

Managing the paradox of success of both/and approaches

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Abstract

The paradox of success denotes that success can contribute to decline because of overconfidence in sustaining a given path of success despite change is needed. Recently, paradox scholars cautioned against overconfidence of paradox theory in explaining organizational success with both/and concepts and stressed the importance of considering both/and and either/or concepts in explaining the successful management of paradoxical demands. Leveraging organizational paradox theory and Luhmann's theory of organization and decisions making, we argue that the relationship between both/and decisions and approaches and either/or ones is paradoxical in two ways: Either/or decisions and approaches enable both/and ones, and both/and decisions and approaches exclude either/or ones. We develop a process model that explains how reflecting on and working through this paradoxical nature of decision making through decision making enables organizations to pursue a both/and approach and managing the paradox of success of their approach. The model advances the understanding of the relationship between both/and and either/or concepts and the dynamics of managing fundamentally different types of paradoxes, i.e., paradoxical demands, operational paradoxes, and outcome-irony paradoxes.

Keywords: Both/and thinking, competing demands, decision making paradox, paradox theory

Introduction

Paradox scholars define paradoxes as persistent contradictions between interdependent elements and examine pairs of competing demands—such as exploration and exploitation or social purpose and profit orientation—that appear valid and logical in isolation but paradoxical when juxtaposed (Schad, Lewis, Raisch, & Smith, 2016; Smith & Lewis, 2011). For example, research shows how firms purposefully embed such paradoxical demands into their strategic goals to facilitate creative both/and approaches (Smith, Binns, & Tushman, 2010; Smith & Tushman, 2005). Increasingly, paradox research also provides more critical insights into both/and approaches, for example, by showing how in the Volkswagen emission scandal, overconfidence in pursuing a both/and approach triggered dysfunctional behaviors (Gaim, Clegg, & Cunha, 2019). This scandal can be understood as a paradox of success denoting that success can contribute to decline (Audia, Locke, & Smith, 2000). Cunha and Putnam (2019) reflect that the paradox of success can also apply to paradox theory. They cautioned against overconfidence in explaining organizational success with both/and concepts (e.g. both/and mindsets, decisions, organizational approaches) and stress the importance of considering both/and and either/or concepts in explaining the successful management of paradoxical demands.

Research provides first insights into dynamic relationships between both/and and either/or concepts. For example, Smith (2014, p. 58) shows that a “consistently inconsistent” pattern of combining both/and and either/or decisions enabled senior leaders flexibly maintaining attention to exploration and exploitation and pursuing a both/and approach over

time. However, the management of the paradox of success in decision making by organizations pursuing a both/and approach to paradoxical demands is unexamined. Addressing this shortcoming is important because it can advance the understanding of the dynamic relationship between both/and and either/or concepts. Furthermore, it may help us better understanding dynamics among different types of paradoxes. Langley (Langley, 2021, p. 1) labels paradoxes like that of success outcome-irony paradoxes, “where action intended to achieve one goal actually results in its opposite or in something contrary to it.” She suggests to experiment with different types or understandings of paradox to advance paradox theory, an inspiration that provides our starting point to examine the relationship between both/and approaches in response to paradoxical demands and the paradox of success.

This motivates us to ask the question: How do organizations pursuing a both/and approach to paradoxical demands manage the paradox of success in decision making? To answer this question, we combine the prevalent view of competing demands with Langley’s (2021) suggestion of outcoming ironies and that of Seidl, Lê, and Jarzabkowski (forthcoming) to incorporate Luhmann’s (2018) paradox perspective on organization and decision. Luhmann conceptualizes decision making as a paradoxical operation (i.e. activity). Integrating Luhmann’s perspective and organizational paradox theory, enables us to identify two paradoxical interrelations between both/and and either/or decisions: First, as a selection of alternatives, both/and decisions are exclusive and also follow an either/or logic. For example, deciding to address exploration and exploitation excludes the alternative of only addressing exploitation. Second, either/or decisions can enable future both/and decisions and decision-making patterns over time. Drawing on understandings of paradoxes as operational paradoxes (e.g. decision making), paradoxical demands (e.g. exploration and exploitation), and outcome-irony paradoxes (e.g. paradox of success) and rich insights into both/and approaches offered by the ambidexterity literature (Lavie, Stettner, & Tushman, 2010), we develop a process

model. The model explains how reflecting on the paradoxical nature of decision making enables organizations to pursue a both/and approach to paradoxical demands and managing the paradox of success of their approach.

Both/And Approaches and Paradoxes of Different Types

Both/and approaches in response to paradoxical demands

Early management scholars tended to argue for making clear choices and maintaining a commitment to these choices when organizations face competing demands. Such choices reduced complexity, followed a clear direction, and avoided tensions among these demands (Barnard, 1938; Porter, 1998; Thompson, 1967). Likewise, the “strategic purity” (Thornhill & White, 2007, p. 553) literature investigates under which conditions which choices are most promising. These literatures follow an “either/or” approach by arguing for addressing one or the other demand but not both.

Other organizational literature increasingly argues for both/and approaches to address competing demands. Following March’s (1991) seminal paper on exploitation (i.e. using current competencies) and exploration (developing new knowledge), a large body of literature emerged under the label of ambidexterity. This literature argues for exploration and exploitation despite tensions involved (Hahn, Pinkse, Preuss, & Figge, 2016; Knight & Cuganesan, 2020; Siggelkow & Levinthal, 2003). Ambidexterity scholars as well as paradox scholars argue that exploration and exploitation are paradoxically interrelated, because both are interdependent elements that persistently contradict each other but also can build synergetic relations through ongoing organizational efforts of addressing them (Smith, 2014; Smith & Tushman, 2005). In this view, exploration and exploitation are a pair of paradoxical demands.

Besides exploration and exploitation, organizational paradox research examines a broad range of paradoxical demands such as profit-orientation and social missions or organizational

goals and individual desires (Ingram, Lewis, Barton, & Gartner, 2016; Puspawati, Soetjipto, Wahyuni, & Wijayanto, 2019; Smith, Besharov, Wessels, & Chertok, 2012; Smith & Lewis, 2011). Addressing both poles of paradoxical demands is constitutive of both/and approaches and enables organizations to creating synergies. Ambidextrous organizations exploit current competencies and invest profits in exploration, which creates new opportunities for exploitation (Lavie et al., 2010). Social enterprises develop business models for profit and for social contributions (Besharov, Smith, & Darabi, 2019). Organizations achieve their goals by supporting individual desires (Dumas & Sanchez-Burks, 2015). More recently, scholars have shown that different paradoxes are knotted, and considering them enables organizations to bring paradoxes and the poles involved into manageable interrelations (Sheep, Fairhurst, & Khazanchi, 2017).

In contrast, either/or decisions may reduce complexity only in the short term. For example, focusing on exploitation may reduce complexity for a certain period; but particularly in current times of rapid technological innovations and changes of customer demands, neglecting exploration may be fatal. In times of massive societal problems such as climate change and social inequality, social goals become increasingly important besides economic ones. With rising competition for employees who do not exclusively work for a salary but also pursue self-realization at work, ignoring individual desires of employees may hinder organizations to achieve their goals.

These insights suggest that organizational life is full of paradoxes in terms of paradoxical demands, and both/and approaches addressing these paradoxes are one key for organizational success. We label these both/and approaches “goal-oriented both/and approaches,” because organizations apply these approaches to pursue their goal of addressing paradoxical demands.

The paradox of success as an outcome-irony paradox

Another type of paradox that is in its nature fundamentally different to paradoxical demands is the paradox as outcome irony. A paradox as outcome irony is “where action intended to achieve one goal actually results in its opposite or in something contrary to it” (Langley, 2021, p. 1). Langley observes this understanding in everyday life as well as in literatures beyond organizational paradox theory. One typical example is the paradox of success, also known as the Icarus paradox (Langley, 2021). As (Audia et al., 2000, p. 849) state, “The paradox lies in the fact that the very success that organizations strive to achieve plants the seeds of their possible future decline.”

Organizations move into the paradox of success when their success contributes to the persistence of a given path and maintaining the same organizational approach, although environmental changes call for a change of this approach (Audia et al., 2000; Pinsonneault & Rivard, 1998). Success contributes to organizational members’ belief in the current approach and desensitizes them to changing demands for sustaining successful (Elsass, 1993; Miller, 1992). Over time, organizations become more narrowly oriented and lose the requisite variety to address changing conditions or shifting demands. In this respect, previous success bears the seed of future decline.

The danger of moving into the paradox of success for organizations that pursue a both/and approach and for paradox theory arguing for the importance of pursuing a both/and approach are related. If paradox research draws on both/and concepts and focusses on the examination of organizations that successfully manage competing demands, researchers might become overconfident in their explanations, and paradox theory may move into the paradox of success. To mitigate such a risk early, it is timely to address the relationship of either/or and both/and responses. We do so by drawing on Luhmann’s paradox perspective on decision making.

The paradox of decision making as an operational paradox

As sociologist, one of Luhmann's interests (2018) was on the social process of decision making and its impact on the emergence of social orders like organizations. His work offers two insights for this paper. First, decisions are a paradoxical operation (i.e. activity) in the moment of decision making. Second, decisions connect to each other over time and aggregate to decision patterns that appear at the organizational level through which organizations sustain and change themselves.

As to the first insight, Luhmann understands a decision as a selection of alternatives and describes it as a paradoxical operation:

“The decision has to inform about itself, but also about the alternative, thus about the paradox that the alternative is an alternative (for otherwise the decision would not be a decision) and at the same time not an alternative (for otherwise the decision would not be a decision).” (Luhmann, 2018, p. 111).

Paradoxically, an expressed decision for one alternative and against other alternatives indicates that the alternatives were alternatives and were no alternatives. From Luhmann's (2018) perspective, alternatives are the condition for the possibility of decisions. Without alternatives, one cannot decide. Accordingly, actors (e.g. persons, groups, whole organizations) explicitly or implicitly express alternatives (e.g. different strategic options) when they decide and select an alternative (e.g. a certain strategy). At the same time, alternatives are the condition for the impossibility of decisions. An alternative is only an alternative if an actor seriously considers the alternative to be a good alternative. Otherwise, it would be no alternative for the actor. However, how can an actor decide against a good alternative? — Only, if the actor believes (feels, calculates etc.) that another alternative is better. However, then, the good

alternative is not a good alternative. Accordingly, actors explicitly or implicitly express that alternatives are no alternatives. Thus, decisions are paradoxical because the condition of their possibility – alternatives – is the condition of their impossibility (Luhmann, 1993, 2018; Luhmann & Fuchs, 1989).

The second insight to advance the interrelation of both/and and either/or decisions relates to the temporal dimension of decisions and organizations. According to Luhmann's theory, decisions occur in the moment but organizations endure over time (Nassehi, 2005). Their enduring becomes possible because decisions connect to previous decisions. In this connecting, the present decision refers to a previous decision as given. A future decision can then follow the previous decision, deviate from it, or undo it. In this way, patterns of decisions emerge at the organizational level and relate decisions of single moments so that the organization continues operating, observable in patterns of decisions. We call these patterns of decisions an (organizational) approach.

Central for our model is that Luhmann's understanding reveals two types of paradoxical interrelations between both/and and either/or decisions: When individuals reach a both/and decision to handle paradoxical demands, their decision excludes an either/or decision. For example, a decision that addresses exploration and exploitation excludes a decision that only addresses exploitation. In other words, in the moment of making a both/and decision, the both/and decision is simultaneously an either/or choice. This is one paradoxical interrelation between both/and and either/or decisions.

The second paradoxical interrelation is that an either/or decision might create an opportunity for later either/or and both/and decisions, and thereby contribute to the constitution of an organizational both/and approach. For example, a "consistently inconsistent" (Smith, 2014, p. 58) pattern of decision making enabled senior leaders to use either/or decisions to

achieve both goals. Likewise, Ashforth and Reingen (2014, p. 499) identified a “zig-zag pattern”, showing that organizational both/and approaches include either/or decisions.

These insights into paradoxical demands, the paradox of success as an outcome-irony paradox, and the decision-making paradox as an operational paradox allow us to reconsider the dynamic relationship between both/and and either/or decisions and approaches. They provide the main pillars of our model, which we develop next.

A Process Modell of Managing the Paradox of Success of Both/And Approaches

In this section, we develop the model. The model explains how working through the decision-making paradox allows organizations pursuing a both/and approach to paradoxical demands and managing the paradox of success. First, we summarize the process based on the central concepts of the model and the distinction of two basic types of both/and approaches that we label “goal-oriented both/and approaches” and “operational both/and approaches.” Second, we describe the process in detail for different subtypes of approaches. Third, we summarize the results.

Building on the above insights, the proposed model combines the three understandings of paradox. Starting with paradoxical demands, the model focuses on the operative paradox of decision-making, and thereby aims to explain how organizations risk or mitigate the paradox of success, an outcome irony. Our central argument is that risking or mitigating the paradox of success depends on whether organizational members explicitly work through the decision-making paradox when making either/or and both/and decisions. Doing so requires that actors reflect on their own both/and mindsets, decision-making and their both/and approaches. Such self-reflection helps revealing the paradoxical relationship between either/or and both/and decisions, and approaches, respectively. Their consideration as alternatives for decision-making broadens the range of possibilities to address paradoxical demands, that enhances the

flexibility to use both/and as well as either/or decisions and approaches to address paradoxical demands. This flexibility helps mitigating the risk of moving into the paradox of success, whereas the risk grows when organizations remain with a given organizational approach despite environmental developments that call for a change. Figure 1 displays the model:

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Insert Figure 1 about here

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The model contains four components: the paradoxical demands, their handling through decision making, the approaches of decision-patterns over time, and self-reflexivity. This last component impacts on the potential for the paradox of success. First, we assume paradoxical demands as the starting point. Paradoxical demands are contradictory and interdependent elements such as exploration versus exploitation and social profit orientation versus social mission (Schad et al., 2016; Smith & Besharov, 2019; Smith & Lewis, 2011). Due to their persistence paradoxical demands require ongoing efforts of addressing them rather than one-time solutions; the complexity of environments requires decision making under uncertainty (Eisenhardt, 1990; Smith, 2014).

Decision making to address paradoxical demands is the second component. Organizational members can choose between either/or and both/and decisions at any given moment in time. Rather than favoring both/and decisions (see Putnam, Fairhurst, & Banghart, 2016; Schad et al., 2016 for overviews), our model highlights that there is choice to pursue both/and or either/or decisions at any moment in time. This choice brings forth the paradox of decisions (Luhmann, 2018). Both/and decisions also include an either/or logic by excluding either/or decisions as a serious alternative, while either/or decisions bear opportunities for both/and decisions and approaches over time. For example, during the corporate restructuring a corporation moved from a conflict-laden either/or towards a collaborative both/and approach

(Jarzabkowski, Lê, & van de Ven, 2013). Likewise, middle managers of Lego developed both/and decisions to cope with the tensions of either/or decisions for managing their teams (Lüscher & Lewis, 2008). These tensions of either/or decisions provided the opportunity for both/and decisions.

Over time, such decisions form both/and or either/or approaches, respectively—the third component of our model. The term “approach” refers to a pattern of decisions that emerge over time, as decisions connect with other decisions (Luhmann, 2018). Our model reveals two pathways: We call the upper one in Figure 1 the path of “goal-oriented both/and approaches”. Here, organizational members prefer both/and approaches and disregard either/or approaches as a serious alternative. Their goal is to address competing demands through both/and decisions or combinations of either/or decisions to enact a both/and approach over time. This path of pursuing a goal-oriented both/and approach corresponds with many paradox studies (Cunha & Putnam, 2019; Putnam et al., 2016; Schad et al., 2016). However, because this upper path in Figure 1 excludes either/or approaches as a serious alternative, it provides a narrower scope of possibilities. This exclusion of either/or approaches combined with past success of a chosen goal-oriented approach creates the risk of moving into the paradox of success because environmental change may require an either/or approach

We call the lower path in Figure 1 an “operative both/and approach” because this approach combines goal-oriented both/and approaches and goal-oriented either/or approaches. On this path, actors consider either/or and both/and approaches as serious alternatives. This approach emerges over time, when organizational members employ both/and and either/or decisions to pursue a both/and approach, and remain open for pursuing an either/or approach to address poles of paradoxical demands. This “operative approach” rests on the paradox of decisions (Luhmann, 2018). Organizational members acknowledge that both/and approaches exclude either/or ones and therefore also follow an either/or logic. Also, organizational

members acknowledge that a shift toward an either/or approach can lead to organizational success and may raise the opportunity to shift back toward a both/and approach if this approach appears to be more promising again. The afore-mentioned studies the actors' awareness for an operative approach (e.g. Lüscher & Lewis, 2008) for the part of moving from either/or towards both/and approaches. But we have not encountered studies that contain the opposite direction or a combination that exemplifies an operational approach that contains either/or and both/and approaches.

The path of an operative both/and approach appears less subject to the risk of the paradox of success. The "goal-oriented both/and approaches" narrow the scope of possible responses to competing demands which resonates with the danger of simplicity that can accompany success and evokes the paradox of success (Miller, 1992). In comparison, the operative approach highlights the inter-relation of both/and and either/or approaches and broadens the scope of possibilities to address paradoxical demands. This broader scope helps to mitigate the paradox of success and to dynamically adjust decisions of either/or and both/and choices.

The crossroad between the two paths is the extent to which actors reflect their own paradoxical mindsets, their decision-making and approaches. This is the fourth component of our model. The self-reflexivity is a key element for managing the paradox of success (Miller, 1992). A paradoxical mindset of actors (Miron-Spektor, Ingram, Keller, Smith, & Lewis, 2017) enables paradoxical thinking, which is the "cognitive abilities to recognize opposites, question and reflect on them, and shift mental sets" (Putnam et al., 2016, p. 60). While developing such a mindset requires self-reflection to understand the inter-relation of paradoxical demands, the literature highlights that actors do or should seek synergistic relationships (Jay, 2013; Lüscher & Lewis, 2008; Pradies, Tunarosa, Lewis, & Courtois, 2020). An increasing exclusive focus of a paradox mindset then guides decision-making to favor both/and approaches and decisions, which in turn inclines the actors to embark on the path of goal-oriented both/and approaches

which dis-consider either/or approaches and decisions. These decisions manifest in organizational structures, processes and routines, that reinforce decisions, so that the organization moves into a goal-oriented both/and approach and risks the paradox of success (Miller, 1992). The same is the case with either/or decisions and approaches, that hinder both/and thinking (Liu, Xu, & Zhang, 2020; Smith, Lewis, & Tushman, 2016). Therefore, self-reflexivity is central for navigating approaches in order to manage the paradox of success.

Opening up for the path of an operative approach requires self-reflexivity, that is questioning one's own paradoxical mindset, decision-making and approach when responding to paradoxical demands. Derksen et al. (Derksen, Blomme, Cluwé, Rupert, & Simons, 2019) found that self-reflection of teams on their own work lead them to better coping with paradoxes than those which did not. While we have not found empirical evidence for moving from a both/and to an either/or approach, paradox studies provide several examples for the opposite direction (Jay, 2013; Lüscher & Lewis, 2008; Pradies et al., 2020). For example, Jarzabkowski et al. (2013) report that repeated conversations and dialogue among the involved actors helped to shift from the past conflict-laden relationship between the departments towards a collaborative one. In another example, the top management team studied by Jay (2013) reflected on and developed their organization's operating to handle competing customer demands by reflecting on their own business model. These examples provide initial indications for self-reflection of the actors' both/and mindset, decision-making, and approaches. Such self-reflection appears to impact on the paradoxical mindset that becomes open to possibilities by also considering either/or approaches as serious alternatives, thereby working through the decision paradox and surface the paradoxical relationship of either/or and both/and decisions and approaches.

In the following, we examine different approaches to addressing paradoxical demands and thereby provide more concrete substantiation to the previous abstract description. We draw

on the paradox and ambidexterity literature because these literatures provide us with insights into a rich repertoire of both/and approaches to cope with the paradoxical demands. Table 1 provides an overview of these approaches, their labels, and references (columns 1 and 2), if available in the literature on ambidexterity or on paradoxes. The second column contains a verbal summary of the decision-making pattern in terms of single decisions, followed by a graphical sketch. These illustrations show the time dimension (x-axis) and the alternatives (y-axis). The alternatives are the either/or (A or -A) and both/and decisions (B) that become the pattern of decisions over time (from t_1 to t_n):

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Insert Table 1 about here

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All the displayed approaches are goal-oriented both/and ones, except for the operative both/and approach at the bottom (see Figure 1).

Rigorous both/and approach

The first subtype is what we call a *rigorous both/and approach*. More explicitly formulated in the paradox than in the ambidexterity literature, the former suggests that organizations rigorously address both poles of paradoxical demands simultaneously (e.g. Lüscher & Lewis, 2008). Here, organizational members (e.g. entrepreneurs, top managers, middle managers, team members) rigorously address both poles of paradoxical demands (B) in their individual decisions. For this purpose, organizational members require a both/and mindset that enables them to identify possibilities of turning tensions between competing demands into synergistic relations through a decision (Miron-Spektor, Gino, & Argote, 2011; Miron-Spektor, Ingram, Keller, Smith, & Lewis, 2018; Sheep et al., 2017; Slesman, 2019). For example, senior leaders with such a mindset attend to both exploration and exploitation activities when they allocate resources.

Subsequent decisions repeat the choice for both/and (B) creating the pattern of the rigorous both/and approach (see line 1, Table 1). Lüscher and Lewis (2008), for example, show how leaders switch their decision-making practice of making either/or choices to a both/and perspective that rigorously seeks to discover linkages between paradoxical demands and address both. Although this study does not show if these both/and decisions turned into an approach over time, paradox scholars consider a rigorous both/and approach as an important response to competing demands (Smith & Lewis, 2011).

Regarding the paradox of success and in comparison to other approaches, the rigorous both/and one bears a counter-intuitive high possibility to enter and a low possibility to exit this paradox: In this approach, the paradox mindset triggers the continuous need to identify connection possibilities of both/and decisions and to connect both/and decisions to one another (Luhmann, 2018). Since either/or decisions are seen as inferior to both/and ones, organizational members do not consider that either/or decision can contribute to both/and approaches over time and do not search for connection possibilities between both/and and either/or decisions in time. In this approach, organizational members focus exclusively on both/and decisions and do not work through the decision-making paradox. The scope of responses is limited to both/and decisions and is less flexible towards shifting environmental changes. Thus, the rigorous both/and approach contains a relatively high possibility to fall prey to the paradox of success, relative to the following both/and approaches.

Contextual approach

The second goal-oriented approach is the *contextual* one, which receives much attention in the ambidexterity literature. “Contextual ambidexterity” means that leaders create a context that fosters mindful choices by employees between exploration and exploitation who balance these choices over time, and leaders only intervene and balance when necessary (e.g., Adler, Goldoftas, & Levine, 1999; Birkinshaw, Crilly, Bouquet, & Lee, 2016; Gibson & Birkinshaw,

2004; McCarthy & Gordon, 2011; Wang & Rafiq, 2014). Creating and recreating this approach, employees oscillate between either/or decisions for addressing exploration and exploitation, illustrated by the ongoing A, -A decisions in line 2 of Table 1.

The contextual approach implies a both/and mindset for senior leaders in order to provide the context that fosters employees' capacity for decisions between exploration (A) and exploitation (-A). Subordinates also need to be equipped with a both/and mindset to flexibly make choices depending on circumstances and balance choices for each pole over time. Senior leaders guide their subordinates in decision making and navigate them towards counterbalancing if needed. Thus, decisions bear a high flexibility on situationally and continuously attending to either exploration (A) or exploitation (-A). Over time, these decisions aggregate to a both/and approach, even without both/and decisions (B). As an approach, however, the contextual excludes an either/or one, that is the possibility to solely focusing on exploration or exploitation. Thus, working through the decision-making paradox, organizational members identify either/or choices as an option to pursue a both/and approach. This leads to more connection possibilities and thus to higher flexibility in decision making than following a rigorous both/and approach of solely connecting both/and decisions. However, the contextual approach excludes both/and decisions. Reflecting on combinations of different either/or choices and both/and decisions would increase connection possibilities. Moreover, like the rigorous both/and approach, the contextual approach excludes an either/or approach that solely focusses on one pole (e.g. exploration) or the other one (e.g. exploitation) as alternative. Thus, at the organizational level flexibility is low. For these reasons, we conclude that the contextual both/and approach has a medium possibility of entering and exiting the paradox of success.

Consistently inconsistent approach

A third goal-oriented both/and approach is the pattern of consistently inconsistent decision-making identified by Smith (2014, p. 58). Here, senior leaders make either/or decisions of addressing either pole, and both/and decisions of addressing both poles simultaneously (Smith, 2014). Over time, a pattern of consistent inconsistency unfolds, illustrated by the choices on A, -A, and B in line 3 of Table 1. In this approach, senior leaders have a paradoxical mindset that acknowledges either/or and both/and decisions as a means to achieve a both/and approach. Accordingly, decisions are more flexible and include all three possibilities (see Table 1: A, -A, B) with the aim of identifying connection possibilities for a both/and approach. Organizational members can enact each type of decisions on each type of previous decisions (i.e. either/or addressing one pole, either/or addressing the other pole, both/and addressing both poles). For example, senior leaders can decide to invest in exploration, exploitation, or both after they invested into exploration previously. In order to navigate this flexibility of decisions that recreates the consistent inconsistent decision pattern, it appears helpful to embed competing demands in the strategic goals that guide leaders and subordinates (Smith, 2014). However, like the rigorous and the contextual approach, the consistently inconsistent pattern follows a both/and approach, which excludes the possibility of pursuing an either/or approach. In terms of the paradox of success, we conclude a low possibility of entering this paradox due to the flexible decisions, but a significant possibility of difficulties to exit the paradox of success, if an organization finds itself in it due to the exclusion of an either/or approach as an option that may lead to success.

Structural approach

A fourth goal-oriented both/and approach is the structural one (line 4, Table 1), which receives broad attention in the ambidexterity literature (Heracleous, Papachroni, Andriopoulos, & Gotsi, 2017; Jansen, Tempelaar, Van den Bosch, & Volberda, 2009; O'Reilly, Harreld, &

Tushman, 2009; O'Reilly & Tushman, 2004, 2011). This approach begins with a decision to address both poles (B) by structurally separating collectives that exclusively focus on one pole (A) from those collectives that focus on the other pole (-A), for example, by creating different departments. At certain points in time, this approach requires integrating both/and decision (B), for example when allocating resources to address both poles (Smith & Lewis, 2011), or when restructuring the organization (e.g. Jarzabkowski et al., 2013). A structural approach requires a paradoxical both/and mindset for those actors in charge of the both/and decisions (e.g. senior leaders), but not for those actors who make decisions within the separated parts. While different mindsets provide challenges in themselves (e.g. Westenholtz, 1993; Knight & Paroutis, 2017), the structural approach allows for either/or decisions within each pole. It also provides for a clear orientation due to the structural differentiation, that enhances to connect the same decisions (A, or -A, respectively) within each domain.

Relative to the other approaches, decisions bear a medium flexibility in that they entail separate sequences of same either/or decisions and sporadic both/and ones. The structural approach itself, however, has a low flexibility due to the decision (B) on separating the poles (A, -A). The approach entails a relative strong dichotomy of the poles of exploration and exploitation. Also, and by separating the two through structure, it also contains a hierarchically underscored dichotomy of either/or and both/and decisions and approaches. The latter are performed by top management, the former by lower levels. Working through the decision-making paradox, senior leaders identify a highly structured and static opportunity to combine both/and and either/or decisions to pursue a both/and approach. Due to the structural separation of the poles and of decisions and approaches to handle paradoxical demands, we conclude that this approach bears a high possibility of entering the paradox of success. Also, its potential to exit the paradox of success appears low, as it requires costly restructuring.

Cyclical approach

The fifth goal-oriented both/and approach is the *cyclical both/and approach*. This approach receives attention in the paradox, ambidexterity, and strategy literatures more broadly (Burgelman, 2002; Poole & Van de Ven, 1989; Siggelkow & Levinthal, 2003). It is known under labels such as sequential ambidexterity (O'Reilly & Tushman, 2013), punctuated equilibrium (Burgelman, 2002), and cyclical ambidexterity (Simsek, 2009). We use the adjective “cyclical” because it highlights a key difference to the other goal-oriented approaches.

The cyclical both/and approaches move back from one pole over the other one to the former one, and so forth. For example, cyclical ambidexterity implies shifting the focus from exploration over exploitation to exploitation in different phases according to capabilities and environmental dynamics (Chou, Yang, & Chiu, 2017; Kang, Kang, & Kim, 2017; Raisch, Birkinshaw, Probst, & Tushman, 2009; Siggelkow & Levinthal, 2003). Accordingly, organizational members make decisions on one pole during one period (A), the other pole in the next period (-A), and so forth (see line 5, Table 1).

The mindset of organizational members contains an openness on when to switch from one either/or (A) to the other (-A) even without considering both/and decisions (B). The switches between either/or decisions (A, -A) allow for a both/and approach over time. Thus, the cyclical approach implies a medium flexibility between either/or decisions that aggregate to a both/and approach over time. The dis-consideration of both/and decisions (B) and of a both/and approach at one point of time respectively period of time limits the range of possibilities and flexibility to address competing demands. Therefore, we conclude that the cyclical both/and approach has a relative medium possibility of entering and exiting the paradox of success.

Operative approach

Like the previous approaches, the sixth one (Table 1) aims to address both poles of paradoxical demands. Within the operative approach, organizational members reflect on their decision-making and on the enacted approaches when addressing competing demands. Such reflection is central to observe and mitigate the risk of the paradox of success because it helps to reveal the paradox of decision making - i.e. that decisions do both refer to alternatives and negate them as serious alternatives before selecting them (Luhmann, 2018). Working through the decision-making paradox, organizational members reflect on the selectiveness of their decisions and—paradoxically formulated—take alternative seriously that they do not take seriously.

In addition to goal-oriented approaches, the operative relates either/or and both/and decisions (operations) in paradoxical manner that raise tensions but also involve the potential for synergies. Like a consistent inconsistent both/and approach, this approach considers connection possibilities among either/or decisions addressing one pole or the other, and both/and decisions addressing both of them. In difference, the reflexive operative both/and approach does not exclude a priori an organizational either/or approach. Such inclusion requires a paradoxical mindset with which organizational members reflect on their decision-making, and their approach, that is based on the paradox of decision-making. Thereby, actors can enhance the flexibility of decisions and approaches, ensure the continuation of the organization (Luhmann, 2018) and mitigate the risk for the paradox of success.

However, the reflexive operative both/and-approach encounters a different challenge: Like the consistently inconsistent both/and approach, the operative approach can invite confusion among organizational members. Its decision-making pattern is not as clearly recognizable like those of the other goal-oriented both/and approaches (see Table 1). To work on this limitation, insights from the contextual both/and-approach could help to provide for

contexts that guide flexible decision-making and choices of both/and and either/or approaches. Under such a condition, a reflexive operational both/and approach can provide the possibility of avoiding the paradox of success.

Besides this challenge of confusing organizational members, the operative approach relies on continuous reflection and experimenting (Luhmann, 2018; Ortmann, 2004). Actors need to reflect on decision making and surface the paradox of decisions making that decisions do both refer to alternatives and negate alternatives (Luhmann, 2018). Alongside reflection, an operative approach requires continuous experimenting with excluded alternatives, test them, and thus take them seriously (Ortmann, 2004). Otherwise and when organizations pursue a certain approach for a longer time period, they risk losing the capacity for enacting and changing the approach. Accordingly, experimenting helps to maintain an currently unused approach serious to qualify as an alternative (Luhmann, 2018; Ortmann, 2004).

By engaging in ongoing reflection and experimenting, actors can develop a mindset that is -paradoxically- a both a both/and and an either/or mindset. Such a mindset is more than a balanced mindset – see goal-oriented approaches – because it is open for both/and and either/or decisions and approaches. This mindset helps to seek connection possibilities between when the two realms of responding to competing demands. Together continuous reflection and experimenting such a mindset helps mitigating the risk of the paradox of success, because it attends to the paradoxical relations between either/or and both/and decisions and approaches.

Summarizing comparison of goal-oriented approaches

In sum, all approaches address competing demands (Aoki, 2020; Hahn & Knight, 2019; Smith & Lewis, 2011; Smith, Lewis, Jarzabkowski, & Langley, 2017). The main difference is that an operative approach considers either/or and both/and approaches as serious alternatives. It implies to reflect on own paradoxical mindsets, decision-making and approaches. In this way, actors work through the paradox of decision-making. The goal-oriented approaches also

require a paradoxical mindset and – with the exception of the rigorous one – take either/or decisions into account. However, these approaches pursue a pattern of decision-making that favors a synergistic relationship of the competing demands. They incorporate one side of the paradoxical nature of decision-making (see Figure 1) - either/or decisions bear opportunities for both/and decisions and approaches – but not the other side, i.e. that both/and decisions and approaches exclude either/or approaches. In this respect, the goal-oriented both/and approaches appear relatively limited in their flexibility and scope of possibilities to successfully manage the paradox of success. The operative both-and approach expands reflection to own beliefs, decision-making and approaches, and thereby also expands experimentation to either/or approaches. As experimenting becomes continuous in an ever-changing world of persisting competing demands organizations could move towards a dynamic equilibrium of managing the paradox of success. In other words, an operative both-and approach implies expanding this metaphor of Smith and Lewis (2011, p. 381) from competing demands to the paradoxical interrelation of either/or and both/and decisions and approaches. The resulting flexibility in decisions and approaches is key for sustainably managing the paradox of success, particularly under the current condition of complex and fast changing environments.

Discussion

In this paper, we asked how organizations pursuing a both/and approach to paradoxical demands manage the paradox of success in decision making. In response, we leveraged Luhmann's organizational theory, paradox theory, and the ambidexterity literature. Our process model explains how reflecting on and working through the paradoxicality of decision making promotes managing the paradox of success successfully. In this section, we discuss how our study contributes to the paradox literature and suggest areas for future research.

First, our model advances the understanding of the relation between both/and and either/or concepts. Much previous research appears to exclusively apply both/and concepts to explain the management of paradoxical demands (Smith et al., 2017). A few studies show how either/or decisions can contribute to a both/and approach (Ashforth & Reingen, 2014; Smith, 2014). Our study extends these insights by identifying two types of paradoxical relations between both/and and either/or decisions and approaches. One is that both/and decisions and approaches exclude either/or decisions and approaches and thus do not only follow a both/and logic but also an either/or one. The second one is that either/or decisions and approaches raise opportunities to pursue both/and decisions and approaches in the future. As our model shows, considering these paradoxical interrelations between both/and and either/or can provide explanations how firm manage paradoxical demands and the paradox of success.

Furthermore, the two identified paradoxical interrelations provide insights that enable paradox scholars to critically reflect assumptions of paradox theory. For example, paradox theory stresses the importance of understanding opposite poles as dualities that are inseparably interrelated and interdependent although they are contradictory (Smith & Lewis, 2011). However, the neglect of either/or concepts in paradox research suggest that paradox scholars assume that both/and and either/or concepts are dichotomies that can be separated to solve tensions.

Related to this, we revealed the counterintuitive insight that a rigorous both/and approach is not only grounded on a dualistic but also on a very dichotomous mindset of organizational members who rigorously separate both/and decisions and approaches from the either or ones and exclude latter ones as serious alternatives. Thus, our model helps to tune down the potential bias towards both/and approaches. Previous paradox research suggests that both/and decisions and approaches are superior to either/or ones. In contrast, our study offers insights into the importance of combining both/and and either/or.

Second, our model explains how organizations that pursue a both/and approach to paradoxical demands manage the paradox of success as an outcome-irony paradox by working through the paradox of decision making as an operational paradox. Thus, while previous paradox research focuses on paradoxes in terms of paradoxical demands (Putnam et al., 2016; Schad et al., 2016), our study provides first insights into how managing different types of paradoxical demands is dynamically related. Building on the prevalent understanding of paradoxical elements, we promoted the operative understanding of paradox that provides a link between paradoxical elements and an outcome irony, like the paradox of success. The explanatory value of the operative paradox of decision-making lies in that it helps researchers to illuminate on how handling paradoxical demands can risk or mitigate the paradox of success. Therefore, we find it helpful for both practitioners and scholars alike (see Cunha & Putnam, 2019) to attend to the paradox of their decision-making when engaging with paradoxical demands in practice or in scholarship. In paradox and ambidexterity studies, we did not find an empirical example of this approach. In our view, a reason could be that neither attends to the paradoxical nature of decision-making, and both mainly focus on coping with competing demands. With our model, we aim to overcome this limitation and thereby expand the scope of the paradox lens by introducing the operative approach to competing demands.

Third, we contribute the distinction between an approach and a decision. This distinction, for example, allows to address the methodological limitation in Luescher & Lewis (2008) who pointed out that it remained unclear whether the workable solutions had a lasting effect. In our terms, paradoxical inquiry refers to the decisions, but it remains open whether and how such decisions turn into an approach. By distinguishing decision and the approach, our model opens new possibilities for research: How does a decision become an approach when handling competing demands? For this aim, Jarzabkowski et al. (2013) highlights the importance of embedding workable solutions in the routines, and organizational structures. Their

conceptualization focuses on the approaches of turning an initial either/or into a both/and one. However, their conceptualization does not include the decisions to explain this shift despite observing repeated interactions of organizational members to enable this shift. Presumably, actors have reflected on their own decision-making during these encounters, which is why these authors highlight the importance of dialogue. The distinction between decision and approach provides a pathway to advance existing explanations on shifting from one approach to another, when managing competing demands.

Future Research

These contributions and the limitations of our model point into several directions for future research. One area of research is to further explore the relationship between decisions and approaches, e.g. to answer Lüscher and Lewis' (2008) open issue whether, why or why not a both/and decision turned into a both/and approach.

Most important to us are empirical studies in two directions: One is the elaboration of an operative approach in which actors work through the paradox of decision-making in order to revise and specify what our paper broadly referred to as self-reflection and experimenting. A second direction for paradox studies is to capture the change and non-change of approaches when organizations respond to competing demands. Reviewing the paradox literature, we observe a tendency towards successful cases of organizations moving from an either/or to a both/and approach (e.g. Jay, 2013; Pradies et al., 2020). Their important insights withstanding, future studies could also tap on the potential of failures to do so (e.g. Abdallah et al., 2011), and on a more nuanced view on the specific patterns of decision-making that emerge over time. Studies may show how paradoxical interrelations are involved in “goal-oriented” and “operational” both/and approaches to competing demands. Taken together these insights could provide us with a more nuanced and in-depth understanding of approaches we identified, but

also to expand these approaches and identify others, as to how organizations respond to competing demands and mitigate the risk for the paradox of success.

A third way of future research, is to engage in dialogue with theories of either/or approaches and their representatives. More recent literatures such as the “strategic purity” (Thornhill & White, 2007, p. 553) literature follow the argumentation of early management scholars and try to understand under which conditions which choices are most promising. As such literature follows an “either/or” approach by arguing for addressing one or the other demand but not both.

Conclusion

Paradox research has strongly advanced the understanding of organizational both/and approaches to competing demands. To advance this understanding, we examined the paradoxical interrelation between both/and and either/or decision making which we believe theoretically relevant in order to avoid the paradox of success. To avoid this paradox, we suggest that actors and scholars attend to the paradox of decision-making, and thereby reflect one’s own decision-making. Such reflection and experimenting with alternative approaches to competing demands manifests in an operative approach of addressing competing demands, which becomes increasingly important in a fast changing and complex society we face today.

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Figure

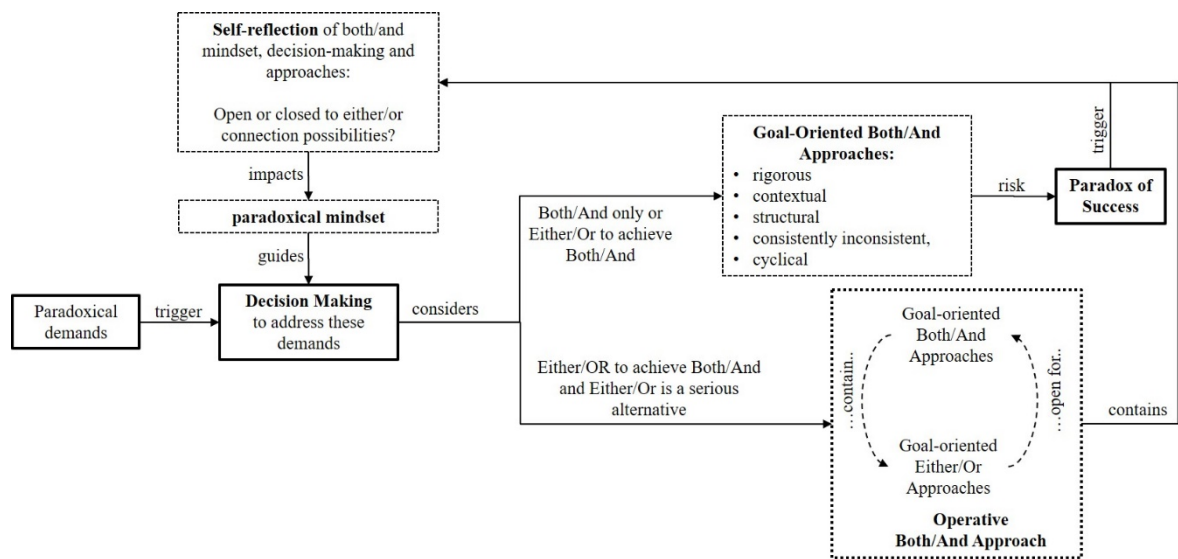


Figure 1. Process model of managing the paradox of success of both/and approaches

Table

Table 1. A typology of both/and approaches

Label	Description of decision-making pattern
Goal-oriented both/and approaches	
<p><i>Rigorous both/and approach</i></p> <p>No empirical studies found; conceptual arguments promote both/and approaches and decisions (e.g. in Jarzabkowski et al., 2013; Clegg et al., 2002)</p>	Organizational members rigorously address competing demands through both/and decisions (B)
<p><i>Contextual both/and approach</i></p> <p>e.g. Adler et al., 1999; Birkinshaw et al., 2016; Gibson & Birkinshaw, 2004; McCarthy & Gordon, 2011; Wand & Rafiq, 2014</p>	Leaders create a context that fosters mindful choices by employees between exploration (A) and exploitation (-A)
<p><i>Consistently inconsistent both/and approach</i></p> <p>e.g. Smith, 2014</p>	Senior leaders, make either/or decisions of addressing one pole (A), the other pole (-A), and both/and decisions of addressing both poles simultaneously (B)
<p><i>Structural both/and approach</i></p> <p>e.g. Heracleous et al., 2017; Jansen et al., 2019; Van den Bosch & Volberda, 2009; O'Reilly et al., 2009; O'Reilly & Tushman, 2004, 2011</p>	Structural differentiation to pursue each pole separately (A, -A), with moments of integration (B) when poles adjoin
<p><i>Cyclical both/and approach (sequential, clical ambidexterity)</i></p> <p>e.g. Burgelman, 2002; Poole & van de Ven, 1989; Siggelkow & Levinthal, 2003; O'Reilly & Tushman, 2013</p>	Cycling from one pole over the other one to the former one, etc. according to capabilities and environmental dynamics
Operative both/and approach	
<p><i>Self-reflexive operational both/and approach</i></p>	Explicitly considering the paradox of decision-making and thereby keeping either/or and both/and decisions and approaches as alternatives to handling competing demands

Graphical illustration

