

Antecedents of Ambidextrous Behavior and its influence on MSME Performance (Study of MSMEs in Malang Regency)

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Abstract

This research aims to examine the influence of Organizational Ambidexterity (OA) and Entrepreneurial Orientation (EO) on the performance of MSMEs in Malang Regency. OA is defined as an organization's ability to balance exploring new opportunities (exploration) and exploiting existing resources (exploitation). EO includes innovation, proactivity and risk taking in business operations. This study used a quantitative approach with a survey method, involving 139 respondents, most of whom were MSME owners in the food and beverage sector. The research results reveal that the majority of MSMEs were able to adapt well during the COVID-19 pandemic thanks to a significant increase in the use of digital technology. From the perspective of ambidexterity behavior, the ability of MSMEs to switch to digital platforms shows a high level of ambidexterity. Supporting factors for ambidextrous behavior include a conducive organizational climate and government support in the form of economic incentives. This research also found that EO has a positive effect on OA and MSME performance. High EO encourages MSMEs to be more innovative, proactive and willing to take risks, which in turn increases their exploration and exploitation capabilities. In addition, this research emphasizes the importance of organizational support in shaping ambidextrous behavior of MSMEs by creating an environment that supports collaboration, trust and constructive feedback. Measuring construct validity and reliability using PLS-SEM shows that this research model is very reliable. This technique was chosen because of its ability to handle data at various scales and provide stronger structural model estimates than other methods. Overall, this research concludes that a strong combination of OA and EO can significantly improve the performance of MSMEs, especially in facing challenges and opportunities in the digital era. These findings provide practical implications for MSME owners and policy makers to focus on developing ambidexterity and entrepreneurial orientation to achieve sustainable competitive advantage.

Keywords: Antecedent, Ambidextrous Behaviors, MSME Performance

INTRODUCTION

During the COVID-19 pandemic, which is now moving towards the endemic phase, the creative economy sector has shown extraordinary resilience. Based on data from Lokadata.com, this sector's contribution to GDP rose to 1.2 trillion rupiah in 2019, although it decreased to 1.1 trillion rupiah in 2020. The strength of this sector in facing the crisis has made it a priority in the National Economic Recovery program (PEN). The government responded by providing various incentives, including interest subsidies of 34.15 trillion rupiah, tax incentives of 28.06 trillion rupiah, as well as guarantees for new working capital loans for MSMEs of 6 trillion rupiah (Nurmilah, 2022). The increase in the number of MSMEs adopting digital technology proves that they are able to innovate and adapt quickly to survive in the midst of a crisis. Rully Nuryanto, macroeconomic expert staff at the Ministry of Cooperatives and SMEs, stated that during the pandemic, e-commerce transactions in Indonesia jumped 54%, with more than 3 million transactions per day. Currently, 25.6% of MSMEs have been integrated into the digital ecosystem, around 16.4 million business actors, which is a significant increase compared to 13% in 2020.

Although not yet empirically tested, from an ambidextrous behavior perspective, the ability to explore opportunities through the transition to digital is an initial assumption. One of the factors that supports the emergence of ambidextrous behavior is an organizational environment that is conducive and supports the development of individual behavior within it (Gibson & Birkinshaw, 2004). Entrepreneurial orientation also includes decision-making processes, practices, and activities that direct the company to explore and exploit

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(Lumpkin & Dess, 1996). In the context of human resource management, in this case human capital, organizational ambidexterity refers to an organization's ability to adapt in a balanced manner between exploitation (optimizing and improving existing processes) and exploration (developing and exploring new opportunities). Furthermore, Robbins & Judge (2022) emphasize that this ambidexterity ability can be a factor in change management, where this ability is effective in managing resistance to change in organizations. In the context of human capital, these capabilities play a critical role in preparing and supporting employees during transitions, as well as ensuring that organizations can adapt and innovate in an increasingly dynamic work environment.

Studies on ambidextrous behavior, which was originally referred to as "ambidextrous organization" by Duncan (1976) and later developed by Tushman & O'Reilly (1996), have been widely carried out, especially in relation to organizational performance such as sales growth (Caspin-Wagner, Ellis & Tishler, 2012; Geerts, Blindenbach-Driessen & Gemmel, 2010), subjective assessment of performance (O'Reilly & Bidwell, 2012), innovation (Tushman, Smith, Wood, Westerman & O'Reilly, 2010), market valuation using Tobin's Q (Goosen, Bazzazian & Phelps, 2012), as well as company survival (Cottrell & Nault, 2004). The majority of these studies still focus on large companies. However, at the MSME level, research on the influence of ambidextrous behavior on performance is still rare. This research seeks to examine MSMEs that have a simple organizational structure and decision making which is strongly influenced by the abilities and skills of human capital and business owners.

THEORETICAL STUDY

Organizational Ambidexterity

The field of organizational ambidexterity focuses on how organizations can remain sustainably successful and competitive. At the micro level, the terms ambidexterity, ambidexterity as an ability, and the process of exploration and exploitation are often used (Birkinshaw & Gupta, 2013; Raisch & Birkinshaw, 2008; Tushman & O'Reilly, 1996). Ambidextrous leadership is defined as the ability to facilitate explorative and exploitative behavior in employees, encourage creativity while maintaining business stability (Bledow, Freese, and Mueller, 2011), and ultimately achieve organizational ambidexterity (Bledow, Freese, and Mueller, 2011; Prieto-Pastor & Martin-Perez, 2015). Ambidextrous behavior is defined as an individual's ability as human capital in an organization to alternate between exploitative and explorative behavior (Bledow, Freese, Anderson, Erez & Farr, 2009; Smith & Tushman, 2005). Exploitative behavior includes actions focused on efficiency, increasing productivity, and control, while explorative behavior includes search, discovery, innovation, and autonomy, with ambidexterity emphasizing the implementation of both of these behaviors simultaneously (Kauppila & Tempelaar, 2016; O'Reilly & Tushman, 2013). These two types of behavior not only complement each other but also enable each other (Farjoun, 2010; Holmqvist, 2004). When individuals explore, they create new opportunities to exploit, and when they exploit, they deepen their skills and knowledge that contribute to exploration (Kauppila & Tempelaar, 2016). Some factors that promote ambidextrous behavior include decentralized structures, trust, shared vision, supportive leadership, flexible managers, and training (Gibson & Birkinshaw, 2004; Mom, van den Bosch & Volberda, 2009; Mom, Sebastian & Jansen, 2015; Raisch & Birkinshaw, 2008; Tushman & O'Reilly, 1996). Gupta, Smith, and Shalley (2006) stated that carrying out this conflicting behavior creates tension for individuals, making it difficult for ambidextrous behavior to develop. Individuals must manage conflicting goals and resource challenges and think paradoxically while fulfilling multiple roles (Kauppila & Tempelaar, 2016). However, a balance between exploitative and exploratory behavior at the individual level is critical, especially for owner-managers (Kauppila & Tempelaar, 2016; Chien, Osman & Yusoff, 2018).

Organizational Context

Organizational context (OC) is very similar to the concepts of structural context, organizational culture, and organizational climate. Structural context refers to the establishment of tangible incentives to encourage a company's desired behavior, while organizational culture refers to an individual's system of beliefs and values (Gibson & Birkinshaw, 2004). Organizational climate is related to the company environment that influences

individual behavior and attitudes (Gibson & Birkinshaw, 2004). The combination of structural context, organizational culture, and climate shapes individual behavior in organizations. OC consists of four main behaviors, namely discipline, stretching, trust, and support (Gibson & Birkinshaw, 2004; Patel, Messersmith & Lepak, 2013). Discipline encourages members to meet expectations through explicit or implicit commitment. Stretching activates members to achieve ambitious goals. Support encourages members to help each other and provide attention. Trust allows members to rely on each other's commitments. These four attributes shape individual and collective behavior that produces ambidexterity and competitive advantage (Gibson & Birkinshaw, 2004).

Entrepreneurial Orientation

Entrepreneurial orientation (EO) is a company's strategic approach reflected in innovation, proactiveness, and risk taking (Covin & Slevin, 1999; Lumpkin & Dess, 1996; Miller, 1983). EO involves decision-making processes, practices, and activities that lead firms to explore and exploit (Lumpkin & Dess, 1996). Innovation includes the tendency to engage in creative activities and experimentation. Proactivity refers to seeking opportunities and introducing new products ahead of competition. Risk taking means daring to venture into the unknown. EO influences corporate behavior broadly and is often reflected in organizational processes and decision making (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003). EO and ambidextrous behavior are aligned because both focus on sustainable performance and competitive advantage (Ayub, Razzaq, Aslam & Iftekhar, 2013; Gibson & Birkinshaw, 2004; Grobecker & Germain, 2013). Owner-managers actively find new methods to highlight their strengths and exploit opportunities (Lisboa, 2010; Naman & Slevin, 1993). The integration of internal and external knowledge from innovation and proactivity enables the growth of learning and improvement of organizational knowledge, which is the basis of ambidextrous behavior (Krauss, Frese, Friedrich, & Unger, 2005). Therefore, pursuing EO requires developing the dynamic nature of ambidextrous behavior (Schreyögg & Kliesch, 2007). Thus, EO encourages exploitative and exploratory behavior that leads to the development of ambidextrous behavior within the company.

Firm Performance

Company performance is an important topic in research because it determines the success or failure of an organization. Good organizational performance strengthens competitiveness and opportunities for future growth. According to Santos and Brito (2012), company performance can be measured through financial and operational results. Financial performance refers to the ability to produce new results from daily operations, while operational performance refers to managing business divisions to achieve goals (Yu, 2013). To remain competitive, organizations must improve performance by reducing costs, improving quality, and differentiating products or services. Measuring corporate performance is a challenge for business practitioners and academic researchers. Commonly used measures include annual revenue, return on assets, profit margin, return on equity, sales growth, liquidity ratios, market share, and share price. Harmon, Fairfield, and Behson (2009) identified four elements for measuring company performance: profitability, revenue growth, market share, and customer satisfaction. Several scholars indicate that company performance can be measured through financial or non-financial measures (Bakar & Ahmad, 2010). Karabulut (2015) states that organizational performance can be measured through financial results, customer satisfaction, internal business process performance, and business growth.

The relationships between variables in this study were then created into several hypotheses to answer the problem formulation and objectives of this study, namely:

H1 : Organizational Context has an influence on Organizational Ambidexterity

H2 : Entrepreneurial Orientation has an influence on Organizational Ambidexterity

H3 : Organizational Ambidexterity has an influence on Overall Performance

H4 : Organizational Ambidexterity has a mediating role in the relationship between Organizational Context and Overall Performance

H5 : Entrepreneurial Orientation has a mediating role in the relationship between Organizational Context and Overall Performance

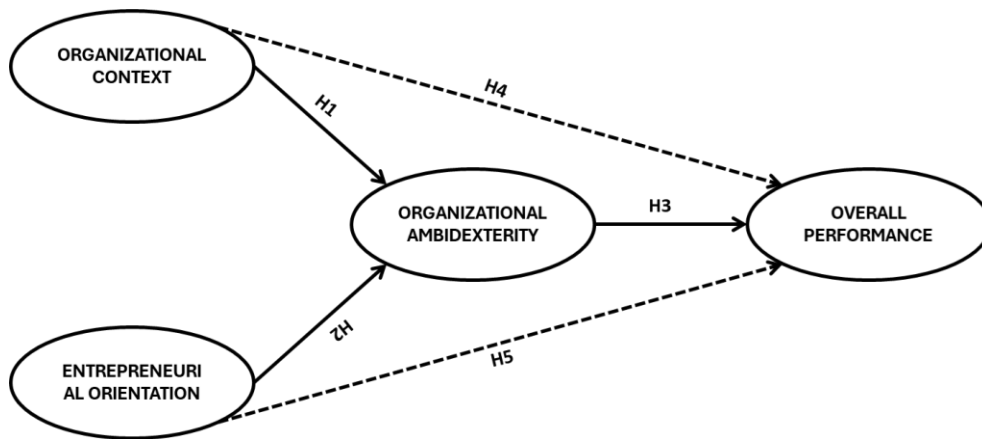


Figure 1. Research Models

RESEARCH METHODS

This research uses quantitative methods with a survey approach. This research aims to explain the causal relationship between variables through empirical hypothesis testing, so it is included in the type of explanatory research. The quantitative approach aims to objectively test the truth of the theory by analyzing the relationship between variables (Creswell & Creswell, 2017). This study uses 4 social support items and 3 performance management context items to measure organizational context adapted from Gibson & Birkinshaw (2004) and Ghosal & Barlett (1994). Meanwhile, entrepreneurial orientation was measured using 6 items from Walter, Auer, and Ritter (2006). Exploration and exploitation capabilities that indicate organizational ambidexterity are measured using 10 items from Gibson & Birkinshaw (2004) and Jansen, Bosch, & Van Den Volberda (2006). Company performance measurement uses 4 items for financial performance and 5 items for non-financial performance adapted from Chen, Tsou & Huang (2009). All measurements were carried out using a 5 point Likert scale to obtain responses from respondents. The statistical analysis used in this research includes descriptive and inferential statistics, using SmartPLS for inferential statistical measurements because it can be applied to various data scales, does not require many assumptions, and is able to confirm relationships that do not yet have a strong theoretical basis. This approach provides better structural model estimates than CB-SEM, especially when assumptions are violated (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). The reliability of measurements in PLS-SEM is assessed using Cronbach's α and Composite Reliability with a standardized loading indicator of 0.70, while the validity is assessed using Average Variance Extracted (AVE) with an accepted value of more than 0.50 as recommended by Hair, Sarstedt, Hopkins, & Kuppelwieser (2014). The respondents in this study were MSMEs in Malang Regency. Of the 150 samples submitted, only 139 were willing to be respondents, resulting in a response rate of 92.6 percent. Thus, the results of this study have met the criteria for a minimum sample size.

RESULTS

Descriptive Characteristics

The respondents in this study (see table 1) were mostly MSME owners operating in the food and beverage sector (81.8%), while the remainder were in the tour & travel sector. Based on business size, the majority are micro businesses (87%), which according to BPS in Tambunan (2007), the number of employees reflects the size of the MSME business. The next characteristic that emerged in this study was based on gender, respondents were dominated by men (78.3%), most were aged between 30 and 39 years (50.1%), and the education level of the majority of owners was at the secondary level. (53%). The dominance of men as

MSME owners in this study is in accordance with the findings of Tambunan (2021) which shows that entrepreneurs in Indonesia are dominated by men, as well as the level of education which describes the condition of MSME actors in this study. The majority have a good level of knowledge and are able to exploit and explore opportunities in running a business.

Table 1. Respondent Demography (n=139)

| Demographics | | Frequency | Percent (%) | Demographics | | Frequency | Percent (%) | |
|------------------------|--------------------------|-----------|-------------|----------------------|-------|-----------|-------------|------|
| Type of Business | Food & Beverage | 112 | 81.8 | Gender | Male | 109 | 78.3 | |
| | | | | | | Female | 30 | 21.7 |
| | Travel & Tour Provider | 27 | 8.2 | Age | 20-29 | 12 | 8.9 | |
| | | | | | | 30-39 | 70 | 50.1 |
| Educational Background | Elementary-middle school | 48 | 35 | | | 40-49 | 26 | 19 |
| | SENIOR HIGH SCHOOL | 75 | 53 | | | 50-59 | 23 | 17 |
| | Bachelor | 16 | 12 | | > 60 | 8 | 5 | |
| Number of Employees | 5-19 | 119 | 85.7 | SME's Classification | Small | 119 | 85.7 | |
| | 20-99 | 20 | 14.3 | | | Medium | 20 | 14.3 |

Construct Measurement

The use of PLS-SEM as a tool to measure construct validity and reliability is carried out as one of the conditions for producing relationship values between variables (see table 2). The results of the validity test show that the average respondent's answer to each variable has a high value, such as Organizational Context (3.963); Entrepreneurial Orientation (3,806); Organizational Ambidexterity (4.216); and Overall Performance (4.226). Convergent validity is indicated by an AVE (Average Variance Extracted) value which is overall greater than 0.5, such as Organizational Context (0.569); Entrepreneurial Orientation (0.546); Organizational Ambidexterity (0.548); and Overall Performance (0.539). Then, the reliability test was shown by a Cronbach Alpha value greater than 0.8 including Organizational Context (0.872); Entrepreneurial Orientation (0.837); Organizational Ambidexterity (0.903); and Overall Performance (0.890). Apart from that, Composite Reliability is also a measure for measuring Internal Consistency Reliability which overall meets the specified criteria (0.6 – 0.9) including Organizational Context (0.902); Entrepreneurial Orientation (0.878); Organizational Ambidexterity (0.922); and Overall Performance (0.912). Thus, overall the constructs used in this study have met the assumptions of validity and reliability.

Table 2. Validity & Reliability Construct

| Variable | Items | Mean (1-5) | Standard Deviation | Outer Loading | Cronbach Alpha | Composite Reliability | AVE |
|-----------------------------------|--------|------------|--------------------|---------------|----------------|-----------------------|-------|
| Organizational Context (OC) | PMC_1 | 3,791 | 0.835 | 0.774 | 0.872 | 0.902 | 0.569 |
| | PMC_2 | 3,928 | 0.828 | 0.641 | | | |
| | PMC_3 | 4,187 | 0.801 | 0.656 | | | |
| | SP_1 | 3,921 | 0.814 | 0.793 | | | |
| | SP_2 | 4,058 | 0.717 | 0.809 | | | |
| | SP_3 | 3,827 | 0.936 | 0.813 | | | |
| | SP_4 | 4,029 | 0.856 | 0.774 | | | |
| Entrepreneurial Orientation (EO) | EO_1 | 4,223 | 0.759 | 0.708 | 0.837 | 0.878 | 0.546 |
| | EO_2 | 3,676 | 0.867 | 0.691 | | | |
| | EO_3 | 3,489 | 0.947 | 0.785 | | | |
| | EO_4 | 3,950 | 1,121 | 0.689 | | | |
| | EO_5 | 3,683 | 1,053 | 0.768 | | | |
| | EO_6 | 3,813 | 1,015 | 0.786 | | | |
| Organizational Ambidexterity (OA) | EXPL_1 | 4,353 | 0.748 | 0.877 | 0.903 | 0.922 | 0.548 |
| | EXPL_2 | 4,266 | 0.735 | 0.769 | | | |
| | EXPL_3 | 4,058 | 0.717 | 0.571 | | | |
| | EXPL_4 | 3,827 | 0.936 | 0.571 | | | |
| | EXPL_5 | 4,201 | 0.806 | 0.687 | | | |

| | | | | | | | |
|-----------------------------|--------|-------|-------|-------|-------|-------|-------|
| | EXPO_1 | 4,201 | 0.938 | 0.509 | | | |
| | EXPO_2 | 4,273 | 0.747 | 0.770 | | | |
| | EXPO_3 | 4,381 | 0.714 | 0.865 | | | |
| | EXPO_4 | 4,374 | 0.692 | 0.842 | | | |
| | EXPO_5 | 4,223 | 0.796 | 0.828 | | | |
| | | 4,216 | | | 0.903 | 0.922 | 0.548 |
| Overall Performance (OP) | FP_1 | 3,921 | 0.814 | 0.544 | | | |
| | FP_2 | 4,597 | 0.596 | 0.665 | | | |
| | FP_3 | 3,727 | 0.863 | 0.569 | | | |
| | FP_4 | 4,158 | 0.859 | 0.732 | | | |
| | NFP_1 | 4,252 | 0.787 | 0.817 | | | |
| | NFP_2 | 4,482 | 0.672 | 0.847 | | | |
| | NFP_3 | 4,410 | 0.687 | 0.840 | | | |
| | NFP_4 | 4,288 | 0.681 | 0.825 | | | |
| | NFP_5 | 4,201 | 0.806 | 0.698 | | | |
| | | | 4,226 | | | 0.890 | 0.912 |

Furthermore, discriminant validity is demonstrated by the distribution of HTMT values (see table 3). HTMT is a new approach that assesses discriminant validity in variance-based partial least squares structural equation modeling (PLS-SEM) and is recommended by Henseler, Ringle, & Sarstedt (2015). The HTMT measurement has a threshold so that the construct is not declared to lack discriminant validity, as in research by Henseler, Ringle, & Sarstedt (2015), namely the HTMT value must be less than 0.9. All HTMT values are less than 0.9 which can be said to meet discriminant validity standards.

Table 3. Heterotrait-Monotrait Ratio (HTMT)

| | | | | |
|---|-------|-------|-------|----|
| | E.O | OA | O.C | OP |
| E.O | | | | |
| OA | 0.526 | | | |
| O.C | 0.722 | 0.775 | | |
| OP | 0.400 | 0.853 | 0.562 | |
| *Note: OC : Organizational Context; OA (Organizational Ambidexterity); EO (Entrepreneurial Orientation); OP (Overall Performance) | | | | |

The bootstrap stage (see Figure 2) in the PLS-SEM analysis is carried out after the entire construct meets the rules of validity and reliability. Model fit and path coefficients as output in this stage show the magnitude of the overall effect of the model and its suitability to the hypothesis in this study. The partial sequential model (see table 4) shows that the coefficient of determination (R²) for Organizational Ambidexterity is 0.471 and 0.759 for Overall Performance. Furthermore, the results of hypothesis testing show that the direct relationship between Organizational Context and Organizational Ambidexterity has a positive and significant influence ($\beta = 0.638$; p-value < 0.05) so that H1 is accepted. In line with this, Organizational Ambidexterity on Overall Performance also has a significant influence ($\beta = 0.871$; p-value < 0.05) and makes H2 accepted. Different results were obtained from the relationship between Entrepreneurial Orientation and Organizational Ambidexterity where the positive relationship that occurred was not significant ($\beta = 0.072$; p-value > 0.05) so that H3 was rejected. Indirect relationships were also measured to determine the mediating role of Organizational Ambidexterity in the relationship between Organizational Context which has a positive and significant mediating role ($\beta = 0.063$; p-value < 0.05), this result is the opposite of the mediating role in the relationship between Entrepreneurial Orientation and Overall Performance has a positive and insignificant influence ($\beta = 0.556$; p-value > 0.05). So H5 is accepted and H6 is rejected.

Table 4. Statistical Effect & Hypothesis Testing

| Variables | Direct Effects (β) | Indirect Effects (β) | T Score | P -Value | Conclusion |
|--------------|--------------------|----------------------|---------|----------|------------|
| OC → OA | 0.638 | | 7,366 | 0,000 | Accepted |
| EO → OA | 0.072 | | 0.791 | 0.430 | Rejected |
| OA → OP | 0.871 | | 38,607 | 0,000 | Accepted |
| OC → OA → OP | | 0.063 | 7,230 | 0,000 | Accepted |
| EO → OA → OP | | 0.556 | 0.786 | 0.423 | Rejected |

N = 139
 R² = OA (0.471); OP (0.759)
 * Sig. p-value < 0.05
 Note: OC : Organizational Context; OA (Organizational Ambidexterity); EO (Entrepreneurial Orientation); OP (Overall Performance)

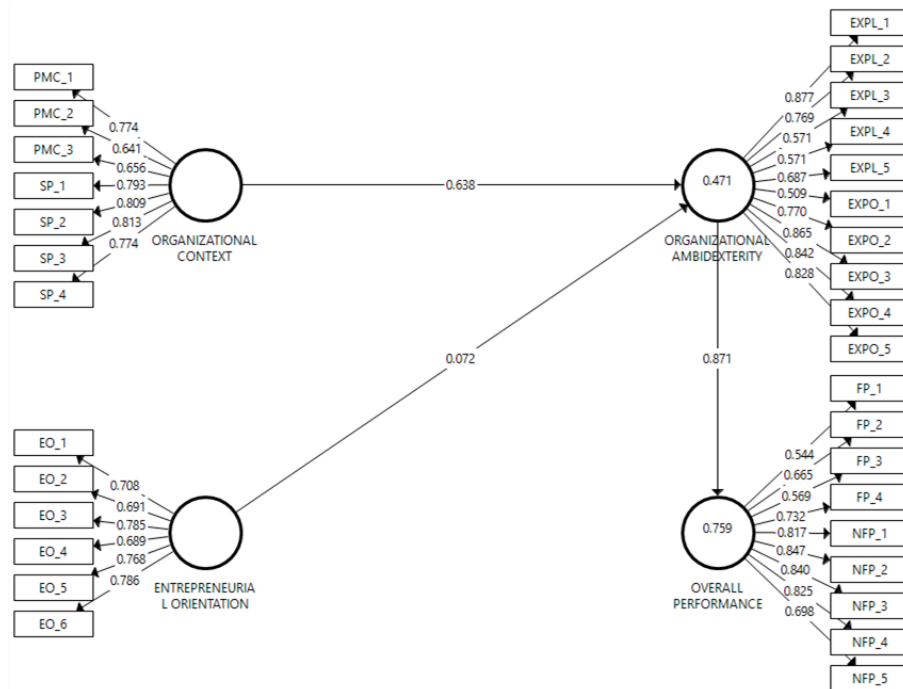


Figure 2. Inner Model

DISCUSSION

Overall, the aim of this study is to evaluate whether Organizational Context and Entrepreneurial Orientation can be determinants of Organizational Ambidexterity which ultimately has an impact on MSME performance, both from a financial and non-financial perspective. The theory used in this study is based on Human Resource Management, especially organizational behavior and human capital, which shows that organizational ambidexterity is closely related to Change Management, especially in dealing with resistance to change. As stated by Gibson & Birkinshaw (2004), ambidextrous behavior creates an organizational climate that influences the attitudes and behavior of members, namely human capital in the organization. This study focuses on the perceptions of MSME owners which represent organizational performance, so that the implementation of ambidexterity behavior can be seen from their answers. The following are the findings of this study in explaining the relationship between variables.

First, the ability of MSME owners to create an organizational climate and culture significantly influences the formation of ambidexterity behavior in organizational members, which can be seen from the significant positive relationship in data analysis. A simple organizational structure and low span of control enable MSME owners to implement four main behaviors in the Organizational Context, namely discipline, stretching, trust and support (Gibson & Birkinshaw, 2004; Patel, Messersmith & Lepak, 2013). The growing trust of organizational members in leaders creates a work climate that is conducive to the exploitation and exploration of opportunities. This condition supports previous studies by Mom, TJ, Fourné, SP, & Jansen, JJ (2015), which showed that trust from managers to employees as human capital can shape ambidexterity behavior.

Second, the entrepreneurial orientation of MSME managers or owners has not been able to influence ambidexterity behavior in the organization. Studies conducted on entrepreneurial orientation and organizational ambidexterity show insignificant results, especially in the exploitation orientation dimension (Martins, FS, Lucato, WC, Vils, L., & Serra, FAR (2020)). This study combines the dimensions of exploitation

and exploration in the analysis process. Even though there is harmony in exploring and exploiting new opportunities, the context of entrepreneurial orientation has not been able to form ambidexterity behavior in organizations, so this study does not support previous research (Ayub, Razzaq, Aslam & Iftekhar, 2013; Grobecker & Germain, 2013). This difference may occur because the research objects are mostly established companies, while MSMEs are rarely the focus of research so the results are not significant.

Third, the ability to exploit and explore new opportunities has a positive impact on MSME performance, both from a financial and non-financial perspective. Previous studies state that organizational ambidexterity increases company performance, especially from the sales side (Caspin-Wagner, Ellis & Tishler, 2012; Geerts, Blindenbach-Driessen & Gemmel, 2010). In MSMEs, the performance measurement process is easier because business activities are simple, so the direct impact of ambidexterity is more measurable because owner behavior reflects organizational behavior, in contrast to companies that have more complex structures.

Fourth, the mediating role of Organizational Ambidexterity in this study is consistent with the direct influence of Organizational Context and Entrepreneurial Orientation. The mediating role is seen in the relationship between Organizational Context and Overall Performance, but not in the relationship with Entrepreneurial Orientation. If we look at the capabilities of individual MSME owners, this supports the opinion of Gupta, Smith and Shalley (2006) that ambidextrous behavior can create tension for individuals, making it difficult for this behavior to develop. Exploration and exploitation capabilities cause difficulties for owners in developing other capabilities such as Entrepreneurial Orientation which are also needed to achieve organizational sustainability and competitive advantage (Ayub, Razzaq, Aslam & Iftekhar, 2013; Gibson & Birkinshaw, 2004; Grobecker & Germain, 2013).

CLOSING

Although it has not been able to show the role of Entrepreneurial Orientation as a determinant of Organizational Ambidexterity, this study has shown that simple organizations such as MSMEs also have the ability to explore and exploit opportunities to maintain business performance. Theoretically, the use of Organizational Ambidexterity can illustrate how individuals deal with change (Change Management), which in Human Resource Management studies is a form of Behavioral Dynamics, as stated by Robbin & Judge (2022). They emphasize that HRM practices that focus on employee motivation, team dynamics, and leadership styles are critical to creating an environment that supports exploitation and exploration. From a practical perspective, this study shows the importance for MSME owners to continue to improve their ambidexterity capabilities (balanced exploration and exploitation) both individually and organizationally to face business dynamics (Kauppila & Tempelaar, 2016; Chuen, Osman & Yusoff, 2018). However, this study has limitations, such as insignificant results from the use of entrepreneurial orientation which is in harmony with organizational ambidexterity but has not been able to form or strengthen organizational ambidexterity behavior. The generalization of these results is only based on MSMEs in Malang Regency with the majority having upper secondary education. Different results might occur if the proportion of respondents' education was higher, because the ability to carry out exploration and exploitation processes simultaneously also needs to be supported by an adequate level of literacy. Considering the limitations of this study, further exploration can be carried out by increasing the variety of businesses and the diversity of respondents, especially those with a higher level of education.

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