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Tightrope Walking- Ambidextrous Balancing

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Innovation is a major force in economic growth. No one argues about its importance, but when it comes to practice, innovation is often considered to be expensive, not always profitable or necessary for success. Our goal is to promote ambidexterity in domestic literature as a way to support and protect inventions and innovative processes within the organization. Although "Ambidextrous organization" is not a new concept, and its importance has been noted across the fields of organizational theory, organizational behavior, strategic management, innovation and technology management, organizational learning and adaptation, in Serbian literature it is not sufficiently represented and used by people who lead our organizations - Serbian managers. We argue that ambidextrous organization might be a beneficial concept in a long term for organizations in the unstable environment. This paper describes organizational conditions and procedures for achieving organizational ambidexterity. As a back-up for this paper, besides the literature, we used examples of successful foreign ambidexterity practices. The dominant theoretical nature of this paper is, at the same time, its biggest limitation.

Keywords: Innovation, Ambidexterity, Ambidextrous organization, Exploration, Exploitation

1. Introduction

Due to the speed and quantity of changes in the contemporary organizations' surroundings, the results of those changes are often impossible to predict. Thus innovation becomes the most important means to enhance competitiveness because, by innovating activities, firms succeed in addressing the needs of both the customers of today and tomorrow (Boer, Kuhn & Gertsen, 2006). Organizations have to respond to an increased complexity and turbulent environment (by self and outputs improvement) and in order to be able to respond to such surroundings, achieving organizational flexibility becomes a must (Schreyögg, Sydow, 2010), but at the same time, the organization should not lose sight of its existing and profitable business.

The importance of an appropriate balance between exploitation and exploration as a primary factor in systems survival and prosperity was emphasized more than two decades ago (March, 1991). The organization is challenged to engage sufficiently in exploitation to ensure its current viability and, the same time, to invest enough energy in exploration to ensure its future viability because, according to March, by improving exploitation more rapidly than exploration, the organization would probably become effective in the short run, but self-destructive in the long run. He finds that both tasks are essential for organizations, but because of limited resources, organizations "have to make choices between the two what in the long run could look like organizational choices between investments in learning and in consumption of the fruits of current capabilities" (March, 1991, p.84). In contrast, there are theories that set exploitation and exploration as complementary activities (Gupta et al. 2006).

In order to be more competitive on evolving markets, we suggest that Serbian companies, at the same time with incoming of foreign investments, should adopt a new practice: to simultaneously innovate and implement innovations, actually, to discontinue the current bad policy of buying new technological solutions and innovations and complementary know-how, and instead start creating and implementing innovations themselves. It happens very often that our companies are knowledge dependent on their foreign partners/technology sellers and that they often import technology without complementary know-how to use it. On the

other side, we do have innovators, individuals and many innovative companies that give/sell raw or developed ideas to third parties abroad to develop/implement them. The initiatives of tight cooperation between explorative and exploitative organizations and the systematic support of exploration still exist, but they represent the exceptions that prove the rule (Petkovic, Orej, 2012). Unfortunately, the rule is that when results of such initiatives become visible, and seen as profitable, the companies involved become the property of some foreign corporation. Even that should be considered as a guide mark that Serbia is still not ready for capital-intensive activities, but it can become a leader in exploring activities (because of educated and talented work force), and maybe in time it might be possible to include the exploitative activities as well.

The goals of this paper are to explain why it is important to build ambidexterity, how those dual organizations should be designed and how to achieve that those opposite units successfully function together. Because of the abovementioned initiatives in Serbia, it is very important to present this model now, because we argue that simultaneous exploitation and exploration should be supported from the very beginning of such initiatives. Any interruption in innovative streams can lead to difficulty with completing a future project, and insufficient exploitation causes an immediate failure of an organization. Our goal was to describe the characteristics of the ambidextrous organization (AO), its good and bad points, mission, purpose, significance and potential benefit and to promote a concept of AO to a broader audience, to suggest it as an appropriate model to be applied here in Serbian companies because, although strong exploitative units are presupposed in ambidexterity, it emphasizes a simultaneous existence and strengthening of explorative units so organizations could avoid technological and knowledge dependency, and in time they can create solutions-innovations and exploit them here with the locally gained know-how.

2. Defining ambidexterity

While exploitation and exploration represent two fundamentally different approaches to organizational learning and processing, recent literature has increasingly indicated the need for firms to achieve a balance between the two (He, Wong, 2004). This balanced view is embedded in the concept of ambidextrous organizations. There is growing evidence to support the view that ambidexterity promotes organizational growth and adaptation (O'Reilly, Tushman, 2007).

However, there is still some confusion about the term *ambidexterity*. Tushman and O'Reilly (2007) defined ambidexterity as a specific capability embodied in senior leadership's learning and expressed through their ability to reconfigure the existing organizational assets and competences in a repeatable way to adapt to changing circumstances. Organizational ambidexterity is generally understood as a firm's ability to simultaneously exploit and explore with equal dexterity but OA has increasingly been used more generally to refer to an organization's ability to do two different things at the same time – for example, exploitation and exploration, efficiency and flexibility, or alignment and adaptability (Birkinshaw, Gibson, 2004). Gupta et al. (2006, p.694) argue that the central problem regarding the definition and results of exploitation and exploration is “whether the two are distinguished by differences in the type of learning or by the presence versus the absence of learning.” The supporters of the theory that both activities are inseparable from learning and innovation (Benner, Tushman, 2002; He, Wong, 2004) argue that both exploration and exploitation are characterized by the learning process, but of a different type.

The company's (dis)ability to simultaneously explore and exploit and adapt to the changing environment may determine its future. Many companies listed in the Fortune 500, 20 years ago, do not even exist today, because of the lack of adaptability: the system that is structured as a core capability suited to a relatively static business environment turns into barrier in the discontinuously rapidly changing business environment (March, 1991). Although best practices are efficient, the cycle of doing “more of the same” usually results in “locked-in behavior patterns that eventually sacrifice organizational performance at the altar of organizational <death spiral>” (Nadler, Shaw, Walton, 1995, p. 12), “Icarus paradox” (Miller, 1994) or success trap (Table 1). An organization should not limit its activities to the best usage of the current knowledge base, but also must learn and gain the skills that might/will be useful in the future: the process of organizational learning results in economically relevant innovations, either a material or intangible kind (Mattes, 2010). Past innovative activities are important for future innovation because they provide a firm with a knowledge base that allows it to absorb technological competence on external sources: in short: with no current exploring activities, the organization might experience the lack of relevant knowledge in the future (Cohen, Levinthal, 1990).

Table 1: Successful example of AO, Source: Tushman, Smith, Binns, 2011

The former president of the "USA Today" Tom Curley avoided falling into a success trap. When his newspapers were top ranked, he established a new unit for online business. Traditional and innovation units had different standards, demands for profits. Curley maintained discipline in the traditional and encouraged experimentation in the new online business. He created a tool for fundamentally contrasting units, kept them physically and culturally distinct and each reported directly to him.

Even if the organization accepts that for long term success simultaneous exploitation (best usage of its current resources) and exploration (nurturing emerging business that could grow) are necessary, it faces the challenge of how to allocate people and resources from something that is successful and profitable and engage people, invest those resources in something that one day might make some profit? How to make senior management teams spend half of their time on something that might reach 5% profit, might make nothing or even make losses?

O'Reilly and Tushman (2007) gave some advice on successful ambidextrous organization: Top management must be aware that the ambidextrous model is necessary for organizational survival and consequently they must have a clear strategic intent to implement it. Although every sub-unit would probably have its own culture, the existence of the overarching vision and values is indispensable. A senior team should be aligned and flexible to manage ambidexterity. A common reward system should be based on the results for the entire business (not on individual sub-units because every business is vulnerable at the beginning so competing for the same resources as traditional units do and comparing the results of new and old sub-units would not be fair). Sub-units should be physically separated with targeted integration to leverage assets and capabilities. "Although some kind of agreement exists on the need for simultaneous use of exploitation and exploration, it is not clear how this balance can be achieved because most scientists emphasize one variable to explain organizational ambidexterity" (Gupta et al. (2006, p. 697): dual structures (Benner and Tushman, 2003), behavioral context (Gibson and Birkinshaw, 2004), etc.

3. Building ambidexterity

Organizational ambidexterity is usually described from the **structural** perspective- to explain the use of a dual form and different strategies for exploitation and exploration and from the **contextual** angle - to explain intangible means to integrate exploitation and exploration, even at the organizational unit level (Birkinshaw, Gibson, 2004).

Tushman and O'Reilly's (1996) organizational duality is seen at the unit level and the structural differentiation enables simultaneous exploration and exploitation because single units developed an appropriate context. Sometimes this separation of entities might lead to isolation, specially isolation of the explorative unit because it is often the case that it doesn't succeed in imposing its own ideas or in drawing on the resources of the firm's other structures (Mahmoud-Jouini et al., 2007). "*Structural ambidexterity requires strategic integration to ensure leverage and cross-fertilization between differentiated units*" (O'Reilly, Tushman, 2008, p.77). So why it is so important to introduce another entity into the organization when organizational fluidity and boundlessness are lately so emphasized in literature (Schreyögg, Sydow, 2010)? In order to prosper over the long run, most companies need to explore and innovate in more than one field. Besides incremental innovations, companies also have to make structural innovations. Small improvements in existing products and operations are important for companies in order that they should operate more efficiently and deliver greater value to customers, and applying technological or process advances are inevitable to fundamentally change some component or element of business. Finally, businesses need to come up with discontinuous innovations - radical innovations that totally change the basis for competition in an industry, often rendering all products or ways of working obsolete (O'Reilly, Tushman, 2004). A similar rule applies to the organizational strategy: most of the innovative business models did not devolve from the best practices or benchmarks of the organizations of yesterday that they displaced, but from radical re-conceptualization of the nature of the business (Malhotra, 2000). Exploring activities, especially at the beginning of their development, are vulnerable so they need to have some kind of privileged position. Small innovations can usually be managed within the same organizational unit, but radical innovations that represent some kind of competition to an existing product, should be organized in a new unit. This separation is a two-way pro-

tection: a new product will not cannibalize the existing one, and the innovation gets enough space and time to develop with no pressure of old profitable businesses (Tushman, Smith, Binns, 2011). Because they use the same resources, experimenting with new alternatives reduces the speed at which the existing competences are improved and refined (March 1991). According to He and Wong (2004, p.482), “a failed explorative effort may disrupt successful routines in a firm’s existing domains, without any significant success in the new field to compensate for the loss in the existing business”.

Explorative activities and exploitative activities request a different mindset. Because explorative activities are associated with less certainties and higher risk of failure (but also with the potential for higher success), management of these activities needs a greater degree of freedom for the individual and less-structured work processes and consequently a more open organizational culture. Exploitative business units are more formalized - they use coordination mechanisms such as centralization and formalization. (Mirow, Hoelzle, Gemuenden, 2008; O’ Reilly, Tushman, 2007). Mirrow et al. (2008,) explain further that “exploitative activities are usually associated with mechanistic structures and routinized activities that help raise productivity in these business units” (p.1). Processes are tightened and are optimized for activities that lead to a better performance in the familiar environment. Firms adjust their structures also by the phase of the innovation process: organic structures are employed to explore and they are followed by mechanistic structures to exploit (O’ Reilly, Tushman, 2007). Generally, “*exploitation* is about efficiency, increasing productivity, control, certainty, and variance reduction”, actually in becoming more efficient in what organizations already know. “*Exploration* is about search, discovery, autonomy, innovation and increasing variation”, more uncertain, more distant in time and sometimes represents a threat to the existing organizational units. “*Ambidexterity is about doing both*” (O’ Reilly, Tushman, 2007, p.10).

3.1. From contextual ambidexterity to open innovation

Different manifestations of ambidexterity depend on the locus of innovation (exploration) and they are not only quantitatively, but also qualitatively different, We have already explained the **structural** ambidexterity (Figure 1), with a duality at the unit level: separated business units are usually integrated at the senior management level. In order to improve the shortcomings of separation, Birkinshaw and Gibson (2004) suggested a **contextual** ambidexterity. Their idea is to carry out both activities (exploration and exploitation) within the same unit or, more precisely, to shift the problem of balancing to the individual level. There are some arguments that it is possible to have exploitive and explorative behavior in a single unit, (contextual ambidexterity) but this procedure demands high intellectual capabilities of the individuals within the innovating units, who have to decide themselves when and how to perform exploitative or exploitive activities (Mirow, Hoelzle, Gemuenden, 2008). Organizational members (employees) are expected to overcome “contradicting requirements by smoothly switching between different paradigms in their everyday behavior” (Schreyögg, Sydow, 2010, p.1257). Contextual ambidexterity is not a structure, it is rather an assumed boundary inside the business unit and because of non-existence of the separation line, it can also experience many barriers such as competition for resources or a lack of inter-departmental collaboration (O’Reilly, Tushman, 2007). Birkinshaw and Gibson (2004) had in mind the organizational design (in its broadest sense) with organizational culture, structure, policies that will in time achieve the result in the form of the ability: behavioral ambidexterity. Even those authors were aware that it is too demanding to expect success from an individual when a system often fails at the same task.

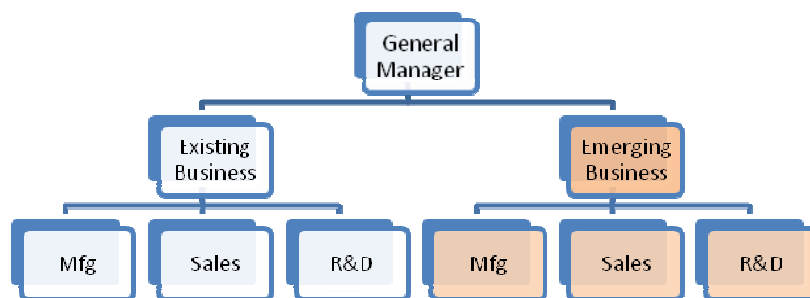


Figure 1: Ambidextrous organization, Source O’Reilly, Tushman, 1997

On the other side, we have arguments that even managers cannot simultaneously explore and exploit ,i.e. they cannot develop radical innovations and protect their traditional businesses unless they spin out the exploratory sub-unit that is integrated at the senior executive level (O’Reilly, Tushman, 2004, 2007). Some argue that it is impossible to have exploitation and exploration even in the same firm. “Ambidexterity entails not only separate structural sub-units for exploration and exploitation but also different competencies, systems, incentives, processes and cultures “(O’Reilly, Tushman, 2007, p.22) what increases the chances for conflict, disagreement, and poor coordination. The most important decision is not about the organizational architecture by which the innovative and traditional subunits are separated, but about the choice of processes (a common set of values and shared meanings that provide a common identity, even though these values may foster different operating norms across the businesses and clear consensus within the senior team about the strategy and the importance of ambidexterity) to integrate these units in a value enhancing way (O’Reilly, Tushman, 2007). According to Mirow et al. (2008) the bigger problem is to implement new structures in the mind of the innovators and top management than to install the adequate structure in an organization. “Arranging ambidexterity is not a structure and design task, but a leadership one” (O’ Reilly, Tushman, 2007, p. 46). It requires a leadership team with subtle competences and skills necessary to provide a clear vision and strategic intent, a consensus and commitment within the team, the skills to manage dissimilar sub-units (explore and exploit) with clearly defined interfaces to leverage the existing assets, and the ability to resolve the inevitable conflicts that this design embodies (O’Reilly, Tushman, 2007). The top management must decide about the right balance between the new and the core business, and by no means that decision should be pushed down to the middle management. Organizations progress when their senior managers accept the tension between the old and the new business and foster a state of constant creative conflict at the top (Tushman, Smith, Binns, 2011).

Finally, when the locus of innovation is partly placed outside of an organization we have a **consumer based (open) innovation**. The open innovation roused interest when scholars realized that knowledge creation for many products can be performed outside the boundaries of the firm and that individuals or groups of users and consumers can be an important resource for innovation, especially in time of digitalization (Lakhani, Tushman, 2012). The open innovation is not a new model; it can be understood as an ambidextrous organization with partly open outer boundaries. In some points it is similar to a fluid organization, in the sense that boundaries become less important and more permeable, especially in outside-in direction. According to Lakhani and Tushman (2012) the dimensions that determine the degree of openness and permeability of boundaries are the degree to which critical tasks can be decomposed (because of the digitalization process most of ideas and even physical objects can be presented in a binary language) and the extent to which problem solving knowledge for these tasks is distributed (Internet enabled the organization to have access to distributed knowledge of thousands of external individuals - cheaply). “Such task decomposition and the fact that widely distributed actors have access to unique knowledge move the locus of innovation outside traditional firm boundaries” (Lakhani, Tushman, 2012, p.8).

Table 2: Ambidextrous eligibility, source O’Reilly, Tushman, 2007

Operational Leverage	low	Independent Business Unit	Spin-off
	high	Ambidextrous Organization	Internalize and/or contracting
		high	low
Strategic Importance			

Lakhani and Tushman (2012) argue that the innovation boundaries will be fundamentally different in the case when all the necessary pieces of information are narrowly held in the firm and in case when knowledge is more widely distributed amongst many external actors. The more knowledge is dispersed, the greater is use of open boundaries and the locus of innovation moves to communities outside a firm. When problem solving knowledge is concentrated, firms internalize R&D, build an innovative culture, improve capabilities, absorptive capacities, and processes that locate knowledge necessary for solutions within the firm and/or with the trusted partners (Lakhani, Tushman, 2012).

We must also emphasize that studies have shown that big companies are more likely to simultaneously explore and exploit. While innovation is turning into more crucial assets, despite the prediction of some scientists (Schumpeter for example), those actors who generate it are not dominantly small and medium enterprises and creative entrepreneurs, but huge multinational companies with profits that many governments can only dream of. They are today the most powerful agents of innovation and control about three quarters of the commercial technological knowledge (Dunning, 1992). Multinational companies have realized on time that scale economy at its best is not enough to achieve and maintain competitive advantage and that only continuous learning could be a permanent source of organizational progress (Mattes, 2010). Kogut and Zander (1993) explained that, especially in multinational companies, two processes, seemingly opposite, occur simultaneously: organizational learning-spreading knowledge through an organization and internalization of knowledge transfer market sometimes by changing organizational boundaries (like in open innovation). The results of research suggest that small firms that pursue either efficiency or flexibility strategies are able to achieve optimum performance, but companies that attempt to mix efficiency and flexibility strategies significantly underperform (Ebben and Johnson, 2005). If we take Tushman's and Benner's definition that exploration is related to flexibility, decentralization, and loose cultures, and that exploitation is associated with efficiency, centralization, and tight cultures (Benner, Tushman, 2003) then we can equalize efficiency strategy with exploitation, and flexibility with exploration. Lakhani and Tushman (2012) argue that an ambidextrous design with intra-firm structural inconsistency and structural linkages is an appropriate design choice when there is a strategic interdependence after tasks have been decomposed and when knowledge is heterogeneously distributed (within a firm or firm and external actors). Boundaries and structural heterogeneity in an ambidextrous organization enable the firm to operate simultaneously in different innovation modes.

3.2. Dynamic capabilities - a condition for ambidexterity

Dynamic capabilities can be observed from the perspectives of the strategy and the organizational design. The first perspective suggests that dynamic capabilities are the ability of a firm to reconfigure assets and existing capabilities and explains a long-term competitive advantage. The second describes ambidexterity as the ability of a firm to simultaneously explore and exploit and enables a firm to adapt over time (O' Reilly, Tushman, 2007)

Organizational capabilities are an essential part of the existing organizational routines, structures and processes and they show the company's ability to adapt to and to compete in the environment. Senior leaders should nurture and refine these capabilities and, at the same time, be prepared to reconfigure these assets as environmental changes. In order to be able to do so, senior leaders must develop ambidextrous capabilities - set of paradoxical capabilities because competences and routines of senior leaders to reconfigure assets to compete in emerging and mature businesses are different from those required only for exploration or exploitation (O' Reilly, Tushman, 2007). As regards ambidexterity, a dynamic capability can be seen as a set of actions (or routines) taken by the senior management that permit the enterprise to identify opportunities and threats and reconfigure assets (people, organizational architectures, and resources) to adapt to these (O' Reilly, Tushman, 2007). Dynamic capabilities result from the actions of senior managers who have a key role in ensuring learning, integration, reconfiguration and transformation (alliances, joint ventures), new product development, cross line of business innovation, generally, in enabling the organization to maintain ecological fitness, to reconfigure the existing assets and to develop the new skills needed to address the emerging threats and opportunities (O' Reilly, Tushman, 2007). "To be useful, a dynamic capability must be repeatable: that is, the underlying processes are explicitly learned and managed by senior leaders" (O' Reilly, Tushman, 2007, p.44). These skills can be developed and they are difficult for competitors to imitate. However, these capabilities can be lost" if the senior management is not explicit in protecting them (O' Reilly, Tushman, 2007).

According to O' Reilly and Tushman (2007), to be successful in ambidexterity, firms must possess the capabilities of sensing, seizing and reconfiguring: "ambidexterity requires a coherent alignment of competences, structures and cultures to engage in exploration, a contrasting congruent alignment focused on exploitation and a senior leadership team with the cognitive and behavioral flexibility to establish and nurture both" (p.13). the capability of **Sensing** requires culture of openness that encourages debate, the commitment of resources by senior leaders (financial and time) to encourage a long-term thinking, and a senior management team that fosters a long-term mindset and promotes exploration. A certain balance in cen-

tralization and decentralization of control must be present to encourage a feedback from market-facing units because they are first to sense opportunities and threats, particularly in rapidly shifting markets (O'Reilly, Tushman, 2007). **Seizing** opportunities is about making the right decisions and executing them, which needs skilled, determined and strong leadership. **Reconfiguring**: Operational capabilities may provide competitive advantage at a given point in time, but for a long-term success, resources must be reallocated from the mature and declining businesses toward emerging growth opportunities. (O'Reilly, Tushman, 2007).

Two barrier types are linked to individual characteristics: capabilities and time resources of innovators and the motivation of individuals and can be considered to be the main reasons for barriers to innovation (O'Reilly, Tushman, 2007). Ambidexterity is not instilled in an individual's ability to explore and exploit, nor is it simply a matter of organizational structure, although it is theoretically possible to conceive it in these ways. Ambidexterity is not a dynamic capability equivalent to ad hoc problem solving in which a business may <solve> a problem on a one-time basis by setting up successful exploratory venture. Rather, "as a dynamic capability, ambidexterity embodies a complex set of routines including decentralization, differentiation, targeted integration, and the ability of the senior leadership to orchestrate the complex trade-offs that ambidexterity requires" (O'Reilly, Tushman, 2007, p. 24). These are founded in a part of tacit knowledge and require long-term commitments to specialized resources (O'Reilly, Tushman, 2007).

3.3. Organizing to innovate

There is a sharp contrast between traditional, internal organization-centered models of innovation and the recent ambidextrous or even open innovation model. "These fundamentally different and inconsistent innovation logics are associated with contrasting organizational boundaries and organizational designs" (Lakhani, Tushman, 2012, p.2) what occupies scholars of innovation, R&D, strategy, and organization theory as a central theme.

According to the OECD methodology, there are four types of innovation identified in the Oslo Manual for measuring innovation: product innovation, process innovation, marketing innovation and organizational innovation. O'Reilly and Tushman, (2007) argue that innovation occurs in three distinct ways. The first is incremental innovation in which an existing product or service is made better, faster and cheaper. The second way of innovation occurs through major or discontinuous changes in which major improvements are made typically through a competence-destroying advance in technology and creates new product class or substitutes for an existing product. Innovation also occurs through seemingly minor improvements in which the existing technologies components are integrated to dramatically enhance the performance of the existing products or services.

The studies in wide range of management research areas have shown that exploration and exploitation require substantially different structures, processes, strategies, capabilities and cultures (He, Wong, 2004). We have already explained that exploration is generally associated with organic structures, loosely coupled systems, path breaking, improvisation, autonomy, and chaos, and emerging market and technologies; and that exploitation is associated with mechanistic architecture, tightly coupled systems, path dependence, routinization, control and bureaucracy, and stable market and technologies (Lewin, Long, Carrol, 1999).

Scientists mostly agree about how individual unit should be organized, but they disagree about how and to what extent the differentiated units should be integrated (Raisch, Tushman, 2011). Finding a right balance is important for the organization because an exploitation focus may enhance the short-term performance, and a company can lose its ability to respond to change. On the other hand, exploration may enhance the firms' ability to renew its knowledge base, what can trap them in an endless cycle of search and unrewarding change (Raisch, Tushman, 2011). We have already explained that structural mechanisms enable an organization to cope with competing organizational demands that arise from the simultaneous pursuit of exploitation and exploration, but they are not sufficient for a successful ambidextrous organization.

In order to manage differentiation-integration tensions, an organization constantly shapes its boundaries: it uses boundaries to differentiate business units with distinctive knowledge bases, while managing interactions across these boundaries to integrate knowledge (Raisch, Tushman, 2011). Boundaries should be flexible, they should strengthen a business unit's identity, but they should be permeable at the same time to enable a trans-

fer of knowledge from other business units. Raisch, S., Tushman (2011) identified four categories of boundary activities that are integral for structurally differentiated units in an ambidextrous organization: reinforcing boundaries, nurturing across boundaries, buffering boundaries, and sharing across boundaries.

The **Reinforcing boundaries** category reflects the explorative unit's efforts to separate - to strengthen its boundaries with mainstream units. This category includes three dimensions: to shape a distinct identity, to support different behavior, and to make a specific skillset by acquiring new knowledge. The **Nurturing across boundaries** category describes the activities of the organizational team over boundaries to provide the differentiated unit with resources. This category has two dimensions: to highlight the corporate team's role in injecting functional know-how and to transfer managerial expertise. The **buffering boundaries** category emphasizes the need and effort to isolate the explorative unit from exposure to external demands, pressures, and interferences of traditional units. It also includes two dimensions: it highlights how the differentiated unit buffers its boundaries to defend its decision-making autonomy and it is concerned with the differentiated unit's activities to retain a strategic control of operations despite the corporate team's integrative efforts. The **Sharing across boundaries** category explains the differentiated unit's boundary activities to share resources with mainstream units. The first of three dimensions concerns the sharing of operational assets between the differentiated units and the mainstream units. The second is engaged in joint market activities. The third dimension is concerned with the transfer of best practices and skills from the differentiated unit to the mainstream units. The transfer can be executed by the transfer of managers, the establishment of cross-unit networks and the informal exchange of knowledge across units (Raisch, Tushman, 2011). Exploratory and exploitative units use different boundaries activity over time because different stages of projects demand different relations between those two: bigger autonomy or even isolation, exchange, leverage so they adjust boundaries according to demands that indicate that ambidexterity is a dynamic process (Raisch, Tushman, 2011).

Conclusion

Twenty years ago *March emphasized the importance of simultaneous exploration and exploitation*. In order to survive, companies must improve every sequence of their business no matter how big or small they are, because they all compete on the same global market. If organizations want to compete in the short and long run, they do not have a luxury of choice: they have to meet the current customer demands and new customer requirements. Our review suggests that ambidexterity (in structural, strategic, behavioral terms) could be a solution to organizing a company in order that it should be successful in multitasking. Ambidexterity is possible only if a firm develops a certain set of abilities - dynamic capabilities - to learn and adapt to a shifting environmental context. In a firm, organizational learning must take place on two levels: business units (exploration and exploitation) have to learn to cohabit, and the senior management level itself has to learn how to maintain, protect and support ambidexterity, challenge the status quo, accept failure, and provide for the integration and transfer of knowledge (O' Reilly, Tushman, 2007). Introducing an explorative unit might help organizations sense and seize new opportunities. Introducing new business that is not profitable from the very beginning is not a way to tolerate inefficiency but a way to create a deliberate tension that uses the existing firm assets and capabilities and reconfigures them to address the new opportunities. When done explicitly, this involves deliberate investments and promotes organizational learning - what will result in a dynamic capability - a firm's ability "to learn how to learn." (Raisch, Tushman, 2011). Although AO is explained from many perspectives and on many levels, it is still lacking integrative models spanning multiple variables of analysis (Gupta et al., 2006) and comparison of findings has been almost impossible because of diverse conceptualizations (Simsek, 2009).

Our goals were to promote the concept of ambidextrous organization to a broader audience, to present its characteristics in order to explain why we think this is an appropriate model for Serbian organizations. We think that our companies will remain dependent on high technology and refined know-how for some more time, but we argue that there are fields where it is possible to create in-house solutions - innovations and exploit them here with the locally gained know-how.

This paper provides a starting point for the future research on how ambidexterity creates a balance between current and future needs of an organization and its convenience for implementation in Serbian organizations. We explained the most important characteristics of the ambidexterity mission, purpose, significance and potential benefit, how, and why it should be implemented. Ambidexterity, like every other organizational design, is not a silver bullet for all organizational problems, but if it is conducted explicitly and consistently, it enables both a short and a long term progress of an organization.

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