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## Unpacking performance benefits of innovation ambidexterity: Evidence from the pharmaceutical industry\*\*

Scholars argue that there is a positive relationship between organizational performance and simultaneous pursuit of exploitation and exploration, or organizational ambidexterity. However, prior work on performance benefits enabled by organizational ambidexterity does not separately examine two distinct mechanisms underlying this positive relationship. Our manuscript advances the literature on organizational ambidexterity by explicating the difference across alternative complementary relationships between exploitative innovation and exploratory innovation, namely a mutually compensatory relationship and a mutually enabling relationship. Our empirical analysis of 50 pharmaceutical firms' degree of innovation ambidexterity and subsequent firm performance supports the argument. Our findings provide us a more detailed anatomy of mechanisms in which ambidexterity enables favorable organizational performance.

Key words: **ambidexterity, innovation, exploitation, exploration, organizational learning** (JEL: L25, L65, M10, O32)

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