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IS DOING TWO THINGS AT ONCE DOING NEITHER? EXPLORING THE ROLE OF FIRM AMBIDEXTERTITY ON INNOVATION SPEED (SUMMARY)

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IS DOING TWO THINGS AT ONCE DOING NEITHER?
EXPLORING THE ROLE OF FIRM AMBIDEXTERITY ON INNOVATION SPEED

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Principal Topic

In this paper, we explore the relationship between firm level ambidexterity and innovation speed in the context of new technology based firms (NTBFs). We define ambidexterity as the ability of the firm to both exploit previous competencies (e.g. systematizing experiences into routines, benchmarking against others to increase efficiency), and explore new opportunities (e.g. searching for opportunities in the environment, bringing creative people together for generating ideas for new business opportunities). In the full paper we argue that regardless of the costs associated with following both strategic paths, doing so has a positive impact on innovation speed.

Method

We gathered data for this study through two sources. First, we acquired a database of all firms in R&D business incubators in Norway. These firms are screened before entering the incubators, and one screening criteria is that their business should be research based. Secondly, we acquired data from all new technology based firms receiving tax exemption for R&D expenses in Norway. Our tests show no significant difference between the groups. Our total population is 126 firms.

We employed principle component analyses and multiple linear regression to test the relationships between human capital breadth and depth, the presence of ambidexterity, and innovation speed.

Results and Implications

Our results show that the presence of ambidexterity has a significant (p < .001), and strong (β > .3) relationship with innovation speed. We also find that both the breadth and depth of human capital have little effect on innovation speed when accounting for the presence of ambidexterity. This indicates that being able to follow both an exploitative and explorative strategy at the same time has a positive effect on innovation speed.

This paper contributes to our understanding of how ambidexterity, despite its costs, has a positive effect on an important early stage performance dimension for new firms. This has implications for founders in terms of which strategy options they should pursue if their intentions are to reach the market quickly. It also has implications for public support programs aiming to help new technology based firms reach their goals.

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