ORGANIZATIONAL AMBIDEXTERITY IN NONPROFIT ORGANIZATIONS: A DESCRIPTIVE CASE STUDY TO UNCOVER THE INNOVATIVE PRACTICES OF A NEW ENGLAND–BASED NONPROFIT ORGANIZATION AS PERCEIVED BY KEY ORGANIZATIONAL DECISION MAKERS

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Abstract

Many U.S. nonprofit organizations have faced financial hardships as a result of the recession that began in 2008. Reliant on charitable giving and government funding, these organizations have seen the poor economy impacting not only their bottom line, but also their ability to fulfill their missions. Organizational ambidexterity, the strategy of engaging in equal parts exploitation of their primary function and exploration of new opportunities, might be a solution for these firms as they look to achieve positive change and stabilization.

This qualitative study addressed one research question: What is the relative balance of exploration and exploitation practices as perceived by key decision makers of a self-proclaimed ambidextrous New England–based nonprofit organization? The strategy of inquiry was that of a single-case descriptive case study. The organization, a nonprofit behavioral health service firm in Rhode Island, was purposefully selected (Maxwell, 2005) as best equipped to answer the research question. The researcher conducted six semistructured interviews with key organizational decision makers at the study site who were able to discuss the organization’s ambidextrous tendencies and strategies. In addition, the researcher conducted nonparticipatory observations of the organization and reviewed a variety of company documents that further defined the firm’s ambidextrous practices.

Once analyzed, the data yielded insight into how the study site engaged in innovative practices and arrived at a relative balance of exploration and exploitation. A theme that quickly emerged illustrated that a culture of innovation permeated this organization and contributed to its explorative activities. Next, it became clear that the organization’s innovative activities were rooted in the company’s mission. The final theme emerged that the relative balance of exploration and exploitation practices at this nonprofit organization was dynamic and variable and fell far
short of balanced. Nevertheless, this balance worked for the organization, demonstrating that achieving some level of ambidexterity is better than not engaging in any exploration at all.

Nonprofits that focus solely on their mission risk stagnation and eventual demise, whereas those that explore new opportunities and the monetary gains associated with these innovations are better positioned to weather financial storms.

*Keywords:* nonprofit organization, nonprofit mission, organizational ambidexterity, exploration, exploitation, innovation, nonprofit sustainability
Dedication

I dedicate this dissertation, and my doctorate for that matter, to my family. Since I was young, my parents, Joan and the late Albert Vario, taught me the importance of hard work and a good education. Not college graduates themselves, they believed in me and encouraged me to go as far as I could—my father even suggesting a doctorate was within my grasp. It is because of their encouragement, support, and love that I am the man I am today. A son could not have asked for better parents, and I will always love them and be forever grateful for all they taught me and did for me. Further, one cannot work on a degree for 7 years and not have it affect the people he is closest to. Going slowly through the program helped minimize the impact, but there was impact nonetheless. Although I was there for every soccer game and ballet recital, my wife and children were patient, understanding, and always supportive. Words cannot express my deep gratitude and love for my wife, Laurie, son, Nick, and daughter, Briana, for their unwavering support through this entire process. . . . This degree is as much theirs as it is mine. Briana and Nick, never stop learning and never surrender your dreams!
Acknowledgments

When I started this journey 7 years ago, little did I know what an adventure it would become. Sure, earning a doctorate would not be easy, particularly for a middle-aged dad and husband with a full-time job, but of course it could be done. Now, numerous courses, countless papers, two residencies, and one dissertation later, it is just that . . . done. There was much more to it than that, of course, and this is my opportunity to acknowledge those who inspired me and helped spur me on through the long hours and many trials and tribulations I encountered along the way.

First, I am grateful to my committee who helped propel me to the very end. I would like to express my deep respect and appreciation to my adviser, Dr. Margaret Gorman, for her guidance, unending support, and flawless advice throughout the dissertation process. I simply could not have been matched with a better adviser—thank you! I would also like to thank my second reader, Dr. Elizabeth Mahler, whose patience, honest feedback, and critical eye challenged me and truly helped to improve my final product. I give special thanks to my third reader and external examiner, Dr. Robert L. Carl, for taking time to be part of my committee and defense. I am especially thankful to Dr. Carl for encouraging me to return to school and to pursue this degree. Not only is he an expert in the subject matter contained herein, but he has also been a mentor and friend.

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acknowledge Dr. James G. March, whose seminal work from 1991 titled “Exploration and Exploitation in Organizational Learning” was used as a lens to explore my topic. March is a scholar, a poet, and a philosopher, whose work spans numerous disciplines. A true renaissance man, James G. March has used some of the greatest works of literature known to man to help explore the topic of leadership, including Don Quixote, by Miguel Cervantes. As it is a favorite story of mine, it seems most appropriate to share one of my favorite quotes:

When life itself seems lunatic, who knows where madness lies? Perhaps to be too practical is madness. To surrender dreams—this may be madness. Too much sanity may be madness—and maddest of all: to see life as it is, and not as it should be! —Miguel de Cervantes Saavedra, Don Quixote de la Mancha
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CHAPTER 1:  
INTRODUCTION

A nonprofit organization can be described as an entity whose primary focus is the fulfillment of its organizational mission, as opposed to making a profit for its shareholders, as with for-profit organizations (Hansmann, 1980). While there are many types of nonprofits, they all typically rely on a combination of public monies and charitable donations to operate. Nonprofits fill a void when federal, state, or local programs fail to meet the needs of various groups or individuals and are often “one of the primary vehicles responsible for implementing and administering social and welfare programming” (Lam & McDougle, 2016, p. 501). Many nonprofit organizations provide a “critical social safety net that society has come to rely on for providing basic services” (Genis, 2008, p. 40). Created to serve a public good, many of these organizations operate today in an unstable environment that is rife with social and economic pressures and political uncertainty that is challenging their ability to carry out their missions (Lam & McDougle, 2016; Minkoff & Powell, 2006; Weerawardena, McDonald, & Sullivan-Mort, 2010). These problems have led to a destabilization of this sector, leaving many of these organizations in a state of crisis and disarray.

Of all the problems facing nonprofits today, perhaps none is greater than the financial instability they have experienced since the global economic downturn of the early 21st century. These headlines say it all: “Once robust charity sector hit with mergers, closings” (Banjo & Kalita, 2010), “Government giving nonprofits angst” (Lowrey, 2014), and “Charities still feel squeeze from recession as shrinking donations fail to meet demand” (Swarts, 2013). As with for-profit businesses, the not-for-profit sector was also hard hit, seeing its share of budget cuts, layoffs, limited income growth, and worst yet, closures due to poor financial performance
(Zietlow, 2010). With various levels of government forced to reduce their funding to many of these entities, the recession has also led to a dramatic decrease in public giving, further compounding their financial problems (Nonprofit Research Collaborative, 2011).

As if unsure what to do next, many nonprofit organizations continue to rely on old, inadequate funding streams and past successes, essentially failing to seek new and varied innovative opportunities that could sustain their organizations and help them thrive (Weerawardena et al., 2010). Those organizations without adequate financial means find themselves unable to explore new innovations to offset lost revenues and to help prepare for the future. However, this need not be the case, according to O’Reilly and Tushman (2004), who suggested that while it might not be easy, any organization can renew and reinvent itself without hindering its primary focus or business practices. In fact, many firms, both for-profit and nonprofit alike, have achieved a balance between exploiting their primary business function while also exploring new and innovative opportunities that could contribute to the organization’s long-term success.

Birkinshaw and Gibson (2004) stated that for an organization to be successful and to thrive for years to come, it needs to master both “adaptability and alignment—an attribute that is sometimes referred to as ambidexterity” (p. 47). This concept, now known as organizational ambidexterity, has received a great deal of attention in the for-profit business world. Organizational ambidexterity is essentially the ability of a company to exploit its current offerings while exploring new territory or business opportunities that could lead to improved competitive success, increased innovation, and enhanced organizational performance (Benner & Tushman, 2015; March, 1991; Tushman & O’Reilly, 1996). Numerous empirical studies have found a strong relationship between organizational ambidexterity and organizational success and
sustainability (Benner & Tushman, 2002; Gibson & Birkinshaw, 2004; He & Wong, 2004). However, to date, there remains only a small pool of empirical research on organizational ambidexterity in nonprofit organizations, begging the question as to whether this strategy could be applied to the nonprofit sector and possibly help return prosperity to this struggling industry.

Statement of the Problem

It is easy for nonprofit organizations to blend into the background of a community and go virtually unnoticed. Yet, nonprofits are critical in meeting a multitude of needs of countless Americans. From hospitals and churches to colleges and soup kitchens, nonprofits are numerous and diverse in their purpose and missions. Similarly, they come in all shapes and sizes, with operating budgets that range from a shoestring into the millions of dollars. From children to seniors and from veterans to the homeless, many Americans rely on the services and supports offered by these organizations. According to Teixeira-Moffat (2001), nonprofit organizations assist a diverse population of clients, who are of every age and have a broad range of issues. The nonprofit’s focus, or mission, is typically not a profit-making endeavor, which is why the same services are often not pursued or offered by for-profit businesses (Gordon, Fischer, Greenlee, & Keating, 2013; Hansmann, 1980). Since they are unable to rely on profit and lack the taxing authority of the government or public sector (Hansmann, 1980), nonprofits employ a unique operational model and depend on multiple funders and/or donors for the resources needed to deliver services to their constituents (Weerawardena et al., 2010). However, should these organizations continue to struggle financially, or worse yet go out of business, the individuals who rely on their offerings will have fewer and fewer options to meet their needs.

In addition to service provision, the nonprofit sector represents a significant and highly diverse piece of the U.S. economy. Should nonprofits continue to struggle and further
destabilize, there could be a significant loss of jobs, as well as a reduction to the U.S. gross domestic product (GDP). According to the National Center for Charitable Statistics (2011), the nonprofit share of the GDP was 5.5% in 2010. Further, there were 1,574,674 nonprofit organizations registered in the United States that same year, and these organizations accounted for 9% of all salaries and wages paid to workers in this country. In addition, these nonprofits reported $1.41 trillion in total revenues, $1.40 trillion in total expenses, and $2.56 trillion in total assets (National Center for Charitable Statistics, 2011). Finally, it is estimated that over the next two decades, “charitable bequests conservatively estimated at $6 trillion will flow to the nonprofit sector, as wealth is transferred from the baby-boom generation to their heirs” (Bridgespan Group, 2006, p. 7). One can glean from these statistics the importance of a strong and sustainable nonprofit sector for the country’s economy.

Nonprofit organizations typically rely on a combination of revenue sources to operate, including government grants and contracts, fees for services offered, individual donations from the public, private foundations, and corporate giving (Howard, 2013). However, poor financial conditions, including the severe recession towards the end of the last decade, have had a detrimental impact on giving as well as funding for these organizations. According to Howard (2013), the demand for the services of many nonprofits has increased at the same time that funding has declined, pressuring many nonprofit organizations to “provide more services with fewer resources—prompting both renewed and newfound attention to nonprofit revenue generating strategies and the need for organizational self-sufficiency” (Howard, 2013, p. 3). The need for nonprofits to do more with less is a problem that will surely challenge each organization’s sustainability. To remain true to their respective missions and their clientele, nonprofits must take matters into their own hands by adopting a greater entrepreneurial posture.
(Weerawardena & Sullivan-Mort, 2001) and new innovative practices (Jaskyte, 2004) if they hope to survive.

According to O’Reilly and Tushman (2008), “Being large and successful at one point in time is no guarantee of continued survival” (p. 4). The downsizing or, worse yet, the closure of these organizations will have an adverse effect on individuals who rely on nonprofits for a myriad of services and supports. Further, as has already been touched upon, additional destabilization of the nonprofit industry could lead to a detrimental impact on the U.S. economy. The problems that have faced nonprofits these past years, particularly the recession, have reaffirmed the importance of adaptability—“the ability to move quickly toward new opportunities, to adjust to volatile markets and to avoid complacency” (Birkinshaw & Gibson, 2004, p. 47). Levinthal and March (1993) posited that long-term survival and success depend on an organization’s ability to “engage in enough exploitation to ensure the organization’s current viability and to engage in enough exploration to ensure future viability” (p. 105). For the purpose of this research, exploration is defined as innovation, experimentation, radical change, and creation of new products, processes, and services (March, 1991; O’Reilly & Tushman, 2008), while exploitation is defined as efficiency, control, execution, certainty, and variance reduction (March, 1991; O’Reilly & Tushman, 2008). Therefore, determining the relative balance of exploration and exploitation for nonprofit firms could prove beneficial in achieving organizational success and long-term sustainability.

**Purpose Statement**

Although a wealth of studies have examined organizational ambidexterity in the for-profit world, few to date have sought a nexus between organizational ambidexterity and nonprofit organizations, and even fewer have provided specific examples of ambidextrous
activities that can be utilized by nonprofits to achieve competitive success and organizational sustainability (March, 1991; Tushman & O’Reilly, 1996). With that in mind, the concept of organizational ambidexterity that promotes the balance of exploitation and exploration could be significant in returning stability to the nonprofit industry. The research problem that was studied was whether organizational ambidexterity is a possible strategy to heighten nonprofit success and performance, to help bring growth and prosperity back to the sector. More specifically, this doctoral thesis examined specific innovative activities used by a financially successful nonprofit organization that can potentially be utilized by struggling nonprofits to enhance their organizational success. By achieving a balance of exploration and exploitation, nonprofits might be able to continue to provide their mission-based objectives while possibly finding new opportunities that could potentially increase their innovation and stabilize their financial position. Therefore, the purpose of this doctoral thesis was to uncover the innovative practices of a New England–based nonprofit organization as perceived by key organizational decision makers.

**Research Question**

For some nonprofits to survive difficult financial times, it might prove beneficial to break the forces of complacency and inertia caused by only exploiting their current offerings and instead seek out fresh, new opportunities and funding streams that could prove lucrative. This balance between exploitative and explorative practices known as organizational ambidexterity could bring financial stability to the nonprofit sector, yet there is little research to apply this concept to this industry. With this in mind, this doctoral thesis addressed the following research question:
What is the relative balance of exploration and exploitation practices as perceived by key decision makers of a self-proclaimed ambidextrous New England–based nonprofit organization?

**Theoretical Framework**

Over the past 25 years, the topic of organizational ambidexterity has generated a great deal of interest in the area of organizational study. During this time period, there has been an explosion of research on the topic, including countless empirical studies, theory papers, special issues of journals devoted to the topic, a variety of review articles, and a tremendous number of symposia at professional meetings and conferences (O’Reilly & Tushman, 2013). As a result, organizational ambidexterity remains a significant research paradigm in organizational theory (Raisch & Birkinshaw, 2008), but as interest has increased and the theory has morphed, there has also been an increased lack of consistency in theory building and testing, as substantive meanings of the construct have varied across studies (Simsek, Heavey, Veiga, & Souder, 2009). Despite this, however, according to O’Reilly and Tushman (2013), “the overall conclusion appears clear: In uncertain environments, organizational ambidexterity appears to be positively associated with increased firm innovation, better financial performance, and higher survival rates” (p. 7). With this in mind, the theoretical framework used for the study was organizational ambidexterity as conceptualized by James G. March (1991) in his seminal work, *Exploration and Exploitation in Organizational Learning* (see Figure 1.1).
According to March (1991), a rudimentary problem that confronts an organization is its ability to achieve a relative and sufficient balance of exploitation to ensure its current viability while simultaneously devoting enough resources and energy to exploration to ensure its future sustainability. March suggested that organizations that engage in exploration but too little exploitation suffer the costs of experimentation without achieving any benefit, including too many undeveloped new ideas and too little distinctive competence. Conversely, organizations that engage in exploitation but too little exploration are likely to find themselves “trapped in suboptimal stable equilibria” (March, 1991, p. 71). Accordingly, organizations that maintain an appropriate balance between exploration and exploitation are better positioned to achieve “survival and prosperity” (March, 1991, p. 71) than those that fail to maintain this balance.

In his research on exploration and exploitation, March (1991) suggested “the fundamental distinction between two gestalts of organizational behavior” (Lavie, Stettner, & Tushman, 2010,
According to March (1991), both exploration and exploitation are necessary for organizational learning, but each must be managed to achieve an appropriate balance (March, 1991; Tushman & O’Reilly, 1996). However, Simsek et al. (2009) posited that because exploitation and exploration “compete for scarce resources and attention, sustaining an optimal mix of exploitation and exploration is enormously challenging, and involves some potential tradeoffs” (p. 867). Exploration and exploitation should be viewed as two very different organizational activities that must be pursued fully and concurrently to attain competitive advantage and long-term survival (March, 1991; Simsek et al., 2009). By attempting to become ambidextrous by equally and simultaneously engaging in both activities, “firms benefit by evading the disadvantages associated with becoming overly focused on either” (Simsek et al., 2009, p. 867).

The development of repeatable, routinized processes (Adler et al., 2009) promotes the efficient use of resources, but organizations must also resist the continual threat of becoming too entrenched in a particular service or activity (Madden, 2012). This delicate balancing act has proven difficult, if not impossible, for many organizations to sustain (Adler et al., 2009; Benner & Tushman, 2002). Nonprofits, in particular, tend to focus on their central mission and purpose, which defines “the scope of their programs, products, and services and makes growth through unrelated diversification or exploration unlikely” (Madden, 2012, p. 4). Further, according to Howard (2013), “While the potential for benefits exist, clear tensions play out between the values undergirding nonprofit organizations—mission-driven public service, voluntarism, accessibility, collaboration, inclusiveness, and so forth—and the values of a private marketplace driven by profit, efficiency, and competition” (p. 5). What results within many nonprofit organizations is a tension between “mission and market” or mission and profit margin “that
impacts all segments of the nonprofit sector” (Howard, 2013, p. 5). As a result, many nonprofits lean more heavily towards exploitative practices, failing to achieve ambidexterity and the subsequent rewards it would bring.

Research in the area of organizational ambidexterity as it relates to organizational learning and change has enjoyed a substantial and rich history, as it has attempted to understand the intricacies that lead to changes in organizational knowledge and subsequent changes in organizational behavior (Lavie et al., 2010). Research in the realm of organizational learning and change has long argued that organizations capable of pursuing exploration and exploitation simultaneously obtain superior performance and enhance their long-term sustainability (Jansen, 2005). Likewise, the literature suggests that successful organizations are ambidextrous—aligned and efficient in managing today’s demands, while also being adaptable to changes in the environment (Duncan, 1976; Gibson & Birkinshaw, 2004; Jansen, 2005; Tushman & O’Reilly, 1996). As many nonprofits fail to achieve a balance between exploration and exploitation or, worse yet, fail to engage in exploration at all, James March’s (1991) theory of organizational ambidexterity will no doubt serve as a valuable lens to examine if this concept can contribute to the organizational success and long-term sustainability of mission-based nonprofit organizations.

**Overview of Research Method**

The strategy of inquiry utilized by this researcher was that of a single-case descriptive case study. The study focused on a financially successful New England–based nonprofit that can be classified as ambidextrous; that is, it is exploitative in fulfilling its mission, yet engages in explorative activities to ensure its future success. To find such an organization, this researcher purposefully selected (Maxwell, 2005) an organization that self-identified as innovative and ambidextrous and was best equipped to answer the research question. To that end, this researcher
conducted six semistructured interviews with key organizational decision makers who were able to discuss in detail the organization’s ambidextrous tendencies and strategies. In addition, the researcher conducted nonparticipatory observations of the organization studied, as well as reviewed a variety of company documents that further supported and defined the firm’s ambidextrous practices.

It is this researcher’s belief that sharing information on the lessons and successes of an ambidextrous nonprofit, obtained from data gathered through interviews, observations, and organizational documents, can be of significant value to other organizations. A case study seemed to be well tailored to the study objectives, with a focus on a present-day phenomenon within a real-world context (Yin, 2014). The strength of case study research is its ability to delve into and bring understanding to complex issues, and it can extend experience or add strength to what is already known through previous research (Soy, 1997). Also, the case study is one of the most frequently used qualitative designs and is considered to be both dependable and defensible (Yazan, 2015). Thus, case study was considered a strong, viable methodology and an appropriate design capable of producing “rich and significant insights” (Brown, 2008, p. 9).

**Significance of the Research Problem**

Nonprofit organizations across the country seem to be in the midst of a perfect storm. High-profile scandals at some of these organizations have negatively impacted public trust and have illustrated the need for greater nonprofit accountability (Geer, Maher, & Cole, 2008). Also, many nonprofits have seen a decrease in operating standards and performance, which has negatively impacted organizational outcomes and culture (Jaskyte, 2004). Moreover, many current baby-boomer leaders of these organizations are retiring in droves, leaving an apparent lack of qualified leaders to run these organizations (Bridgespan Group, 2006). Finally, and
perhaps most significant, the recent recession has created a reduction in private and public funding, and charitable giving has also been on the decline (Nonprofit Research Collaborative, 2011), placing many nonprofits on the brink of financial ruin. As a result of these problems, the sector has been destabilized, leaving many of these organizations with uncertain futures. Prentice (2016) opined, “Ever-changing social, political, and economic forces affect the nonprofit sector, and a strong financial position is required to adapt to these forces” (p 889). According to Green (2004), “It will no longer be enough to update the mission, develop new programs, or improve problem-solving skills. Nonprofit success now depends on an organization’s ability to respond to real change with new thinking, new structures, new management, and new linkages to resources” (p. 19).

Fluctuations in the economy, such as the recent recession, have impacted the government’s ability to fund nonprofits as it did prior to the economic downturn (Howard, 2013). Further, according to McKeever and Pettijohn (2014), although charitable giving has risen since the height of the recession, giving is still lower than prerecession levels when adjusted for inflation. Also, as the demand for nonprofit services has increased with the struggling economy, the nonprofit sector has been pressured to provide more services with fewer resources, “prompting both renewed and newfound attention to nonprofit revenue generating strategies and the need for organizational self-sufficiency” (Howard, 2013, p. 3). In this vein, Pfeffer and Salancik (2003) argued that nonprofit organizational survival is dependent on the sector’s ability to acquire and maintain resources; nonprofits can only persist if they can maintain an incoming flow of resources and secure the dependence of other organizations on them. However, for those organizations that are unable to achieve organizational sustainability, their futures look bleak and eventual closure is inevitable. In the United States, nonprofit organizations cannot be forced into
bankruptcy, and rarely do they merge or affiliate with another nonprofit; in most scenarios, insolvent nonprofit organizations simply cease to exist (Hager, 2001; Gordon et al., 2013).

Unfortunately, many nonprofits, like many for-profit companies, find themselves unable or even unwilling to find the balance that March (1991) described. It is believed that some organizations fail because of their inability or unwillingness to learn to adapt to shifting environmental contexts, while others simply fall into a state of complacency and inertia (O’Reilly & Tushman, 2008; Taródy, 2016). This inability for nonprofits to change and adapt might be related to their mission-based management and focus on the here and now (Madden, 2012). In fact, many fall into what O’Reilly and Tushman (2008) referred to as “organizational ecology” (p. 2), where they essentially move through a life cycle, eventually growing inert and failing. Yet, research has shown that organizations that achieve a balance between exploration and exploitation initiatives are more successful than those that do not (Gibson & Birkinshaw, 2004; He & Wong, 2004).

Some nonprofits are household names, and their significance is obvious: The American Red Cross, The Salvation Army, The American Cancer Society, St. Jude’s Children’s Hospital, Make-A-Wish Foundation, and The Alzheimer’s Association. Others are small, local, and usually unknown outside of their geographic location, such as nursing homes, mental health centers, halfway houses, various clinics, and daycare centers. Regardless of size and budget, all have some things in common—staff to pay, an infrastructure to maintain, and a mission to fulfill. However, when economic storms like the recession of 2008 strike, nonprofits are particularly hard hit. According to the Nonprofit Finance Fund (Francis & Talansky, 2012), as a result of the tumultuous economy at the close of the last decade, increasing numbers of Americans have suffered serious financial woes. As unemployment rose, so did the number of people living in
poverty and the need for social services. At the same time, credit became harder to obtain, stocks and bonds began to fall, and funding began to decline, especially from government sources (Francis & Talansky, 2012; Keating, Fischer, Gordon, & Greenlee, 2005). Although the economy has improved, “these organizations, which always run lean, are now stretched even further and in danger of reducing services or even closing their doors” (Francis & Talansky, 2012, p. 2). Clearly, there is a great deal at stake, and the nonprofit sector must change and adapt to this new financial climate if it hopes to rebound. The study described herein demonstrates that nonprofits that achieve a relative balance of exploration and exploitation will be better positioned to rebound and survive than those that fail to attain a successful mixture of both exploitative and explorative activities.

Limitations

This study had some limitations and delimitations that are of note. In terms of limitations, the single-case study poses an inherent problem in that it is difficult to generalize the findings from this research to all nonprofits. Similarly, as the organization studied was based in New England, it is also difficult to generalize the findings to nonprofits that are geographically outside of New England. However, in terms of delimitations, using the technique that Maxwell (2005) referred to as purposeful selection or purposeful sampling, this researcher deliberately chose a case that provided meaningful data to help answer the research question. The assumptions and limitations/delimitations described here might prove beneficial in steering future research in the area of organizational ambidexterity and the nonprofit sector.
Assumptions

The “world view” (Creswell, 2007) used to frame this research was derived from a constructivist-interpretivist paradigm. The constructivist-interpretivist research paradigm accentuates research methods that are “flexible, context sensitive, and largely concerned with understanding complex issues” (Carcary, 2009, p. 11). In contrast to a positivist paradigm, constructivism-interpretivism subscribes to a relativist position that assumes multiple and equally valid realities (Schwandt, 1994). Constructivism-interpretivism recognizes “the difficulty in making research value-free and objective. In terms of this view, a single objective reality does not exist” (Carcary, 2009, p. 12). Carcary (2009) further posited, “Unlike the positivist stance, physical-law-like generalizations are not the end product. Rather understanding through detailed descriptions is sought by answering questions such as ‘what?’, ‘why?’ and ‘how?’” (p. 12). The constructivist-interpretivist paradigm supports a hermeneutical approach that suggests that deeper meaning lies below the surface, but can be ascertained through a process of deep reflection (Schwandt, 2000). According to Ponterotto (2005), “This reflection can be stimulated by the interactive researcher-participant dialogue. . . . Only through this interaction can deeper meaning be uncovered” (p. 129). To answer the study’s research question, the interaction between researcher and participant was critical. A constructivist-interpretivist paradigm allowed for exploration and interpretation of the phenomenon of organizational ambidexterity in nonprofit organizations in a flexible and interactive way that was well suited for this endeavor.

According to Creswell (2007), there are a number of philosophical assumptions that are germane to qualitative research that include axiology, epistemology, methodology, ontology, and rhetoric. While each applies to the qualitative study described herein, perhaps most significant is axiology. Axiology, according to Creswell (2007), has to do with the role of values related to the
research. Accordingly, and of the greatest significance to this research, is the fact that the researcher has been employed in leadership positions within the nonprofit sector for many years. The following positionality statement is offered to disclose the researcher’s potential bias.

**Positionality Statement**

The subject matter contained in this research paper is of great concern to me, since I have worked in the nonprofit sector my entire career and have a vested interest in its success and viability. Over the span of 30 years, I have worked in a variety of capacities, from entry-level jobs up to and including senior-level leadership positions, and I continue to work in this industry to this day. Throughout the years, I have observed a number of events that have had a detrimental impact on the nonprofit sector, the most recent being the recession of 2008, which had a crippling effect on many nonprofit organizations. Unfortunately, more than once, I have seen firsthand the fallout from these events, including the very problems described within the pages of this thesis: drastic budget cuts, staff furloughs, pay cuts, layoffs, reductions in services, takeovers, and program closures. These dire outcomes are challenging, not only for the employees of the organizations involved, but also for the recipients of services, resulting in a drop-off in client satisfaction as well as decreased organizational outcomes. Yet, some nonprofits weather these financial storms much better than others, without all the pain and tribulation, and I am intrigued by the reason for this. It is also noteworthy that I lost my job of 24 years at a nonprofit, when the position was eliminated due to financial problems experienced by the employer. This is of consequence, as I could have exhibited some bias when conducting the interviews or when analyzing the data. While I believe bias was minimal and did not pose a problem, it was a possibility.
The nonprofit sector has been very good to me, both as a rewarding career and as a source of income, but also as a consumer of some of the services this sector provides. I believe in what the nonprofit industry stands for and offers to our communities, but I am disheartened when organizations are forced to scale back or close. Laying off employees and closing programs to individuals in need are painful and have left an indelible impression on me. Although the economy continues to improve, many nonprofits have failed to see a return to prosperity and success at prerecession levels. It seems obvious that these organizations should reduce their dependence on government funding and charitable giving by exploring new and varied opportunities to become more self-sufficient—raising the question of whether organizational ambidexterity in the nonprofit sector is an answer. It is my hope that the research presented herein will yield some answers about what nonprofits might be able to do to take control of their own destinies and ensure their success and long-term viability.

**Key Terms and Definitions**

*Nonprofit organization.* An entity whose primary focus is the fulfillment of its organizational mission, as opposed to making a profit for its shareholders, as with for-profit organizations (Hansmann, 1980).

*Nonprofit mission.* The nonprofit’s driving force and purpose—the primary reason it exists. According to Minkoff and Powell (2006), the organizational mission “is a clarion call for nonprofit organizations. The goals or agendas attached to a mission serve to rally, engage, and enroll workers, volunteers and donors” (p. 591). The authors further posited that a nonprofit’s organizational mission serves as a guideline “for how to go about the business of contributing to the public good, arguably the primary principle that motivates the nonprofit enterprise” (p. 591).
Organizational ambidexterity. The ability of organizations to balance their focus between exploitation and exploration, two fundamentally different learning activities (March, 1991).

Exploration. Knowledge for search, novelty, experimentation, innovation, radical change, and creation of new products, processes, and services (March, 1991; O’Reilly & Tushman, 2008).


Innovation. The processes of identifying and employing ideas, tools, and opportunities to help create new or enhanced products or services (Subramaniam & Youndt, 2005).

Nonprofit sustainability. The organization’s ability to survive so that it is able to fulfill its mission and obligation. According to Weerawardena et al. (2010), nonprofit sustainability means “that the organization will be able to fulfill its commitments to its clients, its patrons, and the community in which it operates. These stakeholder groups depend on the nonprofit to service a need and to deliver on the promise of its mission. Sustainability in this context means stakeholders can place their trust in that commitment” (p. 347).
CHAPTER 2:
LITERATURE REVIEW

This chapter reviews the most relevant and recent literature related to the research topic. The purpose of this review is to put into context the existing research related to this study in order to support and justify the focus of this study. Specifically, this review is structured to provide the reader with a view of the recent work focusing on organizational ambidexterity, both as a theoretical framework and as a construct closely identified with firm performance and sustainability. The topic of organizational ambidexterity has exploded over the past 25 years, taking on many shapes and forms since its earliest incarnations. For the purposes of this work, the broad topic of organizational ambidexterity is purposefully narrowed and focuses primarily on the practices of exploration and exploitation as conceptualized by March (1991), one of the foremost theorists of this concept. A comprehensive review of the scholarly literature was undertaken in an attempt to present the breadth of literature that exists related to the topic of organizational ambidexterity. This assessment includes a thorough review of all relevant research, an analysis of the strengths and limitations of the construct, as well as an overview of the key arguments related to the topic.

To further illustrate the current research and its link to this study, this chapter initially discusses the definition and evolution of organizational ambidexterity since its inception. The chapter continues by discussing organizational ambidexterity in the context of organizational learning and ways that organizations can become ambidextrous. The focus then turns to the application of the concept in for-profit organizations, as there is a great deal of research that links organizational ambidexterity to the improved performance and sustainability of these firms. Following that, the chapter presents some recent, albeit limited, research that applies the concept
of organizational ambidexterity to nonprofit organizations. While there is limited research in this area, interest in this subject appears to be increasing. This chapter concludes by addressing the weaknesses and limitations of the theory of organizational ambidexterity and the context for the current research, offering the reader critical information about the importance of the current study.

**Organizational Ambidexterity**

A key understanding from the study of organizations is that “different organizational forms are associated with different strategies and environmental conditions” (O’Reilly & Tushman, 2013, p. 324). Burns and Stalker (1961) suggested that firms operating in reasonably stable environments are often highly structured with clear hierarchical relations, well-defined roles, and clearly defined tasks, but firms operating in more turbulent environments frequently lack these defined roles and tasks, are less highly structured, and tend to be less reliant on formalization. Building on this understanding, studies in the area of organizational adaptation have argued that to succeed over time and in the face of environmental and technological change, firms may need to change their structural alignments (e.g., O’Reilly & Tushman, 2013; Schumpeter, 1934; Taródy, 2016; Tushman & O’Reilly, 2002). This somewhat paradoxical or bipolar description (Thompson, 1967) of how an organization learns and adapts to its environment is the precursor to what later became known as organizational ambidexterity.

The term *ambidexterity* was first used in relation to organizations by Robert Duncan (1976), who described a balance that organizations needed to achieve to be successful. Duncan suggested that an organization had to be “strategically responsive in making major changes while at the same time it must be concerned with carrying out its activities in the most efficient manner” (1976, p. 172). Tushman and Romanelli (1985) offered that organizations change and
evolve through a process of punctuated equilibrium; that is, they adapt to environmental shifts by realigning their structures and processes through a sequential process. However, it was James March’s seminal work in 1991 titled *Exploration and Exploitation in Organizational Learning* that truly launched the multidimensional concept of organizational ambidexterity. In March’s (1991) view of the construct, exploration and exploitation are on opposite ends of a spectrum, with an optimal state of ambidexterity falling between the two. While March (1991) endorsed an approach that emerges out of organizational learning and pursues a balance of both activities, he also acknowledged that exploration and exploitation compete for scarce resources and that sustaining an optimal mix of these activities is extremely challenging and involves a variety of trade-offs (Simsek et al., 2009).

As time passed, new ambidexterity research continued to espouse the exploitation-exploration trade-off as a starting point, but began to suggest that ambidexterity could potentially be attained by other means. Tushman and O’Reilly (1996) suggested that the organizational design in which the combination of exploitation and exploration could be best managed was the ambidextrous organization. According to Lund Stetler (2015), “The ambidextrous organization separates its exploratory and exploitative units while keeping a tight link between the two on the senior management level” (p. 7). These researchers considered exploration and exploitation as two distinct organizational activities that should be pursued fully and concurrently to attain competitive advantage and long-term survival (Simsek et al., 2009) (see Table 2.1). When organizations engage equally in both practices, they will “benefit by evading the disadvantages associated with becoming overly focused on either. Thus, ambidexterity is not simply achieving the same levels of exploration and exploitation but rather maximizing the attainment of both” (Simsek et al., 2009, p. 867).
Table 2.1

*Balancing Innovation via Exploration and Exploitation*

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Exploration</th>
<th>Exploitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation type</td>
<td>Radical innovation</td>
<td>Incremental innovation</td>
</tr>
<tr>
<td>Risk profile</td>
<td>High uncertainty</td>
<td>Low to medium uncertainty</td>
</tr>
<tr>
<td>Horizon</td>
<td>Mid- to long-term</td>
<td>Short- to mid-term</td>
</tr>
<tr>
<td>Innovation target/strategic focus</td>
<td>Processes, products, services with unprecedented performance features; new business models</td>
<td>Cost or feature improvements in existing products, services, processes, marketing; optimization of existing business models</td>
</tr>
<tr>
<td>Strategic goals</td>
<td>Create a dramatic change that transforms existing markets/industries or creates new ones</td>
<td>Improve competitiveness within current markets or industries</td>
</tr>
<tr>
<td>Activity specification</td>
<td>Tasks are broadly defined and have low specialization</td>
<td>Tasks are strictly defined, highly specialized</td>
</tr>
<tr>
<td>Culture</td>
<td>Open, externally oriented; risk taking; agility, speed, flexibility, experimentation; intensive collaboration and teamwork</td>
<td>Determined by existing procedures and organizational setup; controllability as a key determinant</td>
</tr>
<tr>
<td>Structure</td>
<td>Decentralized/networked; low level of hierarchy, formalization; horizontal communication</td>
<td>Centralized; high level of hierarchy, formalization; vertical communication</td>
</tr>
<tr>
<td>Performance criteria and reward system</td>
<td>Success of the radical innovation/the unit; reward systems are designed to support teamwork/to discourage individual behavior; focus on learning</td>
<td>Performance is measured separately for certain units and tasks; reward systems reward individual performance; focus on financial measures</td>
</tr>
</tbody>
</table>

*Note.* Reprinted from Mattes and Ohr (2013) with permission from InnovationManagement.se.

As interest in the theory of organizational ambidexterity has grown, the concept has continued to evolve. From Duncan’s (1976) theory that exploitation and exploration should happen sequentially, to Tushman and O’Reilly’s (1996) theory that it was more efficient to explore and exploit simultaneously, Gibson and Birkinshaw (2004) suggested that exploration and exploitation could occur at the individual level and contextually within the organization.
Gibson and Birkinshaw posited that organizations could be ambidextrous by allowing individuals to decide how to divide their time between exploratory and exploitative functions. According to Gibson and Birkinshaw (2004), contextual ambidexterity is achieved by “building a set of processes or systems that enable and encourage individuals to make their own judgments about how to divide their time between conflicting demands for alignment and adaptability” (p. 201). Table 2.2 draws distinctions between structural and contextual ambidexterity.

Table 2.2  
**Structural vs. Contextual Ambidexterity**

<table>
<thead>
<tr>
<th>How is ambidexterity achieved?</th>
<th>Structural ambidexterity</th>
<th>Contextual ambidexterity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alignment-focused and adaptability focused activities occur in separate units or teams</td>
<td>Individual employees divide their time between alignment-focused and adaptability-focused activities</td>
<td></td>
</tr>
<tr>
<td>Where are decisions made about alignment and adaptability?</td>
<td>At the top of the organization</td>
<td>On the frontline</td>
</tr>
<tr>
<td>What is the role of top managers?</td>
<td>They define the structure; make trade-offs between alignment and adaptability</td>
<td>They develop the organizational context in which individuals act</td>
</tr>
<tr>
<td>What is the nature of roles?</td>
<td>Clearly defined</td>
<td>Relatively flexible</td>
</tr>
<tr>
<td>What are the skills needed by employees?</td>
<td>More specialists</td>
<td>More generalists</td>
</tr>
</tbody>
</table>

*Note. Reprinted from Gibson and Birkinshaw (2004, p. 50) with permission from *MIT Sloan Management Review.*

What eventually became the third school of thought on organizational ambidexterity differs slightly from sequential and structural ambidexterity, in that the emphasis is on individuals as opposed to the firm and ambidexterity is achieved when individuals agree that their unit is “aligned and adaptable” (O’Reilly & Tushman, 2013, p. 329). Although there is debate with regards to which form of organizational ambidexterity produces the best results (Almahendra & Ambos, 2015), new variations on the topic continue to emerge (see Figure 2.1).
One recent study examined an integrated approach, investigating “whether an ambidextrous organization for innovation can be represented in a more integrated way as a second-order construct reflected by both contextual and structural approaches” (Agostini, Nosella, & Filippini, 2016, p. 139). Findings from this study suggested that “contextual and structural approaches as components of a higher-order construct of ambidextrous organization help achieve a high level of innovation ambidexterity” (p. 139).

Figure 2.1. Integrated, second-order factor model of organizational ambidexterity. Reprinted from Agostini, Nosella, and Filippini (2016, p. 132) with permission from Wiley.

Despite the differences between the various models and philosophies regarding organizational ambidexterity, the overarching theme with regards to exploration and exploitation is quite similar, and as Chen and Katila (2008) suggested, “Exploration and exploitation need not always be competing activities, but can and should be complementary” (p. 208). Table 2.3 provides selected definitions of organizational ambidexterity.
<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>March, 1991</td>
<td>“Maintaining an appropriate balance between exploration and exploitation is a primary factor in system survival and prosperity” (p. 71).</td>
</tr>
<tr>
<td>Tushman &amp; O’Reilly, 1996</td>
<td>“The ability to simultaneously pursue both incremental and discontinuous innovation” (p. 24).</td>
</tr>
<tr>
<td>Gibson &amp; Birkinshaw, 2004</td>
<td>“For a company to succeed over the long-term, it needs to master both adaptability and alignment—an attribute that is sometimes referred to as ambidexterity” (p. 47).</td>
</tr>
<tr>
<td>He &amp; Wong, 2004</td>
<td>“The need for firms to achieve a balance between exploration and exploitation innovation strategies” (p. 481).</td>
</tr>
<tr>
<td>Holmqvist, 2004</td>
<td>“Ambidexterity may be one strategy through which certain organizations can manage exploitation and exploration. However, this strategy does not address the fundamental problem for all organizations of balancing exploitation and exploration; rather it proposes how these forces coexist. . . . ‘Coexistence’ does not mean that the two processes of exploitation and exploration have similar importance, while ‘balancing’ does” (p. 277).</td>
</tr>
<tr>
<td>Atuahene-Gima, 2005</td>
<td>“Ambidexterity is an organization’s context to achieve alignment and adaptability simultaneously within the organization learning processes” (p. 1720).</td>
</tr>
<tr>
<td>Gupta, Smith, &amp; Shalley, 2006</td>
<td>“Ambidexterity refers to the synchronous pursuit of both exploration and exploitation via loosely coupled and differentiated subunits or individuals, each of which specializes in either exploration or exploitation” (p. 693).</td>
</tr>
</tbody>
</table>
The popularity of organizational ambidexterity remains strong and continues to draw considerable interest from researchers studying such phenomena as “organizational learning, knowledge management, innovation, organizational design, and strategic alliances” (Lavie et al., 2010, p. 109). Since its inception, there have been multiple definitions and measures for organizational ambidexterity, and the concept has yielded more research than can possibly be covered in this thesis; however, the reader can refer to more comprehensive reviews on the topic (e.g., Birkinshaw & Gupta, 2013; Junni, Sarala, Tarvas, & Tarba, 2013; O’Reilly & Tushman, 2013; Raisch & Birkinshaw, 2008; Simsek et al., 2009; Taródy, 2016).

Organizational ambidexterity has no doubt been a popular concept in the realm of organizational studies, but March’s (1991) framework remains in the forefront, now registering more than 17,000 citations on Google Scholar. However, March’s own broad definitions of exploration and exploitation have, in part, contributed to some inconsistencies within the literature and have subsequently “generated debates concerning the definition of exploration and exploitation, and their measurement, antecedents, and consequences” (Lavie et al., 2009, p. 109). As a result, some scholars (Lavie et al., 2009; O’Reilly & Tushman, 2013) have argued for a return to March’s original definitions of the construct, in an attempt to achieve consistency of the framework and to avoid further loss of meaning. For this reason, the concept of organizational ambidexterity and the practices of exploration and exploitation shall be purposefully narrowed down to the framework that James March (1991) conceptualized.

**Organizational Ambidexterity and Organizational Learning**

James March (1991) originally presented ambidexterity in the context of organizational learning, as evident from the title of his work, *Exploration and Exploitation in Organizational Learning*. This section begins by discussing his views on the relationships between the two
constructs. Since organizational learning is a fully developed concept in its own right, it is also important to at least briefly touch upon how others have connected it to the study of organizational ambidexterity. The second part of the section addresses the areas of decision-making and knowledge management as a potential lens to examine organizational ambidexterity.

**Exploration and exploitation in organizational learning according to March.** James G. March’s (1991) model of organizational learning considers the complementary nature of learning whereby members learn from the organization and the organization also learns from its members. March also considered how competitive advantage is affected by the accumulation of organizational knowledge or learning (March, 1991; Sachdeva, 2013). More specifically, March’s organizational learning model centers on an external reality: individual knowledge about the external reality and an organizational code that represent this external reality (Bray & Prietula, 2007; March, 1991). March assumed that (a) the organizational environment is independent of the beliefs of the members of the related organization; (b) the beliefs of individuals adhere to the external reality and may change over time; (c) the process of learning from an organizational code is visible, where individual beliefs change or adapt to new beliefs; and (d) the organizational code adjusts over time as it adapts to the beliefs of those individuals that correspond with the external reality on more dimensions than the code itself. March described this “organizational code” as a combination of procedures, norms, and rules that when combined form knowledge. It is these assumptions that help to explain how mutual learning between the individuals in the organization and the organization itself plays an important role in the formation of knowledge within different environmental settings (March, 1991; Sachdeva, 2013).
According to March (1991), organizational learning affects the adaptation of innovations within an organization, where the creation of knowledge helps to achieve competitive advantage. March also believed that adaptive organizations learn to allocate resources between exploitation and exploration as a result of consequences and experiences that occur across time and space. March (1991) stated, “Learning, analysis, imitation, regeneration and technological change are major components of any effort to improve organizational performance and strengthen competitive advantage. Each involves adaptation and a delicate trade-off between exploration and exploitation” (p. 85). Further, March (1991) suggested that the trade-off between the exploration of “new possibilities” and the exploitation of “old certainties” helps with the process of how organizations learn (p. 71). Exploration means developing new routines and innovations by using scarce resources, but this can be a risky or experimental process that can reduce the speed of current organizational activities (Crossan, 2008; March, 1991). Exploitation, on the other hand, means learning from existing routines through a less risky process that focuses on improving efficiency of current organizational activities (Crossan, 2008; March, 1991).

Finally, March (1991) suggested that significant tensions emerge within an organization as it attempts to achieve a balance between the two competing processes of exploration and exploitation. He posited, “What is good in the long run is not always good in the short run. What is good at a particular historical moment is not always good for another time. What is good for one part of the organization is not always good for another part” (March, 1991, p. 73). March noted that the returns from exploration are usually less certain, more remote in time, and organizationally more distant from adoption and implementation, as opposed to the returns from exploitation, which are typically more certain and offer greater success, particularly in the short term. By its very nature, exploration is typically inefficient and associated with the generation of
bad ideas; this creates an obvious bias by the organization towards exploitation (O’Reilly & Tushman, 2013). March observed that organizations will surely struggle with how they allocate their resources between exploration and exploitation and with how they balance these two activities, but he was very clear that achieving ambidexterity of these two processes is essential to help to ensure long-term organizational survival.

**Decision-making, knowledge management, and organizational ambidexterity.** Since March published his theory, numerous researchers have alluded to ambidexterity in the context of organizational learning. Laueiro-Martinez, Brusoni, Canessa, and Zollo (2015) stated, “Adapting to complex and changing environments requires managers to explore novel knowledge domains while simultaneously exploiting existing knowledge” (p. 319). Key decision makers of organizations must navigate the competing tensions that occur as a result of having to balance the paradoxical activities of exploration and exploitation if they hope to achieve a relative balance of ambidexterity.

In a study that used functional magnetic resonance imaging in a sample of expert decision makers, Laueiro-Martinez et al. (2015) examined the cognitive and physiological aspects of decision-making relative to organizational ambidexterity. Their study had four key findings: (1) decision-making performance relies on the ability to sequence exploitation and exploration appropriately and to recognize when to switch between the two contradictory activities; 2) both bottom-up and top-down learning are involved in exploration and exploitation decisions; 3) the decision to explore has more of an emotional cost because it involves abandoning less uncertain gains for more uncertain but potentially larger rewards; and 4) there is a positive correlation between the strength of attention control and decision-making performance at the individual
level. These findings are significant in providing some insight into how decision makers decide how and when to explore and exploit.

In another study that focused partially on decision-making in business settings, Bettis- Outland (2012) concluded that decision-making enhances the process of organizational learning, suggesting that the more decisions that are made, the more the organization learns. Findings from this study can help explain what type of decision-making works best when engaged in exploration and exploitation. According to the author, the decision-making approach utilized will vary depending on the unpredictability, level of uncertainty, and the strength of the organization’s competition. In short, Bettis- Outland (2012) posited that, in most cases, comprehensive decision-making is more successful in volatile and unpredictable environments (exploration), while an incremental approach works best in stable, predictable environments (exploitation).

The concept of knowledge management also ties into organizational learning and firm performance, with recent studies showing a nexus to organizational ambidexterity. Knowledge management is a technique whereby organizational leaders utilize a set of management tools to add or build knowledge value for the firm (Noruzy, Dalfard, Azhdari, Nazari-Shirkouhi, & Rezazadeh, 2013). It is thought that knowledge management is the process that creates and stores information to increase an organization’s response time and create innovation through the collection, storage, and study of organizational information (Frappaolo, 2006; Noruzy et al., 2013). As noted elsewhere in this thesis, the ability to reconcile the differences between exploration and exploitation can be difficult for a firm, as the two activities are based on different learning modes that require differing strategies, contexts, and organizational mechanisms (Gupta, Smith, & Shalley, 2006). However, a case study conducted by Filippini,
Güttel, and Nosella (2012) found that knowledge management initiatives could concurrently or simultaneously facilitate exploitation and exploration. The authors posited that organizations can use ambidextrous knowledge management practices to create separate learning routines and methods that allow them to balance the contradictory practices of exploration and exploitation so they can occur simultaneously (Filippini et al., 2012).

Finally, in a study that examined the relationship between leadership, organizational learning, knowledge management, innovation, and organizational performance, Noruzy et al. (2013) found organizational learning to be positively related to knowledge management, innovation, and performance. According to the authors, “Organizational learning and knowledge management directly influenced organizational innovation; whereas organizational learning and organizational innovation directly influenced organizational performance” (Noruzy et al., 2013, p. 1073). The study results also suggested that “organizational learning influenced organizational performance both directly and indirectly through knowledge management and organizational innovation” (Noruzy et al., 2013, p. 1081). The results of this study are significant, as they might assist managers in their efforts to increase learning through the relationship of these organizational characteristics to help improve innovation and performance (Noruzy et al., 2013).

**Becoming Ambidextrous**

So how does an organization become ambidextrous with the two competing processes of exploration and exploitation? The literature seems to suggest that there is not a simple, one-size-fits-all answer to that question. While organizational ambidexterity has been shown to stave off inertia while enhancing an organization’s long-term viability (March, 1991), there isn’t a clear consensus on how an organization can best achieve this balance (Lavie et al., 2010; O’Reilly & Tushman, 2013). From sequential ambidexterity (Duncan, 1976), to simultaneous/structural
ambidexterity (Benner & Tushman, 2015; Tushman & O’Reilly, 1996) and contextual ambidexterity (Gibson & Birkinshaw, 2004), to new hybrid models (Agostini et al., 2016), each type seems to have its strengths and weaknesses in achieving a balance between exploration and exploitation. As March (1991) suggested, achieving a balance between exploration and exploitation can be complicated by the fact that the outcomes of these two activities are distinctive and differ with regard “to their variability, their timing, and their distribution within and beyond the organization” (p. 71). According to Carroll (2012), this variability and lack of consensus “reflects the significant challenge that exploration and exploitation present for any organization” (p. 67).

As many organizations will struggle with finding true ambidexterity between exploration and exploitation due to their conflicting routines (Lavie et al., 2009) and competition for scarce resources (Levinthal & March, 1993; March, 1991), it seems clear that they should attempt to find a relative balance between the two processes. For instance, the process of exploitation could be kept at a minimal but sufficient level while all remaining resources are invested into the exploration process (Lavie et al., 2010; Levinthal & March, 1993). Lavie et al. (2010) posited:

Alternatively, exploration could meet some minimal threshold while the organization invests mostly in exploitation. In contrast to these skewed resource-allocation positions, some studies suggest that organizations should maintain equal proportions of exploratory and exploitative activities (e.g., He & Wong, 2004), so that they operate around the middle point of the exploration-exploitation continuum. (p. 127)

So while these studies offer alternative approaches to the appropriate level of balance (Lavie et al., 2010), they also agree that “survival requires a balance, and the precise mix of exploitation and exploration that is optimal is hard to specify” (Levinthal & March, 1993, p. 105).

According to Gibson and Birkinshaw (2004), “Although these trade-offs can never entirely be eliminated, the most successful organizations reconcile them to a large degree, and in
so doing enhance their long-term competitiveness” (p. 209). When a single ambidexterity method does not work for an organization (Papachroni, Heracleous, & Paroutis, 2016), it is not uncommon for that organization to adopt a variety of approaches (Kauppila, 2010; Mihalache & Mihalache, 2016; O’Reilly & Tushman, 2013). Some scholars believe that the right approach or relative balance of exploration and exploitation is dependent upon the organization’s mission (Lavie et al., 2010), dominant logic (Miles & Snow, 1978), and/or industry conditions (Lavie & Rosenkopf, 2006; March, 1991). Therefore, any change in the organization’s environmental conditions or operational strategy will likely require an adjustment of the levels of its exploration and exploitation activities (Auh & Menguc, 2005; Carroll, 2012; Lavie et al., 2010).

With so many factors impacting a firm’s ability to explore and exploit, some researchers have moved away from the idea of true or equal balance and instead have adopted the notion of balancing exploration and exploitation (Lavie et al., 2010) regardless of the amount of each of these competing activities at any given point in time (Gibson & Birkinshaw, 2004; Lavie & Rosenkopf, 2006; Lavie et al., 2010; Tushman & O’Reilly, 1996). In this regard, Lavie et al. (2010) suggested:

An organization may operate on any point on the exploration-exploitation continuum as long as it strives to reach the intermediate point on that continuum that corresponds to its natural balance. Consequently, organizations that demonstrate strong tendencies to exploit at the present time may engage in significant innovative efforts that steer them towards balance over time. (p. 127)

So while there are different types of ambidexterity and a number of challenging internal and external variables that an organization must consider, “not recognizing and attempting to deal with the fundamental challenge of doing both exploration and exploitation would be the worst response” (Carroll, 2012, p. 67).
Organizational Ambidexterity in the For-Profit Sector

As interest in the concept of organizational ambidexterity has grown through the years, so has the body of research that supports the merits of this framework. Further, the literature that supports the balance of exploration and exploitation within an organization is often illustrated by highlighting successful, for-profit businesses or corporations that achieved some level of ambidexterity. These successful businesses engaged in enough exploitation to ensure their current viability while also engaging in enough innovation of new products and/or services to ensure their long-term sustainability, as suggested by March (1991). Tushman, O’Reilly, and Harreld (2013) described organizational ambidexterity’s role in the survival of IBM as it moved from exploiting its computer hardware business to exploring and eventually moving to software development, and then services. House and Price (2009) described how Hewlett Packard moved from making electronic instruments to minicomputers; more recently, through its explorative practices, it moved to computer printers. Other examples of successful organizations that achieved ambidexterity include the Hearst Corporation, which transformed itself from a publisher of newspapers to a provider of data, and Fuji Corporation, which evolved from a maker of photographic film to a provider of fine chemicals (O’Reilly & Tushman, 2013). The literature also laments once-successful for-profit businesses, including Smith-Corona, Polaroid, and Kodak, that seemingly struggled to innovate and achieve an adequate balance between exploitation and exploration, causing negative consequences to their respective businesses (Danneels, 2011; Sull, 1999; Tripsas & Gavetti, 2000; Tushman et al., 2013).

According to O’Reilly and Tushman (2008), “Central to the adaptive process are the notions of a firm’s ability to exploit existing assets and positions in a profit producing way and simultaneously to explore new technologies and markets; to configure and reconfigure
organizational resources to capture existing as well as new opportunities” (p. 9). These authors later expounded that such a goal required companies to “simultaneously compete in mature businesses and to orchestrate firm assets to allow them to develop the requisite new capabilities to compete in new businesses” (O’Reilly & Tushman, 2013, p. 333). Junni, Sarala, Tarvas, and Tarba (2013) conducted a meta-analysis of prior studies on organizational ambidexterity and firm performance and found a positive and significant relationship between the two. In addition to this relationship, O’Reilly and Tushman (2013) suggested a positive association between organizational ambidexterity and sales growth, innovation, market valuation, and firm survival (Table 2.4). They noted: “Despite using different measures of ambidexterity, a range of outcome variables, different levels of analysis, and samples from differing industries, the results linking ambidexterity to performance are robust” (O’Reilly & Tushman, 2013, p. 326).

In support of organizational ambidexterity, there is research to support a positive and valuable connection between exploration/exploitation and increased firm competitiveness (Auh & Menguc, 2005; Caspin-Wagner, Ellis, & Tishler, 2012; Geerts, Blindenbach-Driessen, & Gemmel, 2010) in a variety of situations: under conditions of environmental uncertainty (Caspin-Wagner et al., 2012; Jansen, Van den Bosch, & Volberda, 2005; Jansen, Vera, & Crossan, 2009; Tempelaar & Van De Vrande, 2012; Uotila, Maula, Keil, & Zhara, 2008; Wang & Li, 2008; Yang & Atuahene-Gima, 2007); for larger companies (Yu & Khessina, 2012; Zhiang, Yang, & Demirkan, 2007); and for businesses with stronger finances and greater resources (Goosen, Bazzazian, & Phelps, 2012; Sidhu, Volberda, & Gommandeur, 2004; Tempelaar & Van De Vrande, 2012). This large and growing supportive body of research, coupled with numerous, in-depth studies of individual companies and recent studies that use large samples with longitudinal data and document the effects of ambidexterity over time (O’Reilly & Tushman, 2013), helps to
solidify the strong connection between organizational ambidexterity and the for-profit sector.

From this literature, it would appear that businesses that are able to achieve a relative balance between exploration and exploitation enjoy a competitive advantage over those that are unable to employ this strategy.

Table 2.4
Selected Research in Support of Organizational Ambidexterity and Firm Performance

<table>
<thead>
<tr>
<th>Performance type</th>
<th>Citations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth</td>
<td>Auh &amp; Menguc, 2005; Caspin-Wagner, Ellis, &amp; Tishler, 2012; Geerts,</td>
</tr>
<tr>
<td></td>
<td>Blendenbach-Driessen, &amp; Gemmel, 2010; Han &amp; Celly, 2008; He &amp; Wong,</td>
</tr>
<tr>
<td>Ratings of performance</td>
<td>Burton, O’Reilly, &amp; Bidwell, 2012; Cao, Gedajlovic, &amp; Zhang, 2009; Gibson &amp; Birkinshaw, 2004; Lubatkin, Simsek, Ling, &amp; Veiga, 2006; Markides &amp; Charitou, 2004; Masini, Zollo, &amp; Van Wassenhove, 2004</td>
</tr>
<tr>
<td>Innovation</td>
<td>Burgers, Jansen, Van den Bosch, &amp; Volberda, 2009; Revilla, Prieto, &amp;</td>
</tr>
<tr>
<td></td>
<td>Rodriguez, 2011; Katila &amp; Ahuja, 2002; Phene, Tallman, &amp; Almeida, 2012;</td>
</tr>
<tr>
<td></td>
<td>Rothaermel &amp; Alexandre, 2009; Rothaermel &amp; Deeds, 2004; Sarkees &amp;</td>
</tr>
<tr>
<td></td>
<td>Hulland, 2009</td>
</tr>
<tr>
<td>Firm survival</td>
<td>Cottrell &amp; Nault, 2004; Hensmans &amp; Johnson, 2007; Hill &amp; Birkinshaw,</td>
</tr>
<tr>
<td></td>
<td>2010; Laplume &amp; Dass, 2012; Kauppila, 2010; Tempelaar &amp; Van de Vrande,</td>
</tr>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Market valuation</td>
<td>Goosen, Bazzazian, &amp; Phelps, 2012; Uotila, Maula, Keil, &amp; Shaker, 2008;</td>
</tr>
<tr>
<td></td>
<td>Wang &amp; Li, 2008</td>
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</tbody>
</table>

Note: Adapted from O’Reilly & Tushman (2013).

Organizational Ambidexterity in the Nonprofit Sector

While some ambidexterity research can be generalized to both for-profit and nonprofit organizations alike, very little research has specifically focused on nonprofit organizations.

According to Madden (2012), “To date, organizational ambidexterity research has focused on the for-profit sector, excluding NFPs [not-for-profits] entirely” (p. 20). A multitude of searches on a number of academic search engines quickly confirmed this point. Madden (2012) further posited, “Although this research has been helpful in clarifying the concepts central to organizational
ambidexterity as well as the impact of organizational ambidexterity on organizational performance, a major context that remains unexplored is that of NFPs” (p. 21).

Not unlike their for-profit counterparts, nonprofits have faced problems, particularly the recession, that have reaffirmed “the importance of adaptability—the ability to move quickly toward new opportunities, to adjust to volatile markets and to avoid complacency” (Birkinshaw & Gibson, 2004, p. 47). Like their for-profit counterparts, nonprofit organizations must ensure their survival and long-term viability (Sherlock & Gravelle, 2009), compete for limited resources (Cao, Gedajlovic, & Zhang, 2009), and ensure a high level of performance to appease their many stakeholders (Kaplan, 2001). Given demands similar to those of the for-profit sector, yet the contradictory outcomes desired, “knowledge of how organizational ambidexterity influences performance within this sector seems particularly appropriate” (Madden, 2012, p. 21).

Two studies stand out as significant in relation to organizational ambidexterity and nonprofit organizations. The first, while not specifically analyzing organizational ambidexterity in nonprofits, is noteworthy for its findings relative to nonprofit hospitals. In her doctoral dissertation, Bodwell (2011) found statistical evidence to support the notion that organizational ambidexterity is positively related to the perceived quality of services and financial performance of hospitals. Beyond these findings, Bodwell also confirmed two interesting points. First, she found that exploitation and exploration “are not separate orthogonal constructs, but two latent factors of a second order construct, organizational ambidexterity, specifically” (Bodwell, 2011, p. 153). This is significant, as it supports March’s (1991) theory that exploitation and exploration reside at opposite ends of a continuum and that organizations must balance these two activities to be successful in adapting to change. Second, Bodwell found that not only did organizational ambidexterity exist within her study sample of hospitals, but it was present in nonprofit hospitals
at the same levels as in for-profit hospitals. This is noteworthy, as it is one of the first references in the organizational ambidexterity literature to support the fact that nonprofit organizations could achieve ambidexterity.

A more recent study that is also notable for specifically connecting organizational ambidexterity and nonprofits is Madden’s (2012) mixed-methods study that looked at the effects on nonprofit organizational performance, as well as factors that influence a nonprofit’s ability to operate ambidextrously. On the qualitative side, he conducted interviews with leaders of four nonprofit food banks to determine what factors contribute to an organization’s ability to be ambidextrous. Following the coding and analysis of the data from the four semi-structured interviews, Madden (2012) found that professionalism, knowledge exchange, and leadership were the most influential factors that enabled a nonprofit food bank to function “ambidextrously” (p. 78).

Madden (2012) also conducted a quantitative analysis on a sampling of nonprofit organizations in an attempt to determine the role that organizational ambidexterity plays in nonprofit financial performance. Using data obtained from a nonprofit database, he found somewhat mixed results with regards to the impact of exploration, exploitation, and organizational ambidexterity on nonprofit performance. For instance, Madden found that nonprofit organizations that were ambidextrous experienced better financial performance than organizations with an exploitation-heavy strategy and that organizations with equally low levels of exploitation and exploration experienced the lowest level of financial performance compared with nonprofits that engaged in higher levels of exploration and exploitation. However, he was unable to support the notion that organizational ambidexterity has a positive and significant impact on a nonprofit’s financial performance. Madden (2012) attributed these somewhat
surprising findings to variations in the types of nonprofits (industry type) included in the sample and also questioned whether “the underpinnings of organizational ambidexterity are too deeply grounded in the for-profit sector and do not translate to the NFP [not-for-profit] context that focuses on high levels of efficiency and a narrow mission” (p. 80).

Nonprofits are somewhat unique in that they are forced to contend with the dual challenge of performing well financially in a competitive environment while still fulfilling their organizational mission, often creating a tension between the two objectives (Chetkovich & Frumkin, 2003; Frumkin & Andre-Clark, 2000). Every nonprofit is required to have a mission statement, which, according to Anheier (2005), helps to uphold the organization’s boundaries and motivates volunteers, employees, and other stakeholders, while also aiding in evaluating organizational performance. Further, mission statements also provide a framework for the overall goals and objectives of an organization, while denoting the purpose and values that guided its founding and provided its tax exemption status (Howard, 2013). While most mission statements speak to the organization’s exploitative practices, few mention their explorative activities. Yet, according to Howard (2013), nonprofits of all types have come under pressure to be more innovative in how they provide programs and services, including the use of business-like practices and social enterprise ventures. This perhaps suggests that nonprofit organizations should contemplate revising their mission statements to include language on how they will enhance their performance and achieve sustainability, possibly incorporating “best practices from the for-profit business world” (Madden, 2012, p. 21).

According to Sontag-Padilla, Staplefoote, and Gonzalez Morganti (2012), “The recent economic downturn and increasing expectations to demonstrate the value and effectiveness of programs and services have exacerbated the myriad of challenges faced by nonprofits in their
efforts to establish and define sustainability over the long term” (p. 4). If nonprofits hope to somehow overcome the tensions that result from balancing their respective missions with a healthy bottom line (Chetkovich & Frumkin, 2003) while also enjoying long-term organizational sustainability (Weerawardena et al., 2010), they will need to “utilize promising practices to overcome these challenges” (Sontag-Padilla et al., 2012, p. 4). Based on the strong empirical research contained herein that supports the organizational ambidexterity framework, it seems more than reasonable to extend this paradigm more rigorously to the nonprofit sector in hopes of understanding how these organizations might balance the competing demands of exploitation and exploration to achieve improved performance (Madden, 2012).

**Limitations and Weaknesses of the Theory**

Despite a voluminous amount of research in support of organizational ambidexterity, the concept is not without its weaknesses and limitations. One of the most significant weaknesses in the theory relates to key definitions of the framework. Birkinshaw and Gupta (2013) posited, “Ambidexterity is an important and alluring concept, but the way it is defined makes it overly flexible—it can be used to study almost any issue in organizational research, which sounds like a strength but is actually a weakness” (p. 291). When conducting this literature review, numerous definitions were found for the concepts of exploration and exploitation. Also somewhat problematic is that researchers frequently use “the definitions given by March (1991), which in turn suffer from being rather ambiguous and broad” (Lund Stetler, 2015, p. 7).

Another issue with this concept is that it has now been applied to a multitude of phenomena, including “strategy, networks, new product development, technology, software development, intellectual capital, and other topics that, while interesting and important, may have little to do with the practical tensions involved in how managers and organizations deal
with exploration and exploitation” (O’Reilly & Tushman, 2013, p. 330). While extending the research can be beneficial, simply labeling these phenomena as organizational ambidexterity can be confusing and misleading, as it dilutes the concept (Birkinshaw & Gupta, 2013; Lavie et al., 2010; O’Reilly & Tushman, 2013). A related problem has to do with how the key concepts of the theory are measured and reported. Birkinshaw and Gupta (2013) posited that those using the organizational ambidexterity framework lack consensus on how the studied concepts should be operationalized and, in particular, how exploration and exploitation should be measured.

O’Reilly and Tushman (2013) noted that most studies have measured the concepts of exploration and exploration through the use of Likert-type scales, which can produce inconsistent or ambiguous results, creating discrepancies between studies.

Lastly, while there has been a movement back towards some of March’s (1991) original definitions regarding the concept (Lavie et al., 2010; O’Reilly & Tushman, 2013), some have found weaknesses in his organizational learning approach to organizational ambidexterity. First, Sachdeva (2013) suggested that there appears to be little critical evaluation of March’s (1991) theory in the literature. More specifically, she suggested that March tends to “ignore interactive learning amongst group members or teams, which has become essential these days so that failure can be avoided” (Sachdeva, 2013, p. 610). Lund Stetler (2015) added, “Many researchers in the field of ambidexterity acknowledge that the micro-level—the study of individuals and teams—is an underdeveloped area and that more research is needed in order to fully understand many of the questions that arise under such circumstances” (p. 27). Finally, Sachdeva (2013) suggested that March also ignored the process of “unlearning” or “not remembering past unsuccessful advances” (p. 610). This is important, particularly as it relates to exploration, so organizations can discard old or faulty knowledge and not repeat ineffective or failed attempts at innovation.
While there are some obvious shortcomings to the theory, the issues listed above pale in comparison to the overall success of the organizational ambidexterity framework and should only serve as jumping-off points for future research on the topic.

**Context for Current Research**

Despite the financial issues that have plagued many nonprofits both during and following the recent recession, many nonprofits have continued to grow and thrive. Not all nonprofits have rested on their previous glories; there are those that have found a way to balance their mission with innovations that have actually strengthened their organizations. These successful organizations have stayed ahead of the curve by branching out, seeking new opportunities, and/or providing new offerings that have tapped into new and creative funding streams to help improve their financial position. Some have done this out of sheer desperation, while others have had a more calculated approach and have made their explorative activities part of their mission, vision, and values. In either case, nonprofit organizations that achieve a balance of exploration and exploitation are better positioned to adapt to change and weather financial storms than those that only exploit their current offerings or fail to achieve an adequate balance of exploration and exploitation.

There are valuable lessons to be learned from successful nonprofits that are ambidextrous. These flourishing organizations are located in every community across the country, and many of them are willing to share their story. Struggling nonprofits can learn from prosperous firms how to reallocate their resources so they can engage in explorative activities and achieve a better balance between exploration and exploitation. In addition, ambidextrous nonprofits might be able to share some of their specific explorative and innovative practices that have contributed to their improved performance and long-term viability. The intention of this
study was to connect with a successful New England–based self-proclaimed ambidextrous
organization that was willing to shed some light on its ambidextrous practices. In turn, this study
can help further extend the concept of organizational ambidexterity to the nonprofit sector while
showing less successful nonprofits how they might benefit from ambidextrous practices.

Summary

The interest in the concept of organizational ambidexterity has exploded over the past
two and a half decades. Since March’s (1991) seminal work on the topic, it has taken many
shapes and forms—from how it is defined and how it is achieved to the various contexts in
which it is applied. Although the concept has its share of shortcomings and limitations, there is
strong empirical research to suggest that organizational ambidexterity is “positively and
significantly associated with performance” (Junni et al., 2013, p. 308). More specifically, the
research supports a strong correlation “with increased firm innovation, better financial
performance, and higher survival rates” (O’Reilly & Tushman, 2013, p. 326). While much of the
research on the topic has focused on for-profit firms, some recent research had made the case
that organizational ambidexterity should also be applied to the nonprofit sector, a sector that has
experienced its share of struggles since the recession of 2008.

By their very nature, nonprofits tend to focus mainly on their mission, at the exclusion of
innovative practices. Firms that lean in this direction can become mired in a competency trap
(Levinthal & March, 1993) that can result in organizational inertia and stagnation. Those that
lean too heavily towards exploratory activities can run the risk of falling into a failure trap
(March, 1991), in which the neglect of their primary organizational focus can damage the
organization. The truth, as they say, likely lies somewhere in the middle, with a balanced, or
ambidextrous, blend of exploration and exploitation. It is in this vein that the next chapter
describes the methodology for this study to help uncover the relative balance of exploration and exploitation practices as perceived by key stakeholders of a successful nonprofit organization that appears to have achieved an optimal balance of these two activities.
CHAPTER 3:
RESEARCH METHODS

This study addressed a single overarching research question: What is the relative balance of exploration and exploitation practices as perceived by key decision makers of a self-proclaimed ambidextrous New England–based nonprofit organization? This chapter details the methodology used to answer this question, including details about the approach, sample design, procedures for data collection and analysis, efforts to ensure trustworthiness, and ethics.

Methodology

A descriptive case study (Creswell, 2012) using qualitative methods was employed for this doctoral thesis. According to Soy (1997), the strength of case study research is its ability to delve into and bring understanding to complex issues, extending experience or adding strength to what is already known through previous research. Baxter and Jack (2008) contended that rigorous qualitative case studies afford researchers the opportunity to explore or describe a phenomenon in context using a variety of data sources (p. 544). In addition, Stake (1978) suggested, “It is widely believed that case studies are useful in the study of human affairs because they are down-to-earth and attention-holding” (p. 5). Finally, Flyvbjerg (2006) noted that a case study “is a necessary and sufficient method for certain important research tasks in the social sciences, and it is a method that holds up well when compared to other methods in the gamut of social science research methodology” (p. 241). This methodology was advantageous in exploring a successful nonprofit that was implementing innovative practices that contributed to the financial success and sustainability of the organization. Thus, a case study approach was a strong and viable methodology and appropriate design for this study, capable of producing “rich and significant insights” (Brown, 2008, p. 9).
**Overall Plan**

This descriptive, single-case study employed a deductive design, that is, it “starts with theories (derived from common sense, from observation, or from the literature) and hypotheses derived from theories, and then moves on to observations—which either confirm or falsify the hypotheses” (Bernard, 2011, p. 12). The researcher purposefully selected (Maxwell, 2005) an organization that engaged in a balance of exploration and exploitation that had positively contributed to its financial success and sustainability. This organization was a successful New England–based nonprofit organization that self-identified as innovative and ambidextrous and was supportive of the study.

This study was divided into three phases. Phase I involved the review of organizational documents to identify the explicitly stated vision, mission, values, strategy, structure, and organizational practices of the study site. Phase 2 involved informal observations (nonparticipatory) of the organization’s general environment and artifacts that could shed light on and substantiate the organization’s performance and innovative practices. Finally, Phase 3 consisted of semistructured interviews with six key organizational decision makers to ascertain their perceptions of the company’s innovative practices. Each phase involved data collection and data analysis, with the analysis output helping to refine the data collection focus for the next phase. This iterative process involved identifying emerging themes (Miles & Huberman, 1994) to allow for the range of perceptions to emerge. The final analysis phase involved a mapping of the theoretical framework to the analysis output for insights around the relative balance of exploration and exploitation as experienced by these key decision makers.

The research paradigm, as noted in chapter 1, was a constructivist or interpretivist perspective that focuses on the individual’s view of reality and suggests that “reality is socially
constructed” (Mertens, 2005, p. 12). This approach emphasizes that individuals’ experiences can only be understood by engaging in some way with them (Ponterotto, 2005), relying upon the “participants’ views of the situation being studied” (Creswell, 2003, p. 8) and recognizing the impact of their background and experiences. Since much of the information collected in this research relied heavily on the views, beliefs, feelings, and behaviors of stakeholders involved in the process, it seemed appropriate to use the constructivist/interpretivist approach as the foundation for this study.

**Sample Design**

For the purpose of this project, this researcher examined a single nonprofit organization in a single case design. In general, the sample size for qualitative studies is much smaller than that used in quantitative research. It is believed that there is a point of “diminishing return” to a qualitative sample; the study reaches a point where the collection of more data does not necessarily lead to more information (Mason, 2010). Mason (2010) explained, “This is because one occurrence of a piece of data, or a code, is all that is necessary to ensure that it becomes part of the analysis framework” (para. 1). Mason (2010) went on to suggest, “This is because qualitative research is concerned with meaning and not making generalized hypothesis statements” (para. 1). There are also practical reasons for small sample sizes in qualitative research, since further data collection can be very labor intensive and time consuming, sometimes making it “simply impractical” (Mason, 2010, para. 1).

The single case studied here was hand selected in an attempt to provide the best possible data. This type of sampling is what Maxwell (2005) referred to as “purposeful selection” (p. 88). More specifically, this researcher employed the practice of theory-based sampling to bring the phenomenon of organizational ambidexterity within nonprofit organizations more into focus.
Patton (1990) described theory-based sampling as sampling “incidents, slices of life, time periods, or people on the basis of their potential manifestation or representation of important theoretical constructs. The sample becomes, by definition, representative of the phenomenon of interest” (p. 177). Selecting for the study a nonprofit organization that viewed itself as innovative and ambidextrous would help expand learning and build theory. However, since there can be tremendous variation among nonprofit organization, the researcher sought an organization that met the following criteria:

- Was a mission-based organization
- Was identified by the Internal Revenue Service as a 501(c)(3) tax-exempt organization
- Was governed by a volunteer board of directors
- Had an annual operating budget of at least $1 million

According to Patton (1990), the power of purposeful sampling “lies in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research” (p. 169). While a great deal has been written on sample size, particularly in the area of qualitative research, the topic remains “open” (Patton, 1990). Despite this, this researcher believed that what this single-case design lacked in generalizability would be more than made up in the new knowledge learned about this phenomenon.

**Recruitment and access.** This researcher utilized the online nonprofit database known as Guidestar.com to assist with the selection process. Guidestar.com provided a variety of information that indicated the organization’s level of innovation and success, including financial data, organization demographics, organizational mission, and impact statements. Once the organization meeting the aforementioned criteria was identified, the researcher contacted the
president of the firm by email to inquire about his willingness for his organization to participate in this study (see Appendix A). The president promptly agreed, as long as approval was obtained from the organization’s institutional review board (IRB).

The president agreed to personally participate and to identify five additional key organizational decision makers to participate in semistructured interviews regarding the organization’s innovative practices. In addition, he agreed to allow the researcher to conduct nonparticipatory observations at the organization’s office and to provide access to a variety of agency documents that addressed the organization’s ambidextrous efforts and the results of those efforts. The organization selected, as well as the individuals who participated in the study, were not offered anything in exchange for their participation.

The organization taking part in this study was a nonprofit behavioral health service organization in one of Rhode Island’s largest cities. Until fairly recently, behavioral health centers were known as mental health centers. The term behavioral health has fewer stigmas attached to it and is more reflective of the overarching services provided by these organizations, including services and supports to individuals who are battling a variety of addictions. Although such organizations are not necessary for many, they are valuable resources that help members of nearly every community. However, despite the change in name, there is still a stigma attached to organizations such as this one, and also to the clientele who come to these organizations for services. The president of this firm believed that behavioral health organizations, at least in Rhode Island, were underfunded and had not recovered from corrections to funding that have occurred over the last several years as a result of the great recession and other financial challenges encountered by the state; he believed his organization was underfunded too. The president also believed that there were better, more efficient ways to fund programs such as these
and noted that he worked tirelessly to change the system. Despite this, this nonprofit had found a way, through innovation, to ensure it was financially sound so that it could meet its mission. For the most part, the president observed that his organization was operating in a mostly stable environment, although he noted that the outcome of the 2016 U.S. presidential election could change things.

**Data Collection**

Typical data collection methods for a case study include document review, interviews, review of archival records, direct observations, observation of physical artifacts, review of audiovisual materials, and focus groups (Creswell, 2007; Eisenhardt, 1989; Yin, 1984). For this study, data were collected through document review, nonparticipatory observations, and one-on-one semistructured interviews, as summarized in Table 3.1.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of documents</td>
<td>Review mission, vision, and value statements, annual report, strategic plan, web page, social media, and a promotional video</td>
<td>Make notes of areas highlighting explorative and exploitative strategies</td>
<td>Note any relationships or themes between publicized documents, observations, and interview results</td>
</tr>
<tr>
<td>Informal observations</td>
<td>Conduct two non-participatory observations of the physical space, meeting areas, organizational artifacts, and member interactions</td>
<td>Make notes of areas highlighting explorative and exploitative strategies</td>
<td>Note relationships or themes between observations, organizational documents, and interview results</td>
</tr>
<tr>
<td>Interviews</td>
<td>Hold semistructured interviews with six key organizational decision makers</td>
<td>Transcribe data; code and develop themes</td>
<td>Note emergent themes that relate to the research question, literature, and theoretical framework</td>
</tr>
</tbody>
</table>
**Review of documents.** A variety of organizational documents that supported the organization’s explorative and exploitative tendencies were examined. Some of these documents were found on the organization’s webpage and social media sites such as Twitter, Facebook, and YouTube, some could be found via Internet searches, while others were provided to the researcher by the organization. These documents included agency mission, vision, and value statements, the organization’s most recent annual report, the organization’s webpage and social media presence, a promotional video about the agency, and the organization’s strategic plan.

One key document that served as a measure of performance and profitability (indicators of ambidexterity) was the organization’s 2014 annual report (the latest report available at the time of the study). This document included a narrative of the organization’s overall health, including its financial report for the year 2014. An organization’s annual report often includes its mission and vision statements, as well as a reflective summary of the year and plans for the coming year, and this report was no exception. Another important document reviewed was the organization’s strategic plan, which served as the organization’s roadmap for goals it would like to achieve. This was a key document, as it included a SWOT analysis to identify the organization’s strengths, weaknesses, opportunities, and threats (Hill & Westbrook, 1997), providing a sense of the organization’s plans for exploration and exploitation. Both of these documents were critical in determining the strength and success of the organization studied, as well as its commitment to innovation. All documents were reviewed using the Document Review Protocol (Appendix C).

**Observations.** According to Evered and Reis (2001), knowledge and insight into an organization can be achieved through inquiry from the outside of the organization or from within the organization, whereby the researcher becomes part of the phenomenon being studied. As
organizations are sometimes considered to be “societies with their own peculiar customs and practices,” observations from within the organization have become increasingly popular in organizational research (Iacono, Brown, & Holtham, 2009, p. 42). While organizational documents can be considered data collected from outside the organization, the nonparticipatory observations at this company’s headquarters produced data collected from the inside. Without engaging organizational members or staff, the researcher observed and examined the layout of physical space, architecture, location, meeting areas, organizational artifacts, as well as member interactions that demonstrated the history, development, and implementation of the organization’s ambidextrous practices. A handwritten journal was used to document these observations, noting relationships and themes that were suggestive of the organization’s innovative practices. The protocol for observations appears in Appendix D.

**Interviews.** For this research, six semistructured interviews with key organizational decision makers were the dominant means of collecting raw data for this study. These interviews provided rich insight into how the organization achieved a relative balance of exploration and exploitation that contributed to the organization’s success and viability. A pseudonym was used in place of each participant’s real name to protect his or her identity, and a hard copy of an informed consent document was reviewed with, and signed by, each interviewee prior to each interview session. As noted, the organization’s president identified the key decision makers from the organization who were best equipped to speak about the company’s innovative practices and could assist in answering this study’s primary research question. The interviews were conducted over 2 days. Five of the six interviews took place in the company’s boardroom; the interview with the president took place in his office.
The interview questions were developed based on March’s organizational learning approach to organizational ambidexterity in order to probe the interviewee on how the organization achieved a successful balance between exploration and exploitation. Each interview consisted of 11 questions, but due to the semistructured format, there was additional discussion leading to a number of subquestions in each of the interviews (see Appendix E for interview protocol).

Before conducting the interviews, the researcher pilot tested the interview questions on two test subjects who held leadership positions within different nonprofit organizations to determine if there were flaws, potential problems, or weaknesses with the interview design (Kvale, 2007). Following the pilot test, the researcher felt the questions were adequate to achieve the desired results, and therefore no revisions were made.

**Data Storage**

All interviews were recorded using the researcher’s cellular phone using a tape recording application from a company called Rev.com. In addition, the researcher utilized an electronic tablet to record the interviews in the event there were technical difficulties with the cell phone recordings. All recorded interview files were uploaded to the confidential Rev.com transcription service, for a fee, for conversion to Microsoft Word documents for eventual coding and analysis. Raw data were also collected from a variety of organizational documents and field notes taken during the observations. As with the sound files, these sources of data were also coded for analysis.

The researcher took great pains to preserve and protect all the data collected. Audio files were saved on the local computer hard drive as well as on a thumb drive and a cloud-based storage website. The computer used, as well as the thumb drive and access to the cloud service,
was password protected and accessible only to this researcher. When not in use, all hard-copy documents, the thumb drive, and the field notes were kept in a locked, fireproof file container that was accessible only to the researcher during the course of the study. To maintain the anonymity of the organization studied, as well as the interview participants, the researcher applied nondescript names to all electronic and hard copy files that only the researcher could decipher. At the conclusion of the study, the researcher destroyed all files and documents associated with the research.

**Data Analysis**

Once the raw data were collected and transcribed, they were evaluated using an array of manual and computerized interpretation methods to help to find any and all relationships that existed with reference to the research question (Dooley, 2002). Miles and Huberman (1994) stated, “With qualitative data one can preserve chronological flow, see precisely which events led to which consequences and derive fruitful explanations” (p. 1). To restate, this study utilized a deductive, single-case design with three sources of data: interviews, documents, and observation. All data collected from each source required archiving and standardized coding for interpretation, analysis, and reporting. The researcher looked for relationships and themes that emerged that helped in answering this study’s research question (Lacey & Luff, 2001).

The researcher utilized the three levels of analysis posed by Miles, Huberman, and Saldana (2014): (a) data condensation, (b) data display, and (c) conclusion drawing/verification (Figure 3.1).
**Data condensation.** Data condensation is the process of making the data stronger by “selecting, focusing, simplifying, abstracting, and/or transforming the data that appear in the full corpus (body) of written-up field notes, interview transcripts, documents, and other empirical materials” (Miles et al., 2014, p. 12). Miles et al. (2014) observed, “Data condensation is a form of analysis that sharpens, sorts, focuses, discards, and organizes data in such a way that ‘final’ conclusions can be drawn and verified” (p. 12).

Six interviews, field notes from the observation sessions, and a variety of organizational documents produced a great amount of data. According to Miles et al. (2014), once all interviews were concluded, the researcher listened to each of the recordings while taking notes and attempting to identify immediate trends in the data. At this point, the electronic sound files were uploaded to a paid transcription service (Rev.com), where they were converted verbatim into Microsoft Word document files. Once transcribed, the transcript of each interview was reread for accuracy, notes were made in the margins, pertinent text was highlighted, and adhesive notes were placed on all relevant sections for further review and manual coding.
Next, all six transcripts were uploaded into the qualitative data analysis software program MAXQDA. In addition, electronic versions of all organizational documents reviewed for this study were uploaded into MAXQDA for additional first-level and second-level coding. Utilizing MAXQDA, the first level of coding consisted of a combination of descriptive and in vivo coding and produced a total of 483 descriptive codes (see Appendix G).

To continue the process of reducing the data into smaller constructs and themes, the researcher engaged in a process of second-cycle coding that included pattern coding and analytic memoing. According to Miles et al. (2014), pattern coding synthesizes “a lot of material from First Cycle coding into more meaningful and parsimonious units of analysis. They are a sort of meta-code” (p. 86). In addition, “an analytic memo is a brief or extended narrative that documents the researcher’s reflections and thinking processes about the data. These are not just descriptive summaries of data, but attempts to synthesize them into higher level analytical meanings” (Miles et al., 2014, p. 95). Following the first and second levels of coding and the data condensation process, a number of themes and phenomena of interest began to emerge (Creswell, 2007).

**Data display.** Once the first level of data analysis was complete, the researcher began the second phase of analysis known as data display. This practice involves constructing a matrix or matrices that serve as “an organized, compressed assembly of information that allows conclusion drawing and action” (Miles et al., 2014, p. 12). As opposed to lengthy, typed narratives, a matrix is a multicolumn, multirow table that provides easy viewing of the condensed data from the first level of analysis, while permitting the researcher to conduct a more detailed analysis at this second level. A data display is designed to assemble organized information into an immediately accessible compact form so that “the analyst can see what is happening and either draw justified
conclusions or move on to the next step of analysis that the display suggests may be useful” (Miles et al., 2014, p. 13). Miles et al. (2014) noted that this tabular format “collects and arranges data for easy viewing in one place, permits detailed analysis, and sets the stage for later cross-case analysis” (p. 111).

**Drawing and verifying conclusions.** The third phase of data analysis involved the processes of conclusion drawing and verification. At this level, which builds on the first two levels of analysis, “the qualitative analyst interprets what things mean by noting patterns, explanations, causal flows, and propositions. The competent researcher holds these conclusions lightly, maintaining openness and skepticism, but the conclusions are still there, vague at first, then increasingly explicit and grounded” (Miles et al., 2014, p. 13). While drawing conclusions is important in this process, verification of the conclusions is equally important. According to Miles et al. (2014), verification might be brief and relatively simple or it might be more involved, but in any regard, “the meanings emerging from the data have to be tested for their plausibility, their sturdiness, their confirmability—that is, their validity” (p. 13).

Drawing and verifying conclusions involves a number of “tactics” that give the data meaning and provide the researcher with answers (Miles et al., 2014). The tactics employed in the study included (a) noting patterns and themes, (b) clustering data, (c) making contrasts and comparisons, and (d) building a logical chain of evidence to support the findings. The process of utilizing these various tactics and tools was quite time consuming, required the researcher to revisit the data numerous times, and included triangulation of the three types of data obtained to help ensure validity. The process of drawing and verifying conclusions occurred both manually by the researcher and also through a variety of analysis tools provided in the qualitative data
analysis software, including lexical searches, coding queries, and table and grid summaries, as well as a variety of visual tools and reports.

**Trustworthiness**

According to Shenton (2004), “Although many critics are reluctant to accept the trustworthiness of qualitative research, frameworks for ensuring rigor in this form of work have been in existence for many years” (p. 63). First, the researcher was aware that there is some concern with regards to the generalizability of case study research, and in particular, studies with small sample sizes such as the single case study described here (Miles et al., 2014). However, the researcher believed that there is a high degree of transferability/replicability associated with this study by way of the thick and robust descriptions presented herein, hopefully allowing other researchers to draw connections to their own research situations (Creswell & Miller, 2000). Further, the research question presented here was clear and consistent with the study, the researcher’s role was transparent and clearly stated, and the study would hold up well to audit, further enhancing credibility and reliability (Miles et al., 2014).

Regarding trustworthiness and validation strategies, Creswell (2007) suggested, “It is not enough to gain perspective and terms; ultimately, these ideas are translated into practice as strategies or techniques” (p. 207). Creswell and Miller (2000) focused on eight commonly used validation strategies used by qualitative researchers to help ensure the trustworthiness of their studies. From their list, this researcher utilized three of these strategies (Figure 3.2). First, multiple forms of data were collected as part of this study (i.e., interviews, organizational documents, and observations), which allowed for triangulation of the data. According to Creswell (2007), triangulation involves “corroborating evidence from different sources to shed light on a theme or perspective” (p. 208). In other words, the triangulation made possible by the
multiple forms of data collection provided stronger substantiation of constructs and hypotheses, thus increasing the validity of the study (Eisenhardt, 1989, p. 538).

Figure 3.2. Validation strategies (Creswell & Miller, 2000).

Next, peer review (or peer debriefing) was used to enhance the trustworthiness of this study and proved helpful to this researcher. Peer review is a practice whereby a peer reviewer serves as a sort of “devil’s advocate” to the researcher, asking questions about and challenging methods, interpretations, and findings (Guba & Lincoln, 1985). These sessions between the researcher and peer reviewer are known as peer debriefing sessions, with written accounts of these sessions kept by the researcher (Guba & Lincoln, 1985). This researcher engaged in two separate peer-debriefing sessions with two seasoned nonprofit executives with knowledge of the subject matter presented here (the same two nonprofit leaders with whom the researcher pilot tested interview questions). Each of the individuals who participated in the sessions was supportive of this study, in terms of its relevance and importance to the field. One individual raised questions about the generalizability of the study, while the other questioned the
researcher’s ability to remain objective in such research, due to the history of working in the not-for-profit sector. The generalizability issue is discussed in chapter 1, and reflexivity, discussed below, was used to address the second point.

Finally, a third validation strategy known as researcher reflexivity was utilized to help increase study validity. According to Creswell and Miller (2000), researcher reflexivity is the process whereby the researcher discloses or reports his or her own beliefs, values, and biases that could potentially shape the study. This strategy is important, as it allows researchers to “acknowledge and describe their entering beliefs and biases early in the research process to allow readers to understand their positions, and then to bracket or suspend those researcher biases as the study proceeds” (Creswell & Miller, 2000, p. 127). As with the previous two validation strategies, this procedure proved beneficial in the validation of the results. In this vein, and specific to this study, this researcher exercised extreme caution to stay neutral and objective, as he himself has held a number of senior leadership positions within the nonprofit sector, specifically in organizations based in New England. Bias due to this researcher’s own role as a nonprofit leader could have affected data gathering and/or data analysis if not carefully controlled for. In addition, because this researcher resides in New England, familiarity with a study participant and/or the organization studied was a possibility. However, the researcher did not know any study participants and had no affiliation with or stake in the organization studied, eliminating bias.

**Protection of Human Subjects**

The study brings with it a number of ethical implications. Among these was the protection of the participants involved in the case study, matters of privacy and confidentiality, and informed consent by study participants (Holm-Hansen, 2007). In regards to privacy and
disclosure, both the organization selected as well as the individuals who participated in the interviews were provided with a full description of the study that discussed any perceived risks associated with it. Due to the nature of this study, the risk to the participants was minimal; however, a written and signed informed consent was obtained for all participants, acknowledging that they were a voluntary participant and that they understood and accepted any risk (see Appendix B). In addition, it was discussed with the interviewees that the interview sessions would be recorded and transcribed, and that their identities, as well as the identity of the organization, would remain anonymous. Finally, while Northeastern University’s IRB approved this research study, the organization studied also had an IRB of its own, which also reviewed the proposal. To expedite the research project, the study site ceded IRB oversight to Northeastern University via an IRB authorization agreement with the oversight of a monitor from its organization. Data collection did not commence until the approval of both IRBs was granted.

Summary

The preceding three chapters have provided an introduction to the research that was conducted at a New England–based, self-proclaimed innovative nonprofit organization. The researcher was provided a great deal of latitude with regards to access to agency documents, observation time, and interviews with a wide range of key organizational decision makers who were able to speak to the innovative and ambidextrous practices of this firm. The data collected provided a wealth of important information in helping to answer the study’s research question. The following chapter presents the research findings from this study in detail.
CHAPTER 4:
FINDINGS

The purpose of this study was to gain insights into how nonprofit organizations can institute innovative practices to help ensure their sustainability and financial success while achieving a balance of exploration and exploitation. The research presented here focused on six key decision makers at an innovative nonprofit organization entrusted with achieving a balance of exploration and exploitation activities in the organization for which they worked. The individuals selected to participate in the interviews were senior-level administrators who had the authority to propose, implement, and guide new innovative practices at the organization. Although the agency’s senior team comprised 16 individuals, the president selected those he believed were most responsible for helping set the course for the organization. It should be noted that a seventh individual was also selected to participate as an interview participant; however, this person was also serving as a study monitor by the organization’s institutional review board and, as such, the researcher decided to omit this individual from participation to eliminate the possibility of any conflict of interest. The company’s president selected a replacement participant, but as this individual had been with the organization less than a year, the interview was omitted.

The main objective of this descriptive, qualitative case study was to answer one key research question: What is the relative balance of exploration and exploitation practices as perceived by key decision makers of a self-proclaimed ambidextrous New England–based nonprofit organization? This chapter reviews the findings relative to the research question using James G. March’s (1991) theory of organizational ambidexterity as a lens and guide. The chapter is divided into four sections. The first section describes the research site. The second and third
sections present information from each of the data sources, first presenting participant profiles based on the interviews and then presenting results of the observation and document review. The final section of this chapter presents the overarching findings derived from the data.

**Research Site**

The study site is an award-winning Rhode Island–based nonprofit human services agency with a focus on providing behavioral health care services to children, adolescents, and adults through more than 40 different programs and treatment modalities. The organization opened its doors in 1969 and had been in existence for nearly 48 years. The company employed approximately 750 full- and part-time employees, and total revenue for fiscal year 2015 was in excess of $45 million. The organization met the study criteria: it was mission-driven, possessed Internal Revenue Service (IRS) status as a 501(c)(3) tax-exempt organization, and was governed by a volunteer board of directors. In addition, and critical to this study, the organization considered itself to be innovative by nature and was financially successful, having a significant budget excess since 2004 and throughout the recession, according to the agency’s president and substantiated by IRS Form 990s, a document retrieved from the website Guidestar.com. In fact, the organization won a national award in 2016 for its innovative practices, in addition to a statewide award for innovation that same year.

The company was one of eight community behavioral health centers in Rhode Island. The need in the state was great, and these organizations were forced to compete for scarce funding. According to the company’s president, the behavioral health system in Rhode Island was flawed and grossly underfunded. Despite this, the organization was determined to seek out new opportunities and funding streams to help ensure that the needs of the community were met and that the organization was viable and sustainable for the long term. To that end, the agency had a
multitude of programs and funding streams and provided services to more than 13,000 people each year. According to study participants, organizational documents, and the organization’s social media sites, this company was successful and innovative, it lived its mission, and it was a model for similar nonprofit agencies in the state.

A traditional behavioral health agency provides counseling and perhaps medication management for clients with behavioral health and/or addiction needs in a clinic-like setting. This company, although it may have begun this way, was so much more. Partly out of the need to diversify its funding sources and partly to better meet the needs of the agency’s clientele, this organization had become innovative and cutting edge in many regards. Interview subjects were vocal that the company was discontent with health care the way it exists today and was constantly searching for better ways to deliver its services. As described later in this chapter, the organization identified voids in the service delivery system and developed programs to better support its patients. Some examples include recovery centers located throughout the state, including a recovery high school; social ventures to provide work and vocational opportunities for individuals affected with mental illness; a five star–rated integrated early childhood institute; mobile treatment teams; residential group homes; a traditional high school for children pre-K through grade 12 with behavioral or emotional symptoms; and spin-off for-profit consulting businesses to help fund and support the organization’s mission. What is perhaps most innovative of all, if not somewhat risky, is the fact that the company identified the need first, designed the program, and only then determined how to fund the new initiative. Although this may appear at first to be a poor business decision, this model worked for this organization and ultimately it worked for the individuals receiving its expansive cadre of behavioral health services and supports.
In summary, this study focused on a community-based, behavioral health organization located in the heart of one of Rhode Island’s largest urban areas. The organization supported a diverse mix of clients—the young and old, the rich and poor, and the abled to the most profoundly disabled. The core behavioral health services the agency provided did not meet all of the varied needs of its clientele. Further, these core programs did not generate enough revenue to sustain the organization for the long term. Taking matters into its own hands, the company designed a comprehensive and innovative service delivery system that exceeded what other comparable agencies were doing in Rhode Island. This model was not only good for the long-term viability and success of this nonprofit, it was also good for the people that the agency was entrusted to support.

**Participant Profiles**

As noted previously, six senior leaders from the company, including the organization’s president, participated in semistructured interviews. The data analysis process described herein included the review of each interview transcript and a short summary of each participant’s responses (see Appendix F). A brief profile of each participant follows. Names were changed and pseudonyms were assigned to participants to assure anonymity.

**Participant 1: David.** “David” is the president and chief executive officer of this organization. He had worked in this field for more than 35 years, the last 12 of which were in this capacity at this company. When speaking of his organization, he exuded pride in its many accomplishments and in its innovative nature, but he also spoke passionately of meeting the needs of the clientele supported by his organization. It became clear that he was respected and admired by the members of his management team who lauded him with compliments and
described him as the driving force behind the organization’s innovative efforts and success.

When asked who was responsible for the organization’s explorative practices, he responded:

I spend a large part of my time exploring and developing. I drag people in and some of them—not all of them—stick, but many of them do, and that’s how we go. I am the idea and vision person, and all the other people’s jobs are really to put the meat on the bones and to operationalize it.

Although a finding emerged that David was a visionary and was largely responsible for much of the organization’s innovation, nearly all of the individuals interviewed stated that suggestions and ideas for new opportunities came from all employee levels in the company.

**Participant 2: Donna.** “Donna” is the vice president and chief operating officer, having served in that capacity for 7 years, although she had been with the organization for more than 20 years—the longest-tenured employee among the participants. Donna oversaw all of the day-to-day operations of the agency and was essentially the second in command after the president. As with David, she also spoke proudly of her organization, its success, and its efforts to be innovative. When asked how the organization approached innovation, she stated:

A lot of what we do is based on client need. We base our decisions based on what we think clients need. We do not do it based on money, which is very different from a lot of organizations. We do not create something because there is funding available for it. We look at what the needs are, we see if we can build what needs to be built and what that is. Then, we create it. As we’re creating it, we look for grants or other opportunities that might fund it—fundraising or other opportunities.

Donna went on to say that while many similar nonprofits did little in terms of growth, her company has been very innovative and growth oriented over the past 5 to 10 years. She indicated that “half the battle is trying not to be involved in being reactive but in being proactive. I think that makes the difference.”

**Participant 3: John.** “John” is an 8-year employee and the associate vice president. In his role, he oversaw nearly half of the clinical services provided by the agency related to adult,
child, and family services. In essence, these were the services that were driven by the organization’s mission and could also be considered the services and offerings that were exploited by the organization. Although John was not able to put a percentage on the balance of the organization’s ambidextrous practices, he was able to speak to the company’s approach to innovation and described how it differed from other organizations:

The reason we are successful is because we are nimble, we are agile, and we are quick. We see an opportunity, and we go after it. Our organization can move pretty quickly. For someone as big as we are, we still have that ability. . . . We buy things, we move, we make it happen.

John noted that this organization’s success and innovative practices were sometimes threatening or intimidating to competitors and that sometimes he referred to his own organization as “the skunk at the lawn party.”

**Participant 4: Heather.** “Heather,” an associate vice president, oversaw recovery and residential services. She had been with the company for 6 years and was responsible for nearly all of the other clinical programs that John did not oversee. Heather described her current organization as being much more innovative and successful than her last two employers, both of which were the same type of organization. Heather also noted that some of the strategic planning around innovative initiatives occurred in “executive leadership” meetings; however, she pointed out that exploration also happened at an individual level as well. Heather observed that although innovation was part of her job, she sometimes struggled with it, as she was often consumed with the day-to-day operations of her programs, noting, “I’m always in the weeds.” She was quick to point out, however, that despite this, the organization invested in two positions—a chief strategy officer and a government relations specialist—to assist with innovation. Heather stated that while these positions might appear to be “a luxury,” each position probably paid for itself, and these individuals were very important to the organization’s innovative efforts.
**Participant 5: Oscar.** “Oscar” is the chief strategy officer for the organization, having served in that position for 4 years. According to Oscar, his job was to work with everybody, from the board of directors to frontline staff, to help them all be on the same strategic page, to work together, to innovate, to be the best organization it can be, and to grow and change to meet the community needs.

When discussing the challenges of his organization’s innovative and explorative practices, he stated:

> Innovation tends to get spread more widely than if you had more control for environment or if the environment was more stable. . . . I think it’s more the case that where we are trying to be innovative, those create those kinds of organizational capabilities that we need back in the “core business,” so innovation tends to be more widely distributed than probably even we originally thought.

Like others, Oscar stated that one of the biggest barriers to innovation at the nonprofit was a lack of resources to dedicate to these new endeavors. He stated, “We can have these wonderful ideas and create these wonderful new programs, but where is the capital coming from?”

**Participant 6: Robin.** “Robin,” the chief human resources officer, had been with the company for 6 years as an employee and, prior to that, served in a consultant role. She had worked in both the for-profit and nonprofit worlds, noting that at this point in her career, she was quickly approaching retirement. In her current position, she indicated that she and her staff were responsible for all aspects of human resources management for the organization, to include hiring/onboarding, benefits, and worker’s compensation. To illustrate the growth of the organization, she indicated that there were 400 employees when she joined the company 4 years ago, but today there are nearly 800. Robin believed that the organization attracted many of its new staff due to its reputation for innovation. When asked how an outsider would know that the organization was innovative, she noted that it was very clearly stated in the company’s value statement and that new hires were told during the onboarding process that “innovation is an
important part of what we try to pay attention to.” Like others, Robin appeared to be very proud of her organization and affirmed that the organization “values human resources, management development, organizational development, etc.”

Results of Observations and Document Review

In addition to collecting data through interviews, data were collected through observations and document review. This section summarizes the results from those sources.

Observations. One of the major forms of data collected for this study came via several hours of nonparticipatory observations at the administrative offices of this organization. The researcher was granted the ability to move about freely, observing the interactions of employees and artifacts that might contribute or be related to the organization’s innovation and success. Observations took place on two separate occasions, each time spread over a 5-hour span: before, in between, and after interviews. The researcher was not told of any specific rules or limitations to the observations conducted, but limited his observations to the administrative areas only, located on the first and second floors of the building. At no time was this researcher granted permission to observe in areas of the building where services were being provided to clients of the organization, nor did he attempt to observe in those locations. Further, the researcher did not observe meetings or any conversations where information that could be considered confidential was being discussed. It is believed that employees present on the days of the observations were made aware of the purpose of the researcher’s visits to the building, as little attention was paid to him. Despite this, the researcher was made to feel very welcomed during the time spent at the company.

The administrative offices are located in an old, renovated building (and former restaurant) on a fairly busy main thoroughfare. A tour of the building was granted by one of the
interviewees during the first session, but the researcher was shown other areas of the building on the second visit. The interview with David, the president of the organization, took place in his office, while all other interviews occurred in the organization’s boardroom. David’s office was a large space that included a conference table so that small meetings could be held there. This office was adorned with numerous pictures, mementos, and awards that were clearly important to David, but also reflective of a very successful organization. The administrative offices themselves were what one might expect from a successful nonprofit—clean, bright, modern, and functional. Most administrators and leaders had offices on the main hall of the first floor of this rather large but narrow building. The top floor housed additional office space, a kitchen, restrooms, and the boardroom, while some services were provided in the lower level of the building.

The interior of the building was a mixture of old and new with exposed brick and woodwork. The main reception area was small, but bright, inviting, and professional. The main front wall of this space had the name/logo of the company painted on it and was the focal point of this space. There was a single employee (a receptionist) in this area, who sat behind a high-top desk. Pictures, plaques, and awards were displayed on the walls in this comfortable waiting area. The rest of the building that was accessible to the researcher was similar to the reception area—in that it was bright, neat, clean, and conducive to the administrative work of the organization. Aesthetically, the office was painted in neutral colors, with beige being a predominant color throughout. The floors were carpeted, and wall hangings included art, pictures of the organization’s other properties, a variety of awards, and the organization’s mission and value statements.
The employees that the researcher had the opportunity to observe were all friendly, approachable, and professional. Although the president and chief strategy officer wore dress shirts and ties, nearly everyone else seemed to dress in business casual attire. There were noticeably fewer employees present in the building during the second observation session than the first, which happened to take place during the month of July. When the researcher inquired about this, he was informed by one of the interviewees that it was a busy vacation week at the company. Despite this, the researcher found interactions among employees to be friendly, light, and cordial. The environment was warm and welcoming to this researcher, who surmised that employees here must find this organization, at least the administrative offices, a pleasant place to work.

Beyond the observations noted above, a few observations might demonstrate the firm’s commitment to innovation and, more specifically, the organization’s attempt to achieve a balance between exploration and exploitation, as suggested by March (1991). First, it was this researcher’s observation that communication was encouraged and valued in the administrative offices. People were engaged in conversations, both casual and business-related, during the observations. Office doors were open and the occupants were easily accessible for impromptu discussions and meetings. Employees believed to be at all levels of the organization were free to move about and could be seen interacting with senior administrators (known to be senior administrators as they were interview subjects). One could easily glean that this environment was conducive to creativity and brainstorming.

Next, as noted previously, the organization’s name and logo were displayed prominently, as well as a variety of pictures, recognitions, and awards, which were an obvious source of pride and accomplishment and a testament to the firm’s innovative nature and success. Finally, framed copies
of the organization’s mission and value statements were hung conspicuously on the walls. Each of
the six interviewees referenced the mission and values of the organization, describing them as living
documents that guide and drive the agency’s purpose and existence. Seeing these statements on the
wall served as a constant reminder to employees of why they were there each day, as well as the
importance of the organization’s activities. In sum, the environment observed by this researcher
painted a picture of an organization that was proud of its success, was mission driven, and
attempted to create a culture of innovation, where all could freely contribute innovative ideas.
Additional findings from the observations are expounded upon further in this chapter.

**Document review.** A variety of the organization’s documents were made available to the
researcher as part of this study, including internal documents provided by the company as well as
documents on the Internet and on social media. As with the other data collected, these documents
were used to help answer the study’s primary research question.

The organization’s mission, vision, and value statements were found easily on the
organization’s website. As some interviewees pointed out, these documents helped drive the
organization, providing it purpose and focus. The mission and vision statements were concise,
one-sentence assertions describing the agency’s guiding principles. They are not stated here to
ensure the agency’s anonymity; however, they suggest that it is the organization’s mission and
vision to meet the behavioral health needs of all children, adolescents, and adults in the
community. The value statement was different, in that it comprised seven short bulleted
statements addressing a number of points, including a focus on individualized care, prevention
and education, quality services, recruitment and retention of quality staff, dignity and respect of
people served, and the development of public policy to support the needs of individuals served.
Interestingly, a seventh bullet touched upon the innovation necessary to meet the community’s
needs. The promotional video, which was available on YouTube and was of professional quality, was essentially a detailed description of the organization provided by the president and a summary of the mission, vision, and value statements.

The organization’s social media sites were updated regularly, covered activities within the agency, and provided a great deal of educational material on behavioral health topics. Further, they provided contact information (including how to access services/emergency services), links to the webpage and other social media sites, and a link to make donations to the organization. The Twitter site had nearly 700 followers, while the Facebook page had more than 1,000 likes. The company’s website was expansive with many tabs and links, including a portal for employees to gain access to internal email and the organization’s intranet. Main tabs on the home page included About Us, Careers, Services, News, and Contacts, with subcategories listed under each tab. The researcher considered the website to be engaging, informative, and very well done. Although there were too many tabs and links to list here, the About Us tab provided an overview of the organization, the mission, vision, and value statements, a listing of senior leadership members, the previous year’s financial statements, and a separate tab labeled Innovation. The Innovation page stated that innovation was in the company’s DNA and went on to describe some of the organization’s innovative practices and awards and recognitions for these achievements.

The company’s annual report covered the year 2014; the 2015 report had not yet been completed at the time of the study. The report itself was a colorful, glossy 21-page booklet, perhaps more professional than one might expect from a nonprofit organization. The report appeared to follow the same format as the company’s webpage and social media sites, in terms of the color scheme, the use of the logo, and even the content. The document began with the
organization’s mission and vision statements and a table of contents, followed by an introductory welcome message from the president and board chairman. The content was a mixture of educational pieces and stories that described the agency’s many programs and accomplishments, but it also included numerous pictures that showcased the organization’s employees, as well as people supported by the agency. The next sections of this document included a breakdown of the company’s finances for fiscal year 2014 and then a number of pages that named those individuals and companies that donated to the agency during the fiscal year. Finally, the last page listed the addresses of all of the organization’s various locations, key phone numbers, and the names of the firm’s board of directors. As with the other documents, this one was also visually appealing and of high quality.

The last document reviewed was a summary of the organization’s strategic plan. According to Bryson (2011), a strategic plan “is a deliberative, disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does and why it does it” (p. 7). For this organization, the plan was just that—a sort of road map to direct the organization’s efforts in a strategic way for the next few years. This document was developed in conjunction with senior leadership, board members, and other community stakeholders. Although there was a complete and thorough strategic plan developed by the agency, the version made available to the researcher was a summarized version in order to keep specific details confidential. The summarized version had four key headings: vision, mission, strategic goals, and organizational priorities. The strategic goals comprised five bullet points that touched upon such things as quality of services, organizational structure, meeting the needs of their community, financial viability, and being a quality employer. The final section, organizational priorities, comprised eight statements that described the agency’s focus and key
goals for the coming year. These statements were very specific and, therefore, cannot be reproduced here due to confidentiality. However, some areas addressed included potential affiliation agreements with other organizations, ways to enhance organizational funding to ensure sustainability, new program development, governmental affairs, and staff development.

**Findings**

As detailed in chapter 3, the data analysis procedures utilized for this study followed the three levels of analysis posed by Miles et al. (2014): (a) data condensation, (b) data display, and (c) conclusion drawing/verification. Following the first and second levels of coding and the data condensation process, a number of themes and phenomena of interest began to emerge (Creswell, 2007). This initial coding led to 14 themes, as shown in Table 4.1.

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Mission/vision</th>
<th>Survival</th>
<th>Financial</th>
<th>Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Exploration activities are led by the president and senior leadership.</td>
<td>• The company focuses on meeting the needs of its clientele first; money will follow.</td>
<td>• The agency is willing to take risks; there is a high risk tolerance.</td>
<td>• Resources are dedicated specifically for exploration and innovation.</td>
<td>• The company possesses a strong survival instinct.</td>
</tr>
<tr>
<td>• The organization is open to partnerships and collaboration with others.</td>
<td>• The organization is concerned with the needs of its community.</td>
<td>• The agency is future oriented and success driven.</td>
<td>• Little capital is available for new initiatives.</td>
<td>• There is a strong culture of innovation; it is a source of pride for the organization.</td>
</tr>
<tr>
<td>• The organization actively seeks out new opportunities; is creative.</td>
<td>• There is a commitment to quality services.</td>
<td>• The organization is nimble and agile; it can respond quickly to opportunity.</td>
<td></td>
<td></td>
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</tbody>
</table>

As the data condensation and data display phases continued, four obvious overarching findings began to solidify: (1) the organization possesses a culture of innovation; (2) innovation
and explorative activities are spearheaded by the president; (3) innovation is geared towards gaps in services, not money; and (4) the relative level of exploration and exploitation fluctuates and is inconsistent, heavily favoring exploitation. To illustrate these findings, the researcher created tables that included in vivo codes from interviewees to support these phenomena. These supporting statements, as they relate to the findings, correspond to the theoretical framework of organizational ambidexterity as posited by March (1991) and help to answer this study’s research question. Appendices H and I provide various summary displays of data.

**Finding 1: The organization possesses a culture of innovation.** Some mission-based nonprofit organizations put their energies into exploiting their primary business function and spend little if any time exploring new opportunities that will help ensure the long-term sustainability of their company. These organizations often lack a culture of innovation and exploration and therefore devote their resources and energies to their primary function; that cannot be said about the organization studied here. To be clear, this nonprofit took its mission very seriously and was very committed to its core values. At its heart, it was a highly regarded behavioral health agency that provided counseling, therapy, and medication management to its patient population. Out of necessity, it had also learned how to balance this core business with exploration and a culture of innovation. For instance, new employees met with the president and/or chief operating officer during the onboarding process and were welcomed to the organization and then told about the innovative nature of this company. From the organization’s marketing materials, website, and social media presence—and specifically its mission, vision, values, and strategic plan—it was obvious that this organization is innovative. The organization even created a chief strategy officer position whose purpose was to further the organization’s innovative practices; the president noted that this position was innovative in and of itself in the local nonprofit arena.
Each individual interviewed spoke proudly of this company’s innovations—past, present, and ones yet to come. In addition, the culture of innovation was pervasive; that is, it was felt throughout the company, and at all levels. A frontline employee could suggest a new opportunity or service as easily as a tenured, senior administrator. The accessibility of senior leadership and their open-door policy helped encourage such suggestions. The tagline “innovation is in our DNA” spoke volumes about the innovative culture that permeated all levels of this award-winning nonprofit. One cannot be exposed to this organization without coming away impressed with its many accomplishments, its sense of pride and all-around success. Table 4.2 provides some quotes in support of this finding.

Table 4.2
Participant Quotes for Finding 1: Culture of Innovation

<table>
<thead>
<tr>
<th>Participant</th>
<th>Quotes supporting Finding 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>David</td>
<td>It’s now our DNA. What we’re looking at now is: “Okay, how can we do this even better? What else can we do? How do we add on today?” What we look at, what we try to accomplish we’re often not able to do it, but we try to continue the growth trajectory that we’ve had. Again, it’s the drive of people trying to not take an obstacle and say, “therefore it’s insurmountable,” but be challenged to try to go beyond that.</td>
</tr>
<tr>
<td>Donna</td>
<td>You hear different things [through an association “innovation incubator”] and I think it gives you a perspective and it helps you to step back, to think things through. I think that’s half the battle is trying not to be involved in being reactive but in being proactive. I think that makes the difference. I see nothing but more innovation and opportunity for us.</td>
</tr>
<tr>
<td>John</td>
<td>Innovative, creative, smart, going after the vision of taking care of people for behavioral health. We’re very committed to that, from birth to death. That’s really what we do. Innovative. Creative. Mission driven. . . . I think we’re very creative in how we respond to the needs of our community.</td>
</tr>
<tr>
<td>Heather</td>
<td>I think one of our big strengths is that we have a great training program here, so we really take pride in training our staff.</td>
</tr>
<tr>
<td>Oscar</td>
<td>Innovation is in our DNA. It’s in all of those places. I mean, all of those mission, vision, values—those are your culture, right? As changes roll out to the rest of our programs, we’re still trying to press down on the innovation gas pedal.</td>
</tr>
<tr>
<td>Robin</td>
<td>We don’t have a formal “here’s my idea” and then a committee that approves it and all that sort of stuff. It just bubbles up. The board is very supportive. We know we can’t just be stagnant, and it’s not just about growing for growth’s sake.</td>
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</tbody>
</table>
Although a culture of innovation is a starting point, a culture in and of itself does not drive or implement the innovative programs and practices. The driving force behind this organization’s innovation is explored further in the next finding.

**Finding 2: The president drives the innovation and explorative activities.** Those interviewed for this study were clear that at this organization, the president was the one who steered and directed the company’s innovative practices. The president appeared to be the lead strategist when it came to implementation and roll out of new ideas and innovations. Those interviewed emphatically stated that David was the visionary who set the tone. David acknowledged that he saw innovation and exploration as his job and a major part of his responsibilities (“I am the idea and vision person”), but he also noted that help was needed with implementation. Certainly, the board of directors played a role as well, accepting risk, allocating funds, and supporting David’s initiatives, as did the senior leaders who supported these endeavors and operationalized them.

David presented as a confident, if not soft-spoken leader, proud of both his staff and his organization. Participants noted that he was an “inclusive” and “open” leader who welcomed feedback and debate, especially regarding ideas about new opportunities. Some interviewees described him as committed to innovation and observed that he had a high tolerance for risk when taking on these new endeavors. Others stated that he was the one who set the pace, always pushing to be better and to move faster. One interviewee opined that David helped create an organization that was nimble and agile, which contributed to its ability to quickly seize opportunities when they presented themselves. At the same time, David remained very committed to the core functions of this nonprofit behavioral health organization and was able to exploit traditional therapies and medication management alongside new innovative treatments.
such as the recovery communities, schools, and the for-profit businesses that helped subsidize
the agency financially. Table 4.3 provides some quotes in support of this finding.

Table 4.3
Participant Quotes for Finding 2: Role of the President

<table>
<thead>
<tr>
<th>Participant</th>
<th>Quotes supporting Finding 2</th>
</tr>
</thead>
</table>
| David       | It’s not everyone’s job here to do that; ... that’s impossible. You need people who can keep the trains running and you need to make sure that the quality is good and everything else. There’s a lot of that, but it is, in my view, the responsibility of senior leadership, a CEO in particular.
I spend a large part of my time exploring and developing. I drag people in and some of them, not all of them, stick but many of them do and that’s how we go. I am the idea and vision person, and all the people’s job are really to put the meat on the bones and to operationalize it. |
| Donna       | Some really good examples of that is [omitted due to confidentiality]. With [former employee’s] vision and David’s abilities, we were able to get that started.
David ... was able to research how it was done around the country. Then, we were able to secure some funding to get it started. |
| John        | I think most CEOs would’ve given up ... but it’s the right thing to do. ... I’m always pleased that I’m part of that. David is a visionary and we go after those things. Most CEOs would say, “You know what? They want us to leave. We’re closing it. Let’s just let it go.” He did not do that. |
| Heather     | I think that’s really driven by David and we’re the followers.
David certainly is the head of it—innovation—and I think his philosophy is if there’s a need, we’re going to build it and then the money will follow. |
| Oscar       | It has to get done faster, it has to get done better— ... that’s David setting that pace.
We have a strong executive, so it’s David who sets the tone for innovation. We have a fairly flat organizational structure where all of the executive leadership team really weighs in on ideas, and pretty healthy open debate: “No, David, that’s a horrible idea”—and really healthy debate, but it’s David that sets that tone for a fairly flat, executive structured, open debate, but insistence on speed of innovation and implementation.
The board has been tremendously supportive, has really developed some real understanding of the issues and the environment, both what we’re trying to do and what other groups are doing, but it’s the executive that drives the train. |
| Robin       | David’s door is open, new ideas can flow in. ... David is 100% on it.
David is obviously a great visionary. ... He’s a great partner. ... If he didn’t have that spirit, obviously we wouldn’t have as much fun.
David is a very inclusive and open person. ... Let’s start with that, and then as a manager, he doesn’t like to manage in a hole by himself. He wants to bat ideas with all of us on a regular basis. He invites us to challenge him and tell him when it’s stupid. |

The following finding explores how David and his organization went about their explorative activities and describes how this tactic has proven successful for this organization.
Finding 3: The focus of innovation is on service gaps, not money. Innovation, of course, comes in many shapes and sizes; there is not a single recipe for an organization to follow to become and remain innovative. However, this nonprofit used its mission, vision, and values to drive its business and was successful doing it. Some nonprofits exploit their mission, to the exclusion of exploration, which can cause them to grow complacent and stagnant. This nonprofit exploited its core business, as dictated by its mission, but it used the same mission to guide its explorative practices and innovation. Specifically, this organization identified gaps in services to its behavioral health clientele and then designed programs to meet those needs. Once the new innovative service was identified, the organization pursued funding to get the initiative off the ground and to sustain it. This may seem counterintuitive, as many innovative organizations might be inclined to do the exact opposite: find the funding source first and then design the program. David and other interviewees pointed out that this formula had been successful for the company, helping it remain profitable through the difficult years of the recession, through the present day. The organization took this strategy very seriously, and references were made to this philosophy in all of its marketing documents, social media sites, and, particularly, strategic plan.

To achieve success with this type of model, the organization had to have a high degree of risk tolerance and little aversion to failure. Interviewees including David stated that this organization possessed both, from the board to the president and on through to the administration. David posited that those organizations that exploit their primary business function by focusing on increased volume are destined for failure if they fail to explore and innovate. David stated:
They are not coming in from a position of strength or from a strategic position. It’s really this is all we can do. This will keep the doors open, lights on, but we run out of runway to do all of this. The other approach, which is the one that has the better chance, in my opinion, of success is what is part of a strategic vision and plan informed by the environment, informed by research, informed by trends. In our case, we’ve been a stable, growing organization for some time. I’ve been here 12 years now, and after the first 3 or 4 years of reorganization and revamping ourselves, we’ve basically been on a growth trajectory ever since that point, and every year we’ve grown in terms of numbers of client served, numbers of staff employed, and budget.

This organization provided the core business functions of a traditional behavioral health center: individual and group counseling and the use of medication therapy managed by licensed prescribers. Beyond that, this organization found the need to provide additional, less conventional supports to aid their clientele’s recovery from mental illness and addiction. Once patients stabilize following conventional treatments, it is not uncommon for them to relapse. This organization, through its innovative efforts, developed additional programs and services to help foster recovery and prevent relapse, which helps keep patients in less restrictive and less expensive settings, as opposed to emergency rooms and inpatient psychiatric hospitals. The organization’s drop-in recovery centers help patients receive a reduced level of care that can prevent decompensation and the return to a higher, more expensive level of treatment. Similarly, the school operated by this organization that caters to children with behavioral or emotional problems can help complement conventional treatment and foster recovery. The therapeutic environment and clinical supports offered by this school are much more nurturing and better suited to the needs of children with a psychiatric diagnosis than a typical school with typical students.

The recovery high school is a good example of an innovative product that not only met community needs but also became a financial success for the organization. The first and only such school in Rhode Island, it was started, without any funding, to better meet the
needs of students in recovery. According to John, Rhode Island had a significant drug problem, and there were few recovery services in the state for adolescents. With the high school started because it was seen as the right thing to do, the organization first sought private donors to get the program off the ground and then, according to John, David lobbied the legislature until public monies were dedicated to this successful endeavor. Blending the core traditional behavioral health treatments along with the new innovative modalities such as this is good for both the clients of this organization and for this company’s bottom line.

Other innovative services were provided by this organization that are not typically offered by nonprofit behavioral health centers of this type. For instance, Heather spoke of a contract the organization had with the state to provide behavioral health services to men and women in the state prison system. According to Heather, the programs for incarcerated men and woman range from on-site, re-entry preparedness to community-based residential, supportive housing, intensive outpatient therapy, and routine outpatient co-occurring treatment and recovery coaching. She also spoke of an innovative mobile treatment team that went out to “hot spots” in the community in response to Rhode Island’s opioid epidemic, as well as contracts the company had with all of Rhode Island’s hospitals to respond to their emergency rooms when patients were brought in for overdoses. Finally, Heather described a for-profit consulting business that emerged, whereby the organization consults with similar-type organizations, both nationally and internationally. In short, she described the consultation business as a successful offshoot of the nonprofit company, where it helps other behavioral health organizations design and implement some of the same innovative programs.
The last innovative program to be discussed here is one that has not fully developed yet, but according to Oscar shows great potential. The name will be withheld due to confidentiality and to ensure the organization’s competitive advantage, but in short, it is a for-profit, commercial behavioral health organization. Taking what the organization learned from its nonprofit business, the firm thought it could create this new “branded” venture and introduce it to the state. According to Oscar, “There is no recognized brand in the market anywhere really, so we thought we could become that brand. That was one of the innovations, and [name of business] has a lot of really innovative models within it.”

Although behavioral health intervention remains at the heart of this new model, it is unlike anything else in the marketplace. In short, the program is a team-based approach at preventing additional psychiatric hospitalizations for commercially insured patients who have recently experienced their first hospitalization. The organization already possessed this expertise, but most of its clientele was insured through Medicaid and/or Medicare. Without enough capital to fund this project on its own, the organization reached out to others to help finance this venture. Oscar saw great potential in this new, for-profit undertaking and noted that the organization, “in its separate corporation structure is, I think, one of the better examples, clearest examples we have of this ambidextrous idea.” Table 4.4 provides some quotes in support of this finding.

Although the study site found a method for success by balancing exploitation and exploration, David and others stated that there were challenges in maintaining this balance. The next finding explores the factors that impacted this organization’s relative balance of innovation.
<table>
<thead>
<tr>
<th>Participant</th>
<th>Quotes supporting Finding 3</th>
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<tbody>
<tr>
<td>David</td>
<td>Our lens is that people can and do get better, that the work that we do is not just the nice thing to have happen but it’s integral to people functioning well. And that to function well, we have some core strengths, but that we also have to match those core strengths with all the other needs and social determinants that affect people’s ability to do their day-to-day living. We’re not afraid of failing. You learn more from failure than you do from success, and we’re not afraid of taking risks and we’re not afraid of investing in things that don’t automatically just benefit us but they do benefit the community and our clients. The way you grow in a world that’s moving from volume to value is in my opinion through innovation, through creative efforts, through filling in the gaps, not just doing more and more and more of what you’ve always done.</td>
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<tr>
<td>Donna</td>
<td>A lot of what we do is based on client need. We base our decisions based on what we think clients need. We don’t do it based on money, which is very different from a lot of organizations. We do not create something because there’s funding available for it. We look at what the needs are, we see if we can build what needs to be built and what that is. Then, we create it. We don’t chase the money—we chase what’s right for the client. That’s what makes us different than a lot of other organizations.</td>
</tr>
<tr>
<td>John</td>
<td>Again, it’s having the vision of what the right thing to do is, knowing what the community needs, and then sticking with it over time. We follow the mission of [organization’s name] and we go after the money second, which sounds contrary to what most businesses should do. I think a perfect example is our [name of recovery school]. Again, it’s the only recovery high school. There is no funding, or was no funding, for that. David . . . recognized that there was obviously a large drug problem in Rhode Island. Certainly, our youth are affected by that. There’s really no recovery services for adolescents in Rhode Island. Again, no funding. David opened [name of recovery school] knowing it was the right thing to do.</td>
</tr>
<tr>
<td>Heather</td>
<td>They’re willing to take things on, try things, and worry about money on the other side. Some of it is planning and some of it is a little fly by the seat of your pants.</td>
</tr>
<tr>
<td>Oscar</td>
<td>The role is to work with everybody, from the board to frontline staff, to help them all be on the same strategic page, to work together, to innovate, to be the best organization we can be, and to grow and change to meet community needs. We know there’s big opportunity; we know there’s not enough supply of services in those new markets. But in general, that’s because the capital situation in that market is poor. . . . If the capital opportunity was there, somebody else might have gone there.</td>
</tr>
<tr>
<td>Robin</td>
<td>The driver is around increasing our ability to provide the services the clients need. The services the clients need are pretty full services. . . . If you think of it that way, you can’t just provide one little piece or another little piece. . . . Since they’re so client focused and so centered on delivering things and actually help people get better and sustain it, you can’t ignore that it requires multiple pieces to make that happen.</td>
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</table>
Finding 4: The relative level of exploration and exploitation fluctuates and is **inconsistent, heavily favoring exploitation.** This successful nonprofit organization prided itself on its innovative and explorative efforts; however, the pursuit of new opportunities did not always come easily. As suggested by March (1991) and others who have studied organizational ambidexterity, many organizations struggle to reallocate already scarce resources away from their exploitative activities and apply them to these risky, new prospects. Virtually all interviewees acknowledged that a lack of start-up capital was a barrier to their explorative efforts. As David stated, “We are an idea-rich and cash-poor organization.” There did not seem to be a shortage of new ideas, but some projects could not be pursued, as the organization simply might not have the cash on hand for a start-up at any given time. The president and the board of directors had a high risk tolerance for new projects, so it was not out of the ordinary for the company to seek creative means, including investors, to fund new projects. A number of interviewees stated that funding for existing programs could be tenuous, not to mention payment issues they experienced with some state-funded programs and health insurance companies. Although this organization was financially successful, it still had bills to pay and a payroll to meet, which caused it to exercise some degree of caution.

The agency studied here was positioned better than many organizations that engage in little to no exploration of new activities. However, some of the challenges it experienced had a direct impact on the amount of exploration that it was able to engage in. Interviewees struggled to define the company’s level of ambidexterity due to the challenges they encountered, but also because the level fluctuated based on their resources. Estimates by some participants placed the company’s explorative efforts at somewhere between 5% and 25%. Oscar was the only interviewee who attempted to place a percentage on how much the organization devoted
annually to its explorative practices, guessing it was somewhere in the area of 5% of the company’s annual budget. If accurate, this number was significant, as it meant the company spent approximately $2.25 million annually on its innovative efforts.

Finally, it was pointed out that capital was not the only barrier that caused fluctuations in the organization’s innovative efforts. While start-up capital was the most common barrier to innovation, the other area that might hinder innovation was any destabilization of the core (exploited) business. As Oscar stated, “The stable business doesn’t, in the last years, it doesn’t stay very stable.” When instability occurs in the exploited core business, attention is drawn back from the new innovative activities and is returned to the primary business. This seems to be a normal reaction, as it is the core, reliable business that is the backbone and real mission of the organization. Putting the core business at risk puts the entire organization at risk. Some who were interviewed spoke of staffing difficulties (the inability to recruit and retain frontline staff), changes in state or federal laws, regulatory matters, and funding/insurance reimbursement issues as examples of things that the organization had little to no control over, yet could bring instability to the day-to-day operations of the company. Fortunately, this appeared to be a resilient organization that returned to exploration when any destabilization of the core business returned to normal. However, it is easy to see how start-up funding and a destabilization of the core business could cause fluctuations in the company’s innovation efforts. Table 4.5 provides some quotes in support of this finding.
**Table 4.5**

*Participant Quotes for Finding 4: Fluctuation of Level of Innovation*

<table>
<thead>
<tr>
<th>Participant</th>
<th>Quotes supporting Finding 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>David</td>
<td>I often joke with people that we are an idea-rich and cash-poor organization, that we exhausted all efforts to come up with creative capital that we look at venture philanthropy. We look at social impact bonds. We look at all sorts of things that didn’t pan out as ways of getting some additional resources in here that could then help us to continue to grow, continue to innovate, continue to fill in the blanks that we sought in the industry and state. Based on the visions that we had, where are their needs? Where are their gaps? Do we have ways of helping to fill them in? Then, how do we rally the resources to support the things that we’ve began so that they’re sustainable? What we’re looking at now is, “Okay. How can we do this even better? What else can we do? How do we add on today?” What we look at, what we try to accomplish, we’re often not able to do it, but we try to continue the growth trajectory that we’ve had—2%, 3%, 4% growth every year. The capital is always a good one. Bureaucracy is often a barrier.</td>
</tr>
<tr>
<td>Donna</td>
<td>I think that our strategy has been to grow. In order to grow, you have to look at how you can do things a little bit differently. Now I would say, maybe 5% or 10% would be that. Because I think the other piece that impinges upon us is what’s happening at the state level. We don’t always have control over how creative we can be.</td>
</tr>
<tr>
<td>John</td>
<td>I’m not sure I can put a percentage on it, but certainly what I would tell is since I have been here there’s been . . . I can’t even tell you how many new things have happened. I probably spend a lot of my time on new things, and I’m less day to day any longer because I have people underneath me doing the day to day. That’s how I would probably describe. I’m not sure what the percentage. We always think, “Is there other things we can do to help pay for our mission?”</td>
</tr>
<tr>
<td>Heather</td>
<td>Obviously, as you know, we don’t get enough funding.</td>
</tr>
<tr>
<td>Oscar</td>
<td>The interesting thing is our core business where you’re supposed to be focusing on this stable business, 50% and then 50% of the innovation. The stable business doesn’t, in the last years, it doesn’t stay very stable. In the intentional space it might be 25% of time and 5% or so in a budgetary sense, again because you don’t have that available capital to invest in the innovation. It’s that access to capital part that frustrates us in thinking about taking advantage of this ambidextrous organization idea, that we missed innovative parallel structure. We can have all the great ideas we want, but they remain ideas if we can’t capitalize them. You always have the problem of: We can have these wonderful ideas and create these wonderful new programs, but where’s the capital coming from again?</td>
</tr>
<tr>
<td>Robin</td>
<td>We can’t just say, “Oh, let’s take $100,000 and spend it on this thing” because we don’t have that kind of money.</td>
</tr>
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</table>
Summary of Findings

One research question guided the study: What is the relative balance of exploration and exploitation practices as perceived by key decision makers of a self-proclaimed ambidextrous New England–based nonprofit organization? To answer this question and to gain insight into the dynamics of this phenomenon at this organization, three forms of data were collected and analyzed: observations, document review, and six one-on-one semistructured interviews. The three different forms of data were triangulated to validate the results of the study and to strengthen the study’s trustworthiness (see Table 4.6).

Beginning with the initial coding and then the data display and finally the conclusion drawing process, four findings quickly began to emerge. First, the organization possesses a culture of innovation and exploration that permeates all levels and all aspects of this company. The notion that this is an innovative nonprofit organization was clear and consistent across all organizational documents analyzed and was stated in each of the six interviews. Even during the observations, copies of the agency’s value statement that declared that the organization was innovative were conspicuously hung throughout the office for all to see and to be reminded of. Second, it was made clear by key organizational decision makers during interviews and in virtually all organizational documents reviewed that while all levels of staff were welcome to contribute to ideas around innovation, it was undoubtedly the role of the president to push the explorative agenda of this nonprofit. Third, specific to the type of innovation and explorative activities this company engaged in, all three sources of data addressed the organization’s focus on the unmet needs of its clients and the community. Interviewees and agency documents distinctly expressed that this philosophy and this practice were in line with the agency’s mission. Further, each individual interviewed noted that the focus was on innovation first, and funding for
### Table 4.6
**Triangulation of the Data**

<table>
<thead>
<tr>
<th>Finding</th>
<th>Document review</th>
<th>Observations</th>
<th>Interviews</th>
<th>Final finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization possesses a culture of innovation</td>
<td>All documents reviewed in some way referred to the innovation that occurred at this organization. The explorative efforts were clear in the agency’s strategic plan and mission, vision, and value statements, and the organization’s website devoted an entire section to innovation. The organization also used the catch phrase “Innovation is in our DNA” in its materials.</td>
<td>When visiting this organization, administrators appeared warm and approachable, office doors were open, and copies of the company’s mission and value statements were conspicuously placed as a reminder of the organization’s purpose, with its commitment to innovation clearly stated in the value statement.</td>
<td>All interviewees spoke of the organization’s culture of innovation, from the way new staff were onboarded and indoctrinated into the company to the brainstorming that was encouraged. This was also supported by an array of innovative services and programs not typically provided by such an organization (the early childhood institute, job training for individuals afflicted with mental illness, for-profit ventures to help financially support the firm’s mission, and recovery centers, including the state’s only recovery high school).</td>
<td>A culture of innovation permeates all aspects of this organization.</td>
</tr>
<tr>
<td>The president drives the innovation and explorative activities</td>
<td>The role of the president in terms of driving the innovative efforts of this organization was clearly stated in the company’s strategic plan, the 2014 annual report, and the marketing video that featured the organization’s president.</td>
<td>The president’s open-door policy was conducive to brainstorming and explorative discussion. He was observed to be available and accessible to his staff.</td>
<td>Virtually all interviewees, including the president himself, indicated that the president was the key individual responsible for driving innovation and explorative activities with the organization. Although all levels of staff could participate, all interviewees stated that the president pushed this agenda.</td>
<td>Although innovative and explorative ideas could “bubble-up” from all levels of staff, the company’s president was ultimately responsible for the pursuit of the agency’s innovative initiatives.</td>
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<tr>
<td>The focus of innovation is on service gaps, not money</td>
<td>As with the culture, virtually every document reviewed for this study, including the company’s website, noted that the innovative efforts put forth by</td>
<td>The mission and value statements placed on the walls were a reminder of the organization’s purpose and focus.</td>
<td>All interviewees passionately spoke to the organization’s mission of meeting the needs of the community and their patients first. Most acknowledged that filling service gaps first and looking for the funding secondarily was opposite of</td>
<td>Consistent with the organization’s mission, its innovative efforts are geared towards meeting the...</td>
</tr>
<tr>
<td>Finding</td>
<td>Document review</td>
<td>Observations</td>
<td>Interviews</td>
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<td>this organization were aimed first and foremost at meeting the needs</td>
<td>what most similar nonprofits were doing, but noted that this organization had</td>
<td>Final finding</td>
<td>needs of its community and clientele; funding for these initiatives follows.</td>
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<td>of the community and of the organization’s clientele; funding was</td>
<td>been very successful with this practice. New programs were created from the</td>
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<td>secondary pursuit.</td>
<td>ground up to help aid in patient recovery. Some of these included the recovery</td>
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<td>The need for financial stability was included in the documents</td>
<td>centers, the early childhood academy, residential group homes, vocational</td>
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<td>reviewed but was secondary to filling service gaps.</td>
<td>programs, the two school programs, and work with individuals with mental illness</td>
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<td>The relative balance of exploration and exploitation is dynamic and</td>
<td>All interviewees mentioned a lack of capital as being a hindrance to the company’s</td>
<td>A lack of capital to explore new opportunities, along with any disruptions to</td>
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<td>variable and falls far short of being equally balanced.</td>
<td>explorative efforts. Additionally, issues that cause destabilization of the</td>
<td>the agency’s core business, could cause fluctuations to the organization’s</td>
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<td>company’s exploitative efforts (core business function) also could be</td>
<td>balance of exploration and exploitation.</td>
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<td>disruptive to the agency’s explorative practices. Subjects said that difficulties</td>
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<td>staffing programs due to the low pay of entry-level staff, changes to the rules</td>
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<td>and regulations that govern the programs offered, funding cuts by the state, and</td>
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<td>reimbursement issues by health insurance companies could all create disruptions</td>
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<td>that could impact explorative efforts. In addition, a lack of capital to fund</td>
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<td>new initiatives could sometimes limit innovation.</td>
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the new endeavor always followed. Lastly, while this organization was unmistakably innovative, the relative levels of exploration and exploitation heavily favored exploitation and fluctuated based on circumstances beyond the organization’s control, most notably financial and regulatory issues that could disrupt the core business. Although not very evident in observations, interview subjects and notably documents such as the company’s strategic plan acknowledged the financial and regulatory issues that impacted the company’s growth and innovation.

Having reported the key themes and findings of this study, the next and final chapter outlines the major study conclusions as they relate to March’s theory of organizational ambidexterity, discusses implications for practice and future research into this topic, and concludes with a summary and final thoughts.
CHAPTER 5:
DISCUSSION

The purpose of this study was to gain insight into how nonprofit organizations can institute innovative practices to help ensure their sustainability and financial success. More specifically, the research attempted to answer the study’s research question: What is the relative balance of exploration and exploitation practices as perceived by key decision makers of a self-proclaimed ambidextrous New England–based nonprofit organization?

Using a single-case descriptive case study, the research focused on key organizational decision makers at an innovative and successful nonprofit firm. The individuals selected to participate in the interviews were six senior-level administrators who were key decision makers and had the authority to propose, implement, and guide new innovative practices at the organization. In addition to six semistructured interviews, data were collected through field notes from nonparticipatory observations and the review of several organizational documents using James G. March’s (1991) organizational ambidexterity theory as the theoretical framework and lens. Data analysis techniques followed the three levels of analysis posed by Miles et al. (2014): (a) data condensation, (b) data display, and (c) conclusion drawing/verification. The researcher used triangulation, peer review, and researcher reflexivity to help ensure the trustworthiness of this study. At the completion of the data analysis process, three conclusions were reached that provide insight into the organization’s relative balance of exploration and exploitation.

This final chapter discusses the three conclusions of this study in detail in relation to the study’s research question and theoretical framework. It then discusses the study’s implications for theory, practice, and future research. The chapter concludes with a summary of the study and final thoughts from the researcher.
Interpretations and Conclusions

The data collected, once analyzed, yielded insight into how the organization studied engaged in its innovative practices and arrived at a relative balance of exploration and exploitation. A conclusion that quickly emerged illustrated that a culture of innovation permeates this organization and contributes to the company’s explorative activities. Next, it became clear that the organization’s innovative activities are rooted in the company’s mission. Finally, a third conclusion emerged that the relative balance of exploration and exploitation practices at this New England–based nonprofit organization is dynamic and variable and falls far short of balanced. This section discusses each conclusion in detail.

**Conclusion 1.** *A culture of innovation permeates this organization and contributes to the company’s explorative activities.* As touched upon in previous chapters, mission, vision, and value statements guide nonprofit organizations, focus the firm’s efforts, and define their purpose. This organization was explicit in declaring itself innovative and did so boldly in its value statement, in various organizational documents, and even on its webpage, with a tab dedicated to innovation, stating, “Innovation is in our DNA.” All new employees were greeted in orientation by either the president or the chief operating officer and were indoctrinated in the agency’s innovative philosophy during the onboarding process. Although it was noted that the president was largely responsible for the organization’s explorative pursuits, it was also made clear that employees from all levels of the company were encouraged to offer ideas on new innovative programs or services that the organization could pursue. All six study participants, who were senior leaders in the organization, spoke proudly and often of the organization’s innovative ways. Besides the business success the agency enjoyed from its explorative culture, the company was recognized both locally and nationally for its innovative nature.
Driving the explorative activities was the president of the organization, who stated that he spent much of his time pursuing new innovative programs and opportunities. In addition, the organization created an unfunded position for a chief strategy officer to assist in pursuing these new endeavors. Some of these new innovative ventures were very different than the traditional offerings of similar behavioral health centers. Although the agency provided the counseling, therapy, and medication management associated with most clinics, it also offered a variety of programs to help foster patients’ recovery. As stated previously, some of these innovative offerings included an integrated early learning center; specialized schools; vocational/back-to-work training programs; community-based recovery programs; a mobile treatment team to combat the state’s opioid problem; treatment contracts with the state’s Department of Corrections; and even a for-profit, commercial insurance-geared behavioral health program to combat psychiatric hospital readmissions.

Senior leaders who were interviewed stated that they were also responsible for the development of new programs and services, in addition to their day-to-day functions. The president described their role as helping “put the meat on the bones” and to operationalize the new activities. All interviewees noted that the organization had a high threshold for risk and that its board of directors was supportive of its efforts. They also described a company that was nimble and able to respond quickly when opportunities presented themselves. So while the organization did follow its mission and was concerned with providing quality services to its clientele, it was also clear that the company and its leaders were future oriented and believed that innovation was a key to the organization’s success and long-term viability. The culture of innovation that permeated the company created mindfulness for stakeholders that seeking new
possibilities was as important as exploiting the core business functions, helping the company to both explore and exploit.

**Relationship to research question and theoretical framework.** At its heart, March’s (1991) theory of organizational ambidexterity suggests that “maintaining an appropriate balance between exploration and exploitation is a primary factor in system survival and prosperity” (p. 71). The organization studied here did balance the activities of exploration and exploitation in a way that led to success for this award-winning firm, which posted significant budget surpluses through the recent recession and up through today. To accomplish this, this company had to adapt to a changing landscape, particularly funding cuts that forced it from being able to simply exploit its fundamental offerings to the need to explore new opportunities that brought with them new dollars.

The conclusion that this nonprofit has a culture of innovation is significant in that it is consistent with the organizational learning component of March’s theory. March suggested that organizational learning affects the adaptation of innovations within an organization, where the creation of knowledge helps to achieve success. Further, March posited that adaptive organizations learn to allocate their resources between exploitation and exploration as a result of problems and experiences that occur across time and space. When the organization’s leadership encountered tensions in their explorative activities (an inability to continue to fund the innovative venture, difficulties hiring and retaining frontline staff, changes to the rules and regulations that govern the programs offered, or funding cuts by the state, for instance), the firm then moved the focus back to exploitation of its core business functions until the issues were resolved and balance was again achieved. According to March, individuals in an organization are socialized to organizational beliefs, in this case, the innovative philosophy of this company.
Employees and stakeholders of this organization used this innovative culture and learned ability to balance the tensions between exploration and exploitation as a competitive advantage, and in doing so the culture directly contributed to organizational achievement and prosperity.

**Conclusion 2.** The organization’s innovative activities are rooted in the company’s mission. As noted previously, this human service nonprofit provided a wide range of behavioral health and addiction services to children and adults. The organization’s mission was very clear as it related to its core business, and its commitment to people needing these services was explicit; that was the reason this company existed. Being true to its mission, the organization focused its innovative efforts on service gaps, that is, those things that their clients and patients needed to aid or sustain their recovery or well-being that were not readily available. These were things that the company already had a skill or expertise in, as opposed to a completely new venture that the organization had no knowledge or experience with. For example, as described in chapter 4, some of the innovations the organization created were community mobile outreach teams, a recovery high school, community recovery centers, and a fully licensed school for children with behavioral health needs that complemented and extended services it already offered. This innovative model of identifying the need, building the program, and then securing funding afterwards had been successful for this company and beneficial for the people it supported.

The conclusion that this organization explored new innovative opportunities that were directly related to its mission is significant. First, as previously noted, many for-profit ambidextrous organizations have explored completely different business ventures that were unrelated to their core exploited endeavors. For instance, IBM moved from exploiting its computer hardware business to software development, and eventually to management services (Tushman et al., 2013). Hewlett Packard moved from making electronic instruments to making
minicomputers, printers, and ink (House & Price, 2009), and Fuji Corporation changed from producing photographic film to providing fine chemicals (O’Reilly & Tushman, 2013). David noted that staying true to the company’s mission and core values was critical, observing, “People are constantly reinventing themselves to chase the dollars. They become experts overnight at things that they really aren’t core to their initial mission, and they may frame that as innovation but it’s a reactive model.” The company’s president went on to state that he had observed other nonprofits try to reinvent themselves as a means of survival, but with little success. He had also observed nonprofit agencies that simply increased the volume of their core business to improve their position, without exploring new ventures. He stated:

The way you grow in a world that’s moving from volume to value is, in my opinion, through innovation, through creative efforts, through filling in the gaps, not just doing more and more and more of what you’ve always done. You got to do things in service of that, but if that’s all you do, you’re going to will yourself down. And in this state, that’s been exactly what’s happened with most of my colleague organizations. They’d become very narrow, and the only way they survived is by doing more and more and more in narrow areas and not have the ability to do the other things.

So, with little previous research to suggest how a nonprofit might go about its explorative initiatives, using the organization’s mission as a springboard to innovation as this company did stands out.

**Relationship to research question and theoretical framework.** Nonprofit organizations contend with the dual challenge of having to perform well financially in a competitive environment while still fulfilling their organizational mission, often creating a tension between the two objectives (Chetkovich & Frumkin, 2003; Frumkin & Andre-Clark, 2000). The organization described in this study, although it engaged in both exploration and exploitation, devoted its exploitative efforts towards gaps in services that were still related to its mission. The organization’s development of recovery centers, schools for children with behavioral health
needs, or the newly devised for-profit treatment model to prevent readmissions to psychiatric hospitals supports this notion. March (1991) believed that “compared to returns from exploitation, returns from exploration are systematically less certain, more remote in time, and organizationally more distant from the locus of action and adaption” (p. 73). He further posited, “As organizations learn from experience how to divide resources between exploitation and exploration, this distribution of consequences across time and space affects the lessons learned” (March, 1991, p. 73). As there is more risk associated with exploration, exploring new innovative activities that are closely tied to the mission might help minimize some of the consequences associated with radical or extended exploration. This might also be significant in helping reduce the expense related to exploration, particularly for a nonprofit organization that was stated to have little capital for new innovative ventures.

**Conclusion 3.** *The relative balance of exploration and exploitation practices at this New England–based nonprofit organization are dynamic and variable and falls far short of being equally balanced.* The specific research question guiding this study sought to determine the relative balance of exploration and exploitation practices as perceived by key decision makers of a self-proclaimed ambidextrous New England–based nonprofit organization. Although the nonprofit organization presented here considered itself both successful and innovative, the relative balance of exploration and exploitation clearly favored exploitation, and the balance varied over time. At its core, this organization was a community mental health center that provided counseling and related therapies to its clientele with behavioral health needs. Traditionally, this was individual or group counseling sessions and, perhaps, medication management that took place in a clinic or office setting. This was what this organization was founded on and was also the core business that was exploited by the firm. To sustain itself and to
help ensure its long-term success, the company also engaged in periods of exploration of new opportunities. As with many companies that attempt to balance exploration and exploitation, sometimes tensions arose that caused the organization’s leadership to switch between the two competing activities. All interview subjects spoke to some degree about the issues that impacted this company’s innovative activities. A lack of capital to fund new initiatives, government bureaucracy, and regulatory issues were all listed as barriers or problems that stifled the organization’s innovative activities. Oscar also spoke of the occasional destabilization of the exploited business as a reason why the agency might need to shift its focus and resources away from exploration and instead focus on mission-driven core business activities. Interviewees described these barriers as frequent and significant, and while they did not deter the organization, they did cause a tension and a shift in the relative balance of exploration and exploitation.

It was difficult for interviewees, including the president, to put a percentage on the company’s relative balance of explorative and exploitative activities. Donna, the company’s chief operating officer, stated that exploration might occur 5% to 10% of the time, yet she spoke of issues at the “state level” that reduced their ability to be “creative.” Oscar, the firm’s chief strategy officer, believed that the percentage of explorative activities could be as high as 25%. Oscar, who was familiar with the concept of organizational ambidexterity, noted that the “access to capital” along with an unstable “core business” was frustrating to the company and directly hindered its ability to engage in even more innovation. Also, Oscar was the only participant to offer an estimate of how much the organization spent annually on its explorative activities, believing it was somewhere in the range of 5% of the annual operating budget. Although the company would like to engage in even more exploration, as Oscar suggested, it simply did not have the additional discretionary capital to invest in innovation.
Thus, although this nonprofit organization had a culture of innovation and a strategy to explore new opportunities, it found itself with a disproportionate focus on the safety and predictability of exploitation. In addition, the organization found that the relative balance of exploration and exploitation was variable and inconsistent. The reason for the skewed balance of exploration and exploitation, as well as for the variability in the levels, could be attributed to (a) the lack of capital the company had to dedicate to its innovative activities, (b) turbulence in its core business that required the agency to shift resources away from exploration, and (c) regulatory and/or bureaucratic issues that could stifle its efforts to pursue innovation.

**Relationship to research question and theoretical framework.** March (1991) contended that successful organizations are ambidextrous, that is, able to balance the exploitation of their current competencies with the exploration of new innovative ones. His theory of organizational ambidexterity suggests that those organizations that achieve a balance of these two activities will enjoy greater success and long-term viability (Levinthal & March, 1993; March, 1991). However, March also believed that it is very challenging for organizations to balance these two paradoxical activities, as there are tensions and trade-offs associated with each, and each activity competes for the same limited resources from the firm. March (1991) went on to state, “Finding an appropriate balance is made particularly difficult by the fact that the same issues occur at levels of a nested system—at the individual level, the organizational level, and the social system level” (p. 72).

The rewards associated with balancing exploration and exploitation were illustrated quite clearly in the nonprofit organization presented here. For the organization, financial and performance rewards were tied to the firm’s ability to create new funding streams that come with their new innovative endeavors. Specifically, the financial success that the company enjoyed
allowed it to fulfill its mission while staying solvent. That being said, it is probably the organization’s patients who benefit most from new and innovative treatment modalities that further aid their recovery and stabilization.

Consistent with March’s (1991) theory, this organization enjoyed a considerable level of fiscal success by engaging in a mix of exploration and exploitation. However, as predicted by March, tensions arose within this organization when trying to balance these two contradictory activities, which altered the balance of its exploration and exploitation. According to March, as organizations juggle exploration and exploitation, they are required to make explicit and implicit choices between the two activities. March (1991) stated, “Understanding the choices and improving the balance between exploration and exploitation are complicated by the fact that returns from the two options vary not only with respect to their expected values, but also with respect to their variability, their timing, and their distribution within and beyond the organization” (p. 71). Despite the emerging tensions that result from having to balance these two competing activities, a failure to engage in both activities would constitute an even worse problem for the organization (Carroll, 2012).

Issues do arise that force the organization’s leadership to shift between periods of exploration and exploitation. First, this nonprofit’s lack of discretionary capital limited its ability to engage in exploration to a greater degree or for sustained periods, despite the company’s high risk tolerance. Second, volatility in the core component of the business drew attention away from exploration, returning the focus back to the safety of exploitation, until the time stability in the core business was achieved. For example, the firm’s inability to hire and retain competent frontline staff in some of its key programs stymied its ability to grow. Finally, regulatory challenges can create conflicts that prevent the firm from fulfilling its innovation goals, creating
a disruption in exploration and, again, shifting efforts back to exploitation. Any of these tensions, or a combination of them, caused this nonprofit to have to make choices that impacted its ability to achieve a greater balance of exploration and exploitation and to sustain it for longer periods of time. According to March (1991), “The explicit choices are found in calculated decisions about alternative investments and competitive strategies. The implicit choices are buried in many features of organizational forms and customs” (p. 71). For this nonprofit company, organizational learning and decision-making with regards to limited capital, turbulence in its core business, and regulatory issues could all contribute to variability in levels of exploration and exploitation and efforts over time that were more heavily skewed to more predictable and less remote exploitation by upwards of 75% or more.

**Implications for Theory**

The theoretical framework and basis for the research presented here is James G. March’s (1991) theory of organizational ambidexterity. March’s theory is based on the principles of organizational learning and suggests that organizations that engage in both the exploitation of their current activities and the exploration of new innovations are better positioned for long-term success and survival. March’s organizational learning theory with regards to organizational ambidexterity is less defined and more generic than the contextual or structural models that followed it or the integrated models that seem to be coming into vogue now. Yet, despite its shortcomings, there is a call to return to March’s definition of the concept, as it still applies today. The findings in this study illustrate that the nonprofit study site achieved a relative level of organizational ambidexterity consistent with March’s theory and reaped the benefits associated with it.
The organization created a culture of innovation that went beyond the stated mission of the company, and everyone from frontline staff to the president contributed to the innovation. The agency devoted resources to its explorative activities, and although the allocation of resources and time was heavily skewed towards exploitation, the agency seemed to avoid stagnation, or as March (1991) called it, a “suboptimal stable equilibria” (p. 71). Similarly, as the firm lacked the resources to engage in more exploitation, it also avoided “the costs of experimentation without gaining many of its benefits. They exhibit too many undeveloped new ideas and too little distinctive competence” (March, 1991, p. 71). Consistent with March’s theory, this occurred via organizational learning, which allows the adaptive firm to make implicit and explicit choices on managing the tensions between exploration and exploitation in such a manner that the balancing of the two activities contributes to the success of the organization. These findings suggest that, despite little prior empirical research and a relative balance of the two activities that heavily favors exploitation, nonprofit organizations can indeed achieve a relative balance of exploration and exploitation that can contribute to their success.

**Implications for Practice**

According to Taródy (2016), “To achieve long-term prosperity, it is essential to continuously adapt to external threats and opportunities and respond with innovations and structural alignments . . . but without exploiting existing business models, organizations cannot afford to invest in the future and sustain stability and steady performance” (p. 39). However, despite this proclamation, little research exists with regards to nonprofit organizations and organizational ambidexterity. Searches for scholarly work on the topic yielded very little success, as most of the literature has focused on for-profit companies. One of the authors who have written on the topic of organizational ambidexterity and nonprofits acknowledged that little
attention has been paid to this area (Madden, 2012), despite the continued popularity of the topic. This seems rather remarkable, as organizational ambidexterity is perhaps the “most popular and active field in strategic management literature” (Taródy, 2016, p. 49). Although there are differences between for-profit and nonprofit organizations, they are both businesses and they are both subject to failure if they are not properly attended to. Nonprofit leaders should view the results from this study with optimism, as the findings presented here indicate that nonprofit organizations can be innovative and can achieve a relative balance of exploration and exploitation.

The research offered here utilized data from interviews with six senior decision makers, organizational documents, and nonparticipatory observations that supported this company’s efforts to gain a competitive advantage through innovation. Many nonprofits have little in the way of discretionary resources to devote to exploration and often possess a low tolerance for risk. As such, these firms lack a culture that supports innovation or exploration. The organization studied here developed and nurtured a culture of innovation that was conveyed to new employees, was noted prominently in organizational documents, was a priority of senior leadership, and was supported by the board of directors. Organizations that lack this innovative culture should work to embark on a plan to change their culture to embrace innovation until it is engrained throughout the company, much as their mission is. Next, although it is a challenge for nonprofits to devote resources to explorative endeavors, they should identify goals and objectives to do so, identify how much they will spend on these activities, and identify what direction their innovative efforts should take. The company presented here chose to pursue innovations rooted in its mission, filling gaps in the behavioral health service delivery system. However, while such a strategy was effective for this company in its field, other nonprofits might
choose to diversify and to explore new opportunities that are completely different from their core business and mission. These are decisions that an organization attempting to balance exploration and exploitation will need to navigate.

Finally, nonprofit organizations that attempt to balance exploitation with exploration will have to determine the relative mix of these opposing activities that is appropriate for their firm. Although balancing both activities can be difficult to achieve (Adler et al., 2009; Benner & Tushman, 2002; March, 1991), it is possible, as demonstrated by the organization studied here, even though its mix heavily favored exploitation. According to Levinthal and March (1993), “The precise mix of exploitation and exploration that is optimal is hard to specify” (p. 105). What might be right for one might not be right for another, and what is appropriate at one time might not work at another point in time (March, 1991). Lavie et al. (2010) posited that a firm might engage in mostly exploiting its key business while maintaining only a minimal amount of exploration. What is important is that nonprofits do not allow themselves to become one-dimensional, whether due to their mission, culture, philosophy, or perceived lack of resources; they must engage in some level of exploitation to reap the rewards associated with the theory. This researcher sees these findings as significant and beneficial to nonprofit organizations that exploit only and fail to engage in any explorative activities, as true ambidexterity is not necessary to achieve an increased level of success or benefit.

Implications for Future Research

The research presented here offers optimism for nonprofit organizations. As the organization studied here illustrates, engaging in some level of exploration and innovation can help a firm achieve greater success and longer-term viability than engaging only in exploitation.
However, there are a number of limitations to the study offered here, which also raise new questions that could be addressed in additional research.

First, this case study examined the relative balance of exploration and exploitation at a single nonprofit firm in the behavioral health field in New England. More research is needed to expand this research to determine if organizational ambidexterity can be applied to other types of nonprofits in other geographic regions.

Although March’s (1991) theory of organizational ambidexterity was used as the lens for this study, future research could consider other variations on the theory, such as structural (Tushman & O’Reilly, 1996), contextual (Gibson & Birkinshaw, 2004), or hybrid models (Mihalache & Mihalache, 2016) of organizational ambidexterity and how these variations might impact an organization’s balance of exploration and exploitation. For example, future studies could explore the potential benefits of separating exploration and exploitation into two separate structural units within the organization (Lund Stetler, 2015). Likewise, future research could also examine contextual ambidexterity, whereby individuals on the front lines of the organization (as opposed to senior leaders) make the decisions about how to divide the company’s time between exploration and exploitation (Gibson & Birkinshaw, 2004). Also, new hybrid or integrated models (Agostini et al., 2016) that consider blended variations of exploration and exploitation could be applied to nonprofit organizations and be more closely examined.

Next, results found that the organization studied here, although ambidextrous to some degree, still leaned heavily towards the exploitation of its core business functions. As noted previously, issues arose that sometimes required agency leadership to pull away from explorative activities and place the focus back on the exploitation of central services and programs. Sometimes, barriers to exploration were due to a lack of capital to seed new ventures, but they
could also relate to disruptions to the core business, including staffing problems, regulatory issues, funding cuts, or a combination of all of these problems. More research is needed to determine an optimal level of ambidexterity for a nonprofit and to further explore how nonprofits might manage emerging tensions and achieve a greater balance between exploration and exploitation.

The study site achieved a strong culture of innovation that contributed to its ambidexterity. More research is needed to examine the impact of this culture, particularly in relation to a nonprofit’s mission, vision, and values, which tend to define the focus of a nonprofit.

Next, the availability of resources dictates the amount of innovation the organization studied here could engage in. Nonprofits typically run lean financially, and many would struggle to devote any resources at all to innovation. This could be a considerable tension for a nonprofit, particularly a small, cash-strapped agency, to overcome and, therefore, should be examined further.

In this same vein, Taródy (2016) observed that most research in the field of organizational ambidexterity has examined “large” and “mature” organizations where ambidexterity already exists, so little is known about how ambidexterity forms in an organization (p. 49); this was the case with the organization presented here. Although additional research in this area would be helpful for all industries attempting to become ambidextrous, the nonprofit sector would especially benefit from further research in this area.

Lastly, this researcher believes it would be beneficial for nonprofits if additional research focused on how an organization attempts to become innovative and what direction the firm should focus its innovative efforts. The company studied here sought out gaps in services—being
innovative, yet staying true to its mission. While this strategy has worked for this agency, it might not be as successful elsewhere, and so more research in this area might prove beneficial.

As noted in chapter 2, little research has been devoted to the study of nonprofits and organizational ambidexterity as a whole. Despite the overwhelming amount of empirical research on the topic these past 25 years, any additional research in any of the areas stated above would be helpful to the nonprofit sector, as it is truly an underdeveloped area.

**Summary and Reflections**

One research question drove this research project: What is the relative balance of exploration and exploitation practices as perceived by key decision makers of a self-proclaimed ambidextrous New England–based nonprofit organization? It is this researcher’s opinion that the findings from this descriptive single case study are significant and illustrate the relative balance of exploitation and exploration at a successful New England–based nonprofit that credits much of its success and longevity to its culture and dedication to innovation. In sum, the relative balance for this organization heavily favored the safety and predictability of exploitation and was far from achieving true ambidexterity. Despite this, however, this balance worked for this company, demonstrating that achieving some level of ambidexterity is better than not engaging in any at all.

Nonprofits provide an array of services, supports, and program offerings for members of our society that cannot be met by for-profit organizations or government programs. These organizations touch the young and old, the rich and poor, the capable and vulnerable. Further, these mission-based organizations are supported by millions of employees and volunteers and make up a significant component of the U.S. economy. Nonprofit organizations are provided with tax relief to help keep their doors open, as their operating surplus margins are typically very
slim. When turbulence in the sector occurs, like the great recession of 2008, those nonprofits on financially shaky ground find themselves teetering on the brink of extinction. To help ensure a competitive edge and long-term viability, many nonprofits might benefit from a strategy that encompasses innovation and the exploration of new ideas, in addition to their current, mission-driven focus.

Organizational ambidexterity is an approach whereby an organization shifts between exploiting its core business and periods of exploration of new opportunities and innovations. Nonprofits that focus solely on their mission risk stagnation and eventual demise, whereas those that explore new opportunities and the monetary gains associated with these innovations are better positioned to weather financial storms. Also, as described herein, services to the clientele of these organizations also improve and multiply as a result of innovation. To date, the vast majority of scholarly research has focused on organizational ambidexterity in the for-profit sector, with little attention paid to nonprofits. However, the organization studied for this research project has engaged in innovation, beyond its core business, which has resulted in growth and financial success. This researcher believes there are lessons to be learned from this organization. It has found a way to create a culture of innovation that permeates all facets of this company. Despite being “nonprofit,” it has been able to dedicate some resources, both human and financial, to engage in innovation and the exploration of new opportunities. For this organization, the innovations were not radically different from its core activities, as they were with some for-profit companies, but rather, they were related to the organization’s mission and, therefore, they benefited the clients of the organization as well as the community at large. In short, this organization did not try to be something it was not or simply try to increase the volume of its core business, but rather it explored new opportunities that enhanced or expanded services to
current clients, all while enjoying the benefits of balancing exploration and exploitation—a recipe for success, at least for this firm.

This researcher has seen both the good and the bad associated with nonprofit organizations. The good includes the services offered to those who otherwise could not have their needs met: the addicted are counseled, the poor are fed and sheltered, children are cared for, and individuals with disabilities are supported. On the other hand, this researcher has seen waiting lists for services, programs closed, staff laid off, and individuals in need denied services. No one wins when a nonprofit organization struggles and is forced to close. The research presented here, as limited in scope as it may be, presents a strategy for nonprofits that there is another way of doing things. Exploiting current offerings, or having all of their eggs in one basket, may work for a period of time, but eventually that tactic will catch up with a nonprofit organization. Nonprofits must find a way to deviate from the focus on their mission ever so slightly, embrace innovation, and explore new avenues that can diversify and strengthen their company for the long term. As presented here, organizational ambidexterity might just be that strategy for the somewhat volatile yet ever-so-important nonprofit sector to embrace.
REFERENCES


APPENDIX A:

Recruitment Letter

Date

Dear (Name, Title):

My name is Albert J. Vario and I am a doctoral candidate at Northeastern University, where I am pursuing a degree in Organizational Leadership and Communication. As the final part of my doctoral program, I am required to conduct research and write a thesis paper. The purpose of this research is to gain insight into how nonprofit organizations might improve their performance and long-term viability by engaging in innovative activities. I would like to invite members of your organization to take part in my study that will attempt to uncover the relative balance of exploration and exploitation practices as perceived by key decision makers of a New England–based nonprofit organization.

As you are aware, the last several years have been difficult for nonprofit organizations that have seen a decrease in their overall funding, coupled with a significant decrease in charitable giving. Nonprofits that fail to adapt to these new financial conditions find themselves in a precarious situation. Your organization has been selected as a potential study site because your firm has adapted to this new financial climate by engaging in innovative practices. As such, there is a great deal that can be learned from studying your organization and its accomplishments.

If you permit me, I will recruit between three and six key organizational decision makers who will participate in semistructured interviews, lasting between 30 and 45 minutes, that will focus on your nonprofit organization’s innovative practices. The identity of your organization, as well as the identity of those participating in the interviews, will remain confidential to ensure privacy. Participants will be required to sign an informed consent disclosure that describes the study and indicates any potential risks to participants so that they can make an informed decision about their willingness to participate in this research.

Your members’ participation is entirely voluntary. Even if they begin, they may quit at any time. If you would like your organization to participate in this research, please contact me at vario.a@husky.neu.edu. Thank you for your consideration.

Sincerely,

Albert J. Vario, Doctoral Candidate
Vario.a@husky.neu.edu
Northeastern University
Boston, Massachusetts
APPENDIX B:

Informed Consent Form

Northeastern University, College of Professional Studies, Department of Education

Name of Investigator(s): Dr. Margaret Gorman, Principal Investigator; Albert J. Vario, Student Researcher

Title of Project: Organizational Ambidexterity in Nonprofit Organizations: A Descriptive Case Study to Uncover the innovative Practices of a New England–Based Nonprofit Organization as Perceived by Key Organizational Decision Makers

Informed Consent to Participate in a Research Study

We are inviting you to take part in a research study. This form will tell you about the study, but the researcher will explain it to you first. You may ask this person any questions that you have. When you are ready to make a decision, you may tell the researcher if you want to participate or not. You do not have to participate if you do not want to. If you decide to participate, the researcher will ask you to sign this statement and will give you a copy to keep.

Why am I being asked to take part in this research study?
We are asking you to participate in this study because you are a key decision maker working at a successful and self-identified innovative New England–based nonprofit organization.

Why is this research study being done?
The purpose of this research is to gain insight into how nonprofit organizations might improve their performance and long-term sustainability through the practice of organizational ambidexterity.

What will I be asked to do?
If you decide to take part in this study, you will be asked to participate in a single, semistructured, one-on-one interview with the researcher. The interview will be audiotaped and should take no more than 30 to 45 minutes of your time.

Where will this take place and how much of my time will it take?
You will be interviewed in person at any location you choose. The interview should last no more than 45 minutes.

Will there be any risk or discomfort to me?
The possibility of risk, harm, discomfort, or inconvenience to you from participating in this study is minimal. Your personal identity as a participant in this study will remain unknown. Your part in this study will be confidential, and only the researcher on this study will see the information about you. No reports or publications will use information that can identify you in any way.
**Will I benefit by being in this research?**

There will be no direct benefit to you for taking part in the study. However, the information learned from this research could contribute to the current knowledge base concerning nonprofit organizations. Moreover, it is hoped that what is learned here can potentially be utilized by struggling nonprofits to enhance their organizational success and viability.

**Who will see the information about me?**

No names will be used in the notes taken during the informal observations. The participants in the semistructured interviews will be assigned pseudonyms that only the researcher knows. The pseudonyms will be used throughout the interview documents to ensure confidentiality and to protect the identity of the participant.

A paid, confidential third-party company called Rev.com will transcribe the interviews. A copy of the interviews, the transcription, and all coding will be stored on the researcher’s personal computer as a password-protected document; access to the computer itself will also be password protected. In addition, a backup copy of this data will be saved on a portable drive in a document that is password protected. The original transcriptions, interview files, and coding of transcripts stored on the researcher’s computer and backup portable drives will all be destroyed upon completion of the research.

All paper documents (i.e., interview notes, coding notes, and documents) will be stored with the researcher in a locked file cabinet/safe and will be destroyed at the conclusion of the dissertation process. Further, all audio recordings will also be erased/destroyed at the end of the dissertation process. In addition, a copy of the interviews, transcriptions, and coding will be stored on the researcher’s computer as a password-protected document; access to the computer itself will also be password protected. A backup copy of this data will be saved on a portable drive in a document that is password protected. Upon completion of the research, the informed consent documents will be kept for three (3) years in a fireproof safe in the student researcher’s personal residence.

**What will happen if I suffer any harm from this research?**

As the risk of any type of injury or harm from participation in this research is minimal, no special arrangements will be made for compensation or for payment for treatment solely because of your participation in this research.

**Can I stop my participation in this study?**

Your participation in this research is completely voluntary. You do not have to participate if you do not want to, and you can refuse to answer any question. Even if you begin the study, you may quit at any time. If you do not participate or if you decide to quit, you will not lose any rights, benefits, or services that you would otherwise have as an employee of the organization.

**Who can I contact if I have questions or problems?**

If you have questions or problems, please contact the student researcher, Albert Vario, at (401) 767-7500 (voice mail is confidential) or by email at vario.a@husky.neu.edu. You may also contact Dr. Margaret Gorman at m.kirchoff@neu.edu.
Who can I contact about my rights as a participant?
If you have any questions about your rights in this research, you may contact Nan C. Regina, Director, Human Subject Research Protection, 490 Renaissance Park, Northeastern University, Boston, MA 02115 at (617) 373-4588 or by email at n.regina@neu.edu. You may call anonymously if you wish.

Will I be paid for my participation?
There is no payment or remuneration for participation in this study.

Will it cost me anything to participate?
There will be no costs incurred due to your participation in this study.

Is there anything else I need to know?
You must be at least 18 years old and fluent in the English language to participate in this research.

I agree to take part in this research.

____________________________________________
Signature of person agreeing to take part Date

____________________________________________
Printed name of person above

____________________________________________
Signature of person who explained the study to the Date
participant above and obtained consent

____________________________________________
Printed name of person above
APPENDIX C:

Document Review Protocol

1. Extensive search and review of the organization’s public website for statements, reports, videos, announcements, and any additional documentation that relates to the organization’s innovative practices.
2. Extensive search and review of the website Guidestar.com for statements, reports, videos, announcements, and any additional documentation that relates to the organization’s innovative practices.
3. Extensive Internet search using Google.com for statements, reports, articles, videos, announcements, and any additional documentation that relates to the organization’s innovative practices.
4. Outreach to the organization’s president for documents that relate to the current organizational strategy that were not identified elsewhere.
5. Outreach to other key organizational decision makers for any additional information related to the organization’s innovative practices.
6. Review of all identified documents, highlighting any areas that speak to the organization’s innovative practices. The researcher will put a sticky note on each important area uncovered in these documents for ease of reference.
7. Reference back to highlighted areas that support interview findings.
APPENDIX D:

Nonparticipatory Observation Protocol

I am a doctoral candidate at Northeastern University pursuing a degree in Organizational Leadership and Communication. As the final part of my doctoral program, I am required to conduct research and write a thesis paper.

Title of Project: Organizational Ambidexterity in Nonprofit Organizations: A Descriptive Case Study to Uncover the Innovative Practices of a New England–based Nonprofit Organization as Perceived by Key Organizational Decision Makers

Purpose of Study: The purpose of this dissertation research is to gain insight into how nonprofit organizations might improve their performance and long-term sustainability by seeking out and engaging in new innovative activities. Specifically, the research will attempt to uncover the relative balance of exploration and exploitation practices as perceived by key decision makers of a New England–based nonprofit organization.

Process: Without engaging organization members, staff, or clientele, this researcher will observe and examine the layout of physical space, architecture, location, meeting areas, organizational artifacts, and member interactions. The researcher will utilize a researcher journal to document these observations, noting relationships and themes that are suggestive of an organization’s innovative practices.

Please let me know if you have any questions or concerns. Thank you for allowing me to observe your organization.
APPENDIX E:

Interview Protocol

I am a doctoral candidate at Northeastern University pursuing a degree in Organizational Leadership and Communication. As the final part of my doctoral program, I am required to conduct research and write a thesis paper.

Purpose of Study
The purpose of this dissertation research is to gain insight into how nonprofit organizations might improve their performance and long-term sustainability by seeking out and engaging in new innovative activities. Specifically, the research will attempt to uncover the relative balance of exploration and exploitation practices as perceived by key decision makers of a New England–based nonprofit organization.

In order to gain this understanding, I will be conducting an interview today that should last approximately 30 to 45 minutes. Before we start, I want to remind you of a few important points:

• This research project is confidential and your identity will not be matched to your responses.
• Data that could reveal your identity will be stored in files accessible only to the researcher.
• Your participation is completely voluntary and you can choose to withdraw at any time.

I would like your permission to tape-record this session. By doing so, it will ensure that I have an accurate reflection of our conversation today. [Pause to give participant time to respond.] Only the researcher and transcriptionist will have access to this data. After the interview is transcribed, I will give you a copy of the transcript for your review. Do you have any questions before we begin?

At this time, if there are no questions, the researcher will start the questions.

1. Please tell me your position and describe your role within the organization.
2. What are some of the innovative practices that your organization engages in?
3. Is the organization’s commitment to these innovative practices engrained in the organizational mission, vision, and purpose?
4. How does your organization balance its primary business functions with the exploration of new innovative opportunities?
5. Does the organization devote equal resources and attention to both its everyday activities and the exploration of new innovative practices? If it is not truly balanced, what is the approximate ratio?
6. What were/are some of the barriers to your organization’s innovative activities?
7. What were some innovative ideas implemented by your organization that fell short or failed?
8. Five years from now, if your organization were written about in a business journal, what would the title of the article be?
9. What animal would you use to describe your organization’s innovative practices? Why?
10. In 3 to 5 years from now, what animal do you hope you could use to describe your organization’s innovative practices today? Why?
11. Is there anything else you wish to share regarding innovation and exploration as it relates to organizational performance and success, either in general or specifically related to your organization?

Thank you for your time and participation!
APPENDIX F:

Interview Summaries

“David” Summary
Primary Role: President
Time with Organization: 12 years

A culture of innovation permeates this organization and contributes to the company’s explorative activities:
Worked to create a culture of innovation at all levels of the organization. Saw it as his role to champion innovation and to lead the charge. Viewed innovation as necessary for the organization’s long-term survival; saw organizational success as proof of this. “It’s now our DNA.” Worked hard to convey this message to his staff and to the public. Relyed heavily on his staff to operationalize the new projects and innovative ideas.

Had an “open-door” policy so that he was accessible to all; encouraged brainstorming at all levels. Participated in the new employee onboarding process to convey this culture of innovation. Believed in this culture and noted that the company values set his organization apart from competitors. “What’s more important to me are the values that we live by here.”

The organization’s innovative activities are rooted in the company’s mission:
Explained that there is a not just a commitment to do more (volume) of current offerings, but to explore new avenues that fill service gaps. “The way you grow in a world that’s moving from volume to value is, in my opinion, through innovation, through creative efforts, through filling in the gaps, not just doing more and more and more of what you’ve always done.” Observed that some competitors just do more volume, but that is not innovation. Others move towards new ventures that they have no experience/expertise with.

Believed explorative activities and innovation are closely tied to the organization’s mission to provide quality behavioral health services for the children and adults it supports. Focus is on meeting unmet needs to assist with recovery. “Our lens is that people can and do get better, that the work that we do is not just the nice thing to have happen but it’s integral to people functioning well and that to function well, we have some core strengths but that we also have to match those core strengths with all the other needs and social determinants that affect people’s ability to do their day-to-day living.”

Was willing to take chances and assume risk, as it was the right thing for the company to do; this was consistent with the organization’s mission. “We’re not afraid of failing. You learn more from failure than you do from success, and we’re not afraid of taking risks and we’re not afraid of investing in things that don’t automatically just benefit us but they do benefit the community and they benefit our clients.”

The relative balance of exploration and exploitation practices at this New England–based nonprofit organization is dynamic and variable and falls far short of being equally balanced:
Was always scanning the horizon for new opportunities. “What we’re looking at now is, ‘Okay. How can we do this even better? What else can we do? How do we add on today?’ What we look at, what we try to accomplish, we’re often not able to do it, but we try to continue the growth trajectory that we’ve had—2%, 3%, 4% growth every year.”

Had difficulty sometimes finding resources to engage in exploration of new opportunities. “I often joke with people that we are an idea-rich and cash-poor organization.” Saw other barriers to innovation as bureaucracy or politics at the state level. Acknowledged that these challenges can cause a disruption to innovation and can become a distraction for the company. Believed it was his job to find the resources to pursue opportunities and to resolve tensions between exploration and exploitation.

“Donna” Summary
Primary Role: Vice President and Chief Operating Officer
Time with Organization: 20+ years

*A culture of innovation permeates this organization and contributes to the company’s explorative activities:*
Believed that the mission and vision were key organizational documents that help chart the course for the company. Also believed that the company’s onboarding of new staff was a great way to convey this message right from the beginning. Noted the organization’s investment in the chief strategy officer and governmental affairs liaison positions as keys to explorative efforts. Stated that the company created positions for talented, innovative individuals that could help further this innovative culture; believed this was another way to keep the organization moving forward. “I see nothing but more innovation and opportunity for us.”

Discussed membership with national mental health organization that has an “innovation incubator” to help organizations develop new innovative services and strategies. “You hear different things and I think it gives you a perspective and it helps you to step back, to think things through. I think that’s half the battle is trying not to be involved in being reactive but in being proactive. I think that makes the difference.”

*The organization’s innovative activities are rooted in the company’s mission:*
Observed that the organization really listened to its clientele to help determine their needs. Offered many forums to solicit this feedback. “A lot of what we do is based on client need. We base our decisions based on what we think clients need. We don’t do it based on money, which is very different from a lot of organizations. We do not create something because there’s funding available for it. We look at what the needs are, we see if we can build what needs to be built and what that is. Then, we create it.”

*The relative balance of exploration and exploitation practices at this New England–based nonprofit organization is dynamic and variable and falls far short of being equally balanced:*
Stated that the core business was critically important to the organization, as it provided “the margin to make the mission.” Had not given much thought to the percentage of exploration vs. exploitation, but thought of it more in terms of overall growth. “I think that our strategy has been
to grow. In order to grow, you have to look at how you can do things a little bit differently. Now I would say, maybe 5% or 10% would be that.”

Also stated that bureaucracy and issues at the state level could impact the organization’s innovative efforts. “I think the other piece that impinges upon us is what’s happening at the state level. We don’t always have control over how creative we can be.”

“John”: Summary
Primary Role: Associate Vice President
Time with Organization: 8 years

*A culture of innovation permeates this organization and contributes to the company’s explorative activities:*
Acknowledged the strong culture of innovation at this organization and opined on how it contributed to the company’s success. “Innovative, creative, smart, going after the vision of taking care of people for behavioral health. We’re very committed to that, from birth to death. That’s really what we do.” Discussed communication efforts, how agency valued staff and encouraged employees to come forward with innovative ideas. Believed that staff came to work at this organization because of its reputation for innovation.

Was proud of his organization and its success; likened it to a “lion.” Saw the company as somewhat of a predator. “The reason we are successful is because we’re nimble, we’re agile, and we’re quick. We see an opportunity, we go after it. Our organization can move pretty quickly. For someone as big as we are, we still have that ability. . . . We buy things, we move, we make it happen.”

*The organization’s innovative activities are rooted in the company’s mission:*
Saw the mission and vision as key to the organization’s focus; kept the company grounded. Described several new initiatives and things in the works that were innovative “twists” or extensions on behavioral health programming already in place. “It’s having the vision of what the right thing to do is, knowing what the community needs, and then sticking with it over time.”

Described a process of identifying what the organization’s clientele or the community at large needed and then building the service or the program based on that. Noted that they met these needs first and worried about the funding later. Also discussed a president and a board of directors who espoused these values. “We’re mission driven and we’re doing the right thing. . . . I think we’re very creative in how we respond to the needs of our community.”

Described several specific programs and services that sprung out on exploration; some were successful but many were failures. He also described some offerings that lost a great deal of money, but the organization made a commitment to continue them because they were good for the community. In these cases, the organization continued to search for financial solutions while still implementing the program and fulfilling the mission.

*The relative balance of exploration and exploitation practices at this New England–based nonprofit organization is dynamic and variable and falls far short of being equally balanced:*

Although he had difficulty giving a percentage of the balance of exploration and exploitation that the organization engages in, he was able to speak to the many new initiatives and innovations at the company. “I’m not sure I can put a percentage on it, but certainly what I would tell is since I have been here there’s been . . . I can’t even tell you how many new things have happened.” He described spending a great deal of his time engaged in explorative activities, searching for new opportunities that could contribute to the company’s bottom line. He suggested that more of his time was spent on exploration, as he now had a team of people underneath him that focused on the core business and day-to-day operations.

Viewed the new innovative program as almost as important as the core business, as the new endeavors (and new money) helped pay for the organization’s mission.

“Heather”: Summary
Primary Role: Associate Vice President
Time with Organization: 6 years

A culture of innovation permeates this organization and contributes to the company’s explorative activities:
Spoke to the investment in the organization’s employees and how they were indoctrinated into this philosophy of innovation. “I think one of our big strengths is that we have a great training program here, so we really take pride in training our staff.” Described other similar places she worked in the same industry but noted the culture of innovation at this organization was special.

Stated that when first coming to this company, she did not understand the chief strategy officer position, or that of the governmental affairs person. Now had a better understanding of why an organization such as this engaged in exploration, in addition to the core, mission-driven business. Saw these positions as tremendous investments in helping achieve success for the organization, but also in helping meet outcomes of clients.

The organization’s innovative activities are rooted in the company’s mission:
Described a number of innovative endeavors that were rooted in the company’s mission to support individuals with behavioral health and addiction needs. These included mobile treatment teams stationed in needy communities for rapid response, an addiction-focused high school, and a consulting business whereby the company offered technical support to other behavioral health providers. “They’re willing to take things on and try things and worry about the money on the other side.”

Observed that some of the innovation was strategic and well executed, but that sometimes, things happened quickly and were not necessarily planned. “Some of it is planning and some of it is a little fly by the seat of your pants.” Indicated there was a great deal of success regardless of how the new innovations came to be.

The relative balance of exploration and exploitation practices at this New England–based nonprofit organization is dynamic and variable and falls far short of being equally balanced:
Indicated that the nature of the core business could be challenging and interfere with the innovation and exploration of new opportunities. Stated that she specifically had a difficult time
attending to the explorative initiatives and got pulled back to the core business functions. “I’m always putting my finger in the hole to stop the water.” Expressed concern that sometimes, the lack of funding for start-up or implementation could be difficult to navigate. “Obviously, as you know, we don’t get enough funding.” Described an organization that was dedicated to its innovation and not quick to walk away, even if there were financial challenges.

“Oscar”: Summary
Primary Role: Chief Strategy Officer
Time with Organization: 4 years

A culture of innovation permeates this organization and contributes to the company’s explorative activities:
Described an organization that was intentional about creating an organizational culture of innovation. As with others, described organizational documents (mission, vision, and values) that promoted this culture. “It’s in all of those places. I mean, all of those mission, vision, values, those are your culture, right?” Discussed marketing endeavors to promote the culture, including the slogan “Innovation is in our DNA.” Described his role as one that, along with the president, was responsible for identifying opportunities and then assisting to make them happen.

Discussed the success that the “Innovation is in our DNA” campaign was having. Noted it was a message conveyed to the board of directors to the community. Believed that the slogan helped to recruit employees to their company. “We’re trying to make it a differentiator when we hire staff, that people in general want to go to an innovative place as opposed to one that’s not. We’re convinced that to be successful we have to change the shape of our organization, and to change the way people think about the issues we work on in some pretty significant ways.”

The organization’s innovative activities are rooted in the company’s mission:
Discussed not having a behavioral health background or education, but described studying the mission, vision, and values of the company to understand priorities. Suggested his role, as chief strategy officer, was to help the company be strategic in its initiatives. “The role is to work with everybody, from the board to frontline staff, to help them all be on the same strategic page, to work together, to innovate, to be the best organization we can be, and to grow and change to meet community needs.”

Discussed targeting gaps in behavioral health services as places where innovation and exploration were focused. Suggested these gaps were important for clients and patients, but often were not cost effective or lacked funding. Noted that the organization was not quick to shy away from these opportunities, as they were often successful at find the funding for these endeavors later. “We know there’s big opportunity, we know there’s not enough supply of services in those new markets, but in general that’s because the capital situation in that market is poor. . . . If the capital opportunity was there, somebody else might have gone there.”

The relative balance of exploration and exploitation practices at this New England–based nonprofit organization is dynamic and variable and falls far short of being equally balanced:
Unlike most of the others interviewed, he was knowledgeable on the topic of organizational ambidexterity. Observed that the relative balance of exploration and exploitation was difficult to
manage, as the core business was not always stable. Acknowledged that this caused a tension between the focus of the two activities, causing variability and fluctuation between the two. “The interesting thing is our core business where you’re supposed to be focusing on this stable business, 50% and then 50% of the innovation. The stable business doesn’t, in the last years, it doesn’t stay very stable.” Despite variability, stated that the organization was ever vigilant of the need to explore and seek new opportunities. “As changes roll out to the rest of our programs, we’re still trying to press down on the innovation gas pedal.”

Opined that the relative balance between exploration and exploitation was 75/25, favoring exploitation. Gave estimate that resources spent on explorative efforts/innovation were in the range of 5% of annual operating budget. “In the intentional space, it might be 25% of time and 5% or so in a budgetary sense, again because you don’t have that available capital to invest in the innovation.”

Was very conscious of the impact of lack of capital on the company’s ability to innovate and explore. “It’s that access to capital part that frustrates us in thinking about taking advantage of this ambidextrous organization idea, that we missed innovative parallel structure. We can have all the great ideas we want, but they remain ideas if we can’t capitalize them.”

“Robin” Summary
Primary Role: Chief Human Resources Officer
Time with Organization: 6 years

_A culture of innovation permeates this organization and contributes to the company’s explorative activities:_

Discussed an environment that values its stakeholders and welcomes brainstorming and innovative thinking at all levels. “We don’t have a formal, ‘here’s my idea’ and then a committee that approves it and all that sort of stuff. It just bubbles up. The board is very supportive.”

Described the president of the company as a visionary whose focus on innovation had contributed to the company’s financial success and success for clients receiving services. “We know we can’t just be stagnant, and it’s not just about growing for growth’s sake.”

_The organization’s innovative activities are rooted in the company’s mission:_

Described an organization that had “lots of irons in the fire.” Like others, and also without a clinical background, she acknowledged the importance for the company to identify those gaps in the behavioral health service delivery system. Noted that following this strategy was also good for the people they supported and for the company’s bottom line. “The driver is around increasing our ability to provide the services the clients need. The services the clients need are pretty full services. . . . If you think of it that way, you can’t just provide one little piece or another little piece. . . . Since they’re so client focused and so centered on delivering things and actually help people get better and sustain it, you can’t ignore that it requires multiple pieces to make that happen.”

_The relative balance of exploration and exploitation practices at this New England–based nonprofit organization is dynamic and variable and falls far short of being equally balanced:_
Speaking from a human resources standpoint, acknowledged that sometimes, due to growth and other factors, it was difficult to recruit and retain employees; this could cause issues for both the core business and the new endeavors. Again, like others, spoke of how lean nonprofit funding can be and its impact on the company’s ability to fund and engage in new opportunities. “We can’t just say: ‘Oh, let’s take $100,000 and spend it on this thing’ because we don’t have that kind of money.” Opined that issues such as these could throw off the balance of exploration of new activities and the exploitation of the core offerings.
**APPENDIX G:**

**MAXQDA Coding List**

<table>
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<th>Name</th>
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<td>“They’re willing to take things on and try things and worry about…”</td>
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<td>“Innovative. Creative. Mission driven”</td>
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<td>“We are an idea-rich and cash-poor organization”</td>
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<tr>
<td>“The resilient not-for-profit”</td>
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<td>“That’s impossible. You need people who can keep the trains…”</td>
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<td>“Bureaucracy is often a barrier”</td>
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<td>“If we had a formal strategic plan that lived in notebook…”</td>
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<td>“The reason that we are successful is we’re nimble, we’re agile…”</td>
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<td>“Do we have enough money to start something or do it well?”</td>
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<tr>
<td>“It’s in our value statement. It’s not so much in our mission…”</td>
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<td>“I would say that we are future oriented”</td>
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<td>“The interesting thing is our core business where you’re supposed…”</td>
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<td>“Our dedicated staff make a difference with that…”</td>
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APPENDIX H:
Coding Samples

**Finding 1:** A culture of innovation permeates this organization and contributes to the company’s explorative activities.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Quote</th>
<th>Code</th>
</tr>
</thead>
</table>
| David   | “It’s now our DNA. What we’re looking at now is: Okay, how can we do this even better? What else can we do? How do we add on today? What we look at, what we try to accomplish, we’re often not able to do it, but we try to continue the growth trajectory that we’ve had.” | • Culture  
• Philosophy  
• Mission  
• Growth  
• It’s now our DNA  
• Explore  
• Continue the growth trajectory |
| Donna   | “I see nothing but more innovation and opportunity for us.” | • Innovation  
• Opportunity  
• Future |
| John    | “Innovative. Creative. Mission driven. . . . I think we’re very creative in how we respond to the needs of our community.” | • Innovative  
• Creative  
• Mission driven  
• Respond to needs of community |
| Heather | “I think one of our big strengths is that we have a great training program here, so we really take pride in training our staff.” | • Strength  
• Pride  
• Training our staff |
| Oscar   | “Innovation is in our DNA.”  
“IT’s in all of those places. I mean, all of those mission, vision, values, those are your culture, right?” | • Innovation is in our DNA  
• Mission  
• Vision  
• Values  
• Culture |
| Robin   | “As changes roll out to the rest of our programs, we’re still trying to press down on the innovation gas pedal.” | • Exploration  
• Innovation  
• Balance |
|         | “We know we can’t just be stagnant, and it’s not just about growing for growth’s sake.” | • Stagnant  
• Growth  
• Mission  
• Status quo |
**Finding 2:** The organization’s innovative activities are rooted in the company’s mission.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Quote</th>
<th>Code</th>
</tr>
</thead>
</table>
| David   | “We’re not afraid of failing. You learn more from failure than you do from success, and we’re not afraid of taking risks and we’re not afraid of investing in things that don’t automatically just benefit us but they do benefit the community and they benefit our clients.” | • Failure  
• Risk  
• Success  
• Clients  
• Benefit the community |
| Donna   | “A lot of what we do is based on client need. We base our decisions based on what we think clients need. We don’t do it based on money, which is very different from a lot of organizations. We do not create something because there’s funding available for it. We look at what the needs are, we see if we can build what needs to be built and what that is. Then, we create it.” | • A lot of what we do is based on client need  
• Money  
• Creative  
• Explore  
• Innovation  
• Philosophy  
• We create it |
| John    | “Again, it’s having the vision of what the right thing to do is, knowing what the community needs, and then sticking with it over time.” “We follow the mission of [organization’s name] and we go after the money second, which sounds contrary to what most businesses should do.” | • Vision  
• Community needs  
• Mission  
• Money  
• Creative |
| Heather | “They’re willing to take things on and try things and worry about the money on the other side.”                                                                                                         | • Risk  
• Money  
• Creative |
| Oscar   | “The role is to work with everybody, from the board to frontline staff, to help them all be on the same strategic page, to work together, to innovate, to be the best organization we can be, and to grow and change to meet community needs.” | • Strategic  
• Innovation  
• Leadership  
• Growth  
• Change  
• Meet community needs |
| Robin   | “The driver is around increasing our ability to provide the services the clients need. The services the clients need are pretty full services. . . . If you think of it that way, you can’t just provide one little piece or another little piece. . . . Since they’re so client focused and so centered on delivering things and actually help people get better and sustain it, you can’t ignore that it requires multiple pieces to make that happen.” | • Mission  
• Client needs  
• Client focused  
• Sustainability  
• Responsive  
• Help people get better |
Finding 3: The relative balance of exploration and exploitation practices at this New England–based nonprofit organization is dynamic and variable and falls far short of being equally balanced.

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<tr>
<th>Subject</th>
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<th>Code</th>
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<tbody>
<tr>
<td>David</td>
<td>“I often joke with people that we are an idea-rich and cash-poor organization, that we exhausted all efforts to come up with creative capital that we look at venture philanthropy. We look at social impact bonds. We look at all sorts of things that didn’t pan out as ways of getting some additional resources in here that could then help us to continue to grow, continue to innovate, continue to fill in the blanks that we sought in the industry and state.”</td>
<td>• Idea rich</td>
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<tr>
<td></td>
<td></td>
<td>• Cash-poor organization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Creative</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Innovation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Growth</td>
</tr>
<tr>
<td>Donna</td>
<td>“I think that our strategy has been to grow. In order to grow, you have to look at how you can do things a little bit differently. Now I would say, maybe 5% or 10% would be that. Because I think the other piece that impinges upon us is what’s happening at the state level. We don’t always have control over how creative we can be.”</td>
<td>• Strategic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Innovation</td>
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<tr>
<td></td>
<td></td>
<td>• Explore</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Don’t always have control over how creative we can be</td>
</tr>
<tr>
<td>John</td>
<td>“I’m not sure I can put a percentage on it, but certainly what I would tell is since I have been here there’s been . . . I can’t even tell you how many new things have happened.”</td>
<td>• Innovation</td>
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<tr>
<td></td>
<td>“We always think: Is there other things we can do to help pay for our mission?”</td>
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<td>• Money</td>
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<td></td>
<td></td>
<td>• Mission</td>
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<tr>
<td></td>
<td></td>
<td>• Explore</td>
</tr>
<tr>
<td>Heather</td>
<td>“Obviously, as you know, we don’t get enough funding.”</td>
<td>• Money</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Capital</td>
</tr>
<tr>
<td>Oscar</td>
<td>“The interesting thing is our core business, where you’re supposed to be focusing on this stable business, 50% and then 50% of the innovation. The stable business doesn’t, in the last years, it doesn’t stay very stable.”</td>
<td>• Ambidexterity</td>
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<tr>
<td></td>
<td>“In the intentional space it might be 25% of time and 5% or so in a budgetary sense, again because you don’t have that available capital to invest in the innovation.”</td>
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<td></td>
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<td>• Exploit</td>
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<tr>
<td></td>
<td></td>
<td>• The stable business doesn’t stay very stable</td>
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<tr>
<td>Robin</td>
<td>“It’s that access to capital part that frustrates us in thinking about taking advantage of this ambidextrous organization idea, that we missed innovative parallel structure. We can have all the great ideas we want, but they remain ideas if we can’t capitalize them.”</td>
<td>• Balance</td>
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<td>• Invest in the innovation</td>
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<td>• Capital</td>
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<td>• Barriers</td>
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<td></td>
<td></td>
<td>• Ambidextrous organization</td>
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<td>• Innovation</td>
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<td>“We can’t just say: ‘Oh, let’s take $100,000 and spend it on this thing’ because we don’t have that kind of money.”</td>
<td>• Capital</td>
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<tr>
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<td>• Barriers</td>
</tr>
<tr>
<td></td>
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<td>• Don’t have that kind of money</td>
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## APPENDIX I:

### Data Analysis Sample

1. **David**

<table>
<thead>
<tr>
<th>Property</th>
<th>Characteristics of organizational ambidexterity</th>
<th>Analytical questions informing research</th>
<th>Examples of balancing exploration/exploitation (David)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploitation</td>
<td>Efficiency, control, execution, certainty, and variance reduction</td>
<td>How does your organization balance its primary business functions with the exploration of new innovative opportunities?</td>
<td>“By creating that foundation, we’ve made all the other things more effective.”</td>
</tr>
<tr>
<td>Exploration/innovation</td>
<td>Knowledge for search, novelty, experimentation, innovation, radical change, and creation of new products, processes, and services</td>
<td>What are some of the innovative practices that your organization engages in?</td>
<td>“It’s now our DNA. What we’re looking at now is: Okay, how can we do this even better? What else can we do? How do we add on today? What we look at, what we try to accomplish, we’re often not able to do it, but we try to continue the growth trajectory that we’ve had.” “I’m very proud of what we do here. Not that we seek out these things, but just last year alone, we’ve won two awards for our innovation.”</td>
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<tr>
<td>Relative balance/ambidexterity</td>
<td>The ability for an organization to balance its attention between exploration and exploitation. An organization that can successfully balance these activities is said to be ambidextrous.</td>
<td>Does the organization devote equal resources and attention to both its everyday activities and the exploration of new innovative practices? If it is not truly balanced, what is the approximate ratio?</td>
<td>“It’s more organic . . . as we become successful at doing it and seeing how those things then migrate into our core once they’ve been established.” “You need people who can keep the trains running, and you need to make sure that the quality is good and everything else.”</td>
</tr>
<tr>
<td>Organizational learning</td>
<td>Relative to organizational ambidexterity, it is the ability of an organization to balance the tensions that arise from balancing exploration and exploitation.</td>
<td>What were some innovative ideas implemented by your organization that fell short or failed?</td>
<td>“The other one I just told you about is really the one that has failed so far that we haven’t given up, but we’ve not been successful in breaking away from a fee-for-service mode into a person-centered population-based model. Sad for me to say this, but I believe there is enough money in this state to provide really good care, but we don’t spend it in the smartest...”</td>
</tr>
<tr>
<td>Property</td>
<td>Characteristics of organizational ambidexterity</td>
<td>Analytical questions informing research</td>
<td>Examples of balancing exploration/exploitation (David)</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
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<td>--------------------------------------------------------</td>
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<tr>
<td>Organizational code</td>
<td>A combination of procedures, norms and rules that when combined form knowledge. The creation of this knowledge gives an organization a competitive advantage.</td>
<td>Is the organization’s commitment to these innovative practices engrained in the organizational mission, vision, and purpose?</td>
<td>“It’s our core belief that it’s our obligation and job to provide a full array of opportunities to the people that come. Our lens is that people can and do get better. That the work that we do is not just the nice thing to have happen but it’s integral to people functioning well and that to function well, we have some core strengths but that we also have to match those core strengths with all the other needs and social determinants that affect people’s ability to do their day-to-day living.”</td>
</tr>
<tr>
<td>Barriers/ tension to ambidexterity</td>
<td>Tensions will emerge within an organization as it attempts to achieve a balance between the two competing processes of exploration and exploitation.</td>
<td>What were/are some of the barriers to your organization’s innovative activities?</td>
<td>“The capital is always a good one. Bureaucracy is often a barrier.”</td>
</tr>
</tbody>
</table>
### 2. Donna

<table>
<thead>
<tr>
<th>Property</th>
<th>Characteristics of organizational ambidexterity</th>
<th>Analytical questions informing research</th>
<th>Examples of balancing exploration/exploitation (Donna)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploitation</td>
<td>Efficiency, control, execution, certainty and variance reduction</td>
<td>How does your organization balance its primary business functions with the exploration of new innovative opportunities?</td>
<td>“You have the margin to make the mission. The reason why I say that is because we are one of the few organizations who has continued to grow during the recession. The reason we’ve been able to do that is the way that we’ve looked at how to grow, what our clients need, and not focus on the money. It’s kind of like the field of dreams: Build it and they will come.”</td>
</tr>
<tr>
<td>Exploration/innovation</td>
<td>Knowledge for search, novelty, experimentation, innovation, radical change, and creation of new products, processes, and services</td>
<td>What are some of the innovative practices that your organization engages in?</td>
<td>“Some really good examples of that are [omitted due to confidentiality]. With [former employee’s] vision and David’s abilities, we were able to get that started.”</td>
</tr>
<tr>
<td>Relative balance/ambidexterity</td>
<td>The ability for an organization to balance its attention between exploration and exploitation. An organization that can successfully balance these activities is said to be ambidextrous.</td>
<td>Does the organization devote equal resources and attention to both its everyday activities and the exploration of new innovative practices? If it is not truly balanced, what is the approximate ratio?</td>
<td>“David . . . was able to research how it was done around the country. Then, we were able to secure some funding to get it started.”</td>
</tr>
<tr>
<td>Organizational learning</td>
<td>Relative to organizational ambidexterity, it is the ability of an organization to balance the tensions that arise from balancing exploration and exploitation.</td>
<td>What were some innovative ideas implemented by your organization that fell short or failed?</td>
<td>“I think that our strategy has been to grow. In order to grow, you have to look at how you can do things a little bit differently. Now I would say, maybe 5% or 10% would be that. Because I think the other piece that impinges upon us is what’s happening at the state level. We don’t always have control over how creative we can be.”</td>
</tr>
<tr>
<td>Organizational code</td>
<td>A combination of procedures, norms, and rules that when combined form</td>
<td>Is the organization’s commitment to these innovative practices engrained in the</td>
<td>“So, for example, [state agency] just changed the way we got funded. We worked with them all last summer. . . . We need to move to this model, blah, blah, blah. The state couldn’t figure out how to do that. . . . We had no idea how to do it, because none of the stuff was written.”</td>
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<td>“You hear different things [through an association ‘innovation incubator’], and I think it gives you a perspective and it helps you to step . . .”</td>
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<td>knowledge. The creation of this knowledge gives an organization a competitive advantage.</td>
<td>organizational mission, vision, and purpose?</td>
<td>back, to think things through. I think that’s half the battle, is trying not to be involved in being reactive but in being proactive. I think that makes the difference.”</td>
</tr>
<tr>
<td>Barriers/tension to ambidexterity</td>
<td>Tensions will emerge within an organization as it attempts to achieve a balance between the two competing processes of exploration and exploitation.</td>
<td>What were/are some of the barriers to your organization’s innovative activities?</td>
<td>“I think the other piece that impinges upon us is what’s happening at the state level. We don’t always have control over how creative we can be.”</td>
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### 3. John

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<tr>
<td>Exploitation</td>
<td>Efficiency, control, execution, certainty and variance reduction</td>
<td>How does your organization balance its primary business functions with the exploration of new innovative opportunities?</td>
<td>“Again, it’s having the vision of what the right thing to do is, knowing what the community needs, and then sticking with it over time.”&lt;br&gt;“We follow the mission of [organization’s name] and we go after the money second, which sounds contrary to what most businesses should do.”</td>
</tr>
<tr>
<td>Exploration/innovation</td>
<td>Knowledge for search, novelty, experimentation, innovation, radical change, and creation of new products, processes, and services</td>
<td>What are some of the innovative practices that your organization engages in?</td>
<td>“Innovative. Creative. Mission driven. We’re the only mental health center that has early childhood stuff, we’re the only mental health center that has specialized health home teams, bilingual health home teams, a geriatric health home team, a young adult health home team. I think we’re very creative in how we respond to the needs of our community.”</td>
</tr>
<tr>
<td>Relative balance/ambidexterity</td>
<td>The ability for an organization to balance its attention between exploration and exploitation. An organization that can successfully balance these activities is said to be ambidextrous.</td>
<td>Does the organization devote equal resources and attention to both its everyday activities and the exploration of new innovative practices? If it is not truly balanced, what is the approximate ratio?</td>
<td>“I probably spend a lot of my time on new things, and I’m less day to day any longer because I have people underneath me doing the day to day. That’s how I would probably describe. I’m not sure what the percentage.”&lt;br&gt;“It’s a fair amount of time.”</td>
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<td>Organizational learning</td>
<td>Relative to organizational ambidexterity, it is the ability of an organization to balance the tensions that arise from balancing exploration and exploitation.</td>
<td>What were some innovative ideas implemented by your organization that fell short or failed?</td>
<td>“Our latest thing that we’ve done, . . . we placed clinicians in [city] schools. While some of the elementary schools were very accepting and open, some of the middle schools in [city] were not.”&lt;br&gt;“We probably lost $100,000 doing that. We now have takeaways of what we need to do to try to fix that, and I think we’ve learned a lot in that first year.”</td>
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<td>Organizational code</td>
<td>A combination of procedures, norms, and rules that when</td>
<td>Is the organization’s commitment to these innovative practices</td>
<td>“Innovative, creative, smart, going after the vision of taking care of people for behavioral health. We’re”</td>
</tr>
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<td>combined form knowledge. The creation of this knowledge gives an organization a competitive advantage.</td>
<td>engrained in the organizational mission, vision, and purpose?</td>
<td>very committed to that, from birth to death. That’s really what we do.”</td>
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<tr>
<td>Barriers/ tension to</td>
<td>Tensions will emerge within an organization as it attempts to achieve a balance between the two competing processes of exploration and exploitation.</td>
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<td>“Innovative. Creative. Mission driven. . . . I think we’re very creative in how we respond to the needs of our community.”</td>
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<tr>
<td>ambidexterity</td>
<td></td>
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<td>“Money is always the issue.”</td>
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4. Heather

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<tr>
<td>Exploitation</td>
<td>Efficiency, control, execution, certainty, and variance reduction</td>
<td>How does your organization balance its primary business functions with the exploration of new innovative opportunities?</td>
<td>“That’s something [balance] that I work [on] with my supervisor. . . . At my level, I should be getting more strategic; however, I am always in the weeds. . . . I’m always putting my finger in the hole to stop the water.”</td>
</tr>
<tr>
<td>Exploration/innovation</td>
<td>Knowledge for search, novelty, experimentation, innovation, radical change, and creation of new products, processes, and services</td>
<td>What are some of the innovative practices that your organization engages in?</td>
<td>“They’re willing to take things on and try things and worry about the money on the other side.”</td>
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<td>Relative balance/ambidexterity</td>
<td>The ability for an organization to balance its attention between exploration and exploitation. An organization that can successfully balance these activities is said to be ambidextrous.</td>
<td>Does the organization devote equal resources and attention to both its everyday activities and the exploration of new innovative practices? If it is not truly balanced, what is the approximate ratio?</td>
<td>“Some of it is planning and some of it is a little fly by the seat of your pants.”</td>
</tr>
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<td>Organizational learning</td>
<td>Relative to organizational ambidexterity, it is the ability of an organization to balance the tensions that arise from balancing exploration and exploitation.</td>
<td>What were some innovative ideas implemented by your organization that fell short or failed?</td>
<td>“Then, they turned around and said, ‘We’re going to do our own team.’ That was kind of a bust.”</td>
</tr>
<tr>
<td>Organizational code</td>
<td>A combination of procedures, norms, and rules that when combined form knowledge. The creation of this knowledge gives an organization a competitive advantage.</td>
<td>Is the organization’s commitment to these innovative practices engrained in the organizational mission, vision, and purpose?</td>
<td>“I think one of our big strengths is that we have a great training program here, so we really take pride in training our staff.”</td>
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<td>Barriers/tension to ambidexterity</td>
<td>Tensions will emerge within an organization as it attempts to achieve a balance between the two competing processes of exploration and exploitation.</td>
<td>What were/are some of the barriers to your organization’s innovative activities?</td>
<td>“Obviously as you know, we don’t get enough funding.” “I think if we had more resources, it would be better.”</td>
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</tbody>
</table>
### 5. Oscar

<table>
<thead>
<tr>
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<th>Examples of balancing exploration and exploitation (Oscar)</th>
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</thead>
<tbody>
<tr>
<td>Exploitation</td>
<td>Efficiency, control, execution, certainty and variance reduction</td>
<td>How does your organization balance its primary business functions with the exploration of new innovative opportunities?</td>
<td>“As changes roll out to the rest of our programs, we’re still trying to press down on the innovation gas pedal.”</td>
</tr>
<tr>
<td>Exploration/innovation</td>
<td>Knowledge for search, novelty, experimentation, innovation, radical change, and creation of new products, processes, and services</td>
<td>What are some of the innovative practices that your organization engages in?</td>
<td>“[Program name] got started as a for-profit corporation, and it’s still a for-profit corporation today. We did that in the beginning. Somewhat surprisingly, we had some investors interested in social enterprise investing.”</td>
</tr>
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<td>Relative balance/ambidexterity</td>
<td>The ability for an organization to balance its attention between exploration and exploitation. An organization that can successfully balance these activities is said to be ambidextrous.</td>
<td>Does the organization devote equal resources and attention to both its everyday activities and the exploration of new innovative practices? If it is not truly balanced, what is the approximate ratio?</td>
<td>“[Program name] in its separate corporation structure is, I think, one of the better examples, clearest examples we have of this ambidextrous idea.”</td>
</tr>
<tr>
<td>Organizational learning</td>
<td>Relative to organizational ambidexterity, it is the ability of an organization to balance the tensions that arise from balancing exploration and exploitation.</td>
<td>What were some innovative ideas implemented by your organization that fell short or failed?</td>
<td>“The interesting thing is our core business where you’re supposed to be focusing on this stable business, 50% and then 50% of the innovation. The stable business doesn’t, in the last years, it doesn’t stay very stable.”</td>
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<td>“In the intentional space it might be 25% of time and 5% or so in a budgetary sense, again because you don’t have that available capital to invest in the innovation.”</td>
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<td>“Each strategy we try, the road tends to be longer than we initially estimated.”</td>
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| Organizational code           | A combination of procedures, norms, and rules that when combined form knowledge. The creation of this knowledge gives an organization a competitive advantage.                                                                                                     | Is the organization’s commitment to these innovative practices engrained in the organizational mission, vision, and purpose?                                                                                     | “Innovation is in our DNA.”
|                               |                                                                                                                                                                                                                                               |                                                                                                                             | “It’s in all of those places. I mean, all of those—mission, vision, values—those are your culture, right?”                                                                                                                                               |
| Barriers/ tension to ambidexterity | Tensions will emerge within an organization as it attempts to achieve a balance between the two competing processes of exploration and exploitation.                                                                                               | What were/are some of the barriers to your organization’s innovative activities?                                                                                   | “It’s that access to capital part that frustrates us in thinking about taking advantage of this ambidextrous organization idea, that we missed innovative parallel structure. We can have all the great ideas we want, but they remain ideas if we can’t capitalize them.”
|                               |                                                                                                                                                                                                                                               |                                                                                                                             | “You always have the problem of: We can have these wonderful ideas and create these wonderful new programs, but where’s the capital coming from again?”                                                                                                                                 |
### 6. Robin

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<thead>
<tr>
<th>Property</th>
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<td>Exploitation</td>
<td>Efficiency, control, execution, certainty, and variance reduction</td>
<td>How does your organization balance its primary business functions with the exploration of new innovative opportunities?</td>
<td>“We have a lot of irons in the fire because we have such an array of services: kids’ services, different kinds of kids’ services, adult services, then we have our whole recovery piece. All of those have things going on. There are several in the pipeline at one time.”</td>
</tr>
<tr>
<td>Exploration/innovation</td>
<td>Knowledge for search, novelty, experimentation, innovation, radical change, and creation of new products, processes, and services</td>
<td>What are some of the innovative practices that your organization engages in?</td>
<td>“The driver is around increasing our ability to provide the services the clients need. The services the clients need are pretty full services. . . . If you think of it that way, you can’t just provide one little piece or another little piece.”</td>
</tr>
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<td>Relative balance/ambidexterity</td>
<td>The ability for an organization to balance its attention between exploration and exploitation. An organization that can successfully balance these activities is said to be ambidextrous.</td>
<td>Does the organization devote equal resources and attention to both its everyday activities and the exploration of new innovative practices? If it is not truly balanced, what is the approximate ratio?</td>
<td>“We all understand that there are better ways to do things all the time. It just feels organic.” “It’s not inert, it’s definitely dynamic.”</td>
</tr>
<tr>
<td>Organizational learning</td>
<td>Relative to organizational ambidexterity, it is the ability of an organization to balance the tensions that arise from balancing exploration and exploitation.</td>
<td>What were some innovative ideas implemented by your organization that fell short or failed?</td>
<td>“Sometimes it would pan out and sometimes it didn’t.”</td>
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<td>A combination of procedures, norms, and rules that when combined form knowledge. The creation of this knowledge gives an organization a competitive advantage.</td>
<td>Is the organization’s commitment to these innovative practices engrained in the organizational mission, vision, and purpose?</td>
<td>“We know we can’t just be stagnant, and it’s not just about growing for growth’s sake.”</td>
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<td>Barriers/tension to ambidexterity</td>
<td>Tensions will emerge within an organization as it attempts to achieve a balance between the two competing processes of exploration and exploitation.</td>
<td>What were/are some of the barriers to your organization’s innovative activities?</td>
<td>“We can’t just say: ‘Oh, let’s take $100,000 and spend it on this thing’ because we don’t have that kind of money.”</td>
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<td></td>
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<td>“The resources are scarce.”</td>
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