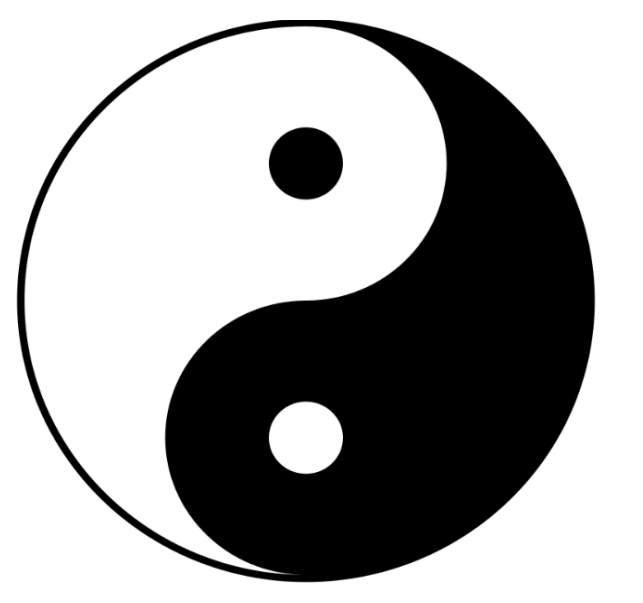


Research Context:

Organizations face increased pressures to simultaneously address multiple strategic objectives such as innovation and efficiency or social and commercial value creation. While one objective can often not exist without the other, they compete for scarce resources and require different contexts, creating tensions in organizations. Managing these tensions, referred to as paradoxical tensions in academic literature, is particularly challenging for top managers, which reside at the apex of a firm and make strategic decision that significantly affect the fortunes of their organization.



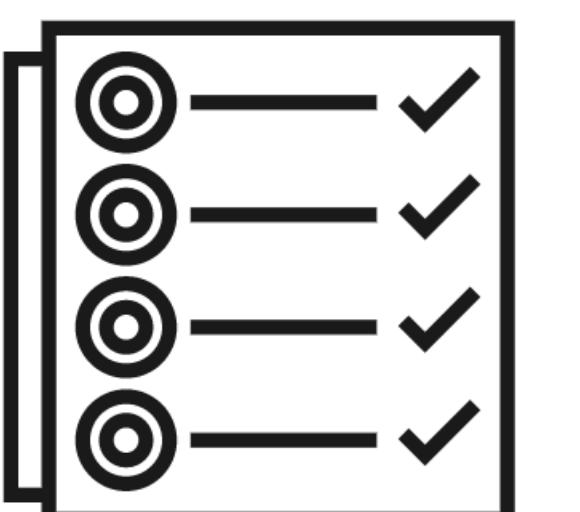
Research Problem:

Organizational researchers have long recognized the necessity and importance of aligning managers' interests with the interests of their organizations. In this context, senior executives' incentives have received widespread attention from both researchers and society at large. However, an unresolved issue that remains to be investigated in this regard is the extent to which TMTs' compensation design supports the implementation of a firm's strategy and how TMTs decide between different, often paradoxical strategic choices.



Project Goal:

The objective of this project was to develop a detailed dissertation proposal and refine this to submit a multi-year SNF project application.



Outcome 1: SNF

Top Management Team Incentives and Paradox



The purpose of the proposed project is to augment and quantitatively enrich research on top management team incentives and paradoxes. It strives to investigate whether and to what extent incentives for top management teams help to address, manage and embrace tensions that occur in companies. The combination of these two relevant research streams should make an important contribution to theory and practice. The proposed research project was composed of three empirical studies, which follow a quantitative approach using computer-aided-text-analysis (CATA).

- **First empirical project:** Examination of the the role of TMT incentives for firms' ability to simultaneously engage in exploration and exploitation (i.e., to become ambidextrous).
- **Second empirical project:** Investigation on how social and commercial incentives are related to the respective firm-level outcomes and which role firms' overall social and economic value orientations play in this regard.
- **Third empirical project:** Longitudinal analysis on how TMT turnover and the evolution of their compensation designs foster the emergence of ambidexterity and performance over time.

Outcome 2: Strategic Management Society (SMS)

Incentives for the Top Management Team and Ambidexterity



As incentive systems have been an often suggested and rarely studied driver of senior executives' inclination towards different strategic priorities, this study strives to analyze how incentives for the CEO and the other TMT members jointly affect firms' ambidextrous orientation. By doing so, this study aims at providing insights on how the organizational context of top managers impacts the ability to induce a balance between exploration and exploitation.

- **Study design::**
 - Longitudinal study
 - Companies from the S&P 500
 - Focus on largest industry: Manufacturing
- **Results:**
 - High ratio of fixed compensation compared to variable compensation of the CEO as a significant predictor of firm ambidexterity.
 - Moderating effect by the incentive design of the remaining TMT.
 - Incentives as a contextual antecedent of ambidexterity on the senior management level.
 - Relevance of decision makers "willingness" to engage in ambidexterity as a complementary driver to their "ability".

With the successful defense of the preliminary study, the preparation of the SNF application based on the preliminary study, and the successful submission and presentation of the abovementioned paper to a highly reputable peer-reviewed conference, an academic junior scientist could significantly advance his dissertation and make a scientific contribution to the community based on the promising preliminary results of the empirical paper.

