Clear or Real?
The Transformation of a Japanese Business Group: How Does Ambiguity Produce Knowledge?

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ABSTRACT

This study examines the sources of continuity and change in complex organizations characterized by multiple embeddedness. The case is built on a vertical business group of Japan's shipping industry. In a grounded study, sampling was performed in collaboration with HR and, simultaneous data collection/analysis conducted by the author. Semi-structured interviews took place with middle and top managers in the Tokyo HQ and the London subsidiary across June and July, 2019. As a result, it is argued that ambiguity is systemically inherent in organizations – notably in business groups. Ambiguity is explicated as a knowledge production unit that possesses a structure/process duality. As structure, it upholds and reinforces the dominant logic by 1) defining the moment of truth: membership criteria, control matrix, allocation of resources, norms and standards, desired behaviors, activities etc. and, by 2) control and coordination: delineates the scope of allowed informal action, allocates time, space, processes to perform these. As a process, ambiguity is manifest in the autonomous informal action of socialized and acculturated actors. The integration of informally understood and formally codified structures and processes is found effective to sustain the status quo and, to provide for adaptive continuity: ambiguity's utility reaches as far as facilitating and reinforcing implementation. The paradox of ambiguity's inertial and constructive aspect is dissolved in a duality which is mobilized by the organizing purpose requiring action; inertia for stability and, its active aspect to attain continuity. Practical implications: management knowledge has overly emphasized clarity and has regarded ambiguity as a risk; a problem to be clarified. Ambiguity, however, is social control & coordination that can be integrated in the formal organization; culture and identity are often more effective than explicit controls in buying support from members for organizational goals and implementing these.

Introduction

The purpose of the study is to shed light on Japanese business groups' longevity and evident success despite the inertial forces that sustain them in hyperstability. The hypothesis is forwarded that the hyperstability/change paradox is there as the order in which polar opposites coexist in an inclusive manner has not yet been accounted for. The logic of the hypothesis expands the study's relevance from Japanese business groups to complex organizations characterized by long path dependent growth trajectories.

The synthesis of the results revealed ambiguity as a key catalyst for stability and continuity/innovation at the same time. While ambiguity's inertial aspect dominates, its productive aspect is found inherent in the organization in a dormant mode suppressed by inertia and, activated when certain conditions are met.

The study therefore, answers these questions: What are the invisible building blocks of organizing? How are these enacted? How is the total system integrity achieved and maintained?

Ambiguity functions as a structure/process duality. As structure, ambiguity upholds and reinforces the dominant logic by 1) defining the moment of truth: membership criteria, control matrix, allocation of resources, norms and standards, desired behaviors, processes and, activities and, by 2) control and coordination: delineates the scope of allowed informal action and, allocates the time, space and, processes to perform these. As process, ambiguity is manifest in the autonomous informal action of socialized and acculturated actors. These actions are mobilized by the structure and impact it simultaneously, as the integration of the dominant logic with the emergent reality takes place in this arena.

In addition, the paradox of ambiguity's inertial and actively constructive aspect is dissolved as a duality and, the mobilizing dimension is identified in the organizing purpose requiring action; ambiguity's inertia is mobilized to attain stability and, its active aspect is switched on to attain continuity.

The synthesis supports strategic ambiguity research as to its utility in upholding existing power relations, defining strategies, "promoting unified diversity", and introducing change initiatives (Eisenberg, 1984; Davenport & Leitch, 2005; Sillince et al., 2012; Abdallah & Langley, 2014; Gulbrandsen, 2019). As for Abdallah and Langley's findings on ambiguity as a "double-edged sword" containing its own dissolution over time (Abdallah & Langley, 2014), the study substantiates that ambiguity's mobilizing effects may reach through implementation when systemically integrated with the organization: it secures initiatives' safe passage to decision-making and, reinforces implementation.

To overview extant research, mainstream management scholarship continues to prioritize minimizing ambiguity and is concerned with the concept as a matter to be resolved in order to organize (Eisenberg, 1984; Weick et al., 2005). The strategic ambiguity literature conceptualizes ambiguity as a discursive resource that agents utilize to achieve collective and/or individual goals (Eisenberg, 1984; Davenport & Leitch, 2005; Abdallah & Langley, 2014; Cappellaro et al., 2021; Gulbrandsen, 2019; Toegel et al., 2022). Accordingly, ambiguity is defined as a vague situation that is open to multiple interpretations (Eisenberg, 1984; Abdallah & Langley, 2014; Merkus et al., 2017). A paradoxical grassroots phenomenon that, silently tolerated and silently exercised, can

co-exist with management's drive for clarity and consistency, that said for eradicating ambiguity (Davenport & Leitch, 2005; Gulbrandsen, 2019; Toegel et al., 2022). Strategic ambiguity is interpreted from three analytical perspectives. First, ambiguity is understood to be inherent in the organizational context that gives rise to actors' autonomous actions (Davenport & Leitch, 2005; Sillince et al., 2012); on the other hand, it is seen as constructed and negotiated by actors on purpose to achieve individual and/or collective goals (Abdallah & Langley, 2014; Eisenberg, 1984; Gulbrandsen, 2019; Sillince et al., 2012; Toegel et al., 2022).

A distinct stream of research theorizes ambiguity as an intrinsic context/constructed reality duality that manifests itself in cyclical and emergent processes. Here, ambiguity is understood to be the embedded context, the intrinsic reality that shapes actors' actions and, at the same time, the reality that is "rhetorically constructed and exploited" by these actors (Sillince et al., 2012; Merkus et al., 2017).

In this paper, ambiguity is theorized as the property of an emergent systemic organizational reality and shall be expressed in a structure/process duality framework (Farjoun, 2010; Dutta et al., 2016). Ambiguity's paradoxical productive capability, its inertial and actively constructive aspects do not follow the structure/process demarcation instead these are explained by the institutional purpose that mobilizes them; for this reason, these shall be integrated in a separate framework. As for definitions, for the sake of the study ambiguity shall mean the organizational context and processes that are collectively taken for granted and are enacted and reinforced by socialized and acculturated organizational members. Ambiguity in action is understood as a sustained and self-reinforcing coordination and direction of actions that organizes agents without explicit control by their socialization and acculturation. As an emergent concept, all pertinent relationships are assumed to be cyclical, inter-related and overlapping.

The author draws her inspiration from business group (BG) organizing. As socially and economically construed networks, ambiguity is operationally inherent in BG. BG's social embeddedness means its boundaries are defined by membership which engender strong membership cultures. This infers 1) a reliance on shared understandings to define meanings and to inform action and, 2) a tacit acknowledgement of ambiguity's systemic integration in the BG knowledge production. BG boundary setting shall be discussed more in-depth in the next section. The case is built on the institution of the Japanese business group (JBG), and is provided by a shipping company that wishes to stay anonymous.

JBG provides evidence to the systemic consolidation of informally understood and formally codified structures and processes. This is found effective to 1) provide for stability by sustaining the status quo 2) provide for continuity by integrating autonomous informal knowledge flows in the organization. This integration of the informal autonomous with the formally coded reduces the need for explicit controls, pre-disposes members to align with organizational goals and, enables adaptive transformations to take place. In one word, it provides for reliable and efficient operations.

While the findings are driven by JBG, these are relevant to various extent to East Asian, namely Chinese and, Korean BG being likewise informed by Confucian philosophy; as well as to BG at large. Other organizational forms may also benefit from this new perspective, as the

findings call for a systemic acknowledgement and integration of informal structures and processes.

The study's discovery orientation and lack of previous research on the problem called for emergent phenomenological methodologies, therefore grounded research was adopted (Glaser & Strauss, 1967; Corbin & Strauss, 1990; Bryant & Charmaz, 2019).

Below, the case is placed in its institutional context of BG, within this the East Asian BG. JBG management is then overviewed to introduce the embedded knowledge production practice. This is followed by methodology and the discourse / conclusions. Implications on theory and practice close the paper; here the limitations will be acknowledged and avenues for further research outlined.

The enterprise: business group

As opposed to the Anglo-North American model of free-standing corporations, business groups (BG) are interdependent conglomerate organizations with extended, economically and, socially construed business networks (Yiu et al., 2007; Dau et al., 2021). The "ties among actors are multiplex, ties are only partly observed, and group definitions are socially constructed" (Khanna & Rivkin, 2006). This broad definition of an organizational form that is present globally and that constitutes the primary form of business in broad regions summarizes the dilemma facing scholars: What constitutes a business group? Legal and academic consensus on BG definition absent, researchers are advised to contend with diversity and adapt the definition to the research question (Dau et al., 2021; Khanna & Rivkin, 2006). In line with the relational epistemological stance of the research, the author adopted Khanna and Rivkin's interpretation, and assumes that BG is best explained by these organizations' temporal and institutional embeddedness (Khanna & Rivkin, 2006; Járfás, 2019a) and, Yiu's definition is espoused: "a collection of legally independent firms that are linked by multiple ties, including ownership, economic means, and/or social relations (family, kinship, friendship) through which they coordinate to achieve mutual objectives" (Yiu et al., 2007).

The study's purpose to uncover ambiguity's role in organizing makes Yiu's BG boundary setting appropriate: BG shall be distinguished from the Corporation in its "reliance on social relations, in addition to economic connections" (Yiu et al., 2007).

BG provides the opportunity to examine ambiguity in terms of knowledge production for two main reasons. First, as an economic and social construct, the BG institution, by definition, assumes ambiguity to be inherent in its dominant logic. This institutionalized co-existence of formal and informal controls over individual members and, their coordination is well suited to investigate the systemic integration of ambiguity in the organization. The second reason recurs to the previous one. As a model of institutionalization, BG demonstrates social organizing's knowledge production capacity: both in contributing to structure maintenance and, in enacting/reinforcing the structure in processes. During institutionalization, the organizational structure is developed by standardizing-routinizing and by exploiting complex complementarities (Fisman & Khanna, 1998; Khanna & Rivkin, 2006). This is further cemented by the learning effects that guide agents: mostly implicit cognitive, emotional and behavioral controls which

become taken for granted over time and gain institutional status (Romanelli et al., 1992; Járfás, 2019a). These effects produce and, at the same time, reinforce the institutionalization processes which members shall reproduce over time without questioning. In addition, the taken for granted meanings produce a strong member-identity, a consensus to follow processes, and a willingness to maintain the status quo (Ouchi, 1980; Járfás, 2019b).

The evident resilience and success of BG worldwide indicates that gaps exist in our understanding on social organizing aka ambiguity in economic institutions. While this complexity begs for investigation, leading academic and management practices continue to ignore social organizing's productive and/or legitimate notion. In addition, the field is under-researched as BG boundaries between insiders and outsiders inhibit scholarly approach (Colli & Colpan 2016). This gap in knowledge is addressed by the study's focus on JBG microprocesses with the aim to discover the invisible building blocks of organizing; the way these are enacted and, the way the total system integrity is achieved and maintained.

Among BG, East Asian - Chinese, Korean and Japanese groups, are notable for their shared characteristics informed by Confucian philosophy: marked vertical power bias, interpersonal harmony and, traditional conservatism (Zhang et al., 2005; Chen & Chung 1994). The power bias maximizes differences in status, role, age, and sex. Social collectives are divided between ingroups and outgroups and intermediaries perform the role to connect them. By interpersonal harmony, one strives to maintain the status quo and to avoid unsettling fluctuations caused by ambiguity. Traditional conservatism is a construct of harmony, that prioritizes precedence aka status quo over the ambiguity of change. Evidently, the vertical organization's logic is to cement the status quo by removing ambiguity which it conceives as an existential threat. This augments organizing's inherently inertial qualities and creates an imbalance toward inertia; which is, likewise, an existential threat. To balance asymmetries in knowledge, ambiguity is then incorporated as an integrator: in the relational aspect of the interpersonal harmony construct of guanxi, inmak, kankei (Hitt et al., 2002; Kwon & Adler 2014). The Japanese business group (JBG) makes here a small yet significant deviation from its Chinese and Korean counterparts. Kankei, the JBG relationship institution allows closed groups to form unmediated new relationships should these appear beneficial in a fortuitous moment: meaning it may act as a third space at the discretion of a gatekeeper (Aoki & Dore 1994; Hitt et al., 2002; Járfás, 2023). This deviation accounts for JBG flexibility and will be explained in depth later in the discourse. To summarize, the East Asian BG default modus operandi is that of a complex, closed vertical network in a state of sustained equilibrium. The integration of ambiguity into the vertical organization contributes to maintaining this delicate equilibrium by balancing stability and change, status quo and, action (Járfás, 2023).

Moving on to management practices, the focus is retained on the embedded context of the case: JBG. Japanese companies' success in the 80s excited interest worldwide in Japanese management: a new and effective way of control by implicit mechanisms achieved by extensive socialization. Social immersion starts in the hiring aka member-selection phase. Here, lack of experience is important to maximize members' attachment: identification with the organization. New members are trained to embrace corporate identity as much as to learn the ropes. The regularity of

relationships in a tight-knit group will provide more effective control over members, than explicit rules and regulations would (Fruin, 1980; Wilkins & Ouchi, 1983; Etzioni, 1965). Compensation is mostly standardized and is awarded for both performative and non-performative (belonging) related criteria (Ashton & Dore, 1974; Aoki & Dore, 1994; Lincoln et al., 1992). Social control does have an inertial aspect though. Tight-knit organizations prefer cooperating with in-groups over out-groups as relationships with the latter are deemed high-risk therefore, resource consuming business (Yamagishi et al., 1999; Járfás, 2019a).

To recap, the BG institution as a social and economic construct assumes ambiguity to be inherent in its dominant logic. The mode and extent of ambiguity's incorporation, as well as its enactment shall be understood according to the Institution's temporal and spatial embeddedness. The inquiry's target is JBG, a member of the East Asian BG informed by Confucian philosophy, an extreme case of vertical organization that sheds stark light on problem, case and, context. The methodology is introduced in the section below.

Method

The author searched for an understanding oriented, emergent scientific approach that would aid in the discovery of socially constructed meanings. Consequently, she applied grounded theory as answers to these questions were sought for: How to account for processes that the actors perceive but for which they are unable to visualize alternative venues? How to account for change: meanings that may hold true in certain conditions but take on a new/modified property as conditions change?

Data were collected in 13 semi-structured interviews from staff, middle and top managers of Company A. The participants were selected based on two criteria: 1) their direct involvement in both domestic and international operations and/or strategy making and 2) length of tenure to make sure that their narratives are drawn from a rich experience base. Japanese companies operate with a lifetime employment principle; for this reason, tenure is understood to equal experience and status in the hierarchy. Members are rotated in the organization regularly, on average 3 years apart, to build specialists who know the organization inside out from the perspectives of multiple units. At the time of data collection, the participants belonged to 7 sub-units, representing 2 decision-making core units, 3 operating core units, and 2 peripheries. The participants had been transferred internally 3 to 8 times during their tenure, that means their narratives contribute a total of 63 lived experiences of several layers of the core as well as various rungs of the periphery for each person. For this reason, the sample size and quality provide an accurate picture of internal dynamics and conditions. All participants were directly involved in both domestic and international operations and/or strategy making. Management pipeline members and middle managers were in their early 30s and had an approximately 10- year track record, while top managers were in their mid-50s and up. All respondents are male and except for two, are Japanese. The interviews took approximately 1 to 1.5 hour each and were conducted across June and July, 2019 in the Tokyo HQ and in the London subsidiary office. The initial interviews were followed up with clarifications on March 29th and June 29th, 2020. It is not ideal to open a lengthy gap between the interviews and the clarifications, no earlier dates could be obtained, however, due

to the executive partner's tight scheduling. The participants were asked to express their thoughts freely about the business, typical internal operational and external/internal relational interactions. The interviews were conducted in English and Japanese by the author who, as a long-term resident of Japan and, the Japanese diaspora of the United States, is proficient in both languages. While story-telling in one's mother tongue is richer in expression and more suffused with emotion, the participants were free to choose the language of their preference. The interviews were voice-recorded, transcribed verbatim, translated to English as applied. The author decided not to edit the scripts for grammar or vocabulary to stay close to the source and, to convey the emotions expressed in the informants' form and content. A thematical, structural and dialogic/performative narrative analysis then followed in the spirit and framework provided by grounded theory (Charmaz, 1996; Glaser & Strauss, 1967). Within the school of grounded theory, Merriam's procedural stance was adopted (Merriam, 1998). In addition to academic peer review, the analysis is audited by applied psychology and industrial counselling experts whose native tongue is Japanese, which adds credibility to the interpretation of the data. To comply with confidentiality terms, the identity of the company and of the respondents is masked.

Discourse
Company A is a marine shipping JBG with total assets between 200 and 300 million USD. This places Company A in the pool of the medium size competitors. The author met someone from the organization and the research topic sparked his interest. The message was consequently circulated among the decision-makers. The organization decided to agree to the relationship, and authorized HR to recruit for the interviews the members fitting the selection criteria. At this time, the already tight bulk marine shipping market suddenly contracted due to the consolidation of the industry's core clients, the bulk commodity markets. The context did not factor in the decision to allow a researcher in.

The interview narratives opened a window into the day-to-day lived organizational experiences, both context and process of which was marked by high levels of ambiguity. To emphasize ambiguity's role in the knowledge production, the storyline follows the employee experience cycle from integration into JBG through socialization and achievement. The external ambiguity found its way into the narratives; therefore, this context is included in the discussion.

As mentioned in the previous section, JBG socialization starts with member-selection. Member-selection emphasizes lack of experience to maximize members' cultural infusion for lifelong employment-attachment. This collectively held knowledge is mirrored in members' selecting their place of belonging.

Mr. D: *In a business sense…. Ummmm for myself, the shipping … is… First of all, … I didn't have any interest in shipping as a business. Firstly. Well now, of course, in the company every day… so every day I feel excited to do my job in the company.*

Socialization prepares new members for the ways of the house or, as Mr. B aptly put it, the "workstyle" rather the ways to get things done.

Mr. B: *You just do what you're required to do… Depends on where you are or with whom you work with. So that's why rotation is part of the… part of the job…. It's part of your work style…*

One is merged in the "workstyle" via implied meanings and tacit expectations.

Mr. K: *Every... every ... hmmm everything happens. I just consult my senior superintendent. So I have to consult, consult. And we have the leader also. (…) But before I go to the team leader I have to consult my colleague superintendents. To get some advice. That's what when I started. But this time I – used to it already. So...*

Each job rotation is an immersion in a new aspect of the organization, a new initiation process even for seasoned members.

Mr. D: *Yeah, not simple. Yeah, I can now say nothing. We've got some trouble in the personnel and we studied. Now it's OK. To write and ask the right person.*

Researcher: *How do we…?*

Mr. D: *I think, you know, we can do it two ways. One way is by rules. The other by conversation. That's the thing.*

In addition to the belonging related ambiguity, shared understandings are abound relating performance: scope of duties and allocation of resources, chain of command, evaluation, job placements, promotion etc.

As Mr. E expressed his unit's responsibilities in a metaphor:

In one word, this is a position that brings us to this approach. In this meaning, there is difference. In a sense the lack of responsibility ... I'm meaning "do whatever" ... makes things extremely easy to do. Having this in mind, one understands the other very well. Right.

The core-centric vertical communication design taken for granted, the bias in scope and resource allocation is understood and is complied with.

Mr. D: *In the foreign offices, in accordance with such a very small scale, the coverage of one single person is much broader. Compared with Tokyo. In Tokyo, there's the admin department, the financial department, the computer guys, everything like that. So maybe, I can ask someone to … to fix my problem.*

Shared standards and routines facilitate workstyle immersion; these allow for role delegation which, again, reduces the need for command-chain control. Having said that, standards and routines also enable members to go energy-saving mode and withdraw into interia.

Mr. D: *All action is routine work.(…) Also, you know, it's a little bit difficult to encourage ourselves that is very important to meet something that nobody knows. It's quite difficult. If it's an important one, there must be much garbage (to sift through).… It's easy to stick to a routine work.*

While the organization has explicit communication protocols; control and coordination - monitoring, evaluating and, feedback on achievement, has its intrinsically ambiguous aspects. Imperceptible knowledge-flows originate in both core and periphery and, are embedded in the formal processes. Those that are impacted read the signs until the explicit communication is shared.

Mr. K: *Well,… actually, when the person they … they already have assessment when they're working. (…) They collected the information already. Then at that time they can decide if this one is good or not. They can recommend. They already monitored the assessment of that person.*

Mr. M: *Every year we let them write what they want do. It's part of the evaluation process. (...) In this way we're trying to motivate people. And based on what they want to do, they're doing their jobs.*

Mr. E: *Wasn't really the material to volunteer for overseas assignments. I thought. But then, right.*

Mr. M: *I think the company's goal is, eventually, for him to become a management member. I don't know if he knows about that. But the current....*

Consolidation on-going, members interfacing the market found themselves squeezed between expectations to belong in "workstyle" and to perform measured by numbers. The long business cycles that used to be driven by relationship quality and moderate cost now shrunk into short to medium business cycles driven by speed and minimum cost. The question of survival was a recurring theme among all respondents.

Mr. A: *Still, even in shipping companies, we really need to survive (...) ...so we really have to compete with others.*

Mr. B: *So, I believe there're some times that I cannot fix some business because they just just walked away. 'Cause they couldn't wait for us. They couldn't wait for us and we were waiting for Tokyo. So right...*

The legitimacy and the embedded assurances of the third space turned the invisible into visible: the interviews were protected by non-disclosure agreements signed by the researcher for each participant, meaning all feedback to the organization originated from the participants alone. In addition, the interviews conducted in the London office included all members, this therefore provided an opportunity to share feedback to the core individually, to share in the satellite office collectively as well as in private conversations. This informal discourse allowed reality contradictions to materialize and alternatives to become plausible. Consequently, executive sponsorship was gathered which moved the discourse to a formal channel that fed into the decision-making space, implementation effective within 7 months after the interviews.

Mr. M: *And often we realize that communication is very one-sided. Recently.... Recently there was discussion about that. And we're opening up. (...) Fine. By the way, I understand that you did interviews in the overseas offices. I am getting a kind of very positive or constructive feedback from overseas. I don't know what you have discussed about anything, but ... That's how we introduced like on-line board meeting. With overseas offices. We noticed that communication could have been one-sided. So, we corrected that part.*

The change is of profound symbolic significance: the JBG foundation - Confucian vertical organization underwent a meaning change. The taken for granted instruct/obey-and-report communication design was accentuated with the instruct/mutually share/obey modus operandi. The swift and precisely targeted nature of the decision testifies of 1) mature structure and processes that are effectively understood and applied by members 2) members' high level of acculturation 3) a systemic integration of formal and informal structure and processes. The synthesis of findings follows in the section below.

Knowledge production

To recap, ambiguity is meant by the organizational context and processes that are collectively taken for granted and are enacted and reinforced by socialized and acculturated organizational members. Ambiguity in-actu is understood as a sustained and self-reinforcing coordination and direction of actions that organizes agents without explicit control by their socialization and acculturation. How to bring this emergent implicit category from the shadows into the light? The definition leads to theorizing ambiguity from the perspective of knowledge production (Foucault, 1980); a dynamic, complex and unbounded reality best expressed in terms of structure/process duality (Farjoun, 2010; Dutta et al., 2016; Foucault, 1979). While the structure/process duality explicates ambiguity's knowledge production cycle, ambiguity's inertial and active contribution to the production does not overlap with the structure/process duality. Rather, the inertial/active knowledge production is manifest in a dimension of its own that merges/disintegrates structure/process according to its own rules. For this reason, ambiguity is synthetized in two frameworks; in Figure 1) Ambiguity knowledge production; structure/process duality, and Figure 2) Ambiguity; inertial/active knowledge production duality, below.

Figure 1.

Ambiguity knowledge production; structure/process duality
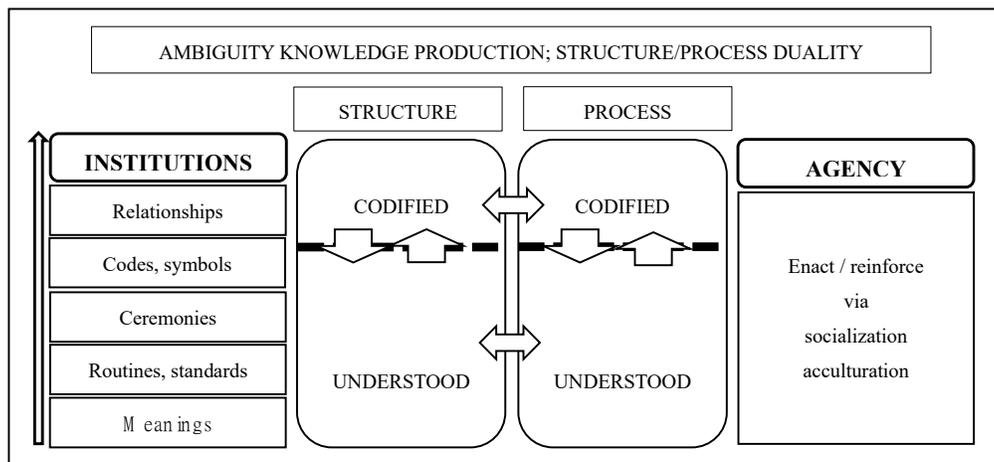
The knowledge production cycle's outcome is the Institution: idealized expectations of behaviour rooted in sanctioned meanings and constructed via increasingly complex layers from routines, standards through organizational relationships: communication design, roles, and processes etc. The Institutional layers are enacted and reinforced by agentic action in an iterative and cyclical manner (Berger & Luckmann, 1991). Institutional theory's definition is congruent with the study's definition for ambiguity as the *organizational context and processes that are collectively taken for granted and are enacted and reinforced by socialized and acculturated organizational members*. This substantiates theorizing Ambiguity as a structure-process duality where the Institution is understood to constitute ambiguity's Structure and ambiguity's Process is manifest in Agency through which the Institution is enacted and reinforced. In the synthesis,

Institution shall mean Structure and, Agency shall mean Process for the sake of simplicity and clarity.

The narratives describe a social organization built for an economic purpose that is geared toward hyper-stability & continuity by lifelong membership against lifetime employment. This is best supported by a long-term investment in socialization and acculturation that embeds knowledge as shared understanding in the cognitive, behavioural and, action templates of members. The long learning cycle is consistent with the learning effects' stickiness. The high level of internalization removes the need for explicit vertical control and coordination: allows for "unified discord" and, as a result, delegates reality interpretation and action to the members. In consistence with the social construction of an economic organization's Institution, ambiguity aka "understood reality", dominates over explicit codes in both Institution and Agency.

Assuming a balanced organization, the share of explicitly coded and understood elements within the Institution-Agency duality will be consistent with one another. While establishing the precise coded – understood ratio is not in the scope of this study, the ratio in Figure 1) is an expression of the data. For this, examples are taken for business contracts and socialization:

Mr. M: *The new companies, the contract is drafted by lawyers. We see the contract like that. ... But otherwise, just a few lines.*

As for socialization -

Mr. M: Hmmm. Ok. We tend to rely on the experience. One cannot do this job with just textbooks. Q&A doesn't cover everything. And we often express this that we are still learning at the age of 50's or 40's.

Process resides in the Agency; the Institution is enacted and reinforced here in a collective effort in iterative overlapping cycles among agents, between agents and the Institution and among the internally embedded Institutional layers as a result of socialization and the subsequent acculturation (Ouchi, 1980; Schildt et al., 2019; Járfás, 2023). The Institution's high internalization aids both identification with the organization and, the reproduction of knowledge (Foucault, 1982; Ouchi, 1980). Agency, alike its Instutional context, is coded-understood.

The narratives precisely delimit ambiguity as the Confucian vertical knowledge production's control and coordination mechanism and, demonstrate a de-facto integration of the coded with the understood.

For example, the invisible/imperceptible means understood control with a deferred coded impact: *Well…actually, when the person they … they already have assessment when they're working.* In a tight group under social controls nothing goes "un-noted": the vertical status quo is sustained and reinforced in this space and, as a result, it remains without challengers.

The unheard/unknown means understood coordination that may very well result in coded action: *I don't know what you have discussed about anything, but….* Confucian integration/coordination takes place in this space to fulfil the status quo's socio-economic purpose of continuity; these non-vertical knowledge flows do not challenge the status quo. The non-vertical knowledge flows evolve in micro-processes that 1) empower/enable members to act without vertical control making them feel empowered 2) facilitate the enactment and reinforcement of the Institution without vertical intervention 3) signal, facilitate and guide

adaptive changes 4) signal, facilitate and guide implementation of changes 5) integrate changes in the status quo.

The invisible/imperceptible control and unheard/unknown coordination knowledge flows between Institution and Agency unfold in a circular and iterative manner: the Institution guiding socialization & acculturation by its sanctioned meanings, practices and relationships and, Agency enacting these autonomously (Zucker, 1983; Clegg et al., 2006; Járfás, 2023).

There is an additional aspect of ambiguity that begs for clarification here. Ambiguity performs its role in knowledge production in a paradoxical manner. In certain instances, ambiguity constricts action while in other instances action is empowered by it. There are two distinct streams within ambiguity research and these focus on ambiguity's inertial and actively constructive/strategic aspect separately. The mainstream literature addresses ambiguity's action inhibiting aspect, thus treats it as a problem to be solved (Dutton & Jackson, 1987; Forman & Argenti, 2005; Christensen and Cornelissen 2013). The strategic ambiguity literature, on the other hand, explicates ambiguity as a strategically constructed discursive tool that mobilizes action (Eisenberg, 1984; Abdallah & Langley, 2014; Sillince et al., 2012; Davenport & Leitch, 2005).

This study integrates these streams of research and dissolves the ambiguity paradox by theorizing Ambiguity as a duality of active and inertial knowledge production capabilities.

The case provides evidence that Ambiguity's dialectic inertial/active aspect does not reside in the knowledge production's Institution/Agency duality. For example, the JBG Institution sustains the status quo, therefore it is intrinsically inertial. The Institution, on the other hand, holds the relationship construct of "kankei", which is an embedded change component. Flipping the coin, Agency's emergent and delegated aspect has the potential to be the source of change. But then, the Institution's high internalization and tight social controls will render Agency inertial and confine it within the limits of reproduction/reinforcement of the Institution. How does then Ambiguity's inertial/active duality contribute to knowledge production? See Figure 2) Ambiguity knowledge production; inertial / active duality, below.

Figure 2.
Ambiguity knowledge production; inertial / active duality
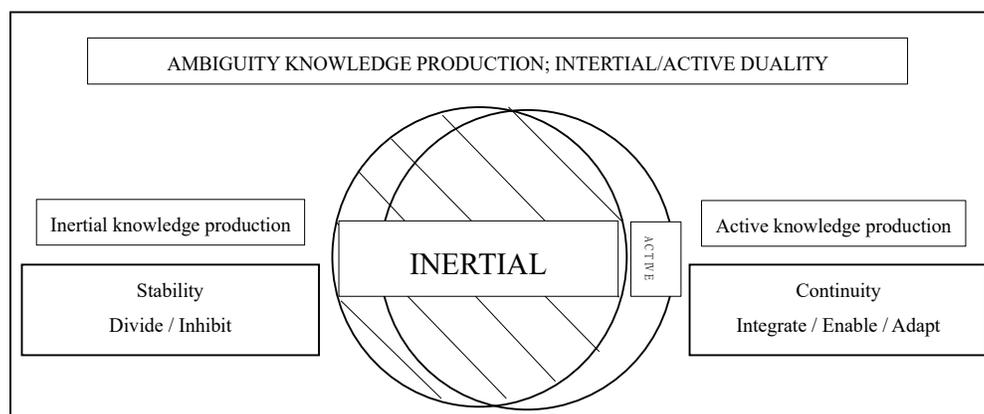
Organizations are built for stability and continuity, therefore organizing is inherently inertial (Weick et al., 2005). JBG informed by the East Asian Confucian tradition prioritizes the status quo over change and, to achieve this, differences in power are maximized that result in the vertical organization. It is the vertical aspect of East Asian/JBG organization that renders it hyper stable: the maximum is in balance with the minimum. Maximum power reduces the ambiguity arising from fluctuation to nil, therefore the knowledge that produces the status quo shall be intrinsically inertial. Extreme cases do not survive, however, in nature due to their inflexibility and, for the accumulating resistance of those who produce the knowledge (Foucault, 1982; 1975). To achieve continuity in a hyper-stable space, the East Asian BG incorporates ambiguity.

This is attained by internalizing the Institution collectively and individually via socialization/acculturation and by allowing institutionally sanctioned non-vertical knowledge flows. These non-vertical knowledge flows, while autonomous, are veered for an inertial reproduction of knowledge and, pre-empt upsetting the status quo. On the side, ambiguity shall also aid in upholding the status quo by limiting action within the collectively sanctioned pool of knowledge. In sum, ambiguity as an intrinsic property of social organization provides the space that serves the purpose of (hyper)stability and continuity at the same time. Following this premise, active and/or inertial knowledge production aspect is mobilized by the purpose of the institutional context it serves. The East Asian BG prioritizes the extreme-case maintenance of the status quo, ambiguity shall therefore be deployed to achieve hyper-stability and its contribution to the knowledge production shall be inertial. To attain sustained hyper-stability aka continuity, ambiguity is deployed to facilitate knowledge flows and to promote collectively sanctioned adaptive changes. Serving this purpose, ambiguity's knowledge production will be active. As evidenced by the case, the adaptive organizational purpose against external changes mobilized the active aspect of ambiguity that resulted in the recalibration of the power matrix. The dialectic inertial/active capability of ambiguity is therefore the property of the purpose towards which organizing is oriented.

To conclude, the purpose of JBG organizing is twofold: 1) hyper-stability: to protect the status quo from volatilities by confining thought and action to a collectively sanctioned pool of knowledge and, 2) continuity: to balance the assimetries in knowledge by employing a collectively sanctioned self-reinforcing autonomous flow of agentic actions. Serving this purpose, ambiguity's knowledge production will be respectively inertial or actively constructive.

Implications on theory and practice, limitations and call for further research
The study's key implication on theory lies in its system-approach. As opposed to theorizing ambiguity as a discursive tool or as a generic constructed reality of agents, the concept is explicated as a systemically inherent organizational reality that produces knowledge via system-wide embedded understandings governing structure and process. As to how knowledge is produced, the study dissolves the ambiguity paradox by acknowledging it as a dual knowledge production unit that possesses active/constructive and inertial aspects – aspects that are mobilized by the purpose of organizing.

The implications on practice are paramount to a paradigm shift in management and call for a re-evaluation of the Enterprise as an inherently social construct. Practitioners are encouraged to bring ambiguity back in from the shadows and integrate it with the formal organization as their respective embedded contexts allow.

Provided by JBG, this is an extreme case – which constitutes the study's strength and, at the same time, its limitation. Further research is called for to study social organizing in a variety of institutional contexts, both in BG and corporations. In addition, the author could not ignore the relation of ambiguity/knowledge production to power; which deliberation is out of scope of the paper and calls for further studies.

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