

## ABSTRACT

### **Enabling Mechanisms of Top Management Team Processes for Organizational Ambidexterity in SMEs**

Aparna Venugopal, FPM 05/02/O

Business organizations need to simultaneously exploit existing competencies and explore new opportunities for its long-term effectiveness and to sustain competitiveness in a dynamic environment. Organizational ambidexterity is an organization's ability to simultaneously pursue both exploration and exploitation activities. Past researchers studying organizational ambidexterity have explored its structural and contextual antecedents and/or its relationship with innovation and firm performance. Irrespective of its structural or contextual genesis, researchers agree that the major decisions and tasks related to ambidexterity are made and implemented by the top management team (TMT) of the organizations. Previous studies have explored the effect of different TMT processes on ambidexterity. Of these, TMT behavioral integration (consisting of collaborative behavior, information exchange and joint decision making) is an important contributor to ambidexterity. Hence, to nurture ambidexterity in firms, it is essential to understand how TMT behavioral integration is enabled in firms. To the best of our knowledge, no study has explored the enablers of TMT behavioral integration. Hence, in the present study we addressed the following research questions: (1) What are the distinct mechanisms that enable the top management behavioral integration? (2) What are the effects of each of these mechanisms on the different conceptualizations of ambidexterity (combined exploration and exploitation or a mid way balance of exploration and exploitation)? In this study we further explored the relationship of the TMT processes with ambidexterity and with firm financial performance by addressing the following questions: (1) How does top management behavioral integration affect the different conceptualizations of ambidexterity? (2) What are the distinct effects of the different conceptualizations of ambidexterity on firm financial performance? (3) What is the effect of top management behavioral integration on firm financial performance? In contrast to large organizations, the TMT members in Small and Medium Enterprises (SMEs) adorn both strategic and operational roles and hence have a larger role in influencing the ambidexterity of their organizations. Therefore, we conducted this study in the research context of SMEs.

Data was collected with survey instruments from multiple respondents in each organization. The findings from the data analysis suggest that (a) smaller firms benefit from combined exploration and exploitation rather than a mid way balance of exploration and exploitation. (b) TMT behavioral integration is a significant predictor of ambidexterity and (c) mechanisms to build connectedness and cross functional interfaces within the TMT enhance the behavioral integration of a TMT and are significant predictors of ambidexterity too. The data analysis also reveals that the combined dimension of ambidexterity mediates the effect of TMT behavioral integration on firm financial performance. The results also show that TMT behavioral integration mediates the effects of connectedness and cross functional interface mechanisms within the TMT on the combined dimension of ambidexterity. Surprisingly though, we found

that senior team contingency rewards are not significant predictors of TMT behavioral integration or ambidexterity in small firms.

The managerial implications for the TMT in small firms are: (a) firms benefit financially by managing a trade off of exploration and exploitation rather than striving to achieve a balance (b) firms with the TMT exhibiting collaborative behavior, joint decision making and information exchange benefit by achieving ambidexterity (c) the mechanisms to enhance cross department knowledge networks, collaborations and easy access within the TMT, help firms achieve higher TMT behavioral integration and ambidexterity.

This study contributes to the literature on TMT by studying both the processes and enabling mechanisms of the top management teams necessary for organizational ambidexterity. The findings from the study also add to the theory of behavioral integration by throwing light on the antecedents, covariates and outcomes of a behaviorally integrated top management. This research adds to the literature on organizational ambidexterity by exploring the distinct influence of TMT processes and their enabling mechanisms on the different conceptualizations of organizational ambidexterity and their outcomes. This study has only explored the effect of ambidexterity on firm financial performance. Future researchers could explore the effects of different conceptualizations of ambidexterity on other organizational outcomes.