

Funding as a Trigger for Organizational Ambidexterity: How Early-Stage Capital Reconfigures Exploration and Exploitation in Tech Firms

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Abstract

Technology startups operate under distinctive funding conditions compared to other industries. Yet, little is known about how these funding events shape the balance between exploration and exploitation activities across organisational growth. While research on ambidexterity has examined mechanisms in mature firms, the influence of early-stage funding is largely ignored. Addressing this gap, this thesis examines how funding influences organisational ambidexterity through qualitative case studies spanning two-person startups to capital-heavy scale-ups.

The findings show that funding does not increase exploration and exploitation directly, but it reconfigures the organisational conditions for which these activities occur. Four mechanisms occur: firstly, funding acts as a temporal inflection point, triggering the rapid reallocation of priorities. Secondly, capital expands capacity, enabling firms to shift from founder-driven to role-based, or structural, ambidexterity. Third, founder and investor expectations shape how funding is interpreted, leading to a paradox in which founders expect capital to increase exploration but then feel the need to prove the round through exploitation. Finally, boundary conditions such as governance constraints or capital intensity set limits on the extent to which funding can shift the balance.

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Chapter 1

Introduction

1.1 Background

Technology startups operate under distinctive funding conditions that set them apart from other ventures (Ewens, Nanda & Rhodes-Kropf, 2018). These funding events are not merely financial injections; research demonstrates that venture capital shapes organisational development, accelerating the professionalisation of internal structures, and human resource policies (Hellmann & Puri, 2002). Furthermore, the presence of venture capital is positively associated with employee growth, with funding rounds acting as credibility signals that attract talent and resources (Davila, Foster & Gupta, 2003). Venture-capital-financed firms achieve remarkably larger scale than their non-VC-financed counterparts at every stage of their lifecycle (Puri & Zarutskie, 2012).

Yet growth introduces a fundamental tension. As March (1991) established, organisations must simultaneously pursue exploration (activities characterised by search, experimentation, and innovation) and exploitation (activities focused on refinement, efficiency, and execution). These modes compete for finite attention and resources, yet both are essential. For early-stage technology firms, this tension is particularly acute. Startups face extreme time pressure, operate under severe resource constraints, and must reorganise rapidly in response to market signals, all while navigating investor expectations that shape what constitutes legitimate use of capital (Fisher et al., 2016). The central puzzle is therefore this: while

funding expands what firms can do, it simultaneously reconfigures what they feel compelled to do. How funding events influence the allocation of attention between exploratory and exploitative activities—rather than simply enabling more of both—remains poorly understood. This thesis addresses that gap by examining how early-stage funding shapes the exploration–exploitation balance in growing technology firms.

1.2 Research Gap

Research has extensively examined the tension between exploration and exploitation, showing that balancing the two improves performance outcomes (March, 1991; He & Wong, 2004; Junni et al., 2013). However, this work primarily focuses on established firms with stable routines and internal slack, conditions unlike those of early-stage technology ventures, where resource scarcity and speed make the tension far more acute (Kuckertz et al., 2010). Adjacent literature shows that financial resources shape innovation behaviour (Chen & Miller, 2007), yet these studies conceptualise resources as internally accumulated slack rather than externally injected capital. They therefore overlook the distinctive nature of early-stage funding rounds: discrete, time-bound events that introduce new expectations, governance, and strategic pressure.

Research on startups demonstrates that small firms can be ambidextrous (Lubatkin et al., 2006; Kuckertz et al., 2010; Müller et al., 2019), but it does not explain how funding changes the balance between exploration and exploitation as firms grow. Similarly, entrepreneurial finance studies show that funding accelerates professionalisation (Hellmann & Puri, 2002; Davila et al., 2003), yet they do not link these organisational changes to ambidexterity. Across these literatures, a clear gap remains: no research examines the intersection of how early-stage funding rounds act as organisational inflection points that dynamically reweight exploration and exploitation over time. This thesis addresses this gap.

1.3 Research Question

Addressing this research gap, the present study seeks to elucidate the organisational mechanisms by which early-stage funding rounds influence the balance between exploration and exploitation in technology firms. While prior research has examined resource slack, venture capital effects, and various forms of ambidexterity in isolation, there has been limited empirical investigation into how funding events themselves prompt shifts in organisational behaviour during periods of growth.

Accordingly, this thesis investigates how leaders in technology firms interpret, respond to, and reorganise during funding rounds, and how these actions affect exploratory and exploitative activities over time, leading to the question of:

How does early-stage funding influence a tech firm's balance between exploration and exploitation during organisational growth?

Chapter 2

Literature Review

This chapter reviews prior work on exploration–exploitation, organisational ambidexterity, resource slack, early-stage technology firms, and the organisational effects of external funding. The purpose is to position the thesis within existing scholarship and identify the gap concerning how early-stage funding events dynamically reshape the exploration–exploitation balance during organisational growth.

2.1 Exploration and Exploitation as a Resource Allocation Problem

March (1991) conceptualises exploration—search, experimentation, variation, innovation—as fundamentally in tension with exploitation—efficiency, refinement, delivery, execution. Because both draw on finite organisational attention and resources, firms face a structural allocation problem: increasing one reduces the other. Exploration is long-term, uncertain, and costly; exploitation is predictable and proximate.

Empirical studies consistently link this balance to firm outcomes. He and Wong (2004) show that a balanced orientation increases sales growth in technology firms. Junni et al. (2013) similarly identify a robust positive relationship between ambidexterity and performance. Further work reinforces these benefits: Venkatraman et al. (2006) find a positive link between

ambidexterity and sales growth, and Cottrell and Nault (2004) show that ambidexterity increases firm survival.

However, this literature overwhelmingly examines established organisations with extensive routines, slack, and stable structures—conditions not shared by early-stage technology ventures. Startups face sharper constraints: they must explore sufficiently to discover product–market fit while also exploiting enough to generate early traction. The allocation problem is therefore faster, more consequential, and more volatile.

Lubatkin et al. (2006) emphasise this point, arguing that SMEs lack the slack and structural separation required for classical ambidexterity and instead rely on behavioural integration within top management teams. Importantly, they note that their sample “should not be confused with start-ups,” highlighting that the youngest firms remain underexamined in this literature. The implication is clear: although the exploration–exploitation tension is well theorised, little is known about how external resource inflows—such as early-stage funding—reconfigure this balance during the earliest phases of organisational growth.

2.2 Resource Slack and Financial Capital

A related body of research examines how financial resources influence innovation. Chen and Miller (2007) show that discretionary slack supports exploratory innovation when managerial attention allows it. Voss, Sirdeshmukh and Voss (2008) also find that resource conditions shape how firms balance innovation types. These studies demonstrate that financial resources matter for innovation direction, but they focus on internally accumulated slack rather than externally injected capital.

Crucially, most of this work investigates established firms with stable resource environments. Studies do not explore how external funding—arriving suddenly, tied to governance structures, and accompanied by investor expectations—reshapes internal priorities or the exploration–exploitation balance. Thus, while this literature confirms that financial conditions influence innovation choices, it does not explain how discrete funding rounds function as organisational events that reconfigure exploration and exploitation in early-stage tech firms.

2.3 Ambidexterity in Small Firms and Technology Startups

Research on small or technology-intensive firms highlights that contextual constraints shape their ability to achieve ambidexterity. As noted earlier, Lubatkin et al. (2006) show that SMEs lack the slack and structural separation needed for classical ambidexterity, relying instead on behavioural integration. This dynamic is even more pronounced in early-stage tech firms, where limited personnel means individuals frequently oscillate between exploratory activities (e.g., experimentation) and exploitative tasks (e.g., customer delivery).

Kuckertz et al. (2010) examine VC-backed technology startups and find that both exploration and exploitation positively affect innovation performance, which in turn improves venture outcomes. However, their work does not examine how financing itself shapes exploration and exploitation. Instead, they highlight the need for studies that investigate the mechanisms connecting funding and ambidexterity.

Müller, Páske and Rodil (2019) provide partial insight, showing that startups draw on portfolios of competencies across founders, employees, and ecosystem actors. Early funding rounds provide access to investors' expertise and networks, which support both exploratory and exploitative activities. However, they argue that resource constraints still limit structural ambidexterity, pushing startups toward contextual ambidexterity instead.

Together, this literature shows that early-stage tech firms face distinct ambidexterity challenges due to resource scarcity and rapid change. Funding affects more than capital: it influences access to talent, knowledge, and complementary competencies. Yet despite these insights, the mechanisms through which funding reshapes exploration and exploitation as firms grow remain incompletely understood.

2.4 Funding and Organisational Change in Venture-Backed Firms

Research in entrepreneurial finance shows that funding substantially alters organisational structure. Hellmann & Puri (2002) demonstrate that VC-backed firms professionalise earlier, adopting formal HR practices and structured processes sooner than non-VC-backed firms. Davila, Foster and Gupta (2003) find that the introduction of external equity financing is associated with the implementation of management control systems, helping firms coordinate growth. Puri and Zarutskie (2012) show that VC-backed ventures scale much faster than non-VC-backed counterparts across their lifecycle.

These findings establish that funding accelerates professionalisation, governance, and structural development. However, the literature has two limitations. First, it usually treats VC involvement as a binary variable—VC-backed versus non-VC-backed—rather than examining changes across successive funding rounds. Second, it does not explicitly connect these organisational changes to shifts in exploration and exploitation, despite describing changes (e.g., formalisation, role differentiation) that directly affect ambidexterity.

Thus, while it is clear that funding reshapes organisational structures, its impact on the exploration–exploitation balance remains underspecified.

2.5 Gap in Research

Across the literature, several patterns are evident. The exploration–exploitation tension is well established, with strong evidence that ambidexterity improves performance (March, 1991; He and Wong, 2004; Junni et al., 2013; Venkatraman et al., 2006; Cottrell and Nault, 2004). Studies on slack show that financial resources influence innovation choices, but typically conceptualise slack as internally accumulated—not as externally raised capital. These studies therefore do not treat funding rounds as punctuated organisational events that re-orient priorities (Nohria and Gulati, 1996; Voss et al., 2008; Uotila et al., 2009).

Research on startups shows that young firms can achieve ambidexterity, yet the role of external financing in shaping this balance remains unclear (Lubatkin et al., 2006; Kuckertz et al., 2010; Müller et al., 2019). Meanwhile, entrepreneurial finance research demonstrates that funding accelerates professionalisation and structural development, but does not link these changes to exploration and exploitation (Hellmann and Puri, 2002; Davila et al., 2003).

Taken together, these streams reveal a major theoretical gap. Prior work has not examined how early-stage funding dynamically reweights exploration and exploitation, how these shifts unfold as firms progress through growth stages, how structural and contextual mechanisms mediate these changes, or how founders' and investors' interpretations of funding events create cognitive pressures influencing organisational priorities.

This thesis addresses this gap by conceptualising early-stage funding rounds as organisational inflection points that reshape the temporal, structural, and interpretive foundations of exploration and exploitation in growing technology firms.

Chapter 3

Theoretical Framework

3.1 Definitions

3.1.1 Exploration

Exploration, as defined by March (1991), encompasses activities such as search, variation, risk-taking, experimentation, play, flexibility, discovery, and innovation. The essence of exploration is experimentation with new alternatives, characterised by returns that are systematically uncertain, more remote in time, and often negative (March, 1991).

Gupta, Smith, and Shalley (2006) note that there is broad consensus that exploration refers to learning and innovation, specifically the pursuit and acquisition of new knowledge. They synthesise several conceptualisations: exploration involves learning gained through concerted variation, planned experimentation, and play; it encompasses shifts to new technological trajectories; and it includes technological innovation aimed at entering new product–market domains (Gupta et al., 2006).

A central challenge of exploration lies in the distribution of its consequences across time and space: what is beneficial in the long run may not be beneficial in the short run. Feedback is slower, less proximate, and less precise compared to exploitation, making exploratory activities cognitively and organisationally difficult to sustain (March, 1991). Despite these

challenges, exploration remains essential to organisational survival, helping firms avoid becoming trapped in suboptimal stable equilibria (March, 1991).

3.1.2 Exploitation

Exploitation, according to March (1991), includes refinement, choice, production, efficiency, selection, implementation, and execution. Its essence lies in extending and improving existing competences, technologies, and paradigms. Returns from exploitation are typically positive, proximate, and predictable.

However, organisations that engage in exploitation to the exclusion of exploration risk entrapment in suboptimal equilibria. Adaptive systems exhibit increasing returns to experience: each improvement in competence increases the likelihood of rewards for engaging in the same activity, further amplifying competence and narrowing future learning (March, 1991). Because exploitation generates faster, more precise feedback, adaptive processes tend to strengthen exploitation at the expense of exploration. This creates a self-reinforcing but potentially self-destructive dynamic in which short-term learning overwhelms long-term adaptability (March, 1991).

While exploitation is essential for reliable organisational functioning, sustained performance ultimately depends on maintaining a reasonable level of exploration to ensure long-term adaptation and organisational intelligence.

3.2 Ambidexterity

3.2.1 Structural Ambidexterity

Structural ambidexterity represents an organisational solution in which firms create separate structures for fundamentally different forms of innovation. Tushman and O'Reilly (1996) argue that ambidextrous organisations succeed “by hosting multiple contradictory structures,

processes, and cultures within the same firm.” This reflects the premise that exploration and exploitation require incompatible organisational arrangements—distinct strategies, cultures, competencies, and time horizons—that cannot be reconciled within a single unit.

Structurally ambidextrous organisations share three design principles:

1. **Small, autonomous exploratory units:** These units maintain speed, flexibility, and autonomy required for radical innovation, while exploitative units emphasise cost efficiency and incremental improvement.
2. **Multiple subcultures:** Organisations maintain overarching corporate norms while allowing contextual variation across exploratory and exploitative divisions, creating systems that are simultaneously tight and loose.
3. **Strong integration mechanisms:** A shared strategic intent, unified culture, and financial control systems provide coherence across units, enabling decentralised decision-making while maintaining overall alignment (Tushman & O’Reilly, 1996).

This design allows firms to pursue breakthrough innovation without compromising the efficiencies of their core operations. However, structural ambidexterity typically requires slack resources and a sufficiently large organisation to support differentiated units, making it less accessible to very early-stage ventures.

3.2.2 Contextual Ambidexterity

Contextual ambidexterity reflects an organisational capability enabling individuals—not structures—to divide their time and attention between alignment (exploitation) and adaptability (exploration). Gibson and Birkinshaw (2004) define it as a behavioural capacity supported by an organisational context that allows employees to make judgments about balancing short-term efficiency with long-term innovation.

Two dimensions form the basis of this framework. The first is alignment, which refers to the degree to which activities within the organisation work coherently toward shared

goals, emphasising consistency, coordination, and the optimisation of current operations (Gibson & Birkinshaw, 2004, p. 209). The second is adaptability, defined as the capacity to reconfigure activities quickly in response to environmental change, emphasising flexibility, responsiveness, and strategic renewal (Gibson & Birkinshaw, 2004, p. 209).

Gibson and Birkinshaw (2004) emphasise that these dimensions are non-substitutable: high performance on one cannot compensate for deficiencies in the other. Organisations must maintain both simultaneously to achieve ambidexterity.

Contextually ambidextrous organisations develop a supportive organisational context built on four behavioural attributes. The performance management context consists of discipline, defined by clear standards, transparent feedback, and consistent consequences that drive reliable delivery, and stretch, which reflects shared ambition, collective identity, and aspirational goals that motivate individuals to exceed minimal requirements. The social context comprises support, involving access to resources, appropriate levels of autonomy, and guidance-oriented leadership that facilitate cooperation, and trust, which emerges from fair decision-making, inclusive participation, and competence-based role assignment that foster reciprocal reliability. These attributes are complementary: performance management provides drive and discipline, while social context ensures sustainability and collaboration. Together, they create the conditions under which individuals can make effective judgments about balancing alignment and adaptability in their daily work (Gibson & Birkinshaw, 2004).

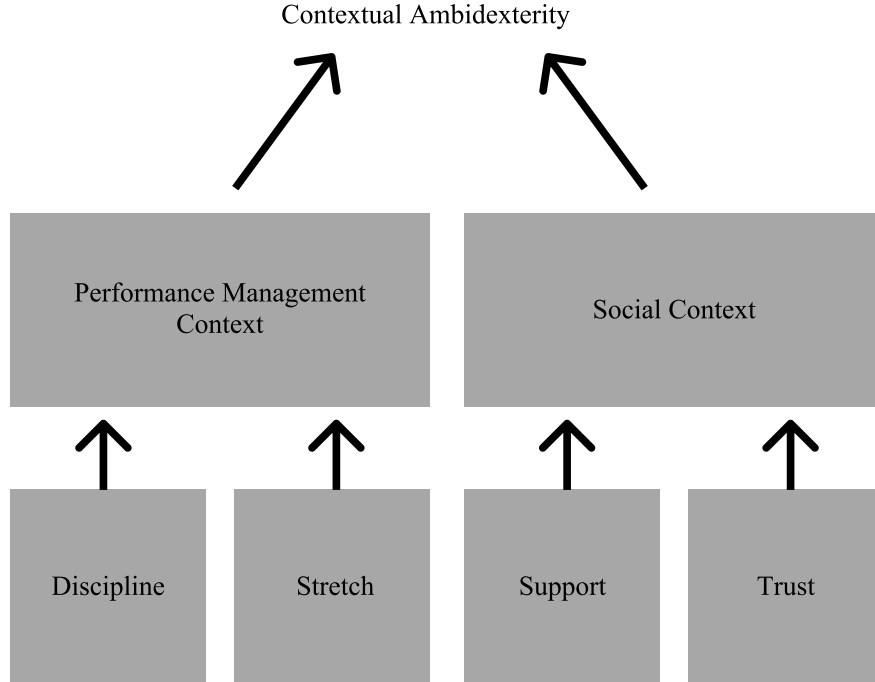


Figure 3.1: Contextual Ambidexterity: Performance management and social context as dual mechanisms enabling alignment and adaptability. (Based on Gibson & Birkinshaw, 2004)

3.2.3 Temporal Ambidexterity

Temporal ambidexterity denotes an organisational capability to manage exploration–exploitation tensions by orchestrating activities across time, rather than solely through structural separation of units or contexts (Turner, Swart, & Maylor, 2013). Turner et al. (2013) describe temporal ambidexterity as an approach in which organisations shift between exploratory and exploitative modes over time, following a pattern of alternation shaped by changing strategic demands. They argue that firms may follow a temporal strategy in which periods of incremental improvement are dominated by exploitation, whereas episodes of more radical strategic change are associated with heightened exploration; in this punctuated-equilibrium model, exploitative and exploratory modes are distinguished by time so that one mode follows the other and they are not co-existent. Simsek et al. (2009) explicitly identify a temporal dimension of ambidexterity that captures whether exploration and exploitation

are pursued simultaneously or sequentially. They conceptualise cyclical ambidexterity as a form of temporal ambidexterity in which organisational units periodically shift emphasis from exploration to exploitation and back again. (Simsek et al., 2009).

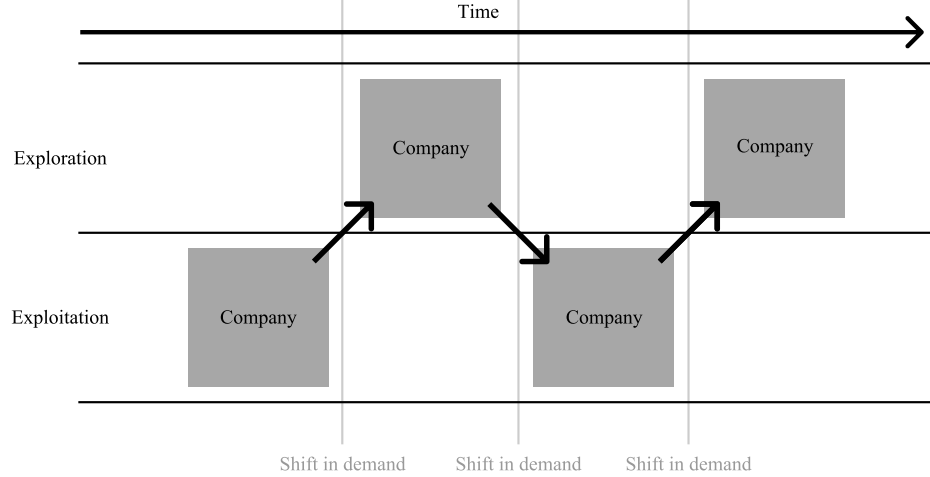


Figure 3.2: Temporal Ambidexterity: Sequential shifts between exploration and exploitation in response to environmental demand changes. (Adapted from Turner et al., 2013; Simsek et al., 2009)

3.3 Choice of models

This thesis adopts exploration–exploitation and organisational ambidexterity as its core theoretical lenses. The research question asks how early-stage funding influences a tech firm’s balance between different types of activities during organisational growth, which presupposes a conceptual distinction between those activities. March’s (1991) distinction between exploration and exploitation provides such a foundation, defining exploration as experimentation, search and innovation, and exploitation as refinement, efficiency and execution. Because these learning modes compete for finite organisational attention and resources, and differ in their time horizons and return profiles, they offer a natural language for analysing how capital injections reweight short-term, exploitative moves relative to longer-term, exploratory initiatives.

Building on this, the thesis employs the three dominant forms of organisational ambidexterity, structural, contextual, and temporal, as complementary lenses for understanding how firms manage the exploration–exploitation tension. Structural ambidexterity highlights how organisations can separate exploratory and exploitative activities into distinct units, roles, or subsystems while integrating them at the top (Tushman & O’Reilly, 1996). This is directly relevant to cases in which funding rounds enabled headcount growth, the creation of dedicated research teams, or the formal separation of product, commercial, and delivery functions. Contextual ambidexterity focuses instead on the organisational context that allows individuals to divide their effort between alignment and adaptability (Gibson & Birkinshaw, 2004). This frame is appropriate for analysing how founders and leaders interpret funding rounds, set expectations, and create performance narratives, such as the perceived need to prove the round, that steer day-to-day prioritisation between exploration and exploitation. Temporal ambidexterity, finally, conceptualises how organisations alternate between exploratory and exploitative modes over time (Simsek et al., 2009; Turner et al., 2013). Because funding rounds are intrinsically time-bound events that punctuate the growth trajectory of tech firms, this lens is well-suited to examining how capital acts as a trigger for short windows of reorientation toward exploitation or, in later stages, the reintroduction of structured exploration.

Together, these models allow the thesis to conceptualise funding as influencing ambidexterity through three interrelated channels: temporal (when the balance shifts), structural (through organisational arrangements), and contextual (through expectations and norms). This integrated ambidexterity perspective aligns closely with the empirical design of the study, which compares firms at different growth stages and traces how funding reshapes roles, routines and interpretive frames across time.

At the same time, these theoretical choices entail limitations. The exploration–exploitation distinction risks simplifying complex activities into a binary and carries a normative bias towards balance as inherently desirable. Structural ambidexterity was predominantly developed in large, established firms and may overstate the degree of intentional design in early-stage startups, where structures are fragile and emergent. Contextual ambidexterity offers a useful vocabulary for expectations and culture, but it underplays the role of investor power and formal governance arrangements, which are central to funding relationships. Temporal

ambidexterity, finally, tends to present neat cycles of exploration and exploitation, whereas the cases here exhibit overlapping, messy and multi-level temporalities.

Chapter 4

Method

4.1 Research Design

This study employs a qualitative, multiple-case design to investigate how early-stage funding rounds influence the balance between exploration and exploitation across organisational growth. A qualitative approach is appropriate, as this research question captures processes, mechanisms, and subjective decision-making that are not amenable to quantitative analysis.

Multiple cases are used to allow comparison of ambidexterity mechanisms across firms at different growth stages (early, scale-up, late-stage, mature). This increases analytical robustness by enabling cross-case pattern identification rather than relying on a single example.

This study is grounded in the idea that people’s experiences and interpretations are necessary for understanding how organisations work. Instead of assuming that there is an objective truth about exploration and exploitation, the study treats leaders’ explanations as the primary source of insight. The goal is not to force their answers into predetermined categories, but to understand—in their own terms—how they see funding influencing exploration and exploitation within their company.

4.2 Case Selection

This study uses purposive, criterion-based sampling to select cases that provide insight into the research question. Organisations were chosen because they represent meaningful variation in funding histories, organisational size, and industry context—all factors related to how exploration and exploitation are shaped.

To capture this variation, the study includes eight companies intentionally selected to reflect a broad distribution of organisational stages, allowing examination of how funding influences exploration and exploitation differently across levels of tech firm maturity. This design makes it possible to contrast founder-led decision-making with more structured systems, resource-scarce environments with resource-rich ones, and flexible, fast-changing organisations with process-heavy and stable organisations. The cases also differ in their early-stage funding trajectories, spanning bootstrapped firms, friends-and-family funded firms, angel- and VC-backed firms, and hardware firms that depend on significant capital investment.

This diversity is essential, as the research question concerns how funding affects organisational behaviour. Studying only one stage (e.g., only early startups) would obscure important contrasts. A varied sample allows cross-case comparison and helps identify underlying mechanisms that recur across contexts.

All organisations were selected using criterion-based sampling. First, each firm needed to be technology-driven, whether through software, hardware, biotech, or digital media. Second, each participant needed to hold a senior leadership role. Most interviewees were founders, CEOs, Chiefs of Staff, business developers, or similar strategic roles, and many had been with the company since its inception. Finally, the overall set of cases had to collectively span different growth stages.

Table 4.1 summarises the eight respondents, including anonymised codes, organisational type, general role, and funding context. These attributes support transparency regarding sampling diversity while preserving anonymity.

Code	Organisation Type	Stage of Growth	General Role	Funding Status
R1	Consumer product	Early-stage	Co-founder & CEO	VC-funded
R2	B2B SaaS	Growth-stage	Chief of Staff	VC-funded
R3	AI assistant	Early-stage	Co-founder & CEO	VC-funded
R4	AI consultancy	Early-stage	Co-founder	Bootstrapped
R5	SaaS	Late-stage	Co-founder & CEO	VC-funded
R6	Circular economy platform	Late-stage	Head of Business Development	Corporate-funded
R7	Diagnostics / biotech	Mature	Chief of Staff	VC-funded
R8	Hardware / healthtech	Mature	Co-founder & CEO	VC-funded

Table 4.1: Overview of interview respondents and organisational characteristics.

Although the research question focuses on the influence of early-stage funding rounds, one deliberately bootstrapped company was included in the sample to strengthen analytical contrast. Its absence of external capital provides a natural counterpoint that helps isolate which organisational shifts are genuinely driven by funding—such as investor expectations, role specialisation, or pressure to “prove the round”—and which instead stem from general growth dynamics or founder philosophy. Including this case improves theoretical precision: rather than assuming that all firms undergo similar shifts after raising capital, the contrast reveals how exploration–exploitation dynamics unfold when no funding round occurs and no external accountability is introduced. This variation aligns with the logic of maximum variation sampling in qualitative research and increases the explanatory power of the cross-case comparison.

4.3 Data Collection

Data for this study were collected through semi-structured interviews with leaders across the eight selected companies. Semi-structured interviews were chosen because they offer a balance between comparability across cases (through consistent guiding questions) and flexibility (allowing participants to introduce ideas that might otherwise be missed).

Eight interviews were conducted in total. Most occurred via Google Meet for flexibility, with one conducted in person at a participant’s office. Each meeting was scheduled for 30 minutes, though several extended to nearly an hour. All interviews were audio-recorded and later transcribed with participants’ consent to ensure accuracy.

The interview format enabled continuous probing for elaboration. Follow-up and clarifying questions were common, and particular effort was made to ask “why?” and “how?” to uncover deeper mechanisms such as founder cognition, operational constraints, or resource bottlenecks.

The interview guide covered three central areas aligned with the research question. First, it examined behaviours of exploration and exploitation, focusing on how the company experimented, innovated, and developed new ideas, as well as how it executed operations and scaled its processes. Second, it addressed the impacts of funding and team capacity, exploring how funding rounds influenced organisational structure or behaviour and how headcount and time pressure shaped decision-making. Third, it investigated temporal and lifecycle patterns, considering how exploration and exploitation changed across different stages of the firm’s growth and how shocks—such as market shifts or periods of hypergrowth—altered organisational priorities.

Some participants discussed experiences from previous leadership roles in other tech companies. These references served as contextual clarification rather than additional cases. Only participants’ current companies were treated as formal cases in the analysis.

Regarding ethics, all participants were informed about the study’s purpose, how their data would be used and processed, and their right to withdraw at any time. Anonymisation was offered, and all transcripts and recordings were stored securely and then deleted after the study. Participation was voluntary, and no sensitive or personal information was required.

4.4 Data Analysis

The data analysis followed a systematic, multi-step qualitative coding process designed to identify patterns across all eight cases and link them to the research question. The approach combines inductive and deductive coding: insights emerged from the data but were also guided by established concepts from ambidexterity theory.

Interview transcripts were read multiple times to build familiarity with each company's context, terminology, and development trajectory. This iterative review informed the creation of the coding structure.

A hybrid codebook was developed consisting of six analytical categories that guided subsequent analysis:

- Exploration behaviours
- Exploitation behaviours
- Drivers of shifts between exploration and exploitation
- Constraints
- Outcomes
- Temporal patterns

A first-cycle, line-by-line coding process was then applied to each transcript. Codes were attached to segments describing behaviours, decisions, and funding effects, with the intention to stay close to participants' original phrasing to avoid premature interpretation. Transcripts were coded independently to reduce cross-influence.

In the second cycle, pattern coding was conducted. First-cycle codes were reorganised into broader patterns corresponding to the six analytical categories. This step grouped similar ideas, merged overlapping codes, and moved from descriptive statements to explanatory

mechanisms—for example, how funding expanded capacity or how small teams constrained exploration.

A cross-case matrix was then constructed summarising each company across the six categories. This matrix enabled the identification of recurring mechanisms, the detection of stage-specific patterns, contrasts in behaviours across growth stages, and an analysis of how funding differentially shaped exploration and exploitation. The matrix ultimately formed the basis for the empirical themes presented in the findings chapter.

Finally, these patterns were integrated into overarching cross-case themes that directly address the research question by explaining how funding influences exploration and exploitation, which mechanisms mediate the relationship, and how these mechanisms change as tech companies grow.

To increase transparency, the coding process was visualised using the Gioia methodology. Figure 4.1 presents the full data structure, showing the progression from first-order codes to second-order themes and aggregate dimensions.

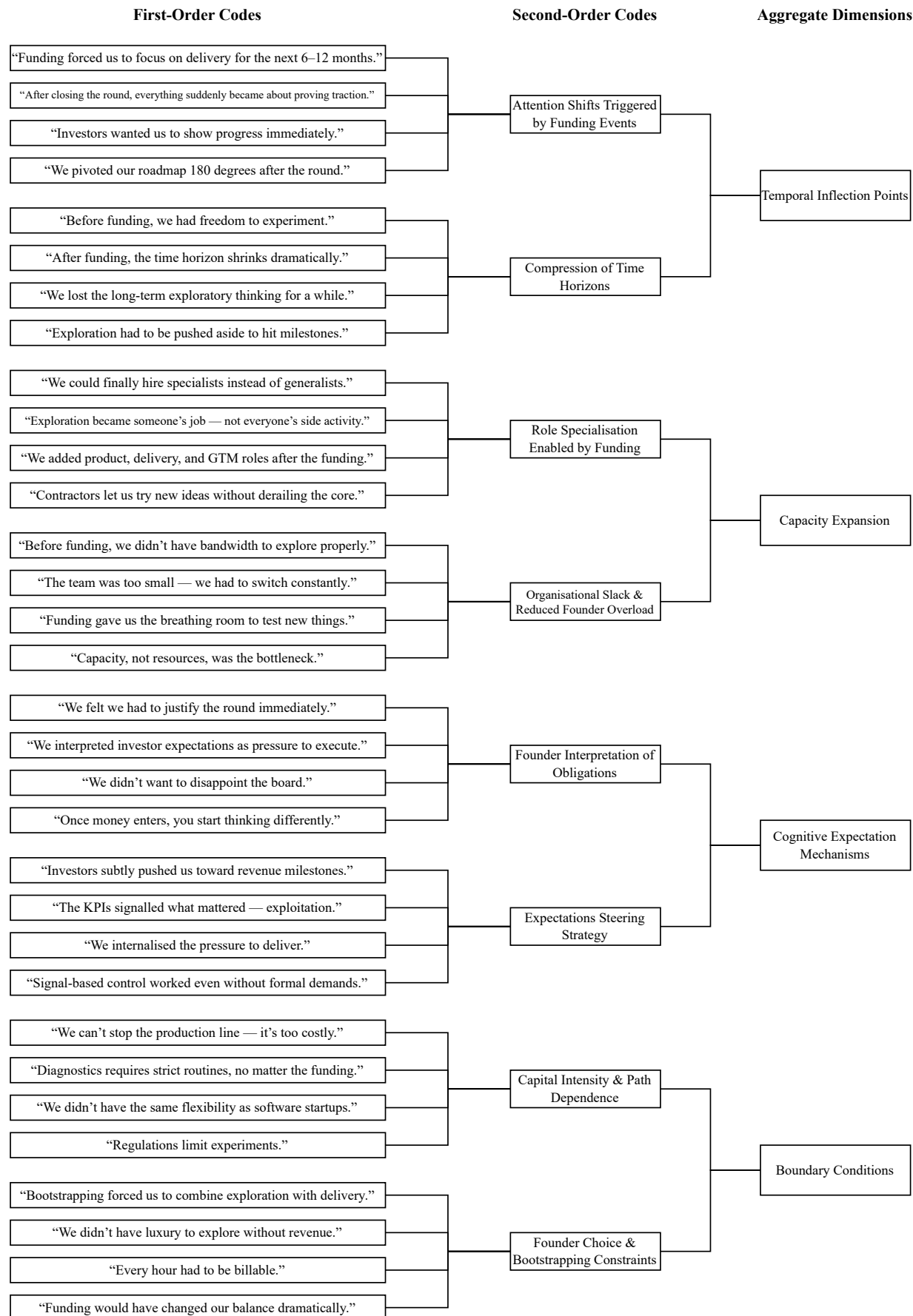


Figure 4.1: Gioia Data Structure: From first-order codes to second-order themes and aggregate dimensions.

4.5 Research Quality, Biases, and Limitations

To strengthen the trustworthiness of the study, multiple measures were implemented to improve data quality and the credibility of interpretations. Credibility was reinforced by incorporating rich first-order quotations, triangulating across multiple cases, and conducting iterative reviews of transcripts to validate emerging patterns. Themes were retained only when they consistently appeared across firms at different growth stages.

Dependability was supported through a transparent coding process: each transcript was coded line by line using a hybrid inductive–deductive approach, followed by pattern coding and the development of a cross-case matrix. This created an audit trail linking raw data to the study’s themes.

Confirmability was enhanced by maintaining analytical distance from pre-existing assumptions. Although the researchers were familiar with some respondents, bias was mitigated through neutral probing, avoidance of leading questions, and consistent treatment of all transcripts. Reflexivity was maintained by acknowledging that prior relationships can both increase trust and openness and create risks such as social desirability. Interpretations were grounded in observable organisational developments—such as role changes, hiring patterns, and process formalisation—rather than solely subjective reflections.

Transferability was strengthened by providing detailed descriptions of organisational type, growth stage, and funding context. While the sample is limited to Swedish tech firms and does not aim for statistical generalisability, mechanisms such as “prove-the-round” pressure, temporal rebalancing, and role specialisation have broader theoretical relevance.

A primary limitation concerns retrospective bias, as respondents often recalled events from

months or years earlier. To mitigate this risk, interviews focused on specific episodes—for example, changes immediately after funding rounds—and accounts were cross-checked across cases for consistency. Patterns were included only when they appeared in multiple independent narratives. The inclusion of a bootstrapped case further strengthened causal inference by distinguishing changes attributable to funding from those driven by growth, founder philosophy, or industry structure.

Collectively, these measures enhance the robustness, transparency, and interpretive reliability of the study.

Chapter 5

Empirics

5.1 Overview

This chapter presents the empirical findings from eight tech firms, analysed through the lens of organisational ambidexterity. The research question guiding the study is:

How do early-stage funding rounds influence tech firms' shifts between exploration and exploitation during organisational growth?

Across cases, four cross-case themes emerged: funding rounds acted as temporal inflection points; capital functioned as a multiplier of organisational capacity; founder and investor expectations operated as cognitive mechanisms; and boundary conditions shaped the limits of ambidexterity.

Overall, funding did not simply increase exploration or exploitation. Instead, funding rounds created short, discrete periods of reorientation, during which priorities, hiring, and internal focus shifted rapidly in response to new expectations or resource constraints.

5.2 Theme 1: Funding rounds as temporal inflection points

Across the cases, funding rounds served as punctuation marks in the company's trajectory, where the balance between exploration and exploitation was deliberately reconfigured.

5.2.1 From survival exploration to “prove-the-round” exploitation

Several early-stage respondents described their pre-funding periods as highly exploratory, with significant improvisation due to resource scarcity.

The founder of an early-stage consumer product startup (R1) explained the pre-funding environment as:

“Everyone was doing everything—we tried ads, features, messaging, anything just to see what stuck.” — R1

After raising their first round, the tone shifted:

“Once the money landed, we had maybe a year to show real traction. Standing still wasn’t an option.” — R1

Exploration did not disappear entirely:

“We still explored, but it had to be closer to the core. No time for big sideways ideas anymore.” — R1

A similar dynamic appeared in the early-stage AI assistant firm (R3), which experimented broadly before funding:

“We tested tons of workflows and use cases across different teams.” — R3

But following the investment:

“We had to become a real product company and prove it works for a defined set of customers.” — R3

Within both R1 and R3, early funding shifted attention towards exploitation, with predictable progress and measurable performance, while exploration remained only as incremental work connected to the core product itself.

5.2.2 Funding rounds and rapid reorientation of priorities

Participants also described funding as events that forced reorientation of their internal focus. The founder of an AI startup (R3) noted that before investor involvement, weekly work allocation required careful balancing:

“Every week we had to decide: how many days building, how many testing new things, how many trying to sell?” — R3

With investors entering the picture (in both the current company and a previous venture), priorities narrowed instantly:

“When investors come in, the metrics become very clear—users, revenue, certain product milestones.” — R3

This compressed the window for adjustment:

“The whole timeline shrinks. Suddenly you feel like you have a quarter to prove the story.” — R3

Funding then accelerated the pace at which teams had to shift from generalist exploration to investor-aligned execution.

5.2.3 Later-stage rounds and rebalancing back towards exploration

In more mature firms (R6–R8), later rounds of financing sometimes enabled a return to exploration, but only after the core exploitative engine was stabilised.

In the diagnostics/biotech firm (R7), the respondent described the COVID scale-up phase as:

“It was basically a factory—we ran PCR nonstop, everything was about throughput and reliability.” — R7

Once the operational base was secure:

“We could finally carve out a proper research team, around ten people.” — R7

This allowed them to adopt new diagnostic methods:

“We even switched to a new PCR technique from an external professor—it meant changing routines, but we could afford the disruption.” — R7

Similarly, the representative from a late-stage circular economy platform (R6) described how capital-supported scaling enabled more formal internal mechanisms:

“We went from ‘doing everything at once’ to annual budgets, structured planning rounds, and regular product forums.” — R6

These processes made space for structured exploration alongside large-scale exploitative operations.

Across mature cases, early funding created exploitative pressure, while later rounds and stable cash flows enabled exploration to reappear through dedicated teams, planning forums, or structural separation.

5.3 Theme 2: Capital as a capacity multiplier for ambidexterity

The second theme seen to emerge from the analysis across cases is such that early-stage funding influences ambidexterity within the company by expanding the firm’s ability and capacity to carry out both exploration and exploitation in parallel. Rather than directly increasing each, capital acts as a multiplier for the company’s degrees of freedom, enabling hiring, role specialisation, contractor use, etc. These make it possible for firms to stop switching reactively between the two and instead structure both simultaneously.

5.3.1 Parallelisation through Headcount and Role Specialisation

In several firms, funding enabled a decisive transition away from early generalism (“everyone does everything”) toward more differentiated roles that supported ambidexterity.

At the B2B SaaS company (R2), the interviewee described the early stage as one in which individuals carried both sales and product responsibilities:

“In the beginning you’d close a deal and then also be the account manager—everything sat on the same person.” — R2

After raising capital, they were able to hire dedicated technical and commercial staff:

“Once we got funding we could finally separate things. Product people could go deep in the platform, and commercial people could focus fully on customers.” — R2

A new bridging layer was introduced:

“The delivery role became the middle person—translating between what customers wanted and what the product team was building.” — R2

This role helped prevent exploratory work from derailing the core product roadmap. A similar but lighter approach appeared in the early-stage AI assistant company (R3). Rather than expanding headcount, the founders chose to maintain a tiny core team and use external contractors:

“We brought in designers and developers only when we needed to test something new.” — R3

Contractors absorbed exploratory experimentation:

“They could try new workflows without pulling us away from delivery.” — R3

This allowed the founders to protect core exploitation while still running targeted exploratory initiatives.

At the late-stage SaaS company (R5), parallelisation took the form of fully specialised functions supported by predictable financing:

“When we were small, everyone did a bit of everything. Now there are proper product teams, proper operations, proper GTM.” — R5

Structured forums reinforced this division:

“We have planning cycles three times a year and product forums every month. Those processes make sure exploration doesn’t break the machine.” — R5

Across cases, funding consistently enabled firms to shift from reactive switching (“today we explore, tomorrow we execute”) toward stable parallel structures in which different people—or different subunits—own each mode.

5.3.2 Capacity limits in bootstrapped firms

A contrasting pattern appeared in the bootstrapped AI consultancy (R4). Because they had no external funding, exploration and exploitation were tightly coupled and performed by the same two people.

The co-founder described their reality:

“We don’t have the luxury to split roles—we build, deliver, and experiment all in the same week.” — R4

Exploration could only happen when tied directly to client work:

“Most of our innovation comes from actual projects. There’s no separate R&D.” — R4

The respondent also noted that a small team limits parallelisation:

“If we explore more, we earn less. It’s that simple.” — R4

Bootstrapping, therefore, acted as both a constraint and a deliberate choice:

“We’re not chasing hypergrowth—it’s on purpose.” — R4

In this case, ambidexterity remained temporal and personally embodied, with no structural separation possible due to resource constraints.

5.3.3 Structural ambidexterity in capital-intensive settings

The diagnostics/biotech firm (R7) represented a different type of capacity challenge. Their fixed infrastructure costs required extremely stable exploitation:

“We have to keep the production line running—there’s no stopping it.” — R7

This meant exploration had to be structurally separated:

“That’s why we built a dedicated research group. The factory can’t experiment, but the research team can.” — R7

Funding was essential to maintain both operations:

“Parallel tracks only work because we’re financed well enough to run them.” — R7

At the circular-economy platform (R6), capital also enabled significant process formalisation:

“We have proper budget cycles now, proper planning rounds, the right people in the room.” — R6

These mechanisms allowed the company to operate both efficiently and innovatively:

“Exploration becomes something you plan for—not something that happens randomly.” — R6

Across these capital-intensive contexts, the ability to support separate sub-systems (high-throughput operations vs. exploratory research) depended directly on having sufficient financing.

5.4 Theme 3: Founder and investor expectations as cognitive mechanisms

The third theme emerging concerns the interpretive layer and how founders or leaders make sense of funding, and how these channels of sensemaking shift between exploration and exploitation.

5.4.1 “Prove the round”: perceived obligations to investors

Several respondents described an internalised sense that after raising capital, the company had to demonstrate measurable progress quickly.

The founder of an early-stage consumer-product firm (R1) said:

“We felt a responsibility to show progress fast. You want to prove the money wasn’t wasted.” — R1

This perceived obligation pushed them toward exploitation:

“Exploration had to wait—first we needed to show that the core model actually worked.” — R1

A similar view appeared at the AI assistant startup (R3):

“After funding, the mindset shifts. You think more about milestones and less about playing around.” — R3

Even in cases where investors did not explicitly demand specific actions, founders still adjusted their own behaviour:

“Nobody said we had to do certain features, but we still felt the pressure to deliver numbers.” — R3

This pattern shows that founders’ interpretation of investor expectations—rather than direct investor directives—played a central role in rebalancing toward exploitation after funding.

5.4.2 Mental models of growth and acceptable risk

Respondents also differed markedly in how they conceptualised “good growth,” influencing how funding was used—or avoided.

In the bootstrapped AI consultancy (R4), the founder rejected the high-growth norms standard in venture-backed settings:

“We’re not chasing 1000% growth. That’s not our game.” — R4

Their view of risk made external funding undesirable:

“If we took money, we’d lose the freedom to grow slowly. We’d have to justify every hour.” — R4

Without funding, exploration had to be tied directly to revenue:

“We explore through client projects—there isn’t a separate bucket for it.” — R4

In contrast, leaders from larger or later-stage firms held mental models that viewed discipline, structure, and predictability as necessary for growth.

A late-stage SaaS leader (R5) explained:

“As you scale, you need structure. Otherwise exploration just breaks things.” — R5

Similarly, the respondent from the circular-economy platform (R6) framed growth as a process that required formal routines:

“Planning cycles keep us honest. They make sure the long-term ideas don’t get lost.” — R6

Meanwhile, at the B2B SaaS company (R2), the respondent with a VC background emphasised alignment of executive attention:

“You have to be really clear where leadership time goes. That’s what drives what gets built.” — R2

These cases show that even when resource levels are similar, leaders’ mental models—slow growth vs. hypergrowth, risk-taking vs. risk management—shape how the balance between exploration and exploitation is handled after funding.

5.4.3 Cognitive bridging roles and interpretive ambidexterity

Beyond structural mechanisms, several respondents highlighted cognitive or interpretive bridging roles—individuals who translate priorities, filter information, and maintain coherence between exploration and exploitation.

At the B2B SaaS company (R2), the respondent described their position as a link between executives and operational teams:

“I sit between the CEO and the rest. My job is to turn big priorities into what actually gets done.” — R2

This interpretive role shaped project selection:

“You constantly decide what gets attention and what doesn’t.” — R2

At the AI assistant startup (R3), cognitive alignment came from a shared product background:

“We don’t have the classic sales-versus-product tension. Everyone understands both sides.” — R3

This reduced friction and helped the team maintain a unified direction:

“It makes it easier to bridge the commercial and technical stuff without derailing things.” — R3

In these cases, ambidexterity was not produced only through processes or structures—it emerged through interpretation, translation, and shared mental models within the team.

5.5 Theme 4: Boundary conditions and limits of funding-driven ambidexterity

The final theme observed is regarding the limits to which funding can achieve, and the boundary conditions shaping its impact.

5.5.1 Capital intensity and path dependence

In highly capital-intensive settings, respondents explained that fixed infrastructure creates strong path dependence, making large-scale exploration difficult even with funding.

At the diagnostics and biotech firm (R7), the respondent described the constraints of operating a high-throughput PCR facility:

“You can’t just stop the line because you want to try something new.” — R7

The scale of the core system meant exploitation had to remain stable:

“The machines have to run. Throughput is everything.” — R7

As a result, exploration was deliberately pushed into a smaller, separate research unit:

“The experiments happen around the edges, in the research team—not inside the main operation.” — R7

Even when new capital was available, the ability to restructure work remained limited:

“Funding helps, but the factory part has its own gravity. You don’t move it easily.” — R7

This reflects a condition where funding increases capacity but does not fully overcome operational inertia.

5.5.2 Governance and external constraints

Several respondents from later-stage firms highlighted that governance structures—budgets, planning routines, and stakeholder oversight—shape how far exploration can go, regardless of funding.

At the large circular-economy platform (R6), the respondent noted:

“We have budgets, targets, and a lot of stakeholders in the room.” — R6

Major strategic shifts must pass through formalised processes:

“You can’t pivot from one month to the next. Everything is tied to planning cycles.” — R6

This made exploration more structured but also more constrained:

“If you want to try something big, you schedule it in. It’s not ad hoc anymore.” — R6

Even with new investment, governance filtered what was possible:

“Funding doesn’t override the process. The process decides how fast you can move.” — R6

Across these cases, governance acted as a boundary condition—stabilising exploitation and limiting rapid, exploratory swings.

5.5.3 Bootstrapping as a deliberate hedge

Finally, one respondent described deliberately avoiding funding to preserve a preferred balance between exploration and exploitation.

The co-founder of the bootstrapped AI consultancy (R4) explained:

“If we took on investors, we’d lose the freedom to choose our pace.” — R4

Bootstrapping allowed them to work slowly and selectively:

“We want to grow through relationships, not chase huge numbers.” — R4

But this choice imposed its own limits:

“We don’t have the luxury to explore without revenue. Everything has to connect to a client.” — R4

Despite recognising the constraints, the respondent viewed bootstrapping as strategically preferable:

“It’s a trade-off we’re okay with.” — R4

In this case, avoiding funding was itself a mechanism to prevent the exploitation pressure associated with investor expectations.

5.6 Cross-case summary

Across the eight firms, early-stage funding rounds influenced exploration–exploitation balances through four recurring mechanisms. First, funding served as a temporal inflection point, triggering short windows during which priorities were rapidly reconfigured—most often toward near-term exploitation to “prove the round” — later-stage investments occasionally reopen space for more structured exploration.

Second, capital served as a capacity multiplier, allowing expansion of headcount, specialization of roles, and use of contractors, allowing several firms to pursue exploration and exploitation in parallel rather than oscillating between them.

Third, founders’ and investors’ expectations shaped how funding was interpreted, with perceived obligations to demonstrate traction often directing resources toward measurable outcomes instead of broader experimentation.

Finally, boundary conditions—such as capital-intensive infrastructure, governance routines in mature firms, or deliberate bootstrapping choices—set limits on how far funding could shift organisational behaviour.

Together, these mechanisms show that funding does not simply increase exploration or exploitation; instead, it reconfigures the timing, capacity, and interpretive framing of how firms balance the two during growth.

Chapter 6

Analysis

This chapter interprets the empirical patterns from Chapter 5 through the theoretical lens of organisational ambidexterity. Using the concepts of structural, contextual, and temporal ambidexterity, the analysis examines how early-stage funding rounds shape firms' shifting balance between exploration and exploitation. Rather than viewing ambidexterity as a fixed organisational design choice, the findings indicate that in technology firms it is highly sensitive to funding dynamics: ambidexterity unfolds as a funding-dependent, time-bound, and cognitively mediated process.

The analysis is structured around four guiding questions derived from the empirical findings:

- How do funding rounds interact with temporal ambidexterity?
- How does capital enable or constrain structural ambidexterity?
- How do founders' and investors' expectations reshape contextual ambidexterity?
- Under what conditions does funding fail to translate into ambidexterity?

Taken together, these dimensions lead to a revised model of “funding-driven ambidexterity” in early-stage tech firms.

6.1 Funding rounds as externally anchored temporal shifts

Classical work on exploration and exploitation (March, 1991) emphasises the trade-off between the two, and later research on temporal ambidexterity shows that organisations can oscillate between exploration and exploitation over time (Simsek et al., 2009). Much of this literature implicitly assumes that timing is internally chosen: management deliberately decides when to switch emphasis.

Our data suggests something more specific: in early-stage tech firms, funding rounds function as externally anchored temporal triggers. The short period immediately following a round is experienced as a “prove-the-round” window, during which firms reorient sharply toward exploitation, tighten their focus on measurable outputs, and compress their adjustment period. Rather than a smooth, internally paced cycle, the oscillation becomes:

- **Punctuated** – rebalancing happens in discrete jumps tied to transactions, not to internal planning alone.
- **Compressed** – expectations about “showing progress” introduce urgency, shortening the exploration-to-exploitation switch.
- **Externally disciplined** – the tempo is partly dictated by investor timelines (runway, reporting, follow-on funding).

The temporal ambidexterity literature recognises sequences and cycles but typically does not account for capital events as the dominant temporal reference points (Simsek 2009). In our data, the “clock” for shifting the exploration–exploitation balance is not a multi-year strategic cycle but a much shorter window anchored in funding milestones.

This nuance matters in particular for tech firms. Faster fundraising cycles, larger early checks, and compressed product-market dynamics mean that temporal ambidexterity is not just about when firms choose to rebalance, but about when they are forced to. In this sense, funding rounds act as temporal control points: they do not determine the exact

balance of exploration and exploitation, but they set the time at which the balance must be reconsidered.

6.2 Capital as a precondition for structural ambidexterity

Structural ambidexterity (O'Reilly & Tushman, 1996) argues that firms can pursue exploration and exploitation simultaneously by separating units, structures, or roles. Much of that literature focuses on large, established organisations that already possess substantial slack and headcount. By contrast, our cases show how early-stage structural ambidexterity is contingent on funding.

Before funding, most early-stage firms in the sample operated under “everyone does everything” logic: the same individuals sold, built, delivered, and experimented. Under such conditions, structural separation is simply not feasible—there are not enough people, and the revenue base cannot support dedicated exploratory teams.

After funding, several firms were able to split product and commercial responsibilities, introduce bridging roles such as implementation or delivery “middle people,” use contractors to handle experimental work while the core team remained focused on the main roadmap, and create separate research or innovation units once the exploitative “factory” had become stable.

This suggests two extensions to structural ambidexterity theory:

1. **Structural ambidexterity is resource-threshold dependent.** It is not merely a design choice but requires a minimum level of capital and headcount. Below that threshold, firms are forced into temporal or personal ambidexterity, with the same people alternating between modes.
2. **Lightweight structural ambidexterity exists.** Some firms in the sample did not build complete parallel units but achieved a weaker form of structural ambidexterity by

using contractors and project-based arrangements. This sits between pure contextual ambidexterity (individuals switching) and complete structural separation (formal dual structures).

By highlighting these micro-structural moves—bridging roles, contractor usage, and small research cells—the data shows that in early-stage tech firms, capital is not just “fuel for growth”. It is the enabler of structural differentiation itself: without it, the organisation remains too thin to separate exploration from exploitation.

6.3 Expectations and sensemaking as mechanisms of contextual ambidexterity

Contextual ambidexterity (Gibson & Birkinshaw, 2004) emphasises social systems, performance management, and culture that enable individuals to divide their efforts between alignment (exploitation) and adaptability (exploration). Our cases point to a more specific mechanism operating in funded tech firms: how leaders interpret funding events and investor expectations reshapes the “context” in which choices are made.

Three interlinked patterns stand out:

1. **“Prove-the-round” sensemaking.** Founders often interpreted a funding round as a mandate to demonstrate rapid, measurable progress, even when investors had not explicitly specified such metrics. This interpretation narrowed what was considered legitimate use of time and capital, tilting behaviour toward exploitation (e.g., revenue, activation, expansion) and away from broad experimentation. Context here is constructed through psychological obligation, not only formal controls.
2. **Contrasting mental models of growth.** Some leaders embraced hypergrowth logics (e.g., “scale fast, then stabilise”), while others deliberately rejected them in favour of slower, relationship-based growth. The exact quantum of capital can thus yield very different ambidexterity profiles, depending on whether founders frame risk and growth in VC terms or in more conservative, cash-flow-driven terms.
3. **Cognitive bridging roles.** Specific roles (e.g., strategy leads, chiefs of staff, product leaders close to the CEO) operated as interpretive bridges, translating high-level

priorities and investor narratives into project-level allocations. This is not structural separation but interpretive ambidexterity: the ability of specific actors to hold both exploration and exploitation in mind and decide which projects gain attention.

These findings refine contextual ambidexterity by adding a sensemaking layer (Weick, 1995): the “context” in which individuals make trade-offs is shaped by how leaders narrate the meaning of funding, risk, and obligation. In other words, contextual ambidexterity in funded tech firms is not just about systems and incentives; it also depends on how leaders symbolically frame what the capital is “for”.

6.4 When funding does not translate into ambidexterity: Boundary conditions

The ambidexterity literature often assumes that additional resources increase flexibility and make the exploration–exploitation balance more straightforward to manage. Our data shows this is only partially true. In several cases, funding either failed to create more ambidexterity or even reinforced exploitative lock-in.

Three boundary conditions emerged:

1. **Capital-intensive infrastructures.** In operations requiring high fixed costs and reliability (e.g., industrial diagnostics), funding expanded capacity solely as supporting tools the existing exploitative system. The “factory” had to keep running to cover its cost base. Exploration was therefore pushed into small peripheral units and could rarely challenge the core. Funding here increased the scale of exploitation more than the room for radical exploration.
2. **Governance and formalisation.** Mature firms with established planning cycles, budget processes, and stakeholder governance could not easily pivot in response to new funding. Capital was funnelled through existing routines, which privilege stability and incremental initiatives. Exploration became planned and scheduled rather than emergent. In such contexts, governance acts as an ambidexterity “brake”.
3. **Deliberate bootstrapping.** One firm chose to avoid external funding altogether, explicitly to retain autonomy and protect a preferred growth pace. This decision limited

structural ambidexterity—exploration had to remain closely tied to client revenue—but simultaneously insulated the firm from investor-driven exploitation pressure. Here, the absence of funding is itself a strategic response to perceived ambidexterity risks.

These boundary conditions suggest that resources alone do not guarantee ambidexterity. Path dependence, governance, and founder strategy create hard constraints on how far funding can shift the balance between exploration and exploitation. This challenges any implicit assumption that “more capital = more flexibility”. In some configurations, more capital can actually lead to greater rigidity.

6.5 A revised model of funding-driven ambidexterity in tech firms

Bringing these strands together, the analysis allows us to refine our original ambidexterity framework into a model of funding-driven ambidexterity tailored to early-stage tech firms.

Three core moves emerge:

1. **From static types to dynamic interactions.** Rather than treating structural, contextual, and temporal ambidexterity as separate “types”, the data shows they interact around funding events. Funding rounds (temporal) enable or constrain structural separation and reshape contextual frames. Ambidexterity is produced at the intersection of these dimensions, not within any single one.
2. **From internal design to capital-anchored trajectories.** Classical ambidexterity work assumes that organisations decide how to design their structures and contexts. In our cases, those designs are heavily conditioned by capital flows and investor timelines. The relevant unit of analysis becomes the trajectory across funding rounds, not the static organisation at a single point in time.
3. **From “resources as slack” to “resources as obligations”.** Much of the literature implicitly treats additional resources as slack that enables more experimentation. Our cases complicate this by showing that, in early-stage tech, capital arrives with strong symbolic and temporal obligations. It can expand capacity but also narrow perceived

strategic degrees of freedom when founders frame it as something to be “proven” rather than “deployed”.

Our revised model, therefore, conceptualises early-stage funding rounds as temporal, structural, and cognitive control points. At each funding event, firms re-time their exploration–exploitation balance, adjust the design of roles and sub-units, and reinterpret what constitutes a “good use of capital,” all within the limits set by capital intensity, governance, and strategic choices about whether to take funding at all.

This model extends existing ambidexterity theory by explicitly integrating entrepreneurial finance dynamics into the core of how ambidexterity is achieved—or constrained—in tech firms. It also sets up the next chapter, in which we discuss what these insights imply for the research question, prior literature, and the practices of founders and investors.

Chapter 7

Discussion

This chapter discusses the findings in relation to the research question: *How do early-stage funding rounds influence tech firms’ shifts between exploration and exploitation during organisational growth?*—and positions the study’s contributions within the broader ambidexterity and entrepreneurial finance literature. While the analysis in Chapter 6 connected the data to specific theoretical constructs, this chapter takes a broader view, articulating how the findings extend prior research, what they imply for founders and investors, and where future inquiry is needed.

7.1 Answering the Research Question

Across the cases, early-stage funding rounds influenced the balance between exploration and exploitation not by simply increasing one or the other, but by reconfiguring the timing, capacity, and meaning of both activities. The shift was neither linear nor uniform. Instead, funding rounds acted as temporal triggers, compressing adjustment periods and pushing firms to prioritise exploitation to demonstrate traction swiftly. Capital also expanded organisational capacity, allowing some firms to parallelise exploratory and exploitative efforts through headcount growth, role specialisation, or the use of modular contractors. Yet these shifts were mediated by how founders interpreted investor expectations—some viewing a round as a mandate to “prove” growth, others resisting hypergrowth logics entirely. Finally, funding effects were constrained by structural realities: capital-intensive operations, governance routines, and deliberate bootstrapping decisions often limited how far exploration could expand.

Thus, funding rounds do not determine a fixed ambidexterity pattern; they set the conditions under which ambidexterity becomes possible, constrained, or reshaped. In fast-moving tech firms, ambidexterity is therefore not only an organisational design choice but also a funding-driven trajectory shaped by external pressures and internal sensemaking.

7.2 Contributions to the Literature

7.2.1 Extending temporal ambidexterity research

Prior work on temporal ambidexterity emphasises oscillation cycles chosen by management (Simsek, 2009). This study extends that view by showing that in tech firms, oscillations are often externally anchored to funding rounds. Rather than internally paced cycles, firms experience punctuated, investor-timed rebalancing windows characterised by compressed adaptation and heightened exploitation pressure. This suggests that temporality in entrepreneurial settings is tied to financing events—not just to strategy or capability development—and should be explicitly theorised within ambidexterity research.

7.2.2 Resource thresholds and lightweight structural ambidexterity

Structural ambidexterity theory (O'Reilly & Tushman, 1996) typically focuses on established firms with substantial slack. Our findings show that early-stage firms operate below the structural threshold until they secure funding. Only then do they gain the headcount and autonomy needed to create differentiated roles or exploratory subunits. We also identify a lightweight form of structural ambidexterity—contractor-based, modular, and project-specific—which sits between pure contextual ambidexterity and complete unit separation. This nuance clarifies how structural ambidexterity emerges gradually rather than all at once.

7.2.3 Sensemaking as a missing dimension in contextual ambidexterity

Contextual ambidexterity emphasises systems and culture (Gibson & Birkinshaw, 2004), but our findings highlight the interpretive layer: how founders cognitively frame fund-

ing—opportunity, obligation, or constraint—shapes how individuals distribute effort. The “prove-the-round” dynamic shows that even without explicit investor demands, perceived expectations narrow acceptable behaviours toward exploitation. Likewise, the contrasting mental models of R4 and venture-backed firms show that growth philosophies shape ambidextrous behaviour at least as much as formal structures—this positions sensemaking as a central—yet under-examined—mechanism within the context of contextual ambidexterity.

7.2.4 Showing the limits of the “more resources = more exploration” assumption

A recurring premise in entrepreneurship studies is that increased capital expands strategic flexibility. Our cases qualify this: in capital-intensive contexts (e.g., lab infrastructure), additional funding reinforces exploitative routines to maintain throughput. Governance routines in mature firms similarly channel capital into predictable, incremental initiatives. And in bootstrapped settings, deliberately avoiding funding protects exploratory autonomy even as it limits structural separation. These findings show that funding can increase rigidity as easily as flexibility, depending on organisational conditions.

7.3 Practical Implications

For founders

The study clarifies that raising capital is not simply an operational enabler—it immediately alters organisational tempo, expectations, and design needs. Founders should anticipate that early funding rounds will compress adjustment cycles and pull attention toward exploitation. This means that ambidexterity after a round is not automatic; it requires intentional redesign of roles, routines, and expectations. The findings also highlight the paradox of early-stage funding: although capital could finance deeper exploration, the pressure to justify the round often generates more exploitative behaviour. Founders should therefore choose investors whose pacing and philosophy align with the firm’s exploration horizon and ensure that expectations around timelines and experimentation tolerance are made explicit early on.

For investors

The cases show that investor influence operates less through explicit directives and more through implicit expectation-setting. Investors who articulate realistic time horizons, acceptable levels of experimentation, and learning-based milestones may preserve the firm’s exploratory bandwidth. Conversely, ambiguous or overly aggressive expectations risk pushing teams into premature exploitation. The study therefore suggests that investors should treat expectation-setting as a design tool that shapes founder cognition and organisational behaviour.

For leaders in scaling firms

As soon as funding increases organisational capacity—whether through headcount or resources—leaders should introduce bridging roles, integration mechanisms, and explicit priority-setting routines. These structures prevent exploration and exploitation from becoming siloed or drifting apart. The firms that navigated funding transitions most effectively had mechanisms for translating high-level priorities into stable execution while still protecting exploratory initiatives from being crowded out by short-term demands.

7.4 Limitations and Avenues for Future Research

The study’s qualitative approach allows depth but limits generalisability. The sample consists of Swedish tech firms, most selected through existing networks, which risks homogeneity and retrospective bias. Interviewees often represented a single viewpoint within each organisation, which restricts internal triangulation. Moreover, the analysis focuses on founder and operator perspectives; investor perspectives were not included.

Future research could address these limitations in several directions. Multi-round longitudinal studies could track how ambidexterity evolves across successive funding cycles within the same firm. Comparative research across ecosystems—for example, Nordic, US, and Asian tech sectors—could test whether funding-driven temporal shifts are universal or context-dependent. Including investor perspectives would help illuminate how venture capitalists intentionally or unintentionally shape the balance between exploration and exploitation.

Mixed-methods approaches could map the rhythm of exploration and exploitation using quantitative indicators such as release cycles, hiring patterns, or roadmap changes. Finally, sectoral contrasts could compare tech firms with industries where funding cycles are slower or dominated by non-VC financing, such as industrials, healthcare, or public-sector spin-outs.

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Appendix A - Cross-case matrix table

Code	Exploration Behavior	Exploitation Behavior	Drivers of Shifts	Constraints	Temporal Patterns
R1	Broad experimentation in product, messaging, and positioning; trying multiple ideas pre-funding	Post-funding focus on paid acquisition, optimisation, and strengthening core markets	Seed round created pressure to “show traction” and “prove the round”; investor KPIs	Tiny team, limited time, dependence on revenue growth	Strong pre/post-funding divide; immediate pivot to exploitation after investment
R2	Early experimentation in GTM and product-market fit; rapid testing of workflows	After funding: pipeline building, churn reduction, customer delivery routines	Investor expectations; tightening KPI focus; leadership role translating priorities	Need for reliable implementation for enterprise clients	Funding compresses horizon; weekly attention shifts to metrics
R3	Weekly balancing between building, testing new lenses, and sales; opportunistic exploration	Shift toward growth metrics (e.g., user numbers, interface quality); structured delivery	Investor pressure to hit measurable growth indicators; expectations around speed	Severe time constraints; limited headcount; early-stage instability	Sudden reorientation after funding; exploration narrows immediately
R4	Exploration embedded in client work; testing tools, use cases, and methods through delivery	Execution-oriented, billable consulting work dominates daily operations	Founder philosophy: rejection of hypergrowth; preference for craftsmanship and slow scaling	No external capital; every hour must be billable; extreme capacity constraints	Continuous switching, not staged; no sharp inflection points due to the absence of funding
R5	Testing new workflow ideas and use cases; structured research initiatives	Focus on scaling a stable product for committed customers, improving reliability	Investor expectations: need to show scalability across markets	Maintaining stable expectations; customer expectations	Funding pushes toward exploitation, but later cycles reopen exploration
R6	Formalised exploration in product forums and mid-cycle planning; structured discovery	Highly routinised operational processes; logistics execution and cost control	Growth-driven formalisation; internal governance structures	Complexity of large-scale operations; need for coordination across teams	Shift from informal to formal routines over time; periodic exploration cycles
R7	Dedicated research team exploring new methods and diagnostics	Industrial “factory mode”: high-throughput PCR operations, strict routines	Pandemic-driven scale-up; capital intensity; operational reliability	Heavy regulation; path dependence; cost of downtime	Exploration only reopens once exploitative base stabilises post-peak funding
R8	Innovation in hardware design and product iterations; long-cycle exploration	Manufacturing, supply chain, and quality assurance dominate operations	Hardware funding cycles; investor expectations tied to physical milestones	Long development cycles; cost of errors; regulatory demands	Slow exploration cycles; exploitation stabilised through process discipline

Table 7.1: Cross-case comparison of exploration behavior, exploitation behavior, drivers of shifts, constraints, and temporal patterns across eight tech firms.

Appendix B – AI Usage Statement

In accordance with the AI guidelines of the Stockholm School of Economics, this appendix clarifies how AI tools were used in the production of this thesis. We address four questions:

1. What AI tools were used and how?
2. In what ways did these tools contribute to the quality of the thesis?
3. What risks were identified, and how were they managed?
4. What insights were gained from using AI tools?

Throughout the project, AI tools were used strictly as supportive instruments. They did not generate empirical material, theoretical arguments, analytical insights, or full sections of text. All coding, analysis, and interpretations are the authors' own.

1. AI Tools Used and How They Were Applied

Three categories of tools were used:

(a) Language and writing support. ChatGPT (GPT-5.1 / GPT-5.1 Thinking) and Grammarly assisted with:

- improving clarity and flow in sections drafted by the authors,
- rephrasing complex sentences into concise academic formulations,
- suggesting transitions and structural refinements,
- formatting tables and figure captions.

All suggestions were manually reviewed, edited, or rewritten. No AI-generated text was inserted verbatim.

(b) Structuring ideas and academic reasoning. ChatGPT was used as a conceptual sparring partner when refining:

- boundaries between first- and second-order codes,
- wording of theme titles,
- the internal logic of the analysis and discussion.

AI tools were never used to generate codes, identify themes, or interpret empirical data. All analytical work was conducted manually.

(c) Transcription and text handling. Read.AI was used to create first-draft automated interview transcripts. All transcripts were manually corrected in full before coding. No raw transcripts or sensitive data were ever uploaded to ChatGPT or other generative AI tools.

2. Contribution of AI Tools to Thesis Quality

AI tools contributed in three ways:

(a) Improved clarity and academic tone. AI-assisted editing helped reduce ambiguity, improve phrasing, and maintain stylistic consistency.

(b) More efficient handling of long text sections. AI-supported rephrasing and formatting freed time for empirical analysis and iteration on findings.

(c) Clearer analytical structure. Using AI as a sounding board highlighted gaps in reasoning and improved coherence between codes, themes, and aggregated dimensions.

3. Risks Identified and Mitigation Measures

Several risks were recognised and mitigated:

(a) Misinterpretation of empirical material. All coding, theme development, and interpretation were performed manually. AI was not used to analyse transcripts.

(b) Over-reliance on AI phrasing. All AI suggestions were rewritten in the authors' academic voice. Generic phrasing was removed.

(c) Data security and privacy. No interview transcripts, quotes, or identifiable data were uploaded to AI tools. All empirical material was stored securely and handled locally.

(d) Academic integrity. AI was not used to generate theoretical arguments or empirical findings. The intellectual contributions of the thesis remain fully author-driven.

4. Insights Gained From Using AI Tools

Three lessons emerged:

- AI is effective for improving clarity and reducing linguistic complexity.
- AI helps reveal logical gaps but cannot replace analytical judgement.
- The most valuable use of AI is for polishing and structuring text, not generating content.

Overall, AI tools enhanced transparency, readability, and structural coherence, while the core analytical contributions remained entirely researcher-driven.