

## Ambidexterity for corporate social performance

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## **Ambidexterity for Corporate Social Performance**

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### **Abstract**

The literature on corporate social performance (CSP) advocates that firms address social issues based on instrumental as well as moral rationales. While both rationales trigger initiatives to increase CSP, these rest on fundamentally different and contradicting foundations. Building on the literature on organizational ambidexterity and paradox in management, we propose in this conceptual paper that ambidexterity represents an important determinant of CSP. We explain how firms achieve higher levels of CSP through the ambidextrous ability to simultaneously pursue instrumentally and morally driven social initiatives. We distinguish between a balance dimension and a combined dimension of ambidexterity, which both enhance CSP through distinct mechanisms. With the balance

dimension, instrumental and moral initiatives compensate for each other – which increases the scope of CSP. With the combined dimension, instrumental and moral initiatives supplement each other – which increases the scale of CSP. The paper identifies the most important determinants and moderators of the balance and the combined dimension to explain the conditions under which we expect firms to increase CSP through ambidexterity. By focusing on the interplay and tensions between different types of social initiatives, an ambidextrous perspective contributes to a better understanding of CSP. Regarding managerial practice, we highlight the role of structural and behavioral factors for achieving higher CSP through the simultaneous pursuit of instrumental and moral initiatives.

**Keywords:** Corporate social performance; Organizational ambidexterity; Paradox; Business case; Moral case

## **Introduction**

As the world faces increasingly challenging and complex social problems, such as malnutrition, poverty and environmental degradation, firms have been called upon to address these problems. Such corporate engagement with social challenges is often expressed through the concept of corporate social performance (CSP) (Margolis & Walsh, 2003). The literature has proposed a wide range of factors that explain CSP, commonly assuming that corporate initiatives to address social ills are based on either instrumental or moral rationales (Aguilera, Rupp, Williams, & Ganapathi, 2007). Following an instrumental rationale, CSP is extrinsically driven and a firm will only address social problems when there are economic incentives to do so (McWilliams & Siegel, 2011). Following a moral rationale, a firm will address social problems based on the moral conviction to ‘do the right thing’ (Davis, Schoorman, & Donaldson, 1997).

Both instrumental and moral rationales offer an explanation of why, and under which conditions firms address social problems (Swanson, 1999). At the same time, however, both rationales rest upon fundamentally different and contradicting foundations – i.e. the business case and the moral case, respectively – which gives rise to considerable tensions. While there is evidence that firms concomitantly pursue instrumentally and morally driven social initiatives (Aguilera et al., 2007; Muller & Kolk, 2010), the interplay between the two is not yet well understood. In this context, Margolis and Walsh (2003) call for research that takes tensions between instrumental and moral imperatives as a starting point for a better understanding of corporate conduct with regard to social problems.

Building on the paradox and ambidexterity literature, in this conceptual paper we heed this call and argue that organizational ambidexterity is an important determinant of CSP, because it enables firms to simultaneously pursue both instrumental and moral social initiatives – despite the tensions and contradictions that exist between them. We argue that ambidexterity,

i.e. the ‘ability to perform differing and often competing, strategic acts at the same time’ (Simsek, Heavey, Veiga, & Souder, 2009, p. 865), offers an explanation of CSP and thus has a wider application beyond the often-cited exploration/exploitation duality. Following Cao, Gedajlovic, and Zhang (2009), we distinguish between two dimensions of ambidexterity for CSP – a balance dimension and a combined dimension – which both enhance CSP, but do so through distinct mechanisms. By balancing instrumental and moral initiatives, firms achieve a compensatory fit which increases the scope of CSP, i.e. the range of social issues covered. By combining instrumental and moral initiatives, firms achieve a supplementary fit which increases the scale of CSP, i.e. the magnitude of the response to a social issue. Furthermore, we identify the conditions under which the balance or the combined dimension is most relevant to increase CSP. We propose structural and behavioral determinants of a firm’s ability to balance and combine instrumental and moral initiatives.

Rather than explaining how and when CSP can contribute to financial performance, we explore the role of instrumental and moral initiatives, and the relationship between them, to explain corporate *social* performance. Hence, we contribute to a better understanding of the conditions under which firms improve CSP. While ambidexterity is usually seen as an organizational ability to enhance *financial* performance, we emphasize that organizational ambidexterity is also highly relevant for explaining *non-financial* performance, not least in the context of CSP. Given that social issues are beset with considerable tensions and contradictions, ambidextrous abilities to simultaneously pursue contradictory, yet interrelated social initiatives appear particularly relevant to achieve CSP. By doing so, we add to the nascent stream of literature that adopts a paradoxical approach to explaining corporate conduct relating to social issues (Berger, Cunningham, & Drumwright, 2007; Gao & Bansal, 2013; Hahn, Pinkse, Preuss, & Figge, 2015). We also identify different stakeholder environments in which the balance and the combined dimension of ambidexterity,

respectively, are more effective to increase CSP. The determinants of the two dimensions explain which firms are more likely to achieve higher CSP through ambidextrous abilities.

### **Tensions between instrumentally and morally driven responses to social issues**

#### ***Instrumentally and morally driven responses to social issues***

CSP has been defined as ‘business activity, focusing on the impacts and outcomes for society, stakeholders and the firm’ (Wood, 2010, p. 54), i.e. the ‘social outcomes of firm behaviors’ (Rowley & Berman, 2000, p. 398) in terms of (positive or negative) effects on the natural environment and social systems (Wood, 2010). Much research has been conducted to understand the conditions under which corporate activities can contribute to addressing social problems. A key distinction in this context refers to the underlying rationale of CSP; that is, whether firm responses to social issues are driven by instrumental or by moral considerations (Aguilera et al., 2007; Swanson, 1999). Both rationales seek to explain and justify CSP. Following an instrumental rationale, CSP is extrinsically driven by organizational self-interest. Social problems are addressed only if and as long as doing so promises to capture value for the firm based on economic incentives (Berger et al., 2007; McWilliams & Siegel, 2011). An important condition for a firm to engage in CSP is its ability to build a business case, which aligns social initiatives with business outcomes (Carroll & Shabana, 2010), and confers pragmatic legitimacy to social initiatives inside the firm (Suchman, 1995; Yuan, Bao, & Verbeke, 2011).

Following a moral rationale, CSP is intrinsically driven. Firms will address social problems based on a moral case to ‘do the right thing’ (Davis et al., 1997; Donaldson & Davis, 1991). Firm efforts to address social issues and to improve CSP are justified by salient values of organizational members (Hemingway & Maclagan, 2004) or normative stakeholder demands for pro-social behavior (Campbell, 2007; Hahn, 2015). Following such a moral

rationale, firms devote resources to instigate social betterment as an end in itself and emphasize moral duties over economic benefits (Donaldson & Davis, 1991; Quinn & Jones, 1995). Doing so ensures moral legitimacy of social initiatives (Suchman, 1995). Where firms face a choice between competing social problems based on different values and norms, social problems will be addressed contingent on the perceived moral adequacy to do so (Gibson, 2000; Schwartz & Carroll, 2008).

### ***Contradictions and interrelations between instrumentally and morally driven social initiatives***

While there is evidence that in corporate practice instrumental and moral initiatives coexist and drive CSP simultaneously (Aguilera et al., 2007; Muller & Kolk, 2010; Smith, 2003), they rest upon fundamentally different, contradicting foundations, the business case and the moral case, respectively.<sup>1</sup> As echoed by the findings of Battilana and colleagues (2014), social performance of organizations depends on the interplay of contradictory, yet interrelated instrumental and moral rationales.

***Contradictions.*** Following an instrumental rationale, firms identify social initiatives that align with business objectives (McWilliams & Siegel, 2011) and prioritize those social issues and initiatives that can be justified in terms of short-term business benefits (Porter & Kramer, 2011). They integrate these social initiatives into core business practices and various

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<sup>1</sup> In practice, not all social initiatives might be exclusively driven by either instrumental or moral considerations and there might be initiatives that have instrumental as well as moral aspects. However, we assume that in most of these cases either instrumental or moral considerations will dominate when decision-makers develop and implement such initiatives. In addition, our fundamental argument regarding the role of ambidextrous abilities for CSP also holds when tensions occur between instrumental and moral rationales within a single social initiative rather than between different social initiatives. For the sake of analytical clarity, we conceptually separate instrumentally and morally driven social initiatives in this article.

functional areas, such as production, marketing, accounting, and product development (Judge & Douglas, 1998; Porter & Kramer, 2006). By contrast, under a moral rationale, firms build a moral case and justify their social initiatives based on salient normative stakeholder demands for pro-social initiatives (Aguilera et al., 2007; Eesley & Lenox, 2006) and moral convictions of organizational members (Hemingway & Maclagan, 2004). Central here is the ability of the firm to have a dialogue with a wide range of stakeholders (Elkington, 1997) and to implement social initiatives that create substantive value for wider society beyond private interests (Rodrigue, Magnan, & Cho, 2013). In addition, the moral approach ‘emphasizes the long-term nature of the benefit that business is expected to provide to society’ (Schwartz & Carroll, 2008, p. 163). Overall, instrumental and moral initiatives are oppositional with regard to logics (commercial logic vs. moral logic), justifications (business case vs. moral case), organizational skills (strategic issue identification and functional integration vs. stakeholder engagement), drivers (extrinsic vs. intrinsic), time frames (short term vs. long term), and the types of social issues addressed (strategic vs. moral issues) (see fields I and IV of Figure 1).

***Interrelations.*** Despite these fundamental differences, instrumental and moral initiatives are also interrelated. Both instrumental and moral rationales offer an explanation of why, and under which conditions firms address social problems (Swanson, 1999). Firms seem to use both rationales concomitantly to justify social initiatives and to improve CSP (Aguilera et al., 2007). Instrumental and moral initiatives are thus both desirable to enhance CSP, despite their inherent opposition. For instance, while being driven by commercial considerations, instrumental initiatives can also generate significant social benefits for stakeholders; whereas moral initiatives, while being driven by moral convictions, might gain strategic relevance over time. However, as soon as instrumental and moral initiatives are brought into closer proximity, tensions arise between the justifications for the two types of initiative, the



organizational skills needed and the time-frames pursued (Smith, Gonin, & Besharov, 2013). We contend that firms that ‘recognize and accept the simultaneous existence of contradictory forces’ (Smith & Tushman, 2005, p. 526) are more likely to pursue instrumental and moral initiatives simultaneously to increase CSP. We therefore argue that organizational ambidexterity, i.e. the ability to meet ‘competing demands or considering divergent ideas simultaneously’ (Smith & Lewis, 2011, p. 386), represents a critical determinant of CSP. In the following, we develop an ambidextrous perspective on CSP and unpack the mechanisms and conditions under which we expect organizational ambidexterity to result in higher CSP.

### *An ambidextrous perspective on corporate social performance*

The concept of organizational ambidexterity represents ‘an organization’s ability to perform differing and often competing, strategic acts at the same time’ (Simsek et al., 2009, p. 865), or – in more general terms – ‘an organization’s ability to pursue two disparate things at the same time’ (Gibson & Birkinshaw, 2004, p. 210). The underlying idea of ambidexterity is that firms will frequently face contradictory but interrelated demands, and those that succeed at embracing such tensions will be most successful (Gibson & Birkinshaw, 2004; March, 1991; Raisch & Birkinshaw, 2008; Raisch, Birkinshaw, Probst, & Tushman, 2009; Simsek, 2009; Simsek et al., 2009; Smith & Tushman, 2005; Tushman & O’Reilly, 1996). We adopt this broad notion of ambidexterity that has been applied in different contexts where firms are under pressure to pursue seemingly contradictory activities at the same time (for recent overviews see Raisch & Birkinshaw, 2008; Simsek et al., 2009; Turner, Swart, & Maylor, 2013). Ambidexterity has not only been discussed in the context of the tension between exploration and exploitation (He & Wong, 2004; March, 1991; Tushman & O’Reilly, 1996), but also in strategic management (Burgelman, 1991; Jansen, George, Van den Bosch, & Volberda, 2008; Smith & Tushman, 2005), organizational behavior (Gibson & Birkinshaw,

2004), and organization theory (Adler, Goldoftas, & Levine, 1999; Benner & Tushman, 2003). Common to *all* these applications is ‘the importance of simultaneously balancing seemingly contradictory tensions’ (Gibson & Birkinshaw, 2004, p. 209), because ‘superior performance is expected from the ambidextrous organization’ (Raisch et al., 2009, p. 685).

CSP too confronts firms with the challenge of meeting competing demands and carrying out inconsistent activities simultaneously. As shown above, CSP is beset with tensions between instrumental and moral rationales. Similar to other applications of ambidexterity, here too high levels of CSP depend on the ability of the firm to pursue contradictory but interrelated activities at the same time. In this context, it is important to note that we go beyond the focus on financial performance that dominates in the ambidexterity literature, and argue that ambidexterity can also be important for achieving superior levels of non-financial, in our case, *social* performance. We do not focus on how addressing social issues within exploration and exploitation can foster an organization’s economic performance (Maletič, Maletič, Dahlgaard, Dahlgaard-Park, & Gomišček, 2014). Rather, we explore how balancing and combining different, opposing initiatives to address social issues in an ambidextrous manner can result in higher CSP.

While the relevance of ambidexterity for organizational performance is widely accepted, there is still considerable discussion of the mechanisms through which ambidexterity operates (Cao et al., 2009; Turner et al., 2013). When first proposing the dualism between exploitation and exploration, March (1991) focused on the need to manage trade-offs to find an appropriate balance between the two activities (Farjoun, 2010; Turner et al., 2013). By contrast, Gupta et al. (2006) stress the interrelations of the two activities where ambidexterity is achieved by firms that heavily invest in both activities. While several empirical studies blend both understandings of ambidexterity (Gibson & Birkinshaw, 2004; He & Wong, 2004; Lubatkin, Simsek, Ling, & Veiga, 2006), Cao et al. (2009) conceptually propose a distinction

between a ‘balance dimension’ and a ‘combined dimension’ of organizational ambidexterity and show empirically that these two dimensions represent ‘different causal mechanisms to enhance firm performance’ (2009, p. 781). We build on this distinction of Cao et al. (2009) and argue that it is also pertinent in the context of CSP.

Furthermore, ambidexterity posits as its fundamental premise that firms can achieve complementarities or synergies between different activities that are contradictory. According to the general condition for complementarity and supermodularity, as introduced by Milgrom and Roberts (1995), two activities are complements only if “adding an activity while the other activity is already performed has a higher incremental effect on performance than adding the activity in isolation” (Cassiman & Veugelers, 2006, p. 70). For CSP, complementarity is achieved when pursuing instrumental initiatives increases the performance effects of moral initiatives and vice versa. In the context of organizational ambidexterity, Gulati and Puranam (2009) distinguish between two different ways in which contradictory activities can complement each other, namely through a compensatory fit and through a supplementary fit. Two activities compensate for each other when they make up for the weaknesses of each other; they supplement each other when they cross-fertilize.

We argue that the balance and the combined dimension of ambidexterity rely on these two forms of complementarity, the compensatory and the supplementary fit respectively. In the following, we use these two forms of complementarity to develop how ambidexterity can enhance CSP through two distinct mechanisms.

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Insert Figure 1 about here  
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***Compensatory fit through the balance dimension.*** Compensatory fit describes two inconsistent activities that address dissimilar types of outcomes but where one activity can

compensate for weaknesses of the other. The two activities are thus jointly valuable in that they together enable the firm to cover a performance domain more comprehensively because one activity can make up for the limitations of the other by addressing the type of outcome that the other one neglects (Gulati & Puranam, 2009). Achieving a compensatory fit is valuable for CSP because instrumental and moral initiatives address different types of social issues. With instrumental initiatives, firms selectively address those social issues from which they expect to gain private benefits (Bansal, 2002) but neglect issues where social and economic imperatives are in conflict (Hahn et al., 2015; Margolis & Walsh, 2003). Moral initiatives focus selectively on social issues based on normative stakeholder demands or personal values of organizational members, but do so irrespective of economic considerations (Gibson, 2000; Schwartz & Carroll, 2008). Consequently, firms that overly commit to one type of initiative and neglect the other will miss out on certain types of social issues and cover a less comprehensive set of social issues with their CSP. An overcommitment to instrumental initiatives tends to marginalize moral imperatives. Without a moral counterpart, firms will narrowly focus on those social issues that offer immediate business benefits but disregard morally adequate issues that lack immediate business opportunities (Crane, 2000). With an excessive reliance on moral initiatives firms focus on moral imperatives. Without an instrumental counterpart, firms will overlook social issues that are not backed by normative stakeholder demands or by moral convictions of organizational members, even if addressing these issues would offer private benefits for the firm.

However when pursued concomitantly, instrumental and moral initiatives can compensate for each other's limitations, which allows a firm's CSP to cover a broader set of social issues (Brower & Mahajan, 2013), thus increasing the scope of CSP. Such a compensatory fit can be achieved through the balance dimension of ambidexterity. With the balance dimension, firms seek to match the relative magnitude of contradictory activities – in our case instrumental and

moral initiatives – to avoid the risk of overcommitting to one domain at the expense of the other (Cao et al., 2009). Since organizations favor consistency over inconsistency (Smith & Tushman, 2005), seeking a balance is critical as otherwise the organization ‘will naturally succumb to homogenous development’ (Du, Pan, & Zuo, 2013, p. 367) and excessively focus on either instrumental or moral initiatives. Firms that succeed to balance both types of initiatives will achieve a compensatory fit where instrumental initiatives compensate for the weaknesses of moral initiatives, and vice versa. Instrumental initiatives can compensate for the weaknesses of moral ones by keeping potential business opportunities in sight, i.e. by addressing social issues that offer business benefits even if such issues only receive little stakeholder attention. Moral initiatives, in turn, can compensate for the limitations of instrumental initiatives by keeping moral imperatives in sight, i.e. by addressing social issues brought forward by normative stakeholder demands or personal values of organizational members even in the absence of immediate business benefits. Through such a compensatory fit a firm can increase the scope of CSP: When implemented *together*, the two types of initiatives, which only address a limited range of social issues in isolation, allow the firm to address a more comprehensive range of social issues. This compensatory fit is illustrated in fields IIa and IIIa of Figure 1.

The case of the global cement firm Holcim illustrates such a compensatory fit. With cement production being highly energy-intensive, Holcim has been implementing instrumental initiatives to cut energy consumption and related emissions driven by cost savings (Holcim Ltd, 2012) and has hence addressed issues such as climate change or air pollution based on instrumental rationales. At the same time, normative stakeholder demands and the personal conviction of the CEO led Holcim to initiate a partnership with the International Union for Conservation of Nature (IUCN) in 2007 to implement initiatives on biodiversity conservation at Holcim sites (Imboden, Gross, Meynell, Richards, & Stalmans,

2010), even though no immediate instrumental benefits were to be gained. Had it acted solely on instrumental grounds and pursued no moral initiatives, Holcim would not have addressed the issue of biodiversity conservation since Holcim's instrumental and moral initiatives address different outcome areas. It is thus due to the fact that Holcim has pursued both types of initiatives, instrumental and moral ones, that *overall* Holcim's CSP covers a broader range of social issues. More generally, this example illustrates that a compensatory fit through balancing dissimilar instrumental and moral initiatives translates into CSP with a broader coverage of social issues overall, a coverage that would not have been achieved if the firm had excessively pursued either instrumental or moral initiatives. We therefore posit:

*Proposition 1A:* Firms that balance instrumentally and morally driven social initiatives will enhance CSP by increasing the scope of CSP.

***Supplementary fit through the combined dimension.*** Supplementary fit describes a situation where two inconsistent activities enhance the same outcome area. Supplementary fit relies on one activity augmenting the other in addressing one specific outcome area. The two activities are thus jointly valuable in that the presence of the one activity makes the other activity more effective in achieving a specific outcome, and vice versa (Gulati & Puranam, 2009). A supplementary fit is valuable for CSP because instrumental and moral initiatives are not in complete contradiction; rather, they can also facilitate each other (Farjoun, 2010). Both types of initiatives 'have incremental performance impact even when they are implemented independently [... but] further positive performance can be achieved by implementing both [...] simultaneously' (Choi, Poon, & Davis, 2008, p. 241), because instrumental initiatives can augment the effectiveness of moral initiatives to address a social issue, and vice versa.

Such a supplementary fit can be achieved through the combined dimension of

ambidexterity. With the combined dimension, firms seek to increase the combined magnitude of two disparate activities in order to enhance performance by developing and leveraging knowledge and resources that supplement each other (Cao et al., 2009). Here, rather than balancing instrumental and moral initiatives, firms benefit from pursuing instrumental and moral initiatives that cross-fertilize. By doing so, firms can address a specific social issue in more depth and more effectively (Brower & Mahajan, 2013), thus increasing the scale of CSP.

Instrumental initiatives can supplement moral initiatives. Because they are profitable, instrumental initiatives can generate additional leeway for moral initiatives. Instrumental initiatives strengthen the pragmatic legitimacy of CSP as good business practice and prevent social initiatives from being seen as pet projects or opportunistic behavior of managers (Jensen, 2001). Over time, this may create positive spill-over effects for the internal acceptance of moral initiatives and firms may be more willing to devote resources to moral initiatives even if business benefits are less obvious. Once addressing a social issue is more accepted inside the organization because of instrumental benefits, it will be easier to implement additional moral initiatives, resulting in a stronger response of the firm to a social issue and hence an increased scale of CSP.

The engagement of multinational firms to fight HIV/AIDS in sub-Saharan Africa illustrates how instrumental initiatives can enable moral initiatives. AIDS mainly affects adults aged 18–45 years, who represent the most economically active and productive group for firms. The disease creates considerable economic challenges for firms such as loss of productivity due to sickness and lower employee morale, increasing health care costs, loss of skills of key employees and managers and higher employee turnover due to deaths, as well as increased costs for training, recruiting and insurance. Around the year 2000, half of employee deaths of international beer brewer Heineken in Africa were HIV-related (Van der Borgh, 2001).

2011). In 2010, 12,000 employees of the mining group Anglo American in South Africa were HIV positive, representing 16% of its workforce. leading to a situation where the firm was “training two people for the same role in case one died on the job” (Wachman, 2011). Consequently, firms became alert of the cost associated with decreasing life expectancies of key employees and managers due to AIDS. In response to these challenges Heineken started providing its employees and their dependents with highly active antiretroviral therapy (HAART), which turns AIDS from a fatal to a chronic disease. This initiative was launched in 2001, after generic antiretroviral drugs had become available in low-income countries at 10% of their cost in high-income countries. The prospect “that HAART might eventually be possible for \$5 per day entirely changed the perspective for Heineken” (Van der Borgh, 2011, p. 104), since it made the HAART program economically viable. Anglo American’s initiative to provide HAART to its employees – launched in 2002 – has yielded strong net financial benefits to the firm with cost savings far outweighing treatment costs (Van der Vliet, 2011). The success of these instrumentally driven initiatives to keep employees healthy and productive helped to gain internal legitimacy for corporate AIDS programs and paved the way for more morally motivated projects beyond corporate boundaries. In recent years Heineken has also established HIV/AIDS clinics in Africa to improve access to healthcare for the broader communities the firm operates in (Lucas, 2012; Van der Borgh et al., 2009). Similarly, Anglo American has extended its HAART program to several local communities in South Africa (Brink & Pienaar, 2007; Reich & Bery, 2005). As a result of this supplementary fit between more instrumental HAART programs for employees with direct benefits for the firm (Marseille, Saba, Muyingo, & Kahn, 2006) and the more morally driven extension of HAART programs for broader communities where direct benefits to the firm are less obvious, the overall scale of Heineken’s and Anglo American’s CSP with regard to HIV/AIDS increased and more people benefited from effective treatment.



Moral initiatives can also supplement instrumental initiatives. Moral initiatives address social problems that are neglected from an instrumental perspective due to a lack of immediate business benefits. However, they can enable instrumental initiatives by gaining early awareness of social issues that may develop into relevant business issues over time (Rivoli & Waddock, 2011). Likewise, dealing with normative stakeholder demands through moral initiatives helps a firm to generate the necessary capabilities within the organization to better understand social issues and to translate them into business opportunities at later stages of the issue life cycle (Hart & Sharma, 2004; Mahon & Waddock, 1992). In addition, moral initiatives where firms address social issues irrespective of immediate business benefits can lend credibility and moral legitimacy to instrumental initiatives (Campbell, 2007) and protect them against allegations of greenwashing. Moral initiatives to address a specific social issue can thus enable a firm to develop instrumental initiatives as well to scale up its response to the issue. The uptake of fair trade coffee by mainstream coffee producers illustrates such a supplementary fit. For example, when Starbucks started to source fair trade certified coffee in 2000, it initially did so as a response to normative stakeholder demands. The capabilities for sourcing and marketing fair trade coffee that Starbucks acquired subsequently helped the firm to segment its market and serve the more ‘conscious consumers’ (Raynolds, 2009) and to generate commercial gains from fair trade coffee. As a result, Starbucks scaled up its engagement in fair trade coffee leading to a higher positive social impact.

Overall, we argue that by combining instrumental and moral initiatives both types of initiatives can enable each other, which increases the scale of CSP with regard to one specific social issue. This supplementary fit is illustrated in fields IIb and IIIb of Figure 1.

*Proposition 1B:* Firms that combine instrumentally and morally driven social initiatives will enhance CSP by increasing the scale of CSP.

## **Unpacking ambidexterity for corporate social performance**

In order to achieve a better understanding of the conditions under which firms will achieve higher CSP through ambidextrous capabilities, we now bring together insights from the literatures on organizational ambidexterity, paradoxes and CSP to propose a set of moderators and determinants of an ambidextrous perspective on CSP (see Figure 2). We first address the environmental conditions under which we expect the balance and the combined dimension, respectively, to be more relevant for increasing CSP. We then address the most important determinants of the balance and the combined dimension of ambidexterity for CSP to predict which firms are more likely to enhance CSP through ambidexterity.

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Insert Figure 2 about here  
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### ***Stakeholder environment***

As developed above, the balance and the combined dimensions represent two distinct mechanisms to enhance CSP in different ways. While both mechanisms refer to a firm's ability to simultaneously pursue contradictory instrumental and moral initiatives, they rely on different types of complementarities (compensatory fit vs. supplementary fit) and enhance CSP by increasing the scope or the scale of CSP, respectively. Even though firms could achieve the highest level of CSP if they succeed to activate both mechanisms simultaneously, due to resource constraints, achieving balance *and* combination will not always be possible (Cao et al., 2009). Therefore, there may be no one best way to increase CSP through ambidexterity. Rather, firms may have to choose whether to focus on the balance or on the combined dimension to increase CSP.

Due to the interdependence of organizational activities and situational variables from the

organizational environment (Aguilera, Filatotchev, Gospel, & Jackson, 2008), particular organizational practices will be more effective and relevant in certain environmental conditions than in others. Accordingly, ambidexterity scholars have proposed that the external environment sets boundary conditions which enable or constrain organizational ambidexterity (Raisch & Birkinshaw, 2008). Environmental attributes that have been analyzed in this context include munificence (Bierly & Daly, 2007; Cao et al., 2009), complexity (Simsek, 2009), dynamism (Benner & Tushman, 2003; Bierly & Daly, 2007; Jansen, Van den Bosch, & Volberda, 2006), and competitive intensity (Auh & Menguc, 2005). However, since it addresses financial performance, the ambidexterity literature has mainly discussed conditions of the task environment of organizations. In the context of corporate *social* performance, the relevance of social issues for firms strongly depends on stakeholder activities (Clarkson, 1995). We therefore expect factors from the wider social and institutional environment (Lee, 2011) to influence ambidexterity. In the following, we argue that two attributes of the stakeholder environment of a firm – stakeholder uncertainty and stakeholder scrutiny – determine which mechanism (balance or combination) is more relevant and effective to increase CSP. We focus on these two attributes because they define the nature of the stakeholder demands firms face and thus determine to what extent ambidextrous abilities are particularly valuable in addressing these demands.

***Stakeholder uncertainty.*** The balance dimension of ambidexterity for CSP increases the scope of CSP by ‘spreading [...] CSP initiatives across many different domains’ (Brower & Mahajan, 2013, p. 327). We expect that the balance dimension will be particularly relevant in an environment of high levels of stakeholder uncertainty. Under conditions of stakeholder uncertainty it is unclear to firms which social issues will be most relevant and pressing and which stakeholder views on social issues will become dominant. Such uncertainty can stem from high ambiguity and from high dynamism in the stakeholder environment. High

stakeholder ambiguity leads to uncertainty because various stakeholders have disparate goals, demands and opinions (Hall & Vredenburg, 2003). Here, firms face multiple and potentially competing stakeholder claims (Oliver, 1991), creating ambiguity as to which of these claims will be most salient. High stakeholder dynamism describes a scenario where stakeholder influences change rapidly, creating uncertainty as to when and with regard to which issues firms will face pressure in the near future (Mitchell, Agle, & Wood, 1997). Due to this uncertainty, firms not only require ‘different strategies to deal with different stakeholders at a given time’, but will also need ‘different strategies to deal with the same stakeholder over time’ (Jawahar & McLaughlin, 2001, p. 410).

We argue that when firms face stakeholder uncertainty, the balance dimension will be particularly relevant for increasing CSP. In an uncertain stakeholder environment it will not be a priority to respond to one specific social issue most effectively, but rather to address many social issues sufficiently. By balancing instrumental and moral initiatives firms make sure that they do not overcommit to one type of initiative and avoid overlooking potentially relevant social issues and stakeholder claims. The compensatory fit of the balance dimension with its broad coverage of social issues increases the sensitivity of firms to a wider range of social issues and stakeholder claims (Brower & Mahajan, 2013) and provides firms with a basis from which they can buffer against uncertainty. Therefore, the ability of firms to establish a balance between instrumental and moral initiatives – to compensate for the inherently limited scope of either type of initiative – will be particularly useful for increasing CSP under conditions of high stakeholder uncertainty. Hence, we posit:

*Proposition 2A:* The balance dimension of ambidexterity for CSP will be more relevant for increasing CSP when firms face high stakeholder uncertainty.

***Stakeholder scrutiny.*** The combined dimension of ambidexterity for CSP increases the scale of CSP by pursuing instrumental and moral initiatives that augment each other to increase performance in one specific domain. We expect that the combined dimension will be particularly relevant when firms face high stakeholder scrutiny. Under high stakeholder scrutiny, corporate conduct with regard to social issues is subject to persistent and potentially intrusive attention by many stakeholder groups. As Walker and Wan (2012) argue, ‘with increased stakeholder scrutiny and pressure come heightened expectations for environmental [and social] performance’ (p. 231). Stakeholder scrutiny heightens stakeholder pressure which in turn triggers more proactive responses to social issues (Murillo-Luna, Garcés-Ayerbe, & Rivera-Torres, 2008). Accordingly, several studies have found that under heightened stakeholder scrutiny firms pursue more substantive social initiatives (Perez-Batres, Doh, Miller, & Pisani, 2012; Zyglidopoulos, Georgiadis, Carroll, & Siegel, 2012). The effects of stakeholder scrutiny have been found to be particularly strong in highly sensitive industries (Berrone & Gomez-Mejia, 2009; Perez-Batres et al., 2012) and in institutional settings with strong norms of corporate transparency (Kayser, Toffel, & Maxwell, 2014).

We argue that when firms face strong stakeholder scrutiny, the combined dimension will be particularly relevant for increasing CSP. Under high stakeholder scrutiny simply delivering an average performance may not be considered as sufficient (Walker & Wan, 2012). Hence, in a highly demanding stakeholder environment firms will try to excel in terms of CSP with regard to the specific social issue under scrutiny. Combining instrumental and moral initiatives that can enhance each other with regard to achieving greater social outcomes in one specific domain through a supplementary fit is particularly useful to increase CSP in such a stakeholder environment. We therefore posit:

*Proposition 2B:* The combined dimension of ambidexterity for CSP will be more relevant for increasing CSP when firms face high stakeholder scrutiny.

These contextual conditions further highlight that the balance and the combined dimension represent two distinct mechanisms that increase CSP in different ways, with either of the two being more relevant in specific stakeholder environments. We now turn to the determinants of the two dimensions of ambidexterity for CSP. Since structural and contextual ambidexterity are most frequently discussed in the literature (Raisch & Birkinshaw, 2008), we develop structural and behavioral factors that determine an organization's ability to either balance or combine instrumental and moral initiatives.

### ***Organizational structure***

***Structural separation.*** Organizational structure has been highlighted as one way of dealing with inconsistent activities in an ambidextrous manner (Adler et al., 1999; Tushman, Smith, Wood, Westerman, & O'Reilly, 2010). There is evidence that establishing dual or parallel structures with different foci serves as a structural mechanism to cope with competing demands (Adler et al., 1999; Tushman & O'Reilly, 1996). Structural separation – i.e. using different subunits that are ‘physically and culturally separated from one another and have different incentive systems and managerial teams’ (Raisch & Birkinshaw, 2008, p. 390) – helps ambidextrous organizations to maintain different activities that address inconsistent demands. Structural independence of these units ensures that managers are not overwhelmed by competing tasks.

We argue that structural separation plays a particularly important role for the balance dimension of ambidexterity for CSP. According to structuration theory (Giddens, 1984), formal structures and resources in organizations reify norms and rules that enable and

constrain action in organizations. They legitimize and favor behavioral patterns that conform to existing routines and marginalize deviant practices (Barley & Tolbert, 1997). The formal structures and resources of for-profit organizations are dominated by a commercial logic (Pache & Santos, 2013). As soon as social initiatives are integrated into core business routines (Porter & Kramer, 2006), they also become subjected to a commercial logic. Consequently, close integration of social initiatives favors instrumental initiatives, since these are internally consistent with a commercial logic (Yuan et al., 2011).

While structural integration enables instrumental initiatives to thrive, it constrains moral initiatives. Due to the great ideological distance between the logic of moral initiatives and the dominant commercial logic, full structural integration of social initiatives would marginalize moral initiatives (Shrivastava, 1994). In the long term, full integration is thus likely to lead to a bias towards instrumentally driven social initiatives at the expense of moral initiatives and hence to an imbalance between the two.

We therefore argue that structural separation helps firms to achieve a balance between instrumental and moral initiatives. Moral initiatives will not develop unless they are given space to ‘flourish independently of prevailing business practices’ (Yuan et al., 2011, p. 77), which would allow for the emergence of a separate discourse based on normative stakeholder demands rather than instrumental considerations. Such a protected space is more likely to develop if the management of moral initiatives is not too closely integrated with core business activities. By contrast, instrumentally driven social initiatives will thrive if they are closely integrated with core business routines and structures. A balance between both types of initiatives may thus be best achieved by tightly coupling instrumental initiatives, but only loosely coupling moral initiatives. From this perspective, establishing dedicated separate departments to implement moral initiatives in a bolted-on structure does not need to be a sign of greenwashing (Laufer, 2003), or window-dressing (Weaver, Treviño, & Cochran, 1999).

Rather, separating moral initiatives into distinct, loosely coupled departments at the periphery of the organization, away from highly integrated instrumental initiatives at its core, may serve to avoid an overcommitment to the instrumental initiatives and creates the structural space that enables moral initiatives to develop. Accordingly, we posit:

*Proposition 3A:* Structural separation of instrumental and moral initiatives enhances the balance dimension of ambidexterity for CSP.

***Linking mechanisms.*** While structural dualism is commonly perceived as appropriate to enhance organizational ambidexterity, research into ambidexterity points to the importance of coordinating dual structures through linking mechanisms (Kauppila, 2010). Structural separation may well serve to protect moral initiatives from being marginalized, but hinders the coordination with instrumental initiatives and obfuscates how the two types of initiatives can enable each other. We thus argue that firms can create ‘targeted structural linking mechanisms to leverage shared assets’ (O’Reilly & Tushman, 2008, p. 193) to enhance the combined dimension of ambidexterity for CSP.

In the context of CSP, different types of linking mechanisms have been discussed. Dual structures can be coordinated through cross-functional interfaces, such as liaison personnel, temporary task forces or permanent cross-unit teams and network structures that combine different independent units horizontally (Griffiths & Petrick, 2001; Gupta & Govindarajan, 2000). Such interfaces foster coordination and knowledge exchange between separate structures, while retaining their autonomy. They bring together organizational members with fundamentally different approaches to social issues and force them to interact despite their ideological distance. As Battilana and colleagues (2014) found, such interfaces are crucial for CSP, because they ensure that integration and coordination between instrumental and moral



initiatives do not just happen at the top, but throughout the organization. They refer to such interfaces as ‘spaces of negotiation’, i.e. ‘areas of interaction that allow staff members in charge of different (i.e., social vs. economic) activities to discuss and agree on how to handle the trade-offs they face’ (Battilana et al., 2014, p. 29). As another effective linking mechanism, Battilana et al. (2014) identified formal processes that foster regular interaction between organizational members from structurally separated units. Corporate social reporting according to standards such as the GRI G4 Guidelines (Global Reporting Initiative, 2013) represents such a formal process, because it induces organizational members who manage instrumental and moral initiatives to interact.

Overall, we expect that formal linking processes and structural interfaces enhance the combined dimension of ambidexterity for CSP. Linking mechanisms bring tightly coupled instrumental initiatives and loosely coupled moral initiatives into greater proximity, which helps organizational members to achieve a supplementary fit between the two by identifying instrumental and moral initiatives that enhance each other even if they reside at different loci within the organization. Thus, we posit:

*Proposition 3B:* Linking mechanisms between tightly and loosely coupled social initiatives enhance the combined dimension of ambidexterity for CSP.

### ***Organizational climate***

While linking mechanisms provide a structural pathway to integrate disparate initiatives, the ambidexterity literature stresses that the effectiveness of such structural ‘spaces of negotiation’ depends on the behavioral context of the organization (Andriopoulos & Lewis, 2009; Gibson & Birkinshaw, 2004; March, 1991). Gibson and Birkinshaw (2004) referred to this behavioral capacity to simultaneously perform competing yet interrelated tasks within

existing structures as contextual ambidexterity based on ‘behavioral and social means to integrate’ (Andriopoulos & Lewis, 2009, p. 697).

Following Battilana et al. (2014), ongoing negotiations between organizational members in charge of instrumental and moral initiatives, respectively, are crucial for enhancing CSP, because such negotiations reveal how the two types of initiatives can supplement each other.

In a similar vein, Haugh and Talwar (2010) proposed that knowledge exchange and collaboration on social issues throughout the organization are beneficial for CSP.

Organizational climate represents a key aspect of an organization’s behavioral context (Birkinshaw & Gibson, 2004; Ghoshal & Bartlett, 1994). We argue that organizational climate fosters knowledge exchange and negotiation on social issues within the organization and thus enhances ambidexterity for CSP. Organizational climate has been defined as ‘the shared perceptions of and the meaning attached to the policies, practices, and procedures employees experience and the behaviors [...] that are supported and expected’ (Schneider, Ehrhart, & Macey, 2013, p. 362). In particular, we argue that a climate of reflexivity and strategic debate will enhance the combined dimension of ambidexterity for CSP. Such a climate encourages dissent around strategic direction (Burgelman, 1996; Burgelman & Grove, 1996) and reflexivity, i.e., ‘a concern with reviewing and reflecting upon objectives, strategies, and work processes’ (Patterson et al., 2005, p. 386). Social issues are often characterized by high levels of complexity and contestation (Besharov & Smith, 2013). In contrast to core business decisions where a certain ‘narrow-mindedness’ is considered to be useful (Porac & Rosa, 1996), capturing the complexities and tensions around social issues requires a more ‘complicated’ approach (Bartunek, Gordon, & Weathersby, 1983), where decision makers accommodate competing yet interrelated aspects of social issues (Hahn, Preuss, Pinkse, & Figge, 2014).

While too much reflexivity might hinder the efficient implementation of market-oriented strategies (Porac & Rosa, 1996), we argue that a climate of reflexivity will enhance the combined dimension of ambidexterity for CSP. A climate where intensive discussion of controversial views is promoted facilitates the exchange of organizational members who perform inconsistent instrumental and moral tasks. Rather than leading to conflict over contradictions and tensions, such a climate makes it more acceptable for organizational members to pursue competing aspects (Isaksen & Ekvall, 2010). Moreover, an organizational climate of reflexivity fosters unhindered information exchange within the organisation (Woodman, Sawyer, & Griffin, 1993). Regular and open dialogue across management levels and functions (Jarzabkowski & Fenton, 2006) brings competing moral and instrumental initiatives into closer proximity. As a result, organizational members are more likely to accept and work through tensions (Lüscher & Lewis, 2008) to identify how opposing but interwoven instrumental and moral initiatives can enable each other. Through a reflexive climate they are better able to maintain a ‘productive tension’ between instrumental and moral initiatives (Murray, 2010), empowering organizational members to co-develop both types of initiatives to achieve a supplementary fit (Battilana et al., 2014). We therefore posit:

*Proposition 4: An organizational climate of reflexivity enhances the combined dimension of ambidexterity for CSP.*

### **Discussion and implications**

The scholarly debate on CSP is divided between proponents of an instrumental perspective according to which CSP is driven by business opportunities and a moral perspective that justifies social initiatives based on their moral adequacy. As our main contribution, we propose that organizational ambidexterity is an important antecedent of CSP since it enables

firms to *concurrently* pursue conflicting but interrelated instrumental and moral initiatives. Rather than contributing to the longstanding debate on whether CSP enhances corporate financial performance (Orlitzky, Schmidt, & Rynes, 2003), we add to the literature that explains CSP. We suggest that CSP will be higher if firms succeed, through ambidexterity, in pursuing instrumental and moral initiatives, both of which aim to increase CSP, although they follow fundamentally different, opposing rationales. Building on the ambidexterity literature (Cao et al., 2009; Gupta et al., 2006), we identify the balance and the combined dimension of ambidexterity for CSP as two distinct mechanisms through which ambidexterity enhances CSP. We contribute to a better understanding how firms can increase CSP in different ways: The balance dimension establishes a compensatory fit between instrumental and moral initiatives which increases the scope of CSP, while the combined dimension establishes a supplementary fit between instrumental and moral initiatives which increases the scale of CSP. Thereby, we add to the understanding of how organizational skills to address social issues translate into social outcomes.

In contrast to most of the existing research on ambidexterity that focuses on explaining financial performance, we highlight that organizational ambidexterity plays an important role in explaining non-financial performance too. The fact that many social issues, and hence CSP, follow a fundamentally different logic than business decisions gives rise to considerable tensions (Pache & Santos, 2013). Given these tensions and contradictions, ambidextrous abilities to simultaneously pursue contradictory, yet interrelated tasks might be equally, if not more relevant to explaining corporate social performance than they are to explaining financial performance. Conceptually, our argument emphasizes the relevance of paradoxes and tensions for the management of social issues (Hahn et al., 2014; Smith et al., 2013) and adds to the nascent stream within the literature that argues that high CSP can only be realized if one explicitly accepts the tensions inherent in social issues (Gao & Bansal, 2013; Hahn et al.,

2015). By doing so, we heed Margolis and Walsh's (2003, p. 280) call that '[o]rganizational inquiry must go beyond efforts to reconcile corporate responses to social misery with the neoclassical model of the firm. Rather, this social and economic tension should serve as a starting point for new theory and research.' Below we discuss the most important implications of our argument for future research and managerial practice.

### *Implications for future research*

Our argument has a range of implications for research. Future empirical research could test our propositions that the ability to balance and combine instrumental and moral initiatives leads to higher CSP. For this purpose, the two dimensions of ambidexterity, balance and combined, need to be tested separately since they represent distinct mechanisms to enhance CSP. While there are existing scales for CSP (Aguinis & Glavas, 2012) and the balance and combined dimension of ambidexterity in the context of the exploration/exploitation dichotomy (Cao et al., 2009; Gupta et al., 2006), testing our propositions through survey studies would require the development of new scales to measure the degree to which firms pursue instrumental and moral initiatives, respectively. Scales for measuring instrumental initiatives could be based on previous research into factors that explain under which conditions CSP pays off financially (Burke & Logsdon, 1996; McWilliams & Siegel, 2011) and scales for moral initiatives could be built on earlier scale development for measuring business ethics (Hansen, 1992; Reidenbach & Robin, 1990).

In addition, the distinction between the balance and the combined dimension of ambidexterity as two mechanisms that enhance CSP implies the need to 'determine the right degree' (Raisch et al., 2009, p. 687) of instrumental and moral initiatives. Our propositions on the role of stakeholder uncertainty and stakeholder scrutiny provide a first step towards a better understanding of the conditions under which the balance or the combined dimension

will be more relevant for CSP. However, there might be stakeholder environments that require firms to both balance *and* combine instrumental and moral initiatives to further increase CSP, despite resource constraints. Future research should explore more comprehensively the boundary conditions under which CSP depends more on a firm's ability to achieve a complementary or a supplementary fit between instrumental and moral initiatives or when both skills are required.

Furthermore, we identify structural and behavioral determinants of the balance and the combined dimension of ambidexterity for CSP. While similar factors have been discussed as antecedents of CSP in the literature so far, they may not only influence CSP directly but, as our propositions suggest, also indirectly by enhancing ambidextrous abilities that allow a firm to either balance or combine moral and instrumental initiatives. Besides empirically testing our propositions on the influence of organizational structure and organizational reflexivity, future research could also address other potential determinants. Senior management characteristics represent one important set of relevant determinants that has been discussed in the ambidexterity literature (Jansen et al., 2008; Lubatkin et al., 2006). While addressing such factors in more detail goes beyond the scope of this paper, we would expect that leader ambivalence, i.e., 'simultaneously positive and negative orientations toward an object' (Ashforth, Rogers, Pratt, & Pradies, 2014, p. 1454) will represent an important determinant of ambidextrous capabilities to address social issues. By holding ambivalent views on social issues, senior managers not only accept and 'bring into contact contrasting [...] action repertoires that are usually separated' (Plambeck & Weber, 2009, p. 998), they also legitimize other organizational members to do the same in their domain of activity.

One important limitation of our argument is that it focuses on social performance, but does not address the more fundamental question of the social responsibility of the firm. Moral initiatives build upon criteria of justice and equity as well as planetary boundaries and hence

adopt a nested approach that sees the business sector as an integral part of overarching social and natural systems (Marcus, Kurucz, & Colbert, 2010; Whiteman, Walker, & Perego, 2013). By contrast, instrumental initiatives adopt a purely firm-centric perspective on a firm's responses to social issues. However, given the tendency of firms to favor profitability and efficiency (Eisenhardt, Furr, & Bingham, 2010) and the resulting lopsidedness of social responsibility (Hahn & Figge, 2011), we believe that an ambidextrous approach to CSP paves the way for a more integrative notion of corporate social responsibility (Gao & Bansal, 2013). At the individual level, it has been argued that the cognitive ability to accept tensions around social issues enhances a manager's awareness of the need for more radical responses to the current global challenges (Hahn et al., 2014). Future research could delve deeper into the conditions under which firms can, at the organizational level, emphasize moral considerations and instigate more radical changes to the very foundations of their business models.

### ***Implications for managerial practice***

While not yet validated by empirical evidence, our argument has a range of implications for the management of social issues. Most importantly, our ambidexterity perspective suggests that social issues need to be actively managed, based on managers' acceptance rather than denial of tensions and contradictions (Gao & Bansal, 2013; Hahn et al., 2015). From an ambidexterity perspective, 'the question is not whether conflict exists [...] the key question is how well the company manages these conflicts' (Markides & Charitou, 2004, pp. 25-26). Accordingly, ambidexterity for CSP does not mean that tensions between different social initiatives need to be 'solved'; rather, it focuses on balancing and combining instrumental and moral initiatives through paradoxical solutions. Such solutions will most likely require managers to 'wrestle with situations in which they must forgo financial gains to advance [...] social and environmental agendas' (Russo, 2010, p. 183). Higher CSP may not be achieved

by simply aligning social initiatives with business benefits, but rather by acknowledging and embracing differences and tensions between economic and social imperatives and by pursuing instrumental and moral initiatives simultaneously.

Raisch et al. (2009) highlight the questions whether ambidexterity is achieved through differentiation or integration and whether it occurs at the individual level or the organizational level. These questions are also relevant with regard to how firms and managers can balance and combine instrumental and moral initiatives. Our argument highlights the interplay of structural and behavioral factors. Regarding organizational design (Griffiths & Petrick, 2001), we expect that a mix of differentiating and integrating structures will be most effective. We shed new light on the role of integrating the management of such activities into core strategy and processes (Yuan et al., 2011), and the related criticism of bolted-on structures that separate these activities from core business activities (Weaver et al., 1999). Our ambidexterity perspective suggests that separating moral initiatives from core business pressures might well be beneficial for CSP since it avoids the marginalization of such initiatives. Nevertheless, the argument in favor of integration (Weaver et al., 1999) still holds for the implementation of instrumental initiatives as they benefit from being more closely related to core processes, products and services.

However, as our argument also suggests, structural linking mechanisms may not be sufficient to leverage the full potential of ambidexterity for CSP. In order to invigorate these structures, an organizational climate of reflexivity will be crucial, especially for the combined dimension of ambidexterity for CSP. An organizational climate of reflexivity allows individual decision-makers and teams throughout the organization to develop the behavioral complexity (Carmeli & Halevi, 2009) needed to identify ways how moral and instrumental initiatives can help each other despite being contradictory. An organizational climate of reflexivity links organizational and individual levels of ambidexterity (Raisch et al., 2009),



since it encourages individual organizational members to act in an ambidextrous way. In accordance with previous findings on personal characteristics of managers, such as cognitive abilities for paradoxical thinking (Smith & Tushman, 2005), the breadth of prior knowledge and experience (Cohen & Levinthal, 1990), and a generalist background (Birkinshaw & Gibson, 2004), we expect the composition of teams to play an important role for an organization to develop behavioral ambidexterity for CSP.

## **Conclusion**

We argue that firms with ambidextrous abilities are more likely to achieve higher CSP by simultaneously pursuing instrumentally and morally driven responses to social initiatives, despite tensions and contradictions between the two. An ambidexterity perspective on CSP suggests that accepting tensions widens the spectrum of pro-active strategic initiatives firms can use to bring about social change. We argue that ambidextrous organizational abilities represent an important antecedent of CSP and we distinguish the mechanisms through which ambidexterity enhances CSP. Our argument highlights that ambidexterity has far-reaching implications both for the management of social issues and for explaining firms' non-financial performance.

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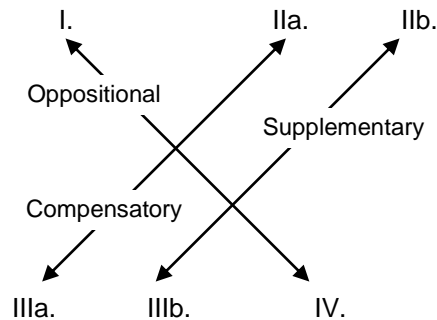
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FIGURE 1

RELATIONSHIP BETWEEN INSTRUMENTAL AND MORAL INITIATIVES (BASED ON FARJOUN, 2010)



<b>I. Instrumental initiatives</b>		<b>IIa. Moral initiatives compensate for instrumental initiatives</b>	<ul style="list-style-type: none"> <li>- Keep moral imperatives in sight</li> <li>- Address social issues without business opportunities but high stakeholder attention</li> <li>- Generation of organizational capabilities to deal with social issues and stakeholders</li> <li>- Early identification of potential future business issues</li> <li>- Protection of instrumental initiatives against allegations of green-washing</li> </ul>	<b>IIb. Moral initiatives enable instrumental initiatives</b>
<ul style="list-style-type: none"> <li>- Underlying logic: Commercial logic Social initiatives as means towards commercial ends</li> <li>- Organizational skills:                             <ul style="list-style-type: none"> <li>• Identification of social initiatives that align with business objectives</li> <li>• Integration of social initiatives into core business practices and functions</li> </ul> </li> <li>- Justification: Business case, alignment of social initiatives with business objectives</li> <li>- Drivers of CSP: Extrinsic Firms address social issues based on economic incentives</li> <li>- Time frame: Short term</li> </ul>				
<b>IIIa. Instrumental initiatives compensate for moral initiatives</b>		<b>IIIb. Instrumental initiatives enable moral initiatives</b>	<ul style="list-style-type: none"> <li>- Keep business opportunities in sight</li> <li>- Address social issues that promise business benefits</li> <li>- Generation of additional leeway for moral initiatives</li> <li>- Strengthen pragmatic legitimacy of social initiatives inside the organization</li> <li>- Alleviation of resource constraints for moral initiatives</li> </ul>	<b>IV. Moral initiatives</b>
<ul style="list-style-type: none"> <li>- Underlying logic: Moral logic Social initiatives as an end in themselves</li> <li>- Organizational skills:                             <ul style="list-style-type: none"> <li>• Identification of social initiatives that respond to normative stakeholder demands personal values</li> <li>• Stakeholder engagement and dialogue on wide range of social issues</li> </ul> </li> <li>- Justification: Moral case, moral adequacy of social initiatives in the light of salient normative stakeholder demands and values</li> <li>- Drivers of CSP: Intrinsic Firms address social issues based on the moral conviction to 'do the right thing'</li> <li>- Time frame: Long term</li> </ul>				



FIGURE 2

UNPACKING AMBIDEXTERITY FOR CSP

