Ambidextrous Human Resource Practices and Employee Performance

Sumita Ketkar1 and Roma Puri2

Abstract

In today’s highly dynamic environment, Organisational Ambidexterity has assumed enormous significance. Ambidexterity, which is defined as the ability of an organisation to simultaneously engage in exploitation of current organisational capabilities and exploration of future opportunities, is said to have a positive impact on long term financial performance and innovations among many other firm level outcomes. However, review of extant literature shows that the linkage between ambidexterity and firm outcomes is not linear and its study warrants further investigation in order to develop deeper insights. Theory building in the ambidexterity literature from a Human Resource Management perspective, is hampered by lack of clarity on several issues such as level of analysis, specific HRM variables, as well as the role of antecedent and intervening variables. This paper reviews past research and proposes a model in order to explain ‘why’ and ‘how’ Ambidextrous Human Resource practices impact performance at an individual level. In doing so, it proposes causal linkages between key constructs namely, ‘Ambidextrous HR practices, Organisational Culture, Middle manager’s ambidextrous behavioral orientation, and Individual Ambidexterity and their impact on employee level performance outcomes.

Keywords: Ambidexterity, Employee Performance, Human Resource Practices

1. Introduction

Globally, we are witnessing a rapidly changing environment— with diverse challenges in socio-political and business landscape (Eisenhardt et al. 2010; Howell et al, 2016). Effects of current as well as well anticipated changes taking place therefore pose a multitude of challenges as well as unparalleled opportunities for emerging market economies like India and China. Environmental dynamism, defined in terms of ‘rate of change’ as well as ‘volatility’ by Miller and Friesen (1983) cuts across most industries and sectors of the present day. A key implication of such cross industry/cross- sectoral dynamism is that most organisations find that over-reliance on a ‘sole capability’ is no longer sustainable in the long term and they must adapt proactively and continually to anticipated demands while simultaneously capitalising on their existing resources and capabilities (O’Reilly and Tushman, 2007; Jurksiene and Pundziene, 2016).

Extant literature shows that organisations operating in highly dynamic environments must demonstrate an ability to be simultaneously engaged in seemingly contradictory processes—
that of exploitation of current opportunities and of exploration of future opportunities that a
dynamic environment might throw up. Together these comprise a multi-dimensional construct
also termed as ‘Organisational Ambidexterity’ (OA) (Gibson and Birkinshaw, 2004; Wang and
Rafiq, 2014). In the last few years, scholars from diverse fields like Organisational Learning,
Strategy, Innovation, Human Resource Management, Psychology, Operations Management and
Accounting have shown a growing interest in OA (Nemanich and Vera, 2009; Rosing et al.,
2010; Stettner, 2014; Tamayo-Torres et al, 2017). Prominent peer-reviewed journals have also
published special issues on OA, clearly indicating a rising interest and almost an “outpouring of
studies” in this area (O’Reilly and Tushman, 2013; Birkinshaw and Gupta, 2013). Despite a
plethora of research its study in the HRM domain still remains largely fragmented (Junni et al,
2015) with much of it focussed around impact of ambidexterity on firm level outcomes such as
innovation and firm performance (He and Wong, 2004; Phene et al., 2012). Role of individuals-
managers as well as individual employees hasn’t been sufficiently explored (Zacher et al, 2014;
Caniels and Veld, 2016). Research on ambidexterity in the Indian context, particularly in the HR
domain is limited barring a few studies, the notable ones being that of the Ketkar and Sett
(2009) on the study of Ambidextrous HRM and its effect on firm performance, and Sinha’s
study in 2013 on ambidextrous leadership in start up firms.

This paper reviews past research and proposes causal linkages between key constructs namely,
Ambidextrous HR practices, Culture, Middle manager’s ambidextrous behavioural orientation,
and Individual Ambidexterity on employee performance outcomes.

2. What is Organisational Ambidexterity?

Duncan introduced the early conceptualisations of OA in 1976 in the context of ‘duality’ of
organisation structures to support innovation but the idea gained prominence in the nineties
through the work of March (1991) and O’Reilly and Tushman (1996) on organisation learning.
The authors proposed ‘exploitation’ and ‘exploration’ as two ways in which organisations could
utilise their resources. Exploitation is concurrent with “refinement, efficiency, selection, and
implementation” while exploration refers to notions such as “search, variation, experimentation,
and discovery” (March, 1991; p. 102). Gibson and Birkinshaw (2004) defined OA through two
forms: One, Structural ambidexterity – typically achieved through structural interventions and
two, Contextual ambidexterity – which requires exploitation of current opportunities and exploration
of new options, both simultaneously. Structural ambidexterity is based on the idea of a ‘trade-
off’, achieved through delineating activities related to exploration and exploitation. Alphabet Inc.
is an example of such ambidexterity. While one part of the organisation, namely as ‘Google’
and its main internet products such as YouTube focuses on exploitation of existing knowledge
as well as data based systems and practices, X-labs explores new opportunities which in the
words of Larry Page “incubates new efforts like Wing…drone delivery effort” (Alphabet Inc.
website). Contextual Ambidexterity presents an orthogonal view of exploitation and exploration-
these are not seen as being on the opposing sides of a spectrum but as two separate dimensions,
which together comprise a multi-dimensional construct of OA. Accordingly, balancing exploitation
of current opportunities and competences as well as existing markets (to fulfil short term goals)
and exploration of future opportunities is seen to be of importance to ensure long-term success
(Patel et al, 2013). Toyota factory workers could achieve both routine tasks while continually
updating their practices to become more efficient and as well as future proof their skills. Recent
research has shown that contextual ambidexterity is likely to be more successful in hi-tech
firms than less technological advanced ones (Wang and Rafiq, 2014).
3. Ambidextrous HR Practices

Recent work on ambidexterity suggests that Human Resource practices and systems (HR practices) act as critical enabling factor in the pursuit of OA (Junni et al, 2015; Ahammad et al, 2015). Some of this work borrows from the conceptualisations of HR-performance linkage. The effect of HR practices on various firm performance outcomes- employee, operational and financial are fairly well documented (Ketkar and Sett, 2009; Ostroff and Bowen, 2016; Heffernan and Dundon, 2016). The central idea of the practice-performance linkage is that adopting certain types of HR practices and systems, which are appropriate to the firm’s strategy, can bring superior performance. The same logic has been used in literature to examine effects of HR practices and systems on OA (Ahammad et al, 2015). Ketkar and Sett (2009) were one of the first to address the issue of OA from an HRM perspective. Based on past research in organisational psychology and its allied fields they identified a set of HR practices that induced OA and termed it as ‘ambidextrous HR systems’ (ADHRS). They presented empirical evidence of how ADHRS positively affects firm performance particularly in high levels of environmental dynamism. Although there was an initial lull, interest in investigating ambidexterity from an HR lens has since steadily burgeoned with special issues on the subject.

Prieto et al (2012) studied the role of three types of high involvement HR practices namely, ability enhancing- staffing and training; motivation enhancing- performance management and incentives and opportunity enhancing- work design and participation and examined their effect on creating a social climate that is conducive to ambidextrous learning. They found a significant relationship between the variables suggesting that formal and informal HRM practices are key antecedents to ambidextrous behaviours. This is supported by similar work by Ahammad et al. (2015) and Patel et al. (2013). While the above-mentioned have examined HR practices and their impact on OA, the study of linkage between HRM and OA is still patchy and fragmented (Junni et al, 2015; Garaus et al, 2016). There is a need to understand why and how HR practices as well as systems impact an organisation’s ability to be ambidextrous and for that one would need to look at organisational and other contextual factors such as individual’s own ambidextrous orientation, managerial support, and organisation’s culture and study it at an individual level.

4. Role of the Middle Manager

Among the antecedents of OA a prominent line of inquiry has been that of the role of top leadership. Birkinshaw and Gupta (2013) note that managerial capability is a key driver of achieving ambidexterity. The authors argue that if ambidexterity has to be achieved, it can only be made possible if managers don’t have to actively make a choice between competition objectives mentioned above but proactively find ways of “delivering both at the same time”. (p.292). Rao et al. (2016) found that Charismatic leadership style was more significantly related to OA rather than Laissez faire or Transactional style because this style of leadership is seen as more “forgiving of risks” and “allows debates and openly discussing conflicting task issues” (p. 2465). Working with such leaders, employees tend to be able to manage uncertainty and innovation and are resilient in face of uncertainty due to acquisitions. While role of the top management team in creating ambidexterity is recognised the role of front –line or the middle level manager is far less explored (Turner and Lee-Kelley, 2013; Burgess, et al, 2015). Middle level managers are the intermediaries who drive the vision of the top to the lowest most hierarchical level in the organisation. This means that if the top leadership has OA on its agenda, it can only become an organisational narrative if the middle level managers help in translating it to the rest of the organisation. A seminal work by Purcell and Hutchinson (2007) highlights the role of front line managers and their ‘idiosyncratic behaviours’ in implementing HR practices. Some recent work also points to middle level manager’s own ambidexterity orientation
on individual’s ambidextrous behaviours (Borg et al., 2015). The authors investigated salespeople and their ambidextrous orientation towards selling products and found that the managers have an important role to play in terms of guiding their subordinates to balance between selling new and existing products. They find that an ‘ambidextrous manager’ implements an ‘ambidextrous selling strategy’ and prevents subordinates from prioritising one selling opportunity over the other, which results in successful pursuit of OA. The study highlights the importance of managers to provide a supportive environment for demonstrating required behaviours in order to meet demands posed by ambidexterity related objectives of organisations. Empirical work by Burgess et al (2015) in the healthcare sector in the NHS (UK), looks at ‘hybrid’ middle managers who experience conflicting goals- managerial and clinical tensions which requires them to be ambidextrous in their approach. The study found that if these managers are given ‘space’ and ‘opportunity’ they can involve others working with them in exploration and exploitation activities. Studying the role of middle level managers in the understanding OA is therefore crucial in any in-depth investigation of Ambidexterity.

5. Ambidexterity and Organisation Culture

Gibson and Birkinshaw (2004) argue that Contextual Ambidexterity is a higher-order capability and is largely dependent on the extent to which individuals- top managers; front line managers as well as individuals embrace it. In their words it is…”the behavioural capacity to simultaneously demonstrate alignment and adaptability across an entire business unit (p. 209).” This is echoed by Yoon and Chae (2012) who argue that managing paradoxical demands of exploration and exploitation can only be successful if imbibed fully by all organisational members, clearly suggesting that OA must pervade through all its levels. Wang and Rafiq (2014) identified two important dimensions of culture- namely organizational diversity and a shared vision to promote innovations and organizational success. They found that diversity that tolerates individual differences and welcomes diverse ideas and points of view and shared vision that comprised organizational values and norms that are widely held by all the organizational members together help in promoting ambidexterity in organizations. This concurs well with earlier studies (Guttel and Konlechner, 2009; Lin and McDonogh, 2011) which argue that culture can enable the “alignment of inconsistencies,” but also turn “inconsistencies into consistencies” by making them part of organizational routines. In addition, a knowledge-sharing culture is found to help managing exploitation of existing knowledge and the exploration for new capabilities (O’Reilly et al., 1991), as it upholds dissemination of perspectives, ideas that facilitates learning important for managing consistency of operations as well as promoting innovation in organizations (Amabile et al., 1996). Whether systems and practices can promote ambidexterity will therefore be largely impacted by the organisational culture and the extent to which it promotes both flexibility and control.

Individual Ambidexterity

Gibson and Birkinshaw (2004) argue that each individual within an ambidextrous organization needs to decide how to divide their time between exploration and exploitation. Most of the extant literature studies ambidexterity from the organizational context overlooks the role of the individual. Good and Michel (2013) note that the predisposition of researchers to capture historical behavioural data, absolute categorization of explorative and exploitative activities rather than studying possibility of having a nuanced suffusion of the two in the same activity makes it difficult to understand ambidexterity at an individual level of analysis. Even so, there are a few studies that have attempted to highlight the role of the individual in the context of OA. Mom et al. (2007) studied the impact a manager's inflow of knowledge has on exploration and exploitation activities and found that bottom up and horizontal inflows affected exploration activities and top
down inflows affected exploitation activities. Good and Michel (2013) conceive individual ambidexterity as a cognitive construct that includes divergent thinking (exploration), focused attention (exploitation), and cognitive flexibility (switching between exploration and exploitation while Gibson and Birkinshaw (2004) identify four specific ambidextrous behaviours that individuals can demonstrate, namely; taking initiative outside their job role; cooperative behaviours; brokering; and multi-tasking. Swart et al (2016) in their study involving survey of 212 employees and 35 interviews with managers, find that individual actions taken at different levels of seniority along with supportive HRM practices can help in building and sustaining OA. In addition, Raisch et al (2009) identify key factors that may support ambidextrous behaviours- personal characteristics— including individual's personality and their own propensity to be ambidextrous, their experiences and organisational factors such as socialisation, recognition and team building practices to help individuals think and act in an ambidextrous manner. Clearly an individual level of analysis in the ambidexterity literature is in need for more investigation.

Performance Outcomes

Organizational Ambidexterity has been studied at different levels of analysis namely- firm level, business unit level, team level, individual level and also inter-firm level, where the focus was inter-organisational relationships (Beckman, 2006; Luhatkin et al., 2006, Im and Rai, 2008; Gibson and Birkinshaw, 2004). Further, the performance measures employed have been both objective as well as perceptual (Junní, 2015). Therefore, there appears to be no agreement on the level of analysis.

Bringing it all Together

It is evident that HR practices that create a context that allows individual employees to act ambidextrously, such as high-performance work systems (Patel et al., 2013) or high involvement human resource practices (Prieto and Santana, 2012) or Ambidextrous HR (Ketkar and Sett, 2009) can shape the extent to which individuals in an organisation demonstrate ambidextrous behaviours and ultimately influence their performance in highly dynamic environments (Mom et al (2015). Although this line of research theoretically discussed individual ambidextrous behaviour and learning, the empirical analyses were still conducted at the aggregate organizational level and individual ambidexterity is largely overlooked. Further, the extent to which Ambidextrous HR practices lead to individual ambidexterity is likely to be influenced by the middle manager’s own ambidexterity as well as the extent to which the organization culture is supportive of such ambidexterity. Based on the review above, we offer the following conceptual framework and associated propositions.

Conceptual Framework

Proposition1: Ambidextrous HR practices have a significant effect on developing Individual Ambidexterity. However, the effect will be moderated by Middle Manager’s ambidextrous orientation as well as the Organisation’s culture.
Proposition 2: Presence of ambidextrous HR practices will help in increasing Employee Performance.

Proposition 3: The relationship between Ambidextrous HR practices and Employee Performance will be mediated by Individual Ambidexterity.

6. Suggestions for Testing and Directions for Further Research

The conceptual framework discussed in the previous section proposes linkages between HR practices and individual ambidexterity leading to superior employee performance. The variables could be operationalised and studied empirically by adapting some of existing and pre-tested scales in literature. For example, Ketkar and Sett (2009) scale of measuring the construct of ‘Ambidextrous HRM’ as well perceptual employee performance is useful in testing the conceptual model particularly in highly dynamic environments. Similarly, ambidextrous culture could be studied by using the measurement scale by Wang and Rafiq (2014). Likewise, Van den Bosch, and Volberda’s empirical provide a robust scale for measuring individual ambidexterity, while Manager’s own ambidextrous orientation could be measured by the scale developed by Lubatkin et al. (2006).

Further areas of research could get into in-depth empirical study of how the causality about and the competences required handling the paradox of exploitation and exploration in individual roles. Also analysis carried out to study if ‘bundles’ of HR practice could affect ambidexterity and the individual as well as organizational level. This stream of research can help practitioners in identifying best practices to be able to manage multiple demands, simultaneously. The other variables that could be having an influence upon the causalities suggested in the proposed model could be the leadership style of the middle managers and the influence of different styles upon ambidexterity. The personality traits / individual characteristics of the individuals could affect their ambidextrous orientation and this could be another explanatory variable. The model could be tested empirically in industries and organizations operating in high velocity environments and requiring the dynamism of innovations as well as the stability to ensure high levels of efficiency. Hi tech organizations, IT and ITES organizations, pharmaceutical companies, and interesting academic institutions which require high levels of ambidexterity in terms of innovation/ research as well as operational excellence could make for interesting studies. Another dimension could be incorporation of the national culture and examining how the cross-cultural dimension affect ambidexterity of individuals, middle managers and the organizational culture. The other criterion variables that can be studied are OCB, Individual sustainability, engagement and satisfaction.

7. Conclusion

In this paper the authors offer an addition to theory by proposing linkages between HR practices and individual ambidexterity leading to superior employee performance. Ambidexterity is a really in today's VUCA world. Individuals have to learn to strike a balance between exploration and exploitation. Organizations, in their attempts to become ambidextrous have to understand causalities and manipulate factors that aid enhancement of ambidexterity. The empirical testing of the proposed model would provide guidance to organizations on ways to promote individual ambidexterity. In the future ambidexterity could be one of the most importance competencies sought in employees hence studying its impact in detail would have important implications for management of organizations.
References

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