CONTEXTUAL AMBIDEXTERITY AND ORGANIZATION CONTEXT-A REVIEW OF LITERATURE

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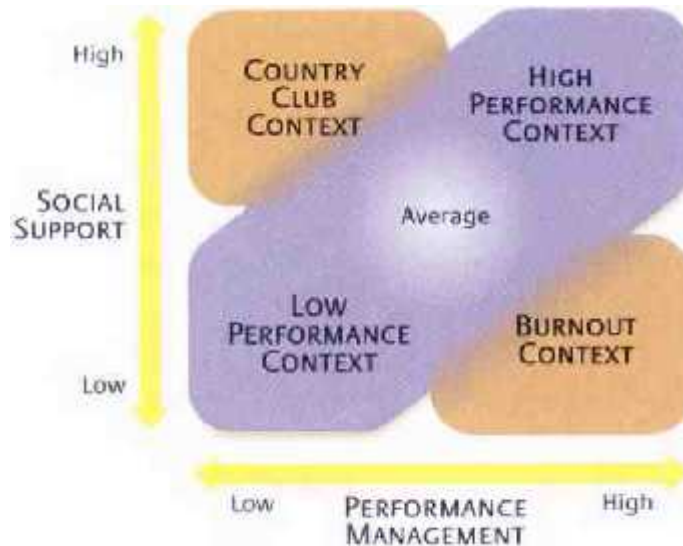*Assistant Professor (HR&OB), FISAT Business School, Angamaly,Kochi.*

Contextual Ambidexterity
Contextual ambidexterity is the ability of an organization to simultaneously pursue competence exploration and competence exploitation (Gibson and Birkinsaw, 2004; Wang and Rafiq, 2012).

Organization Context
It was Sumantra Ghoshal and Chris Bartlett (1994) who were the first to define the organization context. They defined organization context as "often invisible set of stimuli and pressures that motivate people to act in a certain way". It is the top management who shaped the context through systems, incentives, controls and actions which they take on a day to day basis and subsequently reinforced through the behaviour and attitude of the employees throughout the organisation. Ghoshal and Bartlett (1994) argued that four sets of attributes-stretch, discipline, support and trust interact to define an organization context. Gibson and Birkinshaw (2004) conducted another empirical study on the contextual factors and further reduced down the four dimensions into two through factor analysis. They are performance management, a combination of stretch and discipline and social support, a combination of trust and support. Performance management is concerned with stimulating people to reach out to the maximum and deliver quality products or outputs. Social support is concerned with providing employees with the security and autonomy they need to perform. Performance management and social support are not independent. These two factors are mutually reinforcing and interdependent. Literatures recognise that a strong presence of both creates a high performance context which in turn is a true facet of ambidextrous organization (Gibson and Birkinshaw, 2004). In other words, ambidextrous organizations are characterised by high performance context and higher the high performance context higher is the contextual ambidexterity i.e. the exploitation and exploration of the competence of business unit. They further clarify that a less optimal organization context will occur, if there is an imbalance in these organizational characteristics or the lack of both. Also the leaders or the managers in the business unit develop contextual ambidexterity when they are backed by a supportive environment. The following figure shows the various organization contexts in the form of a matrix.

Source: Gibson and Birkinshaw. Building Ambidexterity into Organization, MIT Sloan Management Review. Summer 2004, p 51.

Figure 2.2: Organization context matrix

In their study, it is emphatically cited that "a highly demanding, result driven orientation that lacks social support will create burnout context". People who work in such a scenario get exhausted after some time and are depersonalized and the autocratic governance will enhance the employee turnover making the organization less ambidextrous. On the other hand "a strong social support without high performance expectation will engender a country club context" where in employees enjoy a comfortable lenient collegial environment but fail to enhance productivity to the maximum. A company which faces

such a situation also has a low ambidexterity and produce a satisfactory but lackluster result. Absence of both facets-performance management and social support, will produce a low performance organizational context. Employees are unlikely to be aligned or adaptive without being ambidextrous. Competences of the business unit are scanty at this stage.

The Linkage among Contextual Ambidexterity and Organization Context
Gibson and Birkinshaw (2004) in their article "Building Ambidexterity into Organization" argues that a high performance context can alone foster contextual ambidexterity and consequently create a truly ambidextrous organization. Building on their research, Simsek (2009) also ratifies that an organization context enables individuals to consider both the exploitative and explorative aspects of their work which support contextual ambidexterity. In his article, 'Organizational ambidexterity: Towards a multilevel understanding', he cited that organization with low levels of exploitation and exploration is 'balanced' but not ambidextrous. Organization context, is conceptualized as the perception of the team or employees on the policies adopted by the management (top level) for managing people in terms of performance management and social support. In other words, organization context is the performance orientation of the top management.

In software development and management, the prominence of performance management and social support were meticulously described (Napier et al, 2011). They comment that discipline is demonstrated by finishing projects that meet customer specifications on time and within budget. Discipline is also demonstrated when the current project initiatives are efficiently managed, resources are properly dispersed, and non-performing initiatives are terminated. Stretch is demonstrated by encouraging software organizations to work hard to give value addition to their customers and to adjust funds based on resources adopted. If stretch and discipline are not balanced, software organizations can experience trouble. For instance, the organization may become unprofitable by adding redundant functionality to products or by allowing the scope of projects to unnecessarily expand. Napier et al (2011) reiterate that successful software management also requires a context with strong social support. Software development depends immensely on the level of trust that designers, engineers and project managers build with customers (Sabherwal, 1999). The product managers and project managers need to provide expert support in the form of peer reviews to ensure the development of the best quality software products (Freedman and Weinberg, 1982). In fact, empowering the designers and engineers to develop and deliver customized and packaged software for the market by creating an appropriate task setting, is a challenge for software development organizations (Weinberg, 1986).

A proper organization context in fact provides the opportunities to enhance contextual ambidexterity and consequently radical and incremental innovation. Also the project team/employees must be highly motivated and their morale kept high so that the speed with which new software products are launched in the market is also accelerated.

Gibson and Birkinshaw (2004) in their article, "Antecedents, Consequences and mediating role of Organizational Ambidexterity" which focussed on the empirical study on organization context and ambidexterity found that ambidexterity mediates the relationship between context and business unit performance. It was also found that the higher the level of ambidexterity, higher the firm performance. Their third pertinent finding was that more the organization context, characterized by discipline, stretch, support and trust, the higher would be the level of contextual ambidexterity.

Zhang & Wu (2013) investigated the effect of social capital described as trust and power, on high tech firms' new product development outcomes, measured in terms of product innovation and speed to market. The study had been conducted in 102 high tech manufacturing enterprises in China. The empirical study investigated the perception of middle level manager or senior manager at each firm who was familiar with its new product development practices. It was found that trust and power are positively associated with new product development outcomes and sensing capability which is the ability to scan, search and explore across technologies and markets and fully mediate the relationship. In this research study, trust is perceived as a component of social capital which refers to the information, influence and solidarity among the employees themselves. It was found that trust and power could bring favourable outcomes in product innovation.

Tsai and Ghoshal (1998) found that social capital which is the organization context, increased product innovation through facilitating resource exchange and combination among business units.

Xiong (2011) studied how organization can use structural mechanisms meant as differentiation and integration, and organization context mechanisms which are the combination of discipline, stretch, trust and support, to reach ambidexterity from knowledge inflow management perspective. It is found that all the informants who were middle level managers, implemented some extent of both structural and contextual mechanisms to manage different patterns of knowledge inflows to achieve ambidexterity, in terms of pro-profit and pro-growth. The different patterns of knowledge inflows were top down, bottom up and horizontal knowledge inflows.

Zhang & Wu (2013) in their article, 'Social capital and new product development outcomes: The mediating role of sensing capability in Chinese high-tech firms", cited that social support increased the number of new products through enhancing the effectiveness of knowledge utilization.

Cegarra-Navarro and Dewhurst (2007) reported that an ambidextrous context is positively related to customer capital, measured as the existence of profitable customers, company reputation and prestige.

Brachos, Kostopoulos, Soderquist, & Prastacos (2007) examined the role of organization context on transfer of actionable knowledge and product innovation. The study was conducted in 72 business units in information and communication technology, pharmaceuticals and food industries in Greece. The perception of 295 respondents in the senior, middle and line management were taken. They found that organization context in terms of social interaction, trust, motivation, learning orientation and management support, had a positive influence on perceived usefulness of knowledge expressed in terms of knowledge transfer effectiveness and new product introduction.

Contextual ambidexterity, in other words, depends on the organization context in which individuals or organizations work and split their resources and time between exploitative and exploratory initiatives. Hence there is a need to find the suitable context for contextual ambidexterity to be developed and established within an organizational unit.

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