CORPORATE ENTREPRENEURSHIP WITHIN PAYMENT SERVICE INDUSTRY

THE ABILITY TO HOLD TWO THOUGHTS IN ONE'S MIND AND STILL BE ABLE TO FUNCTION IS THE MARK OF A SUPERIOR MIND (F.S. FITZGERALD, 1956)

MARTIJN A. NIEUWOLD (338963)
ERASMUS UNIVERSITY ROTTERDAM
STRATEGIC MANAGEMENT
PROF. DR. J. JANSEN (FIRST READER)
IR. M.W.S. DIRKS (SECOND READER)
SEPTEMBER 2011

OVERVIEW OF USED TABLES AND FIGURES

Executive Summary

Large, established firms need to be innovative and adapt to changes in their environment. At the same time, these firms must efficiently focus on their current mainstream activities, also referred to as alignment.

Simultaneous execution of both these activities has been regarded crucial for a corporation's survival.

While empiric research on Corporate Entrepreneurship (hereafter: CE) has grown significantly, there has been little attention to the way CE is applied in practice.

In this research project a portfolio of various projects of an established firm, active in the dynamic payment service industry was investigated. Primarily, this researched focused on the tensions related to the management of a portfolio of by nature opposing exploration and exploitation projects and the way these were dealt with by the organization.

Secondly, the influence a leadership style and corporate culture had on the individual projects was researched.

From the cases under study this research concluded that a structural ambidexterity approach together with the implementation of a scorecard process was helpful in managing tensions related the conflicting adaptability and alignment activities. This research found that in this case, the applied ambidexterity approach was beneficial to implementing CE in the organization.

Our study further showed that within the individual CE cases, various leadership styles within one project or different leadership styles at various project levels, could be identified. Senior management leadership style varied depending on the set project goals, required process, structure and initiation level, implying top-down or bottom- up driven. From the cases under study the conclusion can be drawn that these factors also determine which type of leadership style, transformational or transactional, task or cooperation focused, should be adopted. When the applied leadership style matched with the project activity, CE was positively influenced. This survey showed that a mismatch in project type and adopted management style contributes to a negative CE project result.

With regard to organizational culture this research showed that in this case an

organizational culture and management's awareness of a culture influences CE. Also balancing individual initiative with collaborative collectivists' behaviour positively influenced CE implementation in this organization.

1 Introduction

Corporate entrepreneurship can be termed as entrepreneurial activities and behaviour within established firms (Holt et al, 2007). Although stressed by scholars and executives alike as vital for the existence of firms, spurring entrepreneurship within established firms remains one of the biggest challenges for established firms (Jansen, 2011).
CE is considered an important predictor for firm growth and profitability, organizational learning and as such for ensuring the long-term sustainability of any enterprise (Morris et al, 2009, Garvin et al 2006, Birkinshaw et al, 2004, Dess et al, 2003, Hitt et al, 2002, Zahra et al, 1999, Burgelman, 1984).

CE is often related to dynamic, competitive and unpredictable landscapes (Birkinshaw, 2004, Garvin et al, 2006, Slavica Singer et al, 2010) and in general to exploration projects. The reality is that exploitation is also intimately tied to entrepreneurial capabilities. Balancing advantages of these two opposing forces, also called organisational ambidexterity (Birkinshaw et al, 2004), is key for a climate that fosters CE (Morris et al, 2009).

According to Birkinshaw et al (2004) firms often fail in effectively balancing a portfolio of exploitation and exploration projects and implementing CE (Garvin et al, 2006). Suggested explanations are that exploration projects and exploitation projects are opposing. In general, the first category projects are aimed at long-term, whereas the latter focus on short-term goals. However, organizations that focus on one of the two put their survival at risk (Burgelman, 1984, Garvin et al, 2006). Several cited reasons for that are 'large organizations present hostile environments for creative ideas' (Dess et al, 2003), 'emerging businesses seldom smoothly mesh with well established systems, processes and cultures', the 'financial and operating models are seldom the same as those of existing businesses' and 'CE projects differ in rewards systems and organisational structures' (Garvin et al, 2006, Burgers et al, 2009). Firms need to adapt and align at the same time, meaning able to move quickly towards new, explorative projects whilst efficiently exploiting current running

projects. In other words they require to manage and balance both exploration and exploitation projects (Birkinshaw et al, 2004).

Literature describes an overview of factors that influence the effects of CE projects in established organisations. Ireland et al (2006, part 1) concluded that CE projects are simultaneously influenced by the individual's characteristics, the organisational context and the process used to encourage CE. Holt et al (2007) found that how CE is implemented and diffused is an important precursor to CE. In the process of finding the right balance and for an effective CE implementation a firm's management and culture play a key role (Birkinshaw, 2004, Ghoshal & Bartlett, 1997, Morris et al, 2009, Hornsby et al, 2002, Ireland et al, 2006, part 2, Kuratko et al, 2007).

How CE projects are encouraged organization wide is key (Holt et al, 2007). Through expressing management support, providing autonomy and rewarding innovative, risk taking and proactive behaviour, senior executives can affect the level of CE within a given organisation (Holt et al, 2007, Hornsby et al, 2002) and determine how entrepreneurial they wish the company to be, or the role that CE should play within the firm (Morris et al, 2009). In this respect leadership behaviour has been found to impact CE outcomes (Jansen et al, 2009). Management is responsible for developing and nurturing a CE culture (Ireland et al, 2003).

As exploitation and exploration projects operate in different environments (Garvin et al, 2006) critical tasks, structures, competencies, controls and rewards and leadership roles differ (O'Reilly et al, 2004). A motivated, passionate and coordinated group of individuals is critical for moving CE projects. Collectivism and individualism both offer advantages and downsides to organizational processes. The ability to achieve sustainable CE projects in a company is dependent upon a balance between the need for individual initiative and the spirit of cooperation and group ownership of innovation. A culture has to balance the individualism tied to passion for new opportunities with a commitment to the greater collective objective of the firm (Morris et al, 2009).

1.1 Problem definition

While the works discussed helped move the CE knowledge empirically, a gap in the current knowledge remains around how companies manage a portfolio of opposing explorative and exploitation projects in practice. A practical insight in these might generate additional empiric knowledge on the way organizations manage tensions related to conflicting adaptability and alignment activities and on the influence a organizational culture and management style have. This study combines previous literature on both CE and ambidexterity with qualitative field research and investigates whether previous findings stack up in daily practise.

This research further studies the influence processes previous research considered to be vital for the success or failure of individual CE projects, being leadership and creating a balanced culture, have on CE. It reviews the role of leadership and cultural balancing processes and describes their influence on the ultimate outcome of CE projects in daily practise.

The additional insights coming from this research might lead to improvements in ways both portfolios and individual CE projects can be managed. Moreover, the generated, practical knowledge related to ways of managing portfolios of exploration and exploitation projects this study generates might increase awareness and enlarges the understanding of CE and ways to implement it in an organizational CE. With the gained insights, this research's aim is to contribute to existing empirical knowledge in the field of CE, by testing whether the findings earlier research did and marked as important for the management of a portfolio of both opposing activities, really stacks up in practise. Apart from testing and possible contributing to earlier research, it's interesting to see how a firm in daily practice balances the adaptability, linked to managing exploration projects, whilst maintaining aligned by efficiently managing exploitation projects and subsequently overcoming the tensions that are related to both opposing activities.

The study's outcomes are important for both students and managers alike for a better understanding of CE, the way tensions of opposing projects can be managed effectively and how CE can be positively influenced in an organization, in order create a better competitive advantage, greater wealth and sur-

vive in a competitive world. To that the following research and sub questions were formulated:

How to manage a portfolio of explorative and exploitative projects in the payment service industry?

To answer this research question the following sub questions are formulated:

> I.   *How to manage tensions between explorative and exploitative projects in the payment service industry?*
> II. *How do leadership style and organizational culture influence CE projects in the payment service industry?*

1.2 Motivation

The payments services industry can be characterized by its highly competitive, dynamic and changing environment. Technology and social networking are changing the way people relate, communicate and transact (AXP annual report, 2009).

As entrepreneurial start up firms often challenge once-powerful established enterprises many of these established companies attempt to build on their existing knowledge base to create and capture new opportunities. Often this is not enough and they have to start risky explorative new business activities (Hitt et al, 2002).

According to Ireland et al, 2006 CE is triggered by interactions among organizational characteristics, individual characteristics and events in the firm's external environment (Ireland et al, 2006). Schumpeter (1942) argued that the most important type of competition in the market process was that created by the new commodity, product, technology, source of supply and type of organization (Hitt et al, 2002), which are clearly all external triggers.

A McKinsey study (2005) showed that the average life expectancy of firms in the S&P 500 was 15 years. On the list of organizations that have proven to survive and prosper over long periods of time, adapted to change and exhibit superior performance is the organization that forms the context for this study (O'Reilly et al, 2008).

It's interesting to see how an enterprise, that already exists for more than 160 years and operates in an extremely challenging environment, survives. Previous research, like that of Tushman et al, 1996 and Garvin et al, 2006 showed that to be successful firms need to focus on both exploitation and exploration activities.

Apart from finding the right balance and manage the tensions in a portfolio of explorative and exploitative, previous research found that a firm's management and culture play a key role in determining the CE level in an organization (Birkinshaw, 2004, Ghoshal & Bartlett, 1997, Morris et al, 2009, Hornsby et al, 2002, Ireland et al, 2006, part 2, Kuratko et al, 2007). It's interesting to learn what the influence is and how a management style and a corporate culture influence CE projects in a corporate company in the payment service industry.

1.3 Methodological Approach

For this study, the payments service industry is delineated by the selection of American Express Ltd. (hereafter: AXP), one of the established firms active in that industry. AXP is the UK based European HQ of the leading global payment, network and travel company American Express Corp. The Company offers a broad range of products including charge and credit cards, purchasing expense management services, network services and merchant acquisition and merchant processing for our network partners and proprietary payments businesses. The company's various products are sold globally to diverse customer groups, including consumers, small businesses, mid- market companies, and large corporations. The divisions in scope for this research are Global Merchant Services (GMS), that aims to increase the number of card accepting companies (merchants) in the world, processes payments and acts as a marketing partner for the millions of merchants around the world

who accept American Express Cards. The Global Commercial Card (GCC) division markets the Corporate Card, Corporate Purchasing Solutions and other corporate payment products to mid-sized, large and global companies and helps as such businesses to manage their expenses and streamline their operations.

AXP is active in global dynamic, competitive and changing markets. It intends to play a key role in the evolution of alternative payments, using strategic investments, partnerships and various (cross-unit) projects. The firm experienced the effects of the economic downturn. To reduce the impact of the financial and economic volatility and to enlarge their business scope and growth opportunities, the organisation launched various projects (AXP annual report, 2009).

For this research a multiple case study was executed whereby three projects were selected as research cases. A descriptive type of research appears appropriate in order to obtain greater knowledge on how payment service industry firms manage exploratory and exploitative projects. Interviews with 16 respondents, desk-research and observation were used as a method for data gathering. The interviews were held within the period of April till June 2011 with several employees involved in the projects under study.

2 Literature

Introduction

This chapter will elaborate on the main research question and the derived sub questions as formulated in Chapter 1. Firstly, this study explains the CE definition, the differences between exploration and exploitation projects and it describes ways to manage both types of projects including the difficulties organizations face when manage these simultaneously and try to build CE into an organization.

Subsequently we elaborate on how an organizational culture and a leadership style can influence various CE project outcomes.

2.1 Corporate entrepreneurship (CE)

CE can be termed as entrepreneurial activities and behaviours within established firms (Holt et al, 2007). It encompasses the birth of new businesses within existing organizations and the transformation of organizations through renewal of the key ideas on which they are built (Guth et al, 1990).

Previous studies have found that CE is an important predictor for firm growth and profitability, organizational learning and as such for ensuring the long-term sustainability of any enterprise (Morris et al, 2009, Garvin et al 2006, Birkinshaw et al, 2004, Dess et al, 2003, Hitt et al, 2002, Zahra et al, 1999, Smith et al, 2005, Burgelman, 1984). CE can be triggered by interactions among organizational characteristics, individual characteristics and events in the firm's external environment (Ireland et al, 2006).

Dess et al, 2003 distinguish various forms of CE. Sustained regeneration focuses on continuous innovations in existing and new markets through development in culture, processes and structures. Organizational rejuvenation aims to improve the organization's ability to execute strategies and is mainly focused on internal processes, structures and capabilities. In strategic renewal a firm concentrates on renewing the strategies it uses to align itself successfully with its external environment. Target is to more profitably exploit product-market opportunities, which is often achieved by a simultaneous execution of

exploration and exploitation activities. Domain redefinition entails proactive seek processes to create a new product market position that competitors haven't recognized. The focus is more on exploration than exploitation.

In practice CE appears to be a risky proposition and research shows that most of them fail due to the fact that emerging businesses seldom smoothly mesh with well-established systems, processes and cultures (Garvin et al, 2006). While in general entrepreneurship is associated with exploration projects, the reality is that exploitation projects are also intimately tied to entrepreneurial capabilities (Morris et al, 2009, Birkinshaw et al, 2004). Both of these projects are however associated with different and inconsistent organizational architectures and processes which require managerial challenges (Smith et al, 2005).

2.1.1 Exploration & Exploitation projects

Exploration projects need adaptive organizational environments (Garvin et al, 2006). They involve finding new, innovative products, services, processes (Yukl, 2009) and are associated with radical change to serve emergent customers or markets (Benner et al, 2003).

In general, the revenues of exploration projects are longer term and not guaranteed. Together with the high costs that they are associated with, firms bottom-lines are easily hurt. Exploration projects also presents opportunity costs as they divert resources from projects offering more immediate profits (Kelley et al, 2010). Activities such as search, learning by doing, variation, risk taking, experimentation, play, flexibility, discovery and innovation are of importance (March, 1991). When exploring, firms seek new knowledge or departure from existing skills (Benner et al, 2003) and resources, primarily to increase diversity (Ireland et al, 2006) and to create futures that may be quite different than the organizational past. Products born from them are often in competition with the firm's existing products (Smith et al, 2005).

Exploitation projects focus on how to make incremental improvements in existing products, services or processes (Yukl, 2009), meet existing customer needs, build upon existing organizational knowledge (Benner et al, 2003) pro-

vide relatively quick returns (Kelley et al, 2010) and are associated with incremental change (Benner et al, 2003). Their operating environments are predictable (Garvin et al, 2006). Activities such as refinement, choice, production, efficiency, selection, implementation, disciplined problem solving and execution play a key role (March, 1991).

When exploiting, an enterprise seeks to acquire and bundle complementary knowledge and resources to extend their ability to leverage existing capabilities and competitive advantages (Ireland et al, 2006). Exploitation projects build on the firm's past (Smith et al, 2005).

Table 2 summarizes the literature presented above.

Criterium	Exploration	Exploitation
Environment	Adaptive	Predictable
Improvements	Radical	Incremental
Competencies	innovative	operational
Focus activities	Search, variation, risk taking, experimentation, play, flexibility, discovery, innovation (Adaptability)	Refinement, choice, production, efficiency, selection, implementation, execution (Alignment)
Strategic intent	New knowledge and capabilities	Extension of existing capabilities, efficiency

Table 2. Differences between exploration / exploitation

2.2 Managing tensions

The simultaneous management of exploration and exploitation projects is a challenge for many firms. Overemphasis on exploitation projects can make the results on the short-term look good but can prevent a firm from adapting to market changes. Conversely, overemphasise on exploration projects can lead to organizations taking too many risks without earning profits (Sarkees et al, 2009, March et al, 1991).

Exploration and exploitation projects are often in competition with one another for resources (Smith et al, 2005). Managing these conflicting strategies successfully, implies overcoming the tensions related to both opposing strategies (Dess et al 2003, Birkinshaw et al, 2004, Burgers et al, 2009, Ireland et al, 2007, O' Reilly et al, 2004).

Research on CE and ambidexterity show that managing expectations towards those active in the organization is important (Morris et al, 2009, Smith et al, 2005, Dess et al, 2003). Fostering CE and deal with related tensions implicate that management specify their desired CE outcomes and set measurable CE goals whereby the elements of both opposing forces are allowed to co-exist (Morris et al, 2005). An emotionally and consistent shared vision and the appointment of corporate and operating sponsors increase the willingness of employees to consider and incorporate opposing views (Burgers et al, 2009). Launching innovations in a crisis is always easier (Tushman, 1997).

Gibson et al, 2004 advocate that exploration and exploitation projects should not be viewed as opposed but as complementary, implicating that resources generated in exploitation projects can be invested in exploration projects. When management recognize tensions between exploitation and exploration projects, a firm can benefit from them and increase organizational performance. Management must be able to balance across the various CE portfolio projects and set criteria that help them to draw that balance, like high risks/high return versus lower risks/lower returns or projects with shorter development cycles/payoffs versus projects with longer term outcomes and payoffs (Morris et al, 2005).

The articulation of distinct goals for existing products and innovations motivates the achievement of those goals (Smith et al, 2005). Sarkees et al, 2009 found that to assess the success of a CE strategy, managers should use a more detailed scorecard, reflecting the multi-dimensionality of firm performance. Management must reassure that there is congruence between their entrepreneurial vision and the entrepreneurial actions of those throughout the organization (Ireland et al, 2009). Well-developed skills, processes and capabilities at the functional level, a cooperation across units, promoting, measuring and rewarding CE behaviour and empowering staff to make decisions at the front lines of the business is important (Sarkees et al, 2009).

According to Garvin et al, 2006 an organization should concentrate on the execution of mainstream and new business projects simultaneously and balance tasks in the areas of strategy, operations and organization in order to

make CE to a success. They found that contexts in which trial and error strategies are balanced with rigor and discipline, a focus on a firm's strengths balanced with innovative approaches and new businesses' identity balanced with integration, leads to new business growth. Testing assumptions and refining key CE initiatives on small samples can increase CE success (Garvin et al, 2006, Miles, 2010).

2.2.1 CE & Ambidexterity

Firms that are successful in balancing tensions (Benner et al, 2003) are called ambidextrous, meaning they are able to efficiently exploit their current assets (alignment), whilst exploring for opportunities in their environments (adaptability).

Ambidexterity can act as a dynamic capability, which is the ability of an organization to reconfigure assets and existing capabilities to adapt to market and technological changes. Previous research recognized approaches on how ambidexterity can be achieved. The role of senior management to size opportunities and orchestrate and integrate both new and existing assets, also referred to as routines, is key in this respect (O'Reilly et al, 2008).

Executing alignment and efficiency activities cause tensions that are related to uncertainty and ambiguity; uncertainty implies imperfect knowledge about causal relationships between means and end, ambiguity implies imperfect knowledge about which ends are worth pursuing (Garud et al, 1992).

There has been some discussions to whether organizational tensions can even be effectively reconciled; the demands on an organizational task environment are to a certain degree always in conflict, for instance related to investments to current versus future projects, or differentiation versus low – cost production, so there are always trade-offs to be made (Gibson et al, 2004).

Morris et al, 2009 claim that the root of the challenge is a basic assumption about human nature and human capabilities. Executives assume that either CE is a capability that a chosen few are endowed, implicating that the firm can overcome the challenge by recruiting and investing in the needs to the right people, or they assume that all employees have CE potential, posing the greater challenge of creating a work climate that will enable staff members to

discover and act upon that potential.

Literature showed multiple points of view on how firms could actually make these trade-offs (Benner et al, 2003). We focus on two of them that are referred to as structural and contextual ambidexterity.

2.2.1.1 Structural Ambidexterity

To manage the tensions related to the opposing exploitation and exploration activities, firms can choose a standard approach, which is to create structural ambidexterity. Hereby exploitative and explorative tasks are, temporal or structural, partial or as a whole, executed in different business units. For structural ambidexterity management must create dual structures, so certain business units or groups in these business units can solely focus on alignment and others on adaption activities (Gibson et al, 2004). In general the exploratory units are small and decentralised, the exploitation units are larger and more centralised (Benner et al, 2003).

In this approach individuals rely on senior management's judgement how best to divide their time between one set of activities and another, they receive clear instructions and incentives only for those activities that support either alignment or adaption (Gibson et al, 2004). Roles, responsibilities and rewards are more or less clearly defined (Birkinshaw et al, 2004). In this approach tensions aren't simultaneously balanced, but the focus is on trade offs; individuals either focus on alignment or on adaptability activities (Gibson et al, 2004).

A disadvantage of this approach can be that a separation of a task can lead to isolation, whereby the separated unit or group failed to get their ideas accepted by the mainstream business because of their lack of linkages (Birkinshaw et al, 2004). Further, if applicable, integrating the new business into the mainstream business can be a challenge as cultures, processes, procedures from the various units deviate (Garvin et al, 2006).

2.2.1.2 Contextual Ambidexterity

Another approach is called contextual ambidexterity whereby not senior management, but individual employees themselves use their judgement how to

divide their time between adaption and alignment-oriented activities. Opposed to implementing dual structures, this ambidexterity type is best achieved by building a business unit context that enables and encourages individuals to make their own judgements as to how to divide their time between alignment and adaptability activities. Systems that are developed at the business unit level can encourage ambidextrous behaviour that is both aligned and adaptable (Gibson et al, 2004). All functions and levels in a unit are involved in both alignment and adaptability activities.

For contextual ambidexterity management's role is to create an organizational context in which an implementation of systems, incentives and controls are supported by management's actions. Two combinations of attributes, stretch and discipline to create a performance management context and trust and support to create a social support context, need to be balanced in order to increase the change that individuals act ambidextrous and the more likely the organization achieves high performance. The first combination is aimed at stimulating individuals to achieve high-quality results and make them accountable for their actions. The second is concerned with providing them with the security and freedom they need to perform.

A deficiency on either performance management or social support generates less than optimal contexts for ambidexterity (Birkinshaw et al, 2004).

The main drawback of this approach is that it's easy for employees to focus on the well-known alignment activities and supress the adaptability activities, especially those that render the existing skills obsolete or require new ways of working. The result will be that the traditional business doesn't allow innovative, explorative business to establish a foothold (Garvin et al, 2006).

Table 3 summarizes the differences between the two approached discussed.

	Structural Ambidexterity	Contextual Ambidexterity
How is ambidexterity achieved?	Alignment and adaptabilty focused activities are done in separate units or teams	Individual employees divide their time between alignment- focused and adatability- focused activities
Where are decisions made about the split between alignment & adaptability?	At the Top of an organization	On the front-line- by salespeople, office workers
Role of Senior Management	To define the structure, to make trade-offs between alignment and adaptability	To develop the organizational context in which individuals act
Nature of roles	Relatively clearly defined	Relatively flexible

Table 3. Structural versus Contextual Ambidexterity (Birkinshaw et al, 2004)

2.3 Managing projects

2.3.1 Leadership style

A leadership style in general is a combination of task focused and cooperative behaviour (Volberda, 2007). In research various classifications of leadership styles can be found. Volberda (2004) distinguishes steering or task focused behaviour by an emphasis on control, one-way communication and task execution. In cooperative or relation focused behaviour mutual relationships, two-way communication and employee involvement in decision-making processes is stressed (Volberda, 2004). In the next paragraph two of the most common leadership styles are discussed.

2.3.1.1 Transformational / Transactional leadership style

Transactional leadership styles are linked to the path-goal theory and models of inspirational or visionary leadership present many similarities to transformational leadership (Vera et al, 2004).

Transactional leaders are engaged in a transaction in order to satisfy their wants and provide extrinsic motivation to their subordinates. Gaining compliance by rewarding employees when set targets are met is the primary concern. Transactional leadership consists of contingent rewards, active management by exception and are associated with exploitative CE projects and has a negative effect on explorative CE processes (Jansen et al, 2009, Jansen et al, 2010). Operating within an existing system, transactional leaders

seek to strengthen an organization's culture, strategy and structure (Vera et al, 2004).

Transformational leadership is charismatic, inspirational, intellectually stimulating and individually considerate. These leaders help individuals transcend their self-interest for the sake of the larger vision and mission of the group. They inspire others with their vision, create excitement through their enthusiasm and puncture time-worn assumptions through their resolve to reframe the future, question the tried-and-true and have everybody do the same (Vera et al, 2004, Jansen et al, 2010). Transformational leadership involves developing a closer relationship between leaders and followers Jung et al, 1999).

Effective transformational leaders may exhibit transactional behaviours, but their leadership style also includes one or more of the following characteristics: idealized vision, inspirational motivation, intellectual stimulation, and individualized consideration (Lee Whittington et al, 2009). It was defined on the basis of its effects, as transforming the values and priorities of followers and motivating them to perform beyond their expectations (Yukl, 1998). Transformational leadership that challenges assumptions, takes risks, and inspires others, is ideally suited to exploratory innovations and has a negative effect on exploitative CE projects (Jansen et al, 2009). Explorative leadership behaviour is desirable particularly when conditions favour a shift from established routines towards a posture that embraces change and the acquisition of knew knowledge and skills (Vera et al, 2004).

In literature transformational and transactional leadership styles are being viewed as both complementary and opposed (Lowe et al, 1996). According to Bass, 1993 transformational and transactional leadership styles are not mutually exclusive; the same leader may enact both types of behaviours at different times, in different amounts, in different circumstances. Recent research has suggested that transformational leadership builds on transactional leadership and, in particular, on contingent reward behaviour (Vera, 2004). Given the speed and complexity of today's environment, today's leaders must pursue the strategic goals of CE (Vera et al, 2004, Yukl et al, 2010, Tushman et al, 1996, Judge et al, 2008). Changes in strategies or tactics are often needed

to ensure effective performance and continued survival for the organization (Yukl et al, 2010). To be effective, a leader must find an appropriate balance for objectives that involve difficult trade-offs related to CE, such as reliability and efficiency (exploitation), which is linked to a transactional leadership style, versus the need for innovative adaption to emerging threats and opportunities (exploration) which is linked to a transformational leadership style. Misfits rather than fits between leadership style and CE outcomes matter in dynamic environments (Jansen et al, 2009). To constantly change strategies and tactics to adapt to external changes, leadership styles need to be flexible and adaptive (Yukl et al, 2010).

2.3.1.2 Leadership style and its influence on CE projects

Leaders prepare organizations for change and help them to cope with it (Dess et al, 2003). A style organises the pragmatic activity of a leader, indicates how actions are coordinated and how things and people that matter are determined and changed (Karsten et al, 2009). Previous research has suggested that a leadership style is critical to project success (Yang et al, 2011), shoulder much of the responsibility for promoting CE behaviour in the organization (Ireland et al, 2006, Holt et al, 2007, Veenker et al, 2010), resolve conflicts between old and new priorities (Dess et al, 2003) and have a significant impact on CE outcomes (Jansen et al, 2009). Through deliberate actions senior executives can affect the level of CE within a given organisation (Holt et al, 2007, Hornsby et al, 2002) and determine how entrepreneurial they wish the company to be, or the role that CE should play within the firm (Morris et al, 2009). In this respect leadership behaviour have been found to impact CE outcomes (Jansen et al, 2009).

Management is responsible for developing and nurturing a CE culture (Ireland et al, 2003). As exploitation and exploration projects operate in different environments (Garvin et al, 2006) critical tasks, structures, competencies, controls and rewards and leadership roles differ (O᾽Reilly et al, 2004). The core leadership constructs are two broadly defined behaviour categories called transformational and transactional leadership (Yukl, 2009). The definitions of

transformational and transactional leadership builds on prior classifications, such as relations-oriented versus task-oriented and participative versus directive leadership. Later researchers found that change-oriented behaviour was another distinction. Task oriented behaviour was considered most useful for improving efficiency and are used to improve productivity and reduce costs. Change-oriented behaviours are used for improving adaption and are used for interpreting events and include explaining why major change is needed, articulating an inspiring vision, taking risks to promote change and building a coalition. Relations-oriented behaviour was considered most useful for improving human resources and relations and include showing support and positive regard, providing recognition for achievements, build mutual trust and encourage cooperation and teamwork (Yukl, 2008).

The basic challenge of entrepreneurial leaders is to envision future possibilities and enable the organization to transform its current transaction set (Venkataraman et al, 1998). Fundamental to overcoming this challenge and getting employees to think and act in a CE ways, is specifying the CE outcomes Morris et al, 2009). Previous research suggested that process seems to be an important precursor to CE, which indicates that the way CE behaviour is introduced and encouraged, triggers reactions and behaviours and is such important (Holt et al, 2007). Jansen et al, 2010 found that managers can through deliberate actions affect the level of CE and that the process of carefully applying a leadership style to pursuing CE projects in turbulent environments is crucial.

Leaders are likely to get the most return by expressing their management support and facilitate and promote CE activity (Hornsby et al, 2002). They should provide organizational members some discretion and autonomy and rewarding and reinforcing innovative, proactive and prudent risk taking behaviours (Holt et al, 2007, Ireland et al, 2006). They should also be prepared to deliver resources for the CE activity, which includes time (Hornsby et al, 2002).

Table 4 highlights the described leadership styles.

Leadership style	Focus on	Less focus on	Method	Is like
Instructive	Process steering	Cooperative behaviour	Specify process + control of task execution	Transactional
Consultative	Process steering and cooperative behaviour		Create employee involvement, focus employee's task execution closely	Flexible: Transformational with emphasis onTransactional
Participative	Cooperative behaviour	Process steering	Mutual decision making, direct support of task execution	Flexible: Transactional with emphasis onTransformational
Delegating		Steering and cooperative behaviour	Leave responsibility with employee	Transformational

Table 4. Leadership styles

2.3.2 Organizational culture

A culture reflects a collection of views and assumptions that is shared and seen as common within an organization and represents as such the values and beliefs of its employees (Volberda, 2007). It's seen as the social energy that drives or fails to drive a firm (Ireland et al, 2006) and has an influence on both company's and managers' effectiveness (Bass, 1993). A culture is developed to denote appropriate ways to identify and cope with issues and opportunities (Ireland et al, 2009, Zahra, 1991).

An organizational culture is seen as important for a firm's CE strategy, it's beneficial to firm performance, has an impact on employee behaviour and a company's flexibility (Morris et al, 2004, Ireland et al, 2009, Volberda, 2007). One of the eight characteristics of excellent performing companies is having a coherent culture (Kor et al, 2007). However, the idea that a culture can be managed in itself is culture-bound. When American managers talk about a company culture, they have the tendency to see that culture as something that belongs to a company. European managers see culture as something that makes an organisation, implicating that they are less convinced that they can change it (Schneider et al, 2009).

2.3.2.1 Individualism & Collectivism

Much of individual behaviour is influenced by cultural values and norms. These cultural values and motives can affect cooperation in CE projects.

General consensus in research is that group members working together toward achievement of collective goals, also called collectivists, tend to be more cooperative and have a stronger attachment to their organizations. This group of people value group goals above personal interests, emphasise sharing, tend to have group accountability and are concerned with group welfare. They antipathy those outside the group, exhibit high levels of loyalty and commitment and have a more egalitarian reward system (Morris, 2004, Chen et al, 1998, Jung et al, 1999). Collectivists' performance outcomes are assessed at the group level and there may not be identifiable outcome information for individuals (Chen et al, 1998). The central role group plays in collectivist cultures parallels some of the main values orientations associated with transformational leadership, for example the importance of subordinating of individual needs to group goals (Jung et al, 1999). To enhance accountability, collectivists rely on social, also called group, tight or clan controls (Chen et al, 1998, Tushman et al, 1996).

Individualist, self-oriented people, pursue their own goals that may not be consistent with those of colleagues, derive pride from their own accomplishments (Morris et al, 2009) and are more competitive (Chen et al, 1998). Individualist's controls are loose (Tushman et al, 1996), outcome oriented. They take care of themselves and they tend to place higher initiative and achievement on personal rewards based on satisfying transactional agreements. As such, individuals are to be expected more motivated by transactional leadership (Jung et al, 1999).

The differences between collectivists and individualists can to a certain extent be compared with Volberda's strong and weak identity (Volberda, 2007). In his view, a company's commonality of identity is part of a company's culture and can be measured on a gliding scale from conservative to innovative. Commonality of identity can be described as the extent to which employees share the same identity and the extent to which the identity is unique to the organization. Firms having a strong culture or identity are fully aligned with the company's core values and on fine-tuning of the existing mission. This tends to fit with collectivist cultures and a transformational leadership style, as followers of collectivist cultures are expected to internalize their leaders vision

more readily than individualists (Jung et al, 1999).

Companies having a weak identity or culture exist of employees that have various or contrary values and beliefs and don't agree on core values. They are not specifically focused on fine-tuning of the existing mission.

A motivated, passionate and coordinated group of individuals is critical for moving CE projects. Collectivism and individualism both offer advantages and downsides to organizational processes. The ability to achieve sustainable CE projects in a company is dependent upon a balance between the need for individual initiative and the spirit of cooperation and group ownership of innovation. A culture has to balance the individualism tied to passion for new opportunities with a commitment to the greater collective objective of the firm (Morris et al, 2009).

2.3.2.2 Organizational culture and its influence on CE projects

In general, firm's management primarily focus on their established, exploitative business as they account for most of the revenues. At the same time they need to create, develop and sustain a new, innovative or exploration business as well (Garvin et al, 2006). Previous research showed that both types of businesses tend to have different cultures and controls; exploration can be associated with loose cultures and controls plus focus on the future whilst exploitation is aimed at short-term and can be characterized by tight cultures and controls (Jansen et al, 2009, Ireland et al, 2006). Therefore a firm must reassure that its culture is in line with its strategy (Gupta, 2011) and must create a culture with greater certainty and a desire to focus on what is known in an exploitation process and the opposite in an exploration process (Ireland et al, 2006)

Previous studies concluded that CE is more likely in corporate cultures that reinforce innovation and change, an on-going sense of urgency and room to fail (Morris et al, 2009). CE-intense cultures place high importance to empower people in ways that allow them to act creatively and to fulfil their potential. In these firms the focus is on the future rather than the past and the ability to transfer knowledge is greatly valued (Tushman, 2007, Ireland et al, 2006).

According to Ireland et al, 2006, this is the case in exploration cultures. Researchers generally agree that a cooperative environment, in which departments work together, is an essential element when new and innovative products need to be developed (Veenker et al, 2009).

Bass, 1993 found that often organizations are likely to have cultures that are characterized by an applied leadership style and their cultures are often represented by the adopted transactional or transformational leadership style. In transformational cultures there is generally a sense of purpose and a feeling of family. Commitments are long-term, leaders and their employees share mutual interests and a sense of shared fates, interdependence and focus on opportunity seeking and risk taking. Superiors serve as mentors and leaders. Transactional cultures focus on everything in terms of ex-and implicit contractual relationships. Commitments are short- term, there is little identification of the employees with the organization and its mission or vision. Within a transactional culture, risk is avoided, efficiencies and time constraints are emphasised, process is being preferred over substance as a means for obtaining control (Bass et al, 1993, Lowe et al, 1996).

Hornsby et al, 2007 found that CE was positively influenced by cultures that can be characterized by a presence of management support and work discretion/autonomy. Management support was defined as the willingness of top management to facilitate and support CE behaviour, including championing innovative ideas and providing resources to pursue them. With work discretion/autonomy was meant top management willingness to tolerate failure, provide decision-making latitude and freedom from excessive oversight, and authority and responsibility delegation. Top management's words and action can influence a company's culture significantly (Kilmann et al, 1985). Ireland et al found that an effective CE culture is characterized by multiple expectations and a facilitation of a firm's efforts to manage resources strategically (Ireland et al, 2003). Zahra, 1991, recognized individual-centred and competition-focused values and suggested that individual-centered values relate to internal CE and competition-centered values to externally oriented CE. Veenker et al 2010 showed that CE is positively influenced in a business culture where colleagues cooperate and that CE is low in an environment where competition

among colleagues is high. Morris et al, 2009 suggested that CE needs both individualism and collectivism; individuals with passion who champion and persevere in the face of resistance, collectives or groups who are also able to cooperate and work as a team.

Table 5 summarizes the discussed literature.

Criterium	Collectivists	Individualist
Identity	Strong, aligned with mission & Vision Conservative	Weak, not aligned with mission & Vision Innovative
Controls	Tight, Group	Loose, Individual, Contractual
Leadership style	Transformational	Transactional
Focus	Long term	Short term
Expected Strategy	Exploration	Exploitation

Table 5. Collectivist-Individualist

Summary

In this chapter this survey elaborated on the definition of the term CE, its importance to firms, the various ways it can be initiated and its forms that can be found in previous literature. Explained was that CE doesn't just relate to exploration, but to exploitation as well. An overview of the differences between these opposing activities that can be found in literature was set forth. Subsequently this research gave a detailed overview of the challenges that management face when managing exploration and exploitation projects simultaneously and it discussed various ways of managing these tensions related to these, amongst them 2 ambidexterity approaches that were elaborated on more deeply. Finally, this study discussed the influence processes previous research considered to be vital for the management of individual CE projects,

being leadership and creating a balanced organizational culture. It reviewed the differences between 2 forms of leadership, transformational and transactional, and 2 aspects of an organizational culture, individualism and collectivism, and their influence, according to previous literature, on CE projects.

Figure 1 captures this study's theoretical framework.

Figure 1. Theoretical framework

3 Methodology

Introduction

This chapter discusses the methodology used to undertake this research and to address the defined research question. First we elaborate on the approach researcher took, the research context where this study took place and the chosen research design, data collection and analysis. Subsequently, this study's reliability and validity will be discussed.

3.1 Approach

This study employs a descriptive, qualitative, inductive research strategy, executed by using a multiple-case methodology (Bryman et al, 2007). Descriptive as it's used to identify and obtain information on the characteristics related to the research question under study.

In inductive studies theory is developed from the observation of empirical reality (Collis et al, 2009). This chosen strategy seems to be the best option, as little research has been conducted on the relationship between the variables under study in real life context on one hand and the complex nature of the concepts and the problems related to defining and operationalizing them on the other hand. As the researcher has no or almost no control over the behavioural event, three ' how' questions are posed (Van Tulder, 2007):

1. *How to manage a portfolio of explorative and exploitative projects in the payment service industry?*
2. *How to manage tensions between explorative and exploitative projects?*
3. *How do leadership style and organizational culture influence CE projects in the payment service industry?*

Multiple-case study research is used, as the focus of the study is on the cases and their unique contexts (Brymann et al, 2007) and the researcher has been given access to the organisation under study (Jankowicz, 2002). The multiple case study allowed us to document in some depth the exploration and exploi-

tation projects and having more than one case allowed researcher to discover elements of convergence and divergence (Carrier et al, 2004).

The 'descriptive' character implies that real life context within the three projects under study (see Chapter 4) will be described, and 'opportunist' means that researcher has access to the particular cases under study (Collis et al, 2009).

A case study is a methodology that is used to explore a single phenomenon in a natural setting using a variety of methods to obtain in-depth-knowledge (Collis et al, 2009). Exponents of a case study design often favour qualitative methods, such as participant observation, and unstructured interviewing, because these methods are particularly helpful in the generation of an intensive detailed examination of cases.

With a case study the case is an object of interest in its own right (Bryman et al, 2007). An exploratory type of research appears appropriate in order to obtain greater knowledge on how payment service industry firm manage exploratory and exploitative projects.

Following this strategy firstly, we want to understand how to manage the tensions, related to a portfolio of conflicting exploration and exploitation activities. Secondly, we aim to gain a greater awareness and a deeper understanding of how leadership and culture balancing processes contribute to CE projects within the AXP organization. Exploration and exploitation activities will be studied focusing on three projects within the AXP organization (see Chapter 4). This bottom up approach enables us to discover patterns in the research context. These will be formulated in propositions that, combined with current literature in this field, will lead to new theory.

3.2 Research Context

The AXP organization is a global payments, network and travel company active in dynamic, competitive and changing markets. Technology and social networking are changing the way people relate, communicate and transact. AXP intends to play a key role in the evolution of alternative payments, using

strategic investments, partnerships and various (cross-unit) projects (AXP annual report, 2009). The European AXP organisation will represent this study's context.

In 2009 the firm experienced the effects of the economic downturn. To reduce the impact of the financial and economic volatility and to enlarge their business scope and growth opportunities, the organisation launched various projects. See table 6 for a project overview by name, prior to study execution and based on researcher's preliminary research.

	Project New Horizons	Project Cent	Project Car Parking
Goal	Decrease dependence on the traditional Travel & Entertainment (T&E) related business model	Re-engineering: Customer Service reallocation	Increase market share in Dutch parking industry
Expected activity	Explorative	Exploitative	Explorative
Competencies	Experimentation	Existing	Experimentation
Returns	Uncertain, distant	Certain, close by	Uncertain, distant
Trigger	Externally	Externally	Externally
Structure	Bottom-up	Top-down	Bottom-up

Table 6. Projects overview by name prior to study

3.3 Research design

Three projects were selected as research cases (see table 6 for an overview). Investigation of the cases was done in their natural context within the organization. The qualitative data related to the cases were collected with use of both primary and secondary sources. To deal with the time constraints under which this study was executed and realising that this might affect this survey's generalizability, non-probability sampling was used to select interviewees. Interviewees were selected with help of researcher's AXP colleagues and interviewees from previous rounds (snowball sampling). All primary data was gathered by 16 semi-structured interviews held in the period from April till June 2011, with AXP individuals, employed within the company in various roles, and involved in (one of) the projects under study. See table 7 for the applied process.

Step	Goal	Process	Result
I	Project identification	Informal discussions, observations, secondary sources	List of 3 projects
	Verify assumptions, understand project rationales	Formal interviews	
II	Investigation of project Cent	informal discussions	List of 8 key potential interviewees
III	Investigation of project New Horizons	Informal discussions	List of 10 potential interviewees
	Investigation of project Car Parking	Informal discussions	List of 3 key potential interviewees
IV	Understand relationship between research questions variables	Formal interviews based on questionnaire, secondary sources	Deeper understanding that led to explanations to the research questions under study
		Convert interviews in narrative accounts	16 propositions
		Draw up general conclusions by using mindmap	

Table 7. Data analysis steps

3.3.1 Data collection

This study used data collected from both primary and secondary sources; for this study relevant literature, articles, internal disclosed AXP documents, annual report, interviews and researcher's observations. All data was used to broaden insights on ways AXP management deal with tensions related to exploitation and exploration activities, how to manage explorative and exploitative projects successfully and how leadership and culture influence CE projects.

Primary data gathering was executed by the use of in-depth, semi -structured interviews. The use of semi-structured interviews will aid to explore data on understandings, opinions, what people remember doing, attitudes, feelings and the like that people have in common (Collis et al, 2007). The interview questionnaire was based on previous literature findings. The nine types of questions format as suggested by Kvale were used to structure the questions (Brymann et al, 2007). The interviews can be found in Appendix I. By the preparation and use of the questionnaire, researcher collected the data related to concepts under study, to answer the research question.

The outcomes of these interviews were transcribed anonymously and will be treated as confidential. Sixteen individuals in or related to the projects were

interviewed. With interviewee permission, the interview was audio recorded. Management and previously interviewed individuals (snow ball method) contributed to the collection of the most accurate information relevant for this research. All interviews recorded were fully transcribed. This approach prevented data from being discarded early in the research and this survey could do full justice to the respondent's answers. Four interviewees were in a senior management position and were able to help collecting data relevant to answer the first sub question. In project Cent researcher faced non-response because he was not able to persuade all individuals in the sample to participate in this study. One director in GCC NL and one team manager, highlighted in yellow in table 7A were interviewed more than once. See also the dates on the transcribed interviews in appendix I.

Occasionally researcher carried out member checks by verifying aspects previously mentioned by interviewees.

See for a total interviewee overview, divided over the various cases under study, table 7 A, B and C.

Researcher enriched the data gathered by the interviews with information from secondary sources and informal conversations. All data collected led to a process whereby the three research questions under study could be explained and propositions as included in chapter 5 were formulated.

Who	Department	Topic	When	Method
Manager operations	World Service	Project Cent, role of leadership and culture	08 April 9:38 - 10:43	Telephone
Compliance manager	Compliance and Regulation	Project Cent, role of leadership and culture	13 April 9:10 - 10:23	Face -2-Face
Team manager	World Service	Project Cent, role of leadership and culture	14 April 17:42 - 19:00	Face -2-Face
Director GCC NL	GCC NL	Project Cent, role of leadership and culture	15 April 09:09 - 10:00	Face -2-Face
Director GCC NL	GCC NL	Project Cent, role of leadership and culture	20 April 09:28 - 09:50	Face -2-Face
Sales rep GCC	Works council	Project Cent, role of leadership and culture	21 April 09:44 - 10:30	Face -2-Face
VP	Corporate servicing	Project Cent, role of leadership and culture	21 April 14:04 - 14:35	Telephone
Director GCC NL	GCC NL	Project Cent, role of leadership and culture	29 April, 9:12 - 9:22	Face -2-Face
Project leader	Network strategy	Project Cent, role of leadership and culture	3 May 17:03 - 17:48	Telephone
Team manager	World Service	Project Cent, role of leadership and culture	30 June 11:42 - 12:15	Face -2-Face

Table 7A. Interview schedule Project Cent

Who	Department	Topic	When	Method
Relationship Manager	GMS	Project Car Parking, role of leadership and culture	11 May 9:19 - 10:19	Face -2-Face
Business Manager	GMS	Project Role Parking, role of leadership and culture	21 April 15:00 - 16:00	Face -2-Face
General Manager	ICSS	Project Car Parking, role of leadership and culture	12 May 16:05 - 16:40	Face -2-Face

Table 7B. Interview schedule Project Car Parking

Who	Department	Topic	When	Method
Sales manager B2B	GMS	New Horizons project, role of leadership and culture	03 May 15:30 - 16:25	Face -2-Face
VP GCC UK	GCC UK	New Horizons project, role of leadership and culture	03 May 17:00 - 18:00	Telephone
Director B2B	GMS	New Horizons project, role of leadership and culture	12 May 13:40 - 14:50	Face -2-Face
Senior VP GCC	GCC Europe	New Horizons project, role of leadership and culture	19 May 12:15 - 12:45	Telephone
Director Account Development	GCC Europe	New Horizons project, role of leadership and culture	20 April 15:00 - 16:00	Telephone
VP B2B Europe	GMS	New Horizons project, role of leadership and culture	21 April 15:44 - 16:30	Telephone
CFO Europe	GMS	New Horizons project, role of leadership and culture	17 June 11:10 - 11:50	Telephone

Table 7C. Interview schedule New Horizons

3.3.2 Data analysis

Based on the following steps the data were analysed. In the initial phase the data collection were executed with a focus on identifying and verifying the project classification and project rationales. For this research it was essential to understand whether the projects in scope could be qualified as exploration or exploitation and how a leadership style and company culture influenced these activities. Researcher also needed to understand how leadership deals with the tensions related to these opposing activities. According to Yin (1994), cases should be selected according to how well they represent the phenomenon under consideration. In this research three projects represent exploration and exploitation activities. The cases were selected through information collected from several sources; discussions with management, colleagues and desk research. To identify the difference in the projects nature, criteria discussed in previous research like, long-term versus short-term goals, incremental versus radical improvements and alignment versus adaptability, transformational versus transactional leadership, innovative versus conservative,

individual versus collective were used. Analysis and interpretation of the answers given on the questionnaire led to data used by researcher for answering the research question under study.

3.4 Validity, Reliability

The advantage of case studies is that more in-depth knowledge on phenomena under study can be obtained, using a variety of methods (Van Tulder, 2007, Collis et al, 2009). By using multiple sources of data and different research methods to investigate the phenomena under study, triangulation was applied and the research findings were validated (Collins et al, 2009). Internal validity or credibility, meaning that in the research context the independent variables at least in part are responsible for the variation in the dependant variable, can be qualified as rather high. Validity of the findings is improved by sending a summery of the outcomes to the interviewees for feedback on researcher's interpretation (Brymann et al, 2007, Van Tulder, 2007).

Making statistical generalizations from the samples used to a larger population beyond the specific research context is hard, implicating that external validity is in principle low. As researcher made use of non-probability sampling by selecting the samples for the cases under study, there is a possibility that human judgement (bias) will affect the selection process, making some members of the population more likely to be selected than others (Bryman et al, 2007, Van Tulder, 2007).

Reliability and generalizability of the results are low as researcher only did research within the AXP organization. The integrity or reliability of data is guaranteed through the use of contextualization by means of desk research (literature research and field notes). Also is the collected interview data reduced, restructured and detextualized. To increase reliability member checks were conducted. At random interviewees were confronted with their previous answers given and asked whether the interpretations were considered valid, without a noticeable interference with natural settings.

4 Analysis & Synthesis

Introduction

In this chapter the results of the interviews held in the months of April till June 2011 with several AXP Europe employees involved in the projects under study, will be described and analysed based on the frame set in Chapter 2. First this study describes the various cases under study and their rationales. Subsequently it describes the way senior leadership manages the tensions related to the portfolio of cases under study before the study elaborates on the role leadership and a organizational culture play on the individual project outcomes. The outcomes will be used to answer the research question and to posit various propositions.

4.1 Managing tensions

AXP was founded over 160 years ago in 1850 and is one of the very few organizations that successfully adapted to changes in the marketplace and customer expectations. The firm began in an industry different from the one they compete in today (O'Reilly et al, 2008). Originally they were a cash transport business, transformed into an issuer and collector of travel cheques to finally become a major player in the payment (card) industry. Over the years the organization was successful in sustaining their competitive advantage in the face of environmental transitions. The organization was capable of reconfiguring their assets and existing capabilities, to adapt to market and technological changes.

Management's awareness of the contradictive activities that exploration and exploitation cause in the organization is important for the firm's long-term success and organizational performance. The organization is aware of the tensions between the opposing activities and is able to balance across the various CE portfolio projects. Exploration and exploitation projects are not viewed as opposed but as complementary. Resources generated in exploitation projects are invested in exploration projects. Management balances across the various CE portfolio projects and sets criteria that help them to draw that bal-

ance, like high/short development cycles/payoffs versus projects with longer-term outcomes and payoffs.

At the top level you need to recognize that you are not (…) covering these two areas (exploration and exploitation; MN) with the same lenses. So the expectations on pay-back are not the same; one is short term and the other is more an investment. If it's clear at the top-level and you are cascading it (goals/targets; MN) down (…), it blends and when you are tweaking the tools the same way than indeed, you are cre-ating a bit of a conflict (Interviewee L, 20-5-2011).

In both good a bad times we have reengineered to free up resources that we could then invest in growth opportunities. This has been a core part of the way we have managed our business for well over a decade (AXP internal report, Q1 2011, busi-ness update and AXP Annual report 2009, p12).

The firm concentrates on execution of mainstream and new business projects simultaneously. The tensions related to opposing exploration and exploitation activities are managed by applying a structural ambidexterity approach. Indi-viduals either focus on alignment or on adaptability activities. Exploitative and explorative tasks are, temporal or structural, executed in different business units. Management created dual structures, so certain business units or groups in these business units can solely focus on alignment and others on adaption activities This research found that the organization's exploratory units weren't decentralised but grouped in a new US based business unit. The exploitation units were centralised.

The newly founded exploration organizational group, separate from the align-ment focused business activities, aims on leveraging the companies existing assets and capabilities, to drive new revenue growth and on identifying emerging payments technologies that can extend the firm's leadership beyond the traditional payments arena. The unit will work in partnership with other business units and staff groups across the company and explores to leverage the various skill sets and expertise present in the AXP organization. This unit's group VP directly reports to the company's CEO. The integration of their new, experimental products is integrated at the CEO level.

To be successful, we will need to continue innovating in our core businesses, while at the same time aggressively pursuing new opportunities that can accelerate our growth. (…)   To help drive this change, Ken (AXP's CEO; MN) formed the Enterprise Growth Group as a new unit within American Express (K. Chenault, CEO AXP).

The exploitation units, like customer service, that were executed at a decentralised, local market level in the past were centralised in so called centres of excellence in both the US and Europe markets. These centres of excellence are large and have different cultures and processes than the explorative units.

(…) by centralising all the servicing activities (to a HUB; MN), AXP obtained scale and invested in an internal knowledge centre. As a result staff was able to work at a higher process level, more efficient (...) (Interviewee F, 28-4-2011).

The ambidexterity approach cuts the organization up in various units. Firm fragmentation is prevented by a consistent, company wide, top-down initiated scorecard and goal setting process. The scorecard contains 3, uniform, clear and simple priorities that require focus in every business unit: 50% of activities should be aimed at bringing value to our shareholder, 25% to our customers and 25% to the employees. The scorecard goals are aimed at this year numbers. Meeting these numbers drives personal performance ratings.
These scorecard goals are generic and leave room for interpretation but via these set scorecard goals, management creates control over the tensions between adaptability and alignment activities and functions as a tool to create a balance between new business opportunities and the alignment focused business.

The goals setting process is followed by a performance measurement & appraisal process whereby individuals receive instructions and incentives only for the agreed set of activities, so every single employee is fully occupied with meeting the set goals. This goals setting process implies that employees rely on senior management's judgement how best to divide their time between alignment or adaptability activities.

(...) the scorecard is totally focused on this years' numbers. Diagnostic the scorecard helps us to head in the right direction and for my GM's the scorecard give them credit

for transforming the business mix from T&E to Non-T&E. So the mix is also a score-card related item (Interviewee I, 19-5-2011).

AXP recognize efforts, but reward for results. If one looks at the performance management system it's very much heavily weighted around people being able to demonstrate results and outcomes (Interviewee A, 8-4-2011).

Setting goals and targets in scorecards drives behaviour that is beneficial for the alignment and balancing of the new business and core business. Once the division between new business and core business is communicated, management can make estimations on where to allocate the resources (Interviewee G, 12-5- 2011).

These generic scorecard goals are cascaded into a business unit, departmental and individual level where lower management specifies the generic goals and fixes the rewards base on meeting the targets. Once the goals setting process is finalized senior management can allocate the resources needed to achieve the set goals.

Although scorecards play an important role in setting the quantitative goals, from employees themselves is expected to look into ways in meeting these goals. They need to be creative and are being responsible for coming up with a concept, often initiated with other business units. Parameters that influence the go or no go decision for an entrepreneurial project are the traditional Shareholder, Customer and Employee scorecard metrics (Interviewee F, 28-4-2011)

Table 8 contains an overview of the most characteristic quotes related to the ambidexterity and managing tensions.

Quote	Related to	Result
At the top level you need to recognize that you are not (…) covering these two areas (exploration and exploitation; MN) with the same lenses.	Necessity of management awareness around the opposing activities	Management awareness of opposing activities
If it's clear at the top-level and you are cascading it (goals/targets; MN) down (…), it blends and when you are tweaking the tools the same way than indeed, you are creating a bit of a conflict.	Awareness that when using scorecards, management need to tweak the goals/targets for the opposing activities	Different goals/targets in scorecards benefits the successful management of tensions
To be successful, we will need to continue innovating in our core businesses, while at the same time aggressively pursuing new opportunities that can accelerate our growth. (…) To help drive this change, the organization formed the Enterprise Growth Group as a new unit within American Express.	Necessity to focus on both activities, create a separate division for New business development	Structural ambidexterity
(…) by centralising all the servicing activities (to a HUB; MN), AXP obtained scale and invested in an internal knowledge centre. As a result staff was able to work at a higher process level, more efficient (...)	Difference between exploration and exploitation activities and the way tensions were handled	Structural ambidexterity
Diagnostic the scorecard helps us to head in the right direction and for my GM's the scorecard give them credit for transforming the business mix from T&E to Non-T&E. So the mix is also a scorecard related item	Consistent scorecard and goalsetting processes function as a tool to manage tensions	Creation of a performance management context

Table 8. Ambidexterity and managing tensions

Conclusion Managing Tensions

Management's awareness of the contradictive activities that exploration and exploitation cause in the organization was suggested as important for the firm's long-term success and organizational performance. Management views both activities as complementary rather than opposed. Hereby the exploitation activities create the funds that are invested in exploration activities. This study found that to deal with the tensions related to the contradictive activities, the AXP organization applies a structural ambidexterity approach, whereby both alignment and adaptability activities are centralised. The exploration unit is structured in a separate business unit, with strong ties across the mainstream business and using various skills present in the organization. The use of a consistent and simple to apply scorecard, performance and reward system functions as a tool to create a balance between new business opportunities and the alignment focused business. The tool enables them to control and trigger the needed behaviours, helps them to transform the business and functions as a tool to allocate the required resources.

4.2 Managing projects

Projects under study

Within this study one case was studied that, based on literature earlier de-

scribed in Chapter 2, can be qualified as an exploitation project. This case is referred to as project Cent.

Two cases were studied that, based on literature earlier described in Chapter 2, can be qualified as exploration projects. These cases are referred to as project New Horizons and project Car Parking.

4.2.1 Leadership style & Project Cent

Various leadership styles were identified in this project. The senior leadership style can be qualified as directive or instructive, transactional, top-down, whereby processes and task execution are specified with a clear focus on process steering, cooperation was of less relevance.

In all AXP reengineering (exploitation; MN) projects I was involved, the leadership style was quite directive. Management will leave some small room to manoeuvre, but overall the path a local entity must walk is defined (…) (Interviewee D, 15-4-2011).

Leadership focused on cooperation and on process steering and tasks. Local management buy in was welcome, but not essential. After communicating the project's rationales, local markets were given the opportunity to convince HQ senior management to exclude their market from project scope, which would suggest a participative or consultative leadership, but at a local level not perceived as such.

The goals and aims of this project were clear. Although local management were given the opportunity to exclude their market from the project, they knew in advance that the probability of exclusion was small. The project's objectives should be achieved (Interviewee B, 13-4-2011).

HQ senior management was responsible for the development of the project strategy and goals. An employee training, in small units, whereby individuals learned to systematically apply a standard solution to solve a problem (single loop learning) was part of this strategy. The operational execution of the project was delegated to the project team. They were given a lot of autonomy and trust. Their management style was aimed at meeting the project goals,

within the pre-described parameters.

The project ultimately meets its goals. There were challenges earlier on but the following defined project goals were met: a new organization was integrated in the existing organization, it's currently operating to the defined service levels and it realizes financial benefits (Interviewee H, 3-5-2011).

Periodically the project team leader informed senior management on the project status.

I kept my interactions with Senior Leadership to a minimum. The reason for that is that there were not many issues during the implementation phase. I didn't want to spend unnecessary time discussing issues that didn't need to be reported. We had a steering committee meeting on a regular basis which covered the 3 parameters and that's it. Senior leadership had an easy ride in my view (Interviewee H, 3-5-2011).

The team project team members felt empowered by the given autonomy and trust which helped them to drive this project forward.

Apart from that we received a lot of autonomy and they entrust us, they know that we will deliver what is required. This kind of level of trust makes us perform at a higher level. I built this trust by how I conduct myself, how I deal with people and colleagues and the way I deliver results. I feel this trust because management tell me and I feel it because of the empowerment given (...) (Interviewee H, 3-5-2011).

The local service team leader set an example and was a leader with a vision. In previous times he had prepared his team members that the position they currently hold would cease to exist. He emphasised that for all team members it was important to start looking for alternative position both inside and outside the company. He also recommended attending trainings and courses to increase team members' knowledge. He was seen as a manager and role-model that motivated his team, that gave his members the freedom to initiated new working processes, delegated tasks and inspired his group that deliver the best customer service. He was partially responsible for the essential

knowledge sharing and hand-over processes between individuals from the central team and the local team. His leadership style could be described as transformational.

I told them (the team members; MN) during performance and final appraisals that they wouldn't have this job within AXP forever. The company is constantly looking for opportunities to make processes more efficient. I told them that they would need to invest in themselves because I can't guarantee that you will have this position tomor-row' (Interviewee C, 14-4-2011).

(…) the team leader had a vision and inspired his group. Although the team knew they were made redundant, they all worked till the last day (Interviewee E, 21-4-2011).

(…) the local team manager (…) knew he was made redundant, he accepted this by continuing acting professionally as a manager and by motivating and stimulating his people, he remained positive. He continually explained to his people what AXP's strategic reasons were to execute this project (Interviewee D, 15 & 20 -4- 2011).

Table 9 contains an overview of the most characteristic quotes related to the leadership style in project Cent.

Quote	Related to	Result	Style
The goals and aims of this project were clear. Although local management were given the opportunity to exclude their market from the project, they knew in advance that the probability of exclusion were small. The project's objectives should be achieved.	Focus on final process, control of tasks, cooperation	Cooperation locally, although different interests/views on process	Transactional/Consultative
In all AXP reengineering (exploitation; MN) projects I was involved, the leadership style was quite directive. Management will leave some small room to manoeuvre, but overall the path a local entity must walk is defined.	Focus on final results/process, no room for debate, control of tasks, no cooperation	Cooperation locally, although different interests/views on process	Transactional/Directive
The willingness from anybody in AXP, but in this case from Senior Management, to help when necessary (…) obviously helped this project to go forward and meet the set goals. *Apart from that we received a lot of autonomy and they entrust us, they know that we will deliver what is required. This kind of level of trust makes us perform at a higher level.*	Focus on process and control of tasks, ability to step in and correct together whilst giving autonomy and trust, empower staff	Empowered, confident staff, independant team Periodical information sharing enabled corrections when off track	Consultative/Transactional

Table 9. Leadership style & Project Cent

4.2.2 Leadership style & Project New Horizons

During the various stages of this project, senior management adopted various leadership styles and were heavily involved from the start till the end of this project.

This was clearly something I couldn't delegate, I needed to be personally involved in and champion this project. So that was an integral part of the success (Interviewee K, 19-5-2011).

This project was basically initiated via a bottom-up approach where it started off as experimental, risk taking and championing efforts of a sales team. First-ly, management encouraged these initiatives. Secondly, they sensed the environment and selected the new businesses initiatives after having assessed that they were less volatile than the mainstream businesses. This way they minimised uncertainty and ambiguity. Management experienced that this type of business generated traction and that the new business was much less vola-tile than the mainstream activities. As a result they adopted this initiative and created a platform to launch it at larger scale.

We had the evidence that the non-travel spend on a card was decreasing but at a much slower pace than the travel spend. In other words, the travel spend is much more volatile than the non-travel spend (Interviewee L, 12-5-2011).

Management was not so much involved in setting the processes and man-agement of the groups involved. In this stage the applied leadership style can be best described as delegating, transformational.

Before, with management support, there had been some focus on non-T&E (new business; MN), and there had been some small projects shifting focus and organiza-tion, but this really called to the front that something much more serious and much more focus and with many more dimensions was necessary to shift the needle (Inter-viewee M, 20-5-2011).

When management sensed that the economic climate would change and would probably have a severe impact on the organization's traditional busi-ness, management style focused on engagement and changing the organiza-tion's culture by creating and communicating a consistent shared vision that was underpinned by the economic downturn. During the whole project man-

agement performed as a role model, setting the correct example for coopera-tion, communicating a shared vision, which can be defined as a participative, transformational leadership style.

The VP of the GMS business was instrumental to this project. This project could not be done without the 2 business units working together. That partnership, that vision was driven by the Senior VP GCC (Interviewee I, 10-5-2011).

To create that partnership that we were looking for we needed two senior people to sit together and agree at a very high level that this is, what two organizations would like to focus on (Interviewee M, 20-5-2011).

In the next phase of the project, management focused on the processes that were necessary to create this partnership platform. A project team was creat-ed consisting of individuals from several departments from involved business units, a project lead was appointed, that was used as 'problem solver and functioned as management support. Senior management acted as project sponsor. Both senior managers aligned processes, made resources available for trainings that were used to up-skill staff, and communication. Scorecards and strategic goals of the individual division were aligned and one business unit co-funded resources that were essential for project success in the other business unit. In this stage there was room for individuals to provide feedback and come up with alternatives, but the course was set.
At this stage the leadership styles were described as directive, S1, by nearly all interviewees. Leadership had a clear focus on meeting the set project milestones. According to them, the clear sense of urgency that was around this project required a directive leadership style.

(…) the leadership style was very results focused. There was a very strong sense of urgency and a desire to hit the milestones. The leadership style I would qualify more on the directive than on the heavily collaborative site, which goes back to the sense of urgency under which this project was launched. (…) For example if there was a roadblock in this project, (…) the project lead would escalate that very quickly to the project sponsor to get the required engagement (Interviewee J, 12-5-2011).

Only one of the senior managers involved characterized his style as collabo-rative and subsequently directive.

Initially, I would describe the management style as collaborative, bringing people on board, making sure that people understood the rational of this change. People had the opportunity to give feedback. This phase was more about: 'this is what's happening as a result of the financial crisis. How do you think we can avoid this happening in the next financial crisis? What options do we have available?' (..) Once everybody was on board, then I was probably more directive, S1, in that we drove the project, made sure that we had a sufficient level of resources on the project (Interviewee K, 19-5-2011).

The variance in the number of offered services were increased and the team went through a learning curve (double loop learning).

Table 10 contains an overview of the most characteristic quotes related to the leadership style in the project New Horizon.

Quote	Related to	Result	Style
Before, with management support, there had been some focus on non-T&E (new business; MN), and there had been some small projects shifting focus and organization	Supportive, encouraging to piloting, experimenting	Small successes, learning from small samples, risk reduction	Flexible
They (top management; MN) created by their clear presence a sense of urgency and credibility for the overall change management process. (…). Secondly (...)we had to rely on other staff functions (...).To create that partnership that we were looking for we needed two senior people to sit together and agree at a very high level that this is what two organizations would like to focus on	Focus on relation: cooperation, sharing, investments, inspiring, visionary, creating a sense of urgency, strategic goals alignment	Engaging, Bringing people on board, ceate awareness and understanding	Flexible
(…)the leadership style was very results focused. There was a very strong sense of urgency and a desire to hit the milestones. The leadership style I would qualify more on the directive than on the heavily collaborative site, which goes back to the sense of urgency	Focus on tasks, meeting set results/targets/milestones, emphasis on the sense of urgency	Implementation, change of mindset/culture, implement new capabilties	Directive, Instructive, Transactional

Table 10. Leadership style & Project New Horizons

4.2.3 Leadership style & Project Car Parking

An AXP employee, approached by one of het existing customers, took the lead in this project. After building the business case and mapping the most important stakeholders, the relationship manager tried to build support for the idea with local management. For the marketing of this product, cooperation between two AXP divisions is required. Management of both divisions were required to support the project.

Initially local management supported the initiative and came up with advises.

Direct leadership supported to continue in the process and let to employee's judgement when to stop putting time in the initiative. The management style can be described as a combination between delegating and directive.

My direct manager was not really involved in this project. I informed her on a frequent basis where we stood. I made sure that she knew that my regular business wasn't affected by the time I spend on this project. She wasn't substantively involved in this project. She did however stimulate me to proceed with this project and she left it to my judgement when to stop (…)(Interviewee Z, 11-5-2011).

Management at a higher echelon let the opinion regarding this project depend on another manager's view. Support wasn't felt nor were internal networks offered that could facilitate launching this initiative to higher organizational echelons.

It appeared that this manager held all options open, but someone else needed to decide which side to take (Interviewee Z, 11-5-2011).

My indirect manager, who was substantively involved, wasn't always motivating and didn't always think in opportunities but in roadblocks (Interviewee Z, 11-5-2011).

(…) the first meeting we had with leadership, the message was; I wouldn't spend too much time on it, because it's tough to launch a project like this in this organization (Interviewee Y, 21-4-2011).

This leadership style can be characterized by a lack of decision- making attitude and potential risk averseness. Local management is aware that getting projects initiated by individuals adopted by the organization is tough. Projects that are not in the organizational scorecards don't tend to be adopted. This is something that affects individual's interest and motivation to initiate one.

I think this lack of management support is driven by priorities. These kinds of projects aren't directly in the scorecards and aren't targeted. As a result people don't get rewarded for it. I think this is why people are not motivated to start entrepreneurial initiatives (…).

I think that 70% or 80% of CE within AXP is top-down organized. It's possible that CE is initiated from the bottom, but than the initiative should fit within the strategy, the

business case needs to be significant enough and the organization should be able to prioritize (Interviewee X, 12-5-2011).

Cooperation with the issuing card division wasn't established, as management didn't prioritise the project as important. The returns on the investments were not favourable enough to compete with projects that were in the current scorecards, that created much more scale, were of extremely important strategic interest to the organization. These scorecards related projects absorbed all available resources and required the organization's concentration.

(…) most important reason is the prioritization and the relation between time, internal investments and technical development against a relative small return on investment. If this project could be replicated to more customers, than the outcome could have been completely different. Currently, we don't have the time nor the resources to execute a project like this (Interviewee X, 12-5-2011).

Multiple scenarios were considered, like hiring of additional resources and plugging in AXP international resources. Balancing the project's ROI's and the overall investments, the impact on AXP processes and resources led to management's conclusion that the AXP organization wasn't equipped to execute a relatively small project like this one.

At that time we had some organizational issues related to the team composition. We can hire additional temporary resources, but these people need to be managed and guided on the job, which would impact the current organization (Interviewee X, 12-5-2011).

What we did investigate whether we could have some international resources. This ended up in the discussion whether the business case and the return on investment was interesting enough. If we could have replicate this deal to other parking companies, than our organizational processes would have had a much better match. Within this organization it's important to make a sizing of the total potential (...)

Table 11 contains an overview of the most characteristic quotes related to the leadership style in project Car Parking.

Quote	Related to	Result	Style
My direct manager was not really involved in this project. I informed her on a frequent basis. I made sure that she knew that my regular business wasn't affected. She did however stimulate me to proceed with this project and she left it to my judgement when to stop	Task control/execution, Supportive, no steering or cooperation	Alignment on task, process	Transactional/Directive
(…)the first meeting we had with leadership, the message was; I wouldn't spend to much time on it, because it's tough to launch a project like this in this organization	Demotivating, risk reduction, focus on short term, mainstream task execution	Alignment on task, process and only prepared to focus on mainstream activities	Transactional/Directive
(…) most important reason is the prioritization and the relation between time, internal investments and technical development against a relative small return on investment.	Focus on short term, mainstream task execution, no focus on cooperation	No alignment on organizational goals/ scorecards, no availability of resources, no opportunity alignment	Transactional/Directive

Table 11. Leadership style & Project Car Parking

Conclusion Leadership Style

Within the CE cases under study, various leadership styles, sometimes at different project levels, can be identified. This study found remarkable that senior management involvement differs in the various cases under study. Within the case that can be qualified as exploitative, senior leadership adopted a style that was focused on process steering and tasks, with the aim to meet the project objectives. This leadership style was perceived as transactional/directive. Management involvement was 'behind the scenes'; operational management was delegated to a project team. Senior management focused on process steering, creating cooperative behaviour and task execution via regular held feedback sessions that allowed them to intervene when essential. At a local project level the team leader adopted a transformational style. Within one of the cases termed as explorative, New Horizons, senior management adopted various leadership styles during various phases of the project. In the initial phase, when management didn't focus on the processes but on cooperation, the styles were characterized as delegating and participating followed by a directive, transactional leadership style, focusing on processes. From start till project end senior management was involved, creating a vision and set an example. Within the other case, also termed as explorative, Project Parking, management didn't motivate, support and stimulate the individuals that initiated the project. The group was not empowered by leadership. Probably a more transformational style, focused on cooperation, was needed at

this stage of the project, but due to a potential lack of goals alignment, and a lack of resources that support was not given. The project was not continued.

4.2.4 Organizational culture & Project Cent

The project group that operationally executed project Cent consisted of 5 people, lead by a project leader. The group's objectives were migrating the various local servicing teams to a centralised location within a specific time frame, whereby the services needed were to be kept at specific level. The group's outcomes were assessed at the group level at the end of the project, and the team would be rewarded as a group when the objectives were achieved. This was a group target.

Our main focus in this transition was delivering as early as possible whilst maintaining or improving this service. (…) If we would hit the set deliverables, we would be rewarded for that as a group (Interviewee A, 8-4-2011).

They share group accountability for the project completion. They identified with their leader's goals and vision. He functioned as a sounding board, challenged assumptions, and reminded them of the project objective.

(…) the leader helped remaining the strategic project focus, brought the project members back to the reason why this project was carried out in the first place. (…) The project leader helped us to slow down, take a look at all the alternatives, and be aware of the budget. The project leader helped us to evaluate all the alternatives and helped us in a sense making process; this project's goal was about, cost reduction (…) (Interviewee A, 8-4-2011).

The project group share the same identity and are fully aligned with the company's core values and on fine-tuning of the existing mission. They internalized their management's vision.

The Project manager was representing global leadership and strictly executed the course that was set by them. It was on an occasion nearly as the project leader would say:' sorry but we need to do this, although I understand your worries (Interviewee B, 13-4-2011).

The local servicing team was as a group responsible for all end-to-end processes related to both new and existing GCC accounts. Like all AXP employees, their work was targeted in individual scorecards, which contained both personal and collective, group goals. The emphasis was on the latter, which was for all individuals the same group metric. As a group they were accountable for the service they delivered, that was tracked by management.

As a group we focused on the customer, and there was a great team performance and team spirit - we did it together. I would say this was not so much the AXP culture, but a team culture.
Our most important target was related to servicing both customers (internal and external customer; MN) in the most effective and efficient way. Therefore every team member had a personal target and a group target. The group target was aimed at gaining the necessary efficiencies and effects on the process. In the scorecard the group target was stressed, the personal targets were for example related to the time it took to answer a telephone (Interviewee C, 14-4 & 18-7-2011).

During the interviews it became clear that senior management and the operational project team anticipated on the cooperative, loyal, collectivist local servicing team character. They made a risk assessment whereby the chances that the entire team would leave prior to project closure, was assessed.
To minimise that risk and before project disclosure, the local service team manager was consulted as an expert on the working processes. Although made redundant, he was important for keeping his team committed to the project, whereby sharing of team experience and knowledge with the new hires in the central location was crucial to project success.

(…) the individuals were very loyal to the company. This is also something we as a project group have to plan for. If you announce an initiative like this project, the whole office can walk out. It was not a surprise, because we calculate these kinds of things, but it was pleasant that these people were engaged. For instance we considered how we could incentive people to stay on and we considered if people legally could leave prior to the project. We balance these things out (Interviewee H, 3-5-2011).

All individuals in the local team executed all end-to end processes. They were also responsible for setting up improvements in the applied processes (double-loop learning).

In the case of a new process that needed to be organized, I inventoried the opinions of some individuals, to find out what would be the best set up for this specific process and let them develop (Interviewee C, 14-4/30-6-2011)

In the new set-up this would change. The organization required standardised processes that benefits from a single-loop learning culture.

The existing local Dutch service team was not structured to respond to changing volumes that they were subject to. A more standardised, instead of the local specialist approach, was required and by having a multi market centre of excellence the required flexibility would be created; individuals are able to change roles against the pre-defined service levels that create efficiencies (Interviewee H, 3-5-2011).

Table 12 contains an overview of the most characteristic quotes related to the organizational culture in Project Cent.

Quote	Related to	Result
Our main focus in this transition was delivering as early as possible whilst maintaining or improving this service. (…) If we would hit the set deliverables, we would be rewarded for that as a group (Interviewee A, 8-4-2011).	Group rewards, team targets	Collectivist, conservative culture
(…) the leader helped remaining the strategic project focus, brought the project members back to the reason why this project was carried out in the first place. (…) The project leader helped us to slow down, take a look at all the alternatives, and be aware of the budget. The project leader helped us to evaluate all the alternatives and helped us in a sense making process; this project's goal was about, cost reduction (…) Interviewee A, 8-4-2011).	Transformational leadership style	Collectivist, conservative culture
The Project manager was representing global leadership and strictly executed the course that was set by them. It was on an occasion nearly as the project leader would say:' sorry but we need to do this, although I understand your worries	Fine-tuning of existing mission, internalizing of leader's vision	Collectivist, conservative culture

Table 12. Organizational culture & Project Cent

4.2.5 Organizational culture & Project New Horizons

Both the GCC and the GMS organization that were part of this project have some commonalities in their respective cultures that can be characterized as collaborative, social, having a strong will to deliver to the company's strategy,

mission and vision and a strong customer focus. In headlines their cultures can be described as collectivist, conservative.

(MN: The culture) is a mix of being very results focused and people-oriented. The brand has a strong impact on the culture in the sense that it conveys trust and premium and people associate themselves with these. When the organization sets itself a goal it usually delivers. I would say that the company is stronger at delivering results than innovation (Interviewee J, 12-5-2011).

For project New Horizons collaboration between the business units GCC and GMS was required. Although part of the same company, small differences in cultures can be described as follows: the issuing division is more individualistic and tend to go for personal success, whereas the acquiring unit is more focused on collaboration.

I would say that the GCC BU is much more focused on meeting short-term targets. The emphasis is much more on the numbers and less on how you are going to deliver these. In the GMS BU the sales cycle is longer and larger collaboration is needed to deliver that result (Interviewee J, 12-5-2011).

According to interviewees both business' units cultures aren't susceptive to change, aren't perceived as innovative and risk taking. From this we conclude that these organizational units also have a strong identity.

Here is the trick: we are not a very change driven company. We have been around for 150 years, and we have only changed drastically twice (Interviewee M, 20-5-2011).

It's also a quite risk-averse organization, which is directly linked to the business model as it's a recurring, network focussed and not a blockbuster business (Interviewee L, 20-5-2011).

Changing its culture, the way it works and perceives the environment, getting people out of their comfort zone was one of this project's key objectives. Individuals needed to be more innovative and create a passion for this new business instead of remaining focus on the traditional, conservative business.

Today it's completely part of the DNA to talk about telecom, couriers, temporary labour, all non-T&E (New Business: MN) related business. So that was one; changing

the DNA and make people confident enough to talk about matters outside their comfort zone (Interviewee M, 20-5-2011).

According to literature, it takes time to change an organization's culture. Changing an organization, including a culture, tends to be more successful when there is a commonly felt and urgent need to change. Although having a different culture, both business units were severely impacted by the financial crisis. The organization took both aspects into account in this project. It launched a new vision, which was adopted by both cultures, which was about the organization that was under severe pressure, and that needed cooperation and a strong customer focus to survive.

It's a multi year journey. It will take probably several years till we really have this business ingrained in the staff. So I would say we haven't accomplished this yet, but we made very significant moves and we created the fundamentals of the platform that will enable us to change the culture (Interviewee K, 19-5-2011)

The one thing that happened that drives drastic change in the organization is when a serious external force is pushing us. That makes something that we are doing extremely challenged. The fundamental of what we are, is being challenged, so we have to reinvent ourselves. We seem to have a company culture that allows us to master that external force (Interviewee M, 20-5-2011).

This project was about doing something different and new. The crisis was the perfect time to launch it. In the time of the crisis we could reset the clock. Some of our goals were not valid anymore (Interviewee L, 20-5-2011).

Table 13 contains an overview of the most characteristic quotes related to the organizational culture in project New Horizons.

Quote	Related to	Result	Style
a mix of being very results focused and people-oriented. The brand has a strong impact (…). When the organization sets itself a goal it usually delivers. I would say that the company is stronger at delivering results than innovation	Resemblances of the BU's cultures, outcome oriented controls	Individual's alignment with the company's mission and vision	Individualist/Collectivist, Innovative/Conservative, Tight/Loose
The GCC BU is much more focused on meeting short-term targets. The emphasis is much more on the numbers (…) In the GMS BU the sales cycle is longer and larger collaboration is needed	Differences in B.U. Cultures, outcome oriented controls	Individualistic, short-term focused versus collectivist, long-term focused	
(…)we are not a very change driven company. We have been around for 150 years, and we have only changed drastically twice	Strongness of the company's culture	Difficult to change	Conservative culture
Today it's completely part of the DNA to talk about the new business (MN). So that was one; changing the DNA and make people confident enough to talk about matters outside their comfort zone	Necessity to change and align the cultures	Change from conservative, collectivist to a innovative, individualistic culture	

Table 13. Organizational culture & Project New Horizons

4.2.6 Organizational culture & Project Car Parking

The initiators of project parking can be characterised by their experimenting, enterprising, self-oriented and collaborative behaviour. The individuals involved are not fully aligned with the company's values and norms. They have a different belief on CE than the mainstream business. They experimented, derived pride from working on this project and pursued their own goals passionately. These goals were however not aligned with those set by the organization and those that were cascaded in their individual scorecards goals.

Apart from that, I had the idea that the organization didn't think in opportunities but in issues (Interviewee Z, 11-5-2011)

(…) we just thought this is a great opportunity for ourselves to experience and for the company to increase bottom line results. (…) this initiative wasn't in all of our scorecards, but still we thought this might be an opportunity to spend time on, because we were of the opinion that we could be successful and the results could bring value to the organization (Interviewee Y, 21-4-2011).

The group tried to build internal networks that were necessary for the launch of their project. Collaboration with another business unit and with internal AXP departments was a precondition for making this project to a success. The

team experienced that colleagues' willingness to cooperate depended upon the goals that were set in scorecards.

Because this was a new initiative, not many colleagues were willing to spend time on it. This project was not part of their role and scorecard and I can imagine that people thought: what is in it for me? I'm not responsible for this? (Interviewee Y, 21-4-2011).

Once the initiative was not supported by the organization, they kept on working it in their spare-time. According to literature they would be qualified as innovative and individualists, whereas organizational management that they needed to convince of their project could be qualified as conservative and collectivists.

There was some tension between the mainstream, scorecard driven business and our new business initiative. Later, when we decided to continue working on this initiative in our spare time, we felt that direct leadership didn't appreciate that we still spend time on it (Interviewee Y, 21-4-2011).

Table 14 contains an overview of the most characteristic quotes related to the culture in project Car Parking.

Quote	Related to	Result
(…) we just thought this is a great opportunity for ourselves to experience and for the company to increase bottom line results. (…) this initiative wasn't in all of our scorecards, but still we thought this might be an opportunity to spend time on, because we were of the opinion that we could be successful and the results could bring value to the organization	Entrepreneurial spirit, passionate, pride for own accomplishments	Collectivist vs Individual culture, no alignment with company goals, vision, mission
Because this was a new initiative, not many colleagues were willing to spend time on it. This project was not part of their role and scorecard	Mainstream's unwillingness to support the new business initiative. Team's focus on collaboration and support	Lack of support from the mainstream business as a result of their collectivist culture
There was some tension between the mainstream business, score card driven and our new business initiative. Later, when we decided to continue working on this initiative in our spare time, we felt that direct leadership didn't appreciate that we still spend time on it	Management's focus on the mainstream, money generating business. Team's passion for the enterpreneurial project	Lack of mainstream business' support for the initiative

Table 14. Organizational culture & Project Car Parking

Conclusion Organizational Culture

Within the exploitation project under study, we conclude that the team culture benefited to the CE implementation. Also management took into account the collective, conservative, tight culture of the team before project launch. They found out that the group had a strong identity and that the individuals were very cooperative and loyal to the organization. Management benefited from this information in the CE project.

Also within exploration project New Horizon we can conclude that culture has an effect on CE implementation. In this project, that needed to establish a change of culture by trial and error learning processes and double loop learning, management's knowledge about the organizational culture(s) was beneficial to their approach in driving this change. A strong cooperation between individuals, departments and BU's was required to launch the initiative, once started by a small group, into a sustainable CE project

Within exploration project Car parking, the project group with an individualist, weak identity, not aligned with the company's goals, approach collided with the scorecard driven, collective, tight controlled mainstream business. The group were driven by their individual goals

5 Discussion & Results

Introduction

In this chapter we will start with the results of the theoretical research and this study's formulated research question. Subsequently we will answer the research question based on the literature research and the results from our analysis. The outcome to our research question will be used to posit various propositions, which are derived from the results of the conducted multiple case studies and serve as a foundation for our discussion. The results can be used for future research.

5.1 Approach

Although stressed by scholars and executives alike as vital for the existence of firms, spurring CE within established firms remains one of the biggest challenges for established firms (Jansen, 2011). CE is considered as an important predictor for firm growth and profitability, organizational learning and as such for ensuring the long-term sustainability of any enterprise (Morris et al, 2009, Garvin et al 2006, Birkinshaw et al, 2004, Dess et al, 2003, Hitt et al, 2002, Zahra et al, 1999, Burgelman, 1984). Repeating!

CE is often related to dynamic, competitive and unpredictable landscapes (Birkinshaw, 2004, Garvin et al, 2006, Slavica Singer et al, 2010) and in general to exploration projects. The reality is that exploitation is also intimately tied to entrepreneurial capabilities.

According to Birkinshaw et al (2004) firms often fail in effectively balancing exploitation and exploration projects and implementing CE (Garvin et al, 2006). Reason for that is that exploration projects involve finding new, innovative products, services, processes (Yukl, 2009), are associated with radical change (Benner et al, 2003) and there revenues are longer term and uncertain. Exploitation projects on the other hand focus on ways to make incremen-

tal improvements in existing products, services or processes (Yukl, 2009), meet existing customer needs, build upon existing organizational knowledge (Benner et al, 2003). They provide relatively quick returns (Kelley et al, 2010) and are associated with incremental change (Benner et al, 2003).

Balancing advantages of these two opposing forces, also called organisational ambidexterity (Birkinshaw et al, 2004), is key for a climate that fosters CE (Morris et al, 2009). It implies that these firms are able to efficiently exploit their current assets (alignment), whilst exploring for opportunities in their environments (adaptability). Fostering CE and deal with related tensions implicate that management specify their desired CE outcomes and set measurable CE goals whereby the elements of both opposing forces are allowed to co-exist (Morris et al, 2005). An emotionally and consistent shared vision and the appointment of corporate and operating sponsors increase the willingness of employees to consider and incorporate opposing views (Burgers et al, 2009). Launching innovations in a crisis is always easier (Tushman, 1997).

Previous research by amongst others Morris et al, 2009 and Ireland et al, 2006) showed that various factors influence CE projects and that leadership style and a company's culture belong to those that are vital for the success or failure of managing a portfolio of CE projects.

A leadership style in general is a combination of task focused and cooperative behaviour (Volberda, 2007). In research various classifications of leadership styles can be found. Volberda (2004) distinguishes steering or task focused behaviour by an emphasis on control, one-way communication and task execution. In cooperative or relation focused behaviour mutual relationships, two-way communication and employee involvement in decision-making processes is stressed (Volberda, 2004). Another common used distinction in leadership styles is between transformational, merely focused on task execution, and transformational, merely aimed at cooperative behaviour, leadership style. Both styles are not mutually exclusive (Bass 1993). According to Jansen et al, (2009) applying the appropriate style to the right strategy is crucial in dynamic environments. An effective leader must find a balance between alignment activities, that are related to gaining efficiencies and a transactional leadership

style and adaptability, which is associated to innovation and requires a trans-formational leadership style.

A culture reflects a collection of views and assumptions that is shared and seen as common within an organization and represents as such the values and beliefs of its employees (Volberda, 2007). Previous studies concluded that CE is more likely in corporate cultures that reinforce innovation and change, an on-going sense of urgency and room to fail (Morris et al, 2009). CE-intense cultures place high importance to empower people in ways that allow them to act creatively and to fulfil their potential. In these firms the focus is on the future rather than the past and the ability to transfer knowledge is greatly valued (Tushman, 2007, Ireland et al, 2006). According to Ireland et al, 2006, this is the case in exploration cultures. Morris et al, 2009 suggested that CE needs both individualism and collectivism.

According to Volberda (2007) firms having a strong culture or identity are fully aligned with the company's core values and on fine-tuning of the existing mis-sion. This tends to fit with collectivist cultures and a transformational leader-ship style, as followers of collectivist cultures are expected to internalize their leaders vision more readily than individualists (Jung et al, 1999).

Companies having a weak identity or culture exist of employees that have various or contrary values and beliefs and don't agree on core values. They are not specifically focused on fine-tuning of the existing mission. This tends to fit with individualists.

The ability to achieve sustainable CE projects in a company is dependent up-on a balance between the need for individual initiative and the spirit of coop-eration and group ownership of innovation. A culture has to balance the indi-vidualism tied to passion for new opportunities, with a commitment to the greater collective objective of the firm (Morris et al, 2009).

This study's aim is to examine how companies can manage a portfolio of, by nature, opposing explorative and exploitative projects. This research only fo-cussed at the influence leadership and a company culture have on the suc-cessful management, which implies, solving the issues that are related to simultaneously managing these kinds of projects. Therefore, the following re-search question was formulated:

> Research Question
>
> **How to manage a portfolio of explorative and exploitative projects in the payment service industry?**

To answer this question, multi-case studies within American Express, an established firm active in the payment service industry, were executed, using semi-structured interviews.

5.2 Answering research question & propositions

This paragraph will provide an answer to the research question under study. We will focus on the way leadership within AXP overcomes the tensions related to the management of a portfolio of opposing, explorative and exploitative projects. Further we will focus on the influence a corporate culture and a leadership style have on the individual CE projects. Propositions will be posit per section.

5.2.1 Managing tensions

Our study shows that the AXP organization is aware that they manage a portfolio of by nature opposing projects and that this awareness contributes to overcoming the tensions related to these opposing activities. Management recognizes the tensions between exploitation and exploration projects and balances the various projects by using, amongst others, their payback times. Senior management further manages tensions by investing the resources freed up in the alignment segment of the business to invest in adaptability opportunities. This is in line with Gibson et al (2004) who found that firms that recognize tensions benefit from viewing exploration and exploitation projects as complementary, implicating that they invest the returns from exploitation projects in exploration initiatives. To this the following propositions are posed:

I.   The management of tensions related to a portfolio of exploration and exploitation projects starts with the organizational recognition of these tensions.

II.   Treating a portfolio of exploitation and exploration projects as comple-mentary helps reducing tensions.

When aware of the contradictive activities that exploration and exploitation imply, senior management managed the tensions related to these activities by changes in the organizational design. Exploitative activities were centralised, explorative activities were grouped in a newly created business unit that works in close cooperation with other business units, departments and indi-viduals in cross organization. The senior manager of this group directly re-ports to the companies CEO. At this level the new business will be integrated in the mainstream company activities.

III.   A structural ambidexterity approach supported by top down goal setting process is beneficial to managing tensions related to managing a port-folio of CE projects.

Our study shows that the structural ambidexterity approach was supported by a scorecard approach that prevented the organization from being fragmented. Three top-down, business wide, simple, consistent goals are set supported by a performance measurement and reward program. By putting an emphasis on meeting the agreed goals and by only rewarding employees when meeting these goals, senior management controls the various tensions related to alignment and adaptability. This is in line with Gibson et al, (2004) who state in an ambidexterity approach senior management set the goals that determine how an individual best divide their time between one set of activities and an-other. Individuals rely on senior management's judgement in this approach. They receive clear instructions and incentives only for those activities that support either alignment or adaption (Gibson et al, 2004).

5.2.2 Managing projects

5.2.2.1 Influence of Leadership style

This study focused on the various management style(s) that were adopted in the projects under study and its contribution to project success. The distinction between the leadership styles was assessed by the use of 2 criteria. We looked at management's intention, whereby we used Volberda's distinction in task and cooperation focused. Subsequently we assessed whether management made use of a transformational or transactional style. Finally we used Yukl's terminology Flexible leadership when transactional/transformational were used alternately.

We noticed that the leadership style varied depending on the set project goals, required process and structure, project level and organizational initiation level, implicating top-down or bottom- up driven. This is in line with Volberda's (2007) task focused and cooperative behaviour distinction. Also senior management involvement differs in the various cases under study.

Project Cent's goals were creating efficiencies and alignment with the global strategy. Incremental change was intended and therefore this project can be qualified as exploitative. Visible senior leadership during the course of the project wasn't required. Leadership focused on process steering, creating cooperative behaviour and task execution via regular held feedback sessions that allowed them to intervene when essential. This matches with the transactional leadership definition, which should be applied in exploitative projects, consistent with Yukl (2010) and the consultative leadership style of Volberda (2007). Senior management had delegated the operational execution of the project to the project team. They were given and felt a lot of autonomy and trust, which is consistent with a transformational leadership style. We conclude that management balanced the management style depending on their objective, which is consistent with Yukl, (2004).

In project New Horizons an idealized vision, based on a sense of urgency, was used to create employee engagement with the new vision and transforming their values and priorities. This project can be qualified as explorative. Adaptability and a radical change were required to get aligned with the chang-

ing external environment. Initially this project started with a bottom up, followed by a top down approach. The leadership styles during the course of this project can be qualified as delegating and participative or effective transformational: a visible senior leadership and management support were required as discussed by Hornsby et al, (2002), intended to engage individuals. In this stage of the project the leadership style was aimed at cooperation. This was followed by an instructive and transactional management style that focussed on process and results. This flexible leadership style is consistent with Lee Wittington et all's findings (2009), Yukl et al's, (2010) conclusion, containing that external changes require a flexible leadership styles capable of changing strategies and tactics constantly.

Project Car Parking is a bottom-up initiative that lacked management support and resource allocation, as a result of a difference in business unit priorities. The leadership style can be qualified as focused on process steering, instructive and transactional. Yukl et al, 2010 suggest a transformational, cooperative leadership style. The adopted transactional, instead of adopting a supportive leadership style, wasn't beneficial to the CE project result, like Jansen et al, 2009 concluded. To this the following propositions were posed:

IV.   *Balancing consultative and participative leadership styles benefits the management of exploration and exploitation projects.*

V.   *Applying a flexible leadership style contributes to a successful management of exploitation and exploration projects.*

VI.   *In dynamic environments the effects of applying a leadership style that doesn't match the project strategy, affects project success.*

5.2.2.2 Influence of Organizational culture

This study focused on the cultural aspects present in the various projects under study and its contribution to project success. The distinction in culture was assessed by the use of 3 criteria. We focused on collectivist versus individual behaviour of individuals, as used by Morris (2009). Aspects like the valuation

of personal targets versus collective targets, tight versus loose controls were assessed. Subsequently we used Volberda's (2007) strong – weak commonality of identity criteria, that is linked to a company's culture and which labels individualist cultures as innovative and collectivist cultures as conservative. Finally, dependant on project type, we assessed whether new learning or unlearning processes were applied.

We noticed various differences between the projects related to culture. In Project Cent we saw resemblances with collectivist/conservative culture. The project group valued group goals over personal interests and their performance outcomes were assessed at the group level. They share group accountability and commitment for the project completion. They were aligned with the company outcomes and helped fine-tuning of the existing mission. The project leader internalized his leader's vision. Al the above corresponds with Morris (2004) definition for collectivists. This culture influenced the CE project. The project intended to change a culture by standardising and simplifying processes via unlearning. Management took into account the collective, conservative tight culture of the team before project launch and benefited from this information in a way that it helped them drive this CE project.

Within project New Horizon each division has its own culture, but as being part of one company, both divisions share values as well. Both divisions are results focused, which underlines its alignment with the company's vision and mission. Within the GMS BU individuals tend to be more cooperative and long-term focused than their colleagues from the GCC BU. In line with Morris and Volberda, GMS would be qualified as collectivistic and conservative, whereas GCC would qualify for Individualistic and Innovative. As both business' units cultures aren't susceptive to change, aren't perceived as innovative and risk taking, we conclude that these organizational units also have a strong identity. This culture influences the CE project that intended to change a culture by trial and error learning processes and double loop learning. A strong cooperation between individuals, departments and BU's was required to launch the initiative of a small group into a sustainable CE project. Man-

agement's knowledge about both divisional cultures was beneficial to their approach in driving this change.

The group of people involved in project Car Parking can be qualified as individuals pursuing their own goals that are not in line with company's goals. They are passionate and derive pride from their own efforts, which is according to Morris (2004) associated with individualists. They are not aligned with the leaders' or organizational mission or vision. Controls are on an individual level, in their individual scorecards, but this initiative is not specifically mentioned. The group have a different view on CE than the mainstream organization. The group would qualify as having an Individualists / innovative culture.

We conclude that the AXP organization is home to many subcultures. We note, with Morris, (2009) that balancing individual initiative with collaborative collectivists' behaviour positively influence the CE implementation in this organization. To this the following propositions were posed:

VII.   *Balancing diversity at project level contributes to the successful management of a portfolio of explorative and exploitative projects.*

VIII.   *Management's awareness and pre-assessment of a business culture contributes to the management of CE projects.*

IX.   *Individualism is associated with innovative cultures.*

X.   *Collectivism is associated with conservative cultures.*

XI.   *Blended collectivist / individualist or innovative / conservative cultures increase the successful management of explorative and exploitative projects.*

5.3 Limitations & Recommendations

Because this research needed to be completed within 6 months, researcher chose to limit its scope, by focusing on the payment service industry and more specific on American Express Europe Ltd. A single industry and company focus limits the generalizability of findings. As a consequence the research outcomes can be informative on how similar firms can manage portfolios of projects successfully and how to develop effective leadership styles and cultures that can contribute to the successful management of a portfolio of explorative and exploitative projects. This research doesn't pretend to map out all the leadership and cultural aspects that might influence the successful management of explorative and exploitative projects. Leadership and culture are umbrella terms and contain various aspects, not (specifically) addressed in this study, like national cultural aspects, (management's) risk appetite to name two. To better understand which variables influence the successful management of explorative and exploitative projects in practise, future research might focus on other direct variables than culture and leadership like, the availability of resources, employee educational background, company structure or external environmental aspects to name three. Also the roles of moderating variables might be food for future research.

This study has several limitations. Inherent to the use of the (multiple) case study method the potential reliability is low, as the cases were studied within the context of AXP organization. This study made use of a small research sample, which will probably make generalisations hard to come up with. Also within one case, project Cent, two interviewees were interviewed more than once to compensate for the refusal or reluctance participation of other interviewees. The data collected within this case might not present a true picture of reality resulting in sampling-bias, which might also affect reliability. As a result of refusal to answer specific questions and a lack of experience in asking the right questions, validity might be at stake. Particular within the case project Cent researcher potentially collected too little useful data to make statements on the influence of culture on CE.

Case and interviewee selection were based on non-probability sampling, risking human judgement. This selection bias might result in low research repre-

sentativeness. Most of the interviews were conducted by telephone, so the researcher was not able to respond on signs of unease, as he couldn't observe those interviewees.

Fourth, as an employee of American Express the researcher might not be completely impartial, meaning that he has an opinion on the variables under study, which might have an impact on the objectivity of this study.

6 Reflection

The production process of this master thesis lying in front of you was for the researcher/writer tough. I noticed during this 6/7 months that doing scientific research isn't something that can be easily combined with a job. It implies creating focusing on the object under study and constantly paying attention that everything that's not part of the variables under study, isn't spend them on.

Researcher has taken the assignment of doing research and writing this MscBA thesis too lightly. The source of this behaviour was created by the fact that he wrote a literature Msc thesis in the past. However, researcher found out that this time a much serious investigation was required. Finding the right framework was hard. The logic and consequent building of this thesis should have gone faster, if researcher had taken the time to study a couple of thesis examples, before he started working on his. Researcher experienced that it's extremely difficult to conduct a good, semi-structured interview. It's not so much asking questions, but asking the right questions and generating data required for and of value to the research question under study is something completely different.

Although researcher doesn't consider himself to be a poor English speaker, he noticed that the interviews conducted in his mother tongue generated more easily the required data. Also the fact that researcher was familiar with the terminology and concepts under study and some of his interviewees weren't, complicated the interviews. Detextualizing the collected data in a way that can be considered ' value-free' has researcher experienced as tough, if not impossible to achieve. Also maintaining alert and constantly asking the question whether researcher studied what he needed to investigate, also referred to as the validity, remained difficult.

Although Bryman et al also described some advantages of data gathering by conducting interviews via telephone, researcher noticed that it took him much more efforts to stay concentrated and focused on the conversation than in a face-to-face interview.

Also gaining access to certain interviewees, both at higher and middle level,

wasn't easy. In one case under study, potential bias risk existed as a result of a lack of interviewee's willingness to devote time to this task.

One of the most complicated aspects of writing this thesis was the value free reproduction of the gathered interview data. As an AXP employee I suspect this process was even more complicated because, prior to conducting the interviews, researcher had gained some knowledge on the cases and the literature under study. This might have blurred his impartiality.

Some colleagues might also have been more hesitant and some might have chosen not to share data with researcher because of his role within the organization. Having more or ' impartial' researchers would have improved the quality of the data.

Also the detextualizing of the collected data might have caused the loss of some aspects, which affects the value freeness.

7 Literature

Bass, B.M., Avolio, B.J., Transformational leadership and organizational culture, Public administrative quarterly, 1993, pp 112-121

Benner, M.J., Tushman, M.L., Exploitation, exploration and process management: the productivity dilemma revisited, Academy of Management Review, 2003, 28 (2), pp 238 – 256

Birkinshaw, J., Gibson, C., Building ambidexterity in an organization, Sloan Management Review, 2004, pp 47-55

Bryman A., Bell E., Business research methods, pp 40-41, 55, 63-65, 2007

Burgelman, R.A., Designs for corporate entrepreneurship in established firms, California Management Review, 1984, no 3, pp154-166

Burgers, J.H., Jansen, J.J., Van den Bosch, F.A.J., Volberda, H.W., Structural differentiation and corporate venturing; the moderating role of formal and informal integration mechanisms, Journal of Business Venturing, 2009, pp 206-207

Carrier, C., Raymond, L., Cyberentrepreneurship A multiple case study, International Journal of Entrepreneurial behaviour and research, 10 (5), 2004, pp 349-363

Chen, C.C., Chen, X-P., Meindl, J.R., How can cooperation be fostered? The cultural effects if individualism – collectivism, Academy of Management Review, 1998, 23 (2), pp 285-304

Collis, J., Hussey, R., Business research, a practical guide for undergraduate and postgraduate students, Palgrave, 2009, pp 82

Dess, G.G., Ireland, R.D., Zahra, S.A., Floyd, S.W., Janney, J.J., Lane, P.J., Emerging issues in corporate entrepreneurship, Journal of Management, 2003, pp 352- 357

Garvin, D.A., Levesque, L.C., Meeting the challenge of corporate entrepreneurship, Harvard Business Review 2006, pp 102-112

Garud R., Van de Ven H., An empirical evaluation of the internal corporate venturing process, Strategic Management Journal, (13) 1992, pp 93

Gibson, C.B., Birkinshaw, J., The Antecedents, Consequences, and Mediating Role of Organizational Ambidexterity, Academy of Management Journal, 47 (2), 2004, pp 209-226

Guth, W.D., Ginsberg, A., Guest editors' introduction: corporate entrepreneurship, Strategic Management Journal, 11, 1990, pp 5-15

Gupta, B., A comparative study of organizational strategy and culture across industry, Benchmarking: An International Journal, (18) 4, 2011, pp 510–528

Hitt, Ireland, Camp, Sexton, Strategic entrepreneurship; creating a new mindset, Blackwell publishing, 2002

Holt, D.T., Rutherford, M.W., Clohessy G.R., Corporate entrepreneurship: an Empirical look at individual characteristics, context and process, Journal of Leadership Studies, 2007, pp 41-51

Hornsby, J.S., Kuratko, D.F., Zahra, S.A., Middle managers' perception of the internal environment for corporate entrepreneurship: assessing a measuremen scale, Journal of Business Venturing, 17, 2002, pp 253-273

Ireland, R.D., Covin J.G., Kuratko D.F., Conceptualizing corporate entrepreneurship strategy, ET&P, January 2009, p 31

Ireland, R.D., Webb, J.W., Strategic entrepreneurship: creating competitive advantage through streams of innovation, Business Horizons, 2007, pp 49-51

Ireland, R.D., Kuratko D.F., Morris, M.H., A Health Audit for corporate entrepreneurship, Journal of business strategy, 2006, pp 10-17

Jansen, J.J., Vera, D., Crossan, M., Strategic leadership for exploration and exploitation: the moderating role of environmental dynamism, Elsevier, 2009, pp 5-6

Jansen, J.J., Corporate Entrepreneurship: sensing and seizing opportunities for a prosperous research agenda, Inaugural Lecture, April 14, 2011, pp 5 -45

Jankowicz, Business research projects, 2002, p 218

Judge, W.Q, Blocker, C.P., Organizational capacity for change and strategic ambidexterity, European Journal for Marketing, 2008, pp 915-916

Jung, D.I., Aviola, B.T., Effects of leadership style and followers' cultural orientation and performance in group and individual task conditions, The Academy of Management, 42 (2), 1999, pp 208-218

Karsten, L., Keulen, S., Kroeze, R., Peters, R., Leadership style and entrepreneurial change, the Centurion operation at Philips Electronics, Journal of organizational change management, 22 (1), 2009, pp 73-91

Kor, R., Wijnen, G., Weggeman, M., Meesterlijk organiseren, p 163, 2007

Kuratko, D.F., Audretsch, D.B., Strategic Entrepreneurship: Exploring different prespectives of an emerging concept, Entrepreneurship, Theory & Practice, 2009, (1), pp 1-17

Kuratko, D.F., Ireland, D., Covin, J.G., Antecedents, elements and consequences of corporate entrepreneur strategy, Journal of Management, 26, (6) 2003, pp 963

Kuratko, Ireland, Hornsby, Improving firm performance through entrepreneurial actions, Academy of management 15(4), 2001, pp 60-71

Lowe, K.B., Galen Kroeck, K., Sivasubramaniam, N., Effectiveness correlates of transformational and transactional leadership: a meta analytic review of the MLQ literature, Leadership quarterly, 7 (3), pp 385-425

March, J.J., Exploitation and exploration in organizational learning, Organizational science, 1991, pp 71-87

Miles, R.H., Accelerating corporate transformations, Harvard Business Review, 2010, 1, pp 69 - 75

Morris, M.H., Van Vuuren J., Cornwall J.R., Scheepers R., Properties of balance: a pendulum effect in corporate entrepreneurship, Elsevier 2009

O'Reilly, C.A., Tushman, M.L., The ambidextrous organization, HBR, April 2004, pp 74-81

O' Reilly, C.A. ,Tushman, M.L., Ambidexterity as a dynamic capability: Resolving the innovator's dilemma, 2008, p 186

Raisch, S., Birkinshaw, J., Probst, G., Tushman, M.L., Organizational Ambidexterity: balancing exploitation and exploration for sustained performance, Organizational science, July-August 2009, pp 685-695

Sarkees, M, Hulland, J., Innovation and efficiency: It is possible to have it all, Business Horizons, 52, 2009, pp 45 - 55

Schneider, S., Barsoux, J.L., Intercultural Management, July 2007, p xviii,

Smith, W.K., Tushman, M.L., Managing strategic contradictions: A top management model for managing innovation streams, Organization Science, 16, (5), 2005, pp 522-536

Tushman, M.L., O'Reilly, C.A., Ambidextrous organizations: Managing evolutionary and revolutionary change, California Management Review, 38 (4), 1996, pp 8-29

Tushman, M.L., The ambidextrous organization, Journal of Business Strategy, (7) 1997, pp 42-46

Vacarro I.G., Jansen, J.J., Van den Bosch, F. Volberda, H.W., Management Innovation and leadership: the moderating role of organizational size, Journal of management studies, 2008, pp 1-41

Van Tulder, R., Skill sheets, an integrated approach to research, study and management, Pearson education, 2007, pp 50, 51

Veenker, S., Van der Sijde, P., During, W., Nijhof, A., Organisational conditions for corporate entrepreneurship in Dutch organisations, Journal of Entrepreneurship, 17, (1), 2008, pp 49-58

Vera, D., Crossan, M, Leadership and organizational learning, Academy of Management, April 2004, pp 222-240

Volberda, H.W., De flexibele onderneming, Kluwer, 2004

Yang, L.R., Huang, C.F., Wu, K.S., The association among project manager's leadership style, teamwork and project success, International Journal of Project Management, 29, pp 258-267

Yukl, G., How leaders influence organizational effectiveness, The leadership quarterly 19, 2008, pp 708-722

Yukl, G., Leading organizational learning, The leadership quarterly 20, 2009, pp 49-53

Yukl, G., Why flexible and adaptive leadership is essential, Consulting psychology journal, 62 (2), 2010, pp 81-93

Zahra, S.A., Predictors and financial outcomes of corporate entrepreneurship: an exploratory study, Journal of Business Venturing, 6, pp 259 - 285

American Express, Right for the Times, Annual Report 2009, pp 6, 14

Memorandum Dan Schulman, American Express Announces Enterprise Growth Organization Structure, October 26, 2010, http://about.americanexpress.com/news/2010-10-26_ds_oa.aspx

Reuters, American Express announces reengineering plan to generate $800M cost benefit, http://www.reuter.com/article/2009/05/18/idUS201716+18-May-2009+BW20090518

8 Appendix I

Interviews