Leaders’ ambidexterity traits

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Abstract

The ability of companies to develop simultaneously innovations that exploit their current knowledge, while exploring new opportunities that go beyond their present knowledge is recognized as organizational ambidexterity and essential in the achievement of sustained performance above the average of the industry. The concept of ambidexterity includes exploration and exploitation. Exploration requires search, discovery, experimentation, risk-taking and innovation, while exploitation consists of behavioral patterns characterized by refinement, implementation, efficiency, production and selection.

Top managers are crucial to balance trade-offs among the competing objectives regarding exploration and exploitation and to reduce the organization’s tendency to focus only in one of them. Top managers act as leaders in the process of exploiting existing competencies while also exploring new opportunities.

In this study we are going to review the literature to extract the characteristics of ambidextrous leaders capable to cope with these tensions, in order to achieve organizational innovations.

Keywords: Leader, ambidexterity.

1. Introduction

Innovation in firms and organizations requires the development of different capabilities. In a dynamic environment firms could only be successful and innovative if they are enough aligned with their current knowledge and capabilities while also explore new opportunities (Gibson and Birkinshaw, 2004; Jansen et al., 2006). Organizational ambidexterity has been analyzed as a capability that allows balancing and developing activities oriented to the exploitation of existing businesses and the exploration of new opportunities (Raisch and
Birkinshaw, 2008). Ambidexterity is difficult to achieve because it requires the management of contradictory processes associated with exploration and exploitation (March, 1991). It requires leaders that promote and encourage organizational members to achieve ambidexterity. Managers are therefore proposed as one of the principal actors in catalyzing these tradeoffs in order to be enough successful in exploring new opportunities and knowledge at the same time that they exploit current knowledge and capabilities (Mom et al., 2006; O’Reilly and Tushman, 2011). In this sense, education in management should promote this ambidexterity orientation in future organizational leaders. Encouraging ambidextrous thinking in higher education institutions could be an opportunity also to adapt the educational process in these times of great changes (Rezende et al., 2016). The design of the educational process has significant consequences for people involved in innovative activities. Education provides technical competence and mastery of currently available analytic tools to future entrepreneurs and others who will participate in activities related to innovation and growth. Education can stimulate creativity and imagination and facilitate its use (Baumol, 2005). Many business skills can be taught. In fact, it has been shown that the effect of general education as measured in years of schooling on entrepreneur performance is positive (Van der Sluis and Versloot, 2007) and business training is effective for the performance of people who applied for microfinance to start their own business (Valdivia and Karlan, 2006). Therefore, management schools should know the ambidexterity concept and promote the necessary management skills to achieve it in organizations. Ambidexterity “would be an extremely useful capability, which should be studied in depth and learned as subject to exercise management” (Rezende et al., 2016: 1016).

Given the importance of learning managers’ skills for business students as a future leaders in the organization, in this paper, it is intended to deepen into the antecedents that allow managers dealing with complex trade-offs. Knowing these features is a starting point to know how to design management courses that promote different skills to allow the development of future leaders.

2. Theoretical background

2.1. Organizational Ambidexterity

Whereas Duncan (1976) was the first to use the term organizational ambidexterity, it is March’s seminal paper (March, 1991) which acted as the catalyst for the current interest in exploration and exploitation in the management literature. Building upon earlier work by Duncan (1976), Tushman and O’Reilly (1996) were first to present a deepen analysis of organizational ambidexterity.
March (1991) started from a definition of exploitation and exploration in the framework of organizational learning as two different activities. Exploitation was understood as "refinement, choice, production, efficiency, selection, implementation and execution" in contrast to exploration, understood as "search, variation, risk taking, experimentation, game, flexibility, discovery and innovation" (p. 71).

From a strategic perspective, companies need competencies and capabilities to be able to guarantee their survival and long-term success. These capabilities are also required to compete in today's markets and allow companies to recombine and reconfigure assets and organizational structure for adapting to technology and emerging markets (O'Reilly and Tushman, 2008). In this sense, Teece (2007) characterized dynamic capabilities such as skills, procedures, organizational structures, decision processes and disciplines that are distinctive and enable senior managers to identify threats and opportunities and reconfigure assets to address them. O'Reilly and Tushman (2004) argue that the understanding and management of the tensions between paradoxical objectives (exploitation vs. exploration), as well as the success in the simultaneous achievement of high levels in the variables that cause such tensions, are essential for the competitiveness of companies and their survival.

Organizational Ambidexterity is a dynamic capability referred to the routines and processes by which an organization mobilizes, coordinates and integrates dispersed and contradictory forces, besides assigning, reallocating, combining and recombining resources and assets between differentiated organizational units (O'Reilly and Tushman, 2008).

The underlying idea of achieving the simultaneity of objectives is justified under the premise that actions aimed at radical change could generate chaos in the organization if companies do not think about the current moment. Likewise, an approach that is too focused on the present would provoke an organizational inertia (Huy, 2002). This is why ambidexterity is considered as a dynamic capability, which allows ambidextrous companies to adjust to the changes that take place in the environment (O'Reilly and Tushman, 2008, 2011).

This capability enables to pursue two sets of completely different objectives simultaneously: exploitation vs. exploration, stability vs. adaptability, short-term benefit vs. growth over the long term (Benner and Tushman, 2003). While these sets of objectives are different and paradoxical, they are not alternative. Ambidexterity is the capability that allows these objectives to be reached, not only simultaneously but also to a high degree and in a balanced way (Simsek et al, 2009). These tensions may not be completely eliminated, but the most successful organizations manage to reconcile them to a great extent, which allows them to be competitive in the long term (Gibson and Birkinshaw, 2004).
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Is essential for senior executives to manage completely varied and inconsistent organizational alignments. Efficiency, discipline, incremental improvement and continuous innovation, in the exploitation demand with a short-term perspective, are the crucial success factors needed to succeed in exploitation. Exploration focus in a longer time perspective, more autonomy, flexibility, risk taking and experimentation (March, 1991).

As key leaders in organizations, senior executives are considered to play an important role in promoting ambidexterity. Tushman and O’Reilly (1997) state that ambidexterity is facilitated by the top management team’s internal processes. Some studies describe leadership processes as a supporting factor in the implementation of structural or contextual ambidexterity, for example Smith and Tushman (2005) explored the integrative mechanisms by which leadership teams can successfully handle the contradictions that arise from structural separation in ambidextrous organizations. In this way, Gibson and Birkinshaw (2004), noted the “important role played by senior executives in making an organization context effective and developing ambidexterity” (p. 223). In this sense, managers must act as a leaders in the achievement of ambidexterity.

3. Leader’s ambidexterity traits

Organizations not only need ambidexterity at the business unit and company level, but also at the individual level (Mom et al., 2009). The ambidexterity at the manager’s level is defined as “a manager’s behavioral orientation toward combining exploration and exploitation related activities within a certain period of time” (Mom et al., 2009). The following characteristics have been proposed in literature as necessary for managers’ achievement of ambidexterity.

*Hosting contradictions* (Mom et al., 2009; O’Reilly and Tushman, 2011)

Ambidextrous managers have the motivation and also the ability to be sensitive, to understand, and to know how to manage the apparently conflicting range of opportunities, needs and objectives. Previous research points out the need for ambidextrous managers to deal with conflict (Duncan 1976; Floyd and Lane 2000) and to engage in paradoxical thinking allowing managers to work simultaneously and longitudinally through the tensions of exploration and exploitation (Gibson and Birkinshaw 2004; Smith and Tushman 2005).

The organizational ambidextrous context encourages managers to make their own decisions about how to divide their time between alignment- and adaptability-oriented activities (Gibson and Birkinshaw, 2004). This characteristic indicates that ambidextrous managers
look for market and technological needs and opportunities at the same time that they have to be able to reinforce existing positions in the product market (Burgelman 2002; Tushman and O'Reilly 1996). Another contradiction that managers have to take into account, following Floyd and Lane (2000), is that each level of management has different roles in a strategy process, so ambidextrous managers should fulfill multiple roles.

Ambidextrous managers elaborate and reassess existing decisions, goals, and beliefs, and moreover are short-term and long-term orientation for identifying and pursuing opportunities (Ghemawat and Costa, 1993; O'Reilly and Tushman, 2004). It asks managers to deliberately and consciously engage in experimentation and small-scale efforts with a long-term possible payout rather than the short-term maximization of profit (O’Reilly and Tushman 2007). Leaders must to resolve conflicts arising in the organization and take resource allocation decisions for reaching this ambidexterity (O’Reilly and Tushman, 2011).

Performing multiple task (Floyd and Lane 2000; Birkinshaw and Gibson 2004)

Ambidextrous managers accomplish different roles and manage multiple diverse tasks within a limited period of time (Floyd and Lane 2000; Birkinshaw and Gibson 2004) for the competence deployment and the competence definition activities (Floyd and Lane 2000, Sanchez et al. 1996), carry out both creative and collective actions (Sheremata 2000), and perform routine and non-routine activities (Adler et al., 1999). Some authors also indicate that ambidextrous managers are more generalists rather than more specialists (Birkinshaw and Gibson 2004,) and usually act outside the limits of their own job (Adler et al., 1999).

Refining and renewing their knowledge, skills, and expertise (Floyd and Lane 2000; Sheremata, 2000; Mom et al., 2009)

The ability of being continuously searching for distant knowledge while also achieve more reliability and efficiency in the current and local knowledge in another characteristic of ambidextrous managers (Mom et al., 2009). Gibson and Birkinshaw (2004) stated how managers with more authority and flexibility in decision-making could have higher motivation in achieving efficiency and flexibility, by recognizing new opportunities. Pursing different goals requires higher authority and self-control in the tasks development (Tushman and O’Reilly, 1996).

Benefiting from top-down and bottom-up knowledge (Floyd and Lane, 2000; Mom et al., 2007)

Top-down knowledge inflows are associated with knowledge coming from persons and units at higher hierarchical levels to the lower levels while bottom-up knowledge inflows are associated with knowledge coming from persons and units at lower hierarchical levels to the higher levels (Mom et al., 2007). These inflows positively relate to the extent to which this manager conducts exploitation activities, (Daft and Lengel, 1986). Moreover,
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Bottom-up and horizontal knowledge inflows is positively related to the extent to which managers conduct exploration activities (Floyd and Lane, 2000). The more a manager acquires both top-down and bottom-up knowledge flows, or both top-down and horizontal knowledge flows, there will be higher levels of both exploration and exploitation activities (Mom et al., 2007).

Promoting common vision (Ravasi and Schultz, 2006; O’Reilly and Tushman, 2007, 2011) O’Reilly and Tushman (2011) affirm that the articulation of a common vision and values that provide for a common identity increase the likelihood of ambidexterity. This global vision and values allows employees from the legacy and new business to create a common identity. A vision helps employees to adopt the mentality in the long term being important for the exploration (Ravasi and Schultz, 2006). The shared vision provides organizational members, including managers, with a meaningful purpose and direction, helping to keep a connected system and promote the integration of an entire organization (Orton and Weick, 1990). Without a shared vision, the reality of a firm would be characterized by very enthusiastic and committed individuals who pull the organization towards different directions.

It can override the adverse effects of divergent goals and conflicting perspectives among senior team members in charge of exploratory and exploitative units (Brewer and Miller, 1984; Mackie and Goethals, 1987), and prevent senior teams from devolving into fragmented structures. By contrast, a lack of shared vision and values can lead to distrust within senior team members and throughout the organization, making it hard to draw common characteristics and to identify, extract and combine diverse skills, abilities, and perspectives within exploratory and exploitative units (O’Reilly and Tushman, 2011).

4. Conclusions

Leaders need a serial of competences and capabilities to be able to handle in an ambidextrous way the different exploration and exploitation activities. In ambidextrous terms, managers must be focused on both exploitation and exploration activities. These managerial capabilities help organizations to reconfigure existing assets and skills to detect and take advantage of new opportunities (O’Reilly and Tushman, 2011).

This paper aimed to collect the characteristics analyzed in the literature necessaries for managers to be ambidextrous. Most authors consider that ambidextrous managers host contradictions (Smith and Tushman 2005; Tushman and O’Reilly 1996); they are multitaskers (Birkinshaw and Gibson 2004; Floyd and Lane 2000); and they both refine and
renew their knowledge, skills, and expertise (Floyd and Lane 2000; Sheremata 2000). Global and shared vision and having incentive reward systems allows managers to achieve ambidexterity and to keep all member in the organization involved with the ambidextrous strategy. Furthermore, the importance of bottom-up knowledge inflows for managers’ exploration activities, and top-down knowledge inflows for managers’ exploitation activities (Mom et al., 2007) has been outlined.

Literature is broader because personal antecedents and leaders’ characteristics are also studied, including the different types of leadership. A more extensive review may require finding common aspects between personal characteristics, leadership styles and ambidextrous leaders.

This study is a starting point in identifying the characteristics that ambidextrous leaders must have to achieve organizational ambidexterity that allows a long-term success for the organization, and therefore it could help to design management courses that encourage skills to achieve ambidexterity in future leaders.

References


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