”. However, several factors, including current identity and structural and cultural inertia, inhibit such identity change to take place from within, resulting in the decision to set up a separate exploratory unit. In the second phase, *Forming distinct identity*, structural separation allows the exploratory unit to develop own structures, processes, and culture, and as a result, a distinct notion of “who we are”. Depending on the degree of integration associated with the ambidextrous solution, the perceived gap between “us” (insiders from the exploratory unit) and “them” (outsiders from the established unit), may vary. Lastly, the third phase, *Renewing old identity*, involves the exploratory unit gaining legitimacy in the eyes of the established unit, which creates a readiness within the established unit to perceive the exploratory unit as a part of itself. This again leads to the introduction of integrating mechanisms that dissolve the boundaries between the units, eventually leading to formal reintegration of the exploratory unit. As a result, the identity of the established firm is explicitly renewed through a change in the

definition of “who we are” or implicitly renewed through a change of the understanding behind what it means to be “who we are”.

These findings have yielded new insights into two theoretical domains. On one hand, the study contributes to organizational ambidexterity research by suggesting existing organizational identity as an important source of inertia favoring separation of exploratory activities into a separate unit. Moreover, the study suggests that the bigger the gap between the “mindsets” of the exploratory unit and the established unit, the higher is the need for shielding the innovative undertakings through physical separation and limited interactions with the established unit. In contrast, when the conflict between the “mindsets” of the two units and the perceived gap between “us” vs. “them” are not as profound, the exploratory unit may be physically co-located and engage in much more interactions with the established unit. This allows for exploitation of synergies across the two units, while the exploratory unit is still able to fulfil its mandate of innovation. In addition, this study offers more insights into the previously little explored reintegration process. It suggests legitimacy of the exploratory unit as an important factor determining whether the established firm is willing to redefine what it perceives as its core, through adopting or incorporating the identity of the exploratory unit upon reintegration. However, it also suggests that formal integrating mechanisms are needed to ensure transition of the exploratory unit’s identity to the established firm, especially in the case of discontinuous identity change through a change in the labels the firm uses to define itself. Lastly, this study contributes to an enhanced understanding of the role of organizational identity in hosting of ambidextrous designs. It suggests that a broader definition of “who we are”, achieved through separation followed by reintegration of an exploratory unit, may facilitate future balancing of exploration and exploitation, by allowing exploratory activities to take place closer to the core.

On the other hand, this study offers a contribution to organizational identity literature by exploring identity change processes in a novel context of separation and reintegration of exploratory units within a structurally ambidextrous firm. Based on this research, I argue that organizational ambidexterity can be seen as not only a means to achieve strategic renewal of the established firm, but also as a deliberate mechanism that can be used to achieve planned identity renewal. The findings suggest that when there is a high need for radical identity change, high degree of spatial separation and operational independence of an innovative unit

may enable a new desired identity to form without the interference of the established firm's outdated "mindset", while subsequent reintegration of a unit that has gained legitimacy enables a renewal of existing organizational identity of the established firm.

Moreover, this study also revealed some interesting dynamics between the phenomena of organizational identity and organizational culture in the context of separation and reintegration of exploratory units, that represent an intriguing avenue for future research. While separation seems to facilitate both the development of an innovative culture and a distinct identity in the innovative unit, the two do not seem to transition to a similar extent into the established unit upon reintegration. Whereas the identity of the exploratory unit effects a change in the established firm's identity, the innovative cultures of the two exploratory units that were reintegrated seem to have vanished upon reintegration. Perhaps the innovative culture is facilitated through the smaller size of the exploratory unit and it is difficult to make it transition into a larger unit requiring more formalized processes to function effectively. Another explanation could be that the more textual and explicit nature of identity makes it easier to target in a deliberate change process than cultural elements which are more difficult to articulate. A third explanation could be that the exploratory units' culture did in fact transition into the established unit, but its tacit nature makes it hard to observe. Future studies will hopefully shed further light on the dynamics between organizational identity and culture within the ambidextrous context. Studies looking into this topic could also be valuable for nuancing existing post-acquisition integration strategies. While existing typologies assume that either both culture and identity of the target gets absorbed by the acquiring unit, or both manage to transition into the merged entity, my findings seem to contradict this view.

Furthermore, this study has several limitations that need to be acknowledged. First of all, an important limitation is that the research participants mostly consisted of top executives. Although the use of theoretical sampling yielded a heterogenous sample that experienced the events as insiders or outsiders of a given unit of analysis, most of the participants experienced the events from the top of their respective units. Reactions to change events such as separations or reintegrations of exploratory units may differ across employees, middle managers, and top executives. Furthermore, the understanding of "who we are" may be different depending on an informant's position within the firm. Similar future studies

would, therefore, benefit strongly from using a sample consisting of organizational members from various hierarchical levels. Second, the research is based on an embedded case study of an established company and its three exploratory units. Although comparisons across the embedded units of analysis allowed for revelatory findings, it needs to be recognized that all units were subsidiaries of the same parent firm operating in the media industry in a Scandinavian country. This research therefore cannot claim transferability of the findings to other industries or cultural contexts, although a thick description of the research setting may enable the readers to judge for themselves the degree of transferability. Nevertheless, future research would benefit from performing a similar study in a different cultural or industry context. At last, although the study's process approach offers a valuable contribution to the dynamic stream of ambidexterity research, it needs to be acknowledged that the majority of the events were treated in retrospect. Nevertheless, data triangulation used to verify the retrospective narratives, which revealed high congruence both between the narratives of various participants, as well as between the narratives and secondary data, suggests that this limitation is not profound. Still, future research studying a similar case through real-time process data, would be valuable.

Finally, this study offers some practical managerial implications. It suggests that managers should view the pursuit of innovation activities not as a one-time decision, but as a continuous process. Such continuous approach to innovation may be achieved through repeated, or even overlapping, separation and reintegration of units dedicated to exploration. Furthermore, this research suggests separation and subsequent reintegration of exploratory units as a specific tool for identity renewal that managers can use when the firm's current identity will deem it obsolete in the future. The more radical identity change is needed, the more the exploratory unit should be left on its own, both in physical terms and in terms of interactions with the established part of the business. For managers looking into the reintegration of Video Exploration, these findings suggest that it may be worth looking into the necessity of renewing the core of the established firm at this point in time. If it is believed that a company that wants to keep the position as the primary news destination needs to have visual storytelling at its core, it may be wise to reintegrate the unit. However, it is important that Established Newspaper acknowledges that visual storytelling will indeed need to define its core. Seeing that the two units already manage to exploit considerable synergies from cooperation, the reintegration may not yield further synergies, while it may

prove negative for the entrepreneurial culture of the unit. Seeing the wide range of innovative undertakings that take place in Video Exploration, Established Newspaper may also alter its traditional approach to reintegration. More specifically, the company may bring in parts of the unit that are important for its future core, while keeping undertakings further from the core separate in order to allow for further developments to take place within the unit's entrepreneurial culture.

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## 9. Appendix

### 9.1 Appendix A: Informed Consent Form

#### **Informed consent form – Participation in RaCE research program NHH Norwegian School of Economics**

##### **Background and aim**

This research is a part of the RaCE project at SNF and NHH Norwegian School of Economics. The goal is to examine how established firms respond to and manage radical technology-driven change. We are targeting individuals within established firms that have information on and experience with organizational changes.

##### **What participation in the study entails**

We invite you to participate in an interview lasting one and a half hours. If you permit, the interview will be recorded and later transcribed. The audio file will be deleted after transcription and the transcribed version will be anonymized.

##### **How is information about you handled?**

Personal information will be treated confidentially. Any information that could identify individuals will be removed (e.g., your name). Transcriptions will be allocated a code instead. Name and contact information, including this form, will be kept separate from any interview data. Only persons participating in the RaCE project at NHH/SNF will have access to the anonymized interviews. Your firm/organization will be anonymized. The project will be completed in June 2023.

##### **Voluntary participation**

Participating in the project is voluntary. You can withdraw at any time without any further explanation. If you chose to withdraw, all information about you and your interview will be deleted.

Should you have questions regarding the research project, please contact Justin Harlan [justin.harlan@nhh.no](mailto:justin.harlan@nhh.no) or Inger Stensaker [inger.stensaker@nhh.no](mailto:inger.stensaker@nhh.no).

Should you have other questions please contact: [personvernombud@nhh.no](mailto:personvernombud@nhh.no).

On behalf of SNF/NHH, the Norwegian NSD has approved the procedures followed by the RaCE research project are in accordance with current rules and regulations for handling data.

##### **Your rights**

As long as you can be identified in the data material, you have the right to:

- Access in which personal information is registered in your name
- To correct personal information about you
- To have personal information about you deleted
- To receive a copy of your personal information (data portability)

- To file a complaint to personvernombudet or Datatilsynet regarding use of personal information on you

**What gives us the right to use personal information about you?**

By signing this form, you consent to participate in the study.

**Informed consent form:**

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

Signature ..... Date.....

Printed name.....

## 9.2 Appendix B: Interview Guide

*Note: OE and ME are abbreviations used throughout the guide to refer to Online Exploration and Mobile Exploration, respectively. Questions 4) – 7) are asked with regards to OE the first time, and thereafter repeated for ME. Question 5) applies only to those who worked within the innovation unit. People that worked at Established Newspaper are asked Question 6) instead.*

### 1) Introduction

- a. Thanking informant for taking time to participate.
- b. Presenting myself and the research topic.
- c. Informing about anonymity.
- d. Gaining approval on recording the meeting.

### 2) Informant

- a. What is your background and role in Established Newspaper?
- b. What was your role in the processes of separation of innovation units?
- c. What was your role in the processes of reintegration of OE and ME?

### 3) Organizational identity: Established Newspaper

- a. Suppose a friend of yours is going to start working at Established Newspaper. How would you describe the company to him/her?
- b. Who are Established Newspaper's competitors? What distinguishes Established Newspaper from them?
- c. Think back to when you first started working here, when was that and how would you describe Established Newspaper at that time? Who were the most important competitors back then? How has the culture and identity of the firm developed since then?
- d. What do you think are the main reasons behind these changes?

### 4) The ambidextrous solution: Online Exploration / Mobile Exploration

- a. What was the motivation for establishing OE/ME as a separate company?
- b. What exactly did OE/ME develop in terms of products/services?
- c. How did the unit work? What (if anything) was different to Established Newspaper?
- d. What capabilities and skills were needed for this?
- e. How did the unit get access to such capabilities (e.g., internally/externally recruited)?
- f. How did OE/ME differ from Established Newspaper in terms of structure and culture?
- g. Where there any interactions and/or dependencies between the innovation unit Established Newspaper? How did the collaboration work out?
- h. Were there any tensions between the innovation unit and Established Newspaper? How were they handled/managed?

*For insiders: those who worked within the innovation unit:*

### 5) Organizational identity: Online Exploration / Mobile Exploration

- a. How would you describe OE/ME to someone who did not know the unit?
- b. How was OE/ME different or similar to Established Newspaper?
- c. Who did you view as your main competitors within OE/ME? What distinguished you from them?

- d. How was the relationship to Established Newspaper? To what extent did you consider yourself to be part of Established Newspaper? Did this change/develop over time?
- e. How did Established Newspaper view OE/ME? Did this change/develop over time?

*For outsiders: those who worked within Established Newspaper:*

**6) Organizational identity: Online Exploration / Mobile Exploration**

- a. How would you describe OE/ME to someone who did not know the unit?
- b. How was OE/ME different or similar to Established Newspaper?
- c. Did OE/ME develop a very distinct identity? How so?
- d. How was the relationship to OE/ME? To what extent did you consider this unit to be part of Established Newspaper? Did this change/develop over time?
- e. How did OE/ME view Established Newspaper? Did this change/develop over time?

**7) Integration of two distinct identities: Established Newspaper and OE / ME**

- a. What was the motivation for reintegrating OE/ME back into Established Newspaper?  
Could it have continued as a separate unit?
- b. What were the attitudes towards reintegration in OE/ME and Established Newspaper?  
Did people support the decision?
- c. The research on integration strategies mentions several ways in which integration of two units can unfold. One of the possibilities is that OE/ME loses its distinction and adopts the operations, practices, systems, identity, and culture of Established Newspaper. Another possibility is that the influence goes both ways and changes both parties, i.e., you try to build on the best of both. Do any of these strategies accurately describe the integration of OE/ME and Established Newspaper? Or would you describe it in a different way? If so, how?
  - i. To what extent did OE/ME maintain autonomy?
  - ii. To what extent did OE/ME and Established Newspaper collaborate?
  - iii. What happened with the identity of OE/ME?
  - iv. What happened with the structure and culture of OE/ME?
  - v. What happened with the capabilities developed in OE/ME?
  - vi. What happened with the practices, systems, and processes of OE/ME?
  - vii. What happened with the structure and culture of Established Newspaper?
  - viii. What happened with the practices, systems, and processes of Established Newspaper?
  - ix. What happened with the identity of Established Newspaper?
  - x. What happened with the employees at OE/ME and Established Newspaper?
- d. Please elaborate on the reintegration process. What went well? What were some of the challenges you encountered?
- e. To your knowledge, was the reintegration process carefully planned and managed? How so?

**8) The ambidextrous solution: Video Exploration**

- a. If I understand correctly, a possible reintegration of Video Exploration is being discussed. What are the arguments for and against this reintegration?
- b. What are the attitudes towards reintegration in Video Exploration and Established Newspaper?

- c. What are the most important learnings from the previous reintegrations? Do you think there is anything that should be done differently if Video Exploration gets reintegrated into Established Newspaper at some point in time?

The purpose of this thesis is to explore how organizational identity evolves over time in structurally ambidextrous firms. The research is based on a qualitative case study of an established firm operating in the media market in a Scandinavian country, and its three exploratory units that were separated to pursue innovation within technologies important for the future of the established firm.

Based on data collected through 16 semi-structured interviews with key decision makers that were involved in the separation and reintegration events of the three exploratory units, I inductively developed a process model that illustrates how organizational identity of an ambidextrous firm evolves over time through three phases: *1. Creating space for new identity, 2. Forming distinct identity, and 3. Renewing old identity*. By adopting a process approach, this study contributes to our understanding of how established firms can renew themselves and the different opportunities and challenges related to identity that may emerge over time.

This study's findings have several practical implications for managers involved in innovation and change efforts. The findings suggest that the bigger the gap between the established firm's current identity and the identity needed to succeed with a new technology, the more separate an innovative unit should be kept, both in terms of physical location and degree of interactions with the established unit. In contrast, when the gap is not profound, the units may engage in much more interactions, share physical space, and exploit synergies from cooperation, while not compromising the innovative unit's ability to pursue exploration. The findings further suggest that the more separate the exploratory is kept, both physically and operationally, and the more the unit manages to form an identity independent of the established unit as a result, the higher is the potential for renewal of the established firm's old identity. However, in order to realize that potential, the exploratory unit must gain legitimacy in the eyes of the established unit and be perceived as the firm's future, creating readiness in the established firm to redefine its old identity. As such, this study suggests structural ambidexterity as a specific managerial tool that can be used to achieve not only strategic renewal, but also identity renewal, of the established firm.

# SNF



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