The influence of ambidextrous organization and authentic followership on innovative performance: The mediating role of change readiness

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A B S T R A C T

The purpose of this study is to examine the role of change readiness in mediating the effects of ambidextrous organization and authentic followership on innovative performance. The result of this study indicate that authentic followership, ambidextrous organization and change readiness directly influenced on innovative performance. The mediating role of change readiness did not significantly influence on relationship between authentic followership and innovative performance. Meanwhile, the mediating role of change readiness significantly influenced on the relationship between ambidextrous organization and innovative performance. The study emphasizes on the strength of the organization ambidexterity and authentic followership for successes of the innovative performance mediated by change readiness.

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Ambidextrous organization
Authentic followership
Innovative performance
Innovation

1. Introduction

Organizational change must be made so that firms can adapt to the changing business environment quickly and make strategic decisions that are suitable for organization (Celiik & Ozsoy, 2016), compete effectively, improve performance through quality improvement, minimize costs, and produce different products and services with other competitors (Ndahiro et al., 2015). Modern companies are required to produce innovations in order to improve company performance indicators (Peronja, 2015; Price et al., 2013) and be able to survive in a constricting competition (Shinwon et al., 2015). Many companies have difficulty in implementing organizational change (Mosadeghrad & Ansarian, 2014), due to scale of change that is too large and sustainable, which has a negative impact on employee behavior (Elizabeth Viktorsson, 2014), and employee resistance that is not always shown authentically forthright (Robbins & Judge, 2013). The main factor for the success of the change process is the readiness of the organization through emphasizing the importance of building a sense of urgency through cooperation between employees aggressively (Elizabeth Viktorsson, 2014), clarity of information to employees about changes made (Shinwon et al., 2015), employee initiatives (Sofat & Kiran, 2015) and organizational structures that have clarity in the context of change (Benzer et al., 2017). Tai et al.’s (2017) research suggests companies to implement an ambidextrous organization in improving information and technology change capabilities. However, other studies have found that ambidexterity does not have a direct relationship with organizational performance (Susanto et al., 2017; Mardhatillah et al., 2017).

This study aims to examine the effect of authentic followership, ambidextrous leadership and readiness for change on corporate innovation performance, and examine the role of readiness for change in the influence of authentic followership and ambidextrous organizations on innovative performance. Although previous studies have discussed the influence of authentic
followership variables (de Zilwa, 2016; Leroy et al., 2015) and ambidextrous organizations (Bresciani et al., 2018; Popadić et al., 2016) on the performance of innovation, but none of them examined the role of mediating change readiness in the relationship between these variables.

2. Literature Review

Innovative performance can be described under various categories, viz. product productivity and the success of new products (Dul & Ceylan, 2014), differentiated into radical innovative performance and incremental innovative performance (Forés & Camisón, 2016), integrated measures of objective and subjective performance (Camisón & Villar-López, 2014) as well as the ability to introduce new products and services to the market before competitors, the percentage of new products, new product and service projects, innovations introduced for work processes and methods, new product quality / series introduced, the number of innovations under the protection of wealth intellectual and administrative system renewal and mindset in line with the corporate environment (Tajasom et al., 2015). OECD divides innovative performance into 3 dimensions, viz. corporate system, organizational and external relations innovations (Camisón & Villar-López, 2014). Curado et al. (2018) divide the dimensions of innovative performance into 2 (two) dimensions, namely: efficiency and accuracy. Whereas Ajayi (2013) further identifies four dimensions of innovative change: product innovation, process innovation, position innovation, and paradigm innovation. Innovative performance can be measured from input (research capital stock and high skill staff) and output (number of product innovations and number of patents (Cruz-Cázares et al., 2013), using 6 items of innovative individual work behavior at the stage of innovation (idea making, idea promotion, and realization of ideas) from the innovative behavior of employees (Abbas & Raja, 2015). Innovative performance can also be measured by market share innovation (Wadhwa et al., 2017), discovery of new products, devices and process systems (Tajasom et al., 2015). Meanwhile, Kilic et al. (2015) measure the size of innovative performance by taking into account the effects of innovation on company performance measured in indicators of production, finance and market performance. The concept of authentic followership began to emerge at the beginning of this century (de Zilwa, 2016). Authentic followers are defined as psychological capacity and a follower's conceptual framework (Kernis, 2003), with authentic leader (Shamir & Eilam, 2005; Crawford et al., 2018), proactive and critically constructive (Zilwa, 2014).

Hannah (2011) adopted the dimensions compiled by Walumbwa et al. (2008), in measuring authentic followership by using characteristics of balanced processing, ethical standards, transparency, self-awareness, and openness. According to Kernis and Goldman, (2006) the dimensions of authentic followership are: awareness (motives, feelings, desires, strengths, weaknesses and emotions), unbiased processing (objectivity and acceptance), behavior (acting in a way with values, preferences & needs) and relational orientation (value, openness, originality & truth). Authentic as a follower is measured by the following dimensions: self-awareness, balanced processing, relational transparency and internalized moral perspective (Leroy et al., 2015). Based on the concepts above, in this study the researchers defined authentic followers as an authentic awareness and desire of an employee in the involvement of achieving organizational goals without coercion from the leader and carried out voluntarily with the following indicators: work awareness, behavior, openness and value. The organization's ambidexterity is a new topic in management research that has begun to develop very rapidly over the past 17 years (Hughes, 2018). Organization ambidexterity also starts to get much attention to be researched and developed. Among the studies that discussed organization ambidexterity were empirical studies (Nosella et al., 2012; Lavie et al., 2010; Turner et al., 2015). The culture of organization ambidexterity is a high-level construction consisting of organizational diversity and shared vision, and has an impact on contextual ambidexterity and consequently the results of new product innovations (Wang & Rafiq, 2014). Organization ambidexterity is defined as the ability of an organization to simultaneously pursue continuous exploitative and exploratory innovations (Junni et al., 2013) for short and long term performance (Wang et al., 2012). Turner et al. (2015) defines organization ambidexterity as the ability of an organization to use and improve existing knowledge (exploitation) and on the other hand also create new knowledge (exploration). Whereas Fu et al. (2016) define organization ambidexterity as the ability of an organization to simultaneously explore and exploit internal and external resources to be adaptive to future market changes. So the essence of organizational ambidexterity is an illustration of the organization's ability to improve business maturity and ability to explore competitive advantage in new fields (O’Reilly & Tushman, 2013).

Cao et al. (2009) categorize two dimensions of ambidexterity, namely: balance of ambidexterity (BD) and combined of ambidexterity (CD). BD emphasizes the relative level of exploitation and exploration, because excessive service on both sides will cause performance risks. The dimensions of ambidextrous organizational culture by Wang et al. (2012) are: organizational diversity & shared vision.

Based on the concepts above, in this study the researchers define an ambidextrous organization as the ability of an organization to exploit and explore all available resources in the organization with its measuring indicators, namely: exploration capabilities and exploitation capabilities. The definition of change readiness is the extent to which psychological readiness and behavior of organizational members individually in carrying out organizational changes (Weiner et al., 2008) which are shown in the form of positive and proactive responses (Stevens, 2013) individually (Vakola, 2013). While the dimensions of change readiness according to Castañeda et al. (2012) are: community and organizational climate that facilitates change (the condition of society and organization), current attitudes and efforts towards prevention (awareness, values, efforts), commitment to change (needed and commitment to change), the capacity to implement change (relational capacity, efficacy, skills and knowledge).
In this study change readiness is defined as the ability of the organization and its members to face a planned change process within the organization, so that the goals of change can be achieved in an effective and efficient manner according to measurement indicators, including: a work climate that encourages innovation, facilities and equipment innovation, awareness of change, commitment to change, knowledge of the process of improvement and ability to make improvements.

### 3. Research Methodology and Framework

Some studies conclude that followership influences innovation (Bufalino, 2018), as a mediator on organizational performance (Kim & Schachter, 2015), produces innovative performance (Zacher & Wilden, 2014), has a significant positive relationship with team performance (Spicer, 2018), and plays an important role in achieving organizational performance (Nejad et al., 2015). Authentic followership is positively related to performance using self-determination theory (Leroy et al., 2015) and has the potential to strengthen positive organizational culture so as to improve organizational performance (de Zilwa, 2016). Based on above researches, this study proposes the following hypothesis:

**H1**: Authentic followership has a positive influence on innovative performance.

Ambidextrous organization is a solution to the achievement of the organizational resulting in different performance (Simsek, 2009) which has an effect on stronger performance in high capital companies (Fu et al., 2016). Organization ambidexterity plays an important role in improving company performance (Wang & Rafiq, 2014) and has a significant relationship with the results of new product innovations. Technology exploration and exploitation activities complement and influence company performance (Zhang et al., 2017), have an impact on organizational performance (O’Reilly & Tushman, 2013; Junni et al., 2013; Lubatkin et al., 2006; Sarkees et al., 2010; Junni et al., 2013; Popadić et al., 2016; Faisal Ahammad et al., 2015; Kauppila, 2010) and innovation (Bresciani et al., 2018). Based on above researches, our study proposes the following hypothesis:

**H2**: Ambidextrous organization has a positive influence on innovative performance.

Organizational readiness for changes that support the development of innovations in products and processes can attain high company performance (Camisón & Villar-López, 2014) and resulting the best corporate performance (Kilic et al., 2015). Organizational innovation strategies have a positive impact on innovative performance (Bolívar-Ramos et al., 2012). Employee readiness in facing changes in companies in organizations improves organizational performance (Ndahiro et al., 2015). Based on above researches, our study proposes the following hypothesis:

**H3**: Readiness for change has a positive influence on innovative performance.

Based on several studies it was concluded that followership significantly moderated the relationship of leadership and employee participation in change (Khan et al., 2018), the need for changes that shape authentic behavior of employees will influence support for change (Abdel-Ghany, 2014), employees who are ensure in their abilities experience a high level of readiness to change (Vakola, 2014). Affective commitment of employees, which is characteristic of authentic followership also has to do with readiness for change (Soumyaja et al., 2015). Based on the above researches, our study proposes the following hypothesis:

**H4**: Authentic followership has a positive influence on change readiness.

Some studies conclude that there is a positive relationship between the ability of ambidexterity and preparation for changes in the company (Judge & Blocker, 2008), exploration and exploitation have a positive influence on the ability of radical change and gradual change ability (Nazir et al., 2011), and exploration activities and exploitation in order to find the right way to respond to changes that occur (Franco & Cerimele, 2019). Zhang et al. (2018) concluded that the preceding factors of the ability of ambidexterity had a positive influence on the ability and performance of employees in the process of change. Based on the above researches, our study proposes the following hypothesis:

**H5**: Organization ambidexterity has a positive influence on readiness for change.

Some studies concluded that authentic followers have the potential to strengthen organization (de Zilwa, 2016), strengthens organizational capabilities (Jin et al., 2016), has a significant role in forming ambidexterity (Klonek et al., 2018). Based on the researches, our study proposes the following hypothesis:

**H6**: Authentic followership has a positive influence on an ambidextrous organization.

In addition to the hypotheses mentioned above, this study also examined the role of change readiness as a mediator with the following hypotheses:

**H7**: Authentic followership has an influence on innovative performance by mediating change readiness.
**H0**: Ambidextrous organization has an influence on innovative performance by mediating change readiness.

Based on our proposed hypotheses, the theoretical framework can be described in the model constellation as follows:

![Fig. 1. Research Framework](image)

The research was conducted in a manufacturing company located in Indonesia with a purposive sampling technique 223 employees with position team leader level up to director. The instrument test was conducted using SPSS 2.5 to test the validity where $r$ (table) = 0.361 ($N = 30$) and the reliability test with the Cronbach Alpha value $> 0.60$. SEM model is tested using Lisrel 8.7 by the Confirmatory Factor Analysis (CFA) test and the model equation test.

4. **Result and Discussion**

4.1. **Validity Test**

The results of the validity test on the indicator questions from innovative performance variables (KI1, KI2, KI3, KI4, KI7, KI8, KI9 and KI10) found that the question KI1 was invalid ($r < 0.362$), so it must be discarded. After item KI1 was removed and all indicators became valid ($r > 0.361$). While the results of the validity test for indicators of authentic followership variables (AF1, AF2, AF3, AF4, AF5, AF6, AF7 and AF8), ambidextrous organizations (AO1, AO2, AO3, AO4, AO5, AO6, AO7, AO8, AO9 and AO10) and readiness for change (KP1, KP2, KP3, KP4, KP5, KP6, KP7, KP8, KP9 and KP10), were all valid ($r > 0.361$).

4.2. **Reliability Test**

The reliability test results on innovative performance variable is a high level of reliability (Cronbach's alpha = 0.891), authentic followership variable is a high level of reliability (Cronbach's alpha = 0.873), ambidextrous organization variable is high level of reliability (Cronbach's alpha = 0.873) and change readiness variable is high reliability rate (Cronbach's alpha = 0.888). Thus, it can be concluded that all indicators of variables are reliable.

4.3. **SEM Model Test Results**

The goodness of fit model test results is as the table below:

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Goodness-of-Fit</th>
<th>Cut-off-Value</th>
<th>Result</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMR</td>
<td>$\geq 0.05$ atau $\leq 0.1$</td>
<td>0.026</td>
<td>Good Fit</td>
<td></td>
</tr>
<tr>
<td>RMSEA</td>
<td>$&lt; 0.08$</td>
<td>0.077</td>
<td>Good Fit</td>
<td></td>
</tr>
<tr>
<td>AGFI</td>
<td>$\geq 0.90$</td>
<td>0.73</td>
<td>Marginal Fit</td>
<td></td>
</tr>
<tr>
<td>NFI</td>
<td>$\geq 0.90$</td>
<td>0.96</td>
<td>Good Fit</td>
<td></td>
</tr>
<tr>
<td>CFI</td>
<td>$\geq 0.90$</td>
<td>0.98</td>
<td>Good Fit</td>
<td></td>
</tr>
</tbody>
</table>

All the criteria of goodness have a higher value than the minimum value, except for AGFI criteria. An AGFI goodness limit criteria is 0.90, while the model has AGFI value of 0.73 or less difference 0.17 of limit criteria. However, since others criteria have been a good fit, it can be concluded that the model SEM formed already good fit model.
4.4. SEM Model Equation

The equation of the SEM model on the correlation of each variable to innovative performance is as follows: Innovative performance = 0.43 change readiness + 0.47 authentic followership + 0.088 ambidextrous organization. While the indirect correlation of each variable due to the mediation of change readiness is as follows: Innovative performance = 0.67 authentic followership + 0.13 ambidextrous organizations.

4.5. Hypothesis testing

Testing hypotheses for each hypothesis can be seen in the following table:

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>t-calc</th>
<th>Result</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Authentic followership significantly influences the innovative performance.</td>
<td>7.64</td>
<td>Ha accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Ambidextrous organization significantly influences the innovative performance.</td>
<td>4.52</td>
<td>Ha accepted</td>
</tr>
<tr>
<td>H3</td>
<td>Change readiness significantly influences the innovative performance.</td>
<td>3.05</td>
<td>Ha accepted</td>
</tr>
<tr>
<td>H4</td>
<td>Authentic followership significantly influences on the change readiness.</td>
<td>5.93</td>
<td>Ha accepted</td>
</tr>
<tr>
<td>H5</td>
<td>Ambidextrous organization significantly influences on the change readiness.</td>
<td>7.25</td>
<td>Ha accepted</td>
</tr>
<tr>
<td>H6</td>
<td>Authentic followership significantly influences on the ambidextrous organization.</td>
<td>19.15</td>
<td>Ha accepted</td>
</tr>
<tr>
<td>H7</td>
<td>Change readiness mediating significantly influences the authentic followership on innovative performance.</td>
<td>0.85</td>
<td>Ha rejected</td>
</tr>
<tr>
<td>H8</td>
<td>Change readiness mediating significantly influences of ambidextrous organization on innovative performance.</td>
<td>3.80</td>
<td>Ha accepted</td>
</tr>
</tbody>
</table>

5. Conclusion and Recommendation

This research has concluded that authentic followership, ambidextrous organization and change readiness directly influenced on innovative performance. Authentic followership and ambidextrous organization have indicated to have direct influence on change readiness. Authentic followership was proved to have direct influence on ambidextrous organization. The mediating role of change readiness did not have any meaningful effect on the context of influence of authentic followership on innovative performance. Meanwhile, the mediating role of change readiness significantly influenced on the context of the influence of ambidextrous organization on innovative performance. Based on the result of this research, the authors recommend the management to consider the strategy in improving innovative performance by enhancing the authentic followership of the employees, increasing the employee awareness upon the importance of organizational change and improving the organization’s capability in exploiting current business process and explore a new business.

References


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context for exploiting the present and exploring for the future (Doctoral dissertation, © OM Ajayi).


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