

Organizational Ambidexterity and Slack Resource Allocation in Mid-Market Manufacturing Firms: An Empirical Analysis of Operational Efficiency Trade-offs During Post-Pandemic Supply Chain Restructuring

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Abstract. This study examines the relationship between organizational ambidexterity and slack resource allocation strategies in mid-market manufacturing firms navigating post-pandemic supply chain restructuring. Drawing on a mixed-methods design encompassing structured surveys administered to 312 operations managers across six OECD economies and longitudinal financial panel data (2020–2024), the research identifies statistically significant trade-offs between exploitative operational efficiency and explorative adaptive capacity. Structural equation modelling (SEM) reveals that firms maintaining moderate levels of resource slack demonstrate superior ambidextrous balance, measured via the Organizational Ambidexterity Index (OAI). Findings further indicate that centralized procurement governance negatively moderates the slack–performance relationship. These results provide actionable implications for C-suite decision-makers reconfiguring operational architectures in volatile, uncertainty-laden business environments.

Keywords: organizational ambidexterity, slack resource allocation, supply chain restructuring, operational efficiency, mid-market manufacturing, structural equation modelling, explorative–exploitative balance, post-pandemic resilience, procurement governance

Introduction

The dual imperative of sustaining operational efficiency while simultaneously cultivating adaptive organizational capacity has emerged as one of the defining strategic dilemmas confronting manufacturing enterprises in the mid-2020s. In the wake of cascading global supply chain disruptions catalysed by the COVID-19 pandemic, subsequent geopolitical volatility, and accelerating digitalization pressures, mid-market manufacturers—typically defined as firms generating annual revenues between USD 10 million and USD 1 billion—have been disproportionately exposed to structural vulnerabilities that their larger, resource-abundant counterparts have been better positioned to absorb (Ivanov & Dolgui, 2022; Teece, 2023). Unlike large multinational corporations, mid-market firms frequently lack the institutional slack, diversified supplier networks, and governance redundancies required to simultaneously pursue exploitative efficiency optimization and explorative strategic renewal—the two constitutive dimensions of organizational ambidexterity as theorized by March (1991) and subsequently operationalized across a rich body of strategic management literature. Organizational ambidexterity, broadly defined as an enterprise's capacity to concurrently exploit existing competencies and explore novel capabilities without sacrificing performance coherence, has attracted substantial scholarly attention since the early 2000s (O'Reilly & Tushman, 2013; Birkinshaw & Gupta, 2013). However, the extant literature has disproportionately focused on large-scale, technology-intensive corporations or service-sector conglomerates, leaving a substantive empirical gap regarding how ambidextrous configurations manifest and perform within the operational architectures of capital-constrained, mid-market manufacturing entities—particularly under conditions of externally imposed supply chain restructuring pressure. Central to this investigation is the concept of organizational slack, defined as the pool of actual or potential resources that an organization can use to adapt to internal pressures for adjustment or external environmental conditions (Bourgeois, 1981). Slack resources—whether absorbed (e.g., excess headcount, redundant inventory buffers) or unabsorbed (e.g., uncommitted financial reserves, untapped credit lines)—serve as both a moderating mechanism in ambidextrous balance and a strategic lever in procurement governance redesign. Yet empirical consensus on the optimal slack threshold that maximizes ambidextrous performance remains elusive, particularly in volatile macroeconomic contexts characterized by demand unpredictability and input cost inflation. This paper addresses these lacunae through a rigorous mixed-methods empirical inquiry. Specifically, it seeks to: (i) quantify the relationship between slack resource levels and ambidextrous performance outcomes in mid-market manufacturers across six OECD economies; (ii) examine the moderating role of centralized versus decentralized procurement governance structures on this relationship; and (iii) derive prescriptive managerial implications for operational architecture reconfiguration in 2024–2026 planning horizons. The remainder of this article is structured as follows. Section 2 presents a review of the theoretical foundations underpinning organizational ambidexterity and slack resource theory. Section 3 details the research methodology, including sampling procedures, instrumentation, and analytical techniques. Section 4 reports the principal empirical findings derived from structural equation modelling and panel regression analyses. Section

5 discusses the theoretical contributions and practical implications, followed by concluding remarks and directions for future inquiry in Section 6.

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