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The Relationship between Organizational Structure and Organi- zational Ambidexterity

A Comparison between
Manufacturing and Service Firms

Foreword by Prof. Dr. Jens Leker

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RESEARCH

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Foreword

Current research endeavors in strategic management and organizational theory are increasingly interested in organizational ambidexterity. Ambidextrous firms achieve long-term success through simultaneously being aligned in daily business operations and adaptive to changes in the environment. However, our current understanding of organizational ambidexterity is limited. Neither the theoretical concept itself nor the ways in which ambidextrous behavior can be achieved are clearly defined and understood. As pointed out by prior studies, we still lack an overarching theory that helps to compare, replicate and aggregate existing findings on organizational ambidexterity.

Against this background, Sebastian Kortmann's dissertation pushes forward the research frontier in three important ways. First, he develops a theoretical framework for organizational ambidexterity. Based on the identification of prevalent types of organizational ambidexterity, he filters out three constituting dimensions that are at the core of various conceptualizations, i.e. the level of ambidexterity, the core trade-off, and enabling organizational mechanisms. Second, he empirically examines how organizational ambidexterity can be realized within one organizational unit. Thereby, he puts special emphasis on the structural context and analyzes the antecedent role of four administrative mechanisms on contextual ambidexterity and innovative ambidexterity. These variables comprise decentralization of strategic management, decentralization of operations management, formalization of routines and informalization of non-routines. The results generally support the proposition that these four variables denote important structural antecedents that allow firms to execute ambidextrous behavior in one organizational unit. This analysis is complemented by a comparison of manufacturing and service firms, signifying the third important contribution of this study. Drawing upon structural contingency theory, Sebastian Kortmann proposes that the specific influence of each structural variable on organizational ambidexterity is, on the one hand, positive, but, on the other hand, dependent on firm type. The corresponding analysis clearly supports this assumption and proves that the distinction between manufacturing and service firms is vital for building an optimal structure for organizational ambidexterity. Whereas manufacturing firms tend to benefit more from decentralization of strategic management and informalization

of non-routines in the pursuit of organizational ambidexterity, service firms are required to promote decentralization of operations management and formalization of routines.

The theoretical and practical relevance of Sebastian Kortmann's Dissertation is salient. This study is not only one of the first that provides a comprehensive framework of organizational ambidexterity, it also equips managers from manufacturing and service firms with clear guidelines of how to create a structural context that is optimal for ambidextrous behavior. Parts of this work have been presented at the Academy of Management Conference (AOM), the International Society for Professional Innovation Management (ISPIM) Conference and the Strategic Management Society Annual Meeting (SMS). I hope that this publication will see the broad dissemination and considerable recognition that it deserves both in the research community as well as in practice.

Prof. Dr. Jens Leker

Preface

In today's highly competitive and turbulent environments firms have to accomplish paradoxical objectives. Besides being flexible and adaptive to changes in the environment, firms have to streamline and optimize internal activities to exploit daily business operations. The simultaneous realization of such a trade-off is referred to as organizational ambidexterity and denotes one of the most appealing research topics in strategic management and organizational theory. However, the theoretical concept of organizational ambidexterity remains not fully developed. Although prior literature agrees on the necessity to develop a clearer understanding, organizational ambidexterity is still classified as an undertheorized, underconceptualized and poorly understood research phenomenon.

In order to close this research gap, the study at hand contributes to recent research on organizational ambidexterity in at least three important ways. First, I develop a theoretical framework for organizational ambidexterity that is grounded on three constituting dimensions, comprising the level of ambidexterity, the core trade-off, and enabling organizational mechanisms. Then, second, I empirically analyze how organizational ambidexterity can be realized within one organizational unit. Hereby, I put special emphasis on the structural context and examine its antecedent role on contextual ambidexterity as well as innovative ambidexterity. The results reveal that a context, which is optimal for organizational ambidexterity, should comprise four elements, i.e. decentralization of strategic management, decentralization of operations management, formalization of routines and informalization of non-routines. Third, I additionally incorporate structural contingency theory to analyze to what extent the positive influence of the identified structural context is dependent on firm type. More specifically, I distinguish between manufacturing and service firms to assess, which structural mechanisms are more important for which firm type. The results show that in the pursuit of organizational ambidexterity manufacturing firms should emphasize decentralization of strategic management and informalization of non-routines, whereas service firms require decentralized structure in operations management and formalized routines.

Although only my name appears on the cover of this dissertation, I would like to thank all those people who supported me in completing this thesis. My deepest gratitude is to my doctoral supervisor Professor Dr. Jens Leker, who gave me the opportunity to perform this research. Apart from providing me with continuous guidance and valuable feedback, he always gave me the freedom to explore and follow my own ideas. Professionally and personally, I will always benefit from working together with him. Moreover, I would like to thank Professor Dr. Schewe for co-advising my dissertation.

I would also like to extend my deepest gratitude to Professor Carsten Zimmermann, who initiated and supported my entire academic career. He is probably one of the best mentors and friends a master and doctoral student can think of. Many thanks for all the input, guidance and motivation throughout the last two years. Likewise I want to thank Professor Johan Perols for being such a great research partner. All the research meetings, brainstorming sessions and discussions cannot be valued high enough. I think it's hard to find a comparable research team. Many thanks, Carsten and Johan!

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Thank you!

Sebastian Kortmann

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