

# **Is Ambidexterity the Strategy for Navigating the Post-Pandemic Business World? An Exploration of Ambidexterity as a Survival Mechanism for Firms**

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*To be or not to be? - in business - 'to plan ahead or to respond to the immediate ever-changing situation?' The key to business survival, as O'Reilly & Tushman (2008) point out, is a company's ability to engage in both 'advantage' and 'opportunity' seeking activities simultaneously - ambidexterity. Ambidexterity is a "unique strategic behavior of emerging market multinational enterprises (EM MNEs)" (Luo & Rui, 2009, p. 49). Ambidexterity of strategy showcased by EM MNEs can serve as a blueprint for survival of global businesses facing seismic shifts in the long and short-term environments.*

*Exploring ambidexterity hinges on finding balance, to survive and thrive - traditional and innovative receive unequal focus but duality of focus. Ambidexterity can provide a framework to generate resilient behaviors to face challenging times (Stokes et al., 2018; Weik, 1995). An ambidextrous strategy, paradoxical thinking, planning, and actions will have to be engaged to navigate the way forward. Resulting in overarching questions: does strategic ambidexterity improve the firm's response to business disruptions, and will ambidexterity ensure the firm's competitive advantage and survival?*

*Keywords: ambidexterity, organizational ambidexterity, strategic ambidexterity, long-term strategy, short-term strategy, emerging markets multinational enterprises, global strategy, company strategy, competitiveness, crisis response*

## **INTRODUCTION**

The COVID-19 pandemic has impacted every economy on the planet from the initial onslaught to the current soft and hard reopening that is underway in every corner of the world. However, as with all major world events that have occurred in the past, the pandemic is no different in creating winners and losers in the world of business. Some fortunes have grown, while there have been unprecedented business closures. At the same time, there have been new and dynamic transformations of business models that allowed some to shift gears demonstrating what can be classified as ambidextrous use of resources to survive and thrive in a challenging environment.

The concept of "ambidexterity" is not new; it was coined in 1976 by Duncan when he first discussed "organizational ambidexterity." This concept stems from the biological fact that some individuals are equally adept at using both their right and left hands. The nature of the pandemic also meant that companies

had to think both left and right brain for solutions for survival - pivot to offering online in some cases, or sharing of resources like the emerging concept of ghost kitchens for the food delivery services. Thus in organizational science, it is used to describe a company's ability to pursue two distinct things simultaneously (and its ability to do so), such as "to engage in both explorative and exploitative activities" (Bledow et al., 2009, p. 31); "efficiency and flexibility, low cost and customer responsiveness, global integration and local responsiveness, stability and adaptability, and short-term profit and long-term growth" (Luo & Rui, 2009, p. 51).

In response, some companies cooperate with competitors and share resources, like Domino's promoting the services of small restaurants in the area within their pizza delivery app. It was March's (1991) ground-breaking research on ambidexterity that served as "the catalyst for the current interest in the concept" (Raisch & Birkinshaw, 2008, p. 376). March (1991) described that exploration and exploitation are two distinct activities that firms engage in and that compete for the firm's attention and resources. Subsequently, he argued that firms need to align themselves to pursue both simultaneously. Ambidexterity is "the ability of a complex and adaptive system to manage and meet conflicting demands by engaging in fundamentally different activities" (Bledow et al., 2009, p. 30). Another definition sees it as the "ability to simultaneously pursue both incremental and discontinuous innovation" (Tushman & O'Reilly, 1996, p. 24).

While no singular unifying definition is agreed upon in the literature, these definitions are similar. These explanations of ambidexterity will serve firms in the post-pandemic reality of uncertainty - ranging from supply chain issues to human resource challenges and customer-facing issues. Recently Doblinger, Wales & Zimmerman (2022) posited that a climate with strong public policy incentives to cushion in times of crisis favors the less ambidextrous firms, while the more ambidextrous firms thrive where there are weaker public policy safety net measures in place. Doblinger, Wales & Zimmerman (2022) call for more research on the performance outcomes of the highly ambidextrous firms versus the low-level ambidextrous firms in times of various types of crises. Dolz, Iborra & Safon (2018) demonstrated a link between ambidexterity and survival, using the 2008 financial crisis as the trigger point. Thus, confirming the Junni et al. (2013) meta-analysis of ambidexterity and short-term financial performance.

The research on this topic has been, over the years, expanded to include a focus on financial performance (Doblinger, Wales & Zimmerman, 2022; Dolz, Iborra & Safon, 2018); organizational identity (Dutton & Dukerich, 1991; Gagliardi, 1986; Gioia, Schultz, & Corley, 2000); technological innovation (Dewar & Dutton, 1986; Leonard-Barton, 1992; Ancona et al., 2001); organizational learning (Benner & Tushman, 2003; Gupta et al., 2006; He & Wong, 2004); organizational adaptation (Brown & Eisenhardt, 1997; Leana & Barry, 2000; Probst & Raisch, 2005); among other areas. Still, ambidexterity and "the notion of ambidextrous capability is in its infancy - this ability to focus on the seemingly divergent objectives simultaneously within the firm.

In this era of survival, the exploration of ambidexterity can be further explored as the uncertain times of the pandemic response forced companies that previously shunned online platforms as a part of their business operations to embrace that very digital online platform for their survival suddenly. Emerging simultaneously with that is the changing consumer attitudes towards online platforms and the role these platforms play in their daily lives. From the consumer who does it all online to those who blend the online platform with the brick and mortar world - 'Shop Online Pickup In-Store' is one of the many iterations of the blended world. With these subtle but seismic shifts in consumer behavior, the business survival now hinges on finding that right-sized ambidextrous response to meet the needs of their consumers today and going forward. Hence the need to navigate this concept of the familiar things the consumers already love with innovations that the consumers can embrace going forward. The exploration of the concept of ambidexterity will hinge on finding that balance needed, which might not be a central equilibrium balance; but an 'off-kilter' equilibrium balance whereby, in order to survive and thrive, the business focus on the traditional and the innovative receives unequal focus but the duality of focus. This results in new business models, new ways of sharing resources, new cooperative efforts, new collaborations, new competitors, new winners, and new losers - basically, 'adapt or die.'

## LITERATURE REVIEW

### **Ambidexterity**

The key to business survival, as O'Reilly & Tushman (2008) point out, is the company's ability to engage in advantage-seeking and opportunity-seeking activities simultaneously; this is what we call ambidexterity. In addition, ambidexterity allows the company to adapt to the environment. This adaptability is required for the long-term survival of the firm.

The term was introduced in the 1970s, and since then, the concept of ambidexterity has gained ground in the field of organizational theory as a research paradigm (Luo & Rui, 2009). As a result, the concept of ambidexterity has been examined in depth in some areas. Nevertheless, still, there are some areas where its study has been limited at best or non-existent at worst (Raisch & Birkinshaw, 2008), as well as some aspects of the constructs that are still debatable.

Ambidexterity refers to simultaneously pursuing conflicting activities, such as exploration and exploitation. Bledow et al. (2009) explain that ambidexterity “can take many shapes” (p. 30). A common theme is that the firm faces a desire to achieve a balance between contradictory demands and scarce resources (Auh & Menguc, 2005; Ghemawat & Costa, 1993; Sidhu, Commandeur, & Bolberda, 2007; Smith & Tushman, 2005). However, striving for this “balance” among the contradictory demands can be misleading because it gives us a perception that the focus should be equal on both activities, thus ignoring the dynamic environment, shifts in the activities, and external circumstances.

March (1991) suggests that exploration and exploitation “should be viewed as two ends of a single continuum [that] place inherently conflicting resource and organizational demands on the firm” (Cao, Gedajlovic, & Zhang, 2009). Where exploitation is alignment, which “enables firms to engage in refinement, implementation, efficiency, and production” (Zhiang, Yang, & Demirkan, 2007, p. 1645), and exploration is an adaptation, this “attaches importance to adaptive mechanisms that call for experimentation, variation, search, and innovation” (Zhiang, Yang, & Demirkan, 2007, p. 1645).

In the ambidexterity research paradigm, one theme that has emerged is “that successful firms are ambidextrous [they are] efficient in their management of today’s business demands while simultaneously adaptive to changes in the environment” (Raisch & Birkinshaw, 2008, p. 375). Looking back at earlier research in the field, it questioned and even proposed that for a firm to address simultaneously (and efficiently), exploration and exploitation was an impossible task, such as the view of Hannan and Freeman (1977) and Miller and Friesen (1986) for example. However, it was March’s (1991) argument that successful firms are ambidextrous that provided the paradigm shift and opened the gates for more paradoxical thinking.

### **Ambidexterity in Challenging times: Pandemic, Resilience, and Adaptability**

Disruption to business and our life, in the form of war, recession, depression, or a pandemic, has been prevalent in the past. However, the COVID-19 Pandemic was a rare event that had a catastrophic impact in such a way that impacted society and the world at large. Rooij's (2021) study examines the concept of ambidexterity in times of crisis; and that although “it can be more difficult [to achieve, it is ] still achievable in times of crisis” (p. 6).

The COVID-19 pandemic forced companies to reexamine the way they do business. They had to change their ambidextrous alignment in order to survive (Rooij, 2021). Widiana and Soetjipto (2021) state that companies are struggling to maintain their survival and bounce back to gain a competitive advantage.

At this moment of crisis, resilience and adaptability are essential to survival. Stokes et al. (2018) explain that “resilience has emerged as an important topic linked to call for adaptability, well-being and organizational performance” (p. 1287). Resilience, as defined by Stokes et al. (2018), is understood to be the “capacity to endure and withstand challenges through the cultivation of individual, team and organization capacities” (p. 1287). For a business, “resilience is the ability of organizations to avoid discontinuation, by adapting to changes and major events” (Gayed & El Ebrashi, 2022, p. 2)

Although we tend to understand resilience as arising from facing challenging tasks, it is worth pointing out that resilience is not just a product formed in these situations under extreme contexts. However, it can

also be developed from what Stokes et al. (2018) call “Incremental and compound matter,” which results from everyday occurrences or micro-moments.

Over the years, scholars have investigated how companies embrace and manage the contradictions they face both in their external environment and within (Beckman, 2006; Lubatkin et al., 2006; Smith & Tushman, 2005). Furthermore, the study of paradoxes in business and how companies deal with them specifically has been explored in the research (Andriopoulos & Lewis, 2009; Chae & Bloodgood, 2006; Wang & Jiang, 2009). Raisch and Birkinshaw (2008) point out that as seen in the work of various authors (Adler et al., 1999; Brown & Duguid, 2001; Katila & Ahuja, 2002; Eisenhardt & Martin, 2000; Gupta, Smith, & Shalley, 2006; Volberda, 1996 ) researchers have “come to recognize the importance of balancing seemingly contradictory tensions” and achieve a balance between these contradicting forces (Raisch & Birkinshaw, 2008, p. 377). Ambidexterity can provide a framework to generate resilient behaviors to face challenging times (Stokes et al., 2018; Weik, 1995).

### **Ambidexterity and Company Strategies**

Ambidexterity is a “unique strategic behavior of emerging market multinational enterprises (EM MNEs)” (Luo & Rui, 2009, p. 49). When examining ambidexterity and the strategic behavior of EM MNEs, two crucial concepts must be considered: the ambicultural and the embracing paradox. The concept of embracing paradox is used to explain high-performing firms, how they are organized, and the business models they followed to succeed (Smith & Lewis, 2011; Smith, Binns & Tushman, 2010). In contrast, ambicultural predicts the future track of competitive advantage.

The study of how companies within emerging markets can become ambidextrous and/or leverage an ambidexterity strategy has shed light on these organizations. Keen and Wu (2011) look at firms' internationalization process in emerging markets and how they can use an ambidextrous learning strategy. Along the same line, Luo and Rui (2009) also look closely at the firms in emerging markets. According to Luo and Rui (2009), EM MNEs can be viewed as “ambidextrous organizations” (p. 50). In their efforts to succeed in the international markets, these firms must pursue “simultaneous fulfillment of two disparate, and sometimes seemingly conflicting, objectives” (Luo & Rui, 2009, p. 50).

Luo and Rui (2009) suggest that there are four dimensions that the EM MNEs' ambidexterity exhibit. These are, as Luo and Rui (2009, p. 50) describe them: co-orientation - the firm seeks short-term survival and long-term growth simultaneously, doing so in a balanced manner; co-competence - the firm uses capabilities that are market-based (transactional) and network-based (relational) to operate in the international arenas; co-opetition - the firm both competes and cooperates with other business that might be rivals or suppliers, among others in order to reap benefits and success; and co-evolution - is the firm's response to the external pressures both at home and in the host country and how it reacts simultaneously to both.

The study of how companies embrace and manage the contradictions they face both in their external environment and within has been investigated by scholars over the years (Beckman, 2006; Lubatkin et al., 2006; Smith & Tushman, 2005). Furthermore, the study of paradoxes in business and how companies deal with them specifically has been explored in the research (Andriopoulos & Lewis, 2009; Chae & Bloodgood, 2006; Wang & Jiang, 2009). Raisch and Birkinshaw (2008) point out that as seen in the work of various authors (Adler et al., 1999; Brown & Duguid, 2001; Katila & Ahuja, 2002; Eisenhardt & Martin, 2000; Gupta, Smith, & Shalley, 2006; Volberda, 1996 ) researchers have “come to recognize the importance of balancing seemingly contradictory tensions” and achieve a balance between these contradicting forces (Raisch & Birkinshaw, 2008, p. 377).

### **RESEARCH QUESTIONS**

Ambidexterity can help companies manage the paradoxical environment in which they operate, manage their resources, and leverage them to succeed in times of disruption in the business arena. The aim is to explore whether or not this concept which has been adapted in the emerging markets as a strategy to engage with the wider world, can be now utilized in the new world of uncertainty brought on by the varying degrees

of post-pandemic reopening and coping strategies of the economies around the world. For example, China is already experimenting with the economic reopening via ‘mass-testing’ and ‘micro-lockdowns,’ which will continue the new normal of business disruptions.

In order to achieve this contribution, the following are considered the research questions to guide the process and subsequent research design and methodology:

- Does strategic ambidexterity improve the firm's response to business disruptions (such as the COVID-19 pandemic)?
  - Investigates the role played by ambidexterity on the firm's survival during the COVID-19 Pandemic.
  - Investigates the role played by ambidexterity on the firm's performance during the COVID-19 Pandemic.
- Will ambidexterity ensure the firm's competitive advantage and survival?
  - Examine how emerging market firms pursue international opportunities in a disrupted business environment by leveraging the dynamics of ambidexterity.
  - Examine how developed market firms pursue international opportunities in a disrupted business environment by leveraging the dynamics of ambidexterity.

These questions may provide answers using the norms of paradoxical thinking, planning, and actions of an ambidextrous strategy that may have to be engaged to navigate the way forward for firms. Hence by answering the overarching questions of whether strategic ambidexterity improves the firm's response to business disruptions and will ambidexterity ensure the firm's competitive advantage and survival? - can the forward navigation of the “new normal” be understood, and can it be applied if proved to be a winning formula for firms to thrive.

## CONCLUSION

The disruptive events of the Covid-19 pandemic on a global scale have indeed prompted co-evolution of the responses also on a global scale. Co-evolution, in order to survive and thrive, co-evolution is a colossal task that will engage ambidextrous actions - embracing both the traditional and innovative - be it services or products, or operational procedures. Co-orientation can be defined as a planning process that, in this case, has to balance the duality of long-term and short-term planning in the same space. Therefore, the paradoxical thinking, planning, and actions of an ambidextrous strategy will have to be engaged to navigate the way forward. Paradoxical thinking, which has been seen in Emerging Markets Multinational Enterprises as the norm for navigating weak institutional systems at home; while also facing strong international and global competitors in foreign markets that may or may not have strong institutional systems, may prove to be a winning formula for navigating the uncertainty of the new normal. Which leads to the questions: does strategic ambidexterity improve the firm's response to business disruptions, and will ambidexterity ensure the firm's competitive advantage and survival?

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