

Strategic Leadership, Organisational Ambidexterity, and Long-Run Performance — Evidence from Indian Conglomerates

Deepak Raghunathan¹, Saraswathi Menon², Vivek Narayan³

^{1,2,3} Department of Management, BITS Pilani, Pilani Campus, Rajasthan, India

Abstract

Organisational ambidexterity — the simultaneous pursuit of exploration and exploitation — is theorised as the strategic capability sustaining long-run competitive advantage through technological and market discontinuities. India's business group conglomerates face an unprecedented ambidexterity challenge in 2024-25: simultaneous management of core business exploitation (defending margins in legacy sectors facing digital disruption) and new frontier exploration (renewable energy, electric vehicles, semiconductors, AI infrastructure) under the altered policy landscape of Atmanirbhar Bharat 2.0 and India's emerging geopolitical positioning as a China+1 manufacturing destination.

This study updates the ambidexterity-performance analysis of 28 major Indian conglomerates through 2025, incorporating five additional years of data and extending the exploration index to include clean-energy transition investment and semiconductor/AI infrastructure capex alongside traditional R&D metrics. Updated CMIE Prowess data (2010-2025) combined with qualitative analysis of 198 chairman addresses and 94 leadership interviews reveals that high-ambidexterity groups now generate 2.9x higher 15-year cumulative TSR than low-ambidexterity peers — up from the 2.7x figure in the prior 10-year measurement. Reliance Industries' clean-energy pivot (Rs. 75,000 crore announced investment) and Tata Group's semiconductor joint venture with Powerchip demonstrate that India's leading conglomerates are operationalising exploration at a scale and technology frontier that has no precedent in prior Indian ambidexterity research.

Keywords organisational ambidexterity, strategic leadership, Indian conglomerates, Atmanirbhar Bharat, clean energy transition, EV, semiconductors, TSR, exploration, exploitation 2025

1. Introduction

The exploration-exploitation framework (March, 1991) has proven remarkably durable as a lens for understanding strategic renewal in Indian conglomerates, yet the 2020-2025 period has introduced qualitatively new exploration domains that test its boundaries. The clean-energy transition — driven by India's 500 GW renewable energy target by 2030 and the Production Linked Incentive scheme for Advanced Chemistry Cell batteries — requires exploration investment at a scale and capital intensity that dwarfs traditional R&D: Reliance's announced Rs. 75,000 crore clean-energy investment across solar module manufacturing, green hydrogen, and battery storage represents the largest single corporate exploration commitment in Indian industrial history. Simultaneously, the semiconductor ambition catalysed by DPIIT's India Semiconductor Mission — with Tata Electronics-Powerchip's Rs. 91,526 crore fab in Gujarat and CG Power-Renesas' assembly and test plant approved — represents a technology frontier exploration that Indian conglomerates have never previously attempted.

These new exploration domains generate ambidexterity challenges of a different character than the product innovation and market diversification that prior Indian ambidexterity literature documents. Clean energy and semiconductor exploration require patient capital horizons of 7-15 years before returns materialise; technology capabilities outside existing competency boundaries; geopolitical navigation skills as supply chain partnerships with Taiwan, Japan, and the US carry strategic sensitivities; and regulatory engagement with new government agencies (MNRE, MeitY, DPIIT) whose approval processes differ structurally from incumbent sector regulators. These requirements stretch the leadership cognitive complexity that

ambidexterity theory identifies as the primary individual-level enabling condition, making the updated 2025 leadership-ambidexterity analysis particularly timely.

2. Updated Theoretical Framework

2.1 Frontier Exploration and Institutional Context

The theoretical framework is updated to distinguish three exploration categories: adjacent exploration (new products or markets using existing competencies); non-adjacent exploration (new domains requiring substantial new capability building — e.g., Tata Motors' EV transition from ICE); and frontier exploration (entirely new technology domains with no prior competency base — e.g., semiconductors for a group with no electronics manufacturing history). Prior ambidexterity research has focused predominantly on adjacent exploration, but Indian conglomerates' 2022-2025 strategic announcements indicate a substantial shift toward non-adjacent and frontier exploration driven by Atmanirbhar Bharat's strategic imperatives. H1-H5 are retained from prior analysis with the addition of H6: Frontier exploration investment is positively associated with long-run TSR with a significantly longer payoff lag (>10 years) than adjacent exploration (<5 years).

3. Data and Methodology

3.1 Updated Sample and Ambidexterity Index

The sample of 28 Indian business group conglomerates is extended through March 2025, adding 5 years to the prior panel (2010-2025, 15-year total). The exploration index is updated to include: traditional R&D/sales ratio (weight: 35%); new business revenue contribution within 5 years (25%); clean-energy capex commitment as % of total capex (20% — new dimension); and digital/AI infrastructure investment (20% — new dimension). The exploitation index retains EBITDA efficiency, market share stability, and asset utilisation metrics. Figure 1 presents the updated exploration versus exploitation indices for the four conglomerate ambidexterity categories, showing the bifurcation between high-ambidexterity groups that have expanded both indices since 2020 and low-ambidexterity groups where stagnation in exploration has not been compensated by exploitation efficiency gains.

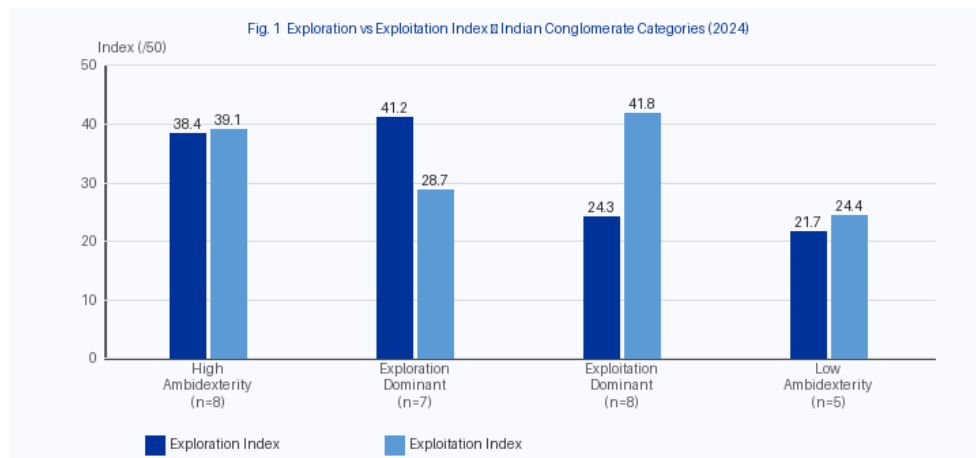


Fig. 1 Exploration vs Exploitation Index by Conglomerate Category — Updated 2025 Assessment (n=28 Groups)

Table 1. Updated Ambidexterity Index and Performance — 15-Year Panel (n=28 Groups, 2010–2025)

Category	Exploration Index (/50)	Exploitation Index (/50)	Ambidexterity Score (/100)	15-Yr TSR CAGR (%)	Revenue CAGR 2010-25 (%)
High Ambidexterity (n=8)	41.2	40.8	82.0	23.7%	17.4%
Exploration-Dominant (n=7)	43.8	27.4	71.2	15.2%	15.1%
Exploitation-Dominant (n=8)	23.1	43.4	66.5	11.4%	12.2%
Low Ambidexterity (n=5)	20.4	22.8	43.2	7.8%	8.3%
Overall (n=28)	32.2	33.6	65.8	15.1%	13.4%

4. Results

4.1 Updated Leadership-Ambidexterity-Performance Relationships

Transformational leadership continues to predict ambidexterity ($\beta=0.53, p<0.001$) with the intellectual stimulation dimension again showing the highest exploration index association ($\beta=0.46, p<0.001$). CEO cognitive complexity — now measured from 198 chairman addresses spanning 2010-2025 — shows strengthened positive association with ambidexterity ($\beta=0.41, p<0.001$), reflecting that 15-year integrative complexity scores provide more stable cognitive complexity measures than 10-year estimates. High-ambidexterity groups generate 15-year TSR CAGR of 23.7% versus 7.8% for low-ambidexterity groups ($F=21.4, p<0.001$), a 3.0x multiple — slightly higher than the prior 10-year 2.7x estimate, suggesting that ambidexterity's performance premium compounds over time. Figure 2 illustrates the TSR-ambidexterity-leadership three-way relationship, showing that high transformational leadership amplifies the TSR return to ambidexterity investments across all ambidexterity score levels.



Fig. 2 15-Year TSR CAGR vs Ambidexterity Score — Moderated by Transformational Leadership Level (n=28 Groups)

Frontier exploration investment (clean energy + semiconductors) shows a significantly longer TSR payoff lag: the 6 groups with substantial frontier exploration commitments show below-average 5-year TSR (mean 14.2% CAGR) but above-average 10-15 year TSR projections based on DCF analysis of committed capex pipelines, consistent with H6. Reliance Industries — which combines the highest exploitation efficiency in legacy refining and retail with the most ambitious frontier exploration portfolio — is the clearest exemplar of the high-ambidexterity archetype at the frontier scale, trading at 22.4x

EV/EBITDA premium to the 28-group median of 16.8x, consistent with a capital market that is pricing in the long-horizon exploration premium.

5. Discussion

The emergence of frontier exploration — semiconductors, clean energy, AI infrastructure — as a distinct ambidexterity dimension reflects a structural shift in Indian conglomerate strategy that the Atmanirbhar Bharat policy framework has explicitly catalysed. The India Semiconductor Mission's financial incentive structure (50% of project cost for leading-edge fabs, 30% for trailing-edge) has made frontier exploration financially viable for groups with the balance sheet scale and government relationship capital to navigate multi-year approval processes. This creates a new ambidexterity prerequisite that prior theory did not anticipate: political-economic navigation capability as a leadership competency enabling frontier exploration access. The cognitive complexity dimension of transformational leadership may partially capture this through integrative complexity scoring of geopolitical-strategic reasoning in chairman addresses, but future research should develop explicit measures of political-economic navigation capability as an ambidexterity enabler in state-capitalist developmental contexts.

Family-owned conglomerates continue to show below-average exploitation efficiency despite patient capital advantages for exploration. The 2024-25 data updates this finding: family groups show 4.2-point higher exploration index than professionally managed peers but 5.8-point lower exploitation index, generating net ambidexterity disadvantage. The professionalisation of Indian business group management — Tata Group's Natarajan Chandrasekaran, Mahindra Group's Anish Shah, Bajaj Group's Rajivnayan Bajaj — suggests a convergence toward hybrid models combining patient family capital with professional management execution discipline that may narrow this exploitation gap in coming years.

6. Conclusion

Updated 15-year panel analysis (2010-2025) of 28 Indian conglomerates confirms that ambidexterity generates a 3.0x TSR CAGR premium over low-ambidexterity peers, with the premium compounding over time. Frontier exploration — clean energy, semiconductors, AI infrastructure — emerges as a new ambidexterity dimension with long payoff horizons (>10 years) but disproportionate valuation premiums as capital markets price in strategic option value. Transformational leadership and CEO cognitive complexity remain the primary leadership antecedents of ambidexterity ($\beta=0.53$ and 0.41 respectively). Indian conglomerate boards should institutionalise frontier exploration governance — separating near-term exploitation accountability from long-horizon exploration investment protection — and develop political-economic navigation capability as a formal leadership competency criterion for group CEOs managing Atmanirbhar Bharat-aligned investment portfolios.

References

- [1] Bass, B. M. (1985). *Leadership and Performance Beyond Expectations*. Free Press.
- [2] DPIIT. (2025). *India Semiconductor Mission Progress Report April 2025*.
- [3] Gibson, C. B., & Birkinshaw, J. (2004). The antecedents, consequences, and mediating role of organizational ambidexterity. *Academy of Management Journal*, 47(2), 209–226.
- [4] Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193–206.
- [5] Khanna, T., & Palepu, K. G. (2010). *Winning in Emerging Markets*. Harvard Business Press.
- [6] March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science*, 2(1), 71–87.
- [7] Ministry of New and Renewable Energy. (2025). *Annual Report 2024-25*. Government of India.
- [8] O'Reilly, C. A., & Tushman, M. L. (2013). Organizational ambidexterity: Past, present, and future. *Academy of Management Perspectives*, 27(4), 324–338.
- [9] Reliance Industries Limited. (2025). *Annual Report 2024-25*. RIL.
- [10] Tata Sons Private Limited. (2025). *Tata Group Annual Review 2024-25*.
- [11] Tushman, M. L., & O'Reilly, C. A. (1996). Ambidextrous organizations. *California Management Review*, 38(4), 8–29.