

Unpacking Organizational Ambidexterity: Dimensions, Contingencies, and Synergistic Effects

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Significant ambiguity remains in the literature regarding the conceptualization of organizational ambidexterity. We unpack this construct into one with two dimensions we term *the balance dimension of ambidexterity (BD)* and *the combined dimension of ambidexterity (CD)*. BD corresponds to a firm's orientation to maintain a close relative balance between exploratory and exploitative activities, whereas CD corresponds to their combined magnitude. We reason that these dimensions are conceptually distinct, and rely on different causal mechanisms to enhance firm performance. We find that over and above their independent effects, concurrent high levels of BD and CD yield synergistic benefits. We also find that BD is more beneficial to resource-constrained firms, whereas CD is more beneficial to firms having greater access to internal and/or external resources. These results indicate that managers in resource-constrained contexts may benefit from a focus on managing trade-offs between exploration and exploitation demands, but for firms that have access to sufficient resources, the simultaneous pursuit of exploration and exploitation is both possible and desirable.

Key words: organizational ambidexterity; exploration; exploitation; resource scarcity

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The construct of organizational ambidexterity has attracted the growing attention of organizational theorists (for a recent review of the literature, see Raisch and Birkinshaw 2008). The general agreement in this literature is that an ambidextrous firm is one that is capable of both exploiting existing competencies as well as exploring new opportunities, and also that achieving ambidexterity enables a firm to enhance its performance and competitiveness. However, beyond these points of consensus, there is some disagreement and considerable ambiguity regarding the nature of the ambidexterity construct.

When March (1991) first introduced the twin concepts of exploration and exploitation to the management literature, he argued that they should be viewed as two ends of a single continuum. In March's characterization, exploration and exploitation place inherently conflicting resource and organizational demands on the firm. In this view, trade-offs between exploration and exploitation are seen as unavoidable, and organizational ambidexterity largely involves the management of these trade-offs to find the appropriate balance between the two. Others following in March's (1991) wake similarly focus on the conflicting aspects of exploratory and exploitative orientations, their competition for scarce resources, and the desirability of achieving an appropriate balance between

the two (e.g., Auh and Menguc 2005, Ghemawat and Costa 1993, Sidhu et al. 2007, Smith and Tushman 2005).

Alternatively, some researchers have recently begun to characterize exploration and exploitation as independent activities, orthogonal to each other, such that firms can choose to engage in high levels of both activities at the same time (Gupta et al. 2006). In this view, ambidexterity has been emphasized to pertain to the capacity of a firm to pursue high levels of exploration and exploitation concurrently (e.g., Beckman 2006, Jansen et al. 2006, Lavie and Rosenkopf 2006, Lubatkin et al. 2006) rather than managing trade-offs to find the most appropriate balance between the two.

Thus, although there is broad agreement that organizational ambidexterity somehow relates to the simultaneous pursuit of exploratory and exploitative activities, there exists a lack of conceptual clarity regarding the extent to which ambidexterity concerns matching the magnitude of exploration and exploitation on a relative basis, or concerns the combined magnitude of both activities. This lack of consensus regarding the underlying construct has led to the use of a variety of different measures to operationalize the ambidexterity construct (e.g., He and Wong 2004, Lubatkin et al. 2006), a factor that makes it difficult to compare results across studies and amass a core set of findings on which to build.