ORGANIZATIONAL AMBIDEXTERITY: WHAT DOES IT MEAN? HOW IS IT ACTUALIZED?

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ABSTRACT

This paper, based on a longitudinal case study, explicates through what kinds of learning process the organizational ambidexterity is actually realized. We assume the two types of learning process called explorative learning and exploitative learning drawn from March's original work and define the ambidexterity as the balance of two learning modes (March 1991). In March's characterization, exploration involves search, variation, risk-taking, experimentation, play, flexibility, discovery and innovation, whereas exploitation can be defined as refinement, choice, production, efficiency, selection, implementation and execution. This characterization, however, is very ambiguous. To make the definition clearer, we add a dynamic capability view to the ambidexterity research. Teece (2007)'s dynamic capabilities view assumes the explorative learning route comprised of three micro-foundations (sensing, seizing, and reconfiguring). However, the linkage of three micro-foundations may break somewhere by the bias of organizational learning. For that reason, the existence of another learning mechanism, so-called exploitative learning is also drawing attention. Unfortunately, exploitative learning route also suffers from several breakdowns. As a result, every firms need the balancing efforts of exploitative learning and explorative learning as an organizational ambidexterity. We try to identify its concrete actualization process by opening the black box of an ambidexterity mechanism in real setting. We select special research setting, the foreign expansion case of a Japanese international retailer into Chinese market. Our research question is what kind of balancing process does the organizational ambidexterity actually follow? We look at how the two learning processes are activated and balanced, looking at either the combined or equalizing dimensions of ambidexterity construct. We also pay attention to what are the controllable antecedents that make it possible. In conclusion, the theoretical and practical implications are tentatively drawn from this study.

KEY WORDS: organizational ambidexterity, explorative and exploitative learning routes, micro-foundations of dynamic capabilities, antecedent for ambidexterity.

1. INTRODUCTION

This research aims at understanding the organizational ambidexterity construct as the balancing of exploration and exploitation by applying the organizational learning lens, in particular dynamic capabilities view. The meaning of balancing can be understood in various ways, but generally there are two positions: one that maximizes the total amount of activity for exploration and exploitation (combined dimension) and one that equalizes the activity levels for exploration and exploitation (equalizing dimension).

In explaining the ambidextrous phenomenon of an organization in terms of above two dimensions, empirical studies can adopt two research strategies. One is an ambidextrous content research. In this research, we examine the causal relationship between the ambidextrous antecedents as the independent variable and the degree of the ambidexterity (measured by equalizing and combined dimensions) and/or the organizational performances as the dependent variables. On the other hand, process research we adopt in this study describes the time-dependent trajectory of ambidexterity generation, and try to portray ambidexterity as a motion picture. We believe that organizational learning lens and dynamic capabilities view can contribute to the ambidextrous process research.

Teece (2007, 2017) describes the micro-foundations as a three-step process of activities: sensing, seizing, and reconfiguring. In addition, we identify entrepreneurial, architectural, and recombination capabilities as the sources of these three micro-foundations, respectively. First, the reason for dividing into three sub-capabilities is that these capabilities evolve over time, but the speed of each evolution is different and they accumulate unequally. Therefore, the accumulation of the three capabilities that underlie dynamic capabilities is different, so the dynamic capabilities are heterogeneous across firms.

Second, the dynamic capabilities view usually assumes the explorative learning route comprised of three micro-foundations (sensing, seizing, and reconfiguring). However, the linkage of three micro-foundations is often break somewhere by the bias of organizational learning. For that reason, the existence of another learning mechanism, so-called exploitative learning is also drawing attention. Unfortunately, exploitative learning route also suffers from several breakdowns. As a result, it is necessary that two learning routes are balanced, rather than giving importance to one of the two organizational learning routes.

Our research question is what kind of balancing process does the organizational ambidexterity actually follow? We look at how the two learning processes are activated and balanced, looking at either the combined or equalizing dimensions of the construct. We also pay attention to what are the antecedents that make it possible.

2. THEORETICAL BACKGROUND

In a pioneering paper, Duncan (1976) has introduced the concept of organisational ambidexterity, referring to the organisational structures that help to simultaneously deal with contradictory elements. Even if Duncan is widely considered the father of organisational ambidexterity, the main contributions to the conceptualization of the theme have come from Tushman and O'Reilly (1996), who refer to the multiple structures that a firm has to adopt in order to cope with the contradictory activities it faces. Starting from this contribution, the debate on ambidexterity has progressively extended its roots in other theoretical streams. Now, organisational ambidexterity has embraced an extremely broad spectrum of concepts from many other research streams (Cantarello et al., 2012).

Now researchers generally conceive of ambidexterity as an organizational capability to balance the conflicting modes of exploitative and explorative learning (Cantarello et al., 2012). Argote and Miron-Spektor(2011) define organizational learning as a change in the organization's knowledge that occurs as a function of experience. This definition suggests that organizational learning occurs if some experience is aquired directly and/or indirectly. Even in exploitation, some experience must have been obtained, and the difference between exploration and exploitation is not the presence or absence of organizational learning, but only the difference of experience process.

Despite the desirability of an ambidextrous 'balance' of exploration and exploitation, "there is considerably less clarity on what this balance really means, how this balance can be achieved" (Gupta et al., 2006). 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 involves search, variation, risk-taking, experimentation, play, flexibility, discovery and innovation, whereas exploitation can be defined as refinement, choice, production, efficiency, selection, implementation and execution.

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. On the one hand, the self-reinforcing nature of organizational learning makes it attractive for a firm to maintain its current focus and to augment its current capabilities even if the environment has changed. The firm has to counter such an excessive focus on exploitation that results in organizational myopia and competency traps (Levitt and March 1988) and needs to go beyond local search (Rosenkopf and Nerkar, 2001).

On the other hand, the balance can also be skewed towards excessive exploration that is equally destructive. The inability of many innovative firms to achieve success in the market can be traced at least partly to their tendency to constantly explore new products and unfamiliar markets without allocating enough resources to exploit their competences in a more familiar or narrower niche.

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., Lavie and Rosenkopf, 2006; Lubatkin et al., 2006) rather than managing trade-offs to find the most appropriate balance between the two. Katila and Ahuja (2002) and Gibson and Birkinshaw (2004) conceptualized these as orthogonal variables, and found out companies could achieve high organizational performances when both knowledge exploration and knowledge exploitation are at a high level. As a result, 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)

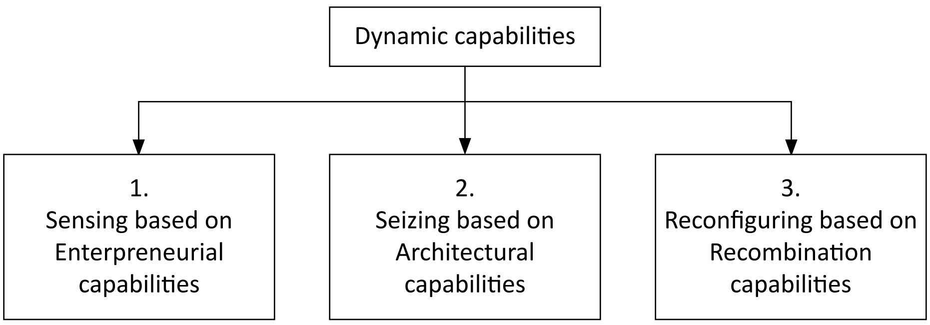
Corresponding to differing treatments of ambidexterity in the literature, Cao et al. (2009) have explicitly conceptualized it as a construct comprised of two distinct but related dimensions—the balance dimension (BD) and the combined dimension (CD). BD corresponds to a firm's orientation to maintain a close relative balance between exploratory and exploitative activities, whereas CD corresponds to their combined magnitude. Cao et al. (2009) have hypothesized that a close balance of exploration and exploitation (i.e., BD) will enhance firm performance through the mitigation of risks stemming from the overcommitment to one or the other. At the same time, they have also reasoned that high combined levels of exploration and exploitation (i.e., high CD) enhance firm performance through the development and leverage of complementary resources between exploratory and exploitative processes.

However, in reality, it is very difficult to equalize the both activity levels of exploration and exploitation at one time. In addition, quantitatively tracking changes in total volume of exploration and exploitation activities is also not an easy task. We believe that the organizational ambidexterity analysis requires two research types: content research that identifies causal mechanisms between the state of the ambidexterity and organization performances, and process research that describes the trajectory of the actualization of the ambidexterity.

Based on a case study, we investigate the time-dependent change in the total combined amount of explorative and exploitative activities and the degree of equalizing of the two activities over time. In doing so, we conduct the process research on the development of organizational ambidexterity from capability perspectives and organizational learning lens, in particular dynamic capabilities view. First of all, according to dynamic capabilities view, there are two types of capabilities: dynamic capabilities and operational (operating, substantive, ordinary) capabilities. Zahra et al. (2006) distinguish substantive capability from the dynamic ability to change or reconfigure existing substantive capabilities (special bundle of resources, abilities and routines). They propose dynamic capabilities are affected by and transform substantive capabilities (operational capabilities).

According to Teece (2007, 2017), dynamic capabilities have three sub-capabilities; sensing, seizing, and reconfiguring based on entrepreneurial, architectural, and recombination capabilities.

Figure 1. Three sub-capabilities model of dynamic capabilities



Unlike Zahra et al. (2006), Teece includes the entrepreneurial process as part of its dynamic capabilities. Through the explorative learning route as the successful linkage of the three sub-capabilities, companies can design and execute their business-level strategies. At the same time, another route, exploitative learning mechanism must be activated which appear as the direct and bidirectional relation between sensing and reconfiguring. This types of exploitative learning must be emphasized as an important learning route to the refinement of operational capabilities. The activation of exploitative learning drives direct changes and refinements in the operational capabilities, whereas the activation of exploratory learning drives dynamic capabilities that result in the reconfigure of operational capabilities (resources and routines) (Zollo & Winter, 2002). Many scholars call them fire-fighting mode, ad-hoc problem solving, and practical copings, practices-in-use.

To summarize so far:

1. Organizations are trying to balance two learning activities at high levels or to increase their combined volumes over time. It is essential for managers to activate two learning routes for equalizing and combined effects by managing ambidextrous antecedents.
2. Organizational learning is a process of reflexive growth of knowledge mediated by acquired experience. According to Teece, ordinary capabilities (operational capabilities, substantive capabilities) are "the ability to do things right" and dynamic capabilities are "the ability to do right things."
3. Explorative learning involves organizational members' pursuit of new experimental alternatives to improve business operational capabilities, whereas exploitative learning occurs "along the same trajectory as the old, refers to learning gained via local search, experiential refinement, and selection and reuse of existing operational routines" (Su, Li, Yang, & Li, 2011).
4. In our view, the distinction between the two learning routes does not distinguish exploratory learning as higher-order ability and exploitative learning as lower-order ability. Capturing dynamic capabilities as a higher-order capability and operational capability as a lower-order capability will lead arguments to infinite retreat, as they will always seek better and higher-order meta-capabilities (Collis, 1994; Helfat and Winter, 2011).

3. RESEARCH METHOD

We think the research method adequate for organizational/strategic process like ambidexterity phenomena might be longitudinal qualitative research. We adopted a general methodology of analysis linked with data collection to develop inductive theory (Suddaby, 2006). We define theory as a set of interrelated constructs (concepts), definitions, and propositions that present a systematic view of phenomena. When the objective is to achieve the greatest possible amount of information on a given problem or phenomenon, a random sample may not be the appropriate research method. As a result, we rely on purposeful sampling followed by theoretical sampling.

We selected as the research setting a Japanese retail business (Ito-Yokado case) expanded in Chinese local markets. Ito-Yokado is a major business unit under the umbrella of a holding company called Seven & I Holdings with multiple retail formats (convenience store, general merchandise store, department store, clothing store, etc). The store brand "Ito-Yokado" is synonymous with GMS that everyone knows in Japan and has a long business history.

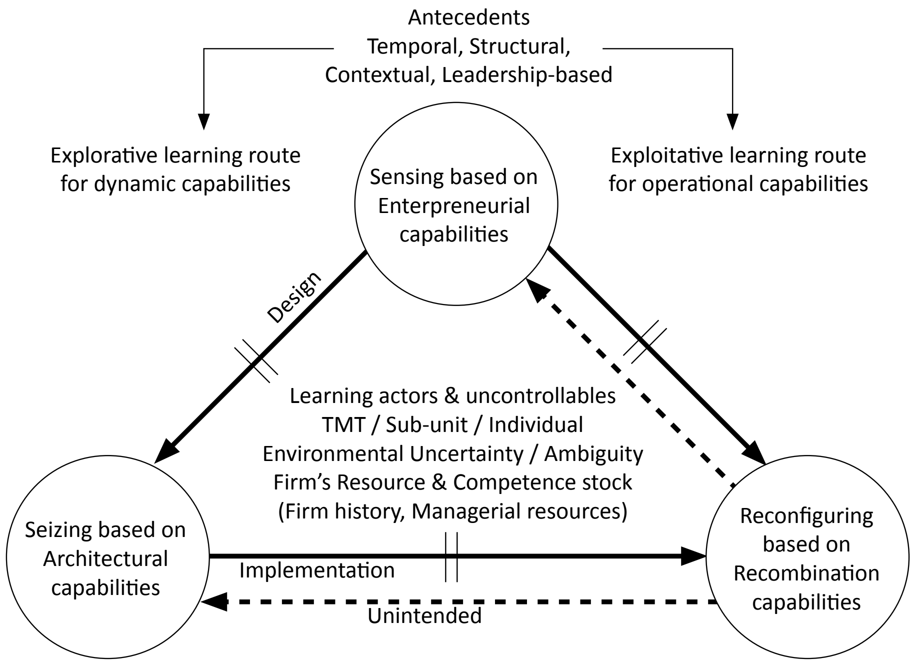
Ito-Yokado is a kind of extreme case and paradigmatic case (Flyvbjerg 2006). The extreme cases sampling provides information on unusual cases, which can be especially good in a more closely defined sense. The extreme cases often reveal more information because they activate more basic mechanisms in the situation studied. In addition, the paradigmatic case is useful when we try to demonstrate the value of new theory by using concrete examples. The empirical data were gathered through semi-structured interviews and non-participant observations in fieldwork from 2014 to 2017, alongside secondary archival data. We paid attention to constant comparison between data collection and analysis.

Entering the field without any prior knowledge about the phenomenon under investigation is hardly realistic. This study aims to reveal ambidextrous phenomena in the transfer process of retail business models by collecting longitudinal data on the functioning of organizational learning activities. We use conceptual categories derived from existing organizational ambidexterity and dynamic capabilities researches to analyse the relevant data. The basic framework for analyzing the collected data is pre-set as shown in the figure below. Organizational learning is the process of developing knowledge reflexively through direct and indirect acquired experience. The focal learning actors involve the top management team (TMT), sub-departments (business units), and individual members, etc.

If the linkages of the three sub-capabilities of sensing, seizing, and reconfiguring sometime break down, the organizational learning flow may not work well. To indicate such situations, we add double line in the middle of the arrow. When the linkage of the three sub-capabilities of sensing, seizing, and reconfiguring breaks down, the organizational learning flow may not work well. To indicate this situation, we add double line in the middle of the arrow. Several breakdowns force the learning actors to manage controllable context factors that can be categorized as structural, contextual, leadership-based, and temporal.

Another context factor is usually uncontrollable, at least in short time. Uncontrollable contexts involve the external environmental characters and the accumulated stocks of resources and abilities they possess or accessible. Whether two learning routes are activated or not relies on the environmental uncertainties and/or ambiguity as well as firms possessed and/or accessible resources and routines.

Figure 2. A basic framework for case analysis: organizational ambidexterity and dynamic capabilities



4. CASE DESCRIPTION

The retail format transfer process of Ito-Yokado into China could be organized as follows.

1) First phase (1997~2008): Exploitative learning focus (combined dimension)

The retail business format that Ito-Yokado has proud in Japan is generally called the General Merchandise Store (GMS). Ito-Yokado wisely added its original operating routines to this business format, such as single item management based on POS system, hypothesis & verification cycle in procurement (prevention of the loss of sales opportunity and excessive stock), and collaborative team merchandising through close relationships with suppliers. Ito-Yokado in Japan had a reputation for thorough customer-oriented management. These operational capabilities and value propositions pushed Ito-Yokado into one of the leading retailers in Japan. These peculiar evolutions of operational capabilities have given Ito-Yokado a unique competitive edge that has outperformed many competitors that adopt similar GMS formats.

Ito-Yokado entered the Chinese two cities (Chengdu and Beijing) in 1997, based on the request of the Chines government, using the same retail format as GMS in Japan. Ito-Yokado thought that they could contribute to the distribution modernization by spreading cutting-edge operational capabilities of retail business to China. After expanding into China, however, Ito-Yokado became aware that the confident operational routines for GMS did not necessarily work in China. One of the executive managers at Sales Headquarters we interviewed recalled back and said as following:

> *"The performance was very bad, at first we transplanted the way of Ito-Yokado in Japan as it is to the Chinese market. We did not adapt to the Chinese way of doing. Sales volume was sluggish. When we made a store at that time, we were not considering the special conditions of China. We just imitated things in Japan."*

It turned out that successful routines and resource bases of operational capabilities could not be realized in the Chinese market.

1. Ito-Yokado as a store brand was completely unknown to Chinese customers and suppliers. Ito-Yokado tried to contact with the supplier in order to secure procurement source for the product assortments, but few suppliers were willing to deal with the company.

2. It was impossible to arrange product assortments in line with local customer needs in advance. For example, clothing items assorted in order to bring out the characteristics of Japan were completely unpopular with local customers.

3. The single item management procedure based on the POS system could not be implemented because of technological limits and lack of adequate knowledge base.
4. No employee understood the true meanings of customer-oriented operations. Employees could not understand the importance of customer orientation because they had been in the seller market for a long time.

Ito-Yokado experienced a big deficit in early stage because of these negative operational capability gaps. In the face of the current state of big deficit, they tried to survive with a kind of exploitative learning. This organizational learning was not deliberate, if they found problems, it was to eliminate it one by one. Due to the cognitive resources and time constraints, TMT had no choice but to overcome the hardship through ad-hoc problem solving included in the exploitative learning route.

However, Ito-Yokado discovered not only negative gaps, but also positive gaps. It was an unexpected point that local customers and suppliers highly appreciated Ito-Yokado, as follows.

1. Adoption of open display system
2. Clean store environment, in particular the cleanliness of the toilet and the floor, toilet paper provided free of charge
3. Hospitality and responsiveness in Japanese style
4. Quality guarantee system of sold products and proximity placement of related products
5. Strict adherence to payment due dates for suppliers

By eliminating several capability gaps based on ad-hoc manner, the introduction of in-store shop method got widely accepted, giving up the adoption of direct buying method. Compared with GMS that was adopted in Japan, it became to strengthen Department Store-like elements. As the “unintended deviation” accompanying the solution of negative gaps occurred, the difference from original GMS format was emergent gradually.

In short, many resources and routines considered being the main sources of the Ito-Yokado’s competitive advantage could not be realized in the Chinese market. The process of picking up the various resources and routines that make up the substantive capabilities and rediscovering their meanings and effectiveness continued in the first phase. This process is a continuous interaction between sensing and reconfiguring, and entrepreneurial and recombination capabilities evolved significantly in the local market.

2) Second phase (2009~2013): Explorative learning focus (combined dimension)

About 2008, the part of top management team had suspicion that the business architecture of mass marketing (providing cheaper and better products) may not be sufficiently functional and competitive in the future market of China. The annual average sales growth rate of Ito-Yokado in Chengdu declined to 24% in 2010, compared to 33% at the peak. This rapid growth decline triggered managerial sensing of threats. As a result, a new value proposition called “high quality GMS (high quality everyday life) was discussed within the company. After all, the new value proposition “high quality GMS” was devised to clarify the meaning of differentiation in Ito-Yokado in Chengdu.

Even though the new value proposition of high-quality GMS is an extension of differentiated business idea since 2008, the business architecture was more concrete and sophisticated. In order to change quickly to high quality GMS, in 2010 they set up an Ito-Yokado vocational education school and began working on a systematic training for human resource. At the Ito-Yokado vocational education school, systematic training is provided as common education curriculum and functional skill education, mainly for executives and executive candidates.

However, strategic decision to change into differentiated retail format was not implemented smoothly. This change was initially not accepted by several stakeholders (employees, suppliers, and customers) that adhered to the existing hybrid GMS format. A new challenge to respond to customer needs cannot obtain consent from all stakeholders. Doing new right things through dynamic capabilities obviously involves risk. Even with new architecture that responded to changes in customer needs, sales volume may not necessarily be raised immediately, and it will take time to emerge.

The performance trend as a feedback signal from the business environment was often ambiguous as a clue to judge the necessity of reconfiguring the operational capabilities. Top management team switched to a differentiated retail format in Chengdu, but in Beijing the existing hybrid GMS for mass marketing continued. Looking back at the result as of 2018, Beijing's business has been shrunk and Chengdu's business is steadily growing. Chengdu has successfully established seven stores, but in Beijing it has decided to shrink the business to one store. Though strategic change in Chengdu through the explorative learning route was clearly successful, this judgment is a kind of retrospective sense making.

The high-quality GMS formats of Ito-Yokado in Beijing and Chengdu were almost the same at the beginning, why could Chengdu business successfully design and implement a new retail format? Why could not Beijing business succeed? In Beijing, the explorative learning route did not complete because the linkage between seizing and reconfiguring was blocked by some stakeholders. This phenomenon experienced in Beijing could be called over-exploitation in organizational learning terms.

We must focus on the role of ambidexterity management based on the leadership and organizational context. Contextual and leadership-based ambidexterity mechanisms fostered both exploitative learning and explorative learning routes in Chengdu, which over time resulted in the differences between two cities in terms of the evolutionary speed of three sub-capabilities. Former COE at Chengdu Ito-Yokado recalled as follows:

> *"After all, the key success factor is what kind of education is going to be done all organizational levels. We are focusing on human resource development. I invest most in it. I use about 2 to 3% of sales for education. Overseas training also adopted. Experience is important for studying. If you experience good things, you will find a good image. Coaching education is also doing".*

3) Third phase (2014~current): Explorative and Exploitative learning focus (equalizing dimension)

From around 2014, the awareness that the business environment has entered a new era has been born. The information on product categories and departments that consumers can access rapidly increase by Internet environment. Customers' requests for products and store departments are further enhanced in China. In addition, Chinese consumers began pursuing spiritual satisfaction rather than material satisfaction as same as Japan. In the face of the rapid growth of Internet business featuring infinite product assortments and the qualitative change in customer needs pursuing the richer mind, Ito-Yokado in Chengdu tries to seek the strategic renewal for new differentiated strategy and value proposition.

> *"Now, no consumers are somewhat insufficient materially. They are pursuing a richer lifestyle than ownership of goods. Lifestyle is a comprehensive thing. By buying just one product category, a comprehensive thing could not be actualized. We need to systematically respond to this problem. In order to maximize the efficiency and effectiveness of comprehensive coping, we must eliminate the organizational barriers among divisions and initiate the organizational change program."* (From vice president)

"Lifestyle proposition" is not simply to sell each single item, but to show interesting life scenes, and propose new lifestyles to customers. In order to provide an "enjoyable experience value", Ito-Yokado focused on making experience value-oriented store format. All stores have focused on proposing new lifestyle to customers, and edited the sales floor by theme according to consumer's life scene. At the same time, in order to respond to the consumer needs of shopping on the Internet, they began full-scale efforts to cross-border EC business, aiming to converge real and net (so-called Omni-channel strategy).

In order to respond to this task, Ito-Yokado decided to expand the search scope more and carried out extensive organizational transformations. They increased the frequency of overseas visits to concretely imagine the near future lifestyle that Chinese customers want. In addition, they conducted a total organizational change to facilitate information sharing between headquarters and stores and among product divisions in order to jointly create new retail format.

These systematic transformations involve increasing the weight of overseas surveys as distant explorative search. The relative importance of distant explorative search by overseas visits can be regarded as trying to achieve a higher level of seizing based on entrepreneurial capabilities. In addition, although usual Chinese executives rarely go to the store, top management welcomes customers every morning and will see off customers every evening. By looking at the shop front, they check whether the management philosophy or strategic policy that they normally emphasize is practiced on site. The biggest advantage of Ito-Yokado is that its management philosophy and strategic plan will penetrate employees and employees will execute with high abilities independently.

> *"Whether top management has a clear long-term vision and they can actualize the consistence of saying and acting is extremely important in order to motivate employees. Although most companies have good strategies, they cannot do it. One of the reasons is the inconsistency of the top management. The top executives of many firms look at the cost when implementing the strategy, they give up it."* (From a sales manager of local supplier)

The feature of the third phase is that the exploitative learning for everyday practices is further promoted and at the same time the explorative learning for new business landscape has been expanded, which means the higher level of organizational ambidexterity in terms of the equalizing dimension.

5. DISCUSSION

From the case company's archived data and depth interviews, we derive a conclusion about the two dimensions of ambidexterity construct (equalizing and combined). In first phase, the case company paid total attention to the exploitative learning route without explicit design thinking about total business architecture. When managers have limited cognitive resources and time, it is very difficult for companies to drive deliberate explorative learning, in particular the seizing process based on active architectural capabilities. This kind of learning mode does not correspond to so-called dynamic capabilities, but it is essential for stabilizing corporate performance. The emerging new retail format (Hybrid GMS) is the result of a reconfiguring process based on recombination capabilities for operational capabilities (organizational resources and routines).

The findings from our case analysis of the first phase provide one answer to the question of whether DC is always working. Given that the three sub-capabilities must always be linked in order to be dynamic capabilities work, obviously there was no dynamic capabilities in the first phase. However compensating for the absence was ad-hoc problem solving through exploitative learning route.

In the second phase, the unexpected drop in sales growth rate triggered the sensing process based on entrepreneurial capability. A new value proposition called high quality GMS was sought after through the seizing process based on architectural capability. The problem at this stage was to mobilize the resources and routines held by the stakeholders to implement the new value proposition. The task of forming the linkage between seizing (design) and reconfiguring (implementation) is more difficult than imagine. The destiny of Ito-Yokado Chinese business diverged in Chengdu and Beijing due to the success or failure of linkage formation. The dynamic capabilities view is representated by the situation where the linkage between sensing, seizing and reconfiguring is not broken. But in reality, there are breaks between the three activities for various reasons. Companies often cannot follow the explorative learning route without any problem.

In the third phase the ambidexterity phenomenon can be explained based on the equalizing dimension. The firm senses new business opportunities created by the emergence of internet technologies and new customer values (lifestyle proposition), design concrete business architecture to seize these opportunities, and implement the business design by mobilizing relevant resources and routines. In addition, the biggest advantage of Ito-Yokado is that its management philosophy and strategic plan penetrate employees and employees execute with high abilities autonomously. These mean the existing leadership-base and contextual factors as the antecedents for ambidexterity that enable concurrent high-level of exploitation and exploration.

6. CONCLUSION

The theoretical and practical implications that are tentatively drawn from this study are as follows.

1) Theoretical implications

The exploration and exploitation activities that the ambidexterity attempts to balance correspond to the distinction between dynamic capabilities and operational capabilities in the dynamic capabilities view. Explorative learning processes can be conceptualized as dynamic capability issues, whereas exploitative learning processes as operational capability issues. The explorative learning process contributes the organizational performance, but the effects of exploitative learning processes is also important. The superiority or inferiority of its operational capabilities has direct relation to organizational survival. The evolution of operational capabilities can be realized not only through dynamic capabilities, but also through exploitative learning (ad-hoc problem solving, fire-fighting, improvisation, etc.). The dynamic capabilities and explorative learning processes are not the only key success factor.

Dynamic capabilities view assumes that the explorative learning route from sensing to seizing to reconfiguring works smoothly without any problem, but in reality, there are breaks between the three activities for various reasons. We often face over-exploitation or over-exploration. Avoiding learning bias is a central issue in managing ambidextrous antecedents. We have found that leadership and context are widely used as useful means, whereas the use of structural measures was not found. This may be related to the analytical level of our case, GMS being one business division of the Seven-I holdings company.

2) Practical implications

First, the linkage of the three activities of sensing, seizing, and reconfiguring, which are pointed out in the dynamic capabilities view, is often broken somewhere. An effective way to avoid this disconnect is to enable the evolution of operational capabilities through exploitative learning, not just the evolution of dynamic capabilities. In other words, this means effectively managing the ambidextrous antecedents. It is difficult to activate the architectural capability of the business and connect it to the resource configuring at the business unit level due to the limitation of managerial resources and path dependence. However, the perception of opportunities and threats is also emerging at the individual level and can be directly linked to the evolution of operational capabilities through resource reconfiguring. This is the reason why the high-level exploitative learning route is never ignored. When managing ambidextrous antecedents, it is dangerous to stick to any one condition. Literally managers have to strive to meet all the conditions. This is because it is uncertain which antecedent conditions activate the explorative learning processes or the exploitative learning process.

Second, the ambidextrous process research based on dynamic capabilities view could contribute to the generation of business model. The concept of business models has received widespread attention in the field of business practices, but the term is so popular that it has different meanings for different people. The three stages of the explorative learning process (sensing, seizing, reconfiguring) can be translated into the elements that make up the business model. Sensing refers to the recognition of a business opportunity, seizing refers to designing a business architecture that embodies the opportunity (who is our customer, what is the customer value, how the company provides it), and reconfiguring refers to the recombination of resources and routines for value capture (why recombine like that).

Of course, our research has major limitations. This paper is only a single case study. Therefore, this study has major problems in terms of generalizability and operationalization. Although we cannot avoid these problems, we believe that our case study can contribute to existing ambidexterity research in the following three points.

1. There are few process studies on the ambidexterity.
2. The key constructs for the ambidexterity are not yet fully developed.
3. Researches to examine the controllable antecedents that lead to the ambidexterity consequence are still rare.

We hope that future studies will eliminate these problems.

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ORGANIZACIJSKA AMBIDEKSTRIJA: ŠTO ZNAČI? KAKO SE AKTIVIRA?

SAŽETAK

Ovaj rad, temeljen na longitudinalnoj studiji slučaja, objašnjava kroz koje se vrste procesa učenja ostvaruje organizacijska ambidekstrija. Pretpostavljamo da su dvije vrste procesa učenja nazvane eksplorativno učenje i eksploatativno učenje koje su izvedene iz izvornog Marchovog rada i definiraju ambidekstriju kao ravnotežu dva načina učenja (March 1991.). Prema Marchu, eksplorativno učenje uključuje pretraživanje, varijacije, preuzimanja rizika, eksperimentiranje, igru, fleksibilnost, otkriće i inovacije, dok se eksploatacija može definirati kao pročišćavanje, izbor, proizvodnja, učinkovitost, odabir, implementacija i izvedba. Međutim, ta je karakterizacija vrlo neodređena. Da bi definicija bila jasnija, dodali smo prikaz dinamičkih sposobnosti istraživanju ambidekstrije. Pregled dinamičkih sposobnosti Teecea (2007) pretpostavlja put eksplorativnog učenja koji se sastoji od tri mikroosnove (opažanje, evaluacija tržišta i konkurenata, te rekonfiguracija). Međutim, veza tri mikroosnove može se negdje prekinuti zbog pristranosti organizacijskog učenja. Iz tog razloga pažnju privlači i postojanje drugog mehanizma učenja, tzv. eksploatativnog. Nažalost, eksploatacijski način učenja također se može prekinuti. Kao rezultat toga, tvrtke trebaju uravnotežiti eksploatativno učenje i eksplorativno učenje kao organizacijsku ambidekstriju. Pokušali smo identificirati njegov konkretni postupak aktualizacije razjašnjavajući mehanizam ambidekstrije u stvarnom okruženju. Istraživanje je rađeno na slučaju ekspanzije japanskog međunarodnog prodavača na kineskom tržištu. Naše je istraživačko pitanje kakav postupak uravnoteženja zapravo slijedi organizacijska ambidekstrija? Promatrali smo kako se aktiviraju i uravnotežuju dva procesa učenja, sagledavajući bilo kombinirane ili izjednačujuće dimenzije konstrukta ambidekstrije. Također smo uzeli u obzir čimbenike koji su prethodili, a koji to omogućuju. Zaključno, ova je studija rezultirala okvirnim teorijskim i praktičnim implikacijama.

KLJUČNE RIJEČI: organizacijska ambidekstrija, eksplorativno i eksploatativno učenje, mikroosnove dinamičkih sposobnosti, determinante ambidekstrije.