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RIGHT OR LEFT: WHICH HAND DO I PLAY AS THE TIDE TURNS?

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Abstract

Entrepreneurship, previously seen as a subset of business for the small firms, is fast emerging to be a megatrend in the 21st century due to its capacity to reorder industries globally. Entrepreneurs are fast becoming the lifeblood of any economy by creating jobs, introducing new products and services and promoting upstream and downstream activities in the value chain. Indeed, small and medium enterprises are playing a pivotal role in social and economic advancement. However, the entrepreneurship landscape in the 21st century is remarkably different and more turbulent than the business environment of the past. The 21st century entrepreneur has to harness the opportunities that arise with technological changes like high speed internet, cloud technologies, and growing social media coupled with changing organizational structures, ownership and management. This calls for a shift in entrepreneurship to a more technology based, collaborative and adaptive business model that is more inclined towards growing profitable businesses and other social enterprises that add value beyond the traditional bottom line all within a radically different entrepreneurial ecosystem. Due to this, entrepreneurship today revolves around entrepreneurs' ability to deploy accumulated knowledge and stay in control of their business while at the same time keeping abreast and adapting fast to changes in the environment. This implies that to excel, entrepreneurship today requires ambidexterity; the simultaneous ability to exploit current internal capabilities and external opportunities and explore for new business opportunities that are yet to manifest. This conceptual paper, founded on the paradox theory argues that entrepreneurial ambidexterity is a must-have skill in the 21st century to enable the entrepreneur balance the contradicting motivations and logics to stay both aligned and adaptive.

Key Words: entrepreneurship, ambidexterity, exploration, exploitation, paradox theory

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Background

Early perspectives of entrepreneurship can be traced to Schumpeter (1934) who viewed entrepreneurship as the crafting of new combinations of firm organizations including new products, services, markets, production methods, raw material sources and forms of organizations. In latter periods, it is seen as a mind-set that is focused on opportunities, innovation and growth (Allen, 2006). As a field, entrepreneurship has been growing in importance especially in the 21st century. Interest in the field as a key enabler to economic development has been on the increase from the 1980s (Volery & Mazzarol, 2015). This is attributed to the potential of the industry to spur economic growth through job creation, addition to national income, creating social change and new product or service creation. The World Bank Group (2019) acknowledges the need for increased entrepreneurs in raising the productivity and growth of firms and job creation.

With the growing interest in entrepreneurship, research efforts have varied to a great extent. Specifically, there has been heightened focus on the entrepreneur, the person vested with the responsibility of managing the process (Volery & Mazzarol, 2015). Chandra (2018) observed that the entrepreneurship research has gained momentum with the person-centric approach. This shift in focus has led to interest on the psychological and personal attributes that predict entrepreneurship. Further, Chandra asserts that the field has had a behavioural shift with increased interest into “what entrepreneurs do, how and why they recognize, evaluate and exploit opportunities”.

Trends Shaping the 21st Century Entrepreneurial Environment

Dollinger (2008), observed that trends in the new millennium have precipitated a shift which suits the young people to entrepreneurial activity. He isolated several trends including the technological precocity of aspiring entrepreneurs, cheaper computer hardware, free infrastructural software, global market access and search engine marketing which facilitate entrepreneurs especially Internet ones. Further, he observed that the current generation was quite independent, passionate and inquisitive given to thinking differently and challenging conventions. These traits have therefore predisposed them to entrepreneurial intentions and activities more than their earlier counterparts. These trends have also led to more ventures being technological or based on technology as well as increase in innovations that create business opportunities.

Ungureanu (2021) noted that globalization, innovation, trade liberalization, information and communication technology characterize the 21st century. These provide a viable entrepreneurial ecosystem such that entrepreneurship activities are necessary to create change in society. Obschonka et al. (2017) argued that the 21st century is characterized by a changing landscape that requires abilities and skills to exploit opportunities. They isolated entrepreneurship as a pivotal 21st century skill which they noted had been introduced as part of most school curriculums in most countries. This inclusion of entrepreneurship points to a key trend within this century, that is a highly developed entrepreneurial alertness and orientation among the youth inculcated through education programs compared to the older generations which is likely to spur

entrepreneurship growth. This is evident from anecdotal observations among the Generation Zs who are more likely to seek independent work environments and want to create start-ups.

Gaddam (2020) isolated various trends that he contended would shape the future of entrepreneurship. First is the rise of social enterprises driven by a mix of social and economic goals and that raised diversity in businesses (40% led by women executives, 31% of the directors being of Black or Asian ethnic descent and 40% with disabilities). Secondly is the digital trends among consumers including use of social media, search engines or mobile applications which shapes advertising and distribution channels. Finally, growth of platforms is also influencing business models to a great extent where everyone can be connected. This is exacerbated by the changing cultural trends creating the need for innovation and the mix up of generations in the workplace. A typical workplace is likely to have baby boomers, millennials and iGen which creates diversity in the work environment and encourages different ideas in problem solving.

Marquardt et al. (2018) studied the megatrends of the 21st century, their drivers and developments. They identified globalization, technological change and digitalization, future of work and organizations, future of mobility, demographic and social change, urbanization, health and wellbeing, sustainability and transparency and climate change and resource scarcity. They observed that these megatrends were shaping economies, societies, politics and environments worldwide. These trends come with a high sense of urgency and flexibility if the economic future of organizations is to be secured. Entrepreneurial ventures are more likely to possess the agility required to navigate

these global megatrends and even find opportunities that present with them. In addition, the 21st century has seen a proliferation of disruptive innovations that are only likely to increase changing business models globally.

In the midst of these trends, a black swan event, coronavirus disease 2019 (COVID-19) occurred and became a global pandemic. This has occasioned widespread lockdowns and closure of non-essential services. Cowling et al. (2020), found that only 39% of businesses had been shoring up their cash balances leaving most businesses ill prepared to withstand the effects of the pandemic. Morgan et al. (2020), explored how small and medium-sized enterprises responded to major exogenous shocks. They found out that new firms were better positioned to exploit arbitrage opportunities while mature firms would benefit from innovation opportunities. This is because new firms had less baggage in terms of embeddedness in resources and stakeholder obligations which make it difficult for existing firms to pivot.

Entrepreneurial Characteristics

On the overall, the business landscape of the 21st century is quite turbulent for businesses. This poses both opportunities and threats for entrepreneurs. Entrepreneurs in the 21st century need to possess skills that poise them to exploit the opportunities as well as ward off the threats in the business landscape. Scholars have over time studied the characteristics that make successful entrepreneurs and whether certain traits predict an individual's likelihood to be an entrepreneur.

The Big Five model is commonly applied to explain major personality traits of successful entrepreneurs. The model considers five broad categories of traits namely conscientiousness,

openness to experience, emotional stability, extraversion and agreeableness. Conscientiousness is associated with entrepreneurship since a goal oriented individual with a high need for achievement is more likely to become an entrepreneur (Ness & Seifert, 2016; Baum & Locke, 2004). Chan et al. (2015) found that openness to experience, extraversion and emotional stability were more prevalent in entrepreneurs than professional managers and were linked to entrepreneurial intentions. Agreeableness enables the entrepreneur to create relationships with stakeholders and team members.

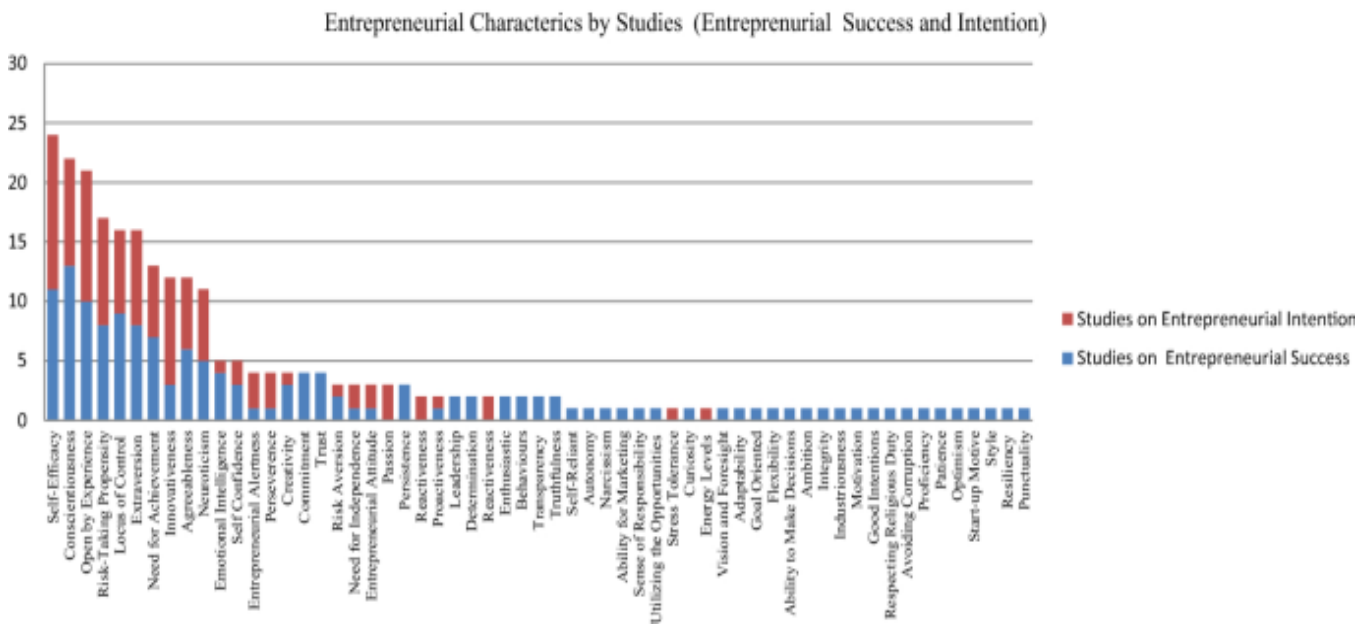
Self-efficacy is another trait associated with entrepreneurs. This involves the belief a person has in themselves to organize and execute plans to achieve desired goals (Sahin et al., 2018). This trait is more crucial in uncertain and competitive environments since in such environments, entrepreneurs have to rely on their belief that they can execute their visions (Kerr et al., 2018). Self-efficacy influences a person's resilience and persistence which are traits that are crucial to entrepreneurs especially in coping with the high risk of failure associated with entrepreneurial ventures.

Innovativeness is an entrepreneurship trait that commonly takes a synonymous role to entrepreneurship. Kerr et al. (2018), observed that keenness to innovate was key to

entrepreneurs in turbulent environments as it empowers them to find solutions in difficult times. In addition, other traits like need for achievement, locus of control, risk-taking propensity and creativity. Sun et al. (2020) in their study among engineering students on entrepreneurial intentions and found that creativity and risk taking had a direct impact on entrepreneurial intentions while need for achievement and locus of control affected these intentions indirectly. Kerr et al. (2018) in their findings, concurred that entrepreneurs had a high need for achievement and an internal locus of control that gives them the drive to achieve their goals.

Yangailo and Qutieshat (2022) in a systematic review of literature to isolate dominant traits in predicting entrepreneurial intentions and success observed that the 21st century was unique due to its dynamism and aggressive competition. Further, the noted that not everyone had the potential or became entrepreneurs and even for those that ventured into entrepreneurship, not all were successful. However, given the pivotal role of entrepreneurship in spurring economic and technological growth, scrutiny into the attributes and skills that lead to entrepreneurial intentions and success was imperative. Yangailo and Qutieshat's study revealed the characteristics set out in Figure 1 below.

Figure 1. Entrepreneurial Characteristics Predicting Entrepreneurial Intentions and Success



This table was summarized by Yangailo and Qutieshat in 2022 from a systematic review of literature to show dominant entrepreneurial characteristics. From “Uncovering Dominant Characteristics for Entrepreneurial Intention and Success in the Last Decade: Systematic Literature Review”, by T. Yangailo and A. Qutieshat, 2022, *Entrepreneurship Education*, 5(2), 145-178.

Paradoxical Motivations

Research has focused on the traits that position entrepreneurs for success or predict entrepreneurial intentions with mixed findings.

Kerr et al. (2018), observed that entrepreneurs are quite heterogeneous thus the mixed findings in their personalities. They pointed to different entrepreneurship goals. Some entrepreneurs are growth driven and so they seek opportunities while others are innovation and necessity driven and so they seek to create new businesses when there are few options (Schoar, 2010). These goals suggest that entrepreneurs will have different approaches in how they identify, design and operate ventures. Kerr et al further observed that entrepreneurship does not happen in a vacuum and they set out various factors as shown in Figure 2 below that interplay to deliver entrepreneurial success.

Figure 2: Interplay of Factors Leading to Entrepreneurial Success

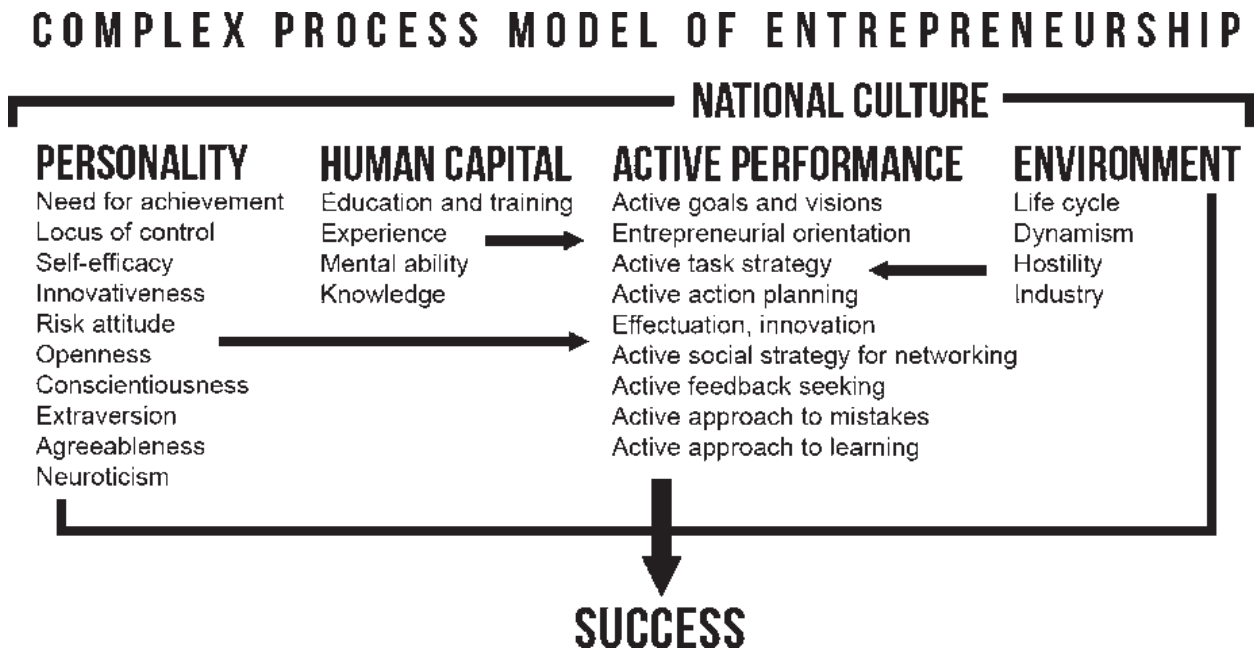


Figure 2. This table was adapted by Kerr, Kerr and Xu in 2018 to demonstrate the complex model required for successful entrepreneurship. From “Personality Traits of Entrepreneurs: A Review of Recent Literature”, by S.P. Kerr, W. R. Kerr and T. Xu, 2018, *Foundations and Trends in Entrepreneurship*, 14(3), 279-356.

The turbulent environment within which firms are playing in pose a challenge to entrepreneurs. Kerr et al. (2018) acknowledged the need for more nuanced understanding of entrepreneurial traits necessary for success due to the integrated and complex nature of the environment they operate in. Chen (2017), observed that firms needed to explore and exploit to succeed within the turbulent business landscape. Exploitation involves making use of available information and internal capabilities to ensure success in the short term. It focuses on what is known and thus involves low uncertainty with high success rates. The entrepreneur in this case faces clearly defined problems and in such cases they seek

efficiency, control and incremental improvement.

Exploration on the other hand involves discovering what is yet unknown. In this case, entrepreneurs have no complete information about all possible opportunities so they keep sensing and seizing them. Chen (2017) noted that this posture presumes that the organization has not achieved its full capabilities and thus they need to stretch them, transform them or develop new ones. Further, this posture involves high level uncertainty with low success rates as it consumes resources in a bid to create new prospects. Due to this, many firms are good at exploitation but do not excel at exploration. Chen adds that to excel at exploration firms have to be tolerant of early failure and thus flexibility, autonomy and experimentation are critical.

Exploitation and exploration impose contradictory demands on the firm. Besharov and Smith (2014) observed that they require

different managerial practices. For this reason, it is difficult for firms to excel in both and in fact firms rarely do. Volery et al. (2013) noted that exploitation and exploration are imperative for the survival and performance of ventures and in fact they operate in a complementary manner as entrepreneurs seek innovative activities alongside operational activities. In their study, they established that there was tension between exploitation and exploration with the tables tilted towards exploitation. They attributed this to uncertain returns associated with exploration as well as the speedy positive feedback associated with exploitation and entrepreneurs getting caught up in operational issues.

With the demands in the 21st century, the entrepreneur requires to maintain a balance between exploitation and exploration. Gaddam (2020) observed that given the trends in the 21st century, entrepreneurship was a more accessible avenue than in the past but was also more difficult to succeed in with the increasingly saturated markets. He therefore opined that to achieve success and recognition, the entrepreneur of the 21st century needs to possess the right knowledge and keep in step with the trends. This presents the dilemma of where to focus entrepreneurial effort that is to exploit current opportunities with accumulated competences or to explore opportunities that are yet to unfold thus the tension between exploitation and exploration.

From Contingency Theory to Paradox Theory

Early responses to this dilemma were based on the contingency theory approaches. Contingency theory presumes that there is no best approach for all situations but rather there must be alignment between the environment and internal elements. In this case, the choice

between competing alternatives is largely driven by the environment such that the alternative selected is the one that is most effective in the organization's context (Smith & Lewis, 2011). With this approach, the entrepreneur would then weigh between exploration and exploitation by considering the organization's context. However, this implies adopting one stance at the expense of the other which might only yield short term gains. For long term survival, the entrepreneur must balance between the two competing demands (Volery et al., 2013).

Waldman et al. (2019) argue for viewing problems that are contradictory and interdependent through the paradox lens to understand the tensions between the opposing issues and possibly find solutions. They observed that a paradox mind-set allows individuals to an open mind in searching for solutions and tolerating ambiguity and varied experiences and also show increased cognitive complexity. Thus they use the competing demands as opportunities and seek continuous learning and craft new ways of dealing with the contradictions including finding balance or equilibrium, reframing them to a new whole, shifting their boundaries to transcend them or connecting them.

Paradox theory therefore offers a solution that allows entrepreneurs to attend to exploitation and exploration simultaneously. Smith and Lewis (2011) assert that a paradox view to organizational tensions presumes that they exist within complex and dynamic systems. Further when competing demands are evaluated alongside each other, organizations can design management strategies that are more creative, reflexive and sustainable. For entrepreneurs, a paradox mind-set allows for pursuit of management practices that support both

exploitation and exploration without necessarily trading one off. It also allows for the entrepreneur to adopt a more dynamic approach so that there is a shifting balance between the exploitative and exploratory managerial practices as the entrepreneur navigates the business landscape.

Entrepreneurial Ambidexterity

Ambidexterity according to the Oxford dictionary is the ability to use the right hand and the left hand equally well. For most people, one hand is usually the dominant one and the less dominant hand does not perform as well. However, there are few people who are able to use both hand equally well and they are said to be ambidextrous. Volery et al. (2013) observe that this concept applied to management studies implies the ability to pursue both exploitation and exploration simultaneously. Ambidexterity presumes that the entrepreneur is able to wield both exploitation and exploratory practices with equal dexterity as opposed to pursuing equal amounts of exploitation and exploration.

Volery et al. (2013) observe that while there is agreement that there is need for balance between exploration and exploitation, it is not clear whether there should be equal quantities of each. Martin et al. (2019) noted that ambidexterity is pursued in different ways by organizations. There are organizations that shift the strategic focus between exploitation and exploration over time or they set up specialized departments for either exploitation or exploration or create an environment where members can undulate between exploitation and exploration. Thus, organizations deploy ambidexterity either sequentially, structurally or contextually.

Martin et al. (2019) further argued that when pursued sequentially, entrepreneurs seek to

resolve the conflicts between exploration and exploitation in temporal manner by switching from one to the other. This entails the entrepreneur responding to environmental shifts through realignment of organizational microfoundations such as processes and structures. Structural ambidexterity they noted would entail, the entrepreneur designing the organizational structure in a way there are autonomous units each with different emphasis. In this case, there are core units pursuing exploitation while innovation units pursue exploration. The entrepreneur or the senior management then play the crucial role of enacting organization wide values and policies to create coherence between the units. Finally, Martin et al noted that contextual ambidexterity requires the organizations reward systems, values and culture to allow for both exploration and exploitation. In this regard, alignment and adaptation coexist through an enabling organization environment.

Consistent with paradox theory, entrepreneurs need to juggle different practices in order to navigate between the contradictory demands of exploitation and exploitation. Raisch et al. (2009) concluded that ambidexterity required management of the contradictions between differentiation and integration and that it comes from and manifests at individual and organizational levels. Additionally, that ambidexterity resulted from a dynamic process of both simultaneous and subsequent exploitation and exploration and the integration of internal and external knowledge. This is consistent with Volery et al. (2013)'s findings that ambidexterity required multitasking where managers fulfil multiple roles. In essence this implies that managers must have the flexibility

and dynamism necessary to wield ambidexterity effectively.

Given that entrepreneurs in the current reality have to grapple with a myriad of changes, ambidexterity is increasingly becoming a skill that they must possess to secure success. This requires the entrepreneur to possess sufficient deftness in enacting and establishing routines necessary to exploit opportunities while at the same time be perceptive to new opportunities for exploration. Entrepreneurial business models must also be tested on how well they balance the conflicting demands in order to succeed in the modern business landscape.

Chen (2017) advocated for dynamic ambidexterity which seeks to combine structural, sequential and contextual ambidexterity. This he argued would allow the firm to adapt the contradictory logics necessary for both exploitation and exploration. Focusing on the innovator's dilemma, he sought to propose dynamic ambidexterity as the panacea to firms facing disruptive innovations. This view presents a unique setting since in advancing the innovator's dilemma, Christensen (1997) described firms that were in fact pursuing sustaining innovations necessary to satisfy their customers and in some cases even overshooting them. This poised them to be myopic or blinded by disruptive innovations so that they failed to respond to them. The 21st century is awash with such innovations and convergence of industries that entrepreneurs today must be constantly on the lookout for threats to their business models. The COVID pandemic by occasioning widespread lockdowns further gave impetus to the technology push which has led to new or redesigned business models.

Modern entrepreneurs, against such a backdrop may need to be in a continuous state of flux which allows them to take advantage of existing opportunities while seeking new opportunities or at least keeping abreast of new opportunities that may lead to their disruption. This state is what Chen (2017) christens as dynamic ambidexterity. Firms adopting dynamic ambidexterity are able to enact practices that allow them to adopt sustaining innovations but also adapt to disruptive innovations, remedying the innovator's dilemma. Sustaining innovations will allow the firm to exploit existing opportunities exhaustively but when faced with disruptive innovations the firms will also be poised to respond appropriately to them to avoid being disrupted.

Chen (2017) proposes various practices that can be adopted by organizations in order to implement dynamic ambidexterity. These include providing room for both deliberate and emergent strategies, efficient and responsive supply chain, enabling organization structure to support exploitation and exploration, rewards for performance that are early failure tolerant, execution and search oriented processes, integrated and autonomous collaborations and focus on existing and latent customers. These practices, in themselves are contradictory and require hard work and creativity which have traditionally been the forte of entrepreneurs. The costs associated with dynamic ambidexterity might also be prohibitive in the short run but in the long haul are likely to be the differentiator between survival and extinction in the 21st century.

Conclusion

Scholars have over time studied capabilities that confer entrepreneurial success with various

traits and attributes being advanced. Given the business landscape of the 21st century, the shift is necessary to focus on more dynamic capabilities that poise the business for survival in this setting. This paper argues for a shift from viewing entrepreneurial attributes from a contingency theory where the entrepreneur switches between the contradictory logics of exploitation and exploration based the prevailing context to paradox theory. Paradox theory allow the entrepreneur to balance between these contradictory logics simultaneously to stay aligned and adaptive. The paper makes a rallying call for entrepreneurs to focus on entrepreneurial ambidexterity to enable them exploit and explore opportunities that unfold within the business landscape. Traditional attributes may not suffice to concurrently position entrepreneurial ventures in the current environment and poise them for future developments. This paper concludes that as the tides turns, the entrepreneur cannot play one hand only but rather must employ both hands with equal dexterity making entrepreneurial ambidexterity a necessary attribute for the modern day entrepreneur. Further, deploying ambidexterity in its various forms will in itself require dynamism as the environment unfolds. This will help to transform traditional entrepreneurial attributes to more relevant skills in the modern business environment. In essence, success in the 21st century will be vested in entrepreneurs who possess the ambidexterity and who are able to deploy it in its various forms. The paper therefore recommends that scholars should consider the place of ambidexterity among other widely acclaimed entrepreneurial attributes and seek to establish the modes, antecedents and consequences of entrepreneurial ambidexterity

to allow for more nuanced discussions on entrepreneurial attributes.

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