# AMBIDEXTERITY FROM THE PERSPECTIVE OF THE ORGANIZATIONAL STRUCTURE: ILUSTRATIVE CASES OF NESTLÉ AND KODAK

**AUTHOR: Hanan Louafi Akraouch**

**TUTOR: Montserrat Boronat Navarro**

**DEGREE IN BUSINESS ADMINISTRATION**

**AE1049- DEGREE FINAL PROJECT**

**ACADEMIC YEAR 2018-2019**

*“A mis padres y a mis hermanas gracias a quienes soy quien soy y hacia quienes sólo puedo expresar mi agradecimiento por apoyarme durante toda mi etapa académica.”*

*“También quisiera agradecer a todo el equipo docente de la Universidad Jaime I, y en especial a mi tutora Montserrat Boronat, todo lo que me han enseñado y trasmitido durante esta etapa tan importante de mi vida.”*

# ABSTRACT

After incorporating the effects of globalization into our daily lives, companies need a key element to face the great competitiveness that exists in the markets. For this, organizational ambidexterity has emerged as a new research paradigm in organization theory which means the strategic capacity that describes the ability of organizations to exploit their current skills while exploring new opportunities for the development of new capabilities

In the current project, which objective is to conduct a thorough review of the ambidexterity in the organizations considering the two most important activities that comprise it: exploitation and exploration. The conceptual integration of the ambidexterity (exploration and exploitation) is developed from the point of view of the organizational structure. In this sense, we provide two illustrative case studies where we will identify how the ambidexterity are implemented in their structures.

**Key words**: Ambidexterity, Exploration, Exploitation, Organizational, Organic, Mechanic, centralized, Nestlé, Kodak.

# INDEX

## A. ÍNDEX OF FIGURES



## B. ÍNDEX OF TABLES

# 1. INTRODUCTION

Nowadays, companies from industrialized countries are experiencing constant changes in the competitive context that lead them to strengthen certain factors, in order to achieve adaptation and survival of the company.

Then, what is the correct option for achieve the adaptation and survival? One of them is the Ambidexterity. This thought reflects the ability to exploit the own capabilities while simultaneously exploring new competence and opportunities. This skill is shown as a crucial alternative for the achievement of a sustained performance and above the industry average.

For example, an ambidextrous tennis partner, capable of changing his racket from one hand to another. It was impossible to attack his backhand, so he rarely lost a game. The same happens with companies; must put their focus on balance, improve their processes while continuing to innovate and adapt to the consumer. They must be ambidextrous companies.

The objective of this study is to conduct a thorough review of the ambidexterity in the organizations considering the two most important activities that comprise it: exploitation and exploration. Specially, the study analyzes how and why the most hierarchical and mechanical organizational structures were related to the exploitation and organizational structures organic and flatter deviate towards exploration, analyzing its implementation in two illustrative cases that are part of our reality.

In the following report a study is made about the meaning of ambidexterity from different approaches; from the origin of ambidexterity and how it affects the organizational performance. Next, the main antecedents studied in the literature will be exposed to focus on: the organizational structure and its relation with the ambidexterity. Then, a comparative case study will be carried out between two different companies that have developed the exploitation and exploration in different forms from the perspective of the organizational structure. Finally, we will proceed to analyze the results and the relevant conclusions.

There is a tendency to analyze performance organizational ambidexterity as a prerequisite of organizational survival and success.

The concept of ambidexterity still has a long way to go because, despite of being firm in some areas, there are gaps in some parts on which future research is necessary. But the increasing attention has contributed to the refinement and effectiveness of the ambidexterity concept.

# 2. THEORETICAL FRAMEWORK

## 2.1. AMBIDEXTERITY

Organizational ambidexterity is a strategic capacity that describes the ability of organizations to exploit their current skills while exploring new opportunities for the development of new capabilities (Gibson and Birkinshaw, 2004).

The exploration involves the acquisition of knowledge and is associated with risk, flexibility, innovation and experimentation. It also allows evolution and adapting to changes in the dynamic and changing environment. While the exploitation refers to the improvement and extension of the capacities already available in the organization. This allows to improve the efficiency (March, 1991).

The concept of ambidexterity was first used by Duncan in 1976. Followed by some theories carried out by Hannan & Freeman (1977) and Miller and Friesen (1986) where they argued that the realization of an effective exploitation and exploration was impossible to achieve at the same time. According to them, success could only be achieved through the unique treatment of one of them but never both aspects.

This approach changed since 1991 when Mach's article reviewed and explained exploitation and exploration. According to Mach, significantly different activities can be conditioned by different organizational structures and strategies but "organizations need to be aligned to both exploitation and exploration". A one-sided focus on exploitation may enhance short-term performance, but it can result in a competency trap because the business may not be able to respond adequately to environmental changes.

In the literature it has been identified that there is a conflict between exploitation and exploration, which can be due to the scarcity of resources for the simultaneous development of both types of activities (March, 1991). On the other hand, the presence of organizational dynamics and tensions allow one strategy to impose itself on the other and hinder it (Levinthal and March, 1993).

This can lead that companies specialize in either exploitation or exploration, which could expose them to the learning risks that Levinthal and March (1993) call the trap of success (or the trap of exploitation) and the trap of failure (or trap of the exploration).

The first refers to companies that stop exploring because of their success in exploitation and, over time, can become obsolete, leaving the market. The second one refers to companies that explore without translating their results into performance, and this can lead to bankruptcy in the face of any restriction of income other than sales.

## 2.2. APPROACHES TO THE ANALYSIS OF AMBIDEXTERITY.

Organizational ambidexterity is a persistent theme studied in the literature. So, it can be said that the paradox between exploitation and exploration can be treated by different fields.
Different literature streams, including organizational learning, technological innovation, organizational adaptation, strategic management and organizational design have contributed to the research on organizational ambidexterity.
All of them referring to underlying construct and include the idea of ambidexterity.
Below is a brief analysis of each of above-named stream:

### 2.2.1. ORGANIZATIONAL LEARNING

Based on the theories of Benner and Tushman (2003) which will explained in the next parahaph, Chiva and Habib (2015) explains that organizational learning can be defined as "the process through which organizations change or modify their mental models, rules, processes or knowledge, maintaining or improving their performance in the long term".
Following the literature review, five essential factors are identified in the organizational learning: experimentation, risk taking, interaction with the environment, dialogue and participative decision making.

Benner and Tushman (2003) and He & Wong (2004) explore the possibility of correspondence between exploitation and exploration with the organizational learning.
They agreed that depending on the degree or type of organizational learning there is a smaller or greater correspondence between the both actions.

Depending on the degree of the organizational learning we can find the single-loop and the double-loop. The single-loop learning is used when the current goals, values and strategies are sound, not questionable and the emphasis is on techniques and their effectiveness. However, the double-loop learning is used when strategy is reviewed, and the emphasis is on learning and reviewing previous situations.

On the other hand, there are two types of organizational learnings: the adaptive and the generative. The first, describes a style of learning that incorporates existing knowledge combined with new ideas, while adaptive learning is data-driven and is continually modifying the pathways of learning to change and improve over time. Using adaptive learning allows you to identify knowledge gaps and changes the content in order to provide a better experience, creating a unique and truthful enjoyable learning environment.

According to the above, there is a connection between exploitation with the single-loop and the adaptive organizational learning. On the other side there is, a connection is established between the exploration with the double-loop and generative organizational learning.

March (1991) argues that exploration and exploitation are incompatible because they compete for scarce organizational resources. Therefore, firms should dynamically balance the relative level of exploration to exploitation in order to optimally distribute the resources.
Although March considers the different types of learning incompatible; firms may employ exploitation and exploration to achieve the success (Benner and Tushman, 2003). As environment dynamism increases and the rhythm of change accelerates, the firms need to renew their knowledge base by exploitative learning and simultaneously exploring new knowledge bases through explorative learning (Gibson and Birkinshaw, 2004).

Other authors like Peter Senge (1990) says “a company that facilitates the learning of its members and continuously transforms itself”. Peter suggest that to become a learning organization a company have to master five disciplines:  personal mastery (find your purposes in the life), shared visioning (share the vision of the future), mental models (underlying basic assumptions), and team learning (develop the capacities of a team) and systems thinking (connections between the things and its respective change). Peter says that the organizations that best adapt these 5 disciplines tend to be more ambidextrous.

## 2.2.3. TECHNOLOGICAL INNOVATION

In recent years, the study of innovation in the company has positioned itself as one of the central topics in the literature on exploration and exploitation of knowledge (Benner and Tushman, 2002).

The exploitation results in incremental innovations since it is based on current knowledge of the organization, while exploration generates new innovations through new knowledge and / or skills. In this way, Benner and Tushman (2002) have designated to the incremental innovation as exploitative innovation and the exploratory innovation as exploratory innovation. However, according to Laursen and Foss (2003) this terminology does not fit with the original conception of March (1991), in which exploration and exploitation are defined as learning processes and innovation is the result of this process.

In the present report we consider incremental innovation as exploitative innovation and radical innovation as exploratory innovation since radical innovation introduces revolutionary changes in technology and have associated high uncertainty and risk of failure, but are those with the most potential for performance, however, the incremental one only deals with improvements in the existing technology and this hardly shows a degree of risk.

The exploration and exploitation seen from the point of view of innovation, responds to the growing role attributed to innovation as a key element of the long-term success of the company, especially in changing environments.

## 2.2.4. ORGANIZATIONAL ADAPTATION

The firms must adapt themselves to the changes in the environment because they will find a lot of failures due to the nature of a discontinuous external change. This requires reconfiguring their ways of working in the future.

In the organizational adaptation different perspectives can be considered, but we will see the organizational adaptation from the point of view of ambidexterity.

As we have seen, ambidexterity is highlighted in a great variety of environments and contexts since it allows to obtain information on how companies explore new opportunities while exploiting their current resources. This is a complement to the dynamic capabilities since it allows to detect opportunities and redesign their activities (Birkinshaw and Tushman, 2009).

To do this, we propose three totally different ways of adapting that companies can work to adapt to discontinuities or deviations from their environment. All of them require totally different agreements and organizational capacities.

First, the structural separation explains how to align exploration and exploitation activities in different organizational units. Next, the integration of behavior as a unifying element of conflicting activities and tasks in a single unit by designing a context of supportive behavior. Finally, the sequential alternation implies an uncertainty between exploration and exploitation resolved through the development of new products and improving existing ones.

Therefore, it is the mode of adaptation and a set of capabilities that determines whether the company can adapt to a change in its external environment.

### 2.2.5. STRATEGIC MANAGEMENT

As an extension of ambidexterity in strategic management research, organizational ambidexterity also reflects the tension or conflict of strategic endeavors of firms faced with constrained resources, such as the ability to pursue exploitative and explorative innovation strategies (He & Wong, 2004). It allows firms to exploit the existing capabilities, while simultaneously not neglecting the effort undertaken in developing new capabilities (Lubatkin, Simsek, & Veiga, 2006). As a special type of dynamic ability in nature (Jansen et al., 2009; O'Reilly & Tushman, 2007), it is inextricably connected with the transformation and change of enterprises.

Here, we can include the internal ecology model of the strategy of Burgelman (2002).

This model differentiates between strategic processes driven by decreases of alterations (ideas located in the company's current strategy and based on knowledge present) and autonomous strategic processes that increase the alterations (are born or appear from the outside).

Burgelman (2002) relates the strategic processes induced by diminutions of alterations with exploitation and autonomous strategic processes with exploration.

So, a combination of both processes would be ideal for any organization even if this causes that the efforts made are not always maximum.

Thus, although ambidexterity is a difficult managerial challenge, when executed in the appropriate strategic contexts, these complex designs are associated with sustained competitive advantages.

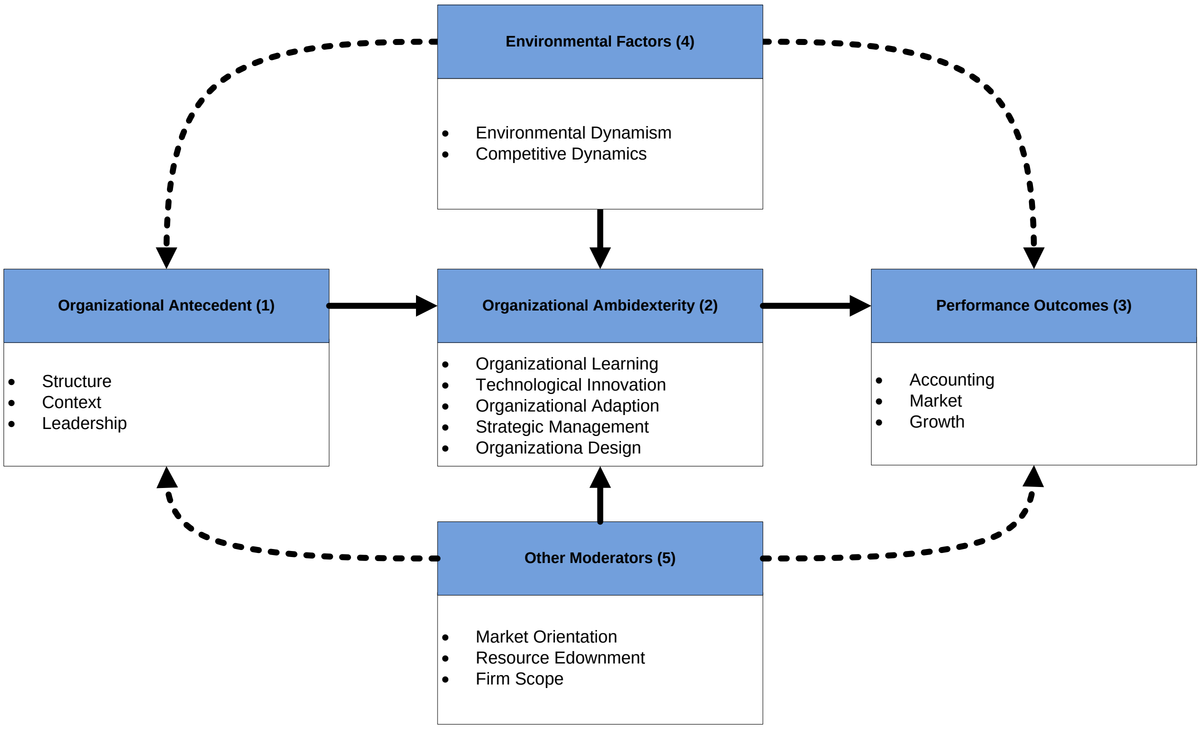
As described above, the literature has focused on different conceptions of exploration and exploitation. In such a way, the organizational ambidexterity was related to firms' ability to simultaneously pursue double-loop and single-loop learning, incremental and radical innovation, stability and transformation in organizational adaptation, induced and autonomous strategic processes, and efficiency and flexibility in the organizational design.

Summarizing, in this project we will take into account the organizational design, the technological adaptation and the technological innovation because they consider the importance of dynamism and the adaptation to competitiveness nowadays.

## 2.3. ANTECEDENTS

Since last decade, different strategic publications have opted to study the ambidexterity in terms of antecedents, determining factors, performance and the interrelations created between them. Nowadays, the interrelation is more complex because it considers how environmental factors and other moderators affect to the relationship created.

**Figure 1. Organizational ambidexterity: antecedents, outcomes and moderatos**




*Source: Own elaboration based on Raish and Birkinshlaw (2008)*

This combination is developed in a framework (*Figure 1*) that totals the set of elements: both the background, environmental influences, moderators like the market orientation and resource endowment and the performance obtained in terms of growth, market and accounting.

This study will focus on the structural antecedents (taking into account the context and leadership) and the effect of ambidexterity on firm performance.

Regarding the paradox between exploitation and exploration, performance in the ambidexterity is also ambiguous.

For example, Wernerfelt and Montgomery (1988), argue that companies that perform both activities simultaneously are sacrificing the internal structure of the organization and this can lead to a lower performance in terms of comparison with other companies that do not work with the ambidexterity.

These types of arguments have come to develop the popular "premise ambidexterity".

This premise consists of a wide variety of arguments. It all starts with Tushman and O'Reilly (1996), which ideal is based on the companies that achieve ambidexterity through the simultaneity of exploitation and exploration, tend to obtain performance and performance superior to those that only work with one of them. Those organizations that only perform exploration are at risk because their returns are difficult to estimate a priori.

Levinthal and March (1993) declare that "an organization devoted exclusively to exploration usually suffers from the fact that it never obtains the benefits of its knowledge" (p.105). In contrast, companies that specifically pursue exploitation generally obtain returns that are predictable, but not sustainable and obsolete (Levinthal and March, 1993).

Recently, researchers have begun to examine empirically if organizational ambidexterity leads to higher levels of performance.

For example, some famous authors related that the ambidexterity and performance relationship are the following:

First, Adler et al. (1996) and Knott (2002) found that exploration and exploitation coexisted in Toyota their’s product development and production processes.

Second, Gibson and Birkinshaw (2004) focused on the level of business unit. Based on data collected from 4,195 individuals in 41 business units, the authors found evidence that the ability of a business unit to simultaneously achieve alignment and adaptability was significantly related to its performance.

Finally, Lubatkin et al. (2006) tested the effect of organizational ambidexterity on the performance of the company using survey data from 139 small and medium enterprises.

They all found that the joint search for exploitation and exploration orientation positively affects performance.

### 2.3.1. Context

Context refers to the systems, processes and beliefs that shape behavior at the individual level in an organization (Ghoshal and Bartlett, 1994). This context must be created to give organization's members the power to share out their time between the exploitation and exploration.

Contextual ambidexterity is an exploratory and exploitative search capacity within a single business unit where individuals divide their time between different activities. So, while providing value to current customers, new opportunities are also sought in a dynamic and complex environment (Gibson and Birkinshaw, 2004).
This requires the need to know how to divide the time between the different activities so as not to focus on only one of them.
Therefore, this typology of ambidexterity provides long-term benefits and manage inconsistencies with the collective capacity of individuals.

Gibson and Birkinshaw (2004) focus contextual ambidexterity towards a use of procedures and routines, of complex behavioral leaders and a shared vision. But this subjectivity cannot involve certain contextual aspects such as the ambition of nature.
On the other hand, Gibson and Birkinshaw (2004) suggest contexts focused on discipline, support and confidence to facilitate contextual ambidextrousness. In this way, successful organizations balance difficult elements (discipline and stretching) and soft elements (support and trust) in their organizational contexts and thus achieve greater performance.

In order to achieve this type of ambidexterity, a bottom-up approach is required, emphasize the participation and involvement of all members of the firm in the culture and context organizations (Ghoshal and Bartlett, 1994; Simsek et al.,2009). Therefore, the contextual ambidexterity is intimately linked to the direction of people in organizations, since the context that this type of ambidexterity needs will require the use of capable human resource management practices to develop the flexibility, motivation and necessary commitments that stimulate individuals to devote efforts to both exploration activities as exploitation (Lepak and Snell, 2003).

### 2.3.2. Leadership

Ambidextrous leaders and managers, who are aware of both exploration and exploitation tasks, tend to show more solutions to the conflicts that arise from both parties.
To do this, Levinthal (1993) suggest that they need prior knowledge to deal with these situations and they must be individuals with a broad category of knowledge and prior preparation.

Tushman and O'Reilly (1997) state that the internal processes of the senior management team facilitate ambidexterity. Gibson and Birkinshaw (2004) point out the "important role that high-level executives play in making an organization effective in the context of an organization and developing ambidexterity" (p.222).

On the contrary, other writers such as Lubatkin et al. (2006) focuses on the relationship between exploitation and exploration with the different hierarchical levels in the organization.

For example, Floyd and Lane (2000) relate exploration to operational levels where managers experiment with novel solutions, but exploitation is associated with senior management where the most significant decisions are made.
Volberda et al. (2001) are directed towards a more ambiguous vision: top management can also pursue exploitation and exploration simultaneously "top management explicitly handles the balance of exploration and exploitation by incorporating new competencies to some units while using well-developed competencies in others" (p. 165).

Currently, this field seeks to investigate the processes and qualities that allow senior managers, simultaneously seek exploitation and exploration. Beckman (2006) found empirical evidence in the composition of the founding team: important antecedent of exploratory and exploitative behavior. Firms whose founding teams had both diverse and common prior company affiliations demonstrated a higher degree of ambidexterity.

### 2.3.3. Organizational structure

According to the experts of organizational design, organizational characteristics are used to promote efficiency and flexibility. From this hypothesis, Burns and Stalker (1961) link mechanical structures (centralized authority, specialization, clear chain of command, etc.) with efficiency, while organic structures (decentralization, shared and innovative tasks, teamwork, low specialization, etc.) are related to flexibility. Duncan (1976) recommends the combination of both structures in a company:  an organic structure to innovate and create new ideas and a more mechanical structure to exploit the ideas.

On the opposite, Ford and Ford (1994) or Lewis (2000) direct their theories to an incompatibility between both structures in the same organizational structure.

According to Gibson and Birkinshaw (2004) ambidexterity in organizational structures is achieved by "developing structural mechanisms to cope with the competing demands that the organization faces for alignment and adaptability" (p 211). There are several models about how structural mechanisms should be followed. Most of the suggestions include a semi organizational structure that combines elements belonging to both mechanisms and complex structures that also combine structural organic and mechanical elements (Adler and Borys, 1996, Sheremata, 2000).
Generally, the units that follow the exploration are small and decentralized with totally flexible processes with little specialization, while the larger organizational units tend to follow the exploitation, so they are more centralized processes and more routine and specialized processes (Benner and Tushman, 2003)

On the other hand, a series of structural solutions have been developed to complement and support ambidexterity. These solutions are related to two underlying basic concepts: spatial separation (with respect to the corporate level) that contributes to the organizational units being structured correctly according to their specific needs in terms of tasks and parallel structures (Lawrence and Lorcsh, 1967).

The theories about organizational units regarding exploration and exploitation are somewhat relative and ambiguous:

Some academics such as Leonard Barton (1995) argue in favor of organizations in which the exploration units are protected and separated from the exploitation units. Alternatively, others promote organizational works (Bradach, 1997) ambidextrous that are formed by multiple small organizational units that are sub-linked and connected thanks to the integration promoted and coordinated by top management and a solid and shared organizational culture.
Regarding the use of parallel structures, it can combine between different types of structure depending on the type of task that will be carried out (Bushe and Shani, 1991). For example, a formal main structure of a unit may employ routine tasks if the objective is long-term stability and efficiency. In addition, this structure can be complemented by secondary ones that add value and correct deficiencies that the main structure could present as non-routine tasks related to innovation. So, both structures coexist to obtain and guarantee optimal results by alternating exploitation and exploration in the same business unit.
Nonaka (1994) launches the "hypertext organization", which combines the "efficiency and stability of a hierarchical bureaucratic organization with the dynamism of the flat and multifunctional task force organization" (p.33).

This report will consider the approach of efficiency and flexibility in the organizational design.

#### 2.3.3.1. Relation between the mechanical structure with the exploitation and the organic structure with exploration.

As we have analyzed previously, exploitation is related to more routine and standardized tasks whose purpose is to achieve efficiency through repetitive tasks in simple and stable environments. If we relate these characteristics with respect to the organizational structures, we obtain a vertical structure with many hierarchical and functional levels, whose managers present the total power and the lower positions do not have any participation (centralization). A functional departmentalization grouping jobs by functions performed, when we can find advantages like the coordination and the in-depth specialization but also disadvantages like the poor communication across the functional areas and a limited view of organizational goals.

This type of organization seeks to achieve economies of scale and is linked to the Machine configuration and the Professional configuration of Mintzberg (1989). However, the last presents more autonomy, democracy and decentralization than the first.

Opposite, there are totally antagonistic organizational structures, where the only thing that dominates is creativity, talent, flexibility, participation and innovation. Moreover, the decentralization is a clear characteristic of this structure because the decision-making is pushed down to the managers who are closest to the action. Also, noteworthy that we find a cross-functional teams and a wide span of control.

There are no power figures so conflicts can be created as a direct consequence of the ambiguous power and stress produced by rapid adaptations to complex and dynamic environments. This type of totally informal structures is associated with the adhocratic or innovative Mintzberg configuration with a free flow of information.

***Why is exploitation more related to mechanical structures and exploration with organic structures?***

As we already know, exploitation refers to the processes by which it is intended to achieve an advantage of what we currently using resources, efficiency, selection, implementation and execution have. On the other hand, exploration has a totally opposite and complementary approach, it seeks to find new ways of executing in terms of search and experimentation.

Both the exploitation and the more hierarchical and vertical organizational structures have a short-term orientation to improve productive resources, be efficient and maximize the benefits through a competitive advantage and current business practices with knowledge and skills, providing stability and control through the routinization of the processes. Also, technology is applied with the desire to generate more product or service and not win in terms of innovation and differentiation.

In this way, the existing relationship with more mechanical structures with exploitation due to centralization, specialization and more stable environments, the functional departments that most relate to the operation are the following: financial department, production department and sales department.

On the other hand, exploration and organic structures have another perspective. This consists of the development of competencies and long-term usefulness through flexibility and a high-risk assumption. They start from an idea of experimentation to overcome, through improvisation, autonomy, chaos and decentralization; Involving research to create new knowledge and innovate by applying a strategy based on strategic learning and differentiation.

The characteristics associated with organic structures are more conducive to innovation than those associated with mechanistic structures (Damanpour, 1991).

When differentiation is combined with integration, exploitation and exploration should be conceptualized as two extremes. Therefore, top management must determine the degree of differentiation and integration that it wants to maintain in the organization. A balance between both parties depends on the relative importance between exploitation and exploration activities.

The importance is given according to the need of the organization and the dynamic capacity. This can be summarized in three observations:

First, the integration and differentiation are complementary (not substitute or alternative) to achieve a positive organizational effectiveness. Second, the balance between both parties varies depending on the task or activity performed. And finally, the tension between both dynamic mechanisms requires continuous effort and dedication on the part of management.

In this way, the departments that are most linked to the relationship established between exploration and organic structure are those that most have to adapt to the environment and promote flexibility. This is the case of the department of innovation, communication department, human resources department and marketing department.

Some classics such as Raishch, Birkinshaw, Tushman (2009) are based on the static perspective to position ambidextrous organizations in certain configurations, subsisting over time regardless of the external factors that surround them. However, this argument is antithetical to the theory of modern contingency based on dynamic adjustment with the environment that allows ambidextrous organizations to adapt to changes in the environment (Tushman, 2008).

The changes in the environment will be responsible for the variations and disturbances in the degree of orientation of the companies towards exploitation -seeking efficiency- or exploration -innovation and experimentation-. Also, the global level of ambidexterity internal can be acquired through the balance between exploration and exploitation.

To sum up, we can conclude that the organic structure, whose properties are flexibility, high decentralization, creativity, innovation and wide span of control, tends to relate and adapt with exploration because it is more capable of adapting to the most dynamic environments and obtaining long-term benefits. This relation is more reflected in departments that require more flexibility, innovation and adaptation to change like innovation department or communication department.

However, the mechanical units whose properties are centralization, hierarchy and specialization are more suitable for exploration because it provides short-term benefits and is only viable in stable environments. This relation is established with the departments whose activities are more routine like production or financial departments.

The mechanic and organic departments are usually separated therefore, there is a need to coordinate them at the organizational level. This task is very complex and is the most difficult task to achieve in organizations.

The most relevant information present in the theoretical framework from which a comparative case study will be carried out between two companies -Nestlé and Kodak- is the organizational structure and how the exploitation activities are related to more mechanical structures and exploration activities with the organic structures.

# 3. ILUSTRATIVE CASES: NESTLÉ AND KODAK.

Now, on the practical level, the information present in the theoretical framework has been related to a practical analysis of the Nestlé and Kodak companies. In this practical part we highlighted the existing relationship between the organizational structure and ambidexterity and how it can affect to the performance. In addition, the performance of working only one of them or both activities simultaneously will be valued.

## 3.1 METHODOLOGY

The following empirical method consists in analyzing the ambidexterity from the point of view of organizational structure and how it relates to exploration and exploitation activities though a case study.
The case study consists of a comparative analysis between two companies (in terms of organizational structure in the ambidexterity) -Nestlé and Kodak- whose evolution in the market has been significantly different

The methodology that will be use in the present comparative case study between Nestlé and Kodak is based on a qualitative research.

According to Mejía (2004) and Strauss, A. and Corbin, J. (1990) qualitative research uses non-numerical data, detailed descriptions of facts, direct quotes, the speech of the people and extracts of whole passages of documents to build a knowledge of the social reality, in a process of conquest, construction and theoretical verification. The qualitative findings are not available, therefore, formulations of truths: they are the best answer that can be obtained to a question at a given moment (Guba & Lincoln, 1994).

The information is collected through secondary and sources of information have been used, coming from books, specialized articles or in the official web page of the both companies: https://empresa.nestle.es/es/sobre-nestle/nestle-en-espana and https://www.kodak.com/ES/es/corp/

Moreover, the articles have been useful to obtain reliable information in order to understand the concepts of exploitation and exploration, and the concept of ambidexterity, to be used on this study case. In addition, the economic data referring to the presentation of the company (history, billing, employees, etc.) have been extracted from the SABI database as well as the company's annual reports.

Finally, it should be emphasized that the case study doesn't include primary information provided by the company through interviews or other primary elements due to the difficulty to internally access.
After an analysis and extraction of the information, it has been processed in order to manage the analysis of the results.

## 3.2 NESTLÉ PRESENTATION

### 3.2.1 History

According to the information provided by the company on its own website, the origins of Nestlé begin with Henry Nestlé. Henry Nestlé, born in Germany, in the year 1814. At the age of 29 he moved to live in Switzerland, where the situation of children was precarious due to the malnutrition availability.
For this reason, Henry considers the need to manufacture a first product that nourishes and provides enough nutrients to children; Food Flour and then Milk Flour.
The start of Nestlé's productive activity was in 1867. From then on, it began its expansion in America and Europe. Already at the hands of three managers who bought the company from Henry Nestlé: Jules Monnerat, Pierre-Samuel Roussy and Gustave Marquis.
To make this expansion possible, it merged with its biggest competitor at that time: Anglo Swiss Condensed Milk Company (1905), whose flagship product was condensed milk. Coinciding with this date, the brand's first factory in Spain is inaugurated.
The end of the Second World War was the beginning of a dynamic phase for Nestlé. Acquired an accelerated growth with the acquisition of other companies. In 1947 they merged with the condiment company Maggi followed by Crosse & Blackwell in 1950, as did Findus in 1963.
During the eighties, due to the improvement of the company's finances, new acquisitions were undertaken. Nestlé was in a favorable situation as trade barriers were reduced and world markets negotiated free trade agreements. It was in 2009 when he saw his sales fall due to the global crisis. However, it is currently the largest food company in the world with headquarters in Switzerland and which has a varied range of products and more than 330,000 workers.

### 3.2.2 Mission, vision and values

The **mission** of Nestlé is to promote the nutrition, health and well-being of people, making products avaible of the highest quality for any time of day and for all stages of life, and managing business in a way that creates value for the company while for society.

About the **vision;** Nestlé wants to be the company recognized as a leader in nutrition, health and welfare worldwide by its consumers, employees, customers, suppliers and all stakeholders related to the activity of the company.

Some of the **values** manifested in Nestlé are the following:

1. “The focus on long-term business development without losing sight of the need to continuously obtain solid results.”
2. “The creation of Shared Value as the fundamental way of doing business. The commitment to environmentally sustainable business practices that protect future generations.”
3. “Make a difference in everything we do thanks to the passion for winning and the creation of gaps with respect to our competitors with discipline, speed and an error-free execution.”
4. “Understand what brings value to our consumers and focus on providing that value in everything we do.”

### 3.2.3 Strategy

Nestlé is characterized by adopting a series of varied strategies at the corporate level.
First, it follows an expansion strategy. Specifically, there is a clear penetration in the market to publicize the trademark. To do this, marketing is used via advertisements in all media and social networks to increase participation in the markets it operates.
Next, it follows a strategy of product development and market development.
On the one hand, we approach the product development strategy, we can say that it is carried out thanks to innovation and investment in I & D, which are part of the company's philosophy. For example, some of its innovative ideas are the "Innova 2.0" platform and innovations in terms of products.

On the other hand, the development of markets occurs after its incorporation into new markets where traditional products have been sold and new products to reach new segments. A clear example is the launch of Nestlé Health Care Nutrition, with the aim of offering personalized and optimized health.

Finally, emphasis is placed on an internationalization process - due to its presence in the five continents- and diversification both related (through which it achieves synergies) and unrelated (for example, the acquisition of aesthetic products).

### 3.2.4. Financial highlights.

In this section we can observe the most important financial data of Nestlé in terms of income, sales and number of employees during the years 2010, 2016 and 2017.
Referring to the result of the exercise and operating income, as shown in Table 1 we see how they increase considerably in 2016 compared to 2000 but in 2017 they fall again. According to Mark Schneider, CEO of Nestlé, organic sales in 2017 were within the forecasts, but below expectations due to the particularly difficult environment.

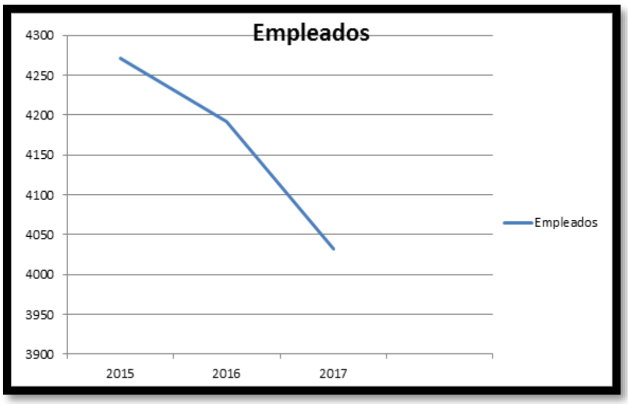
***Table 1. Nestle Spain's most significant financial figures (one thousand €).***

| | **2000** | **2016** | **2017** |
|---|---|---|---|
| **Result of the exercise.** | 41.869 | 354.747 | 115.018 |
| **Operating income.** | 1.165.009 | 1.973.859 | 1.962.521 |
| **Liquidity.** | 1.13 | 0.55 | 0.47 |

*Source: own elaboration based on the SABI database.*

Despite considering the human team as a key factor for its success and the great importance of dedicating resources to provide professional development tools, as we can see in *Graph 1*, Nestlé has presented a progressive and constant decline during the years of 2000, 2016 and 2017 due the fall in sales.

***Figure 2. Evolution number of employees Nestlé Spain***




*Source: own elaboration based on the SABI datebase.*

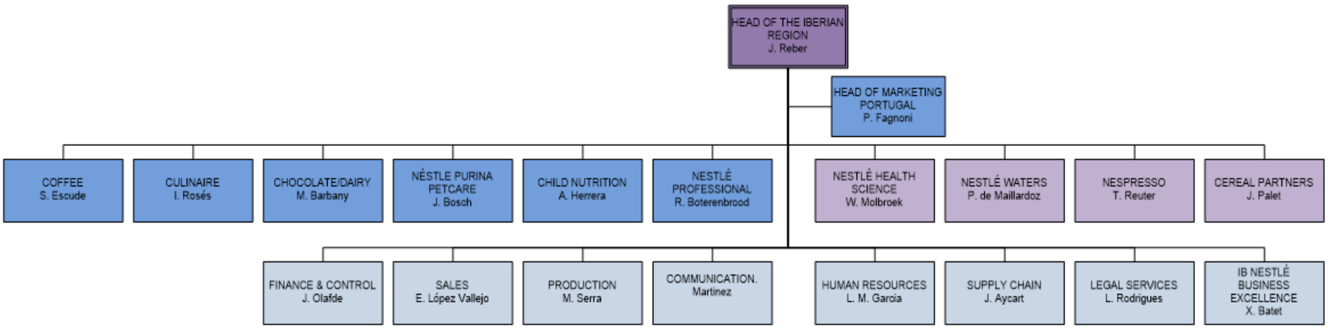
## 3.2.5. Organizational structure

Nestlé has a primary, mixed structure distributed in functional departments and by product, simultaneously. As we can see in *Figure 3*, there are departments focused on the management of various products and others are guided towards the different functional tasks. It supports a functional structure and another one for a range of products.

Regarding the structure by products, we can see in *Figure 3*, that Nestlé is distributed in coffees, culinary, chocolates / dairy, child nutrition, Nestlé professional, Nestlé health, Nespresso and Cereal Partners.

On the other hand, with respect to the functional part, other corporate departments are derived such as the areas of communication, financial, legal, production, human resources and sales. Behind this organizational structure hides an evolution that has marked the life of Nestlé.

*Figure 3. Organization chart of Nestlé Spain*




Source. Own elaboration from Nestlé Spain website.

Since the creation of Nestlé, its management has been basically decentralized since responsibilities and competencies were delegated to operational managers, and these encouraged horizontal organizations focused on people with few hierarchical levels with the slogan "as much hierarchy as necessary and as little as possible.” But this was not enough, since during the period of 1981-1996, the company was in a situation of stagnation in terms of profits and sales.

This situation leads to a change in the organizational structure towards an adaptation to changes in the environment.

For this, the organizational structure was redesigned. Firstly, the steering committee was dissolved and only the area managers, technical directors with functional responsibilities were working. The changes made Nestle move from a functional structure to a divisional one.

The divisional structure worked in the different countries, but it was not enough to solve the problem of the subsidiaries.

The organization that gave solutions to the global coordination of all the subsidiaries was the matrix and its implementation was a success.

Currently, according to the official website, Nestlé is governed by a series of characteristics regarding its organizational structure:

- Be decentralized as far as possible to respond optimally to the needs of consumers, within the framework defined by our fundamental policies, strategic guidelines and operational efficiencies.
- Guarantee collaboration among all Nestlé business units and compliance with Nestlé principles, policies and standards
- Create and maintain a structure that ensures operational speed, with a clear focus on results and eliminating unnecessary obstacles.

- Promote flat and flexible organizations with minimum levels of management and wide areas of control, thus contributing to the development of people.
- Establish a shared vision and common objectives that enhance the contribution of employees and organizational alignment.
- Teamwork does not affect the boss's responsibility towards his employees and the results of the business.

Currently, in order to adapt to the continuous demands and fast changes in the environment, Nestlé promotes flat organizational structures with few hierarchical levels, including groups of projects and work capable of dealing with the market situation. They work in a network and in a team and it does not affect the responsibility of the boss and the different departments; a team always has a responsible leader.

Nestlé can be defined as a structure that ensures operational speed and personal responsibility, with special attention to results, reducing bureaucracy as much as possible.

Next, we will examine the organizational structure of Nestlé, from the point of view of the Ambidexterity and how the adoption of this concept has affected it.

### 3.2.6 Ambidexterity in Nestlé (perspective of the organizational structure).

As we have seen previously, Nestlé has appropriated multiple experiences with its organizational structure, showing a set of evolutions and changes over time.

During its existence, the company has been linked to unilateral orientations unto exploitation, despite its decentralized structure, since it was unable to adapt to the environment and its sales stagnated. This time of Nestlé reflects how the prospect of exploitation was not enough to continue with success and that this only provided short-term benefits.

When we say that Nestlé is oriented to exploitation, we refer to the fact that a large part of its departments carries out exploitative tasks and that the exploration-oriented departments are practically non-existent. The departments that work the operation are absolutely all from the functional departments to the departments by product except the communication department and the business excellence department, whose innovative characteristics require a more decentralized and adaptive structure. Therefore, at a general level, the organization is oriented to exploitation and exploration is only adopted in those departments where high decentralization and flexibility are required.

In the early 2000s, these experiences motivated Nestlé's top management to adopt an ambidextrous vision, which accentuates the need for both exploration and exploitation (O'Reilly and Tushman, 2008, Raisch and Birkinshaw, 2008).
The ambidexterity vision helped the company balance change and stability and the company has taken a leadership position by the change it did.

As applied in our illustrative example, Nestlé eventually adopted an ambidextrous vision, which was subsequently implemented and reinforced through the establishment of an ambidextrous design through the creation of Nestlé Innova.
Which is a program created with the aim of increasing the contribution of new products to turnover, reducing the time required to launch novelties on the market and, above all, achieving a cultural and structural change in the whole of the company that promotes more decentralized and flat structures. This program requires the participation of the entire Nestlé team and does not only apply to the generation of new products, but also covers all products and areas of the company.

It’s more, Nestlé's senior management created several separate business units to explore and new health and nutrition businesses along with their exploitative food businesses, such as child, professional nutrition or pet nutrition.
Nestlé has applied the structural separation mode of adaptation, changing its focus from food towards nutrition, health, and wellbeing. It established the independent Nestlé Nutrition unit, developing foods for customer groups with special dietary needs.

Despite this, Nestlé has continued to operate a highly efficient structure for its mainstream food businesses, based on strategic business units and geographical zones that are strongly focused on ensuring operations.

This highly decentralized approach worked well for Nestlé, which was already structured in such a way that entrepreneurial, exploratory efforts among many smaller units was highly encouraged.

For example, in the last years, Nestlé has launched to the market a range of products aimed at offering complete food solutions for people with diseases or nutritional needs related to aging. Also, it has fostered an Educational Nutrition program for the first 1,000 days of a baby. This program provides the necessary knowledge and advice to learn more about child nutrition.

The same goes for pets, Nestlé seeks the benefit of these improving their well-being by feeding and providing the necessary nutrients to keep the immune system and defences stronger.
The company complements the nutrition of pets with social programs where pets play a key role in the development of people with intellectual disabilities.
In addition, in 2016, it received 4 Innova awards and 11 best food awards, thanks to its commitment to innovation based on the continuous search for answers to the new nutritional needs of people. According to Jesus Alonso (2006), responsible for Nestlé's Market Intelligence, "the continuous analysis of new trends to be able to continue innovating in the coming years" and "more than 15% of Nestlé's turnover comes from innovations".

To adopt the ambidextrous perspective, Nestlé has not opted only for innovation and adaptation to the evolution of needs, but has also improved its already existing products, especially its nutritional benefits. An example of this is the Branded Active Benefits (BAB), which aims to add a specific health benefit to all existing products so that it is perceived by the consumer. Thus, the nutritional content of the product is improved.

These measures helped Nestlé to better understand and deal with the stress of exploration and exploitation. An ambidexterity vision helped Nestlé understand how to operate new exploration businesses along with their established operating businesses (Birkinshaw et al., 2016).

All this could not have been possible without the implementation of programs and campaigns for the human capital of the organization. The purpose of the campaigns is to decentralize the optimization of the existing traditional business units and to be able to progress in new competences related to the new business units. These competencies are necessary to develop long-term oriented capacities, always taking into account the mission and vision of the organization.

All these new introductions in Nestlé of practically innovative character in order to guide the organization towards the ambidexterity, makes many of the departments previously seen as exploitative are oriented towards exploration. For example, it is the case of departments by product: Nestlé child nutrition, professional nutrition and nutrition health. On the other hand, the functional department of Human Resources, was also oriented towards exploration thanks to the implementation of the programs and campaigns previously named.
Other functional departments such as the financial or production department continue to operate due to the requirement of repetitive and highly specialized tasks.

Similarly, by adopting a vision of shared value several years later, Nestlé learned how to simultaneously pursue short-term financial objectives and long-term social objectives.

Thanks to the adoption of the ambidexterity in Nestlé, based on the financial data analyzed above, it can be observed that after the implementation of ambidextrous actions since 2000, both the operating income and the operating result has shown a sudden increase almost reaching to quadruple the results for the year 2006 compared to 2000.

Organizations like Nestlé increasingly learn to deal with the stress of change and stability and gradually improve their management approaches, which can contribute to their sustainable development.

The general vision makes it possible for managers to integrate the complementary objectives of the differentiated units in a shared image of the future and, therefore, facilitate coordination between different areas of the company. At the same time, collaboration in a culture characterized by high decentralization has encouraged executives not only to develop different detection capabilities but also to integrate these capabilities to seek the common benefit of the organization.

To conclude, we emphasize the reorientation of some departments by product (professional department, healthy nutrition and child nutrition) and other functional departments such as the Human Resources department for exploration make Nestlé an ambidextrous organization, since it currently works with exploitative departments (production and finance) and simultaneously exploratory departments.
Nowadays Nestlé is possibly key to long-term success because it guarantees that the company's capabilities are implemented effectively. Moreover, it is reinforced by the vision, culture and development model of the company’s people.

## 3.3 KODAK PRESENTATION

### 3.3.1. History

Kodak is a company dedicated to the business of design, production and marketing of photographic equipment, created in 1881 by George Eastman.
After the death of his father, George had to move to the city and help the family financially. At the age of 24, he began to receive photography classes because at that time it was very difficult to manage a camera and began to enter the world of photography. Despite his great future as a banker, George opted for the world of movies and photography.

The photography became accessible thanks to Kodak, since its cameras could be used by anyone with the slogan "You press the button, we do the rest".
First, the business was based on the sale of rolls and other materials to print the photos, so they sold their cameras at very low prices, obtaining minimum margins, but then made up for it with the printing of the photo.

Its boom was so strong that when the 90s arrived, Kodak had more than 140,000 employees and owned 90% of the market for photographic films in the US. It was known for its innovation and success; the failure and fall was unimaginable. This moment came after the manufacture of its first digital camera in 1975 but there were other manufacturers and competitors that created better quality cameras. Kodak had specialized in films and printing and after the evolution of technology, people no longer needed to print the photographs, now the rules of the game had changed.
So that the organization could subsist, a radical change was needed around its products.
Finally, in 2012 he declared bankruptcy and in 2013 he sold his patents to a consortium made up of several successful companies such as Apple, Google and Facebook.
Currently, Kodak has resurfaced and tries to recover the American market.

### 3.3.2. Mission, vision and values.

The **mission** of Kodak was to provide its consumers with the necessary solutions to capture, store, and process, generate and communicate images wherever and whenever.

The **vision** was "our future is to be the world leader in images".

Last but not least, the **values** of Kodak were:

1. Respect for the individual.
2. Integrity.
3. Trust.
4. Credibility.
5. Continuous Improvement and Personal Renewal.
6. Recognition and Celebration.

### 3.3.3. Strategy

At the beginning of its existence, Kodak followed a business model characterized by cost leadership, penetration and improvement in its existing products such as tapes. This allowed its success, but there wasn't capacity in its business model to adapt to the new technologies and market developments.
Therefore, despite manufacturing new elements such as cameras, the lack of market adaptation and competitiveness before its competitors, which were able to adapt to the new market characteristics, were the strategies lacking in Kodak and causing his ruin.

After its resurgence, there has been a complete restructuring of the brand, and currently, Kodak has focused on the diversity of products and hopes that this strategy will help, in part, to recover part of the lost market.

### 3.3.4. Financial highlights.

In financial terms, *Table 2* shows the most relevant financial data of Kodak Spain in its last years of life, before its closure and restructuring (2010, 2009 and 2008).

***Table 2*. Kodak Spain's financial figures (€).**

| | 2010 | 2009 | 2008 |
|---|---|---|---|
| **Result of the exercise.** | 1.684.734 | -507.118 | -1.515.366 |
| **Operating income.** | 53.295.888 | 59.359.160 | 66.055.354 |
| **Liquidity.** | 1.21 | 1.01 | 1.54 |

*Source: own elaboration based on the SABI database.*

First, we see how the operating results with negative figures in 2008 and 2009, are typical of a situation of total decline. However, during 2010, positive results were observed thanks to the sale of patents acquired by the company in previous years.

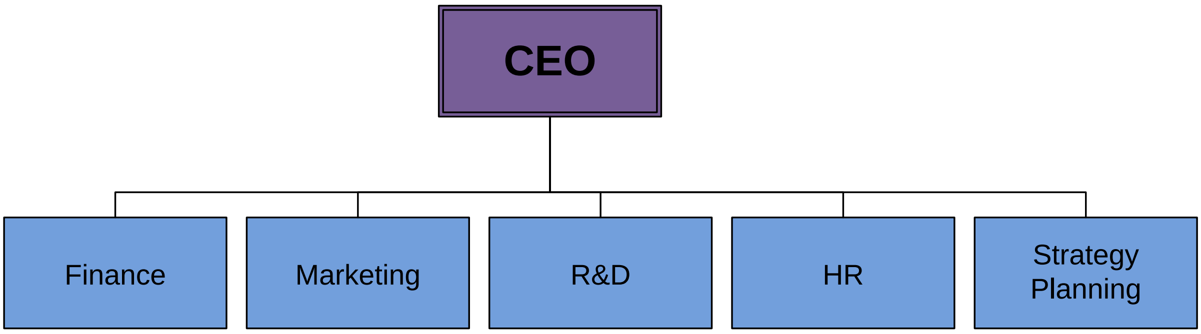
On the contrary, operating income has been showing ever lower figures, reaching a difference of 6 million between 2010 and 2009 and 7 million between 2009 and 2008. This is a clear suspension of payments.

Finally, liquidity has remained relatively constant.

### 3.3.5 Organizational structure.

During its first decades of existence, Kodak relied on a totally hierarchical structure with a functional departmentalization where each person had his defined task. The managers had a high responsibility for the workers in a totally defined and narrow control environment. Moreover, the communication between the different departments and hierarchical levels was practically inexistent (*Figure 4*). We must emphasize that the main objective at that time of the organization was to be a leader in prices without taking into account the adaptation to the consumer or to the emerging competitors that did begin to diversify.

***Figure 4. Kodak's* organization *chart till 1980.***




*Source: own elaboration base on the Kodak website.*

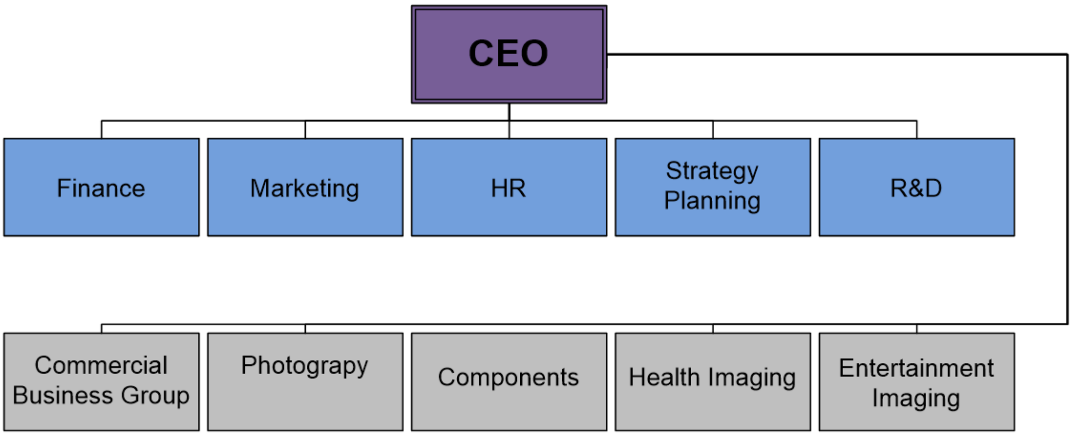
From 1980, there was a first restructuring in the organizational structure of the company, since it began to be observed that it needed certain changes.

As we can see in *Figure 5*, Kodak create a new primary mixed structure where there is a functional departmentalization combined with departments by products.

We can find departments to photography products, products for business groups, components for the production and products for the entertainment imaging.

This new structure implies a loss of managerial autonomy, but this structure did not provide the type of integrating activities that were required.

***Figure 5.* Kodak's organization chart 1980-2000**




Source: own elaboration based on Kodak website.

This new mixed structure has departments by products that are not communicated with each other, so there is still a lack of integration and communication. For example, the department of photography isn’t connected with the commercial business group, the components aren’t linked to the health imaging and so on.

The result of the implementation of this organizational structure was cuts in expenses and the attempt to diversify and introduce new products for digital photography in the business through new hybrid technologies.

In 2000 Kodak announced a complete restructuring of the organization in order to become the industry leader in the sale of cameras, so it is necessary to acquire talented people and the necessary knowledge to make a transition to the new existing market. In addition, they will optimize the functions of each job by eliminating overlapping activities and improving responsibilities, thus forming a matrix structure.

According to Perez, one of Kodak's executive directors:
"In 2008 and beyond, we will leverage the innovative thinking of Kodak people to deliver on our commitments to shareholders and increase the value of this great company. We Will introduce new products and services that feature Kodak's hallmark innovation, winning and customer acceptance"
Moreover, it predicts adopting a new business model consisting of new operating divisions such as the division of printing systems, division of inkjet systems for both consumers and businesses, micro 3D division, packaging and solutions division.

Next, we establish a relationship between Kodak and Ambidexterity from the point of view of the organizational structure.

### 3.3.6. Ambidexterity in Kodak (perspective of the organizational structure).

As we have analyzed previously in the presentation of the company, for more than hundreds of years until 1980, Kodak has provided highly valued products related to photography characterized by its innovation. However, currently after its bankruptcy, it has been reborn and faces a tough restructuring.

In its first stage, Kodak has been oriented to exploitation since it has been linked to a totally bureaucratic and mechanical organizational structure. This structure was the initial way to bankruptcy of the organization as it fostered one of its main problems: the speed of change so slow compared to other companies: Kodak had detected the new needs of the consumer too late and did not adapt in time to the discontinuities of the environment.

There is more than one reason that shows why the speed of change was too slow compared to the competition. First, the centralization of each division that was part of its organizational structure. For example, the strategic planning and the functional units were too centralized, which meant that there was almost unidirectional and null communication. Moreover, only those who held high positions were able to make decisions, joint participation was null, decisions could not be made jointly, and the worker was hardly considered.

During this first stage, all departments are oriented to exploitation, including the marketing department, which, as we have said in the theoretical framework, is usually oriented towards exploration.

As we have discussed in the theoretical framework, according to Mintzberg (1986) this kind of centralized structures operate in stable environments and markets but are generally unable to cope with the updating of the environment.

On the other hand, the market continued to grow, competitors were increasingly adapting to the environment and this growth made it difficult for management leaders to find new people for key positions to avoid tracking the decline.

Due to this, the lack of people that motivated a more decentralized structure, where participation was greater, produced more centralization and bureaucracy in the company.

After the changes made in the organizational structure in 1980, towards a mixed structure, Kodak remained a fully centralized, autocratic, inflexible and totally bureaucratic company and this produced an increasing slowness in the decision-making process.
On the other hand, the market continued to grow, competitors were increasingly adapting to the environment and this growth made it difficult for leaders to find new people for key positions to avoid tracking the decline.
During this second period, all the departments are focused in the exploration, too. No one began to work with the exploration.
This series of characteristics in Kodak's organizational structure were those that promoted the company's failure.

After the restructuring of the company, it was decided to work on the part of the exploration that makes up the ambidexterity. That is, adapt to the new demands of the demand and customize the products according to the segments to which the new products will be directed through creativity and innovation.
For this, a more flexible and organic structure is necessary, where the participatory and creative level is high in all the tasks and all kinds of innovative suggestions are studied.
To do this, they plan to guide the exploration in those departments that most require it, such as the marketing department and the product departments.

The company has decided to maintain all its digital businesses and become an ambidextrous company. Since it seeks to experiment and develop new products according to the future without losing the operating profits that the business is currently carrying out.
This requires that current businesses be profitable in order to maintain it while using the profits to develop the new business models. Thus, the company wants to demonstrate a high level of adaptability to the environment.

If Kodak wants to become successful and ambidextrous, it has to achieve clear leadership in the short-term market by aligning strategy, organizational structure and culture. At the same time, be prepared for innovations that can evolve as a company capable of controlling various types of innovation must be fully trained. To be successful and profitable in the long term, you must be able to manipulate any type of innovation thanks to a totally solid culture and structure.

In summary, Kodak believes that to be reborn and to become an ambidextrous company requires contributing to the dynamic capacity, to investigate how to detect, take advantage of and reconfigure the capacities to be effective in practice when there are discontinuities in the environment. The company wants not to make the mistakes of the past and to orient many departments that were previously exploitative towards exploration.

The company recommends that professionals think more carefully about what capabilities are needed in different environments, the location in the organization of these capabilities should be celebrated, and how they might have to change over time.

The information about the nature of dynamic capabilities helps established companies improve their history of successful adaptation to discontinuous changes.

## 4. RESULTS AND RECOMENDATIONS

As we have analyzed throughout this project, companies can work with an exploitative and / or explorative approach. When they achieve balance between both actions, it is considered an ambidextrous company and is more likely to guarantee long-term success. In reference to our illustrative cases, achieving and achieving the balance between adaptability and alignment is not an easy task to obtain.

The company was oriented to the exploitation in almost all its departments except the communication department and business intelligence throughout its trajectory by the mixed structure by functional departments and by products. That's because through a totally hierarchical structure with fully formalized tasks despite its decentralization, there wasn't innovation.

The stagnation of sales produced in the year 2000 a reorientation of the business towards totally innovative thanks to a flexibility and hierarchical reduction because other departments like Resources Humans and the products departments.

The promotion of more flat and organic structures in some departments resulted in the empowerment of a completely ambidextrous company formed by the exploitation of existing businesses by updating their existing products, while investigating innovation.

At the opposite pole is Kodak. This company started with successes but ended with failure. Their first orientation towards exploitation in all the departments through a fully hierarchical and bureaucratic organizational structure impeded the path to success. The structure was viable in the short term, but after updating the needs of the consumed, this did not work since a bureaucratic structure is unable to adapt to the environment and competitive market.

The improvements produced in the organizational structure towards a mixed structure were insufficient since they continued to work with many characteristics typical of a totally bureaucratic structure, among them the lack of communication between the departments, especially in the product departments.

After a century of success, failure came. Nowadays, Kodak has presented a restructuring of the corporation and wants to focus on the ambidexterity.

Currently, the company has produced a restructuring and its reorientation towards the adaptation of consumer needs and innovation, while working to update and improve the markets in which it already worked.

The company wants to strive and direct all its work towards an ambidextrous company and guarantee long-term success, learning from the mistakes made in the past.

After studying both companies, we clearly see two opposite situations based on the organizational structure. The successes of a company that inserted the ambidexterity term at a corporate and internal level and the failure of a company that did not adapt to the present and did not introduce the term in its organization.

Despite the differences between both organizations, both companies have opted for changes in their organizational structure throughout history in search of improvements in their businesses.

Becoming an ambidextrous company requires a lot of effort, dedication and time, but long-term success is one of your rewards.

We have spoken in this project about the ambidexterity and that it generates great advantages to the company, but what indications should be followed to be able to become it?

In the next parts we will sum up with several recommendations which will help the business:

First, it must always contribute positively to change and correct the errors caused and worry about exploring new, but above all, efficiently manage Resistance to change. Because otherwise you can relapse as happened with Kodak.

Then, one of the key points is to increase productivity in existing businesses and be innovative at the same time. This is explained by the investment of the profits obtained in the exploitation in the exploration. If a company knows its existing businesses perfectly, it can reduce costs and obtain economies of scale, thanks to its efficiency, which will later serve as an investment factor on the road to exploration.

All this is supported by a total clear, solid and coordinated mission, vision and culture. Together with an organizational structure that understands the organization's need for change, capable of adapting to any turbulence provoked in the environment and changing the needs of the demand, decentralized with high participation power combined with creativity.

Finally, the human factor is a key factor, build an involved and specialized team is the most important. The detection and enhancement of talent and the leadership capacity of people, as well as the detection of existing needs and disruptive ideas.

It is necessary to locate trained leaders capable of coordinating and energizing, especially in the innovative R&D departments. People are the essential basis to guarantee a model of organization and ambidextrous and from my point of view, the human factor works more appropriately in an organic organizational structure.

# 5. CONCLUSION

In the present project, a review of the literature backed by qualitative research has been carried out analyzing the concept of ambidexterity from the point of view of the organizational structure.

In order to understand and implement the theoretical framework, a study of two illustrative cases has been proposed through totally secondary sources.

The main objective of the study was to verify how and why the most hierarchical and mechanical organizational structures were related to the exploitation and organizational structures organic and flatter deviate towards exploration, analyzing its implementation in two illustrative cases that are part of our reality.

The result has been that the structures that only chose exploitation or exploitation, are not viable in the long term because they only provide short-term benefits, as is the case of Kodak.

However, the companies that have opted for and have evolved towards a simultaneous work of exploration and exploitation have shown an increase in terms of benefits and of capacity for evolution; this is the case of our first illustrative reference: Nestlé.

The fact of not being able to be an innovative corporation and at the same time making constant improvements in an existing business is so common, that it has become a battlefield of managerial thinking totally discussed in the world of the organization.

For decades, scholars have been spinning theories to explain the puzzle and it has been concluded that companies that lack the flexibility to explore new territories have no future.

To conclude, it is proposed that companies that obtain sustained performance in the long term and superior in the short term, as reflected in the ambidexterity, perform an effective management of hybrid sources resulting from combining internal and external sources of exploitation and exploration.
This study has presented several limitations during its preparation, some of them are the following:
The ambidexterity is a subject that has shown some growth in recent years, but it is a rather complex subject with certain contradictions since the main authors referring to the subject, have different opinions and perspectives of analysis.
On the other hand, the study could have been supplemented with primary information since this would have contributed to having more detailed information, value and greater proximity to the subject studied. For example, an interview with an internal member that belongs to some of the organizations on which the case study has been based. Therefore, the case study has been limited to what is available in secondary sources such as the corporations' own web pages or databases. Finally, it should be noted that the success of the organizational structure of companies is also affected by other factors (both internal and external) that we do not consider.

In conclusion, the ambidexterity organizational is an emerging concept that promises to revitalize the research on organizational learning and pose new challenges to improve the future of the business world. The theoretical development of this concept is totally incipient. There are many valuable opportunities to reinforce this field of study considering all the diverse disciplines that the literature has analyzed from different points of view.

# 6. REFERENCES


Adler, P. S., & Borys, B. (1996). *Two types of bureaucracy: Enabling and coercive.* Administrative Science Quarterly, 41: 61-89.

Baum, J. A. C., Li, S. X., & Usher, J. M. (2000). *Making the next move: How experiential and vicarious learning shape the locations of chains' acquisitions.* Administrative Science Quarterly, 45: 766-801.

Beckman, C. M. (2006). *The influence of founding team company affiliations on firm behavior.* Academy of Management Journal, 49(4): 741-758.

Benner, M. J., & Tushman, M. L. (2003). *Exploitation, exploration, and process management: The productivity dilemma revisited*. Academy of Management Review, 28: 238-256.

Birkinshaw, J., & Hill, S. A. (2007). *Strategy-organization configurations in corporate venture units: Impact on performance and survival*. Unpublished Working Paper, London Business School.

Bradach, J.L. 1997. *Using the Plural Form in the Management of Restaurant Chains.* Administrative Science Quarterly, 42: 276-303.

Burgelman, R. A. (2002*). Strategy as vector and the inertia of coevolutionary lock-in.* Administrative Science Quarterly, 47: 325-357.

Burns, T., & Stalker, G. M. (1961). *The management of innovation*. London: Tavistock

Bushe, G. R., & Shani, A. B. (1991). *Parallel learning structures: Increasing innovation in bureaucracies*.

Chiva, R. and Habibi, J. (2015*). A framework for organizational learning types: zero, adaptive and generative learning*. Journal of Management and Organization.

Damanpour, F. (1991) Organizational Innovation *A Meta-Analysis of Effects of Determinants and Moderator*s. Academy of management Journal, 34, 555-590.

Duncan, R. (1976). The ambidextrous organization: *Designing dual structures for innovation.* In R. H. Killman, L. R. Pondy, & D. Sleven (Eds.), The management of organization, 1: 167-188. New York: North Holland.

Floyd, S., & Woolridge, B. (1996). *The strategic middle manager*. San Francisco: Jossey-Bass.

Ford, J. D., & Ford, L. W. (1994*). Logics of identity, contradiction, and attraction in change.* Academy of Management Review, 19: 756-795.

Ghoshal, S., & Bartlett, C. (1994*). Linking organizational context and managerial action: The dimensions of quality in management.* Strategic Management Journal, 15: 91-112.

Gibson, C. B., & Birkinshaw, J. (2004). *The antecedents, consequences and mediating role of organizational ambidexterity.* Academy of Management Journal, 47: 209-226.

Guba, E. G., & Lincoln, Y. S. (1994*). Fourth generation evaluation*. Newbury Park, CA: Sage.

Gulati, R., P. Puranam. (2009). *Renewal through reorganization: The Value of inconsistencies between formal and informal organization*. Organ. Sci. 20(2) 422–440.

Hannan, M. T., & Freeman, J. (1977). *The population ecology of organizations*. American Journal of Sociology, 82:929-964.

He, Z. L., & Wong, P. K. (2004). *Exploration vs. exploitation: An empirical test of the ambidexterity hypothesis.* Organization Science, 15: 481-494.

*Jansen, J. J. P., van den Bosch, F. A. J., & Volberda, H. W. 2009. Exploratory innovation, exploitative innovation, and performance: Effects of organizational antecedents and environmental moderators.* Management Science, 52(11): 1661-1674

Knott, A. M. 2002*. Exploration and exploitation as complements*. *The strategic management of intellectual capital and organizational knowledge*. A collection of readings: 339-358. New York: Oxford University Press.

Laursen K, Foss N. 2003. *New HRM practices, complementarities, and the impact on innovation performance*. Cambridge Journal of Economics 27(2):243–26

Lawrence, P. R., & Lorsch, J. W. (1967). *Organization and environment: Managing differentiation and integration.* Cambridge, MA: Harvard University Press.

Leonard-Barton, D. (1995). *Wellsprings of knowledge*. Cambridge, MA: Harvard Business School Press.

Lepak, D. P., & Snell, S. A. 2003. *The human resource architecture: Toward a theory of human capital allocation and development.* Academy of Management Review, 24: 31–48

Levinthal, D. A., and March, J. G. (1993). *The myopia of learning*. Strategic management journal, 14(S2), 95-112.

Levinthal, D., & March, J. (1993*). Myopia of learning*. Strategic Management Journal, 14: 95-112.

Lubatkin, M. H., Simsek, Z., Ling, Y., & Veiga, J. F. (2006*). Ambidexterity and performance in small- to mediumsized firms: The pivotal role of top management team behavioral integration*. Journal of Management, 32(5): 646-672.

March, J. G. (1991*). Exploration and exploitation in organizational learning*. Organization Science, 2(1), 71-87.

Miller, D., & Friesen, P. H. (1986). *Generic strategies and performance: An empirical examination with American data Part I: Testing Porter*. Organization Studies, 7(1): 37-55.

Mintzberg, H. (1979). *The structuring of organizations.* Englewood Cliffs, NJ: Prentice Hall.

Mintzberg, H. (1989) *Mintzberg on Management.* New York: The Free Press. Part II. On organizations.

Mom, T. J. M., van den Bosch, F. A. J., & Volberda, H. W. (2007). *Investigating managers' exploration and exploitation activities: The influence of top- down, bottom-up, and horizontal knowledge inflows.* Journal of Management Studies, 44(6): 910-931.

Nonaka, I. H. (1994). *Dynamic theory of organizational knowledge creation*. Organizational Science, 5: 14-37.

O'Reilly, C. A., & Tushman, M. L. (2004). *The ambidextrous organization*. Harvard Business Review, 82: 74-81.

O'Reilly, C. A., & Tushman, M. L. (2007). *Ambidexterity as a dynamic capability: Resolving the innovator's dilemma*. Cambridge, MA: Harvard Business School, 7:88.

Senge, P. (1990) *The leader's now work: building the learning organization*. MIT Sloan Management Review, Fall.

Sheremata, W. (2000). *Centrifugal and centripetal forces in radical new product development under time pressure*. Academy of Management Review, 25: 389-408.

Simsek, Z., Heavey, C., Veiga, J. F.,and Souder, D. (2009). *A Typology for Aligning Organizational Ambidexterity's Conceptualizations, Antecedents, and Outcomes.* Journal of Management Studies, 46(5), 864-894.

Strauss, A. L., & Corbin, J. (1990). *Basics of qualitative research: Grounded theory procedures and techniques.* Newbury Park, CA: Sage.

Tushman, M. L, & Anderson, P. (1986). *Technological discontinuities and organizational environments.*

Tushman, M. L., & O'Reilly, C. A. (1996). *Ambidextrous organizations: Managing evolutionary and revolutionary change.* California Management Review, 38: 8-30.

Tushman, M. L., & O'Reilly, C. A. (1997). *Winning through innovation: A practical guide to managing organizational change and renewal*. Cambridge, MA: Harvard Business School Press.

Tushman, M. L., & Romanelli, E. (1985). *Organizational evolution: A metamorphosis model of convergence and reorientation*. In L. L. Cummings & B. M. Star (Eds.), Research in Organizational Behavior, 7: 171-222. Greenwich, CT: Jai Press.

Volberda, H., Baden-Fuller, C., & van den Bosch, F. A. J. (2001). *Mastering strategic renewal: Mobilizing renewal journeys in multi-unit firms*. Long Range Planning, 34: 159-178.

Wernerfelt, B., & Montgomery, C. A. (1988). *Tobin's and the importance of focus in firm performance.* American Economic Review, 78: 246-251.

## 7. WEPGRAPHY


- Interempresas. (2014). *Kodak define una nueva estructura para impulsar el crecimiento*. [online] Available at: http://www.interempresas.net/Graficas/Articulos/130633-Kodak-define-una-nueva-estructura-para-impulsar-el-crecimiento.html [Accessed 29 Apr. 2019].
- *Nestlé en España*. [online] Available at: https://empresa.nestle.es/es/sobre-nestle/nestle-en-espana [Accessed 19 Apr. 2019].
- O'Reilly, C. (2004). *The Ambidextrous Organization*. [online] Harvard Business Review. Available at: https://hbr.org/2004/04/the-ambidextrous-organization [Accessed 18 Apr. 2019].
- González-Andrío, G. and González-Andrío (2019). *Jesús Alonso, head of Innovation & Market Intelligence de Nestlé España*. [online] Dircomfidencial. Available at: https://dircomfidencial.com/marketing/jesus-alonso-casi-50-la-cifra-ventas-actual-proviene-producto-3-anos-no-existia-20161130-0402/ [Accessed 23 Apr. 2019].
- Alborum. (2010). *Antonio Pérez. CEO de Kodak - Alborum*. [online] Available at: https://www.alborum.com/antonio-perez-ceo-de-kodak/ [Accessed 16 May 2019].
- Database SABI.