



# Ambidexterity under digitalization: A tale of two decades of new media at a Swedish newspaper

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## ABSTRACT

The digitalization of the newspaper industry represents a significant challenge for incumbent companies to engage new technologies. Many companies in the industry have had to seek new markets through digital technologies to survive. This paper explores how one of the largest Swedish newspapers, Aftonbladet, has strategically embraced new media and new markets. We report a decade of engaged scholarship based on interviews and archival analysis that covers 20 years of strategic acts at the company. We consider this effort as a case of organizational ambidexterity under digitalization. The analysis seeks to extend theoretical understanding of the interrelationships between strategic intent and technological choice. The paper contributes to the understanding of ambidexterity under digitalization by theoretically framing it in terms of strategic acts. The research suggests that digitalization implies a more complex ambidexterity interrelationship between old and new markets and technologies. As digitalization enables the loosening of previously tight couplings, the clear theoretical distinction between old and new, and critically, the unproblematic transition, is brought into question. The paper suggests replacing the notion of an orderly shift from the old to the new with ambidexterity under digitalization as a duality of both old and new undergoing continual reconfiguration.

## 1. Introduction

Long-term survival is one of the most serious issues for any organization to deal with. In the literature, survival has been directly associated with the ability of the organization to adapt to environmental change. It has been particularly argued that a balanced approach must be adopted when seeking to shift from an existing market situation to a fundamentally different one, requiring change of the overall strategy for success and/or the very nature by which the organization operates. Grounded in March's (1991) characterization of organizational learning, ambidexterity describes the challenges of concurrently *exploiting* existing markets and technologies to make the most of what works now, while at the same time *exploring* new markets and new technologies as the organization seeks to benefit from important future opportunities. Organizations that are able to master such feat of simultaneously looking down and ahead are deemed to be ambidextrous (O'Reilly & Tushman, 2004, 2013).

The widespread digitalization of business environment raises the issue of how to make sense of the impact of digitalization on organizational survival efforts and how to carefully manage the associated

transitions. A common theme embedded in terms such as digital innovation, digital disruption, digital convergence, and digital transformation, is that the abilities of different companies to compete when digitalization alters the dynamics of core technologies and core markets shift. This can, for example, be characterized in terms of loosening the coupling of elements previously tightly coupled, resulting in more open-ended possibilities for recombination and reprogramming of elements, and reorganization of activities (Kallinikos, Aaltonen, & Marton, 2013; Tilson, Lyytinen, & Sørensen, 2010; Yoo, Boland, Lyytinen, & Majchrzak, 2012).

This paper explores ambidexterity in transition to a digital business environment within a large media organization—the Swedish newspaper Aftonbladet. The specific aim is to explain the pattern of ambidexterity under digitalization with a theoretical stance towards the strategic choices and ability to carry these choices through by using new technologies (Marabelli & Galliers, 2017). A great deal of research has been devoted to the study of organizational ambidexterity, as for example reviewed in a special issue of Academy of Management Perspectives (Birkinshaw & Gupta, 2013; Junni, Sarala, Taras, & Tarba, 2013; O'Reilly & Tushman, 2013). However, the specifics of

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digitalization do not appear at the level of theoretical constructs. This is despite of the essential role of new technologies in the formulation of the strategic imperative for organizations to become ambidextrous. More generally, whilst anchored in the normative assumptions of an orchestrated transformation from old towards new, little or no research has sought to formulate the process of how organizational and technological choices are imbricated.

Strategic actions concerning a managed transition from old to new technologies form the core of organizational ambidexterity. Therefore, this paper studies the strategic acts that are used as a response to the challenges a news organization faces when seeking to migrate from paper-based to digital business arrangements. We explore two of the core assumptions implicit in the ambidexterity literature: the importance of technology as a core-element and the managed transition from one state to another in the shift from the old to the new. This is achieved by addressing the following question: *How can the process of organizational ambidexterity under digitalization be characterized?*

The media industry is particularly susceptible to the effects of digitalization, which affect the whole chain of production, distribution and consumption of media. The transition from old to new media not only serves as an excellent case of the ambidexterity challenge; it specifically also provides a case for the investigation of organizational ambidexterity under digitalization. We investigate a large Swedish newspaper's 20-year long process aimed at migrating from a traditional print-based newspaper to a digital media company. This is done through secondary analysis of a large corpus of material collected over the past ten years in action research projects with the newspaper. The material covers a 20-year span of the newspaper's attempts to shift from a print-based news organization towards a new digital media company.

The paper contributes to the theoretical understanding of organizational ambidexterity under digitalization by analyzing the longitudinal process of Aftonbladet seeking to apply digital technologies and new organizational arrangements through a series of strategic acts. As a result, we suggest a re-evaluation of ambidexterity under digitalization. Instead of a clear distinction between structural ambidexterity at the organizational level and contextual ambidexterity at the level of individuals, we suggest a more complex organizational view in which ongoing relationships between the old and the new imply constant balancing between a variety of elements that need to be recombined in new ways. Rather than forming an orderly transition in which there is a state to be moved from and one to be aimed for, e.g. from paper format to digital (a dualism), ambidexterity is seen as a duality where the old and the new are mutually defined and constitute each other. The resulting shifts comprise of a complex mix of contextual triggers, strategic acts, as well as both organizational and technological changes. Finally, as the case of USA Today was included in O'Reilly and Tushman (2004) original HBR paper on organizational ambidexterity, we have a means of directly comparing between the application of the theoretical constructs across two similar domains.

The paper is structured as follows. Section 2 outlines research on organizational ambidexterity and the digitization of the news industry. Our chosen research approach is presented and discussed in Section 3. Section 4 presents the analysis of 20 years of strategic acts on digitalization within Aftonbladet. Section 5 discusses the findings and outlines our contributions, and Section 6 concludes the paper.

## 2. Research on ambidexterity and the digitalization of news

### 2.1. Organizational ambidexterity

The organizational processes involved in the exploration of new possibilities and the exploitation of current practices are quite different and impose resource allocation challenges (March, 1991). Furthermore, adaptive processes tend to favour the latter over the former and as such can be short-term effective, but destructive in the long-term (March, 1991, p.85). The discussion of trade-offs in organizational learning

processes between exploitation and exploration, and the necessity of concurrently pursuing both, has been formulated as the problem of organizational ambidexterity (Tushman, Reilly, & Charles, 1996).

A significant body of literature over the past two decades has approached the study of organizational ambidexterity as the ability to concurrently meet contradictory environmental and technological demands and can be summarized as; *“The ability to simultaneously pursue both incremental and discontinuous innovation [...] from hosting multiple contradictory structures, processes, and cultures within the same firm”* (Tushman et al., 1996, p.24). Since the mid-90's, a large number of quantitative and qualitative studies have explored a great variety of aspects of organizational ambidexterity, showing that ambidexterity increases firm performance especially when firms are experiencing environmental uncertainty. This is also the case for large firms with ample resources (O'Reilly III and Tushman, 2013). Ambidexterity has been explored in a diverse range of research projects, for example; formulating the structural ambidexterity perspective (O'Reilly III and Tushman, 2004); exploring the reliance on individual discretion in achieving ambidexterity (Birkinshaw & Gibson, 2004; Gibson & Birkinshaw, 2004); defining effective team mechanisms for achieving organizational ambidexterity (Jansen, Tempelaar, Van Den Bosch, & Volberda, 2009); challenges for product design balancing existing and new capabilities (Andriopoulos & Lewis, 2010); linking ambidexterity to firm performance (He & Wong, 2004); and exploring the organizational ambidexterity of concurrent business models (Markides, 2013).

Several papers review the body of research in organizational ambidexterity. Raisch, Birkinshaw, Probst, and Tushman (2009) discuss the issue of ambidexterity through integration or differentiation; what level ambidexterity occurs at; whether the organization needs to assume a static or dynamic perspective; and how ambidexterity relates to internal and external processes. Junni et al. (2013) discover in their meta-analysis strong ambidexterity-performance relationships in non-manufacturing industries and at higher levels of organizational analysis. Birkinshaw and Gupta (2013) chart the evolution of ambidexterity research and call for greater focus. O'Reilly and Tushman (2013) echo this call for clarity and suggest that the concept is more closely linked to the long-term survival of the firm and to the actions taken by firms and managers when facing such threats. They summarize the ambidexterity literature in terms of three proposed kinds of ambidexterity: 1) Sequential ambidexterity where exploration and exploitation take turns and can be characterized as punctuated structural changes; 2) structural ambidexterity where both exploitation and exploration are simultaneously sought through structural arrangements where different sub-units, competencies, systems, incentives, processes and cultures are assigned different responsibilities (O'Reilly III and Tushman, 2008); and 3) contextual ambidexterity (Gibson & Birkinshaw, 2004) where the resolution of the tension between exploitation and exploration is delegated to individuals within the organization.

While a wide range of research has applied the concept of ambidexterity – sometimes beyond the useful scope of the concept (Birkinshaw & Gupta, 2013) – it can be argued that the core of this concept is directly related to overall firm performance and ultimately is a matter of firm survival (O'Reilly III and Tushman, 2013). O'Reilly and Tushman (2013, p.17) further argue that the most appropriate theoretical frame from which to investigate organizational ambidexterity is that of dynamic capabilities, thus rendering the issue as: *“reflected in a complex set of decisions and routines that enable the organization to sense and seize new opportunities through the reallocation of organizational assets”*.

The body of literature on organizational ambidexterity has so far investigated the issue of organizational digitalization only in a fairly limited sense (Tilson et al., 2010). Tripsas (2013) studies Fuji and Polaroid's different responses to the threat of digitalization and documents the damaging impact of Polaroid's inability to escape an existing identity of a producer and distributor of boxes. Gilbert (2005) studies

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