

Dynamic Capabilities: Fostering Ambidexterity

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Abstract

Building ambidexterity has become imperative for organizations ready to face challenges in the unsure business environment, making them adaptable, innovative and proactive to situations, and yet successful. This three dimensional formula looks simple, but it is difficult to carry out. Research has revealed that most successful enterprises are adept at refining their current offerings, but they falter when it comes to pioneering radically new products and services. This calls for organizations to develop both exploitation and exploration skills at the same time. How do great organizations balance the two contrasting managerial demands, how do they go about harnessing capability in a dynamic world? What are the challenges that face established organizations in achieving breakthroughs when they attempt to pursue innovations that lie beyond their current products or markets? The paper attempts to find some answers to the above questions by understanding how dynamic capabilities can be built to foster ambidexterity in organizations.

Key words:

Ambidexterity, Exploitation, Exploration, Dynamic Capabilities.



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International Business Machines [IBM] during a 20 year period beginning late 1980s has gone from success to failure to success; from a technology company to a broad-based solutions provider to, perhaps an exemplar of the new world order of open-systems and on-demand capabilities. Unlike other great technical companies such as Xerox, Philips and Polaroid that failed to capture the benefits of their innovation, IBM has been able to leverage their intellectual capital into businesses as diverse as life sciences, automotive and banking and make healthy profits along the way.

How did this happen? It is an illustration about how a distinct dynamic capability is made real and used to help the company succeed in mature businesses, such as mainframe computers, as well as move into new ones, such as digital media. It is a lesson in how theory and practice combine to develop new insights that are useful for business and generate new thinking about strategy execution (Harreld, et.al, 2007) by promoting intreprenurship in a