

## ORGANIZATIONAL AMBIDEXTERITY AND RESILIENCE: EMPIRICAL EVIDENCE FROM UNCERTAIN TRANSITION ECONOMIC CONTEXT

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### ABSTRACT

**Purpose** - Despite extensive interests in the effect of organizational ambidexterity on firm performance, there has been limited research on how ambidexterity may promote organizational resilience. Thus, grounded on the *dynamic capabilities theory*, this paper investigates the influence of ambidexterity on organizational resilience.

**Methodology** - This study follows a quantitative method. Using a multi-item survey instrument, a total of 323 questionnaires were distributed among 80 different organizations in Kazakhstan. The collected data were analysed using *Spearman's rank correlation coefficient*, in order to determine the relationship existing between the variables.

**Findings**- The proposed link between organizational ambidexterity and resilience was found. There was a moderate, positive monotonic correlation between ambidexterity and resilience.

**Conclusion** – Organizations operating in a turbulent and dynamic than ever before environment should adopt exploitative and explorative strategies in order to remain resilient.

**Keywords:** Organizational ambidexterity, organizational resilience, exploration, exploitation, transition economy.

**JEL Codes:** M10, M11, M19

### 1. INTRODUCTION

A critical challenge that most of today's both private and public organizations face is how to perform effectively in a turbulent and dynamic than ever before environment. Scholars proposed that for enterprises to succeed in the *face* of a changing business environment, they must live high up on the organizational *ambidexterity* scale. To be ambidextrous, organizations should be able to simultaneously explore and exploit their internal and external resources to meet today's business needs as well as being adaptive to future market changes.

Following March (1991), Tushman and O'Reilly (1996) considered further the phenomenon of ambidexterity and first revealed correlation between organizations being ambidextrous and their long-term survival. Delving into the idea of ambidexterity – firm survival linkage, subsequent researches have been devoted to analyzing the influence of ambidexterity to firm performance (Lubatkin et al, 2006; Flu, Flood and Morris, 2016; Hughes, 2018; Zhou and Yang, 2019). However, there has been limited research on how organizational ambidexterity may promote organizational resilience (Stokes et al., 2018).

This study extends these arguments and propose the following research question:

RQ1: What effect does organizational ambidexterity have on organizational resilience?

This study examined the effect of organizational ambidexterity on resilience among private companies operating in Kazakhstan. Kazakhstan was chosen as a case country in this research due to the fact that numerous studies of the antecedents of organizational ambidexterity assert that positive outcomes from developing ambidextrous capabilities are more significant among firms operation in high *environmental uncertainty*, while "the level of dynamism and competitiveness in a business environment may be an important boundary condition for organizational ambidexterity" (Raisch and Birkinshaw, 2008).

Earlier research had claimed that the concept of organizational ambidexterity is especially relevant for transition economies. Accordingly, it can be assumed, that putting organizational ambidexterity, which is generally "associated with increased firm innovation, better financial performance and higher survival rates" (O'Reilly and Tushman, 2013), in action in present turbulent business environment, can contribute to the transformation of organizations in order to respond in due course to market uncertainties and to stay competitive (Mathe, 2018).

Thereby, the complexity of the problems that managers of firms operating in transition economies, including those of Kazakhstan, are facing nowadays, the need to take into account current trends in the formation and development of successful organizations make the issue of organizational ambidexterity urgent.

## 2. LITERATURE REVIEW

Periodically in scholarly research there emerges a topic that catches the interest of researchers and leads to an outpouring of studies. In the study of organizations, organizational ambidexterity appears to be one such topic.

Term “ambidexterity” derives from psychophysiology meaning the ability to use equally well both the right and the left hand. The metaphor of ambidexterity, whilst being firstly applied to organizations by Robert Duncan (1976) referring to organization’s capability to contemporaneously explore and exploit both their internal and external resources to meet the present business needs just as being versatile to future market changes (Raisch and Birkinshaw, 2008; O’Reilly and Tushman, 2008; 2011; Cao et al, 2009; Benner and Tushman, 2013 ), has attracted considerable interest after March’s (1991) seminal article on exploration and exploitation as two dimensions of the organizational ambidexterity.

March (1991) identified exploration, which entails “search, variation, risk taking, experimentation, play, flexibility, discover”, and exploitation, which involves “refinement, efficiency, selection and implementation” (p.71), as two fundamentally different, incompatible processes. Under- or over- emphasis of ambidexterity or one of its constructs comes at a cost or even failure of the firm (Wang and Li, 2008). Be that as it may, the quest for these two ways unavoidably prompts clashes because of variables, for example, incongruent required aptitudes, procedures and execution examinations (Birkinshaw and Gupta, 2013). Several studies reported that almost 80% of the organizations from their sample under-use exploration and over-use exploitation (O’Reilly and Tushman, 2013). The inability to accomplish leap forward advancements while likewise making enduring enhancements to a current business is commonplace to the point, that it has turned into a battleground of the executives thought.

Although skills, mindset, structures and processes required to achieve exploitation and exploration are different, the evidence clearly suggests balancing between the two for long term firm survival and organizational success (Gupta, et al., 2006; March, 1991). However, there has been limited research on how organizational ambidexterity may promote organizational resilience (Stokes et al., 2018).

Organizational resilience was defined by Cutter et al. (2008) as “the ability of a social system to respond and recover from disasters and includes those inherent conditions that allow the system to absorb impacts and cope with an event, as well as post-event, adaptive processes that facilitate the ability of the social system to re-organize, change, and learn in response to a threat”. In line with Cutter et al. (2008), numerous scholars define resilience as more than bouncing back and about turning challenges into opportunities and thereby creating a superior performance than before, thus “bouncing forward” (Weick, 1993; Lengnick-Hall and Beck (2003; Manyena et al, 2011).

Based on the discussions above, organizational resilience should be perceived as a process rather than a static state that organizations possess (Sutcliffe & Vogus, 2003). Based on this view, resilience should not be considered as an attribute or a dimension that organizations possess but instead it is the capability of organizations for turning adverse conditions into an organizational opportunity (Kantur and Iseri-Say, 2012).

While resilience concept becomes increasingly important for organizations, the gap in the literature regarding the conceptualization, sources and outcomes of the terms creates a need to synthesize the disjointedly growing literature on organizational resilience to develop an enhanced understanding of the concept. Thus, this paper is attempted to understand the sources of the concept at the organizational level.

Based on the above literature review and theoretical assumptions, this study proposes the following hypotheses:

H<sub>1</sub> = There is a significant relationship between organizational ambidexterity and organizational resilience.

## 3. DATA AND METHODOLOGY

### 3.1. Methodology

This study follows a quantitative method. Using a multi-item survey instrument, a total of 400 questionnaires were distributed among 80 different organizations registered in Kazakhstan. After having discarded the respondents who have not replied to all of the questions, our study continued on 323 respondents’ feedbacks.

Organizational ambidexterity construct consists of two items from [March \(1991\)](#): exploration and exploitation. Consistent with Floyd and Lane’s (2000) assertion that these two orientations are “inseparable,” researchers have combined both measures to create a measure of ambidexterity. For example, Gibson and Birkinshaw (2004) measured ambidexterity by multiplying exploitation and exploration, whereas He and Wong (2004) subtracted exploitation from exploration and used an absolute difference score. As Edwards and Parry (1993) and Edwards (1993) pointed out, however, any time two or more measures are combined into a single index, enough information may be lost that the index cannot be accurately interpreted. That is, we need to know whether each component of the final index contributes uniquely to predicting outcomes or if only one component does so. Following the procedures recommended by Edwards (1994), we sought the most interpretable approach for combining our measures of exploration and exploitation.

As measurement items were not available for the four organizational resilience dimensions advanced by Bruneau et al. (2003), a set of items for robustness, redundancy, resourcefulness, and rapidity was developed by the research team members. A total of four items were developed for robustness and rapidity, as the desired ends of resilience-enhancing measures; redundancy and resourcefulness, as some of the means to these ends. Items were generated based on the operational definition for each dimension provided by Bruneau et al. (2003).

Respondents were asked to rate each item on a six-point Likert scale (1 = strongly disagree...6 = strongly agree).

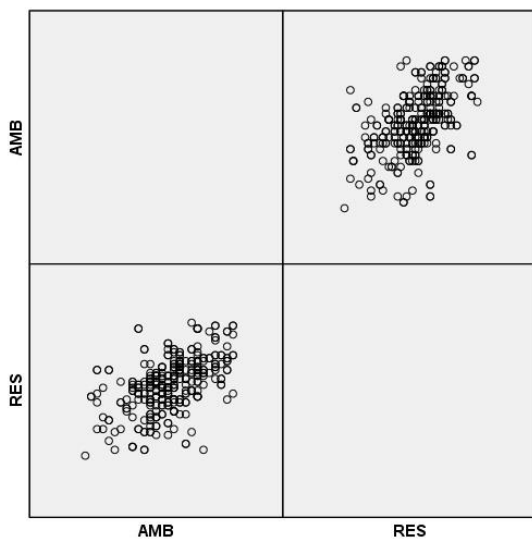
The collected data were analysed using Spearman's rank correlation coefficient in order to determine the relationship existing between the variables. SPSS 19.0 was used to produce descriptive statistics and to conduct Spearman's correlation, as well as to test the assumptions.

**3.2. Data**

Before data were analysed using Spearman's rank correlation coefficient, the assumptions for Spearman's rank-order correlation should be tested. First assumption is that two variables should be measured on an ordinal, interval or ratio scale. Examples of ordinal variables include Likert scales. Since data in this research were measured using six-point Likert scale (1 = strongly disagree...6 = strongly agree), data passed the first assumption.

Second assumption is that there should be a monotonic relationship between the two variables. A scatterplot using SPSS Statistics was created in order to check whether a monotonic relationship exists between your two variables: organizational ambidexterity and resilience (see Figure 1).

**Figure 1: Scatter Plot of the Relationship between Ambidexterity and Resilience**



The scatter plot confirms that there is a perfectly increasing monotonic relationship between variables. Thus, the data passed the second assumption.

**Table 1: Spearman's Rank Order Correlation Coefficient: A Test of Association between the Variables**

Correlations			AMB	RES
Spearman's rho	AMB	Correlation Coefficient	1.000	.537
		Sig. (2-tailed)		.000
		N	323	323
	RES	Correlation Coefficient	.537	1.000
		Sig. (2-tailed)	.000	
		N	323	323

The Spearman's rank order correlation coefficient table above (see Table 1) measures the strengths of association between variables as follows. The significant Spearman correlation coefficient value of 0.537 confirms what was apparent from the graph; there appears to be a positive correlation between explorative and exploitative activities of the firms and their resilience stance. Thus, the more the organization is ambidextrous the more it is resilient.

#### 4. CONCLUSION

In today's turbulent business environment and period of intense market and technological changes, it is quite difficult for enterprises to maintain competitive advantage, which in turn force modern organizations to continuous changes. Scholars suggest that in current conditions successful organizations are ambidextrous. Despite extensive interests in the effect of organizational ambidexterity on firm performance, there has been limited research on how ambidexterity may promote organizational resilience. Thus, this paper investigates the influence of ambidexterity on organizational resilience. Using a multi-item survey instrument, a total of 323 questionnaires were distributed among 80 different organizations in Kazakhstan. The collected data were analysed using *Spearman's rank correlation coefficient*, in order to determine the relationship existing between the variables. The result reported moderate, positive monotonic correlation between ambidexterity and resilience ( $r = .551, n = 323, p < .001$ ). Thus, organizations operating in transition economies, in order to be resilient, should succeed and find the balance between both explorative and exploitative activities.

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