

# AMBIDEXTERITY OF BUSINESS ORGANIZATIONS FOR CONTINUOUS LEARNING AND INNOVATION

Mihai TIMUȘ, Aurel BURCIU

"Ștefan cel Mare" University of Suceava, Romania

[timusmihai05@gmail.com](mailto:timusmihai05@gmail.com), [aurel.burciu@usm.ro](mailto:aurel.burciu@usm.ro)

## Abstract:

*The ambidexterity of business organizations is their ability to balance and integrate exploration and exploitation processes for innovation and lifelong learning. This duality is essential for firms' long-term survival, allowing them to compete in both mature markets and new technology areas where flexibility and autonomy are crucial. In this article we have illustrated a model of exploration (generation of explicit knowledge) and exploitation (application of tacit knowledge) for the continuous innovation of business organizations. There are, of course, in business organizations, many other elements that can be dealt with through organizational ambidexterity for implementing strategies and generating innovations. The current study refers to the ability of companies, through their decision-makers, to generate new knowledge (tacit/explicit conversion) and transform them into innovations exposed on the market.*

**Key words:** Learning Organization, Organizational Ambidexterity, Tacit and Explicit Knowledge, Strategy, Innovation, Management.

**JEL classification:** M10; O15; O31; J24.

Received 31 March 2024; Accepted 15 June 2024

## INTRODUCTION

Learning in business organizations is an essential pillar for continuous innovation and maintaining competitiveness in the global marketplace. The lifelong learning process involves the permanent acquisition of new skills and knowledge. In a rapidly changing business environment, the ability to innovate and adopt new processes is crucial, and continuous learning allows employees to gain the knowledge needed to see things from new perspectives and move forward. Therefore, supporting a continuous learning process is fundamental for any organization aspiring to excellence and innovation in its field. Since business organizations must articulate in a balanced way the acquisition of new knowledge, but also their use / application to generate innovations, we resort to the term *organizational ambidexterity* for continuous learning and innovation. *Organizational ambidexterity* involves the activity of exploring and exploiting essential assets for a specific purpose. Exploration involves searching, risk-taking, experimentation, and innovation, while exploitation focuses on refinement, efficiency, implementation, and execution.

In this context, ambidexterity is not only a competitive advantage, but also a strategic imperative for organizations aspiring to innovation and adaptability in an ever-changing business environment. In this context, organizational ambidexterity is an area of major interest for researchers and practitioners alike, being a key factor in the dynamics of continuous learning and innovation within business organizations.

## BACKGROUND

In a dynamic and ever-changing context, the ability of organizations to learn quickly is essential to remain competitive in the marketplace. However, building on existing knowledge without stimulating the development of new knowledge and skills could limit the company's ability to innovate. Therefore, it is crucial to encourage creativity and exploration in business organizations to bring innovation and adapt to new challenges (Edmonson 2012:51–52).

Moreover, if the new knowledge created in the company is not properly applied and used in the most effective way, it will not produce managers' desired effect within the organization. Thus, the task of a company's management is to permanently create conditions/context for the acquisition, rooting and efficient use of new knowledge by employees. Innovators and technology market leaders fall into the category of Learning Organization – LO. The premise of the emergence of LO in today's community can be the dynamic and competitive environment and knowledge economy in which we operate. In the context of constraints from customers / authorities / stakeholders, multinational companies are forced to join the LO.

In this paper we will interpret some ideas of established authors regarding the learning process and ambidexterity of business organizations for harmonizing value creation factors in firms and the role of the manager in this process.

There are several interpretations of the term ambidexterity, but we will use this term in the context of business organizations. Organizational ambidexterity refers to the ability of an organization to simultaneously explore and exploit the company's assets (in our case, the main assets will be know-how and the potential for creating new knowledge) – to balance both innovation activity (generating innovations) and their efficiency (appropriate use of generated innovations;)(Duncan 1976)

1. **Exploration** involves seeking new opportunities, experimenting, and venturing into uncharted territory. Search for know-how through Joint Venture collaborations, partnerships, acquisitions of other companies, hiring experts from other companies, etc.
2. **Exploitation** focuses on optimizing existing capacities, improving efficiency and maximizing returns from current operations. In our sense, we refer to the correct positioning of knowledge and its efficient sharing among employees.

In the literature we find arguments in several directions regarding organizational ambidexterity. Sometimes it is regarded as the simultaneous implementation of two strategies in the company, and the measurement of the level of ambidexterity is made based on the number of strategies/directions of development implemented simultaneously (Wu 2017). Other studies suggest that we should confirm organizational ambidexterity in the market, where there is a degree of uncertainty, because organizational ambidexterity positively influences pro-activity and business performance in the market (Kafetzopoulos 2020).

Ambidexterity requires a balance between exploration and exploitation; organisations able to exploit their existing skills/knowledge while exploring new opportunities/knowledge creation (London Business School 2014). In the context of the topic of this article, organizational ambidexterity would allow simultaneous learning and unlearning: learning – creating new knowledge and know-how; and unlearning – eliminating inefficient or outdated knowledge/behavior. In this way we can ensure the necessary prerequisites for LO(Cunha, Bednarek, and Smith 2019). Moreover, organizational ambidexterity can be seen as the company's tendency to simultaneously learn and integrate technologies to increase productivity, and these learning stages can be oriented both intra-industrial (upskilling for new technologies) and inter-industrial (reskilling – for entering emerging markets)(Seidle 2019). In the following lines we will bring some arguments on how to generate new knowledge in the organization and what role ambidexterity must ensure a fluent and continuous innovation process.

Learning business organizations provide the necessary conditions for the continuous creation of new knowledge. For the purposes of this article, we will approach this process as the transformation/conversion of tacit knowledge into explicit and vice versa. This has become an established process in the theory of firms on the creation of new knowledge.(Collins 2010; Nonaka and Von Krogh 2009; Nonaka and Takeuchi 2019) We will try to interpret the process of converting tacit/explicit knowledge from the perspective of organizational ambidexterity.

## LEARNING IN THE CONTEXT OF BUSINESS ORGANIZATIONS

The learning process within the company involves symbiosis between several elements: access to information (internal and external); knowledge-sharing infrastructure; testing, simulation and training environment; Last but not least, the interaction between members of a team (experts) and between different teams within the organization. Implicitly, participation in a team requires knowledge/skills to work collaboratively with other members, i.e. teamwork/learning (Edmonson 2012:26).

The general development of society and especially of technology and systems of organization and leadership have increased individuals' access to education. Education has been and remains an essential element to explain the culture of a social group and, consequently, economic behavior and performance achieved globally (Gerth and Mills 1946:73–74).

Moreover, any social action / behavior in a group, oriented towards obtaining economic benefits, represents an element of organization and division of human capital according to certain criteria (education, qualification, influence, etc.), and within a business organization and at the level of society, social groups can be divided into management groups (management) and groups oriented towards fulfilling the instructions of the management group (Weber 1947:218–20). Education, discipline, reciprocity and other aspects of ethical behavior among employees influence the performance of a large social group. (Weber 2003)

We notice that there is a double conditioning between the national culture and the organizational culture in MNCs and that, at the same time, renowned companies manage to build cultures that focus around key values such as trust, self-motivation, self-control, etc.

With the advent of robots and advanced production equipment, people have understood that they need to reorient and retrain for a new activity in the knowledge economy. The knowledge economy is changing the classical paradigm of work, especially after the Second Industrial Revolution, as the employee is remunerated by the amount of physical work performed daily. In today's economy, the employee is remunerated for the quality/relevance of the skills they apply at work to perform daily tasks. In the context of digitalization, technology, and connectivity of people, which increases the need to learn the use of new tools and working methods.

Multinational companies – global leaders, have shifted from power based on material resources to activities and power based on access and transfer of key knowledge to drive innovation within the organization. The distribution and access to knowledge is an indicator of the company's strength in the market, but also of employees in the internal environment of the organization (Toffler 1991:37).

If knowledge is power, it means that access to knowledge is access to power. Moreover, easy access to tools such as digital libraries, case studies, communities, and networks of people with the help of the Internet, further increases the employee's potential to educate himself. The employee in the knowledge economy, who has outdated and underperforming knowledge/behavior must engage in a Re-learning process – re-learning or adding small changes in daily behavior and in the way of using existing technologies/working methods (Toffler 1991:253). Internet access and interactive learning technologies provide the employee with additional conditions to improve their skills for future activities in the company. The question is whether the organization has a sufficient level of ambidexterity to balance the potential for acquiring new knowledge with its effective application in the company to generate value and innovation.

Employees' access to information through technology and computerization leads to the diversification and democratization of education more and more. Finally, we can say that in the knowledge economy and especially in a structure such as Learning Organizations, managers have the task of identifying, educating and remunerating employees who could easily give up established behavior at work – unlearning, to improve / deepen professional skills – relearning, and last but not least to be able to continuously learn new things – learning.

Business organizations grow and become larger through the membership of which it is composed and which, in turn, are part of smaller groups in which members/individuals fill in the gaps of knowledge and skills of each other.

Learning organization consists of several components that must be put together and harmonized to create a functional whole. These components are (Senge 2004:10–12):

1. Systems Thinking – any organization/firm can and should be approached as a socio-economic system, connected to a certain operating environment, and constituted by  $n$  reference subsystems.
2. Personal Mastery – usually applies to experts in the organization who can dominate certain topics through their experience and skills. Moreover, the learning capacity of a company is given by the learning capacity of its members (employees). Previously, in the report no. 2 We have shown that we do not have a complete answer to the question.
3. Mental Models – how company members understand the organizational world/environment and what actions they take to respond to influencing factors.
4. Building Shared Vision – gathering employees for a common meaning, valid for the community / organization to which the individual belongs. Pursuing a shared vision increases employee engagement and engagement, and,
5. Team Learning – the skills / knowledge of a team are higher than for each individual member, and in team work, its members can learn / advance much further and faster than individually.

Another important element of the learning process of organizations is the use of micro-worlds. Such division helps to understand more deeply the roles of members in the team, organization, and even impact in the real world. Micro-worlds provide better control over the environment by managers, they can simulate certain processes, speed up or slow down a flow or even stop the entire process to formulate theories, conclusions, and strategies. ICT equipment, which has become a central tool in carrying out workplace activities, further amplifies the creation of micro-worlds for learning organizations (Senge 2004:309–13)

The teaching-learning process must be incorporated into the workplace (Drucker 2006b:101; 146). In other words, the education process must be carried out where there is the most relevant context (workplace, vocational school, university, online environment, simulated environment, etc.). People are not initiated specifically for the job in a particular business organization, becoming the right employees takes time and education on the job (Drucker 2006c:33). The context in which Drucker states and argues such ideas is based on the existence of knowledge workers in business organizations and on the fact that, in the future, almost any job will require the existence of a knowledge worker. A knowledge worker is the link through which a manager can unify / harmonize the elements of exploration and exploitation in the company.

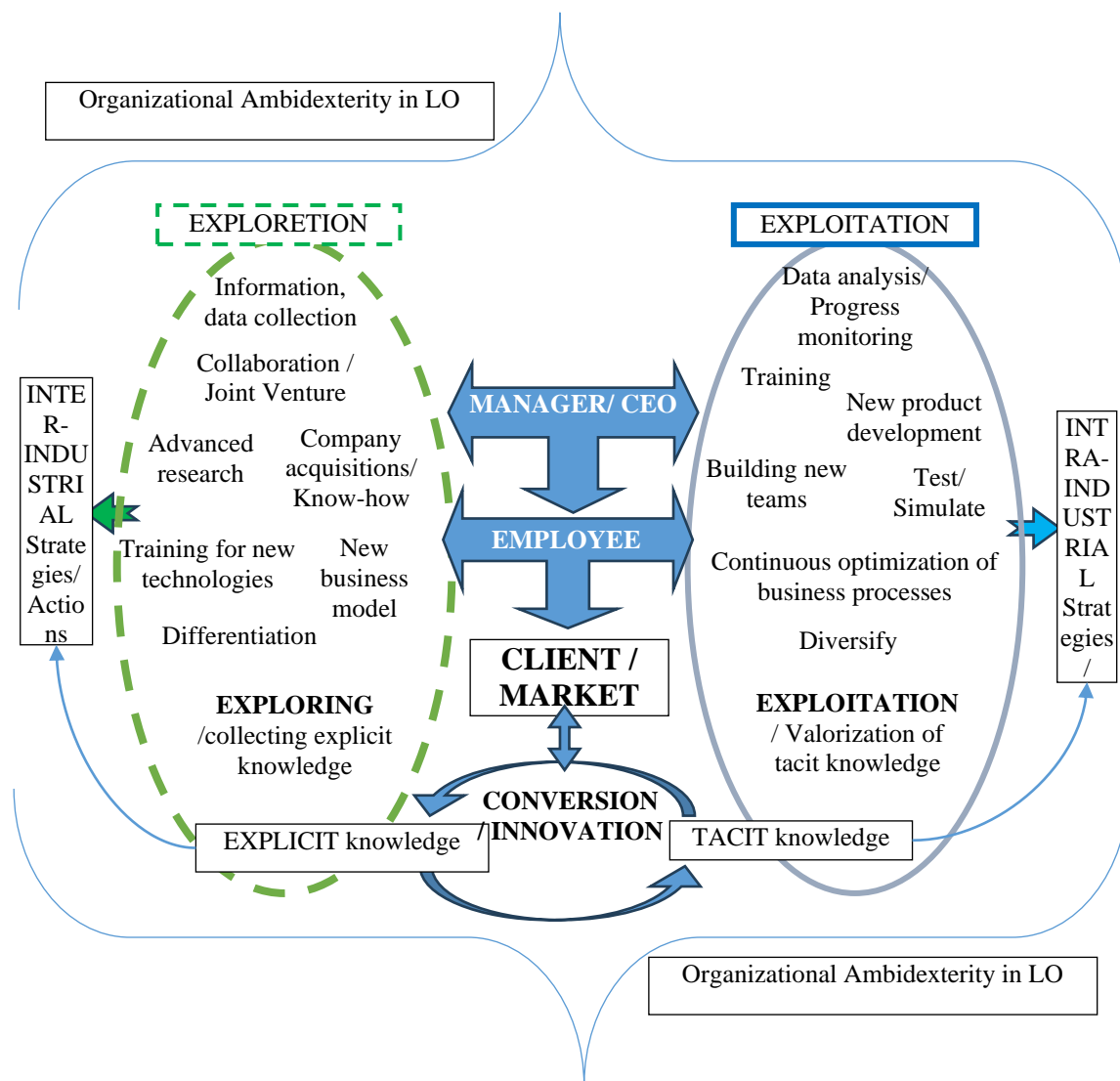
Society is becoming more and more educated, and employees are becoming more demanding on the type of activities they would like to perform at work. In this context, business organizations must include, besides salary, several elements to provide a satisfactory job to new generations of educated employees. Therefore, the organization should offer, in addition to financial remuneration, an effective balance between the position occupied, the organizational hierarchy and the responsibilities assumed by an educated employee (Drucker 2006a:121). Increasing knowledge productivity is a mandatory task in the knowledge economy, and potential/yield (what the author calls "yeld") can only be increased with an appropriate methodology, process, environment where potential grows through practice and turns into performance (Drucker 2011:174–76). In other words, knowledge must be practiced / applied in order to become valuable and to create new knowledge, and to generate innovations, respectively to increase the level of ambidexterity of the organization.

## DISCUSSIONS

Education / Learning in organizations has been and remains a differentiator of competitiveness and human resources performance on the labor market. ICT solutions have become ubiquitous in all areas, whether we refer to education, employment or society. Given the speed of implementation of technological solutions in the workplace, the need for lifelong learning of adults in the workplace will increase more and more. Business organizations can learn from many sources (internal and external).

In Figure 4 we can observe some of the elements that intervene when discussing the learning process of organizations and the importance of organizational ambidexterity to keep in balance the creation of new knowledge from multiple sources and their application in a real / appropriate environment. Maintaining this balance falls largely on the shoulders of the manager who ensures the development and application of strategies, stimulating employees and maintaining the connection between the company's internal environment and market realities and requirements. Both the manager and the employee must permanently maintain the connection between the internal environment and the external environment of the organization.

Although organizational ambidexterity implies balanced management of exploration and exploitation activities with a relatively similar content/purpose, in the case of this article we come with some clarifications. Therefore, exploration activities have been associated with the accumulation of explicit knowledge and exploitation activities involve the active use/application of tacit knowledge. According to the presented figure, we can deduce that all activities and innovations brought up by the company are intended primarily to ensure competitiveness in the market and satisfy customer needs. We do not exclude that there may be a mix between tacit and explicit knowledge in both senses (both exploration and exploitation), but we assume that in the case of intra-industrial innovations, tacit knowledge of one's own employees, those who are the promoters of innovations, would be emphatically used.



**Figure 4. Organizational ambidexterity for learning and innovation**

Source: Author elaboration

When innovation strategies and actions are oriented towards intra-industrial activities, we assume that the organization applies its tacit knowledge because it has expertise in this field and innovation is based on previous experiences of the organization/employees and the intensification and creation of new tacit knowledge. Conversely, if the company's strategies and actions are oriented towards inter-industrial activities/innovations, the company is in the process of exploring opportunities, respectively acquiring new explicit knowledge.

Between the two major areas there are more connecting links than those highlighted by us: managers, employees, and the process of converting explicit knowledge generated by exploration activity and tacit knowledge acquired through exploitation activity. By converting the two types of knowledge, innovation is often generated that could belong to both cross-industry and intra-industrial strategies. At the same time, in the two illustration quadrants, exploration oriented towards inter-industrial strategies and exploration oriented towards intra-industrial strategies, we mentioned how many examples of actions the organization undertakes. For example, in order to launch new business models born from cross-industry strategies, the organization must invest in advanced research, involvement in joint venture collaborations, acquisitions of companies that own an innovative product in the new industries in which we want to launch, etc. On the other side (operating quadrant), the organization must ensure the sharing and use of tacit knowledge through testing and process simulations, employee training and continuous process optimization.

Organizational ambidexterity occurs when the organization (through its decision-makers/executives) must capitalize on skills and results to explore new markets, technological/social innovations and explicit/tacit knowledge, and abilities to exploit intellectual capital, existing technologies, and other resources to generate innovations. Under these circumstances, we can say that we refer to organizations that learn.

## CONCLUSIONS

From what I have mentioned so far, I realized that education/learning (in a general sense) gives us the power to choose between several options of strategic activities in organizations, but it does not free us from the task of learning and updating knowledge continuously. The challenges that arise from employees are like those that arise from business organizations. Employees need to adapt their existing knowledge and skills to new business conditions and continuously acquire new knowledge/skills that respond to daily tasks. In other words, just like the organization, it must balance its spirit of exploration and exploitation to perform at work.

Through organizational ambidexterity, employee education / learning can be supported, which must be continuous and especially in the right entourage to enrich the existing set of implicit knowledge / skills, respectively increasing employee performance at work. Both the company and the employee themselves must know the context and models through which they learn best, both are responsible for ensuring the necessary conditions in this regard. And achieving ambidexterity is crucial for the long-term survival of the firm, allowing organizations to thrive in both stable and turbulent environments.

## BIBLIOGRAPHY

1. Collins, Harry. 2010. *Tacit and Explicit Knowledge*. The University of Chicago Press Chicago and London.
2. Cunha, M. P., R. Bednarek, and W. Smith. 2019. "Integrative Ambidexterity: One Paradoxical Mode of Learning Purpose?" *The Learning Organization* 26(4):425–37.
3. Drucker, Peter F. 2006a. *Landmarks of Tomorrow*. HARPER & BROTHERS, PUBLISHERS, NEW YORK.
4. Drucker, Peter F. 2006b. *Managing Changes for 21st the Century*. PerfectBound.
5. Drucker, Peter F. 2006c. *The Effective Executive*. Collins - An Imprint of Harper Collins Publishers.
6. Drucker, Peter F. 2011. *Post-Capitalist Society*. London and New York: Routledge Taylor and Francis Group.
7. Duncan, Robert B. 1976. "The Ambidextrous Organization: Designing Dual Structures for Innovation." *The Management of Organization* 1(1):167–88.
8. Edmonson, Amy C. 2012. *Teaming- How Organization Learn, Innovate and Compete in the Knowledge Economy*. John Wiley & Sons, Inc.
9. Gerth, H. H., and C. Wright Mills. 1946. *From Max Weber: Essays in Sociology*. Oxford University Press.
10. Kafetzopoulos, Dimitrios. 2020. "Organizational Ambidexterity: Antecedents, Performance and Environmental Uncertainty." *Business Process Management Journal* 27(3). doi: 10.1108/BPMJ-06-2020-0300.
11. London Business School. 2014. "Organisational Ambidexterity." Retrieved November 3, 2024 (<https://www.london.edu/think/organisational-ambidexterity>).
12. Nonaka, Ikujiro, and Georg Von Krogh. 2009. "Perspective—Tacit Knowledge and Knowledge Conversion: Controversy and Advancement in Organizational Knowledge Creation Theory." *Organization Science* 20(3):635–52.
13. Nonaka, Ikujiro, and Hirotaka Takeuchi. 2019. *The Wise Company How Companies Create Continuous Innovation*. Oxford University Press.

14. Seidle, Russell J. 2019. "Sequences of Learning Types for Organizational Ambidexterity." *The Learning Organization* 26(4):381–96. doi: 10.1108/TLO-06-2018-0111.
15. Senge, Peter M. 2004. *The Fifth Discipline*. (first published 1990). Bantam Doubleday Dell Publishing Group.
16. Toffler, Alvin. 1991. *Powershift: Knowledge, Wealth, And Violence At The Edge Of The 21st Century*. Bantam Books.
17. Weber, Max. 1947. *The Theory of Social and Economic Organization*. Oxford University Press.
18. Weber, Max. 2003. *Etica Protestantă Și Spiritul Capitalismului*. HUMANITAS.
19. Wu, Hang. 2017. "Exploring the Origin, Definition and Measurement of Organizational Ambidexterity." *Advances in Economics, Business and Management Research* 21(September). doi: 10.2991/icmesd-17.2017.1.