9 Discussion and Implications

‘There is one thing stronger
than all the armies in the world
and that is an idea whose time has come.’
(Victor Hugo)

The last chapter of the present study interprets the results regarding the performance effects and antecedents of exploitation, exploration and ambidexterity. Firstly, the research-related implications are outlined. Based on this, recommendations for senior management are derived. This chapter and the present study are concluded with a discussion on avenues for further research.

9.1 Research-Related Implications

The present study addresses three important research gaps and searches (a) to derive a more profound understanding of how innovation strategies contribute to organizational performance and, in particular, whether ambidexterity leads to superior organizational performance, (b) to comprehend the influence of internal and external moderators on these performance relations and (c) to shed some light on the contextual and structural antecedents of ambidexterity.

9.1.1 Implications of the Direct Performance Effects

The findings strongly suggest that ambidexterity is positively related to organizational performance. The respective $R^2$-value of 0.28 is on the upper end of the range provided by other scholars.\(^{826}\) Considering the fact that innovation strategy is only one among many factors influencing organizational performance, this value indicates satisfactory explanatory power and substantiates the importance of innovation strategy to organizational performance. Since a comparative measurement approach is applied, which takes a holistic perspective on innovation strategy, it can also be concluded that 28 percent of the variance in organizational performance is determined by innovation strategy. These findings allow for drawing two important conclusions:

1) In general, organizations should be ambidextrous and implement both innovation strategies simultaneously in order to achieve superior organizational performance.

2) Backing the argumentation of GUPTA et al. (2006) exploitation and exploration are orthogonal within an organization that consists of more than one domain.

Prior research on the performance effects of ambidexterity has produced somewhat mixed and inconsistent results. Contrary to ATUAHENE-GIMA (2005) and P. E. BIERLY III et al. (2001, 2007) who surprisingly did not find either a positive or a negative relation between ambidexterity and organizational performance, the findings of this study stress the performance value of ambidexterity and hence, confirm the results of Z.-L. HE et al. (2004), M. H. LUBATKIN et al. (2006) and C. B. GIBSON et al. (2004a, 2004b). Since, in contrast to prior survey-based studies, the present study covers organizations of different sizes and various industries, it enhances significantly the robustness and scope of existing empirical findings. In support of this conclusion, nine out of ten control variable models confirm the significantly positive path coefficient of ambidexterity with organizational performance. It is only in the case of large organizations that ambidexterity is found to have a negative influence on organizational performance. One possible explanation for this is that organizational inertia, which is present in many large organizations, may prevent large organizations from effectively pursuing both innovation strategies in parallel. From a macro perspective, this conclusion does not question the need of implementing exploitation and exploration simultaneously. It rather puts emphasis on the question of how organizations succeed in reaping the rewards of exploitation and exploration. In the case of large organizations, the most efficient way may be the acquisition of the results of exploration from third parties. In support of this, ROTHAERMEL (2001) found that those incumbents that focus their network strategy on exploiting complementary assets and thus, acquire the new technology by innovative new market entrants, outperform incumbents that explore the new technology. Interestingly, ambidexterity is positively associated with the performance of older organizations, which, theoretically, should suffer from the same inertia problems as large organizations. Accordingly, it must be elements of structural inertia that make it difficult for organizations to become ambidextrous as this type of organizational inertia arises predominantly from given inherent

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829 Surprisingly, only little correlation between organization age and organization size was found in the data ($r = 0.09$).