

# **THE IMPACT OF TOP MANAGEMENT AMBIDEXTROUS LEADERSHIP ON MIDDLE MANAGERS' AMBIDEXTROUS ACTIVITIES: THE MEDIATING ROLE OF KNOWLEDGE FLOWS AND THE MODERATING ROLE OF KNOWLEDGE TACITNESS**

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March (1991) has been pivotal in identifying two styles of organizational learning, i.e., exploration and exploitation, which are important for innovative outcomes of organizations (e.g., Rosing, Frese, & Bausch, 2011). Following research has mainly focused on ambidexterity at the level of business units or firms (Mom, van den Bosch, & Volberda, 2009). Less attention has been paid to the individual level of analysis (Raisch & Birkinshaw, 2008). Given the importance of managers in their influences on organizational outcomes, the study of ambidexterity is much needed that focuses on top management and managers (O'Reilly & Tushman, 2004). Thus, an important goal for this research is to investigate variations in middle managers' ambidextrous activities from the view of ambidextrous leadership of top management.

The effect of top management leadership cascades down to front-line employees through the chain of command. The type of leadership top management exerts should affect the behaviors and traits of decision-making of managers one hierarchy down the chain. Thus, simply by observing how top management pursues ambidexterity and meets the challenges of paradoxes, middle managers should be able to engage in ambidextrous activities.

However, differing leadership behaviors may trigger variations in the knowledge seeking behaviors of subordinates, which may in turn, lead to differing levels of

engagement in ambidextrous activities. That is, some leadership behaviors may encourage the search of knowledge on the part of subordinates, while other types of leadership behaviors may focus more on top-down communication. Transformational and transactional leadership are chosen as two opposing styles of leadership. Top management capable of demonstrating the two styles of leadership is qualified as ambidextrous leadership. Theories with regard to the two styles of leadership have argued for their respective effect on the knowledge seeking behaviors of subordinates. Thus, for this research the second goal is to investigate the mediating role of knowledge flows (top-down, horizontal, and bottom-up) on the effect of top management ambidextrous leadership on middle managers' ambidextrous activities.

Finally, according to the knowledge-based view of the firm (Grant, 1996a, 1996b), knowledge attributes affect the transfer and absorption of knowledge. This study conceptualizes and examines the moderating effect of knowledge tacitness. When knowledge is high in tacitness, the relationship between knowledge flows and middle managers' ambidextrous activities should be lower than when knowledge is low in tacitness. The reason is that tacitness discourages knowledge transfer and absorption.

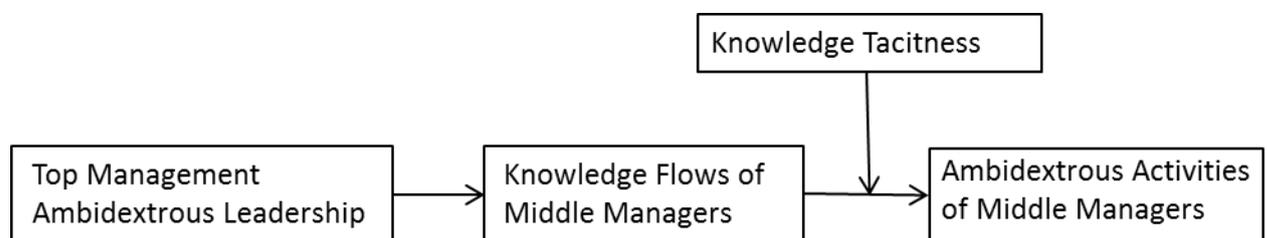
The following are the major hypotheses that we propose.

H1: Ambidextrous leadership of top management will be positively associated with ambidextrous activities of middle managers.

H2: Knowledge flows mediate the relationship between ambidextrous leadership of top management and ambidextrous activities of middle managers.

H3: Knowledge tacitness moderates the relationship between knowledge flows and ambidextrous relationship of middle managers. The lower knowledge tacitness is, the more salient the relationship between knowledge flows and ambidextrous activities of middle managers.

The following chart summarizes the theoretical model for this research.



**Figure 1.** Theoretical Model

A survey design is adopted for this research. A total of 194 usable questionnaires was collected from department-level managers of the public listed

companies in Taiwan. Taiwan as an export-oriented economy, which fits in value chains of major global companies such as Apple, has been heavily affected by fierce competition in the global arena. A balance between exploration and exploitation has been needed in order to sustain the continuous growth and development in the business sectors.

Data analysis showed that ambidextrous leadership of top management does not lead to ambidextrous activities of middle managers. Ambidextrous leadership affects ambidextrous activities of middle managers through knowledge flows. To be more specific, transformational leadership of top management improved exploratory activities of middle managers through knowledge flows while transactional leadership increased exploitative activities of middle managers through knowledge flows. Furthermore, knowledge tacitness did not moderate the relationship between knowledge flows and exploratory activities of middle managers. Rather, it moderated the relationship between knowledge flows and exploitative activities of middle managers. Hypothesis 1 was not supported, but hypothesis 2 was. Hypothesis 3 was partially supported.

The results have implications for theory. First, transformational and transactional leadership may not necessarily be two opposing styles of leadership. Instead, top management capable of mastering the two types of leadership depending on the situation calling for may indeed have better performance in initiating ambidextrous activities of middle managers. Second, the two types of leadership can be equally effective in encouraging knowledge seeking behaviors of subordinates. Differing sources of knowledge can then be obtained. Third, subordinates do not imitate their superiors' leadership styles for their ambidextrous activities. In the case of this research, middle managers engage themselves in ambidextrous activities because they initiate the search of knowledge and information arising from differing sources. Knowledge search was initiated under the influence of ambidextrous leadership. Finally, for exploitation, knowledge tacitness impedes knowledge absorption. Thus, increased tacitness undermines the effort of knowledge search in its effect on exploitation, or knowledge use and reuse. By contrast, exploration may require differing attributes of knowledge. The search and acquisition of knowledge becomes so important that tacitness does not adversely affect the relationship between knowledge flows and exploratory activities. The research also has implications for practice and future research.

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