Managing Organizational Identity Through Ambidextrous Capabilities: A Dual Level Analysis

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MANAGING ORGANIZATIONAL IDENTITY THROUGH AMBIDEXTROUS CAPABILITIES: A DUAL LEVEL ANALYSIS

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Barney Tan, School of Business, University of Sydney, Sydney, Australia, B.Tan@econ.usyd.edu.au

Abstract

Organizations need to maintain enduring and stable organizational identity to gain long-term success while must adapt quickly to the increasingly volatile environment as a critical condition for profitability and survival. Such ongoing paradoxical challenge concerning management of organizational identity has been left unaddressed in the existing literature. Drawing on the ambidexterity and organizational identity literatures, this paper proposes two theoretical frameworks to systematically examine how organizations especially in the e-commerce industry should manage their organizational identities by leveraging on four types of balancing modes of ambidexterity. The case of Damai, which is China’s No.1 online ticket seller, was comprehensively analyzed on the basis of these two models. Our study not only contributes to knowledge of organizational identity and ambidexterity but also provides detailed means for practitioners to manage organizational identities at both strategic and operational levels.

Keywords: Organizational Identity, Ambidexterity, E-commerce, Case Study
1. INTRODUCTION

Organizational identity has been recognized as the enduring characteristics of an organization that maintain the distinctiveness and uniqueness (Albert and Whetten 1985). From the perspective of practitioners, the ultimate goal of any organization can be summarized to establishing an organizational identity that contributes to the long-term sustainability of the organization in its own territory of market (Gioia et al. 2000). However, organizational identity represents not only the visual identity but also the perceptions from organizational insiders and outside constituents towards an organization (Hsu and Hannan 2005).

In the academic literature, extensive researches have been done in the area of organizational identity over the past 50 years (Brown and Starkey 2000; Foote 1951; Gioia and Thomas 1996). Majority of them focused on exploring the significance and construction of organizational identity and how to make identity change within an organization (Corley and Gioia 2004; Dutton and Penner 1993; Gioia and Thomas 1996; Tripsas 2009). Despite the great interest in organizational identity, we still found that little studies looked into how to manage organizational identity in the wake of the business expansion of an organization, given the fact that the continuing growth of business has been consistently sought by any organization. Such growth will undoubtedly induce organizational changes (Corley and Gioia 2004). Therefore, managing organizational identity as the consistent form for an organization is vital for the vision of long-term sustainability. Moreover, empirical studies in the realm of organizational identity are relatively rare. In this paper, we aim to uncover the managing process of organizational identity by using a case study in the e-commerce industry where requires swift and constant business expansions.

While the role of organizational identity has drawn large amount of attentions from the traditional businesses, likewise, the management of organizational identity determines the success and sustainability of an organization in the e-commerce industry. E-commerce transactions have grown dramatically in the past years and are expected to continue growing with double-digit annual growth rates (Grover and Teng 2001). In 2007, Business-to-consumer (B2C) e-commerce and online retail sales in US reached $175 billion and is projected to grow to $335 billion by the end of 2012 (Mulpuru 2012). Despite wide recognition on the importance of organizational identity, many organizations in the e-commerce industry has failed to establish impactful and well-known organizational identities. This is due to two root causes. First, the rapid growth of e-commerce requires organizations to constantly expand the landscape of businesses into multiple areas in order to attain long-term sustainability in the industry. As such, the difficulties of establishing organizational identity in the e-commerce industry emerged as the enduring, distinctive and central characteristics of the organization cannot be easily captured by insiders and outside constituents within the dynamic e-commerce environment (Albert and Whetten 1985; Tripsas 2009), thus the issue of identity ambiguity blurred the business objectives of many organizations in the e-commerce industry (Corley and Gioia 2004). Second, unlike other business model, adopting an e-commerce model requires more efforts and dedications to establish customer trust and further to establish organizational identity due to the nature of the e-commerce that separates the two parties with spatial boundary (Coyne 2005). Therefore, organizations in the e-commerce industry have been facing ongoing challenges to meet both conditions: adapting to the need of fast business expansions (i.e. Profitability) while managing to
maintain organizational identity (i.e. Sustainability). This paper therefore devotes to resolve this issue for the academic researchers and practitioners.

To balance between profitability and managing organizational identity (i.e. sustainability), we argue that organizations in the e-commerce industry must possess ambidextrous capabilities to manage these two critical successful factors. Ambidextrous organizations are “capable of simultaneous, yet contradictory, knowledge management processes, exploiting current competencies and exploring new domains with equal dexterity.” (Andriopoulos and Lewis 2009, pp. 696) Given the limited research in these areas, therefore our research question is as follows:

**How to manage organizational identity through ambidextrous capability?**

### 2. THEORETICAL BACKGROUND

#### 2.1 Organizational Identity

Organizational identity is commonly defined as an organization’s members’ collective understanding of the characteristics presumed to be central, permanent and distinctive (Albert and Whetten 1985). Organization’s members here refer to insiders and outside constituents (Hsu and Hannan 2005). Hence, prior literature defines organizational identity as internal identity and external identity accordingly (Tripsas 2009). Internal identity defines “Who are we” and “What kind of business are we in?” Conversely, external identity captures how outsiders of an organization, such as institutional actors, customers and suppliers perceive the organization (Gioia et al. 2000; Tripsas 2009). However, some may find the similarities between organizational identities with other organizational concepts such as organizational reputation. A considerable amount of literature devotes into distinguishing the differences between organizational identity, image, reputation (Dutton and Dukerich 1991; Gioia et al. 2000). The table below summarizes the differences.

<table>
<thead>
<tr>
<th>Forms</th>
<th>Definitions</th>
<th>Example of literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Image</td>
<td>The way organization members believe others view the organization.</td>
<td>Dutton and Dukerich (1991)</td>
</tr>
</tbody>
</table>

#### 2.2 The Paradox of Managing Organizational Identity

The majority of existing literatures conceptualize organizational identity as a potentially stable and enduring notion (Albert and Whetten 1985; Brown and Starkey 2000). However, in recent years, more and more research has proposed that organizational identity should function as an unstable and precarious concept that changes in the wake of the dynamic environment where the organization operates (Corley and Gioia 2004; Gioia et al. 2000; Tripsas 2009). These perspectives lead to some provocative implications that emphasize the paradox concerning the relationship of organizations and their operating environments. On the one hand, organizations must maintain enduring and stable identity to gain long-term success (Albert and Whetten 1985); on the other hand, organizations must possess the ability to adapt quickly to the increasingly volatile environment as an critical condition for profitability and survival (Brown and Eisenhardt 1997; Eisenhardt 1989; Gioia et al. 2000).

Integrating these two perspectives, organizations must maintain enduring organizational identity yet
stay profitable by constantly adopting to the changing environment with the adaptive identity (Gioia et al. 2000). Prior literature referred adaptive identity as an identity that has continuity, which differs from an enduring identity. The notion of an identity that is enduring implies that the organizational identity remains the same while the identity having continuity empathizes only on capture of core beliefs and values that extend over time (Gioia et al. 2000). The identity with continuity reflects the concept of organizational identity change that prior literature focuses on (Corley and Gioia 2004; Gioia and Thomas 1996). Albert and Whetten (1985) acknowledged that identity could change with a sluggish process over long periods of time while Corley and Gioia (2004) proposed that identity change could be a rapid process such as spin-offs. Given today’s turbulent business environment, however, the need of frequent organizational identity change for survival and profitability would damage the long-term success and sustainability of an organization (Corley and Gioia 2004; Gioia et al. 2000; Tripsas 2009). As a result, organizations may seek for alternatives that manage such paradox to produce the optimal outcomes. Such common phenomenon in practices has not been received enough attention in the academia, even though Gioia et al. (2000) argued that the management of interrelationships among identity and image allows the organization to adapt to changes. The paradox between maintaining organizational identity and adaptability to the environment continues. Therefore, this paper aims to fill this literature gap by proposing the ambidextrous capability in solving such paradoxes.

In the e-commerce industry, as abovementioned, environmental changes are dramatic as the development of technologies is at rapid pace. Under such condition, organizations must swiftly adapt to the new technological environment so as to keep competitive in the industry (Overby et al. 2006; Sambamurthy et al. 2003). As such, the paradox between maintaining organizational identity (i.e. Sustainability) and adaptability to the environment (i.e. Profitability) become even fierce and urgent to be solved in the e-commerce industry (refer to figure 1). More importantly, more and more organizations are pursuing omni-channel retailing and actively jump on the bandwagon of e-commerce (Rigby 2011). Therefore, by looking into an e-commerce case, this paper proposes a theoretical framework to manage organizational identity while maximize the profitability of the organization by adapting to the changing environment. Next, we will introduce an important concept (i.e. Ambidextrous Capability) to achieve our goal of solving the paradoxical issue.

![Figure 1. Major Paradox in Ecommerce Firms](image)

**2.3 Ambidextrous Capability**

Organizations are constantly confronted with paradoxical challenges between exploiting existing competencies and exploring new opportunities (Jansen et al. 2009). The pursuit of such paradoxical demands on an organization is referred as organizational ambidexterity (Gupta et al. 2006 ). Prior literature provided various definitions to organizational ambidexterity (Refer to table 2). Since this paper focuses on investigating ambidexterity at the organizational level, we adopts the original definition from Tushman and O’Reilly (1996).

These paradoxical demands have been studied under various streams of literature (Raisch and
Birkinshaw 2008), including technological innovation (Tushman and O'Reilly 1996), organizational learning (March 1991), strategic management (Burgelman 1991) and inter-organizational relationships (Tiwana 2008). However, to the best of our knowledge, no research has applied the concept of organizational ambidexterity into organizational identity that has been increasingly considered as an essential concept to long-term success of an organization (Gioia et al. 2000). In response, we sought to investigate how to manage organizational identity by using ambidextrous capability in the context of ecommerce industry.

<table>
<thead>
<tr>
<th>Terms</th>
<th>Definitions</th>
<th>Source of literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambidextrous Organizations</td>
<td>Organizations with ability to simultaneously pursue both incremental and discontinuous innovation and change</td>
<td>Tushman and O’Reilly (1996)</td>
</tr>
<tr>
<td>Business unit’s Ambidexterity</td>
<td>Units with ability to perform high level of exploratory and exploitative innovations</td>
<td>Jansen et al. (2009)</td>
</tr>
<tr>
<td>Contextual Ambidexterity</td>
<td>Behavior capacity to simultaneously pursue conflicting demands</td>
<td>Ramesh et al. (2011)</td>
</tr>
<tr>
<td>Structural Ambidexterity</td>
<td>The creation of “dual structures” to separate conflicting demands</td>
<td>Gibson &amp; Birkinshaw (2004)</td>
</tr>
</tbody>
</table>

2.3.1 **Structural Ambidexterity**

Within the different types of organizational ambidexterity, two types have been drew large amount attention in current literature namely, contextual ambidexterity and structural ambidexterity (Gibson and Birkinshaw 2004). Next, we will discuss these two types in detail. Structural ambidexterity requires an organization to create separate business units within the organization, each with a specialization with different capabilities (Gibson and Birkinshaw 2004). Meanwhile, top management team must ensure coordination between these two units; such as innovations from the explorative unit can be managed and fully utilized by the exploitative unit. Organizations with such structure have been considered as having an ambidextrous organization form (O'Reilly and Tushman 2004).

2.3.2 **Contextual Ambidexterity**

Nevertheless, contextual ambidexterity requires the reasonability of achieving ambidexterity amongst individual employees within a business unit (Gibson and Birkinshaw 2004). Specially, employees within business unit are required to achieve common goals while quickly change in response to dynamic market conditions, which reflects the trade-offs between alignment and adaptability (Ramesh et al. 2011). “It is achieved by building a set of processes or systems that enable and encourage individuals to make their own judgments about how to divide their time between conflicting demands for alignment and adaptability rather than by creating dual structures.” (Ramesh et al. 2011, pp3)

These two modes of ambidexterity represents two distinct approaches in balancing exploration and exploitation (Raisch et al. 2009; Tushman and O'Reilly 1996), namely bottom-up and top-down. Whereas managing organizational identity in ecommerce industry may be practiced in an organization through the combined two approaches in balancing exploration and exploitation. Therefore, structural and contextual ambidexterity at the organizational level has been applied as our theoretical lens in our research.

2.3.3 **Ambidexterity in Managing Organizational Identity**

In managing organizational identity in the fast-paced ecommerce industry, organizations pose paradoxical challenges between sustainability and profitability in that ecommerce industry requires adaptability given the rapid advancement of technologies, consistent with the demands of adaptability; and organizations within the industry need to establish sustainable organizational identity to be stable,
rigors and disciplinary, consistent with the demands of alignment. These paradoxical challenges reflect the notion of contextual ambidexterity (Gibson and Birkinshaw 2004). However, prior to the implementation of contextual ambidexterity, we propose that organizations in the ecommerce industry should adopt structural ambidexterity to clearly separate two business units in a way that each unit manage to timely attain respective capabilities with concentrated technological domain so that the overarching performance of the organizations can be significantly improved. Whereas the literature on organizational ambidexterity identifies paradoxical challenges in many contexts, to the best of our knowledge, ambidexterity in managing organizational identity in the context of ecommerce industry has not yet been studied. We address this gap by examining how organizations in the ecommerce manage organizational identity by balancing these paradoxical challenges.

3. RESEARCH METHODOLOGY

Because our study is exploratory rather than confirmatory, we adopt case study design (Walsham 2006). The lack of a systematic framework to understand ambidexterity in managing organizational identity motivates the use of the case study approach to conduct an inductive analysis (Eisenhardt 1989). Qualitative methods enable researchers to delve into the complexity of problems in organizational development and develop richer and more informative conclusions (Walsham 2006). Because we examine a complex, multi-faceted phenomenon that is deeply embedded in organizational context, case study research meets the criterion of qualitative methods. Our qualitative study follows the SPS research method (Pan and Tan 2011). This method systemically provides guidelines as our research philosophy, from theoretical background to proposition of framework. With such philosophy, we are guided with a frame for analyzing the phenomenon that is central to the study. Our study is exploratory in that it focuses on theory building based on element adoption from prior theory that might be of “great help in focusing research efforts at the outset of the project” (Pare 2004).

3.1 Site Selection

To select the most suitable case for the purpose of this research, we have three criteria as guideline during this process. First, the case organization must maintain sustainable organizational identity in the e-commerce industry. Second, the case organization should demonstrate an adequate level of ambidexterity in managing organizational identity. Third, the paradoxical challenges between adaptability and sustainability should be in evidence. According to these criteria, Damai.cn, established in 1999, that has grown into the largest online ticketing seller in China and formed strongest organizational identity within its field, was selected as our case organization. The case organization implemented a number of strategic shift practices in an effort to balance the paradoxical demands between sustainability and profitability. Specifically, Damai must adapt to the fast-paced business environment in China by seeking for maximized profitability while achieving sustainable organizational identity that may damage its current “cash cow” (i.e. Profitability). Employees at Damai believed that their ability to balance these two conflicting demands was critical to the success of their company.

3.2 Data Collection

Collected data was primarily from the following three sources: 1) Semi-structured interviews conducted in October 2011; 2) Internal archival materials; and 3) Public sources including books and news on Damai. The purpose of collecting data from multiple sources was to establish a unique
perspective that incorporates organizational insiders’ and outsiders’ points of view (Evered and Louis 1981) and to triangulate themes and conclusions (Miles and Huberman 1984). Case access was granted in June 2011 through our gatekeeper who is the current CIO of Damai. The entire research process took more than 9 months from literature review, data collection and analysis to finalize the theoretical framework. Initial data collected from multiple sources had been summarized into an equivalent document of 223 pages. A number of semi-formal interviews were conducted via emails and telephone before we went onsite of the company. The purpose of these interviews was to verify gathered secondary data thereby establish an accurate overview of Damai.

Thereafter, we took an official research visit to Damai and collected primary data. During our visit to Damai, extensive interviews and analyses were conducted. In total, 25 informants who were primarily from IT, marketing and logistics departments participated in our interview sessions. The interview questions were open-ended, covering the history of the company and its primary strategic shifts and business expansions to minimize issues related to validity and reliability.

Next, a total number of five researchers joined in the interview sessions with one focused on noting down important research-related answers and another focused on asking interview questions. The rest of three researchers paid close attention to the comments provided and probed for clarification if necessary. The average interview time was one and a half hours for each session and followed a protocol that evolved during research project (Strauss and Corbin 1998). All interviews were taped and transcribed for detailed analysis (Walsham 2006). Supplementary data was collected from public sources to corroborate primary data collected. Such sources included books, newspaper articles and official website of Damai.cn.

3.3 Data Analysis

Before arriving onsite, we identified a number of pertinent themes from the literature that might be relevant to the management issues of organizational identity. The purpose of this refinement was to form the basis of our theoretical lens, which served as a “sensitizing device” (Klein and Myers 1999) for directing data analysis. During our visit, we analyzed the data in tandem with data collection (Kirsch 2004) and verified the alignment between our preliminary model and the collected data. After the data was transcribed during offsite period, we spent majority of time and efforts on data analysis and followed the open coding and axial coding techniques introduced by Strauss and Corbin (1998). Specifically, we performed three separate steps to facilitate our understanding of data and ambiguous information while eliminating preliminary biases.

First, we highlighted the transcripts with similar comments and issues and grouped them into themes. Such process was repetitive until a final set of themes was developed. A number of analysis strategies were applied, including the temporal bracketing strategy, narrative strategy and visual mapping strategy (Langley 1999). The main aim here is to eliminate irrelevant comments on the basis of the wealth of the information and its potential for variance (Strauss and Corbin 1998). Second, aiming at searching for information that addresses our research question well, we conducted a detailed analysis based on step one (Lofland et al. 2005). The storyline of final set of themes was organized and codified without introducing preliminary analytic biases. To eliminate bias in our interpretation, our conclusions were confirmed with archival materials and publicly available materials. Third, the
alignment between empirical data, theoretical lens and research model was being primarily conducted (Kirsch 2004; Ragin 1994). Applying visual maps and the narrative created in the first step, our data from both primary and secondary sources revealed that Damai successfully established sustainable organizational identity through its ambidextrous capabilities. This observation resonated with the findings from the ambidexterity and organizational identity literature (Gioia et al. 2000; Tushman and O'Reilly 1996). Strategic decisions, events and activities were classified into these three stages based on the phases themselves and on our confirmed theoretical lens. Data were analyzed iteratively until a state of theoretical saturation was reached (Glaser and Strauss 1967).

4. CASE DESCRIPTION AND ANALYSIS

Damai.cn was established in Bei Jing in 1999 when information technology started to boom in China. Over 13 years growth, Damai.cn now has been considered as China’s no.1 online ticket selling platform that takes up to 70% of market shares with 10 million registered users. The entire market of ticket selling in China reaches up to 800 billion Yuan ($127 billion) in 2011. Damai’s primary business activities cover five service areas including sports, concerts, Chinese opera, entertainment and children show. These business activities are designed to penetrate customers through both online and offline business modes. In terms of offline, Damai.cn now has more than 30 subsidiaries located across major cities in China and establishes wide range of partnerships with travel agents, hotels and small-medium sized ticket sellers who are allowed to trade and purchase tickets from platforms provided by Damai. Moreover, Damai will roll out its first version of mobile platform in the coming months to allow customers to purchase tickets on the go. Thus, Damai has created three major channels to reach its customers at the widest range.

Prior to the official launch of Damai.cn, Piao.com.cn was the previous incarnation of the company that still exists today. However, due to the focused strategy implemented from the top management, Damai is currently merging with piao.com.cn and aims to project a unified organizational identity to its employees and customers. The success of Damai is actually built upon the solid foundation created by piao.com.cn in the early stage. Recognizing the wide coverage of Damai, Lenovo invested in the company and became a shareholder of Damai in 2005. The world’s largest player in the same filed, TicketMaster expressed their interests twice in acquiring Damai but the founder and CEO of Damai turned down the offers.

Phase 1: Establishing Strategic Logics

Started as a ticket delivery company in 1999, Damai swiftly expanded itself into ticket selling business with the lead of Damai’s founder two years after. During 2001 to 2004, Damai’s main business focused on ticket selling and delivering. In the beginning of 2005, a milestone had been marked in the history of Damai since the first ticket-business system was officially launched and allowed Damai to be widely exposed in the Internet, thereby largely increasing its online presence.

Till up to 2005, Damai adopted solely the single business model, which sells tickets directly to its customers. Even though the business model brought considerable amount of profits to the company, the top management team (TMT) had to face a fatal problem that may damage the entire ticket market. The surplus of tickets purchased from the sponsors could not be sold on time. On one hand, sponsors were urgently looking for partnership to sell out all the tickets; on the other hand, it was extremely
difficult for Damai to estimate how many tickets they actually need due to different levels of popularity on different shows and concerts, resulting in the supply chain problem. Recognizing the severity of the problem, the TMT of Damai had to make the following two strategic shifts: 1) Damai needed to establish strong organizational identity so as to increase the customer base. In other words, whenever there is a show, the first place to buying tickets in customer minds should be Damai. 2) Damai should establish a B2B department which aimed at helping the sponsors to distribute the tickets to other sellers in the shortest period of time, thereby cutting profits therein.

To minimize the conflict of interests between the existing B2C model and the newly founded B2B, the TMT decided to separate these two departments physically both of which enforced with different strategies and personnel. A summary of evidences can be seen from the table below.

<table>
<thead>
<tr>
<th>Table 3. Establishing Strategic Logic</th>
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<tbody>
<tr>
<td>Strategic Shifts</td>
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<tr>
<td>&quot;Sticking with the B2C model will surely enable us to have a sustainable customer base. However, we have to increase the size of the cake rather than only take one piece and walk away. So, we have to involve more other sellers to join us so as to increase the market size&quot; – CIO</td>
</tr>
<tr>
<td>Structural Separation</td>
</tr>
<tr>
<td>&quot;All employees understood what was going to happen in the firm. Look back, it was a wise choice to set up the B2B in another department otherwise the internal competition won’t bring anything good to us” – Business Director</td>
</tr>
<tr>
<td>Reaping the outcomes</td>
</tr>
<tr>
<td>&quot;It is impossible for us to cover all the customers out there who are looking for tickets. On the flip side, the B2B covers those customers who did not purchase from our website and brings us considerable extra profitability. Currently, we have 60% from B2C and 40% from B2B” – Vice President</td>
</tr>
</tbody>
</table>

Upon analyzing the above data, the organization carried out strategy renewal when a crisis has been fully exposed. The change of strategy concerns organizational structure, personnel and more importantly, a new organizational identity that leads the organization to move forward (Olins 1989). The paradoxical demand here reveals the core ongoing challenges faced by the organization, maintaining organizational identity while seeking for maximized profitability. Focusing on its current B2C model would enable the organization to maintain a consistent organizational identity, but the surpluses of unsold tickets would lower the profitability if the B2B model cannot be in place to help out. Strategic renewal (Agarwal and Helfat 2009), brings both opportunities and challenges for organizations. However, separating the two business units may allow Damai to be in a better position in managing its B2B and B2C simultaneously. This is consistent with the logic of optimality stating that while competing for the same resources among organizations, the same organizational niches leads to a natural selection process that expels weaker organizational forms (Hannan and Freeman 1984; Hannan and Freeman 1977; Tan et al. 2010).

Phase 2: Framing Marketing Network

Subsequent changes were still needed to carry out such as human resources in the wake of the unit separations. The boundary and business objectives for these two units were rather clearer up to this stage. From 2006 onwards, Damai focused on competing for the market shares as more and more competitors started to step into the territory of online ticket selling, such as Yong Le and Zhong Yan. For its B2C model, Damai adopted the strategy of one-stop services. Given the nature of the ticket business, sellers normally would complete their jobs once the tickets are sold to the customers. Unlike the other sellers, Damai provided comprehensive services to its customers in terms of ticket selling, delivery, verification, seat selection, check-in and fan club. All of such services allow Damai to establish strong customer loyalty and better organization identity. Three systems were implemented in
the year of 2007 to allow Damai to achieve its business objective for its B2C, including CRM, Ticketing selling system and ERP.

Even though Damai established B2B department to focus on expanding its current marketing network so as to “increasing the size of the cake” as the CIO revealed, the initial response of the initiative was way below the expectation. The possible explanation given by the Vice President was “There are primary two reasons. First, the overall market was not mature enough to conduct frequent online transactions among the sellers. Second, our channels for reaching the sponsors were too limited. We need expand our marketing network for B2B.” Recognizing the dilemma, Damai made a strategic decision again to primarily focus on its B2C model while maintain the basic operation of B2B to wait for the maturity of the overall market. Meanwhile, establishing strong partnership with wide range of sponsors was the main discussion topic in the boardroom as it concerns both the future of its B2C and B2B models.

In 2009, Damai had successfully built strong organizational identity through its B2C model within its field and started to get busy with its B2B model as the overall market was much more mature by then. The B2B trading platform named “Mai+” was firstly rolled out to strengthen its B2B capability. As the project director of B2B noted “From 2009, we started to implement our B2B plan step by step. The current B2B trading platform we used now is actually the third generation based on the first version that was launched in 2009.” Based on the solid relationship built with the sponsors over the years, the impact of Damai in the ticket selling industry has been significantly increased, which attracts many sellers to use the B2B platform to close deals with others. By now, the odds of success are on the side of Damai’s B2B models.

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<th>Table 4. Framing Marketing Network</th>
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<tr>
<td>Logic of B2C</td>
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<tr>
<td>Logic of B2B</td>
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<td>Reaping the outcomes</td>
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The above data reveals that Damai focused on building its marketing blueprint over the past five years. Two contrasting marketing strategies were adopted respectively for its B2C and B2B models. For B2C, one-stop services enable Damai to tightly follow the need of its customers. This is consistent with the notion of tight coupling for customer orientation (Andriopoulos and Lewis 2009). Tight coupling refers to the emphasis on needs and constraints. In terms of B2B, Damai urgently needed to establish partnerships with other sellers in the market, therefore utilizing multiple-channels to reach out. Consistent with the notion of loose coupling that refers to emphasis on freedom and possibilities, Damai tried to increase the size of the market by grasping all possible ways to promote the ticket businesses (Andriopoulos and Lewis 2009). From the perspective of ambidexterity, the B2C-B2B relationship in this case can be conceptualized as the activities of exploration-exploitation which has been considered as a continuum in prior literature due to the tendency of Damai to transition from exploration and exploitation and vice versa over time (Raisch et al. 2009).
Phase 3: Consolidating Organizational Identity

To consolidate the current organizational identity established primarily through its B2C model, a technological breakthrough was conducted in order to increase the customer loyalty and organizational identity. Online seat selection that allows customers to select their favorite seat prior to the show time, was enabled on the official website of Damai. Damai was the first company who owned such technology in China. This breakthrough offered an advantageous position for its future development. The first trial of kick-off on the seat selection was for a Chinese pop singer’s concert. As soon as the tickets were made available, within 24 hours, everything was sold out. This record has topped the ticket industry because customers never tried to select seats online before the show in comparison to their old experiences of making calls to book seats. Besides the technological initiative, Damai started its membership scheme to attract more customers. The benefits include discounts, free points, free entrance to member clubs and events etc. For example, the “show for Children” channel was added into the website upon the members’ requests.

As more and more partners joined its B2B platform, Damai started to realize that the increasing competitors may damage its organizational identity on the B2C side. With such concern in mind, Damai kicked off a number of measurements to consolidate its organizational identity for its B2B model. First, every ticket sold by the sellers whose ticket source is from Damai must bear the logo of Damai on both sides of the tickets. Second, Damai will be responsible for the machine installation for the tickets on the seller side, thus customers are imported with a sense of Damai’s service. Third, Damai gained the authorities from all of its sponsors to be the only party who can perform the ticket check-in. While checking in the tickets, all of Damai’s employees are wearing their uniforms of Damai and using the Damai-enabled PDA.

With the consolidation on its organizational identity for both B2C and B2B models, Damai was able to take the leading position in the market since after 2010. More measurements will be in place to achieve the same goal in the coming years.

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<th>Table 5. Consolidating Organizational Identity</th>
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<tr>
<td>Consolidation on B2C</td>
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<tr>
<td>Consolidation on B2B</td>
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<tr>
<td>Reaping the outcomes</td>
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The data above shows that Damai’s efforts in this phase primarily were on consolidating organizational identity by focusing on balance its B2C and B2B model. Prior literature assumed that the exploration and exploitation activities can be carried out in multiple domains (O’Reilly and Tushman 2004). The measurements undertaken by Damai are consistent with the notion of embeddedness. Embeddedness refers to companies’ relations with, and dependence on, various types of networks (Halinen and Tornroos 1998). Our data revealed that Damai applied social embeddedness to establish better relations with its customer network while used symbolic embeddedness to strengthen its organizational identity for its partner’s network. Given the paradoxical nature of these two models, Damai performed exploration in its B2B while simultaneously performed exploitation in
its B2C with two different mechanisms of embeddedness.

**Phase 4: Articulating Paradoxical Demands**

Damai had established clear understanding about the dilemma it has been facing. However, the nature of businesses requires Damai to stick with its current business models by seeking for balance in-betweens. Social media initiatives will be next spotlight for Damai to carry on with its organizational identity building. By now, each department of B2C and B2B has been given clear instructions on their business objectives. For B2C, they were instructed to create best organizational identity across the industry and within the organization itself. In terms of B2B, they were instructed to maximize the profitability by engaging more and more small-medium sized sellers to join Damai B2B platform. A commission-based scheme has been implemented in Damai.

<table>
<thead>
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<th>Table 6. Entailing Paradoxical Demands</th>
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<tr>
<td><strong>Emphasis on sustainability</strong></td>
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<tr>
<td><strong>Emphasis on profitability</strong></td>
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<td><strong>Reaping the outcomes</strong></td>
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The paradoxical demands have been explicitly pointed out in Damai now to establish a clear business objective for every employee. The strategic intent established at beginning of the business served as a guideline for the future development of Damai. On one hand, the B2C model concentrates on breakthrough emphasis (Andriopoulos and Lewis 2009), focusing on reputation building and risk-taking for long-term survival. On the other hand, its B2B model concentrates on profit emphasis (Andriopoulos and Lewis 2009), seeking for stable revenues via repeat clients and careful resource allocation for fostering efficiency.

**5. DISCUSSION AND FINDINGS**

In the present study, we aimed to understand how organizational identity can be managed through ambidextrous capabilities in the context of ecommerce industry. By summarizing the abovementioned data analysis, the following theoretical framework has been inductively obtained based on the paradoxes embedded at each phase of development (See figure 2).

![Figure 2: Paradoxes on Strategic and Operational Levels](image)

While balancing the paradoxes between sustainability and profitability, Damai firstly realized the need of restructuring its current organizational strategy to deal with such paradox under different business
units. With such initiative in mind, the spatial and cultural boundaries were created to separate B2C and B2B departments in terms of organizational structures and strategies (Levina and Vaast 2005). Focused strategy had been adopted in the B2C department as Damai were fully aware of the impact of maintaining a strong organizational identity for long-term survival (Dutton and Penner 1993). In contrast, divergent strategy was adopted in the B2B department in an effort to establish solid partnerships with wide range of sponsors and downstream sellers. The measurement is consistent with the notion of structural ambidexterity, which requires an organization to create separate business units within the organization, each with a specialization with different capabilities (Gibson and Birkinshaw 2004). To minimize the paradoxical demand between sustainability and profitability, our data reveals that the first move undertaken by organizations is to create dual organizational identities (Moss et al. 2010; Pratt and Foreman 2000) that entail structural ambidexterity (See figure 3). Such dual identities need to be managed simultaneously on both sides of business units and to be strengthened with different impacts as the organizations develop.

![Figure 3: Process Model of Managing Organizational Identity By Ambidexterity](image)

Given the strategic logics designed in phase one, our data revealed that the management of external dual identities that concerned both stream of customers (i.e. consumers and downstream sellers) had been conducted in phase two. Tight coupling and loose coupling strategies were utilized to manage customer orientations for its B2C and B2B respectively (Andriopoulos and Lewis 2009). Faced by the constraints on the lack of market maturity, the performance of B2C unit largely exceeded its B2B unit. As a result, the balancing mode of temporal separation that emphasizes on sequential shifts over time from exploration to exploitation and vice versa was adopted in cementing identity ties with customers for both units through tight and loose coupling mechanisms (Duncan 1976; Fiol 2002). Identity ties refers to members’ identification with the organizational identity (Fiol 2002). Consistent with our data, the organization focused on B2C model at the initial stage and later shifted into introducing measurements on managing its B2B model later. These two phases happened at the strategic level. Next, we explored what happened at the operational level.

The case organization adopted a number of approaches to bear its logos and maintain organizational identity for both business units. Our data revealed that social embeddedness and symbolic embeddedness (Halinen and Tornroos 1998) helped the firm to achieve such vision. In managing
organizational identity at the operational level, domain separation (Lavie and Rosenkopf 2006) that depicts exploration can be conducted in domain while simultaneously exploitation is conducted in another, helped the case organization to balance between social embeddedness for B2C domain and symbolic embeddedness for B2B domain. By doing so, embodied cognition defined as how human’s capacity to process information and gain knowledge is based on a function of bodily experiences, was achieved through providing embodied message to customers visually, verbally and emotionally (Fiol and OConnor 2005; Harquail and King 2010). As such, the dual organizational identities were consolidated strongly at its own business units. However, the level of manifestation of these dual identities is different in terms of phenotype for its B2C unit and recessiveness for its B2B unit as the organization maintained lower level of organizational identity for its B2B unit so as to allow other downstream sellers to join in for maximizing profitability (Hannan and Freeman 1977). Symbolic embeddedness was in place for such purpose.

Reaping the positive outcomes from the previous stages, the case organization articulated the basic operation model for balancing sustainability and profitability in terms of profit emphasis and breakthrough emphasis. Meanwhile, dual organizational identities had been well established for both business units. The final stage focused on aligning the identity domains for these two models. Identity domains define the competitive actions that the organization should delve into with current identities (Livengood and Reger 2010). The fundamental purpose of the dual organizational identities is to keep the organization competitive in different competitive domains through balancing breakthrough emphasis and profit emphasis. Clearly articulated paradoxical demand would help the organization to constantly align identity domain for achieving effective competitive actions (Livengood and Reger 2010). Contextual ambidexterity defined as concurrently perform exploitation and exploration at the group and individual level balanced such paradoxical demands well through nurturing an appropriate organizational context that combines stretch, discipline, support and trust (Gibson and Birkinshaw 2004). Specifically, the supportive context empowers organizational members to meet performance standard guided by the shared ambition and a collective identity (Ghoshal and Bartlett 1994). Hence, nurturing well-articulated strategies, culture, organizational identities enables simultaneous alignment of identity domain and adaptability of the organization (Gibson and Birkinshaw 2004).

6. CONCLUSION

6.1 Theoretical and Practical Contributions
The two theoretical frameworks that emerged from the development of Ecommerce Company Damai provide new insights into how to manage organizational identity through balancing the paradoxical demands between sustainability and profitability. Our study makes a number of important theoretical and practical contributions. In terms of theoretical contributions, first, this study proposes four ambidextrous capabilities to resolve the existing paradoxical challenges in managing organizational identity in literatures namely, seeking for sustainability while adapting to the existing environment for profitability (Brown and Eisenhardt 1997; Eisenhardt 1989; Gioia et al. 2000), and empirically illustrates how organizations in the E-commerce industry manage the strategic and operational paradoxes along the journey of development. Second, our study provides empirically based frameworks that examined the holistic process of management of organizational identity over time, addressed the lack of specific actions for managing identity and provided empirical evidences supporting current propositions in the ambidexterity and organizational identity literatures
(Andriopoulos and Lewis 2009; Duncan 1976; Gibson and Birkinshaw 2004; Moss et al. 2010). Third, our proposed models can be seen as important complements to the existing conceptual knowledge on managing organizational identity that takes the novel perspective of ambidexterity, which provides theoretical guidelines for future research along this line.

On the other hand, existing literatures on ambidexterity or managing exploitation-exploration tensions lack of comprehensive understandings, presenting either architectural or contextual approaches and employing conceptual anecdotal studies (Gibson and Birkinshaw 2004; Jansen et al. 2009). This paper as a response to the current literature provides holistic research to empirically apply the conceptual knowledge on ambidexterity into practices (Andriopoulos and Lewis 2009). Our results shed light on how the concepts of ambidexterity can be operationalized at the organizational level and validated a number of balancing modes proposed in prior literatures (Raisch et al. 2009; Tushman and O'Reilly 1996).

In terms of practical implications, this paper provides insightful and detailed practical actions for organizations to manage their organizational identities by adopting ambidextrous capabilities in the context of e-commerce industry where the paradoxical challenges universally exist. The identified paradoxes in this study that can be commonly seen in practices shed lights on the necessary considerations when organizations in the e-commerce industry aim to establish strong organizational identities. By unpacking the black boxes of managing organizational identity, our study provides phased means for organizations to concentrate on balancing between sustainability and profitability through ambidextrous capabilities to ensure long-term success. This paper also brings practitioners’ attention to ways in which an e-commerce company can manage organizational identities that add values to the development of the organization as a whole.

### 6.2 Limitations and Future Research

One limitation concerns the case organization itself. We only explored dual organizational identities based on the nature of the e-commerce industry where B2C and B2B models are very common to see. In future similar studies, multiple organizational identities should act as the proper theoretical lens in investigating such phenomena to increase the applicability of the research findings. Second, the operationalization of the contextual ambidexterity entail more data for support. As the unit analysis of this paper is at organizational level whereas the contextual ambidexterity concerns more about the individual and group levels. Finally, we consider questions for future work. Our present study investigated the managerial issues of organizational identities for which basic assumption is that the organization has established organizational identities. However, future studies on how to establish organizational identities in the context of e-commerce industry may provide insightful theoretical and practical contributions. Reflecting on the research of prior literature on ambidexterity (Andriopoulos and Lewis 2009; Cao et al. 2009; O'Reilly and Tushman 2004), one might explore the optimal balance levels for exploration and exploitation under varying conditions, and delve into how different balancing modes of ambidexterity facilitate the establishment of organizational identities.
References


