Ihsanuddin Usman

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ORGANIZATIONAL AMBIDEXTERITY AS AN INSTITUTIONALLY CONSTRAINED DYNAMIC CAPABILITY: EVIDENCE FROM INDONESIAN STATE-OWNED ENTERPRISES

by

Ihsanuddin Usman

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The Graduate Supervisory Committee

Prof. Allen Morrison, PhD, Chair

Prof. Joshua K Ault, PhD, Member

Thunderbird School of Global Management

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ABSTRACT

Despite extensive research on organizational ambidexterity, dominant theoretical frameworks largely conceptualize ambidexterity as a discretionary managerial capability exercised within governance environments characterized by symmetric risk, tolerance for exploratory failure, and market-based accountability. These assumptions limit the explanatory power of existing theory in state-owned enterprises (SOEs), where strategic action is mediated by public accountability, regulatory oversight, political scrutiny, and legitimacy expectations. In such contexts, ambidexterity is not freely chosen or optimally balanced; rather, it constitutes an institutionally constrained dynamic capability, whose activation, scope, and durability depend on how governance arrangements structure managerial discretion and redistribute risk.

This dissertation addresses this gap by reconceptualizing organizational ambidexterity in SOEs as a dynamic capability that is selectively enabled, constrained, and recalibrated under institutional conditions. Rather than treating ambidexterity as a static balance, structural configuration, or performance ideal, the study theorizes it as a temporally evolving capability shaped by leadership judgment, governance-mediated legitimacy, and the sequencing of exploitation and exploration within bounded discretion.

Using a longitudinal, comparative qualitative research design, the study examines four major Indonesian SOEs operating in aviation, ports and logistics, telecommunications, and banking, sectors characterized by differing regulatory intensity and risk profiles. Data are triangulated across senior executive interviews, internal strategic documents, performance records, and archival sources to trace ambidexterity capability trajectories over time. The analysis identifies recurring ambidexterity configurations; constrained,

emerging, mature, and integrated, not as deterministic stages, but as empirically observable manifestations of capability maturity under shared institutional conditions.

The findings advance ambidexterity theory by shifting the analytical focus from balance or maximization toward contextual calibration under institutional constraint, and by specifying governance-mediated mechanisms through which exploration and exploitation are authorized, bounded, and sustained. The study further extends dynamic capability theory by demonstrating dynamic capability activities that are selectively activated when strategic discretion is institutionally conditioned. To translate these insights into practice, the dissertation culminates in an Executive Ambidexterity Toolkit that supports executive judgment by diagnosing ambidexterity configurations, identifying miscalibration risks across eleven organizational dimensions, and aligning strategic choices with governance expectations. While empirically grounded in Indonesia, the mechanisms and tools developed are analytically transferable to other institutionally embedded organizations.
Keywords: organizational ambidexterity; dynamic capability; institutional constraint; state-owned enterprises; governance; executive judgment; Indonesia.

This dissertation is devoted, with all my love, to the cherished memory of Abah, Ummi, Ayah, and Ommek. Though no longer present in body, your love, prayers, and quiet guidance remain with me, shaping every step I take.

This work is a humble offering in honor of your lives and enduring legacy.

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Any remaining errors or shortcomings in this dissertation are entirely my own responsibility.

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CHAPTER 1

INTRODUCTION

1.1 Background and Motivation

Without ambidexterity, organizations face two symmetrical failure risks. Excessive emphasis on exploration exposes firms to high experimentation costs without sustainable returns, while excessive reliance on exploitation produces strategic inertia and long-term stagnation (March, 1991; Levinthal & March, 1993; O'Reilly & Tushman, 2013). Ambidexterity therefore represents not an aspirational balance, but a necessary capability for sustaining organizational viability over time. Exploitation prioritizes efficiency, reliability, and the refinement of existing capabilities to secure short-term performance, whereas exploration emphasizes experimentation, innovation, and the development of new capabilities necessary for long-term adaptation. A substantial body of research demonstrates that organizations capable of managing this tension, commonly described as organizational ambidexterity, are more likely to sustain performance over time. This dissertation advances ambidexterity theory by shifting the analytical locus from managerial discretion to institutionally mediated capability formation.

State-owned enterprises (SOEs) face a distinctive strategic challenge that makes organizational ambidexterity particularly salient. They are required to ensure the reliable delivery of essential services in the present while simultaneously transforming themselves to remain viable under technological disruption, fiscal pressure, and increasing competition. Unlike private firms, SOEs must pursue this dual task under asymmetric legal, political, and public scrutiny, where the risks of failure are highly visible and unevenly sanctioned.

They cannot rely on unconstrained creative destruction as a disciplinary mechanism. Ambidexterity therefore represents the capability through which SOEs reconcile operational reliability with long-term renewal under institutional constraint.

In Indonesia, SOEs occupy a central position in national development (OECD, 2021). They operate critical infrastructure, deliver essential services, and advance strategic economic priorities. At the same time, Indonesian SOEs face intensifying pressures arising from technological disruption, increasing market competition, fiscal constraints, and public scrutiny. Recent governance reform has explicitly emphasized the need for SOEs to become more innovative, agile, and performance-oriented without undermining accountability or public trust. This confluence of commercial pressure and institutional constraint renders Indonesian SOEs a theoretically revealing and empirically rich setting for examining how organizational ambidexterity is enacted, constrained, and transformed in hybrid public–commercial organizations. Recent governance reforms further intensify this tension. Indonesia's 2024–2025 SOE reforms restructured the governance landscape by strengthening regulatory oversight through BP BUMN and consolidating ownership and portfolio-level risk management through Danantara. These reforms explicitly seek to enhance innovation and performance while preserving accountability, thereby heightening the relevance of ambidexterity as an institutionally constrained capability rather than a discretionary managerial choice.

1.2 Problem Statement

Despite extensive research on organizational ambidexterity, dominant frameworks are largely grounded in private-sector contexts that assume managerial discretion, tolerance

for exploratory failures, and stable governance. These assumptions translate poorly to state-owned enterprises, limiting existing theory's ability to explain how ambidexterity is sustained under public accountability.

In Indonesian state-owned enterprises, exploratory initiatives coexist with deeply institutionalized exploitative routines shaped by regulation, public mandates, and bureaucratic legacies. Although leaders often articulate ambitious transformation agendas, institutional constraints and cultural inertia frequently prevent these intentions from translating into embedded ambidextrous capability, leaving innovation episodic or structurally isolated.

Recent corruption and governance cases in Indonesian SOEs underscore this dynamic. High-profile innovation-related initiatives have been retrospectively reinterpreted through legal and political lenses, reinforcing risk aversion and discouraging experimentation even when strategic intent was present. Such cases illustrate how exploratory activity in SOEs is filtered through asymmetric accountability rather than evaluated solely on strategic merit.

This study addresses the resulting theoretical gap by re-conceptualizing ambidexterity in state-owned enterprises as an institutionally constrained and temporally evolving capability. Crucially, leaders are not treated as passive recipients of constraint. While governance structures bound discretion, leaders and state actors exercise agency by interpreting mandates, sequencing exploration, legitimizing experimentation, and buffering risk. Ambidexterity thus emerges through leadership judgment within institutional limits, reconciling constraint with agency without assuming full discretion.

This dissertation departs from dominant ambidexterity theories by showing that their core assumptions, managerial discretion, symmetric risk, and tolerance for exploratory setback, do not hold in state-owned enterprises. In such contexts, ambidexterity setback cannot be explained solely by structural misalignment or leadership incapacity. Instead, it reflects a deeper institutional condition in which individual judgment, risk-taking, and accountability are asymmetrically distributed and behaviorally filtered through human resource systems, legal exposure, and performance evaluation regimes. Existing ambidexterity frameworks are therefore unable to explain why well-intentioned transformation agendas repeatedly stall, regress, or remain symbolic in institutionally constrained organizations. In this study, dynamic capability is understood in the sense articulated by Teece et al. (1997, 2007): the organization's capacity to sense, seize, and reconfigure resources in response to environmental change. In state-owned enterprises, organizational ambidexterity does not arise from discretionary managerial choice or structural balance, but from an institutionally constrained dynamic capability shaped by governance arrangements, public accountability, and leadership judgment over time.

1.3 Research Questions

To address this problem, the study is guided by the following research questions:

RQ1: How do internal organizational factors, specifically leadership behavior, organizational culture, and dynamic capability development, influence the development of ambidexterity in state-owned enterprises?

RQ2: How do external institutional factors, including governance structures, regulatory regimes, and public mandates, shape the scope and limits of ambidexterity in state-owned enterprises?

RQ3: How do internal and external forces interact over time to produce different ambidexterity capability trajectories in state-owned enterprises?

1.4 Positioning of the Study and Nature of Its Contribution

This study does not seek universal causal generalization in a variance-based, theory-testing sense. Instead, consistent with professional doctoral research, it aims to generate actionable theoretical insight through analytic generalization grounded in empirically rich cases. Indonesian state-owned enterprises provide a theoretically revealing context because they operate under dual public–commercial mandates and asymmetric accountability, allowing the study to surface mechanisms of ambidexterity that are unlikely to appear in private-sector settings.

The contribution lies not in identifying a single optimal ambidexterity configuration, but in explaining how and why ambidexterity is calibrated differently across institutional conditions. By foregrounding processes, sequencing, and institutional mediation, this study advances ambidexterity theory as a diagnostic lens that informs executive judgment about when to prioritize reliability, when to expand exploration, and how to manage their tension over time.

Institutional structures bound strategic discretion but do not eliminate agency. In state-owned enterprises, senior leaders act as institutional integrators, exercising judgment to align exploratory initiatives with governance expectations, regulatory accountability, and

organizational legitimacy. Leaders act as mediators who interpret constraint, legitimize exploration, and mobilize organizational support under heightened accountability. Ambidexterity in state-owned enterprises therefore emerges not from unconstrained managerial choice, but from leadership capable of exercising judgment within institutional limits.

Although empirically grounded in Indonesian SOEs, the mechanisms identified are analytically transferable to other regulated organizations. The value of the study is assessed not by statistical generalization, but by the depth of theoretical insight and its usefulness to practice. Figure 1.1 summarizes the analytic logic underpinning this contribution.

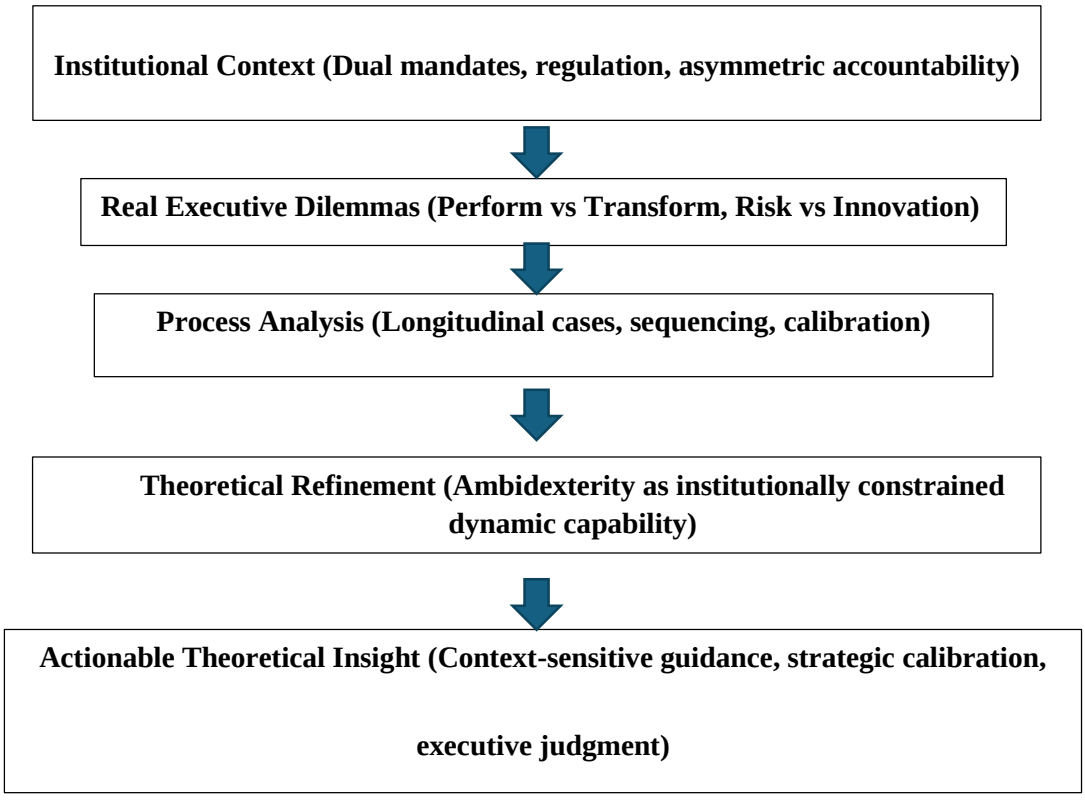

Figure 1.1 *Logic of Principles Doctorate Contribution*

Note. Conceptual synthesis developed by the author.

Key constructs used throughout the dissertation, including organizational ambidexterity, ambidexterity capability, institutional constraint, calibration, and executive judgment, are defined consistently and summarized in Appendix A to support conceptual clarity and terminological consistency across chapters. Beyond its theoretical contribution, this study is explicitly oriented toward executive and policy relevance. By reframing ambidexterity as a capability calibrated under institutional constraint, the analysis offers a diagnostic lens for senior leaders navigating perform–transform dilemmas in regulated environments.

1.5 Theoretical Contributions

This study makes three primary theoretical contributions.

First, it re-conceptualizes organizational ambidexterity in state-owned enterprises as an institutionally constrained dynamic capability rather than a discretionary managerial choice. This perspective foregrounds the role of governance, regulation, and legitimacy in shaping not only the desirability but also the feasibility of exploration.

Second, the study develops a temporal maturation model of ambidexterity, illustrating how organizations transition, often non-linearly, between constrained, emerging, mature, and integrated ambidexterity states. By incorporating institutional triggers such as crises, mergers, and governance reform, this process-oriented model extends existing ambidexterity theory beyond static structural configurations.

Third, the study extends ambidextrous leadership theory by emphasizing leaders' roles as institutional integrators. Rather than merely balancing exploratory and exploitative activities internally, leaders are shown to mediate between innovation imperatives and

external accountability regimes, thereby shaping the organization's ambidexterity trajectory over time.

1.6 Practical and Policy Significance

The findings offer practical insights for SOE executives seeking to design leadership systems, organizational structures, and incentive mechanisms that enable innovation while maintaining operational reliability and public accountability. For policymakers, the study provides evidence-based guidance on how governance reform, legal frameworks, and ownership arrangements can either enable or constrain ambidexterity in state-owned enterprises.

1.7 Structure of the Dissertation

This dissertation is organized as follows. Chapter 2 develops the theoretical framework and reviews the literature on organizational ambidexterity, dynamic capability, leadership, and institutionally embedded organizations. Chapter 3 outlines the institutional and governance context of Indonesian state-owned enterprises. Chapter 4 presents the research methodology. Chapters 5 through 8 report findings from the four case studies. Chapter 9 provides cross-case analysis and theoretical discussion. Chapter 10 presents the executive ambidexterity toolkit. Chapter 11 concludes by summarizing the findings, articulating contributions, and identifying directions for future research.

CHAPTER 2

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1 Introduction

Organizational ambidexterity captures the enduring tension between short-term efficiency and long-term adaptation (March, 1991; O'Reilly & Tushman, 2013). Yet most ambidexterity theory is grounded in private-sector contexts characterized by managerial discretion and symmetric risk assumptions. These assumptions translate poorly to organizations operating under public accountability, where strategic choice is mediated by governance structures, regulatory oversight, and political scrutiny. Accordingly, this study treats ambidexterity as a dynamic capability whose effective expression requires institutional calibration, as organizations must adapt to governance expectations as much as to markets.

State-owned enterprises (SOEs) make this tension explicit. Charged with delivering commercial performance while fulfilling public mandates and preserving legitimacy, SOEs face asymmetric accountability: exploitative failures are treated as performance issues, whereas exploratory unsuccessful initiatives may be interpreted as governance or integrity breaches (Cuervo-Cazurra et al., 2014; Musacchio et al., 2015). Ambidexterity in SOEs is therefore shaped less by internal trade-offs than by institutional design.

To address this gap, this chapter integrates research on ambidexterity, dynamic capability, leadership and culture, and state ownership into a unified framework. Ambidexterity is reconceptualized as an institutionally constrained, temporally evolving dynamic capability, providing the conceptual foundation for the empirical analysis.

Finally, institutional design refers to the formal architecture of laws, ownership, mandates, and accountability, while governance realities capture how these arrangements are enacted in practice. Distinguishing between design and enactment is essential for explaining how ambidexterity is enabled or constrained.

2.2 Terminological Clarification and Analytical Scope

Throughout this dissertation, organizational ambidexterity is conceptualized ontologically as a dynamic organizational capability, rather than as a static balance, structural arrangement, or performance outcome. Specifically, *ambidexterity capability* refers to an organization's latent, evolving capacity to sustain, sequence, and integrate exploratory and exploitative activities over time (Gibson & Birkinshaw, 2004; O'Reilly & Tushman, 2013). This capability is institutionally constrained, meaning that its activation, scope, and durability are shaped by governance structures, regulatory regimes, public accountability, and legitimacy expectations rather than by managerial discretion alone.

Observable patterns through which this capability is expressed under specific institutional conditions are referred to as ambidexterity configurations. These configurations are analytically derived in this study and informed by prior ambidexterity process research (Raisch et al., 2009; O'Reilly & Tushman, 2013). These configurations are treated as empirical manifestations of an underlying capability at a given point in time, not as deterministic stages or normative end states. Changes across configurations over time are described as ambidexterity capability trajectories, emphasizing process, sequencing, and non-linearity rather than progression toward an idealized form.

This dissertation focuses exclusively on state-owned enterprises (SOEs). Although such organizations are sometimes described in the literature as hybrid or multi-logic entities, hybridity is not employed here as an analytical construct. Instead, SOEs are examined as institutionally embedded organizations whose strategic discretion and ambidexterity capability are shaped by governance structures, regulatory oversight, and public accountability. References to hybridity are therefore reserved for implications and future research, not for theory development or empirical analysis.

The term calibration is used to denote how ambidexterity capability is selectively expressed under specific institutional conditions. Calibration does not constitute a separate capability; rather, it reflects the manner in which sensing, seizing, and reconfiguring activities are bounded, sequenced, or emphasized in response to governance expectations and accountability pressures. Finally, performance outcomes, commercial results, public value delivery, and transformation effects are treated as contingent consequences of ambidexterity capability and its calibration, not as constitutive elements of ambidexterity itself.

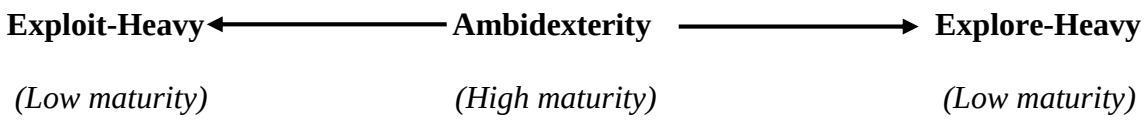

Figure 2.1 *Ambidexterity as a continuum between exploitation and exploration*

Note. Conceptual synthesis developed by the author.

Accordingly, this study conceptualizes ambidexterity as a dynamic, skill-like organizational capability that unfolds over time rather than as a fixed balance or binary

state (O'Reilly & Tushman, 2013). Organizations differ not in whether they pursue exploitation or exploration, but in the maturity of their capacity to sustain both under institutional constraint. This continuum perspective, illustrated in Figure 2.1 above, underpins the analytical framework employed in subsequent chapters.

2.3 Organizational Ambidexterity: From Balance to Capability

The concept of organizational ambidexterity originates in March's (1991) distinction between exploitation and exploration. Exploitation emphasizes refinement, efficiency, implementation, and execution, while exploration prioritizes search, experimentation, and innovation. Subsequent research demonstrated that organizations capable of pursuing both are more likely to sustain performance over time (Tushman & O'Reilly, 1996; He & Wong, 2004). More recent work reframes ambidexterity as a higher-order organizational capability that enables firms to adapt under conditions of uncertainty by orchestrating and reconfiguring exploitative and exploratory activities over time, rather than as a static balance between competing activities (Birkinshaw et al., 2016).

Early ambidexterity research often framed the problem as one of balance, implicitly assuming that exploitation and exploration compete for scarce resources and managerial attention. More recent scholarship, however, has shifted toward conceptualizing ambidexterity as an organizational capability rather than a static equilibrium (Gibson & Birkinshaw, 2004; Smith & Lewis, 2011). From this perspective, ambidexterity reflects an organization's capacity to manage, sequence, and integrate competing strategic logics continuously in response to environmental demands.

This capability-based view is particularly salient in contexts of asymmetric risk. In SOEs, exploratory initiatives are subject to heightened scrutiny, ex post accountability, and political reinterpretation, limiting the applicability of private-sector ambidexterity models that assume tolerance for failure (Raisch et al., 2009; Alexiev et al., 2016). Ambidexterity in SOEs therefore cannot be understood as a freely chosen managerial configuration, but as a constrained organizational capacity shaped by institutional conditions. Consistent with recent work conceptualizing contextual ambidexterity as a dynamic capability enacted through internally embedded routines rather than structural separation (Ramdan et al., 2022), this study conceptualizes ambidexterity as a dynamic, skill-like organizational capability that unfolds over time. Organizations differ not in whether they pursue exploitation or exploration, but in the maturity of their capacity to sustain both under institutional constraint (O'Reilly & Tushman, 2013).

2.4 Dynamic Capability and the Temporal Dimension of Ambidexterity

This study treats institutional constraint not as a background condition, but as a constitutive force shaping how ambidexterity capabilities develop in state-owned enterprises (Scott, 2014; Oliver, 1991). In such organizations, public accountability and political scrutiny systematically narrow managerial discretion and elevate the perceived costs of failure, biasing strategic behavior toward exploitation (Bruton et al., 2015). Importantly, ambidexterity capability is not assumed to be latent and awaiting release. Even when institutional permission for exploration exists, organizations may lack the skills, leadership capacity, routines, or motivation required to pursue it effectively (Helfat & Peteraf, 2003; Teece, 2007). Ambidexterity in state-owned enterprises is therefore better

understood as underdeveloped or episodic, emerging unevenly as governance conditions, leadership mediation, and internal capabilities align over time (Lavie et al., 2010).

Figure 2.2 depicts the co-evolution of exploitative performance and exploratory renewal through leadership coordination, dynamic capability development, and institutional legitimacy, showing that integrated ambidexterity is feasible only when organizational capability, regulatory tolerance, and leadership integration mature together.

Figure 2.2 *Virtuous Cycle of Internal Enablers of Organizational Ambidexterity*

Note. Conceptual synthesis developed by the author .

This figure presents a conceptual synthesis illustrating how leadership integration, cultural adaptation, and dynamic capability development reinforce one another over time to stabilize ambidexterity capability under institutional constraint. The model is theoretical and serves as an analytical lens for interpreting the empirical cases, rather than as a representation of any single organization.

2.5 Ambidextrous Leadership and Organizational Culture

Ambidextrous leadership is widely theorized as a mechanism through which organizations reconcile exploitation and exploration (Rosing et al., 2011; O'Reilly & Tushman, 2013). In private-sector settings, leadership is often conceptualized as a behavioral repertoire that alternates between opening behaviors that encourage experimentation and closing behaviors that ensure discipline and efficiency. In state-owned enterprises, however, leadership agency is institutionally constrained. Leaders must mediate not only internal tensions between exploration and exploitation, but also external demands from boards, regulators, ministries, and political stakeholders. As a result, leadership operates less as discretionary resource allocation and more as a form of institutional integration, involving framing, sequencing, legitimacy management, and stakeholder alignment (Denis et al., 2012; Alexiev et al., 2016). This perspective aligns with research showing that leadership capabilities shape how dynamic capability are interpreted and enacted under conditions of constrained strategic choice (Helfat & Peteraf, 2015).

Organizational culture is treated here as an adaptive mechanism rather than a primary driver of ambidexterity. In highly regulated and risk-averse contexts, cultural openness to exploration typically follows structural protection and institutional

endorsement of innovation (Schein, 2010; Kodeih & Greenwood, 2014). Cultural change therefore reinforces ambidexterity once exploratory activity becomes legitimate and routinized, rather than independently initiating it (Sun et al., 2023).

This perspective challenges linear assumptions that culture must precede innovation and instead emphasizes sequencing: institutional legitimation and leadership mediation first, cultural adaptation second. Cultural change typically lags behind structural and governance reform, requiring sustained leadership attention beyond formal redesign to stabilize ambidexterity over time.

2.6 Ambidexterity in Institutional Embedded Organizations

Institutionally embedded organizations, including SOEs, operate under multiple institutional logics that shape strategic behavior (Pache & Santos, 2013). These logics-commercial performance, public value creation, political accountability-often impose conflicting expectations on managers, constraining strategic choice and amplifying risk aversion.

Research on state ownership reveals that governance structures, regulatory regimes, and ownership arrangements play a decisive role in shaping innovation capacity (Bruton et al., 2015; Musacchio et al., 2015). Where ownership objectives are ambiguous and regulatory oversight is intrusive, exploratory initiatives tend to remain symbolic or peripheral. Conversely, reforms that clarify ownership roles, separate regulation from value creation, and buffer managerial risk can expand the strategic space for ambidexterity (OECD, 2015, 2021). While the mechanisms identified may be analytically relevant to

other institutionally embedded or hybrid organizations, the empirical and theoretical focus of this dissertation remains on state-owned enterprises.

Importantly, the appropriate degree and form of ambidexterity in institutionally embedded organizations is inherently stakeholder- and sector-contingent. SOEs operating in technologically dynamic sectors face stronger pressures to explore than those in safety-critical or asset-intensive industries. Ambidexterity should therefore be understood as a calibrated capability rather than a universally maximized ideal. Comparative evidence suggests that reforms clarifying ownership objectives, separating regulatory oversight from value creation, and buffering innovation risk are critical in enabling capability development and strategic experimentation in state-owned enterprises (OECD, 2021).

The reconceptualization advanced in this study carries specific micro-foundational implications for dynamic capability theory in state-owned enterprises. In private-sector settings, sensing typically relies on market-oriented scanning, seizing reflects discretionary resource mobilization, and transforming involves internally authorized reconfiguration. In contrast, in state-owned enterprises these activities are institutionally filtered. Sensing is shaped by political and regulatory salience as much as by market signals; seizing is mediated through multi-principal oversight, public accountability, and ex ante scrutiny; and transforming is conditioned by legitimacy preservation and risk buffering requirements. Ambidexterity capability in SOEs therefore does not simply operate at lower intensity but follows a qualitatively different activation logic in which managerial judgment is exercised within institutionally bounded discretion. This distinction clarifies how dynamic capability processes are selectively enabled, sequenced, and stabilized under conditions of asymmetric accountability.

2.7 Conceptual Framework and Research Gap

Synthesizing these literatures, this study conceptualizes organizational ambidexterity in SOEs as an institutionally constrained dynamic capability that evolves over time. Observable ambidexterity configurations-constrained, emerging, mature, and integrated-represent empirical manifestations of this capability under specific institutional and organizational conditions rather than deterministic stages.

Despite growing interest in ambidexterity and institutionally embedded organizations, existing research offers limited insight into how internal organizational factors and external institutional forces interact over time to shape ambidexterity capability trajectories, particularly in emerging economies undergoing governance reform. This gap motivates the present study and informs its process-oriented research design.

Importantly, the conceptualization advanced in this chapter establishes a direct analytical bridge to the institutional mechanisms and empirical trajectories examined in subsequent chapters. The institutional enablers discussed here, risk buffering, ownership–regulation separation, and legitimization of exploration, are theorized as *mechanisms* rather than background conditions. These mechanisms, synthesized visually in Figure 3.1, reshape managerial discretion and temporal horizons, thereby conditioning how ambidexterity capability can emerge, stabilize, or be reconfigured within individual organizations.

At the firm level, variation in how these institutional mechanisms are interpreted, internalized, and operationalized gives rise to distinct *ambidexterity capability trajectories*. These trajectories, conceptualized in this study as constrained, emerging, mature, and integrated, are not treated as deterministic stages but as empirically observable

manifestations of an underlying dynamic capability under institutional constraint. Chapter 9 returns explicitly to this framework by identifying recurring process mechanisms through which institutional conditions and organizational responses co-evolve over time, thereby linking theory, mechanism, and trajectory in a coherent explanatory model. Accordingly, the development of ambidexterity capability in state-owned enterprises is best understood as a temporally sequenced process in which institutional design conditions the activation, stabilization, and reconfiguration of organizational capabilities over time (Teece et al., 2016; Kattel & Mazzucato, 2018).

In this dissertation, ambidexterity is conceptualized as a dynamic capability, while calibration refers to the manner in which that capability is expressed under specific institutional conditions. Calibration does not constitute a separate capability; rather, it reflects how sensing, seizing, and reconfiguring activities are selectively activated, constrained, or sequenced in response to governance expectations and accountability pressures.

2.7.1 *Levels of Capability and Analytical Scope*

This dissertation engages with multiple levels of capability that jointly shape how ambidexterity is enabled, constrained, and enacted in state-owned enterprises. At the national level, governance capability refers to the state's capacity to design legal, regulatory, and ownership arrangements that authorize or restrict exploration, buffer or amplify risk, and set strategic direction. At the portfolio or holding level, capability concerns the allocation of capital, orchestration of mergers and restructuring, and the spreading of risk across enterprises.

The core construct of this study, organizational ambidexterity capability, is situated at the level of the individual SOE and refers to the organization's capacity to sustain, sequence, and integrate exploration and exploitation over time under institutional constraint. This capability is enacted through strategic and organizational development capabilities, including structure, processes, and human resource systems, and is further shaped by leadership and individual capabilities that interpret institutional constraints, frame exploration, and exercise responsible judgment. Accordingly, ambidexterity is conceptualized here as an organizational-level capability, shaped by governance capabilities above the firm and enacted through leadership and organizational capabilities below it.

2.8 Performance Conceptualization and Operationalization

In institutionally governed organizations, performance outcomes are contingent on how ambidexterity is calibrated across operational, financial, and adaptive dimensions rather than on the absolute level of exploration or exploitation. Drawing on strategy and public management literature, this study conceptualizes performance as a multidimensional construct encompassing commercial viability, public value delivery, and transformation outcomes (Kaplan & Norton, 1996; Moore, 1995; Mazzucato, 2018). From a capability-building perspective, performance in institutionally embedded organizations must also be assessed in terms of learning, adaptability, and long-term transformation capacity, particularly where public purpose and mission-oriented innovation are central objectives (Mazzucato, 2018). Commercial performance reflects exploitative effectiveness, public value captures mandate fulfillment and legitimacy, and transformation outcomes indicate dynamic capability development. Tables 2.1 and 2.2 operationalize these dimensions and

link ambidexterity theory to observable empirical indicators, enabling systematic and transparent assessment across cases.

To operationalize ambidexterity empirically, Table 2.2 links theoretical dimensions to observable indicators across leadership, culture, capability, and institutional navigation. To clarify the theoretical contribution of this study, Table 2.3 summarizes how dominant ambidexterity theories implicitly rely on assumptions that are systematically violated in state-owned enterprises. Rather than rejecting these theories, this dissertation extends them by re-specifying ambidexterity as a dynamic capability whose activation, scope, and durability are institutionally mediated through governance design, risk exposure, and performance legitimacy.

Table 2.1 *Conceptual Performance Framework*

Performance Domain	**Indicator**	**Description**
Commercial Performance	Financial profitability	ROE, EBITDA margin, or sector-appropriate profitability
	Revenue stability	Consistency of core revenue streams
	Efficiency gains	Cost reductions, productivity improvements
Public Value Performance	Mandate fulfillment	Inclusion, connectivity, service continuity
	Service reliability	Safety, uptime, operational quality
	Stakeholder trust	Public legitimacy, customer satisfaction
Transformation Outcomes	New revenue contribution	Share of revenue from new products/services
	Digital adoption	Active users, platform utilization
	Capability scaling	Ability to institutionalize innovation

Note. Conceptual synthesis developed by the author.

Here, performance indicators contextualize ambidexterity trajectories and inform executive sensemaking, rather than serving causal or positivist evaluation purposes.

Table 2.2 Ambidexterity Assessment Framework: Dimensions, Theoretical Foundations, and Empirical Indicators

Ambidexterity Dimension	Key Theoretical Sources	Conceptual Definition	Empirical Indicators Used
Leadership Visionary Duality	O'Reilly & Tushman (2013); Birkinshaw & Gibson (2004)	Extent to which leaders simultaneously articulate and commit to exploitation and exploration	Dual strategic narratives ("Perform & Transform"); leadership time allocation; executive interview statements
Opening Behaviors	March (1991); Raisch et al. (2009)	Encouragement of experimentation, ideation, and learning	Existence of innovation labs; pilot projects; employee idea programs
Closing Behaviors	March (1991)	Emphasis on discipline, efficiency, and standardization	SOP enforcement; operational KPIs; compliance routines
Cultural Flexibility	Schein (2010); Gibson & Birkinshaw (2004)	Organizational norms supporting adaptability vs rigidity	Risk discourse in interviews; tolerance of failure; middle-management behaviors
Risk Tolerance	Sitkin & Pablo (1992)	Willingness to engage in calculated risk-taking	Governance safeguards; sandbox mechanisms; treatment of failed initiatives
Innovation Infrastructure	O'Reilly & Tushman (2004)	Structural mechanisms protecting exploration	Separate units, digital subsidiaries, partnerships
Dynamic Sensing	Teece (2007)	Ability to identify emerging threats and opportunities	Horizon scanning activities; strategic foresight exercises
Dynamic Seizing	Teece (2007)	Ability to mobilize resources to capture opportunities	Capital reallocation; venture launches; acquisitions
Dynamic Transforming	Teece (2007)	Ability to reconfigure assets and routines	Post-merger integration; organizational redesign
Institutional Pressure Management	DiMaggio & Powell (1983); Pache & Santos (2013)	Ability to navigate regulatory and political constraints	Regulatory engagement strategies; mandate framing
Public–Commercial Alignment	Moore (1995); Mazzucato (2018)	Integration of public value and financial performance	Alignment of innovation with national mandates; dual KPIs

Note. Conceptual synthesis developed by the author.

Table 2.3 *Limits of Dominant Ambidexterity Theory in State-Owned Enterprises and This Study's Extension*

Dominant Ambidexterity Theory	Core Assumptions	Limitation in State-Owned Enterprises	Extension Offered by This Study
Structural ambidexterity (Tushman & O'Reilly)	Managerial discretion over structure and resource allocation	Structural separation does not protect individuals from asymmetric legal and political risk; exploration units remain personally exposed	Ambidexterity depends on institutionally buffered discretion and governance-mediated protection, not structure alone
Contextual ambidexterity (Gibson & Birkinshaw)	Employees can flexibly balance alignment and adaptability	Individual discretion is constrained by ex post accountability, audit risk, and legal exposure	Ambidexterity is behaviorally filtered through HR systems, risk exposure, and performance legitimacy
Ambidextrous leadership	Leaders can alternate opening and closing behaviors	Leadership intent is insufficient when middle managers face disproportionate downside risk	Leaders act as institutional integrators who legitimate, buffer, and sequence exploration
Dynamic capabilities (Teece)	Firms can sense, seize, and reconfigure under uncertainty	Sensing and seizing are suppressed when experimentation is institutionally unsafe	Ambidexterity is a dynamic capability whose activation is institutionally constrained and selectively calibrated
Balance / integration logic	Higher ambidexterity is generally superior	"More ambidexterity" may be illegitimate or destabilizing in regulated contexts	Ambidexterity effectiveness depends on legitimacy-calibrated equilibrium, not optimization

Note. Conceptual synthesis developed by the author.

2.9 Chapter Summary

While the findings may also hold relevance for government-linked organizations, the theoretical focus of this study remains on state-owned enterprises as institutionally embedded organizations operating under asymmetric accountability. Ambidexterity is conceptualized as an institutionally constrained dynamic capability enacted over time through leadership mediation, governance alignment, and adaptive organizational

processes. This framing directly informs the qualitative, longitudinal methodology adopted in the study. Building on this theoretical framing, the following chapter translates ambidexterity from an abstract capability concept into an empirically tractable research design by specifying the cases, data sources, and analytical strategies used to examine how ambidexterity is enacted, constrained, and calibrated over time within state-owned enterprises.

CHAPTER 3

INSTITUTIONAL CONTEXT: INDONESIAN STATE-OWNED ENTERPRISES

This chapter establishes the institutional boundary conditions under which Indonesian state-owned enterprises (SOEs) pursue organizational ambidexterity. It advances the central argument that ambidexterity in SOEs is not merely an internal organizational capability, but an institutionally constrained dynamic capability mediated through governance architecture, legal frameworks, and state signaling. Accordingly, the chapter is presented as a standalone institutional analysis rather than as background material embedded within the literature review or case chapters. Rather than treating institutions as static contextual conditions, this chapter conceptualizes Indonesian SOE governance arrangements as mechanisms that redistribute risk, authority, and legitimacy, thereby shaping the feasible space for organizational ambidexterity over time.

More specifically, the chapter theorizes the institutional environment as a set of enabling and constraining mechanisms that define the feasible space for balancing exploitation and exploration. Instead of treating institutions as exogenous constraints that uniformly suppress innovation, the analysis shows how particular governance arrangements selectively redistribute risk, authority, and legitimacy in ways that can either inhibit or enable ambidextrous behavior. This perspective moves beyond dichotomous views of state ownership as either supportive or detrimental to innovation, highlighting instead the conditional and design-dependent nature of institutional influence.

By clarifying how risk exposure, authority structures, and legitimacy are configured at the national level, the chapter provides essential context for interpreting firm-level

ambidexterity capability trajectories in the empirical cases that follow. Rather than offering a comprehensive history of Indonesian SOE reform, the analysis focuses selectively on institutional features that directly affect the feasibility, scope, sequencing, and durability of ambidexterity.

3.1 Indonesian SOE Governance Architecture

Indonesian SOEs operate within a governance system that combines commercial objectives with explicit public mandates, rendering them structurally embedded institutional organizations**.** They are expected to generate financial returns while simultaneously delivering essential services, operating national infrastructure, and advancing strategic development priorities. This multiplicity of objectives conditions strategic choice by embedding competing performance logics within a single organizational mandate.

Indonesia's contemporary SOE governance architecture separates ownership, regulation, and policy coordination functions, thereby reducing political interference while preserving state control. This separation reshapes managerial discretion by stabilizing performance expectations and clarifying the boundaries within which exploratory initiatives can be pursued. Crucially, this separation alters the institutional logic facing executives. By clarifying who sets strategic direction, who monitors compliance, and who absorbs investment risk, the reformed architecture reduces contradictory signaling and enables more coherent ambidextrous strategies. From an ambidexterity perspective, governance architecture thus operates not merely as background structure, but as an active determinant of managerial discretion and strategic time horizons.

3.2 Risk Buffering and Legal Reform

A central constraint on ambidexterity in Indonesian state-owned enterprises has historically been asymmetric risk exposure. Earlier legal interpretations frequently conflated commercial losses with state financial losses, exposing executives to legal and political sanction even for good-faith decisions. This ambiguity rationally biased organizations toward exploitation, particularly in capital-intensive and publicly visible sectors, by elevating the perceived downside of experimentation and truncating organizational learning (Bruton et al., 2015; Musacchio et al., 2015).

From a dynamic capability perspective, such risk asymmetry suppresses exploration by interrupting learning cycles. When failure is treated as potential misconduct rather than as feedback, exploratory initiatives remain peripheral and are rarely scaled or embedded into core organizational processes (Helfat & Peteraf, 2003; Teece, 2007).

Recent legal reforms have clarified the distinction between organizational losses and state financial losses, provided decisions are taken without corruption or malfeasance. This clarification functions as a risk-buffering mechanism, shifting oversight from ex post criminalization toward ex ante governance and performance monitoring. In doing so, it reduces the personal downside of experimentation while preserving institutional control (Kattel & Mazzucato, 2018).

For ambidexterity, this recalibration reshapes leaders' perceptions of permissible risk. Bounded experimentation becomes legitimate organizational learning rather than legal liability, while portfolio-level investment arrangements allow innovation risk to be absorbed across enterprises rather than concentrated within individual firms. Together,

these mechanisms expand the discretionary space for calibrated exploration under asymmetric accountability (Musacchio et al., 2015; Bruton et al., 2015).

3.3 Ownership–Regulation Separation

A second institutional enabler of ambidexterity is the formal separation of ownership and regulation. Historically, the state's dual role as owner and regulator generated contradictory signals: SOEs were encouraged to innovate while simultaneously being penalized for failure. This ambiguity constrained managerial discretion and reinforced short-term exploitative priorities.

The reformed governance model separates these functions. Ownership and value creation are concentrated at the holding level, while regulation and public-interest safeguards are assigned to specialized oversight bodies. Public accountability is preserved through a golden-share mechanism that grants veto rights over matters of national interest without day-to-day operational interference. By clarifying who sets strategic direction, who monitors compliance, and who absorbs investment risk, ownership–regulation separation expands managerial discretion over strategic time horizons, a precondition for sustained ambidexterity capability.

From an ambidexterity perspective, ownership–regulation separation performs two critical functions. First, it aligns governance time horizons with the long-term logic of exploration by insulating strategic investment decisions from short-term political pressures. Second, it clarifies accountability by distinguishing performance evaluation from regulatory compliance. Managers are therefore better positioned to pursue exploratory initiatives that

may temporarily depress financial performance but contribute to longer-term capability development.

This separation does not eliminate institutional constraint; rather, it reconfigures it. Exploration remains bounded by public-interest considerations, but those boundaries become more predictable and manageable. Ambidexterity thus becomes a matter of strategic calibration within known constraints rather than navigation of ambiguous and shifting rules.

3.4 Legitimization of Exploration

Beyond structural and legal reform, Indonesian governance changes perform an important symbolic and normative function: they legitimize exploration as an explicit mandate of state-owned enterprises. Revised statutory frameworks and policy statements affirm that SOEs are expected not only to generate profits and deliver services, but also to pioneer new industries, invest in innovation, and contribute to long-term national development.

This legitimization reframes exploration from discretionary behavior into a formally sanctioned organizational responsibility. From an institutional theory perspective, such legitimation reduces normative ambiguity and provides cognitive scripts that justify experimentation in organizations historically oriented toward compliance. Boards and executives can therefore defend exploratory investments with uncertain short-term returns, incorporate innovation metrics into performance contracts, and embed ambidexterity expectations into governance routines.

At the organizational level, legitimization provides the narrative foundation upon which leaders can challenge deeply embedded risk-averse cultures. However, the cases indicate that legitimation functions primarily as an enabling condition rather than a direct behavioral driver. Organizational routines, particularly at middle-management levels, often lag behind formal mandates. Legitimization must therefore be coupled with leadership action, capability development, and structural protection to translate symbolic endorsement into sustained ambidextrous practice.

While governance reform formally expands strategic discretion at the organizational level, discretion is enacted unevenly across hierarchical layers. Senior executives often experience greater institutional buffering than middle managers, whose decisions remain subject to ex post scrutiny and procedural accountability. As a result, institutional reform does not automatically translate into behavioral change; instead, it produces differentiated risk perceptions that shape how ambidexterity is enacted across organizational levels.

3.5 Why Indonesian SOEs Matter for Ambidexterity Theory

Indonesia constitutes a theoretically revealing context because state-owned enterprises play a central developmental role while operating under heightened public scrutiny and asymmetric accountability. These conditions amplify the tension between reliability and renewal, thereby rendering the mechanisms of ambidexterity development more visible than in private-sector settings.

By foregrounding institutional design rather than national idiosyncrasy, this chapter contributes to ambidexterity theory in two ways. First, it indicates that state ownership per se is neither inherently inimical nor inherently conducive to ambidexterity; outcomes

depend on how risk, authority, and legitimacy are structured. Second, it provides a conceptual template for analyzing ambidexterity in other regulated and institutionally embedded organizational contexts.

Figure 3.1 synthesizes the institutional logic developed in this chapter by depicting how governance reform reshapes risk exposure, authority clarity, and the legitimacy of exploration. BP BUMN refers to Indonesia's SOE regulatory authority, while Danantara functions as the state's portfolio-level SOE holding and risk-buffering mechanism.

Figure 3.1 *Institutional Enablers of Organizational Ambidexterity in Indonesian SOEs*

Note. Author's analytical synthesis of institutional mechanisms enabling ambidexterity in state-owned enterprises, informed by OECD SOE governance principles (OECD, 2015, 2021) and applied to the Indonesian reform context.

These institutional mechanisms expand the strategic discretion available to organizational leaders, thereby conditioning the ambidexterity capability trajectories examined in subsequent case chapters. Figure 3.1 is a theoretical synthesis that integrates institutional theory, SOE governance research, and ambidexterity scholarship. It is not a reproduction of a single model but a consolidation of well-established literatures applied to the Indonesian context.

Together, these institutional mechanisms define the boundary conditions within which organizational ambidexterity can be enacted in Indonesian state-owned enterprises. The cases that follow do not test whether institutions matter, but instead examine how different organizations interpret, internalize, and operationalize these shared institutional conditions, producing divergent ambidexterity capability trajectories over time.

CHAPTER 4

METHODOLOGY

This chapter outlines the methodological approach used to examine how organizational ambidexterity develops and evolves within Indonesian state-owned enterprises (SOEs). Consistent with the theoretical framing advanced in Chapters 2 and 3, ambidexterity is conceptualized as an organizational capability rather than as a discrete action, behavioral episode, or static outcome. While organizations enact practices that reflect ambidexterity, the empirical focus of this study is on the strength, maturity, and configuration of the underlying capability as it develops over time.

Accordingly, organizational ambidexterity is positioned as the focal construct, conceptualized as a dynamic and institutionally constrained capability rather than as a balance point or equilibrium state. The analysis examines variation in the maturity of this capability as manifested through observable organizational configurations across time and across cases.

4.1 Definition of the Dependent Construct

Ambidexterity capability is defined as the organization's capacity to sustain and integrate exploratory and exploitative activities over time under institutional constraint. This capability is not measured through a single score or binary outcome. Instead, it is inferred through a multidimensional qualitative assessment capturing leadership behaviors, organizational routines, cultural norms, structural arrangements, and governance alignment.

4.2 Explanatory Domains

The explanatory conditions shaping ambidexterity capability are conceptualized across two interrelated domains:

1. Internal Organizational Factors, including:

* Ambidextrous leadership behaviors (opening and closing behaviors)
* Organizational culture and risk orientation
* Structural mechanisms supporting exploration and exploitation
* Dynamic capabilities, including sensing, seizing, and transforming

2. External Institutional Factors, including:

* Governance structures and ownership arrangements
* Regulatory regimes and legal accountability frameworks
* Public service mandates and political oversight mechanisms

Rather than assuming linear causality, the study adopts a process-oriented analytical logic that examines how internal and external factors interact over time to shape ambidexterity capability trajectories. The resulting ambidexterity configurations, which are constrained, emerging, mature, and integrated, are treated as analytical descriptors of capability maturity rather than as dependent variables in their own right.

4.3 Research Design

This study adopts a qualitative, longitudinal, multiple-case research design to examine how organizational ambidexterity is enacted and evolves within state-owned enterprises. A qualitative approach is particularly appropriate given the contextual complexity, institutionally embeddedness, and processual nature of ambidexterity,

especially in organizations operating under public accountability regimes. Rather than testing predefined hypotheses, the study seeks to generate theoretically grounded explanations through in-depth empirical analysis.

A multiple-case design enables systematic comparison across organizations while preserving contextual specificity. By examining several SOEs operating within the same national institutional environment, but across different sectors, the study strengthens analytic generalization and facilitates the identification of both recurring process mechanisms and divergent ambidexterity capability trajectories. The longitudinal dimension of the research design is central to capturing the temporal dynamics of ambidexterity capability development. It allows the study to trace how internal organizational capabilities and external institutional conditions interact over time, particularly in response to leadership transitions, organizational restructuring, and governance reform. This study does not seek variance-based causal generalization, but analytic generalization through process tracing across longitudinal cases.

4.4 Case Selection

Cases were intentionally selected from organizations in which exploration had achieved at least partial institutional legitimacy. This design choice allows the study to examine how ambidexterity capabilities develop once exploratory activity is formally or informally permitted, rather than conflating capability absence with institutional prohibition. Examining cases in which exploration is entirely disallowed would obscure the processes through which leaders exercise strategic judgment to sequence and manage

exploration under institutional constraint, and would limit theoretical insight into ambidexterity capability development.

Cases were selected through purposive sampling to maximize theoretical relevance rather than statistical representativeness. Four Indonesian SOEs were selected based on three criteria:

1. Strategic significance within their respective sectors.
2. Operation under strong regulatory oversight and public accountability.
3. Engagement in explicit transformation initiatives or innovation initiatives during the past decade.

The selected cases span aviation, ports and logistics, telecommunications, and banking. This cross-sectoral design enables comparison of how sectoral characteristics and regulatory intensity interact with organizational factors to shape ambidexterity, while holding ownership structure and national institutional context relatively constant.

4.5 Data Sources

Multiple data sources were used to enhance construct validity and reduce reliance on any single perspective. The primary data source consisted of semi-structured interviews with senior executives and managers involved in strategy, transformation, operations, and innovation functions. Interviews focused on organizational priorities, leadership practices, cultural norms, governance constraints, and organizational experiences related to exploitative and exploratory initiatives.

Secondary data included internal strategic documents, transformation roadmaps, performance reports, and governance materials where accessible. Publicly available

sources, including annual reports, regulatory documents, policy statements, and media coverage, were analyzed to contextualize organizational narratives and corroborate interview-based evidence.

4.6 Data Collection Procedures

Interviews were conducted across multiple time periods to capture changes in organizational strategy and institutional conditions over time. A semi-structured interview protocol ensured consistency across cases while allowing sufficient flexibility to probe case-specific issues and emerging themes. All interviews were conducted with participant consent, recorded, and transcribed verbatim.

Data collection followed an iterative logic in which early interviews informed subsequent data gathering by surfacing emerging themes, clarifying conceptual ambiguities, and identifying additional documentary sources. This approach enabled the study to refine its analytical focus while remaining empirically grounded. Table 4.1 summarizes the data corpus by case.

The study adopts an elite-level qualitative design focused on executive and governance interfaces where ambidexterity is authorized, bounded, and strategically interpreted. Rather than capturing frontline micro-practices, the analysis examines how senior leaders and governance actors shape the institutional conditions under which ambidexterity capability emerges and is sustained. The selected informants are therefore theoretically appropriate to the unit of analysis at the organizational–institutional boundary, prioritizing analytic depth where strategic discretion and legitimacy are negotiated.

4.7 Qualitative Data Analysis and Coding Procedures

4.7.1 Data Preparation and Coding Strategy

All interview transcripts and documentary materials were imported into NVivo software for systematic qualitative analysis.

Table 4.1 *Overview of Data Corpus by Case*

Case (SOE)	Industry	Executive Interviews (Role; Duration; Year)	Internal Documents Reviewed	Public / Archival Sources	Performance Indicators Used
Company A	Aviation/ Airports	CEO (60 min, 2025); COO (75 min, 2025); CHRO (60 min, 2025)	Internal ambidexterity assessment report; post-merger integration deck; innovation lab roadmap	Annual reports; press releases; aviation recovery statistics; regulatory guidelines	Passenger throughput recovery; non-aeronautical revenue share; EBITDA margin
Company B	Ports/Logistics	CEO (90 min, 2025); COO (75 min, 2025); CHRO (60 min, 2025)	Post-merger performance review; “Perform & Transform” roadmap; cultural diagnostics	Government merger announcements; port performance benchmarks	Throughput efficiency; logistics dwell time; integration synergy indicators
Company C	Telecommunication	Strategy Director (60 min, 2025); CHRO (60 min, 2025); Innovation Unit Head (45 min, 2025)	“Five Bold Moves” transformation report; digital subsidiary strategy papers	Annual & sustainability reports; investor briefings; industry disruption reports	Digital revenue growth; legacy vs digital EBITDA; market share
Company D	Banking / Finance	CFSO (60 min, 2025); SVP Human Capital Strategy (60 min, 2025); Digital Banking EVP (45 min, 2025)	Digital transformation scorecard; risk governance framework; innovation portfolio reviews	Annual reports; fintech competition analyses; regulatory banking data	ROE; digital transaction share; cost-to-income ratio

Note. Data compiled from interviews, internal documents, and public sources.

Coding followed a hybrid deductive–inductive strategy consistent with best practices in qualitative case research (Miles et al., 2014; Saldaña, 2016). An initial coding framework was developed deductively from the research questions and conceptual model of ambidexterity.

First-order coding categories corresponded to the study's core analytical domains, including leadership, organizational culture, structural and process mechanisms, external institutional environment, and ambidexterity configuration. These domains ensured alignment between empirical coding and the study's theoretical objectives.
Within each domain, more granular codes captured theoretically salient distinctions. Leadership codes differentiated exploitative behaviors (e.g., operational discipline and efficiency emphasis) from exploratory behaviors (e.g., experimentation encouragement and innovation sponsorship). Cultural codes captured orientations toward risk tolerance, learning behavior, and adaptability. External environment codes captured regulatory pressure, public mandates, and governance oversight. Dynamic capability processes-sensing, seizing, and transforming-were explicitly coded following Teece (2007).

4.7.2 Iterative and Abductive Coding

The coding process was iterative and abductive, allowing themes to emerge from the data while remaining theoretically grounded (Timmermans & Tavory, 2012). As analysis progressed, second-order codes were introduced to capture recurring patterns not fully anticipated in the initial coding framework. For example, in the Company Acase, repeated co-occurrence of references to aviation safety and innovation hesitation revealed a

reinforcing interaction between sectoral regulation and organizational culture. This pattern was formalized as a second-order theme labeled “safety-first culture constraining innovation.” Similarly, in the Company Ccase, a distinct code labeled “middle-management resistance” emerged as multiple informants independently identified this organizational layer as a critical transformation bottleneck.

Ambidexterity-related outcomes, such as new product development, operational efficiency gains, and shifts in revenue composition, were coded alongside process variables, enabling analysis of both capability enactment and its consequences over time. Coding frequencies were interpreted analytically rather than statistically, consistent with qualitative research conventions.

Artificial intelligence tools were used solely to support pattern scanning and document organization. All coding decisions, thematic interpretations, and cross-case inferences were conducted by the researcher and validated through established qualitative reliability strategies, including triangulation across data sources and iterative member reflection. AI assistance therefore functioned as an efficiency aid rather than an interpretive authority.

4.7.3 AI-Assisted Semantic Validation

AI-assisted tools were employed strictly as supplementary analytical aids rather than as independent coding mechanisms. All primary coding decisions, theme interpretations, and analytical judgments were conducted manually by the researcher. AI-assisted semantic scanning served only to flag potential linguistic patterns or overlooked thematic clusters, functioning similarly to a concordance or linguistic scanning tool. All AI-

identified outputs were systematically verified against full transcripts and supporting documents to ensure contextual accuracy. Interpretive authority therefore remained entirely with the researcher, and no findings were derived solely from automated analysis.

4.7.4 Within-Case Narrative Construction

Following the coding process, a detailed narrative was constructed for each case, explicitly structured around the study's three research questions (Yin, 2018). Each case chapter includes:

1. Organizational background and strategic context
2. Internal organizational factors shaping ambidexterity (RQ1)
3. External governance and institutional influences (RQ2)
4. Interaction between internal and external dynamics over time (RQ3)
5. Ambidexterity configuration and outcomes as of 2025

Evidence was triangulated across anonymized interview excerpts, internal organizational documents, and performance indicators. Transformation milestones were mapped chronologically to capture the temporal evolution of ambidexterity capability. To enhance credibility, synthesized findings were shared with selected informants for member checking, and case narratives were reviewed by academic supervisors (Lincoln & Guba, 1985).

4.8 Ambidexterity Assessment and Scoring Procedure

Each case was evaluated using a standardized eleven-dimension ambidexterity assessment framework derived from prior literature and refined inductively through

empirical analysis (Birkinshaw & Gibson, 2004; O'Reilly & Tushman, 2013). The dimensions encompassed leadership commitment, strategic vision, structural separation, cultural risk tolerance, dynamic sensing, seizing, and transforming capabilities, institutional alignment, and observable transformation outcomes.

The qualitative scores assigned to each ambidexterity dimension represent an informed interpretive synthesis based on triangulated empirical evidence. They are not intended as standardized measures, survey instruments, or replicable scales. Rather, the scoring functions as a comparative heuristic that supports cross-case analysis and visualization of relative capability configurations. The value of the assessment lies in highlighting patterns, strengths, and constraints across cases, not in numerical precision or metric objectivity.

Ambidexterity dimensions were evaluated on a 1–10 ordinal scale with low–high descriptive anchors to support comparative interpretation across cases based on triangulated empirical evidence rather than self-reported claims. The scoring exercise was designed as a comparative synthesis tool enabling systematic cross-case analysis rather than as a precise measurement instrument (Eisenhardt, 1989). Although the qualitative scoring procedure enhances transparency and cross-case comparability, it does not claim metric precision. Instead, the scoring operates as an analytically disciplined heuristic that highlights relative capability maturity across cases. Its primary value lies in enabling systematic comparative analysis and theory development while preserving sensitivity to organizational context and temporal dynamics.

This study prioritizes causal process tracing over variance-based explanation. The objective is to identify and explicate the mechanisms through which institutional conditions

and organizational responses interact over time to shape ambidexterity capability trajectories. Accordingly, the ambidexterity assessment framework functions as a disciplined analytical heuristic supporting comparative inference.

4.9 Ethical Considerations and Methodological Rigor

The study incorporates multiple strategies to strengthen qualitative credibility and analytic rigor. Data triangulation across senior executive interviews, internal organizational documents, performance records, and archival sources reduces single-informant bias and supports convergence across independent evidence streams. Iterative abductive coding supports theory refinement by allowing empirical observation to inform conceptual development while maintaining theoretical grounding. Member checking enhances interpretive validity by confirming the plausibility of synthesized findings with knowledgeable participants. Cross-case comparison enables identification of recurring process mechanisms and boundary conditions extending beyond individual organizational contexts. Collectively, these design choices support analytic rather than statistical generalization, consistent with the study's theory-building objectives.

All interviews were conducted with informed consent, and participant anonymity was preserved for sensitive disclosures. Confidential information was generalized or omitted where necessary to protect organizational and individual identities. The study received formal approval from the university's Institutional Review Board and adhered to established human-subject research protocols.

In summary, the methodological approach integrates process-rich qualitative inquiry with a structured comparative analytical framework. By combining longitudinal case

analysis, systematic coding, and standardized ambidexterity assessment, the study provides a rigorous examination of how Indonesian state-owned enterprises balance exploitation and exploration under complex institutional conditions.

To enhance methodological rigor, this study employed triangulation across interviews, archival materials, and internal documents. Temporal bracketing supported process tracing, while cross-case comparison strengthened analytic generalization. Coding reliability was ensured through iterative review and calibration of first- and second-order codes. These procedures align with established qualitative research standards (Lincoln & Guba, 1985; Creswell, 2013).

CHAPTER 5

CASE A: AMBIDEXTERITY IN A “SAFETY-FIRST” AVIATION CULTURE

Structure of each case chapter: We open with the case context and background, then analyze internal factors (leadership, culture, capabilities), external factors (governance, institutional pressures, mandates), their interaction over time, and conclude with the ambidexterity assessment and outcomes for that SOE. To preserve the longitudinal logic of the analysis, this case is examined as a temporally evolving process rather than a static organizational snapshot. Particular attention is given to key inflection points, including leadership transitions, governance shifts, and major strategic initiatives that altered the organization’s ambidexterity trajectory. This process orientation enables the analysis to trace how institutional conditions and organizational responses co-evolved over time to shape the observed configuration.

5.1 Company Context

Company A’s ambidexterity challenge emerged from an acute disruption that exposed the limits of its historically exploitative operating model. As a safety-critical SOE managing 35 airports, A had long prioritized reliability, service continuity, and regulatory compliance. The COVID-19 pandemic constituted an existential shock: passenger volumes collapsed, aeronautical revenues declined sharply, and the organization’s dependence on core operational exploitation became financially unsustainable. This crisis functioned as a triggering condition that made exploration strategically necessary rather than optional.

The post-pandemic recovery coincided with a major institutional restructuring. The 2022 merger of two companies become Company A under a hospitality holding company created both efficiency imperatives and strategic opportunity. Standardization and system integration were pursued to restore exploitative performance, while the holding structure simultaneously opened space for exploratory initiatives linked to tourism development, non-aeronautical revenues, and digital services. This structural reconfiguration partially enabled ambidexterity by separating operational stabilization from innovation experimentation.

However, Company A's exploratory capacity remains structurally constrained by public accountability and safety regulation. As a SOE, Company A must cross-subsidize unprofitable regional airports and support national development priorities, limiting discretionary slack for risky innovation. Moreover, civil aviation's tightly regulated environment amplifies downside risk: any operational change is subject to multiple layers of approval, reinforcing a deeply embedded culture of risk avoidance encapsulated in the internal maxim "Safety is our DNA." These conditions bias organizational attention toward exploitation and slow the diffusion of exploratory initiatives.

5.2 Internal Factors (Leadership, Culture, Capabilities)

Internally, Company A's leadership under the CEO and senior executive team undertook deliberate initiatives to stimulate exploratory activity alongside the organization's longstanding emphasis on safety and operational excellence. Innovation and revenue diversification were explicitly articulated as strategic pillars, complementing, rather than replacing, the core safety mandate. As one senior leader expressed, *"We want airports as destinations, not just transit points,"* signaling a strategic intent to reimagine airports as

integrated service and experience platforms encompassing retail, digital services, and passenger engagement.

To operationalize this vision, Company A launched Holding Labs in 2022 as a dedicated exploratory unit. The lab was tasked with piloting initiatives such as a mobile airport application, biometric boarding systems, and enhanced e-commerce for duty-free retail. Importantly, the lab was structurally and organizationally separated from core airport operations, reporting to the holding company's Chief Transformation Officer and operating with a ring-fenced budget. This design reflects a classic structural ambidexterity approach, insulating exploratory initiatives from the highly standardized and compliance-driven routines of airport operations. At the same time, senior leadership retained an integrative role: the CEO and CFO jointly oversaw both operational performance and the innovation portfolio, ensuring alignment between exploratory efforts and corporate strategy.

Despite these structural enablers, organizational culture emerged as a significant internal constraint. Company A's deeply ingrained *"zero-error culture,"* shaped by its safety-critical mandate, prioritizes mistake avoidance as a core professional norm. While essential for aviation reliability, this orientation proved inimical to experimentation. As one executive acknowledged, *"In our company, proposing something radically new can be seen as disrupting the order. The instinct is to find reasons it might fail, because failure is not an option here."* This mindset became evident during internal discussions around a proposed "Company A Super App" in 2023, intended to integrate flight information, retail services, parking, and passenger engagement into a single digital platform. Mid-level managers expressed strong reservations, with one noting anonymously, *"Better to be second to adopt than first to fail-that's how people feel."*

Recognizing this cultural inertia, top leadership attempted to legitimize controlled experimentation by introducing the concept of regulatory sandboxes, adapted from fintech practices. These sandboxes allowed innovations to be trialed at limited scale with explicit regulatory permission. A prominent example was a biometric boarding pilot conducted at a single airport under a temporary permit from the Ministry of Transportation. As the COO emphasized, *"We need a regulatory sandbox to test innovations like biometrics… without violating strict aviation regulations."* This approach illustrates leadership's dual role: not only sponsoring exploration internally, but also actively negotiating institutional constraints to create bounded spaces for experimentation.

In terms of dynamic capability, Company A's sensing capacity intensified following the COVID-19 shock, which exposed vulnerabilities in traffic-dependent revenue models. Management became more attuned to opportunities in digital customer services, cargo and logistics, and partnerships with travel-technology firms. A formal horizon-scanning exercise conducted in 2021 identified trends such as contactless services, smart airport technologies, and logistics hub development. By contrast, seizing capability remained cautious. While the company invested selectively in digital platforms, such as e-payment systems for airport toll gates, and redirected capital expenditure from paused terminal expansions to technology upgrades, many initiatives advanced slowly. Transforming capability is still emergent: beyond the structural consolidation following the merger of the merged companies, process reconfiguration has been incremental. Internal documents explicitly acknowledge a persistent capability gap in digital talent, necessitating reliance on external partners and consultants to execute innovation projects.

Notwithstanding these constraints, there are indications of latent contextual ambidexterity. Company A's "Clear Sky" innovation challenge in 2023 attracted hundreds of employee submissions aimed at improving passenger experience, revealing suppressed creative potential when institutional channels are opened. Younger employees, in particular, responded enthusiastically when granted limited autonomy through innovation labs or pilot projects. However, this remains a localized phenomenon. As of 2025, contextual ambidexterity at Company is nascent: most operational staff continue to operate within tightly prescribed SOPs, with only a small cadre of "change agents", often those rotated through innovation units, exposed to exploratory work.

In sum, Company A's internal ambidexterity drivers reflect intentional but constrained development. Leadership commitment and structural mechanisms provide a foundation for exploration, and dynamic sensing capabilities have strengthened post-crisis. Yet, deeply embedded risk aversion and shortages in digital capability continue to limit diffusion. This assessment is reflected in the organization's own internal scoring: leadership openness was rated relatively high, while cultural flexibility and innovation encouragement remained moderate, underscoring that ambidexterity at Company A remains structurally enabled but culturally bounded.

5.3 External Factors: Governance, Regulation, and Public Mandate

Externally, Company A's ambidexterity is shaped by a dense institutional environment in which governance design, regulatory stringency, and public service mandates jointly condition the feasibility and legitimacy of exploration. As a state-owned enterprise operating under the oversight of BP BUMN, Danantara, and the Ministry of Finance,

Company A is accountable not only for commercial performance but also for national policy objectives.

A notable feature of this governance architecture is the allocation of the 1% golden share to BP BUMN rather than Danantara. This arrangement reflects an intentional separation between regulatory guardianship and ownership interests. BP BUMN exercises veto rights exclusively to safeguard public interest and strategic national objectives, while Danantara functions as the portfolio owner focused on long-term value creation. This separation reduces conflicts of interest by preventing the value-oriented owner from simultaneously holding regulatory veto power intended to constrain ownership discretion. In principle, this design enables clearer role differentiation and preserves regulatory legitimacy.

In practice, however, this governance layer operates as a double-edged sword. Close monitoring by BP BUMN and Danantara, often reinforced through board representation, strengthens accountability but also slows decision-making and heightens perceived downside risk. As one Company A's executive remarked off record, *"If we want to launch a new digital service, we may need approval from a board filled with ministry folks who are naturally cautious. And if anything goes wrong, it could become a headline in Parliament."* This dynamic amplifies internal risk aversion, reinforcing a governance logic that privileges stability, safety, and KPI compliance over experimentation. External oversight thus systematically biases the organization toward exploitation, penalizing failure more visibly than it rewards innovation.

Regulation further intensifies this bias. Aviation is among the most tightly regulated industries, with operational standards imposed by the Ministry of Transportation, the Directorate General of Civil Aviation (DGCA), and international bodies such as ICAO and

IATA. Any innovation affecting airport operations, ranging from biometric passenger processing to drone-based runway inspection, requires explicit regulatory clearance. The need to obtain special permits for even limited pilots, such as biometric boarding trials, underscores the non-negotiable requirement to maintain a "high floor" of safety and reliability. As summarized in an internal report, the institutional environment *"forces the organization into a defensive posture, where innovation must always be secondary to compliance."* Consequently, Company A's exploratory initiatives have largely been confined to adjacent domains, digital customer experience, commercial services, and non-aeronautical revenue, rather than core operational redesign.

The public service mandate constitutes a third external constraint. Company A is expected to maintain airport services nationwide, including in remote and commercially marginal regions, in support of regional equity and national connectivity. Government directives to upgrade airports in Eastern Indonesia in 2022, despite uncertain financial returns, exemplify this obligation. From an ambidexterity perspective, such initiatives are predominantly exploitative: they extend proven infrastructure and service models rather than introducing novel business logics. Notably, Company A aligned its post-merger turnaround strategy effectively with this mandate. Through cost rationalization and process standardization, the company restored profitability while maintaining service continuity. By mid-2024, Company A recorded a profit of approximately IDR 900 billion in H1 2024, recovered passenger volumes to around 93% of pre-pandemic levels, and maintained a flawless safety record. This performance yielded a high internal score on Public–Business Value Alignment.

Yet this success also produced an unintended effect: it reduced urgency for radical exploration. As long as Company A delivers safe, reliable, and modestly profitable operations, external stakeholders face little incentive to tolerate high-risk innovation. As one internal analysis observed, the close alignment of public and business objectives *"also means taking big entrepreneurial risks is politically difficult."* In effect, success through exploitation dampens pressure for transformative exploration.

Counterbalancing these constraints are weaker but meaningful market and normative pressures. Although Company A operates as a domestic monopoly, passengers and airlines benchmark Indonesian airports against global exemplars such as Changi and Kuala Lumpur. Public comparisons, often amplified through social media, have periodically spurred investments in smart facilities and digital services. Moreover, post-pandemic government rhetoric emphasizing digital transformation and Industry 4.0 provided Company A with symbolic authorization to pursue initiatives branded as "smart airport" projects. These normative and mimetic pressures created limited external legitimacy for exploration, particularly where innovation could be framed as enhancing public service quality rather than disrupting operations.

In summary for RQ2, external factors at Company A predominantly reinforce exploitation through governance oversight, regulatory stringency, and public service obligations. At the same time, they carve out narrow spaces for exploration, especially in digital service enhancement, when innovation can be justified as improving public value rather than challenging core operational regimes.

5.4 Interaction of Internal and External Factors: Ambidexterity Trajectory

Historically, internal culture and external expectations at Company A were tightly aligned around a single message: prioritize safety, stability, and operational reliability. Prior to 2020, this alignment produced a stable equilibrium of high exploitation and minimal exploration. Innovation was limited, but this was institutionally acceptable given rising passenger volumes and government satisfaction with operational performance.

This equilibrium was disrupted by the COVID-19 pandemic, coinciding with leadership transition and organizational merger. The crisis exposed the limits of an exploitation-only strategy: efficiency alone could not sustain financial viability when air traffic collapsed. The pandemic thus altered both internal and external perceptions of necessity. Government support for SOE transformation, including the creation of the Hospitality holding company, provided Company A with a degree of external authorization to explore new revenue sources. Internally, the new CEO leveraged this moment to frame exploration as essential for survival rather than discretionary innovation.

A key mediating mechanism was structural buffering. The holding-company structure and the establishment of the innovation lab insulated exploratory initiatives from direct ministerial scrutiny and entrenched operational routines. Exploratory projects were framed as holding-level experiments rather than operational deviations, thereby containing perceived risk. For example, the biometric boarding pilot was presented as a limited holding-company initiative, reducing reputational exposure should issues arise. In this sense, external governance reform enables an internal structural solution that partially neutralized regulatory constraints.

Between 2022 and 2024, Company A's ambidexterity trajectory progressed through discernible phases:

- **Pre-2020:** Exploitation-dominant equilibrium; ambidexterity minimal.
- **2020:** Crisis-induced disruption; exploitation alone proved insufficient.
- **2021–2022:** Emerging ambidexterity intent; leadership vision articulated, merger completed, exploratory structures created.
- **2023–2024:** Implementation phase; exploitative performance rebounded strongly, while exploration remained limited to pilots with few scaled outcomes.

5.5 Ambidexterity Assessment

At present, Company A is best characterized as exhibiting Constrained Ambidexterity. Exploitative capabilities are world-class, reflected in high scores for control, efficiency, and safety, as evidenced by profitability recovery and a flawless safety record. By contrast, exploratory capacity remains underdeveloped, with innovation flexibility and cultural openness scoring in the mid-range. Non-aeronautical revenue growth in 2023–2024 was driven primarily by traffic recovery rather than novel services, underscoring the limited translation of exploratory vision into scaled outcomes.

Internal gap analyses explicitly note a "high gap" between the strategic aspiration of *"airports as destinations"* and on-the-ground execution. This divergence, strong strategic intent coupled with constrained implementation, is emblematic of ambidexterity under institutional constraint.

Table 5.1 Company A: Eleven-Dimension Ambidexterity Assessment (Constrained)

Ambidexterity Dimension	**Score**		**Interpretive Assessment (Aligned with Figure 5.1)**
Leadership Ambidexterity	7	Moderate-High	Senior leadership articulates a dual "safety + transformation" vision, but ambidexterity remains concentrated at the top and weakly internalized at middle levels.
Strategic Intent for Exploration	6	Moderate	Exploration is strategically acknowledged, largely framed as revenue diversification and digital enhancement rather than core operational redesign.
Structural Separation	8	High	Innovation labs and holding-level structures provide protected space for exploration, consistent with structural ambidexterity under constraint.
Cultural Flexibility	5	Low-Moderate	Deeply embedded safety-first norms limit tolerance for experimentation beyond controlled pilots.
Risk Tolerance	4	Low	Downside risk remains highly salient due to safety regulation and public scrutiny, sharply constraining exploratory behavior.
Exploitation Capability	9	Very High	Operational reliability, efficiency, and safety performance are world-class and dominate organizational attention.
Exploration Output	5	Low-Moderate	Innovation activity exists but remains limited in scale and revenue impact, consistent with bounded experimentation.
Dynamic Sensing	6	Moderate	Post-pandemic awareness of digital and commercial opportunities has improved.
Dynamic Seizing	5	Low-Moderate	Resource commitment to exploration is cautious and incremental.
Dynamic Transforming	6	Moderate	Structural integration post-merger is underway, but cultural and process transformation lags.
Public–Commercial Alignment	9	Very High	Strong alignment between public service mandate and operational performance reinforces exploitation dominance.
Overall Ambidexterity Configuration	6.5	Moderate-High	Constrained Ambidexterity - high exploitative strength with institutionally constrained exploration, visually reflected in Figure 5.1's skewed profile.

Note. Scores are based on a 1–10 ordinal scale with descriptive anchors ranging from low to high and reflect an interpretive synthesis of triangulated qualitative evidence rather than metric precision.

Company A's future ambidexterity will depend on internal adaptation and external tolerance. With greater regulatory accommodation and successful scaling, it could move toward a more balanced configuration; absent these shifts, it will remain exploitatively strong but exploratively bounded. The case underscores that in safety-critical settings, ambidexterity emerges incrementally and must be calibrated to institutional constraint.

Figure 5.1 visualizes Company A's ambidexterity profile through an eleven-dimension assessment, illustrating a configuration best characterized as *constrained ambidexterity*. The figure shows a pronounced asymmetry between very strong exploitative capabilities, particularly operational excellence, public–business alignment, and structural control, and comparatively weaker exploratory dimensions such as risk tolerance, cultural flexibility, and innovation output. This imbalance reflects the organization's safety-critical mandate and dense regulatory environment, which institutionalize reliability and error avoidance as dominant logics.

While leadership commitment and structural separation (e.g., the innovation lab and post-merger integration mechanisms) provide partial protection for exploration, the radar shape reveals that these enabling structures have not yet translated into scaled innovative outcomes. The radar chart summarizes the relative configuration of ambidexterity capability across eleven dimensions. Scores reflect an interpretive qualitative synthesis based on triangulated evidence and are grouped into low, medium, and high capability bands for comparative purposes.The figure therefore captures ambidexterity not as an absence of exploration, but as a tightly bounded and carefully insulated activity, consistent with the dissertation's argument that ambidexterity in highly regulated SOEs emerges incrementally and remains conditioned by institutional risk asymmetry rather than managerial intent alone.

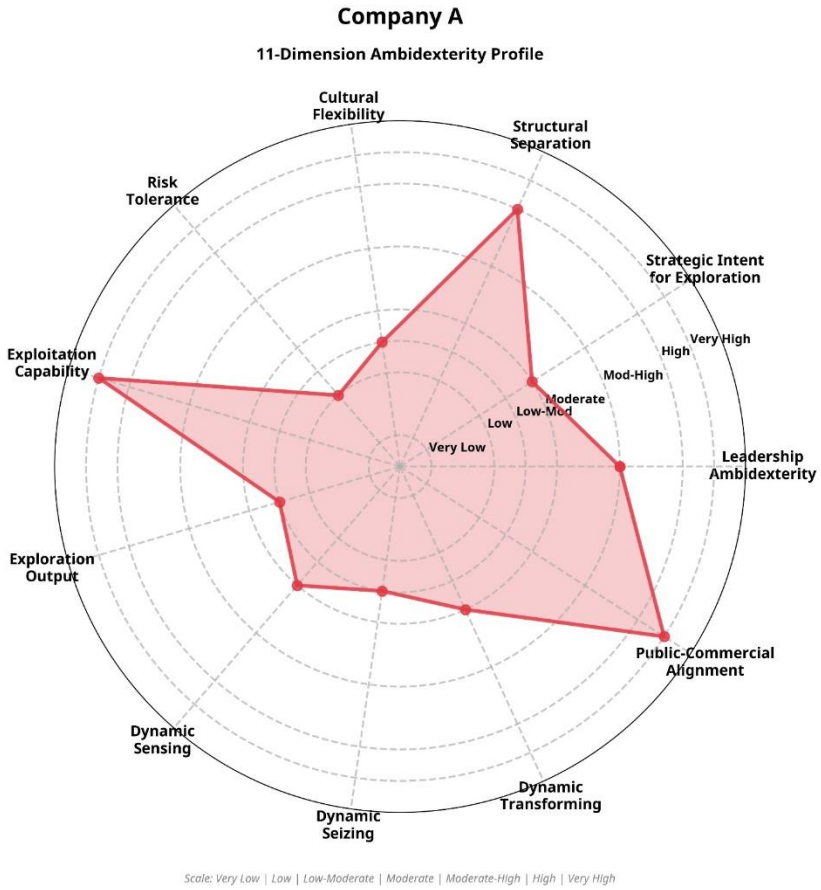

Figure 5.1 *Eleven-Dimension Analysis: Mapping the Ambidexterity of Company A*

Note. Qualitative assessment based on interview and document triangulation.

CHAPTER 6

CASE B: POST-MERGER AMBIDEXTERITY IN PORT LOGISTICS

6.1. Company Context

Company B is Indonesia's state-owned port operator. Until late 2021, Company B was split into four separate SOEs, managing different regional ports. Post-merger, Company B became the 8th largest terminal operator globally in terms of container throughput. It inherited a diverse portfolio of ports, from big international gateways like Jakarta to smaller regional ports. The leadership recognized that simply merging would not automatically yield benefits; they needed to actively manage the dual goals of integration and innovation. Company B's management formulated a dual pillar framework explicitly labeled "PERFORM" and "TRANSFORM" for the new company. Perform focused on operational excellence, safety, and financial stability of existing port operations; Transform focused on new initiatives like developing port-based industrial zones, digitalizing port services through a Port Community System (PCS), and venturing into integrated logistics (e.g., end-to-end supply chain services, not just port handling).

What makes Company B an interesting case is the merger as a catalyst for dynamic capability. Suddenly, Company B had to sense and seize opportunities at a much larger scale and had the chance to reconfigure its organization fundamentally. To preserve the longitudinal logic of the analysis, this case is examined as a temporally evolving process rather than a static organizational snapshot. Particular attention is given to key inflection points, including leadership transitions, governance shifts, and major strategic initiatives that

altered the organization's ambidexterity trajectory. This process orientation enables the analysis to trace how institutional conditions and organizational responses co-evolved over time to shape the observed configuration.

6.2. Internal Factors (Leadership, Culture, Capabilities)

Company B's internal factors are heavily shaped by the immediate need to integrate post-merger. Leadership structure post-merger was actually advantageous for ambidexterity: Company B established a triad leadership where the CEO provided overarching vision and stakeholder management, the CHRO focused on culture and talent, and the Operations Director (COO) ensured operational stability and standardization. This "complementary roles" leadership meant each pillar of ambidexterity had an executive champion (CEO is toggling between external growth vision and internal alignment, CHRO is fostering cultural change for innovation, and COO is consolidating operations and then exploring efficiency innovations). Our evidence shows these leaders were aligned on the ambidexterity goals, interviews had them echoing each other: e.g., CEO emphasizes dual vision, CHRO talks culture shift "risk-aware", COO stresses that integration is foundation for innovation.

The internal culture challenge was big: Company B had four different company cultures coming in. They needed to create one unified culture that also shifted towards more innovation. Initially, much emphasis was put on what they called "standardization first", i.e., get everyone on common processes, IT systems, HR policies (this was necessary exploitation work post-merger). COO noted, *"The toughest challenge is post-merger integration. A standardized operating system is the platform on which future innovation will be built."*. This quote highlights an internal philosophy: you cannot effectively explore (innovate) if your

basics aren't in place across the company. So 2022 was largely spent on unifying the operations (Company B achieved, for example, a single tariff system and integrated operational SOPs across ports).

Simultaneously, to not neglect exploration, Company B launched some innovation programs. One notable program is PCS, an integrated Port Community System that digitizes and connects stakeholders (shipping lines, customs, trucking) across 500+ stakeholder entities. PCS was essentially an exploratory digital platform project, aiming to transform how ports operate from manual, siloed systems to a unified digital ecosystem. Another initiative was a "Hub & Spoke" strategy; building regional hub ports and improving smaller spoke ports to create an efficient network, which is both exploitation (optimizing operations) and exploration (developing new routes/markets). In a slide from Company B's analysis, they labeled some projects as dual-impact: e.g., making Medan a hub port both improves efficiency and allows new services (like it can attract transshipment business).

Culturally, Company B's new CHRO, initiated what was called BUMN Muda, a young talent program to infuse fresh innovative thinking. The aim was to champion cultural transformation by leveraging younger employees (post-merger, Company B had many, as the merger brought ~7,000 employees together). She advocated moving from a "risk-averse to risk-aware" culture: *"We need to move from a risk-averse mindset to a risk-aware one."*. This line became a mantra in internal communications. They also set aside a dedicated transformation budget (as shown in an internal chart) to fund training and innovation projects. These actions show investment in internal capability building for exploration. Dynamic capabilities in Company B were arguably forced to develop rapidly by the merger. Company B had to sense opportunities in integration (they identified IDR 595 billion in

potential cost efficiencies pre-merger that could be realized by standardization) and also new revenue opportunities by combining assets (like bundling port services across regions for shipping line clients). They had to seize these by executing the merger integration swiftly. Indeed, Company B achieved “Legal Day 1” integration on Oct 1, 2021, and within 6 months had 4 sub-holdings established (for container terminals, non-container terminals, logistics, and marine services). This rapid execution validated a very high dynamic capability, one internal assessment gave Company B a “VERY HIGH” for its ability to seize the merger mandate. The transforming capability is ongoing: Company B is adjusting its business model from region-based to function-based, which requires moving people around, harmonizing systems, and creating new departments (like a digital transformation office).

A challenge noted internally is the “middle-management clay layer”, similar to Company C’s issue, many mid-level managers from the old Company B companies were comfortable with status quo, and some were even jostling due to reorganization (who gets what position in the new Company B. This sometimes creates friction or slows down the cultural shift. Company B’s top team tried to mitigate this by clear communication and reassigning some managers, plus injecting new talent through recruitment for key new roles (e.g., hiring from private sector for IT leadership).

6.3 External Factors: Governance, Regulation, and Public Mandate

The Company B case is interesting because the external factor of the merger mandate is arguably the single biggest driver of its ambidexterity trajectory. The government essentially forced an ambidexterity opportunity by merging the companies, providing scale and impetus to transform.

- Government & Policy: The government had specific goals: they wanted Company B to cut logistics costs for the nation (Indonesia historically has high logistics costs) and to improve port performance to support trade. So Company B's success is measured not just in profits but in metrics like reduced dwelling time of containers, improved connectivity to Eastern Indonesia, etc. This public goal pushed Company B toward certain explorations: e.g., developing a National Logistics Ecosystem (NLE) in partnership with other agencies to streamline logistics (Company B's digital platform work is part of this). There's institutional pressure for Company B to succeed as a unified entity, failure would be politically embarrassing given the high-profile merger. So the government has been supportive in terms of giving Company B leeway to invest (they allowed Company B to reinvest savings rather than pay high dividends in initial years post-merger) and aligning other stakeholders (e.g., encouraging port-related agencies to cooperate with Company B's innovations).
- Regulatory environment: Ports are influenced by regulations from ministries like Transportation and also by local authorities. A challenge Company B had was unifying different regional practices that had regulatory backing. The government helped by issuing new regulations that standardized port tariffs nationally. So regulatory change was actually used to support exploitation (standardization), an example of external alignment enabling internal efficiency. For exploration, things like implementing new technologies (e.g., port automation, digital platforms) required collaboration with customs and others, mostly, regulators were on board as it fits the national agenda to digitize logistics.

- Market and Competition: Domestically, Company B doesn't have direct competition (it's a monopoly in public ports). However, in certain services they compete with private operators at their ports (some terminals are joint ventures with private firms) and in logistics, they face competitors (trucking companies, private logistics firms). Also, regionally, ports compete: for example, the Port of Singapore or Malaysia's Port compete for transshipment traffic that Indonesian ports like Jakarta or Medan might also target. This external competition is a driver for Company B to improve, if Company B wants to attract more international shipping, it must innovate and increase capacity/efficiency so shipping lines choose Indonesian ports over Singapore for transshipment. It's an indirect competition but one that Company B's new strategy explicitly acknowledges by developing certain ports as hubs to win that business. Another external factor: customer expectations, shipping lines and large cargo owners increasingly demand digital integration (track-and-trace, online booking, etc.), so Company B had external pressure from customers to digitalize, reinforcing its PCS initiative.
- Economic Cycles: The merger happened as trade was rebounding from the pandemic dip. External economic factors like commodity export booms or global shipping trends affect Company B's volumes. These are somewhat out of Company B's control but they influence the focus: e.g., a global shipping capacity crunch in 2021–22 meant ports were under pressure to handle surges, Company B had to exploit to maximize throughput. Now with possible downturns, Company B might need to explore new revenue streams (like value-added services) to maintain growth. The

external environment thus can swing the emphasis between exploit vs explore depending on conditions.

Overall for RQ2, Company B's external environment has been mostly enabling for ambidexterity post-merger: strong government push and alignment of regulations, clear national mandate to both be efficient and innovate to reduce logistics cost, and a competitive regional context nudging it to modernize. Unlike a static environment, Company B's external environment is dynamic but mostly supportive as everyone expects the merged Company B to modernize and succeed.

6.4 Interaction of Internal & External Factors

The Company B case is a good demonstration of how an external shock (merger) can rapidly elevate internal capabilities. External and internal factors are almost intertwined here because the merger was externally mandated but internally executed. As reported in Company B's executive summary, post-merger integration served as the primary driver of dynamic capability development. That is, what could have been just an external restructuring was seized internally as an opportunity to overhaul the company's way of working. Company B's new leadership team came mostly from the pre-merger Company B II (the largest of the four) but they brought along some top talents from others too, forming a new culture at the top that was more aggressive and commercially minded.

The leadership alignment with external goals was crucial: CEO often speaks about balancing being an "agent of development" and a "value creator", basically mirroring what the Ministry expects (public and commercial outcomes). He also mentions political cycle uncertainties and dual mandates as top strategic concerns, showing awareness of the

environment in shaping strategy. Because leadership internalized these external realities, they set internal priorities accordingly: first fix the basics (to meet gov't efficiency goals), then build new value.

One can see a timeline: Immediately post-merger (2021–2022) the interaction produced a flurry of exploitation initiatives, rationalizing operations, achieving quick wins (they reportedly saved IDR 595B in cost in first year), also revenue went up 6% in H1 2022, showing synergy. These results validated the ambidexterity model (they call it "performance validation") and built trust with external stakeholders that the merger was paying off. This trust and success then provided political capital to attempt exploration: with things stable and improving, Company B could justify investing IDR 1.78T in strategic projects in that same period. For example, Company B invested in expanding a port or in developing the digital platform, which external stakeholders allowed because the company showed good performance.

So there's a *reinforcing cycle*: strong internal execution of exploitation → external validation and support→ Internal confidence and resources to do exploration → external encouragement to continue modernizing. It's reflected in the analysis that Company B is on a trajectory from "Emerging" towards "Maturing" ambidexterity. Initially categorized as "Emerging" (since a lot is in progress, and some gaps remain, like middle-management issue), but trending upward as integration solidifies and culture catches up.

One key interplay challenge: culture vs. urgency. Company B's external environment expects quick improvements (especially since the merger hype). Internally, changing culture and systems takes time, which can lag external expectations. The leadership mitigated this by clearly communicating progress and by structuring the transformation so that visible

improvements happened quickly (to appease external eyes) while deeper cultural stuff is ongoing quietly. For example, in one year they unified the booking system, which shipping customers immediately felt as improvement (external satisfaction), even though internally some employees were still learning to use the new system and not fully on board.

6.5 Ambidexterity Assessment

As of early 2025, Company B's ambidexterity maturity is qualitatively Medium-High (Emerging): many elements are in place, though some remain immature and exploration outcomes are still developing. Internal assessments similarly rate most dimensions as "Medium-High" and classify the overall status as "Emerging."

The central challenge now is sustaining momentum while external stakeholders remain tolerant of exploratory risk. Company B mitigates this exposure through rigorous planning, tight KPIs, and close Ministry engagement, effectively managing upward to maintain support.

Overall, Company B's trajectory reflects an externally driven merger that triggered internal change, followed by a gradual effort to institutionalize innovation on a unified operational foundation. Company B demonstrates an emerging to medium-high ambidexterity level, reflecting strong post-merger progress with some capabilities still maturing. Table 6.1 summarizes the key indicators.

Table 6.1 *Company B: Eleven-Dimension Ambidexterity Assessment (Emerging Configuration)*

Ambidexterity Dimension	Score		Interpretive Assessment (Aligned with Figure 6.1)
Leadership Ambidexterity	8	High	Clear and consistently communicated "Perform & Transform" narrative across the executive team.
Strategic Intent for Exploration	7	Moderate–High	Exploration is explicitly embedded in post-merger strategy, especially in logistics integration and digital platforms.
Structural Separation	7	Moderate–High	Exploration is partially protected through programmatic initiatives rather than fully separate units.
Cultural Flexibility	6	Moderate	Cultural unification post-merger is ongoing, with gradual acceptance of innovation.
Risk Tolerance	6	Moderate	Risk appetite is improving but remains moderated by public accountability and merger scrutiny.
Exploitation Capability	8	High	Operational integration and standardization have strengthened exploitative performance.
Exploration Output	7	Moderate–High	Early innovation outputs (e.g., PCS platform) demonstrate traction but are not yet fully scaled.
Dynamic Sensing	8	High	Leadership accurately identified merger-driven opportunities and logistics inefficiencies.
Dynamic Seizing	8	High	Rapid execution of integration and targeted investments signals strong seizing capability.
Dynamic Transforming	8	High	Structural and process reconfiguration proceeded at exceptional speed post-merger.
Public–Commercial Alignment	8	High	Transformation framed as both national logistics reform and commercial value creation.
Overall Ambidexterity Configuration	7.5	High	Emerging Ambidexterity - a more balanced and rounded profile, consistent with Figure 6.1's expanded shape.

Note. Scores are based on a 1–10 ordinal scale with descriptive anchors ranging from low to high and reflect an interpretive synthesis of triangulated qualitative evidence rather than metric precision.

Figure 6.1 maps Company B's post-merger ambidexterity profile and reveals a more balanced, though still evolving, configuration compared to Company A. The figure illustrates relatively high and more evenly distributed scores across exploitation, dynamic capability, leadership alignment, and emerging exploration, reflecting the merger's role as a catalytic event for capability reconfiguration. Strong performance in sensing, seizing, and transforming indicates that integration activities were not merely exploitative consolidation but also served as a platform for strategic renewal, particularly through digitalization initiatives and expansion into integrated logistics services.

The radar chart summarizes the relative configuration of ambidexterity capability across eleven dimensions. Scores reflect an interpretive qualitative synthesis based on triangulated evidence and are grouped into low, medium, and high capability bands for comparative purposes. At the same time, the figure shows that risk tolerance and cultural embedding of innovation remain mid-range, signaling that ambidexterity is not yet fully institutionalized across the organization.

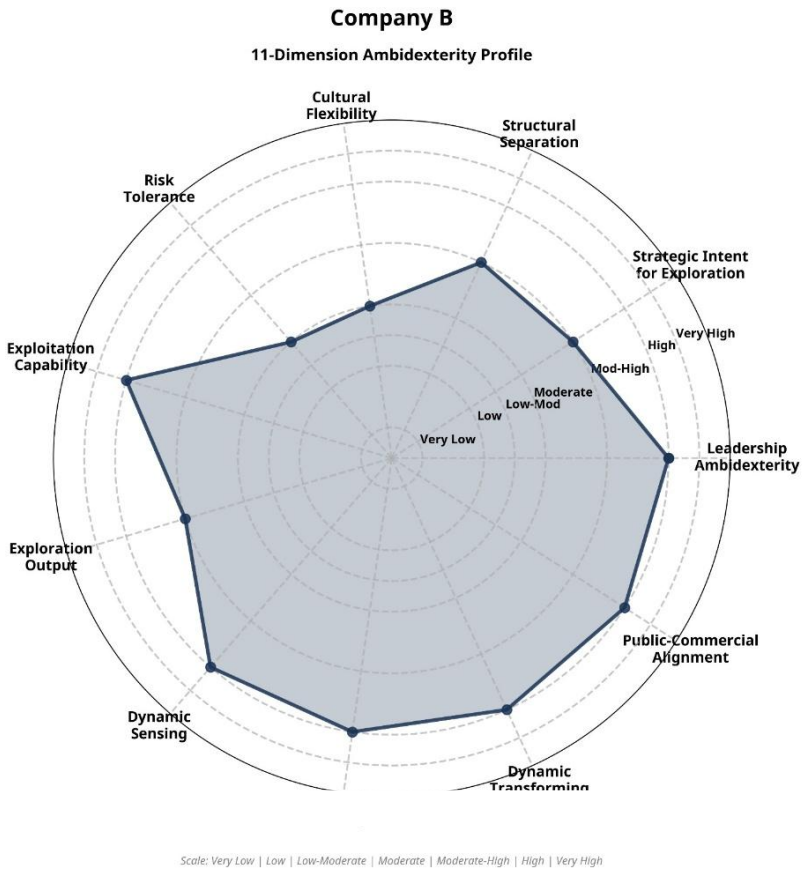

Figure 6.1 *Eleven-Dimension Analysis: Mapping the Ambidexterity of Company B*

Note. Qualitative assessment based on interview and document triangulation.

Figure 6.1 supports the classification of Company B) as exhibiting *emerging ambidexterity*: the organization has established coherent structures and leadership narratives ("Perform & Transform") that support both operational stability and innovation, but still faces the challenge of translating post-merger momentum into sustained, organization-wide exploratory capability. Company B's experience shows how merger challenged as well gave opportunity for company to groom. Now, we turn to Company C, a telecom giant balancing a mature core and new digital growth, which offers another perspective on structural vs contextual ambidexterity in an SOE.

CHAPTER 7

CASE C: DUAL TRANSFORMATION OF A TELECOM INCUMBENT

7.1. Company Context

Company C (Telecommunications SOE)'s ambidexterity challenge arose from a structural divergence between its legacy connectivity businesses and rapidly expanding digital markets. While traditional revenue streams such as fixed-line voice and SMS stagnated or declined, growth shifted toward data, cloud services, and digital platforms, often captured by more agile private and foreign competitors. At the same time, Company C's role as a state-owned enterprise imposed a public mandate to provide nationwide digital infrastructure and rural connectivity. This dual exposure created a strategic paradox: Company C had to protect exploitative cash flows from its legacy telecom operations, particularly Company C subsidiary, while investing aggressively in exploratory digital domains to remain relevant in a platform-driven economy. To preserve the longitudinal logic of the analysis, this case is examined as a temporally evolving process rather than a static organizational snapshot. Particular attention is given to key inflection points, including leadership transitions, governance shifts, and major strategic initiatives that altered the organization's ambidexterity trajectory. This process orientation enables the analysis to trace how institutional conditions and organizational responses co-evolved over time to shape the observed configuration.

7.2. Internal Factors (Leadership, Culture, Capabilities)

Company C's leadership (notably CEO and also key directors like the HC Director and Business Director) provided strong impetus for ambidexterity. They framed the challenge clearly: Company C must simultaneously modernize its core (to remain competitive and profitable) and incubate new businesses. The creation of the Five Bold Moves was essentially a top-down articulation of ambidexterity strategy. Each Bold Move had a team and KPIs, and progress was monitored at top levels. Company C's CEO chaired a "Perform & Transform Committee", meeting monthly to ensure resources were balanced, e.g., not all capex going to legacy network, some directed to data centers and digital ventures. The fact that the CEO personally oversaw this indicates leadership judgment under constraint: ensuring integration at the top, as theory prescribes.

Culturally, Company C had long been a stable, engineering-driven company, strong in process, used to monopoly mindset (especially in fixed line). Changing this to be more innovative was difficult. Company C Senior HR executive, put it as: *"We have to shift from a 'telco operator' mindset to a 'digital innovator' mindset, especially in middle-management."* Middle-management was identified as a chokepoint, many mid-level managers were comfortable maintaining networks and selling traditional products, but less equipped to push new solutions or partnerships. Company C initiated a massive culture alignment program under its Human Capital Transformation: it introduced values like "Agility" and "Innovative" into its corporate values (the AKHLAK core values set by Ministry includes Adaptive which covers being innovative). Training programs on design thinking, lean startup methods were offered. They also did some internal talent reshuffling, e.g., placing younger digital-savvy managers into key roles at the DigiCo and data center ventures.

Structurally, Company C clearly employed structural ambidexterity by creating or empowering separate units for exploration: the DigiCo (brand name "IGo" or similar for its innovation hub) was essentially the unit for new digital businesses. They also had an established corporate venture capital arm, XYZ Ventures, investing in startups, a way to externally explore. On the exploitation side, the InfraCo structural separation took heavy assets out of the innovation equation, so the core network could focus on efficiency (doing more with less, monetizing infrastructure via leasing to others, etc.). These structural moves match the classic ambidexterity playbook: separate new from old, but link at top. Company C's top team served as that linking pin, ensuring, for instance, that Company C subsidiary's massive cash flow could fund data center expansion; a cross-subsidy from exploit to explore.

Company C's dynamic capability showed mixed strength. On sensing, Company C was arguably a bit slow in the early 2010s (it could have entered certain digital arenas sooner), but by late 2010s it was clearly seeing threats (OTT services cannibalizing SMS/voice, cloud services by Amazon etc. threatening its enterprise business). The impetus from the Ministry also helped it sense that the old model wouldn't last. Seizing: Company Cseized opportunities by making big investments, e.g., committing USD ~$500+ million to build new data centers, acquiring smaller IT companies to bolster its enterprise services, and consolidating Broadband A with Company C subsidiary's to seize the convergence opportunity. These were bold moves financially (Company C subsidiary's even reduced dividend payouts to fund expansion, a significant decision pleasing long-term growth advocates but maybe not short-term yield investors). Transforming: Company C had to transform organizationally, adopting a holding structure mindset, simplifying its portfolio (they divested some non-core businesses), and modernizing internal processes (like moving a

lot of IT to cloud, implementing digital billing, etc.). They started moving employees across units more fluidly to break silos (for example, Company C subsidiary and Company C employees were exchanged in some roles after integration of Broadband A, to cross-pollinate skills).

Company C's internal evaluation in 2025 rated its structural ambidexterity as robust (they accomplished the major structural changes set out) but its contextual ambidexterity as lagging. In other words, they built the "dual structures" but the day-to-day culture in many units was still not fully ambidextrous. For instance, risk appetite at Company C remained moderate, there were still layers of approval for new ideas and careful ROI scrutiny (a legacy of being a utility-like firm). One interviewee from Company C's innovation unit said, "We have budget to try new things now, but we still have to fight internally a lot to get even small experiments going, because many folks ask 'what's the business case?' immediately." This indicates that while top management supports exploration, lower-level processes might not always be aligned (hence contextual ambidexterity incomplete).

Company C's leadership communication included highlighting successes of exploration to encourage culture change. For example, when their new data center business landed a big cloud customer, the CEO publicly praised the team and framed it as "the new engine of growth for Company C." Such messages help validate exploration in the eyes of employees who may have been skeptical.

7.3. External Factors: Governance, Regulation, and Public Mandate

Company C's external environment had some similarities with Company D (competitive pressure, policy push) but also unique aspects:

- Government Mandate & Oversight: Company C, as a national telecom, has always been seen as an "agent of development." The government expects Company C to build networks in rural areas, support the "Indonesia Digital Network" initiative, and keep prices reasonable. This public mission sometimes conflicts with profit (e.g., rural networks are less profitable). The Ministry of SOEs (now as BP BUMN and Danantara) in recent years tried to solve this by structuring Company C so that Company C subsidiary (mobile) can partially subsidize or invest in less profitable endeavors. There was also an external push for Company C to improve its market valuation by focusing on higher growth sectors, basically, the government wanted Company C to not just be a dividend cash cow, but to raise its stock value by becoming a digital tech player (in line with Indonesia's ambition to have globally competitive SOEs). This led to directives such as "unlock value in Company C subsidiary", hence the move to integrate Broadband A and possibly IPO it in the future, and "go global in data centers". Such institutional pressures directed Company C's exploration towards certain areas like data centers and B2B, considered strategic sectors.
- Regulation and Industry environment: The telecom industry is partly regulated (e.g., spectrum allocation by government, pricing of certain services can be influenced, etc.) but also quite open to competition. Company C subsidiary faced competition from private mobile operators who were aggressive in data services, and Company C's fixed broadband had competition in some urban areas. Also, global companies (Netflix, YouTube, etc.) indirectly "compete" by driving demand but also taking a share of revenues via over-the-top content. So Company C faced technological

disruption externally: over-the-top (OTT) content and messaging apps made some Company C services obsolete. Unlike a pure monopoly, Company C had to innovate or lose relevance (especially in value-added services beyond connectivity). The regulatory side did give Company C some edges, for instance, Company C has rights to certain infrastructure that newcomers don't, and it leveraged government projects (e.g., Company C won contracts for national fiber backbone, etc.). But by and large, competition and tech trends were pushing Company C to diversify away from just connectivity (a low margin, commoditizing business) into digital services.

- Global Market & Partnerships: Company C, in data centers and cloud, faces global giants (Amazon, Google) entering Indonesia. The government somewhat shields local players via data sovereignty rules (data must be stored in-country for certain sectors), which gave Company C a chance to invest in local data centers and partner with global players (Company C has partnerships where they host cloud regions for big cloud companies). So external forces opened some collaboration avenues: Company C partnered with Microsoft and others to use their platforms on Company C's infrastructure, a synergy to explore new offerings without going alone.
- Investor Expectations: Company C's partial privatization means it has a significant investor following. Its stock performance had been flat for years due to stagnating legacy business. Investors became vocal (even in AGMs) asking Company C to unlock value and modernize (there were calls to list Company C subsidiary separately, etc.). This capital market pressure was an external push to be more ambidextrous, essentially "do something new or your valuation will suffer." Company C responded with the narrative of the Five Bold Moves and demonstrating

progress on them, which somewhat assuaged investors as they saw data center revenue growing, etc. However, Company C had to ensure its explorations eventually translate into improved financial metrics to truly satisfy the market, not just the government.

In summary, Company C's external environment both pressured and facilitated ambidexterity. The government's stance was supportive in principle (it wants Company C to transform), though it also imposes some obligations that consume resources (like universal service). Market forces strongly dictated that Company C cannot remain static, something evident in their revenue mix shifting. Company C's case might be described as externally driven to explore, internally needing to overcome inertia to do so.

7.4. Interaction of Internal & External Factors

The interplay in Company C's case is evident in how external impetus (policy and competition) catalyzed internal change (structures, strategy), and how internal actions then create new external alignments (like partnerships, stakeholder approval). A notable interaction: The Ministry approved Company C subsidiary's reduction in dividends (meaning government forwent some immediate revenue) to let Company C reinvest in broadband and digital ventures, an example of external governance adjusting to allow internal exploration. It shows a positive interaction where external governance recognized the need for ambidexterity and gave some leeway, which is not always common in SOEs.

Company C's internal transformation efforts sometimes outpaced external adjustments, for instance, Company C carved out its InfraCo, but regulatory policies for infrastructure sharing or pricing are still catching up. Conversely, in some areas external tech

changes outpaced internal response, e.g., OTT apps took messaging revenue faster than Company C could replace it, teaching Company C a hard lesson that sped up internal urgency.

By 2025, Company C achieved what we call a **"**Mature Ambidexterity" profile. It had robust structures for both exploit and explore and had launched multiple new businesses, but culturally and organizationally it was still solidifying the integration of these efforts. Company C's ambidexterity score was lightly below Company D's, mainly because Company C's cultural and risk issues were a bit more pronounced and some new ventures were still in investment phase not yet yielding big returns. Company C's internal scorecard (from their evidence-based assessment) gave high marks to Public-Value Alignment and Balance of Opening/Closing behaviors, showing good simultaneous focus, and lower marks for Risk Tolerance and Cultural change indicating ongoing challenges.

Company C's outcomes over time: It managed to maintain financial stability (profits from core still good) while new businesses gained traction. For example, by 2024 Company C's data center and enterprise digital business grew double digits and contributed a growing share of revenue. Broadband+ Company C subsidiary synergy improved broadband customer growth. These positive results reinforced external stakeholder support, the government touted Company C's data center expansion as boosting digital sovereignty, and investors started to value Company Con sum-of-parts including its new ventures more generously (Company C's stock saw some uplift in 2021–22 expectations).

However, Company C also experienced growing pains: integrating Broadband A into Company C subsidiary meant blending two different cultures and systems, it's ongoing. The DigiCo launched digital services (like a video streaming service, a fintech product) but had

mixed success, with some products not yet profitable and requiring patience. This tests both internal and external patience: will the state and shareholders remain supportive if some exploratory bets fail or take long? Company C's leadership tried to manage expectations by framing these as long-term investments and by quick wins in easier areas (like efficiency improvements and interim dividends from core) to keep everyone satisfied.

Company C's internal-external interplay thus is about balancing short-term accountability with long-term innovation. The leadership integration committee and careful KPI setting (like separate KPIs for digital units vs. legacy units) helped mediate this. They essentially created internal arrangements to satisfy external accountability (e.g., legacy units had profitability KPIs to ensure dividends, digital units had growth KPIs and were given slack not to be profitable immediately).

In conclusion, Company C reveals that a large incumbent SOE can methodically implement both structural and contextual solutions to pursue ambidexterity, but it is a gradual process with the biggest hurdles being cultural and mindset shifts (as Company C put it, turning thousands of "telco operators" into "digital players"). It's on a good trajectory but must continue the momentum to avoid slipping back into complacency.

7.5. Ambidexterity Assessment

Company C's ambidexterity is classified as Mature, reflecting strong exploitative and exploratory capabilities with some cultural adaptation gaps (Table 5). The trajectory has been shaped by sustained technological disruption and partial insulation from political intervention. As the national telecom incumbent, the firm balanced reliable core operations with rapid digital response. It adopted a structurally differentiated model in which digital

ventures evolved alongside, but partly separate from the core, enabling experimentation while protecting operational stability.

Table 7.1 *Company C: Eleven-Dimension Ambidexterity Assessment (Mature Configuration)*

Ambidexterity Dimension	Score		Interpretive Assessment (Aligned with Figure 7.1)
Leadership Ambidexterity	8	High	Leadership actively manages dual logics through portfolio orchestration.
Strategic Intent for Exploration	8	High	Exploration is central to corporate strategy via digital platforms and subsidiaries.
Structural Separation	9	Very High	Strong separation between legacy core and digital businesses enables parallel logics.
Cultural Flexibility	6	Moderate	Cultural acceptance of exploration remains uneven, particularly at middle-management.
Risk Tolerance	6	Moderate	Risk is accepted within protected digital units but constrained in the legacy core.
Exploitation Capability	8	High	Legacy telecom operations remain highly efficient and cash-generative.
Exploration Output	8	High	Digital businesses contribute materially to revenue and growth.
Dynamic Sensing	8	High	Strong market and technology foresight capabilities.
Dynamic Seizing	7	Moderate–High	Selective but effective investment and scaling of digital initiatives.
Dynamic Transforming	7	Moderate–High	Ongoing rebalancing between legacy and digital portfolios.
Public–Commercial Alignment	7	Moderate–High	Public service mandate remains compatible with digital expansion.
Overall Ambidexterity Configuration	8.0	High	Mature Ambidexterity - sustained dual capability reflected in Figure 7.1's balanced shape.

Note. Scores are based on a 1–10 ordinal scale with descriptive anchors ranging from low to high and reflect an interpretive synthesis of triangulated qualitative evidence rather than metric precision.

Figure 7.1 captures this dynamic by depicting how exploration and exploitation evolved in parallel through structural differentiation, selective coordination, and leadership mediation. The figure should be read as a process model of how mature ambidexterity can be sustained through ongoing boundary management**,** rather than as a transition toward full organizational integration.

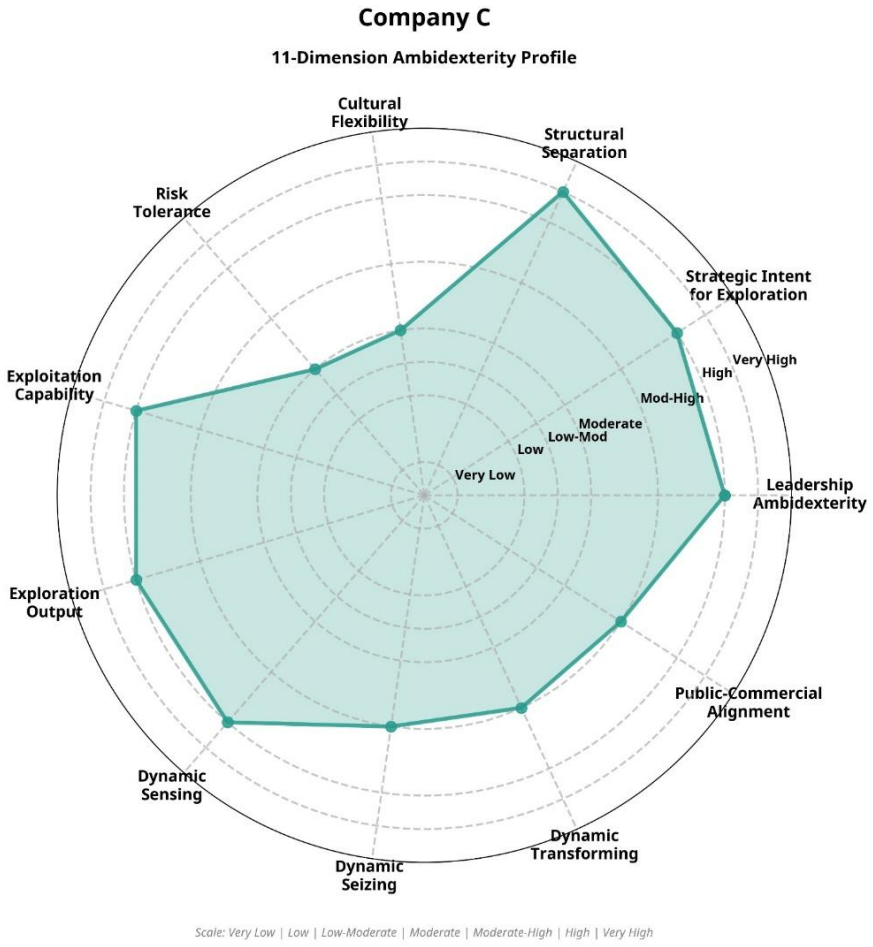

Figure 7.1 *Eleven-Dimension Analysis: Mapping the Ambidexterity of Company C*

Note. *Qualitative assessment based on interview and document triangulation.*

The radar chart summarizes the relative configuration of ambidexterity capability across eleven dimensions. Scores reflect an interpretive qualitative synthesis based on triangulated evidence and are grouped into low, medium, and high capability bands for comparative purposes. The last case is Company D (Commercial Banking SOE), it shows how a giant Bank in Indonesia transform itself to be stable as well as innovative.

CHAPTER 8

CASE D: INTEGRATING DIGITAL INNOVATION IN A BANKING MARKET LEADER

8.1 Company Context

Company D (Commercial Banking SOE)'s ambidexterity challenge emerged from the convergence of digital disruption and public mandate. As Indonesia's largest state-owned bank, Company D entered the 2020s with a strong exploitative core built on wholesale banking, retail deposits, and an extensive branch network. However, the rapid rise of fin-tech startups, digital wallets, and platform-based financial services threatened to disintermediate traditional banking activities, particularly in payments and consumer lending. Simultaneously, the government expected Company D to act as a national champion for financial inclusion, extending services to underbanked populations through innovative delivery models. These pressures made ambidexterity imperative: Company D had to preserve the profitability and stability of its core while rapidly developing digital capabilities to compete and expand access. To preserve the longitudinal logic of the analysis, this case is examined as a temporally evolving process rather than a static organizational snapshot. Particular attention is given to key inflection points, including leadership transitions, governance shifts, and major strategic initiatives that altered the organization's ambidexterity trajectory. This process orientation enables the analysis to trace how institutional conditions and organizational responses co-evolved over time to shape the observed configuration.

8.2 Internal Factors (Leadership, Culture, Capabilities)

Company D's internal drivers of ambidexterity started at the very top. The CEO and Board formulated a clear dual strategy. As one director framed it, Company D would "win the present and win the future", a phrase reflecting exploitation (win the present) and exploration (win the future). They communicated that digital innovation is not optional but an imperative for survival. Notably, Company D did not create a separate subsidiary for digital banking; instead, they embedded digital goals into all business lines. This indicates a lean towards contextual ambidexterity, supported by some structural adjustments internally. For example, branch banking teams were given KPIs not only on traditional metrics (deposits, loans) but also on digital adoption (app sign-ups, digital transactions by their customers). This forced the traditional side of the business to engage with the new side, creating integration.

The leadership behavior can be described as leadership judgment under constraint par excellence. Company D's executives consistently delivered the message that efficiency and innovation must happen together. Group SVP of Human Capital famously said: *"At Company D, we do both standardization and innovation. We transformed from a traditional operator to a digital platform company, serving 35 million retail customers."*. This quote (often repeated in internal town halls) signaled to all employees that their work should balance standardizing processes *and* trying new things. The CFSO, reinforced the accountability side by saying *"Digital transformation must be financially sustainable. Our digital fee income growth demonstrates that innovation is a profit driver, not just a cost center."*. Such statements were crucial: they framed exploration not as a costly experiment

separate from core business, but as something that directly contributes to the bottom line (which they indeed showed through metrics like digital fee income).

Culturally, Company D historically had a somewhat bureaucratic, risk-averse culture (as a legacy of being a state bank and the post-crisis environment). Changing this was an explicit goal. The Human Capital division rolled out culture change programs focusing on agility, collaboration, and customer-centric innovation. They introduced "innovation days" and internal hackathons, encouraging staff from different units to pitch ideas for new services or process improvements. One mid-level manager recounted that in 2021, for the first time in her 20-year career, her performance review included an objective about "contributing to innovation projects." This indicates a shift towards contextual ambidexterity; employees at various levels being expected to partake in explorative activities (in addition to their exploitative day-to-day tasks).

Structurally, Company D did implement some structural ambidexterity elements, but in a way that was integrated. They set up a Digital Banking and Information Technology (DB&IT) unit, led by a director on the executive committee. This unit championed exploration by developing new digital products (the Mbanking app, online lending platforms, open a subsidiary for fintech partnerships). However, unlike a completely separate R&D lab, the DB&IT unit worked closely with business units. For instance, when developing a new SME lending app, they embedded relationship managers from the SME business unit into the project team, to ensure the product aligned with core business processes. This cross-pollination prevented the "two cultures" problem that sometimes plagues structural ambidexterity, instead of a cool innovation team vs. a stodgy core, Company D tried to diffuse innovation mindset throughout.

Company D's dynamic capability were clearly exercised. It had been sensing the fin-tech threat for a while (since mid-2010s), but by 2018–2019 the sensing crystallized into an understanding that digital finance in Indonesia was reaching a tipping point (with rapid adoption of e-wallets, etc.). The seizing came in the form of the Mbanking app and associated digital initiatives launched around 2021. Company D reallocated significant budget to this; IT investment rose substantially as a % of total spend, indicating resource commitment. It also forged partnerships (like with ride-hailing apps to integrate payment features, etc.). For transforming, Company D undertook internal process re-engineering: they adopted agile project management in IT, something novel for an SOE, and also started a multi-year core banking system modernization. These internal transformations aimed to make the organization more nimble so that exploration could proceed continuously (e.g., enabling faster product rollouts). A concrete example: Company D set up a "bi-modal" IT system, one for stable operations (the core banking, which must be highly reliable) and one for rapid development (the digital services platform). This mirrored structural ambidexterity within IT architecture.

One can observe how internal culture and leadership alignment turned potential tensions into synergies. Of course, not everything was smooth, some branch managers initially resisted pushing customers to mobile banking because it threatened their traditional business or seemed like extra work. Company D tackled this by extensive change management: training programs and also showing "what's in it for you" to employees (e.g., if customers go digital, it frees up your time to offer higher-value services, and the bank's growth will ensure job security). Over 2020–2024, the internal acceptance of digital transformation grew significantly, as evidenced by adoption numbers: The Mbanking app

user base grew to tens of millions, and a large portion of transactions moved to digital channels. By 2024, about 16.5% of Company D's fee income came from digital channels, a fact the bank used to internally celebrate the success of its exploration endeavors.

Company D's internal assessment rated its ambidexterity culture as improving but "still in progress." For instance, they noted contextual ambidexterity at employee level needed more reinforcement, innovation was still somewhat top-down driven, and many initiatives were led by head office rather than emerging from frontline. They gave themselves around Moderate on culture adaptability and High on leadership commitment to innovation (with top leadership seen as a strength, middle-management less so).

8.3 External Factors: Governance, Regulation, and Public Mandate

Externally, Company D (Commercial Banking SOE) operated under multiple forces:

- Regulatory and Governance Environment: Company D is majority-owned by the government (BP BUMN and Danantara holds ~52%) but about ~48% of its shares are publicly traded, with many foreign and private investors. This gave it a unique governance mix of public and private pressures. The BP BUMN and Danantara set broad expectations (like targets for financial inclusion, dividend payouts, etc.), while private shareholders expect profitability and growth. This can actually foster ambidexterity: the government encourages long-term national objectives (which justified exploring things like microfinance and rural outreach), whereas private investors push for competitiveness and innovation to ensure future profits. One could say Company D had both a "patient capital" element (state support) and a "market discipline" element (stock market scrutiny). Company D's management used this to

their advantage. For example, when investing heavily in digital, they could explain to government stakeholders that this was necessary to achieve inclusion targets and keep the bank strong against foreign competition (appealing to nationalistic and public goals). To private investors, they framed it as ensuring future revenue streams and efficiency improvements.

- Financial Regulators (OJK & Bank Indonesia): These bodies historically made banks stick to prudent banking practices. However, interestingly, around the time Company D was transforming, regulators were also promoting innovation: OJK established a Fintech Office and Regulatory Sandbox to facilitate digital financial services in 2018, and Bank Indonesia launched initiatives like a national QR code standard (QRIS) to boost digital payments. Company D actively engaged with these regulatory initiatives. The sandbox allowed Company D (and others) to pilot new digital products under oversight. Company D took part by testing things like digital onboarding (opening accounts via the app with e-KYC) when rules were still evolving. In sum, regulation in banking was not as stifling for innovation as one might expect, regulators recognized they needed to allow digital progress and were arguably more flexible than, say, aviation regulators. That said, capital and risk requirements meant Company D had to innovate while keeping tight risk management (they couldn't for example launch reckless lending just to chase fintechs, because of banking risk rules). Company D's approach to risk was to try to innovate *with* compliance: e.g., building robust cybersecurity and fraud detection for its app to satisfy regulators that digital channels were safe.

- Competition: Company D faced fierce market competition from fintech startups, new digital banks (some competitors like a JV of Japanese and Indonesian companies launched a digital-only bank “Genius”), and large private banks partnering with tech firms. This external pressure was arguably the biggest catalyst for Company D’s exploration. Unlike Company A which had a monopoly, Company D had to respond or lose customers. The competitive threat served as a burning platform that leadership used to rally internal support: “If we don’t change, we’ll become irrelevant.” Importantly, some of these fin-tech competitors were not held to the same strict rules initially, giving them agility, this spurred regulators to level the playing field (e.g., requiring fin-techs to collaborate or be under oversight, which indirectly protected banks). Company D also turned competition into collaboration when beneficial: it formed strategic partnerships or invested in fin-techs (through Company D Capital, its venture arm). This gave Company D access to innovation externally, part of its exploration strategy was via corporate venture capital and partnerships (structural ambidexterity via externalization).
- Public Mandate: As an SOE, Company D had programs for financial inclusion and MSME (micro, small, medium enterprise) development. The government set targets like “90% adult financial inclusion by 2024” and expected Company D to contribute by opening basic accounts, lending to micro borrowers, etc. Interestingly, Company D turned this mandate into an innovation opportunity: it rolled out branchless banking agents (local shopkeepers empowered with a mobile app to offer Company D services in villages) and used its digital platform to offer low-cost accounts, thus reaching millions of new customers. These initiatives fulfill a public goal but also expand

Company D's market with new technology, aligning exploration with mandate. A specific example: Company D's micro-lending team used machine learning (a new tech) to better assess thin-file customers, improving credit access in rural areas (innovative approach to a public task). Thus, external mandates nudged Company D to innovate in certain directions (inclusion, SME digital credit, etc.) which it did.

Summing up RQ2: External factors largely pushed Company D toward ambidexterity rather than constrained it. Government ownership and policy encouraged long-term innovation (with the safety net of being an SOE), and competition forced urgency in exploration. Regulatory environment, while strict on risk, was progressively supportive of digital banking. Company D's case is somewhat different from a typical bureaucratic constraint story; it benefited from a confluence of external expectations to modernize.

8.4 Internal and External Interaction and Evolution

In Company D's story, internal and external factors interacted in a reinforcing cycle for ambidexterity. The external fin-tech threat was met by internal leadership will, rather than resisting change, Company D's leaders embraced it and communicated a unified *perform-and-transform* message. This in turn reassured external stakeholders (e.g., investors saw Company D had a credible plan; government saw Company D proactively supporting national digital finance movement). For instance, when Company D launched its super-app and it quickly gained tens of millions of users, it not only helped Company D's business but also helped the government's goal of promoting cashless transactions. Thus external and internal goals became aligned (much as in Company A, but with a much more proactive stance).

One could note an example of external support enabling internal innovation: OJK allowed digital onboarding in 2020 (due to COVID), which Company D jumped on to acquire customers online. Conversely, internal success reinforced external confidence: Company D's stock price rose as investors gained confidence that it could handle disruption, and the BP BUMN and Danantara held Company D up as a model for other banks in some public statements. By 2024, Company D's ROE remained ~21%, very high, showing the core business didn't suffer, while its digital business boomed (digital fee income +13.3% YoY, millions of transactions). This dual success is evidence of ambidexterity outcomes: efficiency and innovation together drove strong performance. These results then fed back: internal folks saw that innovation was leading to tangible success (profit, growth, recognition), which further reduced resistance to change; a virtuous cycle.

However, Company D's journey also had to manage tensions: The conservative banking culture didn't disappear overnight. Some risk and compliance staff were initially uncomfortable with the faster, iterative approach in digital projects. The bank mitigated this by involving them early in designing controls for new digital products, effectively blending strict risk management with agile development. Over time, wins like the growth of Mbanking (which became one of the top banking apps in Indonesia) helped skeptics see that controlled risk can yield reward. By the end of our study period, Company D's internal dialogues shifted from "why should we go digital?" to "how do we accelerate further?" The interaction between leadership integration, cultural adaptation, and dynamic capability development observed at Company D is consistent with the general mechanism outlined earlier in Figure 2.2.

8.5 Ambidexterity Assessment

By 2025, Company D exhibits Integrated/Advanced ambidexterity, with strong exploitation and exploration working in concert. It is classified as Integrated, slightly above Company C's Mature profile due to greater synergy. Internal assessments rated both Innovation Output and Financial Performance as Very High, while risk culture remained appropriately cautious for banking.

A central dynamic is temporal misalignment: external tech change is rapid while SOEs move more slowly. Company D mitigated this through partnerships and buy-versus-build choices, enabling dual-speed operation, a stable, compliant core alongside fast digital innovation—coordinated by leadership.

In summary, Company D's case illustrates that with strong leadership and a clear integrated strategy, an SOE can internalize external pressures to achieve high ambidexterity. Internal cultural shifts were substantial though still ongoing, one executive said in conclusion, *"We successfully set a 'perform and transform' tone; the next step is to cascade this mindset deeper… every unit should have two jobs, short-term delivery and future innovation."*. This indicates that while top-level ambidexterity capability develops, ongoing effort is needed to cement it at all levels (contextual ambidexterity throughout the org). They seek to move from integrated to truly exemplary ambidexterity (the executive hinted at an "Exemplary" level) where it's self-sustaining. Company D is classified as Integrated/Advanced**,** reflecting the fusion of digital and traditional banking. Table 8.1 summarizes the key dimension evaluations.

Table 8.1 Company D: Eleven-Dimension Ambidexterity Assessment (Integrated Configuration)

Ambidexterity Dimension	**Score**		**Interpretive Assessment (Aligned with Figure 8.1)**
Leadership Ambidexterity	9	Very High	Leadership actively integrates digital innovation into core banking operations.
Strategic Intent for Exploration	9	Very High	Exploration framed as essential to long-term competitiveness, not adjunct activity.
Structural Separation	6	Moderate	Limited separation; exploration is embedded within core structures.
Cultural Flexibility	7	Moderate-High	Strong performance discipline coexists with increasing innovation acceptance.
Risk Tolerance	7	Moderate-High	Calculated risk-taking supported by robust governance and risk management.
Exploitation Capability	9	Very High	Core banking operations deliver strong, stable performance.
Exploration Output	8	High	Digital services and platforms generate meaningful value at scale.
Dynamic Sensing	8	High	Continuous monitoring of fintech and digital banking trends.
Dynamic Seizing	8	High	Rapid mobilization of capital and talent for digital initiatives.
Dynamic Transforming	8	High	Successful integration of digital capabilities into core processes.
Public–Commercial Alignment	8	High	Financial inclusion and profitability mutually reinforce strategy.
Overall Ambidexterity Configuration	8.5	Very High	Integrated Ambidexterity - exploitation and exploration mutually reinforcing, as visualized in Figure 8.1.

Note. Scores are based on a 1–10 ordinal scale with descriptive anchors ranging from low to high and reflect an interpretive synthesis of triangulated qualitative evidence rather than metric precision.

Figure 8.1 maps Company D's 11-dimension ambidexterity profile, supporting its Integrated/Advanced classification. Strong leadership, structure, and external alignment contrast with still-evolving cultural and risk-tolerance dimensions. Company D follows a distinct trajectory in which exploration is integrated into core routines rather than structurally separated, reflecting the need to innovate under continuous technological disruption while maintaining financial and regulatory stability.

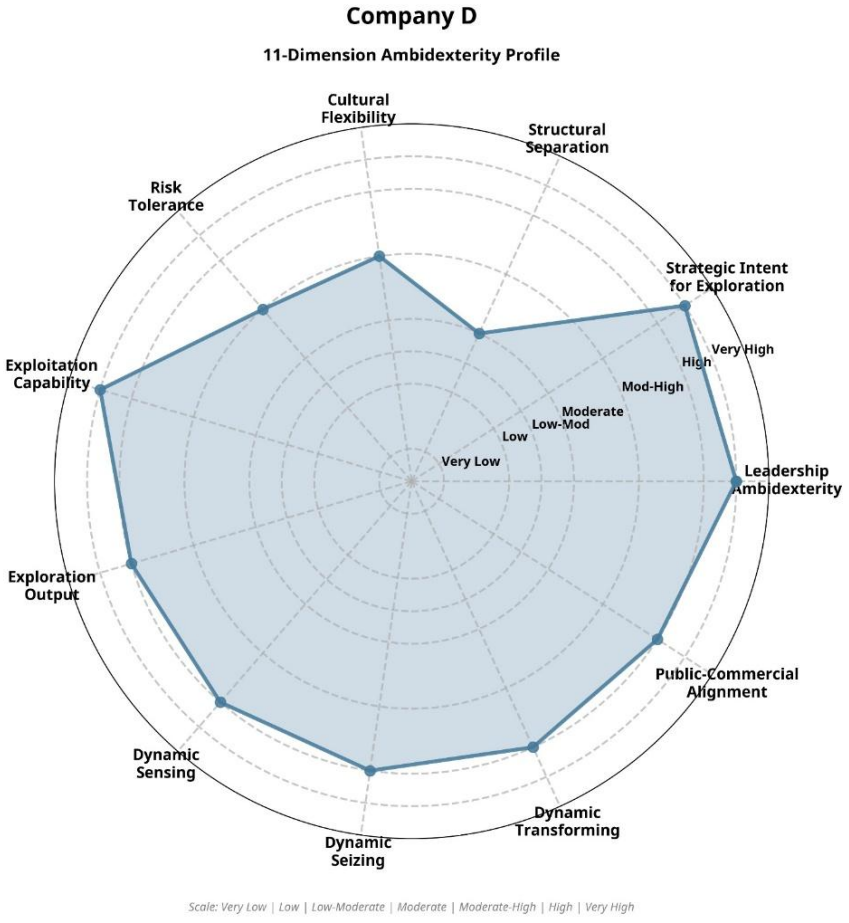

Figure 8.1 *Eleven-Dimension Analysis: Mapping the Ambidexterity of Company D*

Note. Qualitative assessment based on interview and document triangulation.

The radar chart summarizes the relative configuration of ambidexterity capability across eleven dimensions. Scores reflect an interpretive qualitative synthesis based on triangulated evidence and are grouped into low, medium, and high capability bands for comparative purposes. Rather than insulating exploration at the periphery, senior leadership deliberately embedded digital initiatives within mainstream banking processes, aligning transformation with performance accountability through integrated governance, talent rotation, and portfolio management. This approach required high levels of leadership mediation to reconcile competing logics of risk control and innovation at scale.

This completes the four case studies. Each SOE, Case A, Company B, Company C, and Company D, has navigated internal and external drivers differently, resulting in distinct ambidexterity profiles. In the next section, we step back to conduct a Cross-Case Analysis, comparing and contrasting these findings to draw broader insights and answer our research questions at a higher level.

CHAPTER 9

CROSS-CASE ANALYSIS, AMBIDEXTERITY CAPABILITY TRAJECTORIES, AND IMPLICATIONS

9.1 Purpose and Analytical Orientation

This chapter synthesizes findings across the four case studies to explain how organizational ambidexterity capability is expressed, constrained, and reconfigured over time in Indonesian state-owned enterprises operating under distinct sectoral mandates and governance regimes. Consistent with the conceptual framework established in Chapters 2 and 3, ambidexterity is treated here ontologically as an institutionally constrained dynamic capability, not as a static balance, structural arrangement, or performance outcome. The cross-case analysis therefore focuses on capability trajectories, how ambidexterity capability evolves across configurations over time, rather than on ranking firms or prescribing a universally optimal form.

Ambidexterity in state-owned enterprises unfolds as a temporally sequenced process in which institutional conditions shape the activation, stabilization, and reconfiguration of organizational capabilities over time. Two analytical principles guide the synthesis. First, observed ambidexterity configurations; constrained, emerging, mature, and integrated, are interpreted as empirical manifestations of an underlying ambidexterity capability under specific institutional and organizational conditions. These configurations are not treated as deterministic stages or normative end states, but as contextually contingent expressions of a capability whose scope and durability are shaped by governance structures, regulatory regimes, and legitimacy expectations. Second, the analysis adopts a process-oriented logic,

examining how internal organizational factors and external institutional mechanisms interact over time to shape the expression and recalibration of ambidexterity capability.

Accordingly, this chapter does not seek to establish linear causal relationships between ambidexterity and performance. Instead, it identifies recurring process mechanisms, including leadership mediation, risk buffering, ownership–regulation separation, and the legitimization of exploration, through which institutional constraints are interpreted, negotiated, and operationalized within organizations. Performance outcomes, encompassing commercial results, public value delivery, and transformation capacity, are treated as contingent consequences of how ambidexterity capability is calibrated under institutional constraint, rather than as constitutive elements of ambidexterity itself. References to movement or reconfiguration across ambidexterity configurations are descriptive of observed organizational responses to shifting institutional conditions, not indicative of cumulative development or directional improvement. By synthesizing patterns across cases, the chapter advances ambidexterity theory by showing when, how, and under what institutional conditions different ambidexterity configurations emerge and stabilize. In doing so, it links micro-level organizational processes with macro-level governance arrangements, reinforcing the central argument of this dissertation: ambidexterity effectiveness depends not on maximization or balance per se, but on the context-sensitive calibration of an institutionally constrained dynamic capability over time. The resulting cross-case ambidexterity configurations and their associated institutional constraints and risks are summarized in Table 9.1.

Table 9.1 *Cross-Case Ambidexterity Configurations*

State-Owned Enterprise	Dominant Ambidexterity Configuration	Primary Institutional Constraint	Key Enabling Mechanisms	Core Strategic Risk
Company A	Constrained	Safety-critical regulation; high reputational accountability	Structural separation of innovation pilots; holding-level risk buffering	Over-stabilization and innovation stagnation
Company B	Emerging	Post-merger integration complexity; breadth of public mandate	Operational standardization; leadership integration	Regression to exploitative focus
Company C	Mature	Uneven cultural risk tolerance; legacy business dominance	Structural separation; portfolio renewal logic	Persistent siloing of exploration
Company D	Integrated	Financial regulation; systemic risk oversight	Leadership mediation; embedded digital governance routines	Overextension beyond institutional tolerance

Note. Conceptual synthesis developed by the author.

Building directly on the theoretical framework developed in Chapter 2 and the institutional enablers synthesized in Figure 3.1, this chapter examines how ambidexterity capability trajectories unfold through recurring process mechanisms that link institutional design, leadership mediation, and organizational response over time.

For clarity, the cross-case analysis is structured to distinguish ambidexterity configurations, process mechanisms, and performance implications as analytically related but conceptually distinct elements. Configuration labels are used descriptively rather than developmentally, and references to performance outcomes are treated as contingent

consequences rather than constitutive features of ambidexterity capability. This structuring ensures internal consistency across chapters and avoids theoretical slippage between capability, configuration, and outcome. To clarify how ambidexterity configurations were derived from qualitative evidence rather than assigned from numerical scores, Figure 9.1 summarizes the analytical process underpinning the configurational synthesis.

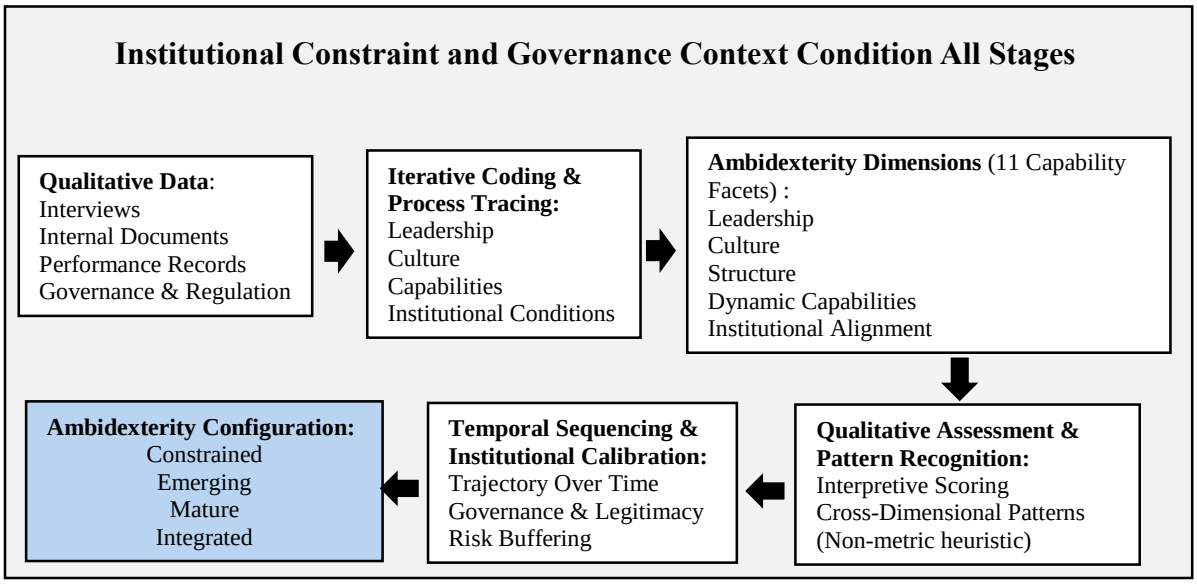

Figure 9.2 *Process Through Which Ambidexterity Configurations Were Derived*

Note. Developed by the author.

This figure illustrates the analytical process used to derive ambidexterity configurations in this study. Configurations were not assigned mechanically from dimensional scores. Instead, they emerged through an iterative synthesis combining qualitative coding, process tracing, and comparative pattern recognition. Ambidexterity dimensions functioned as analytical lenses rather than classificatory variables, supporting

disciplined comparison across cases. Configurations were inferred by integrating cross-dimensional capability patterns, temporal sequencing of exploration and exploitation, and institutional calibration under governance constraints. Similar scores across individual dimensions do not imply equivalent configurations, as the functional role of each capability depends on how it is activated, constrained, and integrated over time. Configurations therefore represent empirically grounded manifestations of ambidexterity capability maturity under institutional constraint.

9.2 Cross-Company Comparative Logic

The qualitative scores assigned to each ambidexterity dimension represent an informed interpretive synthesis based on triangulated empirical evidence. They are not intended as standardized measures, survey instruments, or replicable scales. Rather, the scoring functions as a comparative heuristic that supports cross-case analysis and visualization of relative capability configurations. The value of the assessment lies in highlighting patterns, strengths, and constraints across cases, not in numerical precision or metric objectivity.

The four cases; Company A, B, C, and D operate within a shared national governance framework but differ markedly in sectoral regulation, technological dynamism, and exposure to public scrutiny. This design enables analytic generalization by holding macro-institutional context constant while examining variation in ambidexterity capability across sectors. Rather than reiterating individual case narratives, this chapter abstracts from them to identify patterned similarities and differences in how ambidexterity is enacted. The comparative analysis highlights both convergent mechanisms that recur across cases and divergent

trajectories reflecting sector-specific constraints and strategic choices. Accordingly, the cross-case analysis does not compare firms in terms of relative performance or normative "best practice," but identifies patterned differences in how ambidexterity capability is enacted, stabilized, or constrained under shared institutional conditions.

Across cases, leadership agency emerges as a critical mediating mechanism rather than a residual factor. While institutional constraints shape the boundaries of permissible action, leaders actively influence ambidexterity capability trajectories by framing exploration as mandate-consistent, sequencing initiatives to manage political and operational risk, and mobilizing organizational support over time. Differences across cases reflect not only variation in governance conditions, but also differences in how leaders interpret discretion and exercise judgment within those conditions. In state-owned enterprises, senior leaders act as institutional integrators, exercising judgment to align exploratory initiatives with governance expectations, regulatory accountability, and organizational legitimacy.

9.3 Cross-Case Ambidexterity Configurations

This section compares the four case organizations by examining the ambidexterity configurations they exhibit at the end of the study period. Consistent with the conceptual framework developed in Chapter 2, these configurations are treated as observable manifestations of an underlying ambidexterity capability operating under specific institutional and organizational conditions. They are not interpreted as developmental stages, equilibrium states, or normative benchmarks. Rather, each configuration reflects a contextually contingent expression of ambidexterity capability shaped by governance regimes, sectoral characteristics, leadership mediation, and accumulated organizational

experience. The ambidexterity configurations and capability trajectories discussed in this chapter are interpreted using the core construct definitions summarized in Appendix A, ensuring consistency between empirical patterns and the theoretical framework developed earlier in the dissertation. For clarity, “constrained ambidexterity” refers to situations in which exploratory activity exists but remains narrowly bounded by institutional risk and legitimacy constraints. “Emerging ambidexterity” describes cases in which institutional buffering and leadership mediation begin to stabilize exploration, allowing it to move beyond episodic initiatives. Across the cases, four recurring ambidexterity configurations are identified: constrained, emerging, mature, and integrated. These configurations differ not in whether organizations pursue exploitation or exploration, since all organizations engage in both, but in how ambidexterity capability is calibrated under institutional constraint. This calibration varies in the scope of permissible exploration, the degree of structural protection, and the extent to which exploratory activity is integrated into core organizational routines. Configuration classification was determined through holistic pattern interpretation across the eleven ambidexterity dimensions rather than through any single score threshold. Consistent with the study’s abductive and non-metric analytic logic, individual dimension scores were treated as diagnostic signals whose meaning emerged in combination with longitudinal evidence, leadership narratives, and institutional context. The resulting configurations therefore represent analytically grounded pattern recognition rather than mechanical aggregation, reinforcing the process-oriented intent of the study.

9.3.1 Constrained Ambidexterity

Organizations exhibiting constrained ambidexterity demonstrate strong exploitative capabilities alongside highly bounded exploratory activity. Exploration is present but remains tightly circumscribed, episodic, and institutionally fragile. In this configuration, ambidexterity capability exists in a latent or partial form: leaders may articulate dual strategic intent, but institutional constraints, such as regulatory stringency, public accountability requirements, or safety-critical mandates, severely limit the scope, scale, and diffusion of exploration.

Exploratory activity is typically confined to pilots, innovation labs, or peripheral units and is rarely scaled into core operations. Leadership mediation emphasizes risk containment and legitimacy preservation, with exploration justified defensively rather than institutionalized as a routine strategic activity. As a result, exploitative performance remains dominant, while transformation capacity develops slowly and unevenly.

9.3.2 Emerging Ambidexterity

Emerging ambidexterity reflects a configuration in which ambidexterity capability is actively developing but not yet stabilized. Institutional permission for exploration has expanded, often following governance reform, crisis, or leadership change, allowing more systematic experimentation. Structural buffering mechanisms, such as protected units or holding-level arrangements, are introduced to insulate exploratory initiatives from exploitative routines and external scrutiny.

However, ambidexterity capability remains unevenly distributed. Exploration continues to depend heavily on senior leadership sponsorship and remains vulnerable to shifts in political attention or performance pressure. Cultural acceptance of experimentation

is partial, and integration between exploratory and exploitative domains remains limited. Emerging ambidexterity is therefore characterized by intentional but fragile calibration, in which exploration expands but has not yet been institutionalized as a durable organizational capability.

9.3.3 Mature Ambidexterity

Organizations displaying mature ambidexterity exhibit a more stabilized expression of ambidexterity capability. Exploratory activity is no longer confined to isolated pilots but is supported by routinized processes, clearer governance expectations, and predictable risk-buffering mechanisms. Leadership mediation shifts from episodic sponsorship toward system-level coordination, enabling exploration and exploitation to coexist without continuous top-down intervention.

Importantly, mature ambidexterity does not imply equal emphasis on exploration and exploitation. Rather, it reflects a reliable capacity to recalibrate their relationship over time in response to environmental and institutional signals. Transformation capacity becomes visible through the scaling of exploratory initiatives into core operations, new revenue streams, or organizational redesigns. Nonetheless, boundaries between exploratory and exploitative domains often remain partially separated, preserving accountability clarity under continued institutional constraint.

9.3.4 Integrated Ambidexterity

Integrated ambidexterity, where institutionally sustainable, reflects a configuration in which ambidexterity capability is deeply embedded across organizational levels and routines.

Exploration and exploitation are no longer managed primarily through structural separation but are interwoven within everyday managerial and operational practices. Institutional constraints remain salient but are sufficiently mediated through governance design, legitimacy thresholds, and accumulated organizational credibility to enable sustained integration.

Exploration under integrated ambidexterity is less dependent on exceptional leadership intervention and instead supported by shared cognitive frames, adaptive routines, and cross-functional coordination. Organizations are therefore able to pursue innovation while maintaining high levels of reliability and accountability. Integrated ambidexterity is defined not by maximal exploration, but by the depth and durability with which ambidexterity capability is institutionalized under constraint.

9.3.5 Comparative Interpretation

As introduced in Figure 2.1, organizational ambidexterity in this study is conceptualized as a continuum of capability expression between exploitation and exploration, conditioned by institutional constraints rather than as a binary state or a set of discrete organizational types. The ambidexterity configurations identified in this section; constrained, emerging, mature, and integrated, represent empirically observable positions along that continuum, reflecting varying degrees of discretionary space, authorization for exploration, and integration with exploitative routines.

Consistent with Figure 2.1, these configurations capture how an underlying ambidexterity capability is progressively enabled, bounded, stabilized, or integrated under different institutional conditions. They do not represent categorically distinct forms of

organization, but contextually contingent expressions of the same capability, shaped by governance regimes, legitimacy thresholds, and organizational experience.

Table 9.2 Cross-Case Ambidexterity Capability Comparison and Trajectory

Ambidexterity Dimension	**Company A (Fig. 5.1)**	**Company B (Fig. 6.1)**	**Company C (Fig. 7.1)**	**Company D (Fig. 8.1)**
Leadership Ambidexterity	Moderate-High	High	High	Very High
Strategic Intent for Exploration	Moderate	Moderate–High	High	Very High
Structural Separation	High	Moderate–High	Very High	Moderate
Cultural Flexibility	Low-Moderate	Moderate	Moderate	Moderate-High
Risk Tolerance	Low	Moderate	Moderate	Moderate-High
Exploitation Capability	Very High	High	High	Very High
Exploration Output	Low-Moderate	Moderate–High	High	High
Dynamic Sensing	Moderate	High	High	High
Dynamic Seizing	Low-Moderate	High	Moderate–High	High
Dynamic Transforming	Moderate	High	Moderate–High	High
Public–Commercial Alignment	Very High	High	Moderate–High	High
Overall Ambidexterity Configuration	Constrained	Emerging	Mature	Integrated
Capability Trajectory	Exploit-dominant with bounded pilots	Post-merger expansion of exploration	Sustained dual portfolio	Embedded duality in core processes

Note. Developed by the author.

Crucially, these configurations should not be interpreted as a linear progression or maturity ladder. Movement along the continuum is neither inevitable nor unidirectional: organizations may remain constrained, regress following institutional shocks, or temporarily

display features of multiple configurations. What differentiates configurations is therefore not ambition or managerial competence per se, but the alignment between institutional conditions and organizational mechanisms that shape the space for ambidexterity capability expression (Figure 2.1). This section grounds the subsequent analysis of ambidexterity capability trajectories. The next section examines how institutional constraints are interpreted and recalibrated over time. Table 9.2 synthesizes eleven-dimension assessments across cases, illustrating how shared institutional conditions yield distinct configurations and trajectories; scores reflect relative patterns only.

Ambidexterity maturity in state-owned enterprises is not an optimization problem but a legitimacy-calibrated equilibrium: organizations stabilize at configurations that reflect what forms of risk, experimentation, and judgment are institutionally defensible rather than theoretically ideal. Accordingly, movement across ambidexterity configurations should be understood as shifts along the capability continuum depicted in Figure 2.1, shaped by changes in institutional constraint, leadership mediation, and organizational learning rather than as linear progression toward an idealized end state.

9.4 Cross-Case Process Mechanisms Shaping Ambidexterity Capability

Building on the configuration-level comparison in Section 9.3, this section identifies the recurring process mechanisms through which ambidexterity capability is enabled, constrained, stabilized, or reconfigured across cases. Consistent with the conceptual framework developed in Chapters 2 and 3, these mechanisms are not treated as independent causal variables but as processual pathways through which institutional conditions and organizational responses co-evolve over time. Together, they explain why organizations

operating under broadly similar institutional constraints nonetheless exhibit different ambidexterity configurations and capability trajectories.

Across the cases, four interrelated process mechanisms recur: leadership mediation, risk buffering, structural insulation, and legitimacy reinforcement. These mechanisms operate jointly rather than in isolation, and their relative strength, sequencing, and alignment shape how ambidexterity capability is calibrated under institutional constraint.

Importantly, efforts to deepen ambidexterity do not always translate into sustained capability development. In several instances, exploratory initiatives remain structurally insulated, episodic, or symbolically endorsed without becoming embedded in core organizational routines. These cases illustrate that institutional authorization and leadership intent, while necessary, are insufficient on their own. Ambidexterity capability stabilizes only when exploration is coupled with routinization, governance alignment, and sustained legitimacy reinforcement.

9.4.1 Leadership Mediation

Across all cases, leadership plays a critical mediating role in translating institutional constraints into organizational action. However, leadership influence does not operate primarily through discretionary resource allocation or unilateral strategic choice. Instead, leaders function as institutional interpreters, framing exploration in ways that render it defensible within prevailing governance and accountability regimes.

In constrained configurations, leadership mediation is predominantly defensive. Leaders prioritize legitimacy preservation, downside risk minimization, and compliance, resulting in exploratory initiatives that are symbolic, peripheral, or tightly bounded. As

ambidexterity capability develops, leadership mediation shifts toward sequencing and alignment, with leaders actively linking exploration to public mandates, performance expectations, and sectoral norms. In mature and integrated configurations, leadership mediation becomes less episodic and more systemic, embedded in routines of strategic review, capital allocation, and performance evaluation.

Crucially, leadership mediation does not remove institutional constraint; it **i**nterprets and navigates constraint, shaping when, where, and how exploration is authorized.

9.4.2 Risk Buffering

A second mechanism shaping ambidexterity capability is risk buffering, defined as the institutional and organizational arrangements that redistribute the perceived and actual downside of exploration. Across cases, the absence of effective risk buffering consistently constrained exploratory behavior, even where leadership intent was strong.

In constrained configurations, exploration is discouraged because failure is interpreted as a governance or integrity breach rather than as a learning outcome. Where legal clarification, portfolio-level ownership arrangements, or holding-company structures reduce personal and organizational exposure to failure, exploration becomes more feasible. Risk buffering thus expands the temporal horizon over which leaders can justify experimentation and learning.

Importantly, risk buffering does not imply tolerance for failure without accountability. Rather, it reframes accountability, shifting emphasis from ex post sanction toward ex ante governance, monitoring, and bounded experimentation. Where such reframing is absent or unstable, ambidexterity capability remains fragile and episodic.

9.4.3 Structural Insulation and Selective Integration

Structural arrangements constitute a third recurring mechanism. Across cases, exploratory activity is initially enabled through structural insulation, such as innovation labs, digital subsidiaries, or holding-level units that shield exploration from exploitative routines and regulatory scrutiny. Structural insulation allows organizations to experiment without disrupting core operations, particularly in safety-critical or asset-intensive sectors.

However, insulation alone is insufficient for sustained ambidexterity capability. In emerging configurations, exploratory units often remain isolated, limiting learning transfer and organizational impact. Progression toward mature and integrated configurations requires selective integration**,** whereby successful exploratory initiatives are gradually connected to core processes, performance systems, and governance routines.

The balance between insulation and integration reflects calibration under institutional constraint: excessive insulation limits impact, while premature integration amplifies risk. Organizations with stronger ambidexterity capability demonstrate the capacity to adjust this balance over time.

9.4.4 Legitimacy Reinforcement

The fourth mechanism concerns legitimacy reinforcement, through which exploratory activity becomes normalized within organizational and institutional expectations. Formal policy endorsement, revised performance contracts, and symbolic signaling from oversight bodies contribute to legitimizing exploration as an acceptable and eventually expected organizational activity.

However, legitimacy reinforcement operates unevenly across organizational levels. While senior leadership and boards may endorse innovation rhetorically, middle-management norms and operational routines often lag. As a result, legitimacy must be reinforced repeatedly through visible success, narrative framing, and alignment with public value objectives.

Where legitimacy reinforcement is sustained, exploration transitions from discretionary behavior to institutionalized practice, enabling deeper integration and more durable ambidexterity capability. Where legitimacy remains contested, exploratory initiatives remain vulnerable to reversal under performance pressure or political scrutiny.

9.4.5 Mechanism Interaction and Trajectory Implications

Consistent with Figure 2.1, these four mechanisms jointly shape how organizations move along the ambidexterity continuum, from tightly bounded exploitation toward more integrated expressions of ambidexterity capability. Leadership mediation initiates and coordinates interpretive responses to institutional constraint; risk buffering expands discretionary space for experimentation; structural insulation enables bounded exploration; and legitimacy reinforcement stabilizes new practices over time. The process mechanisms identified here correspond directly to the institutional and internal enablers introduced in Figure 2.1.

Movement along the continuum is neither linear nor cumulative. Weakness, misalignment, or destabilization in any mechanism can arrest, stall, or reverse ambidexterity capability development, even when other mechanisms are present. Conversely, coordinated

reinforcement across mechanisms can enable recalibration toward more integrated configurations without eliminating institutional constraint.

Viewed through this lens, ambidexterity capability trajectories reflect not managerial optimization but the ongoing negotiation between institutional authorization and organizational mechanism alignment**,** as depicted in Figure 2.1. The interaction of these mechanisms explains why similarly constrained organizations follow divergent ambidexterity paths over time.

Table 9.3 *Cross-Case Ambidexterity Process Mechanisms*

Process Mechanism	**Institutional / Organizational Manifestation**	**Cases Observed**	**Theoretical Implication**
Risk buffering	Legal clarification separating commercial loss from state loss; portfolio-level ownership	All companies (varying strength)	Enables exploration by reducing downside asymmetry
Leadership integration	Framing exploration as complementary to performance; resource protection	Company B, Company C, Company D	Translates exploratory intent into durable action
Sequencing	Exploitative stabilization precedes sustained exploration	Company A and Company B	Ambidexterity is temporally structured, not simultaneous
Structural protection	Dedicated units, ring-fenced investments	Company C and Company D	Protects exploration from short-term performance pressure
Cultural diffusion	Alignment at middle-management level	Company D (partial) and Company C (uneven)	Determines sustainability of ambidexterity

Note. Conceptual synthesis developed by the author.

Together, these mechanisms explain why ambidexterity effectiveness varies across organizations facing similar institutional constraints. They also underscore the central theoretical insight of this dissertation: ambidexterity capability does not emerge from managerial discretion alone, but from the calibrated interaction between institutional conditions and organizational processes over time. The next section builds on this analysis by examining how these mechanisms jointly enable ambidexterity under institutional constraint across different sectoral and stakeholder contexts. The recurring process mechanisms identified across cases and their theoretical implications are synthesized in Table 9.3.

Taken together, these mechanisms explain why organizations facing similar institutional conditions may exhibit divergent ambidexterity capability trajectories, depending on how internal capabilities interact with governance, legitimacy, and risk structures.

9.5 Mechanisms Enabling Ambidexterity under Institutional Constraint

This section synthesizes the cross-case findings by explaining how ambidexterity capability becomes enabled and sustained under institutional constraint, rather than merely describing the mechanisms through which it operates. While Section 9.4 identified recurring process mechanisms, the present analysis focuses on the conditions under which these mechanisms jointly expand or contract the feasible space for ambidexterity capability. Across cases, ambidexterity capability becomes viable not through the relaxation or removal of institutional constraints, but through their reconfiguration. Governance structures, regulatory regimes, and public mandates remain salient; however, their effects on organizational behavior vary depending on how institutional signals are interpreted, buffered,

and stabilized within organizations. The enabling of ambidexterity capability therefore reflects institutional work performed by leaders and governance actors, rather than discretionary managerial choice.

9.5.1 Threshold Conditions for Enabling Ambidexterity Capability

The cross-case analysis identifies three threshold conditions required for ambidexterity capability to move beyond a constrained configuration.

First, institutional permission for exploration must be explicit. When governance frameworks and policy signals clearly authorize exploration as compatible with public mandates, leaders can justify experimentation without framing it as exceptional. Absent such permission, exploratory activity remains symbolic or peripheral regardless of leadership intent.

Second, downside risk must be credibly buffered. Legal clarification, portfolio-level ownership, and holding-company structures reduce exposure to exploratory failure. This buffering does not remove accountability but shifts its temporal and evaluative logic, enabling learning-oriented experimentation. Where buffering is weak, ambidexterity remains fragile and reversible.

Third, mechanisms for selective integration must exist. While structural insulation supports initial experimentation, sustained ambidexterity requires pathways for successful initiatives to be absorbed into core operations. Without these pathways, exploration remains decoupled from exploitation, limiting transformation capacity and reinforcing its peripheral status.

9.5.2 From Enabling Conditions to Stabilized Capability

When these threshold conditions are jointly satisfied, ambidexterity capability can stabilize and deepen. Leadership mediation shifts from defending exploration toward coordinating its integration; structural arrangements evolve from insulation toward selective coupling; and legitimacy reinforcement reduces the need for constant top-down sponsorship. Importantly, this stabilization does not produce convergence toward a single ideal configuration. Instead, organizations arrive at distinct, calibrated expressions of ambidexterity capability that reflect their sectoral risk profiles, governance regimes, and stakeholder expectations.

Conversely, where one or more threshold conditions erode, such as through leadership turnover, governance retrenchment, or political shock, ambidexterity capability may stall or regress. The analysis thus underscores the non-linearity and reversibility of ambidexterity capability trajectories in institutionally embedded organizations.

9.5.3 Theoretical Implications

These findings refine ambidexterity theory by demonstrating that institutional constraint operates not only as a boundary condition, but as a constitutive element of capability development. Ambidexterity capability emerges not from managerial balance or structural design alone, but from the sustained alignment of institutional permission, risk buffering, and organizational integration mechanisms over time. This perspective challenges dominant assumptions of symmetric risk and managerial discretion, extending ambidexterity theory into public-sector and state-owned contexts where legitimacy and accountability are central.

Table 9.4 *Ambidexterity Performance Contingency Matrix*

Ambidexterity Configuration	**Primary Performance Logic**	**Operational Performance(Reliability, Efficiency, Compliance)**	**Financial Sustainability(Stability, Efficiency Gains, Selective Growth)**	**Transformation capacity(Innovation Capability, Digital Readiness, Renewal)**
Constrained Ambidexterity	Performance preservation through risk containment	High reliability and compliance are prioritized; exploration is tightly bounded to avoid operational or safety failures	Financial performance emphasizes stability and cost control rather than growth; volatility is actively avoided	Transformation capacity remains limited and episodic; exploration occurs mainly through pilots or compliance-driven initiatives
Emerging Ambidexterity	Performance stabilization with selective renewal	Operational efficiency improves through standardization, creating limited slack for experimentation	Financial sustainability benefits from incremental diversification and post-restructuring synergies	Transformation capacity begins to develop through protected initiatives, though scale and diffusion remain constrained
Mature Ambidexterity	Performance balancing across competing demands	Core operations remain reliable while parallel exploratory units pursue renewal	Financial performance reflects portfolio balancing between stable core revenues and new growth options	Transformation capacity is institutionalized in dedicated units, though cultural integration challenges persist
Integrated Ambidexterity	Performance resilience through embedded adaptation	Operational reliability is maintained while innovation is embedded into core processes	Financial sustainability is enhanced through digital integration, efficiency gains, and long-term competitiveness	Transformation capacity is high and routinized, enabling continuous renewal without destabilizing core operations

Note. Conceptual synthesis developed by the author.

In sum, ambidexterity under institutional constraint depends on calibrated capability expression rather than on maximizing exploration or minimizing control. The next section examines how such calibration shapes the ambidexterity–performance relationship across cases. Table 9.4 shows how different configurations across sectors support distinct performance dimensions, underscoring that performance in state-owned enterprises depends on alignment with institutional context rather than exploration intensity alone.

9.6 Ambidexterity and Performance: A Contingent Relationship

This section examines the relationship between ambidexterity capability and organizational performance across cases. Consistent with the conceptual framework developed in Chapters 2 and 3, performance is treated here not as a defining element of ambidexterity, but as a contingent consequence of how ambidexterity capability is expressed and calibrated under institutional constraint. The analysis therefore avoids assumptions of a direct or linear association between ambidexterity and superior performance, focusing instead on the conditions under which different ambidexterity configurations yield distinct performance outcomes.

Across cases, performance effects vary systematically with the configuration and calibration of ambidexterity capability rather than with the absolute level of exploration or exploitation. Organizations exhibiting constrained ambidexterity frequently demonstrated strong exploitative performance, such as operational reliability, efficiency, and financial recovery, while displaying limited transformation capacity. In these contexts, exploitative success often reinforces existing governance expectations, further stabilizing constrained configurations and dampening pressure for exploratory expansion.

In emerging ambidexterity configurations, performance outcomes are more mixed and temporally uneven. Exploratory initiatives increase in scope and visibility, but their contribution to financial or operational performance remains uncertain. Short-term performance volatility is common, particularly where exploratory investments compete with exploitative priorities for attention and resources. In several cases, exploratory activity initially depressed financial indicators before generating learning benefits or strategic options that materialized only later. This temporal lag underscores the importance of distinguishing learning-oriented exploration from immediately monetizable outcomes when evaluating performance in institutionally governed organizations.

Mature ambidexterity configurations are associated with more balanced and predictable performance effects. In these cases, exploitative performance remains robust while exploratory initiatives begin to contribute meaningfully to transformation capacity, including new revenue streams, process reconfiguration, and organizational redesign. Importantly, improved performance does not stem from maximizing exploration, but from the reliable integration of exploratory outcomes into core organizational routines under stable governance expectations.

Integrated ambidexterity configurations exhibit the most durable performance profiles across dimensions. In these contexts, organizations are able to sustain operational reliability, deliver public value, and institutionalize innovation simultaneously. Performance benefits arise not from exceptional growth or disruption, but from the resilience and adaptability afforded by deeply embedded ambidexterity capability. Nonetheless, even in integrated configurations, performance remains contingent on continued institutional support; shifts in

governance priorities or accountability regimes can rapidly alter the relationship between ambidexterity and performance.

Collectively, these findings demonstrate that ambidexterity capability does not guarantee superior performance in a uniform or immediate sense. Rather, performance outcomes depend on how ambidexterity capability is calibrated relative to institutional conditions, sectoral risk profiles, and stakeholder expectations. Excessive exploration under tight constraint can undermine legitimacy and operational stability, while excessive exploitation may yield short-term gains at the expense of long-term adaptability. Effective performance therefore reflects context-sensitive calibration rather than balance or maximization per se.

This contingent view refines ambidexterity theory by challenging dominant assumptions of symmetric risk and managerial discretion. In institutionally embedded organizations, performance is mediated by governance, legitimacy, and accountability, rendering ambidexterity a necessary but insufficient condition for sustained success. The final section of this chapter builds on this insight by examining how stakeholder- and sector-specific considerations further condition the calibration of ambidexterity capability.

To make explicit how ambidexterity relates to performance in this study, Table 9.5 maps three performance dimensions and nine indicators to empirical evidence from the four cases. Performance is treated as a multidimensional and institutionally mediated construct rather than a single financial outcome.

The table illustrates how different ambidexterity configurations shape the prioritization, stabilization, and development of specific performance indicators under asymmetric accountability.

Table 9.5 *Empirical Mapping of Performance Dimensions, Indicators, and Case Evidence*

Performance Dimension	Indicator	Company A	Company B	Company C	Company D
Operational Performance	Reliability	Aviation safety, service continuity, regulatory compliance dominate; exploration tightly bounded	Post-merger operational standardization improves port reliability	Core network reliability maintained alongside digital initiatives	Core banking stability preserved while scaling digital services
	Efficiency	Process discipline and cost control prioritized over innovation-led redesign	Integration synergies and standardized SOPs improve throughput	Portfolio rationalization and infrastructure sharing improve efficiency	Digital channels reduce transaction and processing costs
	Compliance	Safety and sovereign risk impose strict compliance requirements	Compliance reinforced after consolidation under a single holding	Regulatory engagement actively managed with competitive pressures	Compliance embedded within digital innovation governance
Financial Sustainability	Revenue Stability	Stability prioritized over growth due to public service mandate	Stability improves following merger consolidation	Stable legacy revenues subsidize digital exploration	Stable deposit base supports long-term digital investment
	Efficiency Gains	Limited gains beyond cost discipline	Cost efficiencies from integration and scale	Margin improvement from digital platforms	Improved cost-to-income ratio through automation
	Selective Growth	Growth secondary to mandate fulfillment	Growth constrained during post-	Selective growth via digital subsidiaries	Controlled growth through ecosystems

Performance Dimension	Indicator	Company A	Company B	Company C	Company D
			merger stabilization		and digital banking
Transformation capacity	Innovation Capability	Innovation limited to pilots and compliance-driven initiatives	Emerging capability as operational base stabilizes	Dedicated units institutionalize exploration	Exploration embedded within core routines
	Digital Readiness	Digital initiatives constrained by safety priorities	Uneven digital capability across legacy units	Strong digital infrastructure enables portfolio renewal	Advanced digital platforms integrated into core banking
	Renewal Capacity	Incremental and tightly regulated change	Path-dependent renewal post-consolidation	Renewal via portfolio restructuring	Strong renewal through integrated transformation

Note. *D*eveloped by the author.

Rather than assuming that ambidexterity uniformly improves all aspects of performance, the analysis indicates that performance outcomes depend on the alignment between ambidexterity configuration, institutional constraints, and organizational readiness. This mapping clarifies the mechanisms through which ambidexterity influences performance across cases and provides the empirical basis for interpreting the cross-case performance patterns discussed in this chapter.

Table 9.5 shows that ambidexterity influences performance through differentiated mechanisms, not through uniform improvement across indicators. In constrained configurations, performance is sustained primarily through operational reliability,

compliance, and revenue stability, with limited emphasis on exploration. As ambidexterity matures, selective gains emerge in financial sustainability and transformation capacity, contingent on governance tolerance and organizational readiness. In the most integrated configuration, ambidexterity enhances resilience and renewal while preserving core stability. These patterns reinforce the central argument of the dissertation: in state-owned enterprises, ambidexterity supports performance when it is calibrated to institutional conditions, not when it is pursued as a generalized or maximized objective.

Across cases, ambidexterity affects performance differently across the three dimensions. Operational performance is anchored in exploitative capability and risk containment, preventing failure rather than enabling rapid innovation in constrained contexts. Financial sustainability benefits from selective renewal and efficiency gains in emerging and mature configurations, where exploration is timed and buffered to avoid destabilization. Transformation capacity is most evident in integrated configurations, where exploration is embedded within core processes, but only when it is institutionally legitimized and shielded from short-term accountability pressures.

The nine performance indicators function as observable manifestations of these dimensions rather than exhaustive measures. Performance outcomes reflect the coherence between ambidexterity configuration, institutional expectations, and the prioritization of specific indicators, rather than simultaneous improvement across all dimensions.

9.7 Stakeholder- and Sector-Contingent Calibration of Ambidexterity Capability

This section extends the cross-case analysis by examining how stakeholder expectations and sectoral characteristics jointly condition the calibration of ambidexterity

capability in state-owned enterprises. While the preceding sections demonstrated that ambidexterity capability is enabled through institutional mechanisms and yields contingent performance outcomes, the present analysis specifies why different calibrated expressions of ambidexterity are appropriate and sustainable across organizational contexts.

Consistent with the conceptual framework developed in Chapter 2, ambidexterity capability is not assumed to converge toward a single optimal configuration. Instead, its expression is contingent on the alignment among institutional stakeholders, sectoral risk profiles, and organizational mandates. Calibration thus reflects not managerial preference, but negotiated accommodation among competing logics of performance, accountability, and legitimacy.

9.7.1 Stakeholder Expectations and Legitimacy Thresholds

Across cases, stakeholder expectations define legitimacy thresholds that shape the feasible scope of exploration. State owners, regulators, ministries, boards, and the public impose differentiated expectations regarding reliability, risk tolerance, and innovation. In organizations where public safety, service continuity, or financial stability are paramount, legitimacy thresholds for experimentation remain high, constraining exploratory scope even when transformation pressures are salient.

Conversely, where stakeholders explicitly endorse innovation as part of the public mandate, such as digital transformation, national competitiveness, or service modernization, leaders are afforded greater discretion to expand exploration without jeopardizing legitimacy. Importantly, these expectations are rarely uniform across stakeholder groups. Ambidexterity capability must therefore be calibrated to the most restrictive legitimacy audience rather than

the most permissive one. This helps explain why exploratory initiatives are often framed in public-value terms and aligned closely with national development narratives.

9.7.2 Sectoral Risk Profiles and Calibration Boundaries

Sectoral characteristics further condition ambidexterity calibration by shaping the asymmetry of risk associated with exploration. In safety-critical and asset-intensive sectors such as aviation and ports, exploratory failures carry disproportionate reputational and political consequences, reinforcing constrained or emerging ambidexterity configurations. In these contexts, calibration emphasizes bounded experimentation, structural insulation, and gradual integration.

By contrast, in sectors characterized by technological dynamism and competitive pressure, such as telecommunications and banking, stakeholders exhibit greater tolerance for experimentation, provided core service reliability is maintained. These conditions support more mature or integrated configurations, in which exploratory activity is embedded more deeply within organizational routines.

Crucially, sectoral effects do not override institutional constraint; rather, they interact with governance regimes to shape the feasible calibration space. Organizations operating within the same sector but under different ownership or accountability structures may therefore exhibit divergent ambidexterity configurations.

9.7.3 Calibration as Contextual Fit, Not Optimization

The cross-case evidence reinforces that effective ambidexterity is not achieved through maximizing exploration or attaining balance per se, but through contextual fit.

Calibration reflects the degree to which ambidexterity capability is aligned with stakeholder expectations, sectoral realities, and institutional constraints. Misalignment, such as aggressive exploration in tightly regulated contexts or excessive exploitation in rapidly changing sectors, undermines legitimacy and performance alike.

This insight challenges normative prescriptions in the ambidexterity literature that privilege integration or balance as universal ideals. Instead, the findings suggest that ambidexterity effectiveness is inherently contingent, and that different calibrated expressions can be equally rational and defensible depending on context.

9.7.4 Boundary Conditions for Ambidexterity Theory

By foregrounding stakeholder- and sector-contingent calibration, this study identifies clear boundary conditions for ambidexterity theory. Models developed in private-sector contexts characterized by symmetric risk and discretionary governance cannot be uncritically applied to institutionally embedded organizations. In such contexts, ambidexterity capability is viable only insofar as it is calibrated to legitimacy thresholds and accountability regimes.

Accordingly, ambidexterity theory must shift from asking how organizations can achieve ambidexterity to under what institutional and sectoral conditions particular expressions of ambidexterity are sustainable. This reframing positions ambidexterity not as a universal organizational ideal, but as a contextually contingent strategic capability whose effectiveness depends on institutional fit.

9.8 Implications for Theory

This dissertation advances organizational ambidexterity theory by reframing ambidexterity as an institutionally constrained dynamic capability and by specifying the mechanisms, configurations, and boundary conditions through which it develops in state-owned enterprises. Rather than extending existing models incrementally, the findings challenge several implicit assumptions embedded in dominant ambidexterity frameworks and offer a more institutionally grounded account of how organizations manage exploration–exploitation tensions under asymmetric accountability.

9.8.1 Re-conceptualizing Ambidexterity as an Institutionally Constrained Dynamic Capability

First, the study re-conceptualizes organizational ambidexterity as a dynamic capability whose expression is conditioned by institutional constraints, rather than as a discretionary managerial choice or a purely structural solution. Prevailing ambidexterity theory often assumes symmetric risk, tolerance for failure, and governance environments that permit experimentation with limited reputational or political consequence. The cross-case evidence demonstrates that such assumptions do not hold in institutionally embedded organizations, where legitimacy and accountability fundamentally shape strategic choice. By positioning ambidexterity capability as institutionally constrained, this study extends dynamic capability theory beyond market-based adaptation to contexts in which institutional authorization precedes strategic action. Capability development depends not only on sensing, seizing, and reconfiguring processes, but also on the extent to which these processes are legitimized, buffered, and stabilized within governance regimes.

9.8.2 From Balance and Integration to Calibration and Configuration

Second, the findings shift the analytical focus of ambidexterity theory from balance and integration toward calibration and configuration. Rather than treating ambidexterity as an optimal balance or an integrated organizational form, the study reveals that organizations exhibit distinct ambidexterity configurations; constrained, emerging, mature, and integrated, reflecting contextually contingent expressions of an underlying capability.

This configuration-based perspective clarifies why organizations facing comparable environmental pressures may adopt divergent ambidexterity arrangements without one being inherently superior. Calibration emerges as a central theoretical construct, capturing how ambidexterity capability is selectively expressed under institutional constraint. This reframing resolves longstanding debates regarding structural versus contextual ambidexterity by positioning both as alternative calibrated expressions rather than competing paradigms.

9.8.3 Elucidating Process Mechanisms under Institutional Constraint

Third, the study contributes to ambidexterity theory by identifying the process mechanisms through which institutional constraints are translated into organizational outcomes. Leadership mediation, risk buffering, structural insulation and selective integration, and legitimacy reinforcement operate jointly to enable, constrain, or reconfigure ambidexterity capability over time.

Importantly, these mechanisms function as processual pathways rather than independent causal variables. Their interaction explains variation in ambidexterity capability trajectories among organizations subject to similar institutional environments. This process-

oriented account enriches ambidexterity theory by foregrounding sequencing, interpretation, and stabilization rather than static design choices.

9.8.4 Specifying Boundary Conditions for Ambidexterity Theory

Fourth, the findings specify clear boundary conditions for ambidexterity theory. Models developed in private-sector contexts characterized by discretionary governance and symmetric risk cannot be uncritically generalized to institutionally embedded organizations. In such settings, ambidexterity capability is viable only insofar as it aligns with legitimacy thresholds, sectoral risk profiles, and stakeholder expectations.

By explicitly theorizing stakeholder- and sector-contingent calibration, this study responds to calls for greater contextualization in ambidexterity research. It illustrates that ambidexterity effectiveness is not universal, but contingent on institutional fit. This insight extends ambidexterity theory into public-sector and regulated environments while cautioning against normative prescriptions that privilege integration or maximization as generalizable ideals.

9.8.5 Integrating Ambidexterity and Institutional Theory

Finally, the dissertation contributes to the integration of ambidexterity and institutional theory by showing that institutional structures do not merely constrain adaptation, but actively constitute the conditions under which adaptive capabilities emerge. Ambidexterity capability is socially and institutionally enabled, not simply internally accumulated. This perspective reframes adaptation as an institutionally mediated

achievement, shifting analytical attention from managerial choice toward the co-evolution of organizations and governance systems.

Together, these theoretical implications reposition ambidexterity as a contextually grounded strategic capability whose development and effectiveness depend on the calibrated interaction between organizational processes and institutional conditions over time.

9.9 Implications for Practice

This section translates the theoretical insights developed in this chapter into actionable implications for executives and policymakers operating under institutional constraint. Consistent with the framing of ambidexterity as an institutionally constrained dynamic capability, the implications emphasize strategic judgment, governance design, and contextual calibration rather than prescriptive context-sensitive guidance or universal solutions.

9.9.1 Implications for Executives in State-Owned Enterprises

For executives, the findings underscore that ambidexterity is not achieved by maximizing innovation or mimicking private-sector organizational forms, but by enabling calibrated expressions of ambidexterity capability that remain defensible within governance and accountability regimes.

First, executives should recognize that leadership agency in institutionally embedded organizations is exercised primarily through mediation rather than discretion. Effective leaders frame exploration in ways that align with public mandates, legitimacy expectations, and sectoral norms, thereby expanding the feasible space for experimentation without

provoking institutional resistance. This involves sequencing initiatives, managing narratives, and selectively buffering risk rather than pursuing disruptive change prematurely.

Second, executives should attend explicitly to risk-buffering arrangements. Where exploratory initiatives are evaluated through the same accountability lenses as exploitative operations, ambidexterity capability will remain constrained. Establishing protected spaces, such as innovation units, holding-level initiatives, or sandbox arrangements, can enable learning-oriented experimentation while preserving operational reliability. However, insulation must be paired with pathways for selective integration to avoid decoupling exploration from organizational impact.

Third, executives should treat ambidexterity calibration as an ongoing judgment task rather than a one-time structural choice. As institutional conditions, stakeholder expectations, and sectoral dynamics shift, the appropriate expression of ambidexterity capability must be recalibrated. This requires continuous monitoring of legitimacy thresholds and performance signals rather than adherence to static organizational designs.

9.9.2 Implications for Boards, Owners, and Policymakers

For boards, state owners, and policymakers, the findings highlight that governance design plays a constitutive role in shaping organizational adaptability. Ambidexterity capability is unlikely to emerge where governance frameworks impose asymmetric downside risk without corresponding mechanisms for learning and recovery.

Clarifying ownership objectives, separating regulatory oversight from value creation, and providing credible risk-buffering mechanisms can materially expand the strategic discretion available to executives without undermining accountability. Importantly, enabling

ambidexterity does not require relaxing standards or tolerating misconduct; rather, it involves reframing accountability to distinguish good-faith experimentation from malfeasance.

Finally, policymakers should recognize that innovation mandates alone are insufficient. Without complementary governance reform and legitimacy reinforcement, such mandates risk remaining symbolic. Ambidexterity capability is sustained not through exhortation, but through institutionally coherent signals that align incentives, accountability, and strategic time horizons.

9.10 Summary

This chapter reveals that ambidexterity in Indonesian state-owned enterprises unfolds through non-linear capability trajectories shaped by the interaction of organizational factors and institutional forces. Rather than converging on a single optimal configuration, firms calibrate ambidexterity in response to sectoral conditions and stakeholder expectations. A consistent cross-case pattern is that cultural adaptation lags behind structural and governance reform: even when formal space for exploration expands, risk-averse and compliance-oriented norms persist, rendering ambidexterity development uneven and fragile and underscoring the need for sustained leadership engagement.

More broadly, the findings show that effective ambidexterity depends less on structural form than on strategic judgment exercised under institutional constraint. Ambidexterity is neither universally attainable nor uniformly desirable; it must be calibrated to governance tolerance and organizational readiness. Attempts to accelerate exploration without legitimacy, risk buffering, and cultural reinforcement risk destabilizing core operations and eroding institutional support. The next chapter translates these insights into an

executive-facing toolkit, offering diagnostic questions and calibration logic to support leaders and policymakers in making context-sensitive ambidexterity decisions over time.

While these implications clarify how ambidexterity capability is shaped under institutional constraint, they do not yet provide guidance on how executives might diagnose, calibrate, or act upon these dynamics in practice. Chapter 10 therefore translates the analytical insights developed here into an executive ambidexterity toolkit, designed to support strategic judgment under conditions of constrained discretion.

CHAPTER 10

EXECUTIVE AMBIDEXTERITY TOOLKIT: STRATEGIC JUDGMENT UNDER INSTITUTIONAL CONSTRAINT

10.1 Purpose and Positioning of the Executive Ambidexterity Toolkit

This chapter translates the conceptualization of organizational ambidexterity developed in this dissertation into a practical, judgment-oriented toolkit for executives operating under institutional constraint. It does not advance new theory, redefine ambidexterity, or propose prescriptive organizational designs. Rather, it operationalizes the core insight established in Chapters 2 and 9: that ambidexterity is best understood as an institutionally constrained dynamic capability, whose expression must be calibrated to governance structures, legitimacy expectations, sectoral risk profiles, and accountability regimes.

Accordingly, the Executive Ambidexterity Toolkit is intended as a decision-support heuristic rather than a developmental roadmap or best-practice template. It does not assume that organizations is intended to converge toward any particular ambidexterity configuration, nor that greater exploration or integration is inherently superior. Instead, the toolkit supports executives in diagnosing their organization's current ambidexterity configuration, assessing the institutional conditions under which it operates, and exercising strategic judgment about which expressions of ambidexterity capability are viable and defensible at a given point in time. Configurations are diagnostic descriptors of current capability expression, not prescribed development stages.

The toolkit is explicitly designed for institutionally embedded organizations, particularly state-owned enterprises, where strategic discretion is socially authorized rather than freely exercised. In such contexts, executive leadership is enacted primarily through mediation rather than discretion: framing exploration in legitimacy-preserving ways, sequencing initiatives to manage risk exposure, and aligning organizational action with governance expectations. The tools presented in this chapter therefore emphasize calibration, fit, and sustainability rather than optimization or transformation for its own sake.

By maintaining conceptual continuity with the theoretical framework while adopting accessible, practice-oriented language, this chapter ensures that executive guidance remains theoretically grounded without becoming theoretically expansive. Its purpose is to support informed judgment under constraint, not to substitute judgment with formulaic solutions.

The Executive Ambidexterity Toolkit is not a decision rule or prescriptive model. It is a structured judgment aid designed to help executives reason through trade-offs under institutional constraint. Its value lies in making implicit assumptions about risk, legitimacy, and sequencing explicit not in standardizing decisions or substituting for executive responsibility. The toolkit employs the same construct definitions used throughout the dissertation, particularly calibration, ambidexterity capability, institutional constraint, and executive judgment, as summarized in Appendix A, thereby preserving conceptual alignment between academic analysis and executive application.

10.2 Core Executive Diagnostic Questions

This section is designed to support executive sensemaking rather than analytical completeness. The questions that follow are intended to surface judgment calls, institutional

trade-offs, and governance realities that cannot be resolved through technical analysis or transformation playbooks alone.

The toolkit is diagnostic rather than prescriptive. Before launching structural reforms or innovation programs, executives must first assess whether ambidexterity is institutionally feasible in their organization and at what level. Drawing on the cross-case findings, five diagnostic questions are particularly salient.

First, where is the organization on its ambidexterity trajectory? Leaders should assess whether their organization operates under constrained, emerging, mature, or integrated ambidexterity. This judgment should be grounded in observable practices, decision rights, and outcomes rather than stated strategy or aspiration.

Second, is exploration genuinely legitimate or merely encouraged in rhetoric? In several cases, exploratory initiatives existed formally but lacked protection from regulatory or political sanction. Executives must determine whether exploration is supported by governance arrangements, performance contracts, and risk-buffering mechanisms, or whether it is symbolically endorsed but practically penalized.

Third, where does exploratory risk actually sit? Ambidexterity is more likely to develop when innovation risk is absorbed at the organizational or portfolio level rather than individualized at the level of managers or project leaders. Leaders should examine whether failure is treated as system-level learning or as a personal accountability breach.

Fourth, is cultural resistance the problem or a rational response to risk? The findings indicate that culture often lags exploratory success rather than drives it. Executives should distinguish between resistance that reflects rational adaptation to institutional risk and resistance that persists despite clear structural and governance support for exploration.

Fifth, is current performance stability reducing the urgency to adapt?

Strong exploitative performance can paradoxically crowd out exploration by satisfying key stakeholders. Leaders must assess whether short-term success is unintentionally suppressing long-term adaptive investment.

Together, these questions help executives locate their organization along its ambidexterity trajectory. Rather than prescribing steps, the findings are organized around configuration-contingent priorities. Table 10.1 links ambidexterity configurations to leadership focus areas, dominant institutional constraints, and appropriate strategic emphases, clarifying trade-offs and supporting informed judgment rather than uniform solutions.

Table 10.1 Diagnostic Framework for Assessing Current Ambidexterity Configuration

Diagnostic Signal	**Constrained**	**Emerging**	**Mature**	**Integrated**
Exploration tolerance	Minimal	Selective	Structured	Embedded
Risk asymmetry	Extreme	High	Moderate	Managed
Structural separation	None	Partial	Clear	Hybrid
Leadership role	Compliance-oriented	Legitimizing	Orchestrating	Integrative
Dominant concern	Reliability	Harmonization	Renewal	Balance

Note. Executive diagnostic tool developed by the author.

Table 10.1 is intended to be interpreted as a comparative synthesis, not as a maturity ladder or a sequence of required transitions. The configurations do not imply superiority or linear progression; instead, they reflect empirically observed patterns of how organizations calibrate exploitation and exploration under varying institutional conditions. Effective

executive judgment lies in recognizing contextual fit and avoiding interventions that exceed institutional tolerance or undermine exploitative reliability.

10.3 Ambidexterity Calibration Matrix

Building on the cross-case analysis in Chapter 9, ambidexterity is translated here from an explanatory capability trajectory into an executive calibration logic. The Ambidexterity Calibration Matrix is presented in Table 10.2

Table 10.2 *Ambidexterity Calibration Matrix*

Institutional Constraint \ Capability Maturity	**Low Capability**	**Moderate Capability**	**High Capability**
High constraint / low tolerance	Constrained ambidexterity	Emerging ambidexterity	Emerging ambidexterity
Moderate constraint	Constrained ambidexterity	Emerging ambidexterity	Mature ambidexterity
Low constraint / high tolerance	Emerging ambidexterity	Mature ambidexterity	Integrated ambidexterity

Note. Executive diagnostic tool developed by the author.

Table 10.2 synthesizes the empirically observed configurations by positioning ambidexterity as a context-contingent dynamic capability shaped jointly by institutional constraint and strategic renewal pressure, rather than as a universal or linear maturity model. Building on the cross-case analysis in Chapter 9, ambidexterity is translated here from an explanatory capability trajectory into an executive calibration logic.

Table 10.3 presents the core visual logic of the executive ambidexterity toolkit. The matrix positions organizational ambidexterity configurations across two dimensions: (1) the degree of institutional constraint (low to high), reflecting regulatory intensity, public accountability, and political oversight; and (2) the level of strategic renewal pressure (low to high), reflecting technological disruption, competitive threat, and mandate evolution.

This matrix depicts ambidexterity as a calibration problem rather than a maximization objective. Constrained, emerging, mature, and integrated ambidexterity represent distinct configurations shaped by the interaction between institutional constraint and renewal pressure. The matrix is intended as a decision-support heuristic, not a developmental pathway: movement across configurations is neither linear nor inevitable, and regression may occur following leadership turnover, governance change, or external shocks. Effective ambidexterity depends on disciplined alignment between the scope, form, and pace of exploration and prevailing institutional conditions.

10.4 Strategic Moves by Ambidexterity Configuration

This section translates cross-case evidence into executive priorities, not implementation instructions. Its purpose is to clarify which strategic levers matter most under different ambidexterity configurations, recognizing that execution must be adapted to governance context and mandate.

In constrained ambidexterity, leaders must prioritize legitimacy and risk buffering by creating protected space for public-value-oriented exploration; cultural change is unlikely without institutional protection. In emerging ambidexterity, the focus shifts to scaling

without destabilization through integration of successful pilots, incentive alignment, and strengthened middle-management capability.

Table 10.3 *Ambidexterity as a Calibration Matrix under Institutional Constraint and Renewal Pressure*

Strategic Renewal Pressure ↓ / Institutional Constraint →	**Low Institutional Constraint**	**High Institutional Constraint**
High Strategic Renewal Pressure	Mature Ambidexterity Ambidexterity is sustained through portfolio-based exploration alongside stable exploitation. Structural differentiation is complemented by selective coordination and leadership-mediated integration. The primary risk is fragmentation rather than inertia.	Emerging Ambidexterity Exploration is institutionally legitimate but remains selectively protected. Structural buffering, pilots, and gradual scaling dominate. Capability development is uneven and highly sensitive to governance tolerance.
Low Strategic Renewal Pressure	Integrated Ambidexterity (Rare and Fragile) Exploration and exploitation are deeply interwoven within core organizational processes. This configuration depends on leadership continuity and governance stability and is vulnerable to institutional shock or succession.	Constrained Ambidexterity Exploration is tightly bounded and primarily legitimacy-driven. Organizational attention is oriented toward reliability, compliance, and exploitative performance. Innovation occurs incrementally and episodically.

Note. Executive diagnostic tool developed by the author.

Consistent leadership narratives are essential to prevent fragmentation; in mature ambidexterity, priorities shift from further differentiation to boundary management, with key

risks including internal competition and erosion of shared identity. Integrated ambidexterity, while high-capability, remains fragile, requiring attention to succession planning, governance stability, and institutional continuity. The Executive Ambidexterity Toolkit consolidates these insights into a practical framework for managerial judgment.

Table 10.4 Ambidexterity Calibration Matrix: Aligning Configuration with Institutional Context

Configuration	**Sectoral Risk**	**Institutional Tolerance**	**Performance Priority**	**Key Enabling Mechanisms**	**Risk if Over-Extended**	**Risk if Under-Developed**
Constrained	Very high (safety-critical)	Very low	Reliability, compliance	Risk buffering, legitimacy translation	Regulatory sanction, mandate failure	Long-term rigidity
Emerging	High (integration / reform phase)	Low–moderate	Stabilization, harmonization	Sequencing, structural shielding	Operational disruption	Strategic stagnation
Mature	Moderate (competitive & regulated)	Moderate	Efficiency with renewal	Shielding, portfolio reconfiguration	Resource dilution	Loss of competitiveness
Integrated	Lower (digital / financial services)	Higher	Continuous renewal	Portfolio reconfiguration, leadership integration	Strategic incoherence	Technological obsolescence

Note. Executive diagnostic tool developed by the author.

Rather than prescribing context-sensitive guidance, it supports diagnosis, sequencing, and calibration of ambidexterity under institutional constraint. Table 10.4 summarizes recurring

governance mechanisms and leadership actions observed across cases. These mechanisms are context-contingent, not checklists, and in highly regulated or safety-critical sectors their absence may reflect deliberate institutional restraint rather than organizational deficiency.

The toolkit emphasizes that ambidexterity effectiveness depends less on the presence of exploratory initiatives than on their alignment with governance expectations and organizational readiness. In constrained contexts, legitimacy must precede experimentation; in emerging contexts, structural protection is essential; and in mature contexts, reintegration requires careful management to avoid fragmentation or cultural bifurcation. These strategic moves are not linear prescriptions but calibrated responses to institutional conditions. Accordingly, the below table is intended to support reflective governance deliberation and calibrated decision-making, consistent with the executive judgment logic articulated in Table 10.1.

To translate analysis into executive action, the toolkit functions as a decision aid that helps leaders align strategic posture with institutional conditions: prioritize legitimacy under high constraint, expand protected experimentation as governance clarity increases, reintegrate exploration as capability matures, and focus on continuous calibration once ambidexterity is integrated. Indicative strategic moves are summarized in Table 10.5.

Table 10.5 *Strategic Moves - Ambidexterity Configuration*

Ambidexterity Configuration	Core Organizational Condition	Primary Strategic Risk	Recommended Strategic Move	Executive Rationale
Constrained Ambidexterity	Strong exploitative capability; exploration tightly bounded by regulation, safety, or public accountability	Premature or illegitimate exploration triggering institutional or political backlash	Build legitimacy before exploration	When institutional tolerance for failure is low, leaders must first secure regulatory endorsement, stakeholder alignment, and risk buffering. Exploration should be framed as mandate-consistent and socially legitimate before resources are committed.
Emerging Ambidexterity	Exploratory intent present but fragile; exploitative routines still dominant	Exploration crowded out by short-term performance pressures	Create structural buffers for exploration	Structural separation (e.g., innovation units, sandboxes, ring-fenced budgets) protects exploration from operational and political pressures, allowing capability to develop without destabilizing core operations.
Mature Ambidexterity	Established exploratory and exploitative capabilities operating in parallel	Fragmentation, duplication, or cultural bifurcation	Manage reintegration risk deliberately	As exploration scales, leaders must selectively reintegrate successful initiatives into the core organization while preserving operational reliability and avoiding erosion of exploitative excellence.

Note. Executive diagnostic tool developed by the author.

10.5 Executive Insight: Calibrating Ambidexterity Across Eleven Organizational Dimensions

In state-owned enterprises, ambidexterity is not a single decision or leadership trait, but a system-level capability expressed across multiple organizational dimensions. Effective executives recognize that tensions between operational reliability and transformation manifest differently across strategy, structure, leadership, culture, governance, incentives, and resource allocation. Because experimentation carries asymmetric risk, ambidexterity cannot be pursued uniformly or aggressively across all dimensions at once. Instead, leaders must diagnose where their organization is constrained or over-reliant on exploitation, and deliberately calibrate exploratory initiatives; sequencing change, buffering risk, and aligning innovation with governance expectations. When managed in this way, ambidexterity becomes a disciplined process of capability development rather than an episodic or discretionary choice, enabling SOEs to strengthen future readiness while preserving legitimacy, accountability, and core performance.

These risks do not signal failure, but common points of misalignment where ambidexterity requires deliberate recalibration rather than escalation.

The calibration principles provide executives with a disciplined logic for exercising ambidexterity under institutional constraint. Rather than prescribing uniform innovation intensity or best practices, the principles emphasize judgment, sequencing, and contextual fit across organizational dimensions. In state-owned enterprises, where discretion is conditioned by governance exposure and public accountability, ambidexterity failures often arise not from insufficient ambition but from misalignment between the pace, visibility, and location of exploratory activity.

Table 10.6 *Executive Miscalibration Risks Across the Eleven Ambidexterity Dimensions*

Ambidexterity Dimension	Typical Executive Miscalibration Risk
Strategic Intent	Over-articulating transformation ambition without clarifying sequencing or near-term operational protection
Leadership Orientation	Relying on personal advocacy for innovation rather than institutionalizing shared ambidexterity accountability
Organizational Structure	Creating exploratory units without sufficient integration mechanisms, leading to isolation or symbolic innovation
Governance & Oversight	Applying uniform control and compliance standards to exploratory initiatives, suppressing learning and adaptation
Resource Allocation	Funding exploration episodically or opportunistically rather than through protected, staged investment pathways
Performance Management	Evaluating exploratory initiatives using short-term efficiency or financial metrics, prematurely labeling them as failures
Incentives & Rewards	Incentivizing risk avoidance through compliance-heavy appraisal systems that discourage responsible experimentation
Organizational Culture	Promoting innovation rhetorically while reinforcing blame-oriented responses to failure
Capabilities & Skills	Assuming existing operational capabilities can be stretched to support exploration without deliberate capability building
Processes & Routines	Overlaying exploratory work onto exploitative routines, creating overload rather than learning
External Alignment	Underestimating political, regulatory, or stakeholder reactions to innovation timing and visibility

Note. Executive diagnostic tool developed by the author.

The principles therefore guide leaders to first diagnose where constraints are binding, then calibrate exploration in ways that protect operational reliability, preserve legitimacy, and sustain managerial discretion over time. Used together with the diagnostic framework and calibration matrix, these principles support executive sensemaking about *where* change is feasible, *how* it should be staged, and *when* risk must be buffered rather than accelerated.

Calibration Principles for Executives are as following:

Principle 1: Diagnose Before You Accelerate

Do not assume ambidexterity gaps are uniform. Use the diagnostic to identify where exploitation is over-dominant and where exploration is institutionally feasible before initiating change.

Principle 2: Sequence, Do Not Saturate

Effective ambidexterity rarely advances across all dimensions simultaneously. Prioritize a small number of dimensions where calibration can generate momentum without destabilizing core operations.

Principle 3: Buffer Risk Where Scrutiny Is Highest

Where political, regulatory, or public accountability is intense, exploratory initiatives require stronger governance buffering, clearer mandates, and staged exposure.

Principle 4: Protect Legitimacy as a Strategic Asset

Innovation that undermines trust, compliance, or service reliability erodes future discretion. Sustained ambidexterity depends on preserving institutional legitimacy alongside capability development.

Principle 5: Treat Ambidexterity as Capability, Not Heroics

Ambidexterity is intended to be embedded in structures, processes, and governance and not dependent on individual leaders or episodic transformation programs.

These questions are intended to guide executive reflection and calibration, not to generate mechanical scores or rankings. Table 10.7 integrates the eleven diagnostic dimensions by mapping the balance between exploitation and exploration against institutional constraint and governance exposure. The executive questions above are designed

to position each dimension within this matrix, enabling leaders to assess whether a given capability is under-calibrated, mis-calibrated, or appropriately calibrated relative to organizational context. Importantly, movement within the matrix reflects deliberate sequencing and risk buffering rather than linear progression or maturity advancement. The matrix therefore supports executive judgment about *where* and *how* ambidexterity should be strengthened without assuming uniform advancement across dimensions.

Table 10.7 *Executive Diagnostic Questions for Ambidexterity Calibration*

Ambidexterity Dimension	Executive Calibration Question
Strategic Intent	Are our transformation ambitions explicitly sequenced to protect near-term service reliability and performance legitimacy?
Leadership Orientation	Is ambidexterity institutionally shared across the top team, or dependent on individual executive advocacy?
Organizational Structure	Do exploratory units have sufficient linkage to core operations to enable learning without compromising stability?
Governance & Oversight	Are governance controls differentiated to allow learning in exploration while maintaining accountability and risk containment?
Resource Allocation	Are exploratory initiatives supported through staged, protected investment rather than discretionary or episodic funding?
Performance Management	Do our performance metrics distinguish between learning progress and efficiency outcomes across exploitative and exploratory work?
Incentives & Rewards	Do incentives encourage responsible experimentation, or do they unintentionally reinforce risk avoidance and short-termism?
Organizational Culture	Are signals about innovation reinforced by everyday managerial responses to setbacks, not just strategic rhetoric?
Capabilities & Skills	Have we deliberately built exploratory capabilities, or are we assuming they will emerge from existing operational strengths?
Processes & Routines	Are exploratory activities supported by adaptive routines, or overlaid onto exploitative processes that constrain learning?
External Alignment	Is the timing and visibility of innovation aligned with political, regulatory, and stakeholder expectations to preserve discretion?

Note. Executive diagnostic tool developed by the author.

10.6 Governance and Policy Implications

The implications outlined in this section operate at the level of governance design and oversight rather than operational management. They are intended to inform board deliberation, ownership strategy, and policy calibration, not implementation detail.

For state owners and holding companies, the findings demonstrate that governance architecture is decisive for enabling ambidexterity capability. Clear separation between ownership and regulation, portfolio-level risk absorption, and mandate clarity expand the strategic space for exploration without undermining accountability.

Boards play a critical mediating role in this process. When exploratory initiatives are evaluated solely through short-term financial metrics, ambidexterity capability is unintentionally suppressed. By contrast, differentiated evaluation horizons and explicit tolerance for bounded failure enable balanced capability development while preserving fiduciary responsibility.

For holding-level entities and governmental oversight bodies, ambidexterity depends not only on monitoring performance but on actively designing the conditions for adaptation. Portfolio-level risk buffering and differentiated performance expectations expand discretionary space for responsible exploration, whereas uniform metrics and ambiguous mandates amplify perceived downside risk and discourage innovation.

10.7 Limits and Appropriate Use of the Toolkit

It is important to clarify the limits and appropriate use of the Executive Ambidexterity Toolkit. The toolkit is not intended to predict performance outcomes,

prescribe organizational change, or determine the optimal level of exploration or exploitation. Consistent with the theoretical arguments advanced in this dissertation, ambidexterity capability does not guarantee superior performance in a uniform or immediate sense. Performance outcomes remain contingent on institutional context, stakeholder expectations, and temporal dynamics. The toolkit is intended as a diagnostic and sensemaking aid, not as a prescriptive or universally optimal solution

The diagnostic scores and visualizations presented in this toolkit are designed to support executive reflection and strategic judgment. They should not be interpreted as benchmarks, performance ratings, or mechanistic decision rules. The assessment provides a structured qualitative lens for understanding ambidexterity capability under institutional constraint and is most appropriately used as a basis for dialogue, sensemaking, and scenario exploration rather than as a prescriptive or standardized evaluation tool.

The toolkit should therefore be used as a reflective and diagnostic instrument that supports executive judgment rather than replaces it. It is most valuable when applied iteratively and in conjunction with informed understanding of governance constraints, legitimacy thresholds, and sectoral risk. Misuse may occur if the toolkit is treated as a scoring device, a maturity model, or a mandate to pursue increased exploration irrespective of institutional conditions. Such applications risk undermining legitimacy, amplifying accountability exposure, and destabilizing core operations.

Moreover, the toolkit does not assume that movement across ambidexterity configurations is linear, desirable, or irreversible. Organizations may remain in constrained or emerging configurations for extended periods without failure, particularly in safety-critical or highly regulated environments. In such contexts, constrained ambidexterity may represent

a rational and sustainable expression of ambidexterity capability rather than a deficiency to be corrected.

10.7.1 Clarifying the Appropriate Use of the Executive Ambidexterity Toolkit

The executive ambidexterity toolkit presented in this chapter is intended as a diagnostic and sensemaking aid to support strategic reflection, leadership dialogue, and governance conversations under institutional constraint. It is not designed for mechanical scoring, benchmarking across organizations, or formulaic prescription. The toolkit is intended to be used to surface trade-offs, clarify institutional boundaries, and guide judgment about calibration rather than to rank firms, expand configurations, or substitute for executive discretion. Its value lies in structured reflection and informed deliberation, not in algorithmic decision-making.

Finally, the toolkit is designed to complement, not substitute for, formal governance processes. Its insights is intended to be interpreted alongside board oversight, regulatory guidance, and public accountability mechanisms. When used appropriately, the toolkit can enhance strategic dialogue by making trade-offs explicit and clarifying the institutional conditions under which different expressions of ambidexterity capability are feasible.

In sum, the Executive Ambidexterity Toolkit is best understood as a structured aid to executive sensemaking. Its value lies not in prescribing what organizations is intended to become, but in helping leaders assess which forms of ambidexterity are institutionally viable, strategically coherent, and sustainable over time.

CHAPTER 11

CONCLUSION, CONTRIBUTIONS, AND IMPLICATIONS

11.1 Purpose of the Conclusion

This chapter synthesizes the central insights of the dissertation by integrating theoretical arguments, empirical findings, and practical implications. The study set out to examine how organizational ambidexterity develops and evolves within Indonesian state-owned enterprises (SOEs) operating under conditions of institutional constraint. By conceptualizing ambidexterity as an institutionally constrained dynamic capability, the dissertation aimed to explain how organizations balance reliability and transformation when strategic discretion is shaped by governance structures, public accountability, and political oversight.

This concluding chapter summarizes the study's key findings, articulates its contributions to knowledge, identifies practical implications, acknowledges limitations, and outlines directions for future research. It also reflects on the broader significance of ambidexterity capability for organizations operating in institutionally embedded environments.

11.2 Summary of Findings

The findings of this study demonstrate that organizational ambidexterity in state-owned enterprises does not arise from discrete structural choices or managerial trade-offs. Instead, it emerges through an evolving alignment between organizational action and institutional context, as leaders interpret mandates, organizations adapt practices, and

governance arrangements shape the boundaries within which change is authorized and sustained.

Ambidexterity does not follow a linear or uniform trajectory. Rather, it takes shape through ongoing interaction between internal organizational dynamics and external governance conditions. Variation in how organizations advance, stabilize, or stall reflects differences in institutional permission, leadership interpretation, and the capacity to maintain legitimacy while pursuing renewal. These patterns indicate that ambidexterity is neither a fixed organizational state nor a one-time strategic decision, but a capability that unfolds over time under conditions of constraint.

Taken together, these findings address the study's research questions by clarifying how ambidexterity develops within state-owned enterprises through internal organizational processes, how governance and institutional conditions shape its scope and limits, and why distinct patterns of capability development emerge over time. Organizational ambidexterity in state-owned enterprises therefore constitutes an institutionally constrained, governance-mediated adaptive capability, whose effectiveness depends less on the intensity of innovation or the degree of operational separation than on the organization's ability to navigate competing expectations of reliability, accountability, and transformation. Ambidexterity thus represents not only an organizational competence, but a governance achievement shaped by the alignment of institutional design, leadership judgment, and adaptive organizational practice.

11.3 Contribution to Knowledge

This dissertation contributes to scholarly understanding of organizational ambidexterity, institutional governance, and state-owned enterprise transformation by developing an integrated theoretical and empirical explanation of how adaptive capabilities emerge under conditions of public accountability and governance constraint. For ease of reference, the core constructs that anchor the dissertation's theoretical contribution are consolidated in Appendix A, where organizational ambidexterity is defined as an institutionally constrained dynamic capability enacted through calibrated executive judgment.

Although empirically grounded in Indonesia, the institutional dynamics examined in this study resonate with broader transformations in state capitalism and sovereign portfolio governance globally. Recent reforms such as the strengthening of BP BUMN oversight and the establishment of Danantara reflect an emerging international pattern in which states seek to enhance enterprise agility while preserving accountability and fiscal discipline. The mechanisms identified here therefore travel beyond the Indonesian context by illuminating how governance redesign can expand or compress the strategic space for ambidexterity in institutionally embedded enterprises.

11.3.1 Contribution to Organizational Ambidexterity Theory

The study advances ambidexterity scholarship by re-conceptualizing ambidexterity as an institutionally constrained dynamic capability. While dominant ambidexterity research has often treated ambidexterity as a structural balance, contextual equilibrium, or managerial decision outcome, this research demonstrates that ambidexterity in state-owned enterprises is

fundamentally shaped by governance structures, public accountability, and legitimacy requirements. In state-owned enterprises, senior leaders act as institutional integrators, exercising judgment to align exploratory initiatives with governance expectations, regulatory accountability, and organizational legitimacy.

By shifting analytical attention from discretionary managerial choice toward governance-mediated capability development, the dissertation extends ambidexterity theory beyond private-sector assumptions of symmetric risk tolerance and managerial autonomy. The findings show that ambidexterity capability evolves through institutional calibration, leadership mediation, and legitimacy reinforcement rather than through static organizational design solutions.

11.3.2 Contribution to Dynamic Capability Theory

This study extends dynamic capability theory by illustrating how sensing, seizing, and transforming processes operate under multi-layer governance constraint. Whereas traditional dynamic capability research often assumes unified strategic authority within firms, this dissertation reveals that capability development in state-owned enterprises is shaped by distributed governance authority across regulatory, investment, and operational domains.

The research introduces the concept of governance-mediated dynamic capability, highlighting how institutional actors influence capability activation, sequencing, and sustainability. This perspective expands dynamic capability theory into institutionally embedded organizational environments.

11.3.3 Contribution to Institutional Governance and State-Owned Enterprise Research

This dissertation provides one of the earliest theory-driven academic examinations of Indonesia's post–Law No. 16 of 2025 governance reform and the emergence of Danantara as a portfolio-level investment governance institution. While existing literature has examined SOE reform primarily from legal, policy, and economic perspectives, this study offers a theoretically integrated analysis of how governance restructuring influences organizational capability development and strategic behavior.

By mapping Indonesia's triangular and multi-level governance architecture, the research demonstrates how ownership restructuring, regulatory oversight separation, and investment holding mechanisms reshape managerial discretion, risk distribution, and innovation legitimacy.

11.3.4 Contribution Through Configuration-Based Understanding of Ambidexterity

The dissertation develops a configuration-based analytical framework that identifies four empirically grounded ambidexterity capability expressions: constrained, emerging, mature, and integrated ambidexterity. Rather than treating ambidexterity as a binary or equilibrium state, this framework conceptualizes ambidexterity as a temporally evolving capability that develops through non-linear trajectories influenced by institutional reform, leadership transitions, and environmental disruption.

11.3.5 Contribution to Process-Based Understanding of Organizational Transformation

The study identifies recurring cross-case mechanisms explaining how ambidexterity capability emerges under institutional constraint, including leadership mediation, risk buffering, structural insulation, and legitimacy reinforcement. These mechanisms provide

micro-foundational explanations linking institutional design with organizational behavior and capability development.

11.3.6 Methodological Contribution

The dissertation contributes methodologically by integrating longitudinal qualitative case analysis with a structured ambidexterity capability assessment framework. By combining process tracing, abductive coding, and cross-case comparative analysis, the study reveals how qualitative methods can systematically examine dynamic capability development within institutionally embedded organizational contexts.

11.3.7 Practical and Professional Contribution

Beyond theoretical advancement, the dissertation develops an executive ambidexterity diagnostic and calibration framework that translates theoretical insights into actionable guidance for executives, policymakers, and governance stakeholders responsible for managing transformation within state-owned enterprises.

This study also speaks to renewed debates on creative destruction and organizational survival in the public sector. In principle, creative destruction can apply to state-owned enterprises: some may fail to adapt and therefore require radical restructuring, merger, privatization, or exit. At the same time, many SOEs remain strategically indispensable for national development, infrastructure provision, and public value creation. Within this context, institutionally constrained ambidexterity can be understood as a survival and renewal capability at the organizational level and as an evaluative lens at the portfolio level, helping policymakers and ownership entities distinguish between enterprises that can

realistically be renewed and those for which exit or fundamental repurposing may be necessary.

11.3.8 Broader Scholarly Significance

Collectively, this dissertation demonstrates that adaptive capability in state-owned enterprises is not solely a managerial or structural phenomenon but a governance-mediated organizational process. By integrating ambidexterity, dynamic capability, and institutional governance perspectives, the research provides a comprehensive analytical framework for understanding organizational adaptability within complex public–commercial hybrid environments.

11.4 Practical Implications

The findings of this study yield practical implications for executives, boards and ownership bodies, and policymakers engaged in governing and leading institutionally embedded organizations, particularly state-owned enterprises. These implications align directly with the Executive Ambidexterity Toolkit presented in Chapter 10 and reinforce its positioning as a decision-support and diagnostic instrument rather than a prescriptive model.

For executives, the findings emphasize that ambidexterity is best approached as a matter of calibration and sequencing, not simultaneous maximization of exploration and exploitation. Effective executive judgment involves diagnosing the organization's current ambidexterity configuration, assessing institutional constraints and renewal pressures, and determining which forms of exploration are legitimate and feasible at a given point in time. Leaders must therefore focus on legitimizing and buffering exploratory initiatives,

embedding them within governance-aligned narratives, structures, and performance expectations. In this sense, executives act as institutional integrators, translating external accountability requirements into internally coherent transformation pathways while maintaining operational reliability and public legitimacy.

For boards and ownership bodies, the study highlights their central role in shaping the boundary conditions of executive discretion. Governance design influences not only strategic approval, but also how risk is perceived, allocated, and absorbed across the organization. The findings underscore the importance of risk-buffering mechanisms, clear ownership mandates, and performance legitimacy frameworks that explicitly recognize transformation and capability development alongside operational performance. Boards that align governance routines with calibrated ambidexterity, rather than treating innovation as exceptional or episodic, create the institutional space necessary for sustainable exploration without weakening accountability or oversight.

For policymakers, the research indicates that ambidexterity capability can be strengthened indirectly through governance reform that reshapes discretion rather than mandates outcomes. Legal clarification, ownership–regulation separation, and explicit legitimation of exploration function as institutional enablers that reduce asymmetric downside risk and restore organizational learning cycles. At the same time, the findings caution that innovation-oriented policy signals must be matched with corresponding adjustments to accountability and oversight mechanisms. Policy frameworks that align experimentation with transparency, auditability, and performance monitoring are more likely to expand adaptive capacity than those relying solely on aspirational targets or innovation rhetoric.

Taken together, these implications reinforce the core logic of the Executive Ambidexterity Toolkit: ambidexterity in institutionally embedded organizations is a judgment-intensive, governance-mediated capability. Its effectiveness depends not on optimization or mechanical balance, but on continuous diagnosis, calibration, and alignment across executive leadership, board oversight, and public policy design.

11.5 Limitations

Several limitations of this study should be acknowledged, each of which reflects deliberate theoretical and methodological choices rather than deficiencies in research design.

First, the study is empirically grounded in Indonesian state-owned enterprises operating within a distinctive governance and institutional environment. Indonesian SOEs are characterized by strong public mandates, evolving governance reform, asymmetric accountability, and heightened political and societal scrutiny. While the study intentionally leverages this context as a theoretically revealing setting for examining ambidexterity under institutional constraint, the mechanisms identified may manifest differently in other national or governance contexts. Variations in legal systems, ownership arrangements, regulatory capacity, and political norms may alter how discretion is buffered, how exploration is legitimized, and how ambidexterity capability evolves over time. Consequently, the findings are analytically transferable rather than statistically generalizable, and their applicability to other settings requires careful contextual interpretation rather than direct replication.

Second, the qualitative, longitudinal multiple-case design prioritizes analytic generalization and process explanation over statistical inference. The study does not seek to test variance-based hypotheses or establish universal causal relationships between

ambidexterity and performance. Instead, it aims to surface theoretically grounded mechanisms that explain how ambidexterity capability is enabled, constrained, and reconfigured under institutional conditions. While this approach provides rich explanatory insight and temporal depth, it necessarily limits claims regarding effect size, probability, or predictive validity. Readers should therefore interpret the findings as contributing to theory development and executive sensemaking rather than as offering generalizable prescriptions or causal laws.

Third, the ambidexterity assessment framework employed in the study relies on qualitative interpretation supported by triangulated evidence, including executive interviews, internal documents, and archival data. This interpretive approach enhances contextual sensitivity and preserves fidelity to the lived realities of institutional constraint, but it also limits comparability with large-sample quantitative measurement approaches commonly used in ambidexterity research. Although the use of a standardized eleven-dimension framework and explicit scoring criteria enhances transparency and cross-case comparability, the resulting assessments remain analytically heuristic rather than metrically precise. As such, the framework should be understood as a diagnostic and theory-building tool rather than a definitive measurement instrument.

Fourth, the study focuses primarily on senior executive and organizational-level perspectives. While this focus is appropriate given the central role of leadership mediation, governance alignment, and strategic discretion in the theoretical framework, it may underrepresent how ambidexterity is experienced and enacted at lower organizational levels, particularly among middle managers and frontline employees. Prior research suggests that these actors often bear disproportionate exposure to accountability risk and may interpret

institutional signals differently from senior leadership. The limited inclusion of these perspectives constrains the study's ability to fully capture micro-level behavioral dynamics and intra-organizational variation in ambidexterity enactment.

Finally, although the longitudinal design captures significant periods of reform, crisis, and transformation, the observation window remains bounded. Ambidexterity capability, as conceptualized in this study, unfolds over extended temporal horizons that may span multiple leadership cycles, political administrations, and regulatory regimes. Longer-term dynamics, including potential capability erosion, reversal, or institutional retrenchment, may not yet be fully observable within the timeframe analyzed.

11.5.1 Limitation Related to AI-Supported Data Processing

An additional limitation concerns the use of AI-assisted tools to support aspects of data processing and analysis. While AI-based semantic scanning and pattern-recognition tools supported the researcher in flagging potential linguistic patterns and overlooked thematic clusters, all analytic interpretation and thematic decisions remained the responsibility of the researcher, with AI tools used strictly as supplementary aids rather than autonomous analytic agents. All primary coding decisions, theme development, theoretical interpretation, and cross-case synthesis were conducted manually by the researcher, consistent with qualitative research best practices and the abductive analytical logic underpinning the study. Nevertheless, the use of AI-assisted tools introduces several methodological considerations.

First, AI systems operate on probabilistic pattern recognition and may privilege frequency, lexical similarity, or surface-level semantic associations, which do not necessarily

correspond to theoretically meaningful constructs or contextually embedded interpretations. Although all AI-flagged outputs were systematically verified against full transcripts and documentary evidence, there remains a residual risk that subtle nuances, culturally specific meanings, or institutionally embedded interpretations could be underemphasized or mischaracterized if over-relied upon.

Second, AI-assisted analysis is constrained by the quality, structure, and language of the underlying data. Executive interviews conducted in multilingual or context-specific managerial discourse may contain implicit meanings, rhetorical strategies, or politically sensitive framing that automated tools are less capable of interpreting accurately. While the researcher retained full interpretive authority, AI tools may still reflect biases inherent in their training data or analytic logic, potentially influencing which patterns are surfaced for further examination.

Finally, the evolving nature of AI tools and the absence of standardized methodological protocols for their use in qualitative organizational research limit direct comparability with prior studies. Although this study adopts a conservative and transparent approach, positioning AI as an auxiliary validation mechanism rather than a coding substitute, future readers should interpret AI-supported elements as enhancing analytic rigor through triangulation rather than as replacing human judgment or interpretive depth. Accordingly, the findings of this study rest fundamentally on human-led qualitative analysis, with AI serving only as a bounded, supportive instrument. The limitation lies not in the validity of the interpretations presented, but in the emergent nature of AI-assisted qualitative methods and the need for continued methodological refinement and shared standards within the field.

11.6 Directions for Future Research

Building on these limitations, several promising avenues for future research emerge.

First, future studies could extend the institutionally constrained dynamic capability framework to comparative cross-national settings. Examining SOEs or government-linked enterprises in jurisdictions with different legal traditions, ownership models, and accountability regimes, such as Singapore, Malaysia, China, or selected European economies, would enable systematic comparison of how institutional design shapes ambidexterity capability. Such research could refine boundary conditions, identify alternative risk-buffering mechanisms, and clarify which aspects of ambidexterity calibration are context-specific versus broadly generalizable.

Second, future research could integrate qualitative process analysis with quantitative or mixed-method designs. Survey-based studies or archival analyses informed by the dimensions and mechanisms identified in this dissertation could examine the prevalence and correlates of different ambidexterity configurations across larger samples of organizations. Rather than displacing qualitative insight, such work could complement it by testing theoretically informed propositions about institutional buffering, legitimacy thresholds, and discretionary space, thereby strengthening cumulative theory development.

Third, there is substantial opportunity to examine ambidexterity at multiple organizational levels. Future research could focus explicitly on middle management and frontline actors, investigating how institutional constraint, risk exposure, and performance evaluation systems shape their willingness and capacity to engage in exploratory behavior. Such studies would deepen understanding of how ambidexterity capability is translated, or

distorted, across hierarchical layers and how leadership mediation operates in practice rather than in intent.

Fourth, future research could explore the long-term dynamics of ambidexterity capability, including processes of erosion, stagnation, or regression. While much ambidexterity research emphasizes development and maturation, institutionally embedded organizations may also experience periods in which exploration is delegitimized, discretionary space contracts, or exploitative pressures reassert dominance. Longitudinal studies spanning longer time horizons could illuminate how ambidexterity capability is sustained, disrupted, or reconfigured across political cycles, leadership turnover, and shifts in public policy.

Finally, future work could extend the framework beyond state-owned enterprises to other institutionally embedded organizational forms, such as public agencies, regulated utilities, mission-oriented organizations, or hybrid public–private partnerships. While this dissertation deliberately avoids theorizing hybridity as a core construct, the mechanisms identified, risk buffering, legitimacy management, governance-mediated discretion, and calibrated exploration, may offer valuable insight into how ambidexterity operates in organizations where public accountability and institutional constraint remain salient.

Together, these avenues underscore that ambidexterity in institutionally embedded organizations is not a static condition to be optimized, but an evolving capability shaped by governance design, leadership judgment, and institutional context. Continued research along these lines can further refine ambidexterity theory while enhancing its relevance for organizations operating under conditions of constrained strategic discretion.

11.7 Final Reflection

This dissertation reveals that organizational ambidexterity in state-owned enterprises is not simply a matter of balancing exploration and exploitation. Rather, it constitutes a governance-mediated capability that takes shape through leadership judgment, institutional calibration, and cumulative organizational learning over time.

As governments increasingly rely on state-owned enterprises to address complex and evolving societal challenges, the capacity to sustain innovation without eroding public trust becomes critically important. The findings of this study indicate that effective transformation in institutionally embedded organizations does not depend on the removal of constraint, but on the strategic navigation and calibration of it. Ambidexterity capability therefore emerges not only as an organizational competence, but as a governance achievement, one that reflects the alignment of institutional design, leadership interpretation, and adaptive organizational practice.

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APPENDIX A

GLOSSARY OF CORE CONSTRUCTS

This appendix provides formal definitions of the core constructs used in the dissertation. The purpose is to ensure terminological consistency, analytical clarity, and theoretical defensibility across chapters. Definitions reflect how constructs are used analytically in this study, rather than serving as generic dictionary descriptions.

1. Ambidexterity Capability

Ambidexterity capability denotes the specific organizational dynamic capability through which exploitation and exploration are sustained, sequenced, and integrated over time within institutional limits. The term is used interchangeably with organizational ambidexterity capability to emphasize ambidexterity as a capability rather than as an outcome, structure, or managerial preference.

2. Ambidexterity Configuration

An ambidexterity configuration is an empirically observable manifestation of ambidexterity capability at a given point in time. This study identifies four ambidexterity configurations; constrained, emerging, mature, and integrated, which reflect different expressions of an underlying capability under shared institutional conditions rather than deterministic stages or normative end states.

3. Ambidexterity Capability Trajectory

An ambidexterity capability trajectory is the longitudinal pattern through which ambidexterity capability emerges, stabilizes, regresses, or becomes integrated across configurations over time. Trajectories are non-linear and contingent on institutional shifts, leadership mediation, and organizational learning; they represent empirically observable patterns of capability development under institutional constraint rather than sequential progression.

4. Calibration of Ambidexterity

Calibration of ambidexterity refers to the disciplined, selective expression of ambidexterity capability under specific institutional conditions. Calibration describes how sensing, seizing, and transforming activities are bounded, sequenced, or emphasized in response to governance expectations, institutional tolerance, legitimacy requirements, and accountability pressures. Calibration refers to how ambidexterity capability is selectively expressed under specific institutional conditions; it does not constitute a separate capability.

5. Calibrated Ambidexterity

Calibrated ambidexterity is the context-contingent expression of ambidexterity capability that reflects what forms of exploration, protection, and integration are institutionally defensible at a given level of capability maturity. Calibrated ambidexterity emphasizes appropriateness and sustainability under governance and accountability conditions rather than theoretical maximization or an optimal balance.

6. Executive Judgment

Executive judgment refers to senior leaders' interpretive and integrative capacity to make context-sensitive strategic decisions under conditions of bounded discretion, asymmetric risk, and institutional accountability. In state-owned enterprises, executive judgment operates as a governance-mediated function through which leaders interpret mandates and institutional tolerance, legitimate exploration, sequence transformation initiatives, and align organizational action with governance expectations and organizational legitimacy.

7. Exploitation

Exploitation refers to organizational activities focused on efficiency, reliability, refinement, and the optimization of existing capabilities. In state-owned enterprises, exploitation is

typically institutionally reinforced through performance evaluation regimes, accountability mechanisms, and public service mandates.

8. Exploration

Exploration refers to organizational activities oriented toward experimentation, innovation, search, and the development of new capabilities. In state-owned enterprises, exploration is typically associated with heightened scrutiny, asymmetric downside risk, and the need for institutional legitimation and protection.

9. Governance Architecture

Governance architecture refers to the formal institutional arrangement governing ownership, regulation, accountability, and strategic oversight of state-owned enterprises. Governance architecture redistributes risk and authority, shapes managerial discretion, and conditions the scope, feasibility, and legitimacy of ambidextrous activity.

10. Institutional Constraint

Institutional constraint refers to the governance and accountability conditions, including regulatory intensity, public accountability, political oversight, ownership arrangements, legal exposure, and sector-specific risk regimes, that bound strategic discretion and shape the feasibility of organizational action. In this study, institutional constraint does not imply the absence of agency; rather, it conditions how, when, and to what extent organizational capabilities, particularly exploration, can be exercised, scaled, and sustained without undermining legitimacy.

11. Institutionally Constrained Dynamic Capability

An institutionally constrained dynamic capability is a higher-order organizational capability whose activation, scope, and durability are conditioned by governance arrangements,

regulatory oversight, public accountability, and legitimacy expectations rather than managerial discretion alone. Unlike dynamic capabilities in unconstrained market settings, institutionally constrained dynamic capabilities develop through institutional authorization, bounded experimentation, and legitimacy-sustained enactment over time.

12. Legitimacy-Calibrated Equilibrium

Legitimacy-calibrated equilibrium refers to a context-specific condition in which the level and form of ambidexterity achieved by an organization are aligned with what is institutionally defensible under prevailing governance and accountability conditions. Effectiveness depends on legitimacy and sustainability rather than theoretical maximization or an optimal balance.

13. Organizational Ambidexterity

Organizational ambidexterity refers to an organization's ability to pursue both exploitation, focused on efficiency, reliability, and the refinement of existing capabilities, and exploration, focused on experimentation, innovation, and the development of new capabilities over time. In this dissertation, organizational ambidexterity is not treated as a static balance, structural arrangement, or performance outcome, but as a dynamic organizational phenomenon whose expression varies according to institutional context, governance conditions, and leadership mediation.

14. Organizational Ambidexterity Capability

Organizational ambidexterity capability is the organization's latent and evolving capacity to sustain, sequence, and integrate exploratory and exploitative activities over time under conditions of institutional constraint. This capability reflects the maturity of organizational routines, leadership practices, and governance alignment that make ambidexterity feasible

and durable, rather than the mere presence of innovation initiatives or efficiency practices at a given point in time.

15. Organizational Transformation Capacity

Organizational transformation capacity refers to the organization's ability to institutionalize exploratory outcomes into scalable routines, structures, and revenue streams. In this dissertation, transformation capacity is treated as a contingent performance consequence of ambidexterity capability rather than as ambidexterity itself.

APPENDIX B

INTERVIEW PROTOCOL AND SENIOR EXECUTIVE INTERVIEW GUIDE

This appendix documents the interview protocol used to collect qualitative data across cases. The protocol was designed to ensure theoretical alignment, cross-case comparability, and depth, while allowing flexibility to probe organization-specific dynamics.

B.1 Interview Design Philosophy

Interviews were semi-structured and process-oriented. Rather than eliciting retrospective rationalizations, questions focused on decision sequences, risk perceptions, and accountability experiences. This design supports abductive inference and longitudinal reconstruction.

This interview protocol represents a theory-compressed synthesis of the full research interview guide used in this study. While the original instrument contains expanded prompts, sector-specific probes, and rapport-building questions, the protocol presented here retains all core analytical constructs and research-question linkages while adapting phrasing, sequencing, and emphasis for senior executive, governance-exposed respondents. This compression was undertaken to enhance analytical focus, cross-case comparability, and depth of process tracing without altering construct coverage or theoretical intent.

B.2 Interviewee Profile

Interviewees included:

- Board members and senior executives
- Strategy, transformation, and innovation leaders
- HR Leaders
- Operational leaders with accountability exposure

This diversity ensured triangulation of perspectives across hierarchical and functional boundaries.

B.3 Core Interview Sections

Table B.1 *Interview Protocol: Core Sections and Analytical Mapping*

Section	Analytical Focus	Primary Theoretical Construct(s)	Research Question Linkage	Illustrative Example Prompts
A. Executive Role and Context	Role positioning, decision authority, organizational context	Leadership discretion; institutionally embeddedness	RQ1	"Can you describe your role in major strategic decisions and how your authority is shaped by governance or regulatory requirements?"
B. Strategic Priorities and Performance Mandates	Exploitation priorities, performance expectations, public mandates	Exploitation capability; accountability regimes	RQ1, RQ2	"What performance outcomes are you held most accountable for, and how do these priorities influence strategic choices?"
C. Exploration and Innovation Activities	Nature and scope of exploratory initiatives	Exploration capability; bounded experimentation	RQ1	"What forms of experimentation or innovation are currently pursued, and where are they located within the organization?"
D. Risk Perception and Accountability	Risk asymmetry, failure interpretation, sanction exposure	Asymmetric accountability; risk buffering	RQ2	"How is failure interpreted in your organization, and who ultimately bears responsibility when

Section	Analytical Focus	Primary Theoretical Construct(s)	Research Question Linkage	Illustrative Example Prompts
				experiments do not succeed?"
E. Governance and Structural Arrangements	Structural insulation, integration pathways, governance design	Structural ambidexterity; selective integration	RQ2, RQ3	"How are exploratory initiatives protected from or connected to core operations, and how does governance shape this?"
F. Leadership Mediation and Sequencing	Executive framing, sequencing of initiatives, legitimacy management	Leadership mediation; institutional interpretation	RQ3	"How do leaders justify and sequence exploratory initiatives to maintain legitimacy with boards, regulators, or ministries?"
G. Ambidexterity Trajectory and Change Over Time	Capability evolution, stabilization, regression	Dynamic capability trajectories; recalibration	RQ3	"How has the organization's approach to balancing reliability and renewal changed over time, and what triggered those shifts?"

The table summarizes the core sections of the semi-structured interview protocol used in this study. Sections A - G were designed to elicit executive perceptions and experiences relevant to organizational ambidexterity under institutional constraint. Prompts are illustrative rather than exhaustive. Each section maps onto specific theoretical constructs (see APPENDIX A) and research questions, enabling systematic coding, cross-case comparison, and longitudinal analysis.

B.4 Probing and Follow-Up Logic

Probes were used to:

- Clarify causal ordering ("what happened next?")
- Surface risk attribution ("who bore the downside?")
- Distinguish formal rules from enacted practice

Table B.2 *Probing and Follow-Up Logic: Probe Types and Analytical Purpose*

Probe Type	Primary Analytical Purpose	Theoretical Construct(s) Targeted	Illustrative Probe Examples	Analytical Contribution
Clarification Probes	Ensure conceptual consistency and shared meaning	Exploration; exploitation; legitimacy; accountability	"What do you mean by 'innovation' in this context?"	Reduces interpretive ambiguity; improves coding reliability
Example-Based Probes	Ground abstract claims in concrete experience	Ambidexterity practices; organizational routines	"Can you describe a specific instance where this occurred?"	Strengthens evidentiary basis; supports within-case validity
Temporal Probes	Trace sequencing and change over time	Capability trajectories; recalibration	"What happened before and after that decision?"	Enables process tracing and longitudinal analysis
Accountability Probes	Identify risk allocation and responsibility	Asymmetric accountability; risk buffering	"Who was ultimately responsible if the initiative failed?"	Reveals governance-mediated risk dynamics
Governance Interpretation Probes	Surface institutional mediation and discretion limits	Institutional constraint; leadership mediation	"How did regulators or the board respond to this?"	Links organizational action to institutional context

Probe Type	Primary Analytical Purpose	Theoretical Construct(s) Targeted	Illustrative Probe Examples	Analytical Contribution
Consistency Probes	Test internal coherence across responses	Sensemaking; strategic alignment	"Earlier you mentioned X how does that align with Y?"	Enhances internal validity; detects tension or drift
Counterfactual Probes	Explore alternative institutional conditions	Institutional fit; discretionary space	"What would have happened under different governance conditions?"	Illuminates boundary conditions and causal mechanisms
Role-Differentiated Probes	Capture hierarchical variation in experience	Leadership vs. operational enactment	"How did this look from your role compared to others?"	Supports triangulation across organizational levels
Longitudinal Follow-Up Probes	Assess stability, regression, or evolution	Dynamic capability development	"Has this approach changed since the previous period?"	Identifies trajectory patterns across time

This table summarizes the probing and follow-up logic used in semi-structured interviews. Probes were applied flexibly based on respondent role, organizational context, and emerging insights. The purpose of probing was to clarify meaning, surface process dynamics, and trace institutional mechanisms without introducing leading assumptions. Probe use supported abductive theory building, systematic coding, and cross-case comparison.

APPENDIX C

CODING AND ANALYSIS

C.1 Introduction to the Coding Structure

This appendix details the qualitative coding structure employed in the analysis. The framework follows a three-stage abductive process, moving from empirical observations to theoretical generalization. This structure ensures a transparent and rigorous connection between the raw qualitative data (interviews, internal documents) and the resulting theoretical model of ambidexterity.

The coding process is organized into a hierarchy:

- First-Order Codes: These are descriptive codes derived directly from the language of the interview participants and the content of organizational documents. They represent the most granular level of analysis and capture specific actions, perceptions, and events.
- Second-Order Themes: These are interpretive themes that group related first-order codes into more abstract conceptual categories. These themes correspond directly to the 11-dimensions of organizational ambidexterity that form the core of the dissertation's analytical framework.
- Aggregate Theoretical Dimensions: These are high-level theoretical constructs that group the second-order themes into the overarching dimensions of the ambidexterity model. This includes Opening Behaviors, Closing Behaviors, and the core components of Dynamic Capability (Sensing, Seizing, Transforming).

C.2 Coding Hierarchy and Exemplars

The table below provides a detailed breakdown of the coding framework, including illustrative examples of first-order codes for each of the 11 second-order themes.

Table C.1 *Coding Hierarchy and Examples*

Aggregate Dimension	Second-Order Theme	First-Order Code Examples (Illustrative)
Opening Behaviors	1. Leadership Ambidexterity	"Our CEO constantly pushes us to think about 'what's next'…" "We have a separate budget for experimental projects." "Mistakes are seen as learning opportunities."
	2. Opening Behaviors	"We encourage cross-functional brainstorming sessions." "There's a formal process for submitting new ideas." "We actively scan for emerging technologies."
	3. Cultural Flexibility	"Our teams are not afraid to challenge the status quo." "We celebrate experimentation, even when it fails." "There's a high degree of psychological safety."
	4. Risk Tolerance	"The board has approved a 'risk capital' fund." "We have a clear framework for managing high-risk, high-reward projects." "Failure is not a career-ending event here."
	5.Innovation Infrastructure	"We have dedicated R&D labs and innovation hubs." "Our 'InnovateHub' platform allows anyone to contribute ideas." "We partner with startups and universities."
Closing Behaviors	6. Closing Behaviors	"We have rigorous stage-gate processes for new products." "Our focus is on operational efficiency and cost reduction." "We use Six Sigma to optimize our core processes."
	7.Public-Commercial Alignment	"Every project must have a clear business case." "Our KPIs are tied to market share and profitability." "We must balance our public service obligations with commercial targets."
Dynamic Capability	8. Dynamic Sensing	"Our market intelligence team provides weekly reports on competitor moves." "We use data analytics to

		identify emerging customer trends." "We have a formal process for environmental scanning."
	9. Dynamic Seizing	"Once a decision is made, we mobilize resources quickly." "We have a track record of successfully launching new ventures." "The 'Mbanking app was developed and scaled in record time."
	10. Dynamic Transforming	"The 'Five Bold Moves' strategy required a complete reorganization." "Post-merger, we had to integrate two entirely different cultures." "We are constantly reconfiguring our business units to adapt to the market."
Institutional Context	**11.** Institutional Management	"We have to navigate complex regulations from the Ministry." "Our strategic decisions are often influenced by political considerations." "As an SOE, our mandate is not purely commercial."

C.3 The Abductive Analytical Process

The movement from first-order codes to aggregate dimensions represents an abductive analytical process. The steps were as follows:

1. Initial Data Immersion: The research began with a deep immersion in the raw data, including interview transcripts and internal reports.
2. First-Order Coding: During this phase, descriptive labels (first-order codes) were applied to segments of the data that appeared significant. For example, a manager's statement, "We had to get approval from three different ministries, which slowed everything down," was coded as "navigating bureaucracy."

Table C.2 *Aggregate Dimensions, Second-Order Themes, and Empirical Indicators*

Aggregate Dimension	Second-Order Themes	Illustrative Empirical Indicators (First-Order Evidence)
Institutionally Constrained Ambidexterity Capability	Sensemaking under institutional constraint	Executive interpretations of "exploration" and "innovation" framed in terms of public mandate, legitimacy, and regulatory acceptability
	Capability expression	Observable coexistence of exploitation and exploration within bounded scopes (e.g., pilots, innovation units, selective experimentation)
	Capability calibration	Deliberate limitation or expansion of exploratory scope based on governance expectations and accountability exposure
Leadership Mediation of Institutional Constraint	Institutional interpretation	Executive framing of exploration as defensible within governance, regulatory, or political expectations
	Strategic sequencing	Phased introduction of exploratory initiatives to manage legitimacy and risk exposure
	Legitimacy management	Narrative alignment of innovation initiatives with public value, national development goals, or service mandates
Risk Buffering Mechanisms	Asymmetric accountability	Perceptions that exploratory failure carries greater downside than exploitative underperformance
	Risk redistribution	Use of legal clarification, portfolio-level ownership, or holding structures to absorb innovation risk
	Accountability reframing	Shift from ex post sanction toward ex ante governance, monitoring, and bounded experimentation
Structural Insulation and Selective Integration	Structural insulation	Placement of exploratory activity in innovation labs, subsidiaries, or protected units
	Selective integration	Gradual absorption of successful exploratory initiatives into core operations or routines
	Boundary management	Maintenance of partial separation between exploratory and exploitative domains to preserve accountability clarity
Legitimacy Reinforcement	Formal authorization	Policy statements, statutes, or performance contracts explicitly endorsing exploration

Aggregate Dimension	Second-Order Themes	Illustrative Empirical Indicators (First-Order Evidence)
	Normative alignment	Board and senior leadership endorsement of innovation as appropriate organizational behavior
	Symbolic signaling	Use of language, metrics, or public narratives to normalize exploration
Dynamic Capability Trajectories	Capability development	Expansion in scope, routinization, or scaling of exploratory activity over time
	Capability stabilization	Reduced reliance on exceptional leadership sponsorship for exploration
	Capability regression or stalling	Retrenchment of exploration following leadership turnover, governance change, or political shock
Contextual Calibration and Boundary Conditions	Sectoral risk profiles	Differentiated tolerance for experimentation across safety-critical versus competitive sectors
	Stakeholder legitimacy thresholds	Variation in acceptable exploration based on owner, regulator, board, or public expectations
	Institutional fit	Alignment (or misalignment) between ambidexterity configuration and governance context
Contingent Performance Outcomes	Exploitative performance	Operational reliability, efficiency, financial recovery, or service continuity
	Transformational capacity	Emergence of new revenue streams, redesigned processes, or organizational renewal
	Performance volatility	Short-term fluctuation associated with exploratory investment under constraint

3. Axial Coding (Second-Order Themes): The first-order codes were then grouped into related categories. For instance, codes like “navigating bureaucracy,” “political influence,” and “balancing mandates” were clustered under the interpretive theme of Institutional Management.
4. Selective Coding (Aggregate Dimensions): Finally, the second-order themes were organized around the core theoretical constructs of the dissertation. The 11 dimensions

were grouped into the aggregate dimensions of Opening Behaviors, Closing Behaviors, Dynamic Capability, and Institutional Context, forming the final theoretical model.

C.4 Aggregate Dimensions

Aggregate dimensions represent the highest level of abstraction in the analytical framework and synthesize second-order themes derived from first-order empirical codes. Together, they structure the abductive analysis and are carried forward explicitly into Chapter 9 to support cross-case comparison and interpretation of ambidexterity capability trajectories under institutional constraint.

C.5 Use of AI Tools

AI-assisted tools were employed selectively to support pattern detection, code co-occurrence checks, and the identification of potential relationships across coded data. These tools were used only after initial human-led coding had been completed and served to enhance analytic sensitivity rather than to generate or assign codes autonomously. All substantive coding decisions, theme refinement, and aggregation into theoretical dimensions were conducted by the researcher through iterative review and reflexive interpretation. AI outputs were treated as provisional prompts and were accepted, modified, or rejected based on theoretical coherence, empirical grounding, and consistency with the study's conceptual framework. At no stage did AI tools replace interpretive judgment, determine analytical categories, or automate theory building. This approach ensured transparency, methodological rigor, and full human accountability for all analytical conclusions.

C.6 Credibility Measures

Multiple credibility-enhancing strategies were employed to strengthen analytical rigor and trustworthiness. Data triangulation was conducted across interview accounts, internal documents, performance records, and archival sources to corroborate interpretations and reduce reliance on single data streams. Reflexive memoing was used throughout data collection and analysis to document emerging insights, analytical decisions, and potential researcher assumptions, thereby supporting reflexivity and transparency. Supervisory review provided periodic critical scrutiny of coding logic, theoretical alignment, and interpretive claims, helping to identify blind spots and ensure coherence with the study's conceptual framework. In addition, a structured audit trail was maintained, documenting coding iterations, theme development, and analytical decisions over time. Together, these measures enhance the credibility, dependability, and confirmability of the findings while preserving the interpretive integrity of the qualitative analysis.

APPENDIX D

INTERPRETIVE SCORING FRAMEWORK

D.1 Epistemic Position

Scores are interpretive summaries rather than objective measurements. They are used to facilitate systematic comparison across cases while preserving contextual nuance, not to imply metric precision or causal inference. Scores reflect synthesized qualitative judgment grounded in empirical evidence, supporting analytical clarity without reducing complex organizational phenomena to numerical claims. This epistemic position applies uniformly to all scoring presented in APPENDIX D and to all cross-case tables in Chapter 9.

D.2 Purpose of Interpretive Scoring

The purpose of interpretive scoring is to support cross-case comparison and pattern recognition, not to rank organizations or evaluate performance. Scores are used to summarize complex qualitative evidence across cases in a structured and transparent manner, enabling comparison of ambidexterity configurations, capability trajectories, and enabling conditions under institutional constraint. Interpretive scoring thus functions as an analytical heuristic, complementing qualitative narrative analysis rather than substituting for it.

D.3 Scoring Dimensions and Scope

Scores are assigned only to theoretically specified dimensions derived from the study's conceptual framework, including ambidexterity capability configurations, enabling mechanisms, and trajectory characteristics. No scores are assigned to performance outcomes, managerial quality, or organizational success. All scored dimensions correspond directly to constructs introduced in Chapter 2 and operationalized in Chapter 9.

D.4 Evidence Basis for Scoring

Each score reflects triangulated qualitative evidence**,** including executive interview data, internal strategic documents, performance records, and archival materials. Scoring decisions were made only where sufficient evidence existed to support interpretive judgment. Where evidence was ambiguous, incomplete, or contested, conservative scoring was applied, and interpretive uncertainty was addressed explicitly in the accompanying narrative analysis.

D.5 Scoring Procedure and Consistency

Scoring was conducted iteratively following within-case analysis and prior to cross-case comparison. Initial scores were developed at the case level and subsequently reviewed for cross-case consistency to ensure that equivalent scores reflected substantively comparable empirical conditions.

Importantly, scores were not mechanically generated. They were refined through repeated comparison between coded data, case narratives, and theoretical expectations, consistent with abductive qualitative analysis.

D.6 Limits of Interpretive Scoring

Interpretive scoring does not imply linear development, normative superiority, or causal sequencing. Differences in scores should not be interpreted as evidence that one configuration or trajectory is inherently preferable to another.

Scores summarize contextually appropriate expressions of ambidexterity capability under institutional constraint**,** not stages of organizational maturity or progress.

D.7 Alignment with Chapter 9 Cross-Case Tables

The following wording is used verbatim in Chapter 9 cross-case table captions and notes to ensure epistemic consistency:

Scores are interpretive summaries rather than objective measurements. They are used to facilitate systematic comparison across cases while preserving contextual nuance. Scores reflect synthesized qualitative judgment grounded in empirical evidence and do not imply metric precision or causal inference.

All cross-case tables in Chapter 9 that present scores (e.g., configuration comparison, mechanism presence, trajectory patterns) adhere to this language without variation.

APPENDIX E

LONGITUDINAL CASE TIMELINES

This appendix provides chronological timelines for each case organization, mapping key leadership changes, governance reform, strategic initiatives, and institutional events. These timelines substantiate the processual and temporal claims central to the dissertation.

E.1 Case A: Merger Integration Timeline (2019-2025)

This corrected timeline details the multi-year merger integration process of Case A, culminating in the official establishment Company A on September 1, 2024. It highlights the key milestones, challenges, and the operational consolidation period.

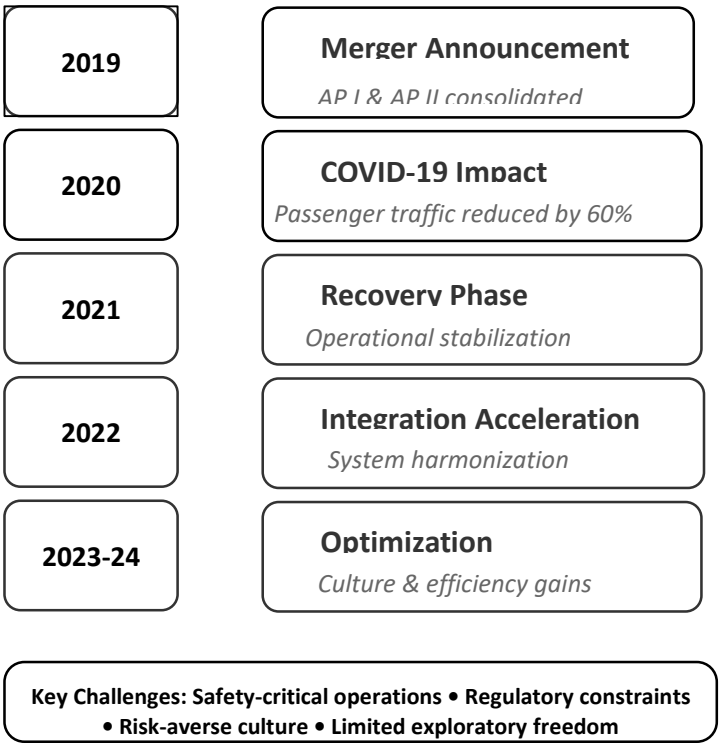

Figure E.1 *Company A Merger Integration Timeline*

E.2 Case B: Merger Integration Timeline (2019-2024)

This timeline outlines the five-phase merger integration of four Port companies, a complex process that created Indonesia's largest port operator. It details the success factors and strategic initiatives that drove the post-merger transformation.

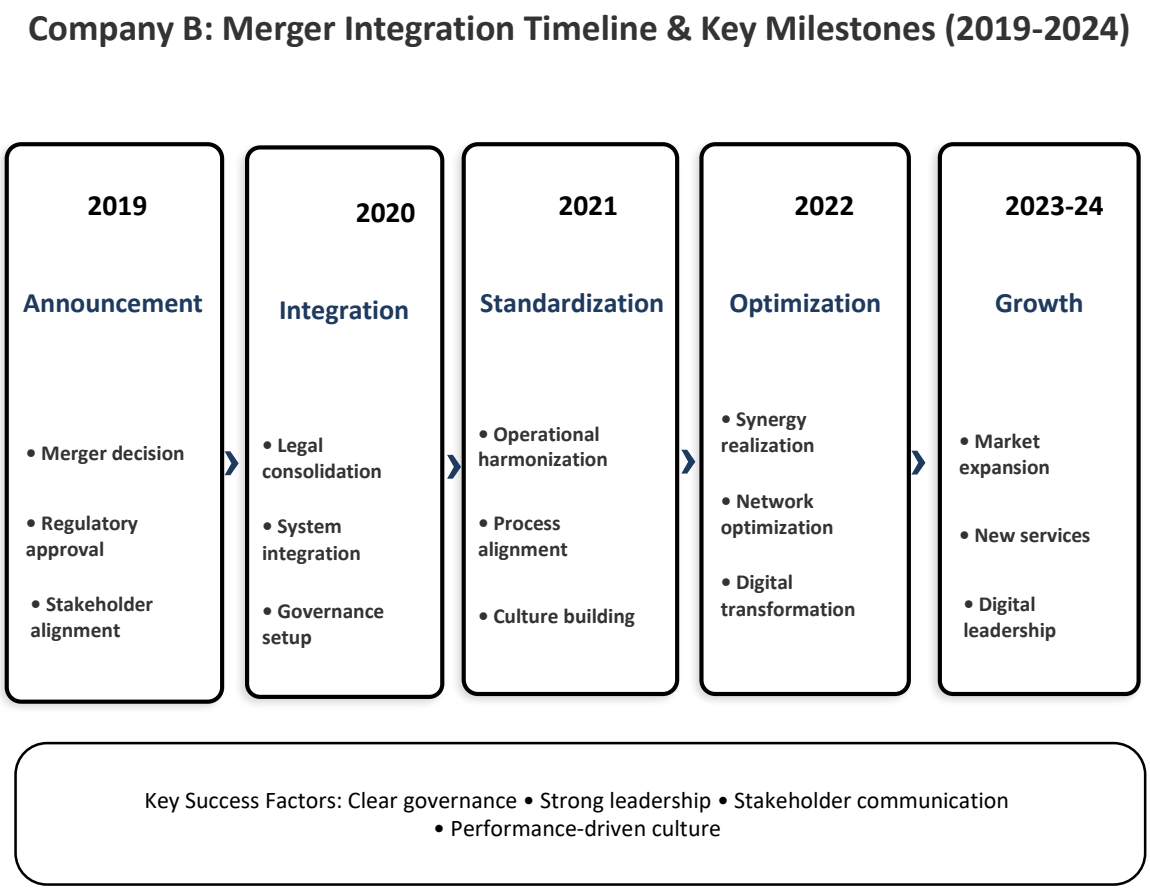

Figure E.2 *Company B Merger Integration Timeline*

E.3 Case C: Digital Transformation Roadmap (2020-2025)

This timeline illustrates Company C's four-phase digital transformation journey, from foundational investments to full-scale maturation. It highlights the strategic initiatives and key performance indicators (KPIs) that drove Company C's ambidextrous strategy.

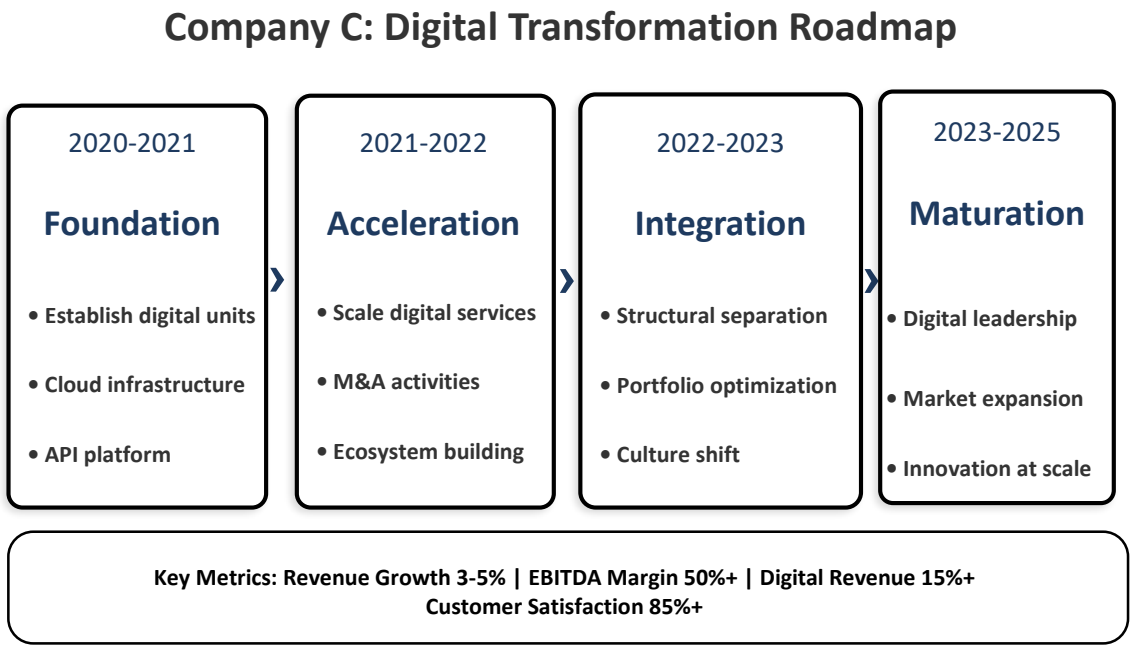

Figure E.3 *Company C Digital Transformation Roadma*p

E.4 Case D: Digital Transformation Roadmap (2019-2025)

This timeline showcases Company D (Commercial Banking SOE)'s four-phase digital transformation roadmap, from foundational investments in 2019 to the maturation of its digital ecosystem by 2025. It highlights the strategic initiatives that led to the successful launch of the MBanking and other super-apps.

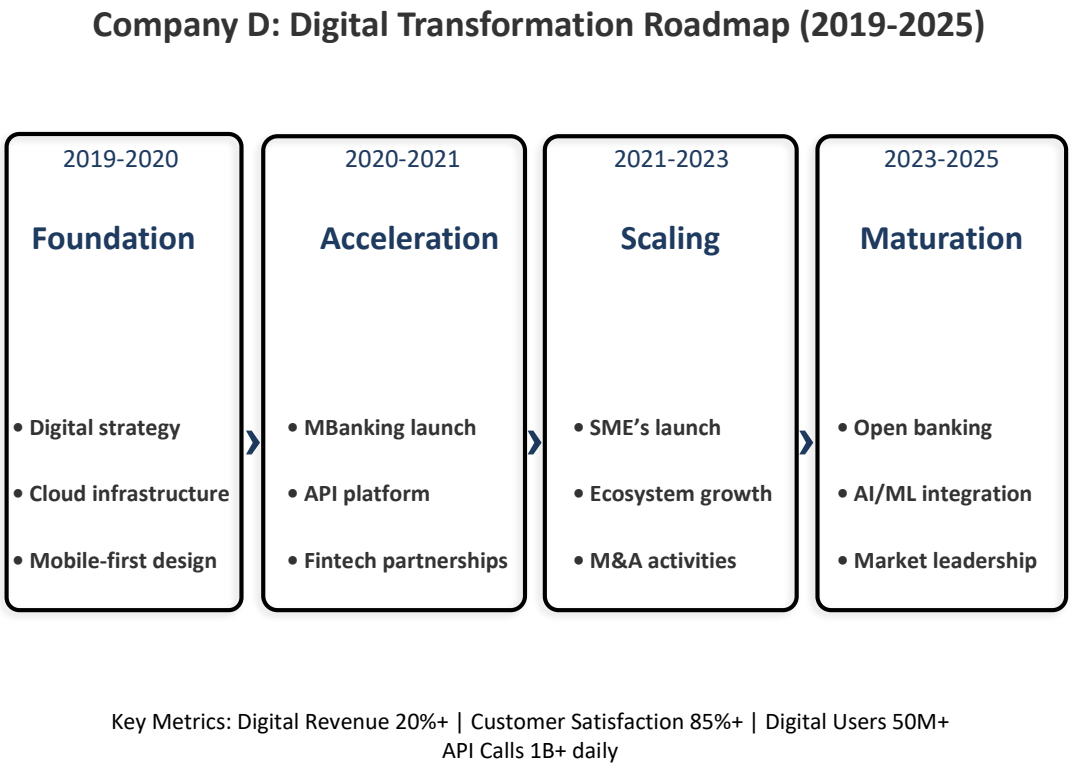

Figure E.4 *Company D Digital Transformation Roadmap*

APPENDIX F

INDONESIAN STATE-OWNED ENTERPRISE GOVERNANCE ARCHITECTURE & LEVELS, AND INSTITUTIONAL REFORM

This appendix provides an integrated analytical overview of the contemporary governance architecture of Indonesian state-owned enterprises (SOEs) and its transformation following recent institutional reforms, including the enactment of Law No. 16 of 2025. It complements Chapter 3 by mapping governance structures, authority distribution, and accountability arrangements that shape strategic discretion, risk exposure, and organizational capability development within Indonesian SOEs.

Consistent with the theoretical framework of this dissertation, Indonesian SOE governance is conceptualized as a multi-level institutional system that redistributes authority, accountability, and risk across regulatory, investment, and operational domains. This layered governance structure plays a central role in shaping how SOEs calibrate exploitation and exploration under public accountability and evolving national development priorities.

F.1 Overview of Governance Transformation

Historically, Indonesian SOEs operated under ministerial oversight that combined regulatory authority, ownership control, and policy direction within a single institutional actor. This centralized governance arrangement frequently generated conflicting performance signals, blurred accountability boundaries, and increased political intervention in corporate decision-making.

Recent governance reform, which is culminating in Law No. 16 of 2025, represent a structural transition toward a multi-principal governance model designed to enhance professional management, investment discipline, and institutional accountability. The reform introduces a triangular governance architecture separating regulatory authority, state investment management, and corporate execution. This transformation aligns Indonesian

SOEs more closely with global corporate governance standards while preserving their public service mandates.

F.2 Triangular Governance Architecture

The reformed Indonesian SOE governance system operates through three interdependent institutional pillars:

1. Regulatory and Policy Oversight – BP BUMN
2. State Investment and Holding Management – Danantara
3. Corporate Execution – Individual SOEs and Subsidiaries

This architecture reflects a shift from hierarchical ministerial control toward distributed governance designed to balance accountability, strategic flexibility, and investment efficiency.

F.3 Regulatory and Policy Oversight: BP BUMN

The State-Owned Enterprise Supervisory Agency (BP BUMN) functions as the central regulatory and policy oversight institution responsible for:

* Establishing corporate governance standards and compliance requirements
* Aligning SOE strategy with national development priorities
* Monitoring corporate governance and performance accountability
* Evaluating executive legitimacy and performance outcomes

From an ambidexterity perspective, BP BUMN defines institutional boundaries governing exploration and exploitation. Regulatory clarity reduces ambiguity surrounding acceptable experimentation while maintaining public accountability.

F.4 State Investment and Holding Management: Danantara

Danantara operates as the state's investment holding and asset management institution responsible for:

* Managing state shareholdings in SOEs

* Allocating capital across sectors and enterprises

* Overseeing operational and investment holding structures

* Coordinating portfolio-level risk management

Danantara introduces portfolio-level risk-buffering mechanisms that redistribute innovation risk across enterprises rather than concentrating risk within individual organizations. This risk diversification expands discretionary space for exploratory investment while preserving aggregate fiscal discipline. Danantara therefore functions as a central institutional mechanism enabling ambidexterity capability development through strategic investment governance.

F.5 Corporate Execution: Individual State-Owned Enterprises

Individual SOEs retain responsibility for operational performance, service delivery, and corporate strategy implementation. Corporate boards and executive leadership translate regulatory directives and investment mandates into organizational strategy and operational practice.

Under the reformed governance architecture, SOE leadership operates within layered accountability structures. Strategic discretion is simultaneously mediated by regulatory oversight, investment portfolio expectations, and corporate performance metrics. This multi-

principal accountability environment increases strategic complexity while providing legitimacy for exploratory initiatives aligned with national priorities.

F.6 Ownership and Shareholding Restructuring

Law No. 16 of 2025 formalizes a hybrid ownership structure designed to preserve state strategic control while enabling professional corporate governance. The state retains minimum Series A “Dwiwarna” shares to safeguard national interest oversight, while investment holdings managed by Danantara exercise broader share ownership and capital allocation authority.

This shareholding restructuring performs two critical governance functions:

* Clarifying accountability by separating political oversight from operational investment decision-making
* Supporting portfolio-level capital allocation that enables exploratory investment initiatives

From an ambidexterity perspective, ownership reform expands institutional risk tolerance and strengthens the feasibility of calibrated exploration across sectors.

F.7 Board Governance Reform

Governance reform also restructures board composition and executive appointment rules. Restrictions on ministerial dual roles and increased professional board participation aim to strengthen managerial independence and enhance technical capability.

Board governance reform influences ambidexterity capability by modifying leadership mediation dynamics. Professionalized boards provide strategic legitimacy for transformation initiatives while maintaining accountability and performance discipline. This reform

strengthens governance-mediated leadership mechanisms identified in Chapter 9 as central to ambidexterity development.

F.8 Institutional Mechanisms Shaping Ambidexterity Capability

The reformed governance architecture produces four institutional mechanisms shaping ambidexterity capability development:

F.8.1 Risk Buffering

Portfolio-level investment governance reduces individual managerial exposure to experimentation failure, expanding organizational willingness to pursue innovation.

F.8.2 Ownership - Regulation Separation

Clarifying the distinction between regulatory oversight and investment management reduces contradictory performance signaling and improves strategic time-horizon alignment.

F.8.3 Legitimization of Exploration

Formal policy recognition of innovation as a national development mandate provides normative legitimacy for exploratory initiatives within SOEs.

F.8.4 Leadership Mediation Amplification

Layered governance increases the importance of leadership interpretation and sequencing of exploration initiatives across institutional stakeholders.

These mechanisms collectively support the dissertation’s central argument that ambidexterity emerges through institutional calibration rather than purely managerial optimization.

F.9 Governance Levels and Multi-Layer Accountability Structure

To further clarify institutional dynamics, Indonesian SOE governance can be analytically understood as operating across six interrelated governance levels.

F.9.1 Level 1: Presidential and National Strategic Direction

At the highest level, the President establishes macroeconomic strategy, national development priorities, and sectoral transformation agendas. Presidential directives shape SOE mandates in infrastructure development, digital transformation, and public service delivery.

This level defines the macro-legitimacy environment within which exploratory initiatives are framed as contributions to national development. This structure shows the governance hierarchy, authority delegation, and accountability mechanisms in the Indonesian SOE system under the SOE law.

F.9.2 Level 2: Regulatory and Policy Oversight

BP BUMN and related oversight bodies establish governance compliance boundaries, performance accountability standards, and regulatory alignment requirements. Regulatory clarity at this level defines institutional risk tolerance and influences discretionary space for experimentation.

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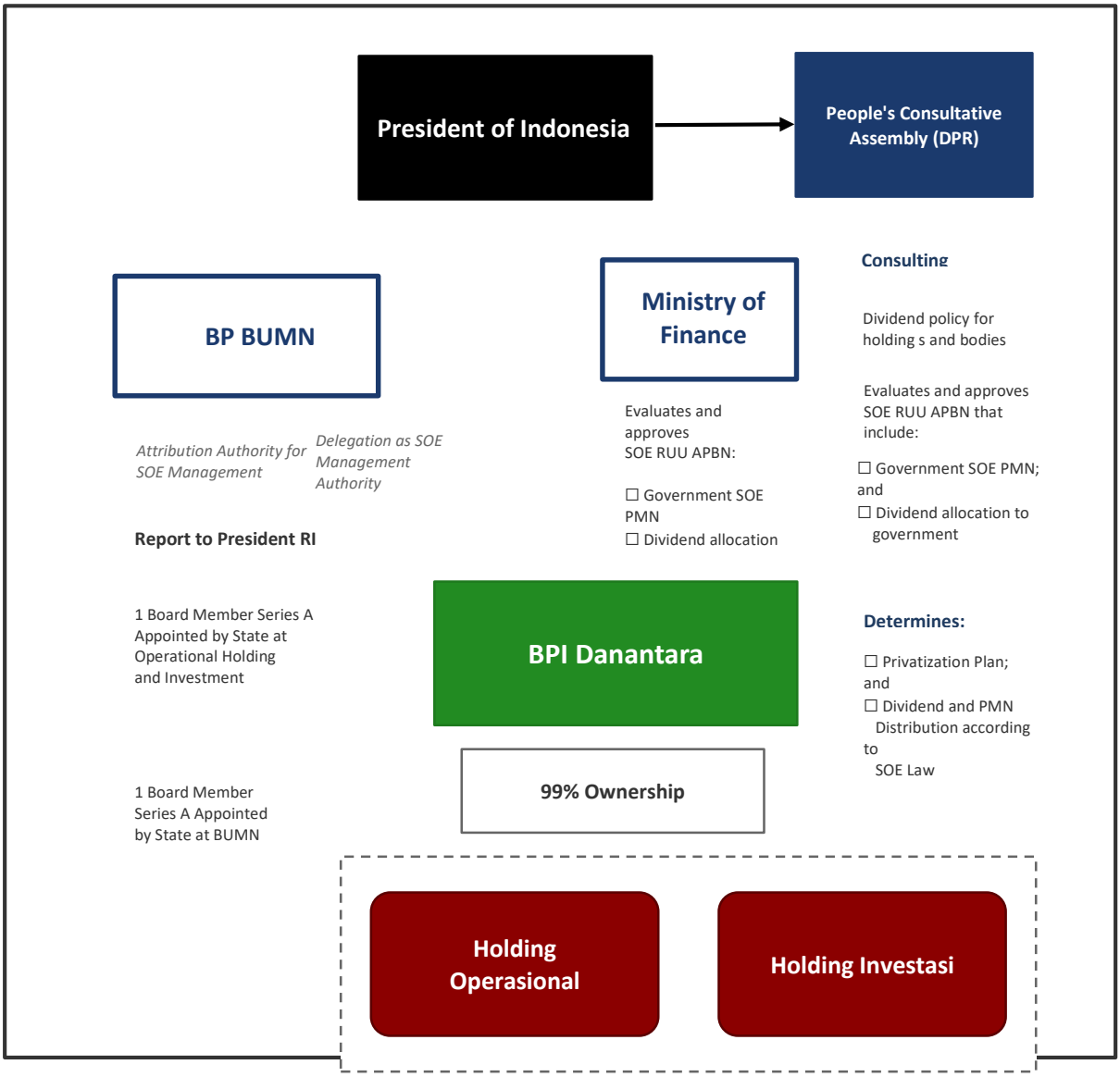

F.9.3 Level 3: State Investment Governance

Danantara manages portfolio investment strategy, capital allocation, and aggregate risk management. Investment governance expands long-term strategic time horizons necessary for transformation and innovation

F.9.4 Level 4: Holding Companies

Holding companies function as intermediate governance structures responsible for:

* Translating national and investment directives into sectoral strategy
* Coordinating transformation initiatives across enterprise groups
* Standardizing governance and operational systems
* Managing shared services and strategic integration

Holding companies often provide structural insulation for exploratory initiatives before full operational integration.

F.9.5 Level 5: Individual State-Owned Enterprises

Individual SOEs represent the primary locus of organizational capability development. Corporate leadership interprets institutional expectations, balances reliability with transformation objectives, and manages stakeholder alignment. Ambidexterity capability is enacted through organizational routines, structural innovation mechanisms, and cultural adaptation processes.

F.9.6 Level 6: Subsidiaries and Operational Units

Subsidiaries and operational business units frequently function as experimental platforms for innovation initiatives. Structurally insulated experimentation enables organizations to pursue transformation while protecting core operational stability.

F.10 Cross-Level Governance Interaction and Ambidexterity Calibration

Ambidexterity capability development depends on interaction across governance levels. Institutional alignment among regulatory oversight, investment governance, holding coordination, and corporate leadership determines the feasibility and sustainability of exploratory initiatives. Cross-level misalignment can constrain ambidexterity by producing contradictory performance expectations or fragmented accountability. Conversely, governance alignment stabilizes capability development and supports long-term transformation.

F.11 Governance Levels as Boundary Conditions for Strategic Discretion

The multi-level governance architecture illustrates that strategic discretion is negotiated across governance layers rather than being fully centralized or decentralized. Senior executives typically experience greater institutional buffering, whereas middle-management remains subject to procedural accountability and performance monitoring. This differentiated risk distribution shapes how ambidexterity is enacted across organizational hierarchies.

F.12 Implementation as an Evolving Institutional Process

Although Law No. 16 of 2025 establishes a formal governance framework, its implementation remains an ongoing institutional process. Asset transfers, portfolio consolidation, and governance coordination mechanisms continue to evolve as regulatory and investment institutions operationalize their mandates.

This evolving implementation environment reinforces the dissertation's process-oriented perspective by demonstrating that institutional reform does not immediately produce organizational capability transformation. Ambidexterity capability develops through gradual alignment among governance structures, leadership interpretation, and organizational learning.

F.13 Governance Architecture as Boundary Condition for Ambidexterity Theory

The Indonesian SOE governance reform provides a theoretically revealing example of how institutional design conditions organizational adaptability. The triangular and multi-level governance architecture illustrates that ambidexterity effectiveness depends not solely on internal organizational design but also on the distribution of authority, risk, and legitimacy across institutional actors.

F.14 Implications for Comparative Institutional Research

The Indonesian governance model may be analytically transferable to other countries adopting sovereign wealth fund models, state investment holding structures, or hybrid regulatory–ownership governance arrangements. Comparative research may further examine how variations in governance design influence ambidexterity capability development across institutional contexts.

F.15 Conclusion

Indonesian SOE governance reform represents a structural transformation from centralized ministerial oversight toward distributed institutional governance involving

regulatory, investment, and corporate execution actors. By redistributing authority, accountability, and risk across governance layers, the reformed architecture expands opportunities for calibrated exploration while preserving public accountability.

The Indonesian case therefore provides empirical support for the dissertation's central argument that organizational ambidexterity in state-owned enterprises is fundamentally shaped by institutional design and governance evolution.

APPENDIX G

APPROVAL FROM ARIZONA STATE UNIVERSITY'S

INSTITUTIONAL REVIEW BOARD

EXEMPTION GRANTED

Allen Morrison

Global Management, Thunderbird School of (TSGM)
(602) 496-7150

Allen.Morrison@thunderbird.asu.edu

Dear Allen Morrison:

On 2/19/2026 the ASU IRB reviewed the following protocol:

Type of Review:	Initial Study
Title:	Organizational Ambidexterity in SOEs: A Mixed-Methods Comparative Study in Indonesia
Investigator:	Allen Morrison
IRB ID:	STUDY00022586
Funding:	Name: (Unspecified)
Grant Title:	None
Grant ID:	None
Documents Reviewed:	• ASU Informed Consent I.Usman (1) (2).pdf, Category: Consent Form; • Interview Questions I.Usman.pdf, Category: Measures (Survey questions/Interview questions /interview guides/focus group questions); • IRB-Social-Behavioral-Protocol_Revised_I. Usman.pdf, Category: IRB Protocol; • Recruitment_Email_Allen-Morrison.pdf, Category: Recruitment Materials;

The IRB determined that the protocol is considered exempt pursuant to Federal Regulations 45CFR46 (2)(ii) Tests, surveys, interviews, or observation (low risk) on 2/10/2026.

In conducting this protocol you are required to follow the requirements listed in the INVESTIGATOR MANUAL (HRP-103).

If any changes are made to the study, the IRB must be notified at research.integrity@asu.edu to determine if additional reviews/approvals are required. Changes may include but not limited to revisions to data collection, survey and/or interview questions, and vulnerable populations, etc.

It is the research team's responsibility to notify the IRB of 'reportable new information.' (an RNI) During a research study, any adverse events, unanticipated problems involving risk, and non-compliance **must** be reported to the IRB as an RNI. Please see the following link for details: https://researchintegrity.asu.edu/human-subjects/reportable- events. This does not include risks previously identified and listed in the IRB protocol and consent. Any serious events **must** be reported within **24 hours**. Non-serious adverse events **must** be reported within 5 business days.

Sincerely,

IRB Administrator

cc: Ihsanuddin Usman
Allen Morrison
Joshua Ault
Ihsanuddin Usman