

YOU ONLY LIVE TWICE! – THE INTERRELATIONS OF AMBIDEXTERITY AND GREEN TRANSITION

BALÁZS HEIDRICH,¹ NÓRA VAJDOVICH²

¹ Budapest Business University, Faculty of Finance and Accountancy, Department of Management, Budapest, Hungary
heidrich.balazs@uni-bge.hu

² Budapest Business University, Doctoral School of Entrepreneurship and Business, Budapest, Hungary
vajdovich.nora.10@uni-bge.hu

Wineries and their managers today are increasingly demonstrating the critical role of ambidextrous leadership in balancing the maintenance of traditional winemaking methods with advancement towards green transitions. This form of leadership, which involves both exploiting existing capabilities and exploring new opportunities, is essential in navigating the complexities of modern winemaking. Ambidextrous leaders in family-run wineries excel not only in preserving the rich heritage of winemaking but also in embracing ecological innovation and sustainability. The dual capability extends to aligning the goals of the family and the business. Ambidextrous leaders skilfully manage family relationships, values and objectives while ensuring that these align with the business' growth, innovation, and environmental stewardship goals. By doing so, they create a harmonious blend of family unity and business success. This approach allows wineries to integrate respect for traditional winemaking with a commitment to environmental protection, signifying a progressive industry that honours its past while contributing positively to the future. Ambidextrous leadership in wineries thus emerges as a key factor in achieving a sustainable and successful balance between tradition and modernity, family values and business goals and environmental consciousness and industry progress.

Keywords:

family
business,
ambidexterity,
family
winery



DOI <https://doi.org/10.18690/um.fov.3.2024.21>
ISBN 978-961-286-842-0

1 Introduction

In recent times, the concept of organizational ambidexterity has gained notable prominence in entrepreneurship and innovation research. This idea, referring to the concurrent engagement in exploratory and exploitative activities, plays a pivotal role in understanding the functioning of business entities, particularly in the context of family-run enterprises.

Family-operated businesses make up approximately two-thirds of businesses worldwide and contribute between 70-90% of the global GDP ((De Massis et al, 2015). For these enterprises, ambidexterity proves to be a particularly useful strategy to survive (Moss et., 2014), but it also presents significant challenges (Miller & Le-Breton Miller, 2006). Family businesses are characterized by making strategic decisions with a longer time horizon in mind, often thinking in terms of long-term investments (Zellweger, 2007). Their socioemotional attributes (Gomez-Meija et al, 2007) foster this long-term orientation, enabling them to leverage their long-term perspective and strategies as a competitive advantage (Miller & Le Breton Miller, 2005)

In examining family-owned wineries, one can observe numerous positive values associated with family businesses such as socioemotional and inheritable assets. These assets serve as essential support, valuable resources in sustaining the business. Our research specifically focuses the winemaking industry, chosen due to its unique blend of familial and business challenges. This industry offers a distinct perspective on addressing these challenges, formulating both short and long-term goals and the decision-making processes involved. The wine sector offers an excellent opportunity to study the characteristics of sustainable enterprises including family legacy and heritage, dynastic or generational patterns and a deep-rooted appreciation and knowledge of viticulture and nature passed down through generations.

Our study aims to present, through a case study, how certain wineries incorporate organizational ambidexterity and to evaluate its effects on their operational activities.

2.1 Exploitation and exploration

Organizational ambidexterity, defined as the concurrent pursuit of execution of exploitative and exploratory endeavours (Raisch & Birkinshaw, 2008) is acknowledged as a key determinant of corporate performance. Exploitative activities focus on quality and efficiency, enabling companies to refine and optimize their current business operations. Exploratory activities aim at uncovering new opportunities, prospects, future products, and services, etc., thereby bolstering long-term competitiveness. (March, 1991).

The concept of managerial and organizational ambidexterity is interrelated. The decision-making style and leadership approach, along with the established organizational culture, directly influence the organization's overall capability to successfully manage and integrate its immediate and strategic objectives. This ambidextrous nature also embodies dual temporal aspects: a short-term dimension reflects the organization's agility in responding to emerging challenges, while the long-term aspect focuses on sustained growth, development, and continuity.

Burns and Stalker (1961) highlight that varying environmental scenarios necessitate different organizational structures. Companies operating in stable environments tend to adopt hierarchical organizations models, whereas those in dynamic environments are more likely to function in more organic systems. Organizations need to adapt to changing environments for long-term competitiveness, which requires more flexible and organic structures. (Thompson, 1967). March (1991) points the essential balance between adequate engagement in both sufficient exploitative and explorative activities. Gibson (2004) and colleagues argue that certain organizations can simultaneously perform various activities of both natures.

The harmony between exploitation and exploration can be perceived as synergy of innovation and routine operational tasks. Innovation demands inventive, creative thinking, exploration of further opportunities and the pursuit of new horizons. In contrast, efficient business operations require attention to detail, minimization of errors, and stringent control (Levinthal & Posen, 2008). However, while the outcomes of exploitation are more immediately observable, the benefits of exploration activities are not only uncertain and unpredictable but also typically emerge over an extended period (Uotila et. al, 2009).

The goal of exploration lies in generating novel ideas, products, services, and processes, involving the integration of diverse knowledge, expertise, and “out-of-the-box” thinking (Goel & Jones, 2016). Here, the concept and capability of variety is crucial (Kammerlander et al, 2002). Increased variety fosters more creativity, as fragments of knowledge can be merged to generate new ideas and concepts (Austin, 2003). This the diversity in variety is especially significant for leaders of family businesses when making exploratory decisions.

2.2 Organizational ambidexterity in family businesses

Organizational ambidexterity holds equal importance in family-owned businesses as it does in non-family enterprises. Due to their familial nature these enterprises experience different organizational advantages and disadvantages with innovation (König et. al, 2013). Furthermore, their approach to managing innovation also tends to differ (Chrisman et.al, 2015). Their tendency towards risk aversion (Bammers, Notelars & Van Gils, 2014, De Massis & Pizzurno, 2012) makes achieving organizational innovation more challenging. They often pursue a mix of economic and non-economic goals (Chrisman et al., 2015), which can lead to significantly different behaviour that influence governance structures and consequently organizational ambidexterity. However, characteristics such as their orientation towards long-term goals (Sirmon & Hitt, 2003) can facilitate organizational ambidexterity (Miller & Miller, 2006). The temporality of goals is a critical aspect for family businesses, determining the time frame for achieving desired outcomes. Short-term goals usually focus on immediate or near future results, while long-term goals are set for a prolonged period, often spanning years or even decades. Balancing and aligning these short and long-term goals is essential for the sustainability of the business.

Leadership in these enterprises usually rests in the hands of the founder or a leading family member. Among their key responsibilities is the decision-making related innovation. The decision-making processes, influenced by internal dynamics, are pivotal determinants in a company’s pursuit of organizational ambidexterity (O’Reilly & Tushman, 1997). Such dynamics include the appropriate allocation of resources within the organization (Güttel & Konlechner, 2009), the leadership style of the leader (Gibson & Birkinshaw, 2004) and the integration of external knowledge (Gupta et al, 2006).

2.3 Balancing family and business organizational ambidexterity

In family-run businesses, aligning both time-based elements and the interplay between family and business aspects is essential. The family aspect emphasizes nurturing family bonds, relationships, upholding family values and goals, the perpetuating family unity and harmony. It includes the transmission of family values and traditions, and the encouragement of cooperation among family members. Such family values are interwoven into the company's operations, integrated within the business activities laying the cultural and ethical foundations of the enterprise.

On the business side, the focus shifts to the operational, expansion, continuity, and longevity aspects of the company. This encompasses efficient management of everyday business activities, including financial and resource management and strategic planning. It involves developing and executing long-term growth plans such as market expansion, product development and innovation, and ensuring the business's sustainability and longevity. This also involves succession planning and goals aimed at maintaining and securing stability.

Organizational ambidexterity in this context signifies the capability of the family business to synchronize family interests and goals with those of the business. This harmonization allows the company to find a balance between preserving family traditions and values and fostering business growth and innovation. This harmonious alignment of dual goals typically becomes more pronounced in the later generations of a family business (Haag et. al, 2023).

3 Methodology

Our research incorporates a case study of two wineries, involving six semi-structured interviews with leaders of the two wineries along with two additional family members from each winery. Utilizing the case study method is particularly relevant in examining the phenomenon of organizational ambidexterity as this methodology allows in-depth analysis and comprehensive examination of the specific context. The distinct and complex characteristics of organizational ambidexterity are often more pronounced in winemaking, making the case study approach especially insightful for better understanding its multifaceted nature (De Massis & Kotlar, 2014) and complexity (Eisenhardt, 2007) as well.

The selected wineries are situated in Hungary's Tokaj and Szekszárd wine regions. Hungarian viticulture has a long and rich history and tradition with regions like Tokaj, Villány and Szekszárd being celebrated for their exceptional wine-producing conditions and internationally recognized wines. The winemaking industry in Hungary is experiencing growth, encompassing a diverse range of small and medium-sized enterprises to larger wine companies.

Winery (W1) was founded in 1987, but the family has been cultivating grapes and making wines for sixteen generations dating back to 1631. Currently the cultivated area is fifty-three hectares, with an annual wine production of sixty-thousand bottles. In 2021, the number of employees was twenty.

Winery (W2) is located at the southern border of Szekszárd. the company diversified its operations beyond winemaking to include hospitality and gastronomy. The family began purchasing vineyards in 1985 constructed their estate in 1999. Since the beginning over one hundred and sixty hectares of vineyards are under their own cultivation, the annual wine production is more than 200.000 bottles.

Data collection took place between January 2022 and July 2022. In selecting the family-owned businesses for our research, the definition formulated in 2019 by the Budapest Business University's Budapest Lab Business Development Centre was applied (Kása et al., 2019). Accordingly, a business was considered a family business if it met the following conditions:

1. identifies itself as a family business, or
2. at least 51 percent of the company is owned by one family, and
3. the family participates are involved in managing the business, or
4. the family members are employed in the in the operation of the company,
or
5. the transfer of the leadership and ownership occurs partly or entirely within the family.

Another key factor in selecting samples for our study was ensuring that each family business fell under the category of a micro, small, or medium-sized enterprise (SME). This classification implies that the company that: (a) operates with a structure and

size distinct from large industrial firms; (b) employs a small number of employees; (c) holds notable importance within the regional or local economy.

To assess and analyse organizational ambidexterity, we established specific codes reflecting the leader’s activity related to organizational or familial goals.

Table 1: Codes for the leader’s ambidextrous activity

Winery	Exploitative activity codes	Explorative activity codes
Winery 1 (Tokaj region: Mád)	Related to organizational goals	Related to organizational goals
	Related to family goals	Related to family goals
Winery 2 (Szekszárd region)	Related to organizational goals	Related to organizational goals
	Related to family goals	Related to family goals

Source: own editing

4 Analysis

Organizational ambidexterity – defined as the integration of exploration and exploitation capabilities – manifests in two distinct forms in the businesses studied. The first form revolves around the pursuit of discovering new opportunities and innovation, emphasizing change, risk taking, and creativity. Secondly, exploitation focuses on the efficient use of existing resources and the optimization and refinement of current business models and processes.

Leaders in these businesses demonstrate the ability to synchronize both short and long-term goals, as well as to align the needs and the resources of the business and the family. Acknowledging the widely accepted view in literature that in first generation family businesses, the goals, entrepreneurial orientation, and mindset predominantly mirror the leader’s personality, aims, and competencies (Zellweger & Sieger, 2010), it becomes clear that the organization’s ambidextrous capability reflects the leader’s own ambidexterity. The number and complexity of goals is also greater due to inclusion of the family-oriented objectives; thus, leaders face the additional task of managing family-related considerations. This dual thinking and ability were especially noticeable in the approach of the leader of the second winery (W2), which manifested in the following ways:

- a. Efficient and rapid decision-making
- b. Innovation skills: *“We do not know what future holds, so it’s more about searching for the right path”* (I34)
- c. Persistence: *“I’m going to Florida and conducting wine tastings”* (I34)
- d. Intuitive and analytical thinking: *“80% of the wines we ship in containers are stand quality, for five-euro wines. The middle category 10 % are high quality and another 10% are extra premium. and now we have just sent a container to Florida.”* (I32)
- e. Creativity and problem-solving: *“The processes are faster now, I don’t have to taste a hundred barrels every month myself, someone else does that, because I have a lot of other things to do. Tasks are distributed.”* (I32)
- f. Continuous change management
- g. Combined management of traditional and new resources: *“I handle the exports, I am constantly on the road., I write the grant applications, handle the implementation after approval, the accounting and the financing.”* (I32)
- h. Efficient allocation of organizational resources between existing business activities and new opportunities, and proper alignment of family-sourced and external human resource, such as in the marketing department.
- i. Emotional intelligence in balancing family- and business-related goals: *“There’s the statue of the grandfather in the cellar, holding a bunch of grapes, and his picture is in the restaurant. We tell about our history in the magazine we look back on. It’s important to mention that we’re not a first-generation winery. This winery, this family farm, has a significant history.”* (I32)

In the businesses studied, the leaders’ abilities are crucial in balancing the goals of the business and the family. The leaders’ ambidextrous abilities are reflected in the dual capabilities of the organizations, where due to the increased number of family goals, leaders need to handle additional tasks and responsibilities. In one of the wineries (W2) the ambidextrous ability of the leader manifests in multiple areas, including efficient and rapid decision making, analytical skills, resilience, intuitive thinking, creativity and problem-solving, continuous change management and the integration of traditional and new resources. This leadership versatility extends to the effective allocation of resources, including the alignment of family-sourced and external human resources. Equally important is the leader’s emotional intelligence which plays critical role in maintaining and honouring the family’s history, values, and traditions.

Among the responsibilities of the leaders of both wineries decision-making related to innovation stands out, which is partly observed through the appropriate management of resources. They maintain a balance between current production activities and innovations. Furthermore, the leaders demonstrate remarkable adaptability, which involves flexibility in responding to varying situations. This includes, for example in case of Tokaj winery (W1), the diverse use of the Furmint grape variety, such as in the production of Aszú wine and the creation of dry white wines, which involve adapting to current market preferences and trends while also maintaining traditional Aszú production.

In the Szekszárd winery (W2), a notable strategy involves the integration of external knowledge and experts. This is reflected in their approach to understanding market analysis and adoption of sustainable practices and improvements in areas like spraying techniques, packaging, and quality control processes.

In the family-owned wineries we examined, the concept of ambidexterity related to family goals involves a harmonious combination of exploratory and exploitative activities, which is crucial in their management approach. For the first winery (W1) exploration is demonstrated through ongoing updates and continuous modernization of marketing strategies and constant development of the product portfolio (such as introducing truffle products and their own coffee brand featuring homegrown ingredients), and business expansion. These exploratory efforts are key in adopting sustainable practices and establishing of a long-term vision that resonates the family's values and goals.

On the exploitative side, the focus is on maximizing the use of existing resources, expertise, knowledge, and relationships. At winery 1 (W1) this includes the application of generations of accumulated winemaking and viticulture knowledge and experience. Such exploitation helps the family uphold their reputation for high-quality products and strengthen their market position. For both wineries, leveraging family connections and mutual relationships with local communities is essential for ensuring long-term stability and sustained growth.

In the wineries we analysed, both dynamic exploration and adaptive exploitation coexist, providing a stable foundation for future development and growth while preserving their unique identity and building a devoted customer base.

The shift towards environmentally sustainable practices, such as the introduction of organic viticulture, requires a sensitive approach that ambidextrous leadership provides. Organic viticulture and other eco-friendly practices are complex processes that seek a balance between traditional methods and environmental consciousness, ecological awareness, making exploitation and exploration particularly significant in the context of winemaking.

At Winery 1 (W1) the adherence of traditional winemaking methods handed over generations was prominently observed. With a heritage in viticulture and winemaking dating back to the 16th century, these methods serve not only to preserve the quality of the Aszú wine but also uphold the cultural legacy and heritage of the Tokaj wine region. Ambidextrous leaders in this context must skilfully balance the preservation of longstanding traditions with the incorporation of contemporary, innovative solutions.

The commitment to environmental sustainability extends green practices like improved water management, utilisation of renewable energy, minimizing harmful chemicals use. This approach not only reduce environmental impact but also contribute to the wineries' long-term sustainability. This approach enables a balance between respecting traditional winemaking methods and a dedication to environmental stewardship.

5 Conclusions

The role of ambidextrous leadership is becoming ever more crucial in family-owned wineries, where it is necessary to strike a balance between preserving traditional winemaking traditions and transitioning towards green, environmentally friendly practices. This type of leadership is increasingly essential in navigating the complexities of modern winemaking. In our study, we used the case study method to illustrate how leaders of certain wineries exercise and apply their ambidextrous abilities, with a special focus on green transition and its implications for their business operations.

Table 2: Ambidextrous ability in family businesses

	Exploration	Exploitation
Ambidexterity related to organizational goals	Fostering future market competitiveness	Generating immediate profit
	identifying business opportunities	Boosting operational efficiency
	Acquisition of new industry-specific knowledge	Utilizing existing knowledge and experience
	Securing external financial resources	Relying on patient capital
	Innovating product and organizational innovation	maintaining established products and conventional processes
	EU funding	
Ambidexterity related to family goals	Planning for family development	Capitalizing on family resources and skills
	Succession planning	Preservation of family traditions and values
	Articulating a clear mission	Drawing on family knowledge and experience
	Participating in external training programs	Leveraging family connections
		Supporting of the family

Source: own editing

In our study of the wineries, we observed that ambidextrous leadership combines traditional and modern, eco-friendly environmentally conscious practices. This approach enables the wineries to uphold their heritage and identity, while also committing to environmental stewardship and the well-being of future generations. Ambidexterity, as an important element in family wineries, is characterized by two key aspects: a short-term dimension, highlighting the business’s ability to adapt to immediate challenges and changes, and a long-term dimension, focusing on overall growth and development. Our findings indicate that in addition to aligning temporal goals, there is also a crucial integration of familial and business aspects. The family dimension concentrates on family relationships, values, goals, and preserving family units, while the business dimension is centred on managing day-to-day operations and fostering business growth.

Ambidextrous capability is necessary bivalent attribute for a successful family business, not only referring to the ability to simultaneously manage present and future tasks but also to combine emotional and rational perspectives. For leaders, the dilemma and challenge lie in reconciling the conflicting demands of exploratory and exploitative activities, especially since preserving family traditions and values often aligns more with exploitation strategies. Meanwhile, fostering innovation and change, and engaging the next generation require more exploratory efforts.

Literature often cites characteristics such as long-term orientation, single-person leadership, and a milder organizational control (Sirmon & Hitt, 2003) as facilitators of ambidexterity in family businesses. Long-term orientation supports the simultaneous pursuit of stability while concurrently keeping innovation in focus. This focus can help balance current activity optimization with the identification of new opportunities and prospects. Single-person leadership style enables flexibility and quick decision making may limit innovation processes and strategic flexibility. Softer control approach, on the other hand, encourages experimentation and creativity, fostering a more relaxed work environment, which allow employees to try out new ideas.

This approach of the wineries reflects a progressive, forward-thinking attitude within the industry, likely enabling adaptation to evolving changing market conditions and societal expectations. Such ambidextrous leadership equips wineries to positively engage in sustainable practises while honouring their rich heritage.

Acknowledgements

This research was supported by a grant from the Thematic Excellence Programme of the Hungarian Ministry for Innovation and Technology to the Budapest Business School (TKP2020-IKA-01).

References

- Austin, J. R. (2003). Transactive memory in organizational groups: The effects of content, consensus, specialization, and accuracy on group performance. *Journal of Applied Psychology*, 88(5), 866-876. <https://doi.org/10.1037/0021-9010.88.5.866>
- Bammens, Y., Notelaers, G., & Van Gils, A. (2014). Implications of family business employment for employees' innovative work involvement. *Family Business Review*, 28(2), 123–144.
- Burns, T., és G.M. Stalker, *The management of innovation*, Tavistock, London, 1961.

- Chrisman, J. J., Chua, J., De Massis, A., Frattini, F., & Wright, M. (2015). The ability and willingness paradox in family firm innovation. *Journal of Product Innovation Management*, 32(3), 310–318.
- De Massis, A. and Kotlar, J. (2014), “The case study method in family business research: guidelines for qualitative scholarship”, *Journal of Family Business Strategy*, Vol. 29 No. 5, pp. 14-29.
- De Massis, A., Di Minin, A., & Frattini, F. (2015). Family-Driven Innovation: Resolving the Paradox in Family Firms. *California Management Review*, 58(1), 5-19. <https://doi.org/10.1525/cmr.2015.58.1.5>
- Eisenhardt, K.M. and Graebner, M.E. (2007), “Theory building from cases: opportunities and challenges”, *Academy of Management Journal*, Vol. 50 No. 1, pp. 25-32.
- Goel, S., & Jones, R. (2016). Entrepreneurial exploration and exploitation in family business: A systematic review and future directions. *Family Business Review*, 29(1), 97-120. <https://doi.org/10.1177/0894486515625541>
- Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J. L., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52(1), 106-137.
- Gupta, A. K., Smith, K. G., & Shalley, C. E. (2006). The interplay between exploration and exploitation. *Academy of Management Journal*, 49(4), 693-706. <https://doi.org/10.5465/amj.2006.22083026>
- Güttel, W. H., & Konlechner, S. W. (2009). Continuously hanging by a thread: Managing contextually ambidextrous organizations. *Schmalenbach Business Review*, 61(2), 150-172. <https://doi.org/10.1007/BF03396782>
- Haag, K., Achtenhagen, L., Grimm, J. (2023). Engaging With the Category: Exploring Family Business Longevity From a Historical Perspective. *Family Business Review*, 36(1),84-119. <https://doi.org.10.1177/08944865231154835>
- Kása R., Radácsi L., & Csákné Filep J. (2019). Családi vállalkozások definíciós operacionizálása és hazai arányuk becslése a kkv szektoron belül. *Statistikai szemle*, 97(2), 146-176.
- Kammerlander, N., Patzelt, H., Behrens, J., & Röhm, C. (2020). Organizational Ambidexterity in Family-Managed Firms: The Role of Family Involvement in Top Management. *Family Business Review*, 33(4), 393-423. <https://doi.org/10.1177/0894486520961645>
- König, A., Kammerlander, N., & Enders, A. (2013). The family innovator's dilemma: how family influence affects the adoption of discontinuous technologies by incumbent firms. *Academy of Management Review*, 38(3), 418–441.
- March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science*, 2(1), 71-87. <https://doi.org/10.1287/orsc.2.1.71>
- Miller, D., & Le Breton-Miller, I. (2005). *Managing for the long run: Lessons in competitive advantage from great family businesses*. Boston, MA: Harvard Business School Press.
- Miller, D., & Le Breton-Miller, I. (2006). The best of both worlds: exploitation and exploration in successful family businesses. *Advances in Strategic Management*, 23, 215–240.
- Moss, T. W., Tyge Payne, G. and Moore C.B. (2014): Strategic Consistency of Exploration and Exploitation in Family Businesses *Family Business Review*, Vol. 27(1) 51–71 <https://doi.org/10.1177/0894486513504434>
- O'Reilly, C. A., & Tushman, M. L. (1997). Using culture for strategic advantage: Promoting innovation through social control. In M. L. Tushman & P. Anderson (Eds.), *Managing strategic innovation and change: A collection of readings* (pp. 200-216). Oxford University Press.
- Raisch, S., & Birkinshaw, J. (2008). Organizational ambidexterity: Antecedents, outcomes, and moderators. *Journal of Management*, 34(3), 375-409. <https://doi.org/10.1177/0149206308316058>
- Sirmon, D. G., & Hitt, M. A. (2003). Managing resources: linking unique resources, management, and wealth creation in family firms. *Entrepreneurship Theory and Practice*, 27(4), 339–358.
- Thompson, J. D. *Organizations in action: Social Sciences bases of administrative theory*, McGraw-Hill, NewYork, 1967.

- Uotila, J., Maula, M., Keil, T., & Zahra, S. A. (2009). Exploration, exploitation, and financial performance: analysis of S&P 500 corporations. *Strategic Management Journal*, 30(2), 221–231.
- Zellweger, T., & Sieger, P. (2010). Entrepreneurial orientation in long-lived family firms. *Small Business Economics*. Advance online publication. doi:10.1007/s11187-010-9267-6