

## Impact of strategic capabilities on organizational ambidexterity in the commercial banks in Jordan: The mediating role of knowledge management

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### ABSTRACT

This study seeks to explain the impact of strategic capabilities on organizational ambidexterity, in the presence of knowledge management. The study population consists of managers of commercial banks in Jordan. The sample included (200) respondents by distributing the study questionnaires to them, where the returned questionnaires and valid to statistical analysis were (168). Structural equation modelling (SEM) was used as an inferential statistical analysis technique to test the hypotheses of the study. The result of this study referred that knowledge management mediates the relationship between strategic capabilities and organizational ambidexterity. Hence, all dimensions of strategic capabilities (marketing capability, market-linking capability, technology capability, and management capability) have a statistical impact on both knowledge management dimensions (knowledge acquisition, knowledge creation, knowledge application, and knowledge storage) and the dimensions of organizational ambidexterity (exploitation and exploration). Therefore, the study recommends managers and decision-makers of commercial banks in Jordan to focus on strategic capabilities that enhance their abilities to identify and acquire opportunities from the business environment by building good relationships with both customers and suppliers. Besides, improving their employees' capacity to deal with new knowledge and apply it to create novel products and services.

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## 1. Introduction

Organisations continually need to develop new products and services to cope with the complexity and rapid changes in business environments (Xinwei et al., 2018). These changes require the ability of organisations to integrate and reconfigure both internal and external resources and skills that are harmony with the business environment to adopt optimal strategies in order to achieve long horizon goals (Adil et al., 2015; O'Reilly & Tushman, 2008). Therefore, organisational ambidexterity is providing as one of the critical strategies that help the organisations restructure their resources by exploration the opportunities from the business markets and exploitation them to improve managerial skills which lead to enhance the organisations' performance (Lubatkin et al., 2006). Since the researchers have been considering the organisational ambidexterity that classified in the strategic domain to face aggressive competition in the market (O'Reilly & Tushman, 2013), this requires of organisations thinking to acquire and maintain a set of specific skills and abilities to achieve their goals (Lee et al., 2017). Hence, organisations are emphasising on analysing strategic capabilities to identify their critical intangible resources, how to deploy these resources within an organisation and orienting them to increase their competitive performance (Agyapong et al., 2016; Seyhan et al., 2017). Besides, organisations' management realised the vital role of knowledge as an essential resource to support their activities and enable employees to think creatively, which help to gain long term advantages of an organisation

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(Alavi & Leidner, 2001). Thus, they focused on methodologies and methods to manage their organisations' knowledge acquired from the external environment or generated internally (Alias et al., 2018; Wenger et al., 2002). Proper knowledge management helps to choose the optimal strategy, as well as support decision-making processes that influence on the organisation's outcomes (Al-Hawary & Alwan, 2016). Furthermore, it can enhance the employees' ability to create new products and services which enable an organisation to enter new markets or increase market share (Abuzyead & Sherif, 2017; Donate & Sánchez de Pablo, 2015; Malkawi & Rumman, 2016). Accordingly, this study investigates the relationship between strategic capabilities and organisational ambidexterity, as well as the mediating role of knowledge management in this relationship.

## 2. Theoretical Framework

### 2.1 Strategic Capabilities

Organisations need diverse interrelated capabilities in all organisational functions to create value for it, where these capabilities difference between organisations according to a lot of internal and external factors (Di Benedetto & Song, 2003). The organisation's capabilities were classified in the second level of competencies hierarchy, where they link between an organisation's resources and competencies, which express an organisation's intangible resources (Čirjevskis, 2019; Javidan, 1998). Organisations seek to incentive building the competitive advantage and growth in the long term by recognising their fundamental capabilities and develop them into strategic capabilities (Seyhan et al., 2017; Teece, 2014). The concept of strategic capabilities is linking with the resource-based view (RBV), where both perspectives focusing on developing the core competencies that cannot be imitated by rivals. Further, the necessitate of optimal use the tangible and intangible organisational resources (Carraresi et al., 2012; Hoon Jang, 2013; Takahashi & Sander, 2017). The term of strategic capabilities was defined as the intricate accumulative knowledge and skills of the organisations which enable them to coordinate their processes and reconfigure their assets to generate economic value and attain sustainable competitive advantage (Day, 1994). Besides Lado et al. (1992) referred to strategic capabilities as the unique internal skills and operations that the organisation owned but not available to its competitors. Moreover, Johnson et al. (2017) argued that strategic capabilities are the specific organisation resources and competencies that contribute to identifying their appropriate strategies in order to achieve superior performance of the organisation. To determine the strategic capabilities in the organisations, researchers suggested four dimensions according to (Isfahani et al., 2012; Parnell, 2011; Seyhan et al., 2017; Spillan et al., 2018), these dimensions are marketing capability, market linking capability, technology capability, and management capability. While DeSarbo et al. (2005), Hao and Song (2016) and Kimosop et al. (2015, 2016) added one more dimension is information technology capability in order to measure strategic capabilities. In this research, strategic capabilities are measured by four dimensions (Parnell, 2011; Seyhan et al., 2017; Spillan et al., 2018; Isfahani et al., 2012). Marketing capability refers to the skills used in marketing activities which includes market segmentation, determine the target market, pricing the products and services and promotion activities (Seyhan et al., 2017). Furthermore, integrate the marketing activities effectively by creating both customers and rivals databases to cope with continuously changing in the organisation's environment (DeSarbo et al., 2005). Market Linking Capability focuses on sensing the environmental factors which influence the organisation's ability to cope with changed customers' needs, as well as communication processes between different channels (Kimosop et al., 2016), this capability can help the organisations build customers' loyalty by quick forecasting then responding effectively to their customers' needs (Day, 1994; Seyhan et al., 2017). Organisations aim abreast of new developments by the emphasis on available technology capability in the markets. Hence, they heavily invest in this capability that enables them to enhance R&D operations and provide new products and services to rapidly face customers' expectations, besides offering superior products and services to overcome their competitors (Hao & Song, 2016). Management capability provides support to all previous capabilities, where its rationalisation organisational structures and activities by rising the organisation's flexibility and decrease uncertainty (Raymond et al., 2010). Management capability also influences the organisation's competitive advantage through adopting a unique set of managerial functions and skills which enables it to make strategic decisions that lead success in using its resources (Seyhan et al., 2017).

### 2.2 Organisational Ambidexterity

Driven by the idea that organisations are seeking to meet the rising capabilities of markets, they continually differentiate between the mechanisms of exploiting available resources and the competitive priorities of survival in markets according to a set of criteria (Moran & Ghoshal, 1996). Hence, organisations require a group of unique capabilities, structures, and leadership patterns to achieve a level of ambidexterity balancing between short and long term goals (Birkinshaw & Gupta, 2013). The organisations should frequently recreate themselves, especially in rapidly changing environments, in order to achieve organisational adaptation which considers a necessitate for success in the long term (Ahuja & Morris Lampert, 2001; Bower & Paine, 2017; Kotter, 1996). Organisational ambidexterity has been proposed as a critical matter for organisations for the organisational success and excellent performance in the short and long horizon (Birkinshaw & Gupta, 2013; O'Reilly & Tushman, 2013). Organisational ambidexterity was discussed in a lot of researches. Accordingly, Rothaermel and Deeds (2004) indicated to this concept as "a dynamic capability by which organizations mobilize, coordinate, and integrate dispersed contradictory efforts, and allocate, combine and recombine resources and assets across differentiated exploratory and exploitive units". Also, Peng et al. (2019) referred to organisational ambidexterity as the capacity to follow exploration and exploitation in the business environments. Thus, most researchers adopted two dimensions to measure organisational ambidexterity, these dimensions are exploration and exploitation (Fu et al., 2016; Hughes, 2018; Lee et al., 2017; O'Reilly & Tushman, 2013; Panagopoulos, 2016; Peng et al., 2019; Sulphey, 2019). Exploration is the organisation orientation to discover

new ideas and optimal opportunities that can enhance the ability to innovate (Sulphey, 2019). It also emphasises on generating radical innovations that can compose long-term the organisation's future by existing products and activities that undermine to do so (Hughes, 2018). While, exploitation is reconfiguring the organisation's resources and knowledge that can improve their efficiency (Sulphey, 2019). Exploitation also presents a dynamic capability depending on path-based learning and knowledge accumulation, where the organisations seek for development of the existing skills and expand into new markets (Peng et al., 2019).

### 2.3 Knowledge Management

Knowledge management is a comparatively new orientation in the business field, where this term has become critical for the organisation for the survival and enhance of their capabilities in order to stay and develop their competitiveness position (Abbas & Sağsan, 2019). Knowledge management has provided through four views: the philosophic view that explains the origin of knowledge, the organisational development view which identifies mechanisms that enable to create and mastering knowledge together, the business view that based on value generation by available knowledge, and the technological view that determines the most effective methods and tools to usefully of knowledge (Bernard Nielsen, 2005). Accordingly, the definitions related to knowledge management varied based on researcher perspective. Gilaninia et al. (2013) provided one of the definitions of knowledge management as a group of operations that aimed to convert intangible intellectual resources into tangible values. Al-Hawary and Alwan (2016) referred it as "a set of processes and activities carried out by the management of organizations to determine the required knowledge and find it, and keep track of the different managerial methods that help on it is management, to invest effectively to create added value to their activities and operations to achieve competitive advantage, and provide an opportunity to survive in an environment characterized by major change and development". While Ghaffari et al. (2012) noticed that knowledge management expresses an attempt to increase and enhance the usage of knowledge within an organisation through acquisition, sharing, and storage knowledge.

This research uses four dimensions of knowledge management, which are knowledge creation, knowledge application, knowledge transfer, and knowledge storage (Donate and Sánchez de Pablo, 2015; Khyzer Bin Dost et al., 2018; Novak, 2017; Torabi et al., 2016). Knowledge creation indicates to the organisation's ability to discover and develop new idea and arrangements in different organisational activities (Alias et al., 2018). Also, it considers a critical factor to enable both organisation and their employees in order to improve skills and capabilities in the turbulent business environment (Eisenhardt & Martin, 2000; Scharmer, 2001). Knowledge application refers to generate value for the organisation dependent on activate knowledge usage through various methods such as repackaging knowledge, training, and motivating their employees to think innovatively (Mills & Smith, 2011; Novak, 2017). While knowledge transfer is considered as mechanisms to dissemination and sharing of knowledge within the organisation's employees and departments (Alias et al., 2018; King, 2007). Moreover, it is a multi-disciplinary procedure and specialised tools and methodologies, where the human resource deems the main factor in getting the best effective organisational outcomes (Trivellas et al., 2015). Finally, knowledge storage is the activities related to recording, arranging, and displaying knowledge that considered as one of the most essential accumulated assets for the organisation (Cummings & Teng, 2003; Khyzer Bin Dost et al., 2018), where it enables the organisation to the retention of knowledge and enhance the organisation's memory by generating a shared database which collects acquired knowledge from different departments (Novak, 2017; Obeidat et al., 2016).

### 2.4 Hypotheses development

#### 2.4.1 Strategic Capabilities and Organisational Ambidexterity

Organisation's sustainable competitive advantage reaches from both internal resources that owned and how the organisation integrates and convert these resources through suitable organisational capabilities, as well as the intangible external resources which can be shaped into internal capital (Teece, 2014). Strategic capabilities are focusing on the rapid adoption of vital resources that lead to improving innovation activities in response to business environment changes (Yu et al., 2014), it enables to expand an organisation's vision about sector developments and acquired external resources (Cheah et al., 2019), encourage to long term development by reconfiguration an organisation's resources (Čirjevskis, 2019), and it is responsible for maintaining competitive performance, as well as plays a critical role in organisation's strategic choice-making (Shimizu & Hitt, 2004). Moreover, strategic capabilities enhance the expansion of knowledge, information, and resources that lead organisations to explore market opportunities (Xinwei et al., 2018). Besides, they enable us to improve organisation's ability of exploitation these opportunities by adopting the exploitative innovation strategy that ensures the full utilisation of organisation potential (Guo, 2019; Salunke et al., 2019). Hence, the first hypothesis describes this relation as follow:

H1: There is a statistically significant impact of strategic capabilities on organisational ambidexterity.

#### 2.4.2 Strategic Capabilities and Knowledge Management

The idea of strategic capabilities emerges as a supplement of the resource-based view that is broadly focused on an organisation's resources, whether tangible or intangible to gain and maintain the competitive advantage (Carraresi et al., 2012; Takahashi & Sander, 2017). Knowledge management is more harmonic with the knowledge-based theories, which mainly emphasise on the stock of knowledge on the organisation, determining the required knowledge typologies, and the best methods to manage the knowledge (Alavi & Leidner, 2001; Baskerville & Dulipovici, 2006; Tzortzaki & Mihiotis, 2014). Indeed, the dynamic environments stimulate the organisations to identify the required knowledge to execute the strategic goals and

comparing them with existing knowledge in order to find strategic knowledge gaps then directing their capabilities to fill these gaps (Ramadan et al., 2017). Hence, strategic capabilities which deem as the abilities to cope with interactive markets by utilising the organisation's resources in optimal ways lead to building internal knowledge through motivating on sharing skills and knowledge, as well as acquiring external knowledge by sensing the knowledge and seeking to earn it (Assudani, 2008; Takahashi & Sander, 2017). Accordingly, the second hypothesis formulated as follow:

H2: There is a statistically significant impact of strategic capabilities on knowledge management.

#### 2.4.3 Knowledge Management and Organisational Ambidexterity

Organisations tend toward homogeneity during developing mindsets and routines to support one of the innovation forms (Smith & Tushman, 2005). Leveraging existing capabilities may enable to gain rapid profits but leads eventual stagnation as a result of market and technological changes (Atuahene-Gima, 2005). Therefore, organisational ambidexterity is estimated as a method to manage the organisations' resources in order to face these challenges by create supporting structures, strategies, and contexts enable of exploration then exploitation the opportunities (O'Reilly & Tushman, 2013; Panagopoulos, 2016; Smith & Tushman, 2005). An effective exploration and exploitation processes require harnessing current knowledge capabilities, as well as searching on new and various knowledge (Hill & Jones, 2010; Rothaermel & Deeds, 2004; Yuliansyah, 2018). Indeed, knowledge management is considered a vital factor in providing innovative products and services which enable the organisation to cope their rivals through creating new knowledge, sharing and application the knowledge in production and supporting activities, moreover storage this knowledge to utilise it to the adaptation of business environments (Wadhwa & Kotha, 2006). Therefore, the third hypothesis refers to:

H3: There is a statistically significant impact of knowledge management on organisational ambidexterity.

#### 2.4.4 Strategic Capabilities, Knowledge Management, and Organisational Ambidexterity

The resource-based view and strategic capability emphasised that the development of distinctive characteristics enable organisations to defy competitive imitation (Khan, 2018). The dynamic capabilities approach suggested that the organisation's resources are developing during life cycle stages from growth to dissolution (Helfat and Peteraf, 2009). Indeed, the dynamic capabilities approach has expanded the strategic capabilities perspective through focusing on the temporary nature of both the organisation's resources and external effects (Barros et al., 2016; Pervan et al., 2018). The importance of strategic capabilities demonstrates from enabling an organisation to sense available opportunities in the markets, besides exploitation the needed resources in order to snatch these opportunities from competitors (Zgarni, 2019). Furthermore, knowledge management can help to enhance the exploitation and exploration knowledge that lead to creating novel products and services (Santoro et al., 2019). Also, strategic capabilities contribute to building an intensive knowledge environment by identifying and acquiring the necessary knowledge from the external environment and transfer it into the internal organisation's environment to apply this knowledge for producing innovative products and services (Dimitriadis, 2005). Accordingly, the fourth hypothesis indicates:

H4: There is a statistically significant impact of strategic capabilities on organisational ambidexterity through knowledge management.

### 3. Methodology

#### 3.1 Research population and sample

The population of this research consists of managers of commercial banks in Jordan. The unit of the study is top and middle level managers of commercial banks in Jordan. A convenience sample was selected to represent the population. 200 questionnaires were distributed to the study sample. 168 questionnaires returned valid for statistics. Table 1 presents the characteristics of the study sample.

**Table 1**  
Characteristics of the study sample

Variable		Frequency	%
Age group	less than 30	2	1.2%
	30- less than 40	64	38.1%
	40- less than 50	77	45.8%
	50 years and more	25	14.9%
Gender	Male	122	72.6%
	Female	44	27.4%
Educational level	Diploma	2	1.2%
	Bachelor	123	73.2%
	Master	35	20.8%
	PhD	8	4.8%

### 3.2 Research conceptual model

Relationships outlined in Fig. 1 limn four hypothesized impacts between three constructs, which are strategic capabilities, knowledge management and organisational ambidexterity. The construct escorted by four dimensions of capabilities is the exogenous one, while the construct measured by exploration and exploitation is the endogenous one. What's more is that the effect of strategic capabilities on organisational ambidexterity was examined in terms of its both direct and indirect effect without/with the presence of knowledge management as a mediating variable.

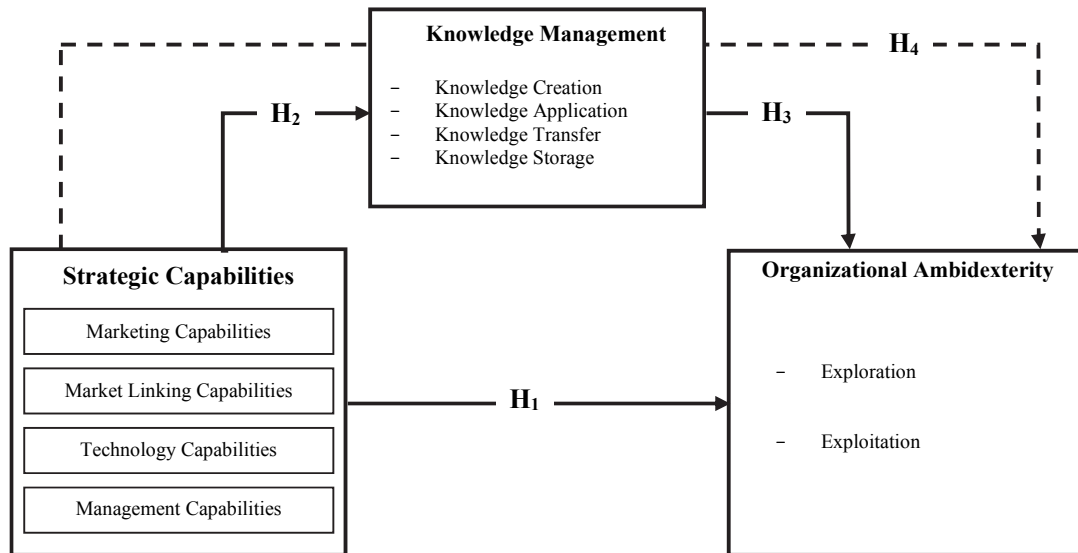


Fig. 1. Research theoretical model

### 3.3 Research instrument

Strategic capabilities (SC) as a whole predictor variable was rated using four dimensions, which were marketing, market linking, technology, and management capabilities, while organisational ambidexterity (OA) as a whole response variable was scored using two dimensions exploration and exploitation. Concurrently, knowledge management (KM) was estimated using four key practices, which were knowledge creation, application, and transfer along with storage. The instrument was designed in accordance with five-point Likert scale. Items used to gauge these variables are divulged in Table 2.

Table 2

Items used to measure research variables

Variables	Dimensions	No. of Items	Cronbach's alpha *
SC	Marketing capabilities	4	0.87
	Market linking capabilities	5	0.82
	Technology capabilities	5	0.86
	Management capabilities	4	0.81
OA	Exploration	4	0.77
	Exploitation	3	0.79
KM	Knowledge creation	3	0.83
	Knowledge application	4	0.87
	Knowledge transfer	3	0.81
	Knowledge storage	3	0.79

\* Computed on the ground of a pilot study conducted on 50 subjects outside the original sample

Cronbach's alpha coefficients delineated in Table 2 ratify the decision upon which the initial version of the questionnaire was regarded as an appropriate instrument. Hence, the instrument was distributed to the original sample. Accrued data on the ground of that questionnaire were subjected to exploratory factor analysis (EFA).

### 3.4 Exploratory factor analysis (EFA)

The aim of using EFA was to assess the factor structure so as common items between all variables constitute a single factor (Florescu et al., 2019). The main idea is to deduce the patterns of factor loadings (Amornpipat, 2019). The results of EFA are proclaimed in Table 3. Based on Deng (2010, cited in Amornpipat, 2019), an item with factor loading no greater than 0.4 was

removed. In the current study 5 items were deleted due to factor loadings lower than 0.4 (Sleimi, 2020). Principally, eigenvalues of factors above 1 explained about 73.1% (Le et al., 2020).

It was established that the application of EFA resulted in 4 indicators for marketing capabilities (MRC1- MRC4), 4 indicators for market linking capabilities (MLC1-MLC4), in addition to 4 items for technology capabilities (TEC1-TEC4) and 3 items for Management capabilities (MTC1-MTC3). For OA dimensions, both exploration and exploitation were interpreted using 3 indicators; EXR1-EXR3 and EXL1-EXL3, respectively. KM, on the other hand, had 4 dimensions with 12 items distribute equally among knowledge creation (KCR1-KCR3), application (KAP1-KAP3), transfer (KTR1-KTR3) and storage (KSG1-KSG1). All factor loadings of those indicators met the required cut-off criterion, which assumes that these loadings should be no less than 0.5 (Le et al., 2020). Figures that came into view in Table 3 were used to appraise instrument reliability and validity. Cronbach's alpha coefficient ( $\alpha$ ) as an indicator of instrument internal consistency was used to judge reliability while average variance extracted (AVE) was utilized as an index of convergent validity. Cronbach's alpha coefficients were higher than 0.7 and values of the average variance inflation (AVE) were greater than 0.5 (Thaib, 2020).

**Table 3**  
EFA results and descriptive

Dimensions	Items	SFL	Means	SDs	AVE	CR	$\alpha$
Marketing capabilities	MRC1	0.78	3.71	0.89	0.649	0.881	0.862
	MRC2	0.81					
	MRC3	0.84					
	MRC4	0.79					
Market linking capabilities	MLC1	0.89	3.61	0.97	0.727	0.914	0.891
	MLC2	0.85					
	MLC3	0.83					
	MLC4	0.84					
Technology capabilities	TEC1	0.78	3.63	1.01	0.570	0.841	0.832
	TEC2	0.76					
	TEC3	0.75					
	TEC4	0.73					
Management capabilities	MTC1	0.88	3.59	0.84	0.798	0.922	0.901
	MTC2	0.89					
	MTC3	0.91					
Exploration	EXR1	0.72	3.55	0.91	0.627	0.834	0.827
	EXP2	0.79					
	EXP3	0.86					
Exploitation	EXL1	0.81	3.49	0.88	0.684	0.866	0.864
	EXL2	0.83					
	EXL3	0.84					
Knowledge creation	KCR1	0.85	3.62	1.11	0.695	0.872	0.868
	KCR2	0.83					
	KCR3	0.82					
Knowledge application	KAP1	0.92	3.58	0.74	0.753	0.901	0.897
	KAP2	0.86					
	KAP3	0.82					
Knowledge transfer	KTR1	0.82	3.61	0.76	0.759	0.904	0.889
	KTR2	0.86					
	KTR3	0.93					
Knowledge storage	KSG1	0.94	3.65	0.85	0.776	0.912	0.896
	KSG2	0.86					
	KSG3	0.84					

In terms of means and standard deviations (SDs) of the constructs. The results in Table 3 indicate that the total degree of marketing capabilities was high ( $M = 3.71$ ,  $SD = 0.89$ ). Degrees of the remaining dimensions of strategic capabilities, i.e., market linking capabilities ( $M = 3.61$ ,  $SD = 0.97$ ), technology capabilities ( $M = 3.63$ ,  $SD = 1.01$ ), and management capabilities ( $M = 3.59$ ,  $SD = 0.84$ ) were moderate. Totally, the degree of strategic capabilities was moderate ( $M = 3.64$ ,  $SD = 0.66$ ). Furthermore, the total degree of organisational ambidexterity was also moderate ( $M = 3.52$ ,  $SD = 0.58$ ) with similar degrees for its dimensions; exploration ( $M = 3.55$ ,  $SD = 0.82$ ) and exploitation ( $M = 3.49$ ,  $SD = 0.61$ ). Finally, the total degree of knowledge management was moderate ( $M = 3.62$ ,  $SD = 0.73$ ) reflecting similar degrees of its dimensions; knowledge creation ( $M = 3.62$ ,  $SD = 1.11$ ), knowledge application ( $M = 3.58$ ,  $SD = 0.74$ ), knowledge transfer ( $M = 3.61$ ,  $SD = 0.76$ ), and knowledge storage ( $M = 3.65$ ,  $SD = 0.85$ ).

### 3.5 Confirmatory factor analysis (CFA)

CFA was used after the model was specified using EFA, i.e., variables were loaded on the pre-specified factor in order to measure goodness-of-fit (GOF) for the specified model (Bismark et al., 2020). Fig. 2 parades the measurement model of the study.

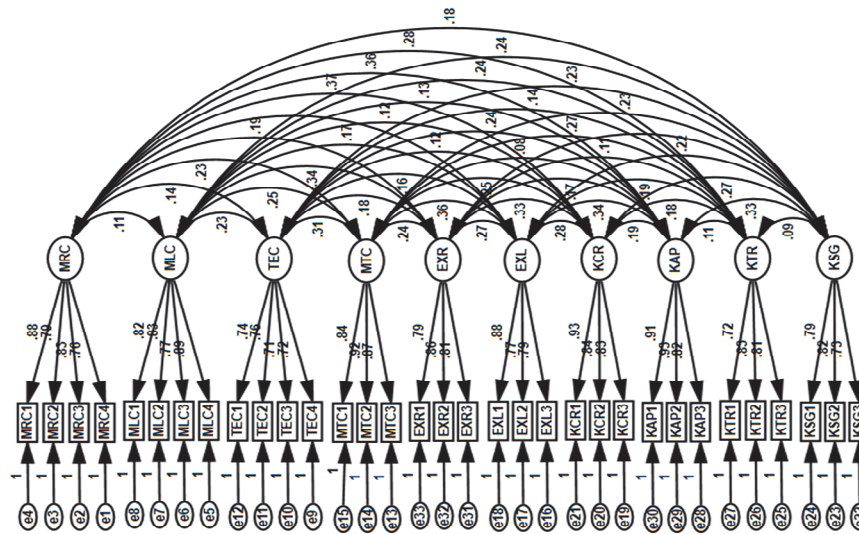


Fig. 2. Research measurement model

3.6 Goodness-of-fit (GOF)

Chi-squared/DF, goodness of fit index (GFI), comparative fit index (CFI) and root mean square error of approximation (RMSEA) are four examples of fit indices that can be used to evaluate the model goodness-of-fit (Alzoubi et al., 2020). Results of GOF indices in Table 4 indicated that the threshold values of these indices were met.

Table 4

Index	Value	Cut-off *	Result
Chi-square ratio (CMIN/DF)	2.17	> 3.00	Established
Goodness of fit index (GFI)	0.93	> 0.90	Established
Comparative fit index (CFI)	0.94	> 0.90	Established
Root mean square error of approximation (RMSEA)	0.07	< 0.08	Established

\* References: Subburaj et al. (2020); Lancia and Lulli (2020); Nangoy et al. (2020)

3.7 Pearson correlation matrix

Two aims were behind using Pearson correlation matrix. First, to examine that the current data are free of multicollinearity. According to Mustafa et al. (2020), data have no serious problem when correlation values among independent variables are less than 0.90. that is the case, it was concluded that the current data are free of multicollinearity problem. In a study by Chiou and Chang (2020), correlation coefficients should be greater than 0.7, particularly for regression analysis. Additionally, variance inflation factor (VIF) and tolerance (Tol.) as indicators are used to investigate multicollinearity (Al-Natsheh & Al-Okdeh, 2020). Correlation value, tolerance and VIF are shown in Table 5 in which tolerance (> 0.1) and VIF values (< 10) were found to be acceptable (Aries et al., 2020).

Table 5

	MRC	MLC	TEC	MTC	KM	OA	Tol.	VIF
MRC	-						0.234	3.77
MLC	0.34**	-					0.351	3.89
TEC	0.41**	0.27**	-				0.521	4.12
MTC	0.33**	0.35*	0.53**	-			0.367	5.26
KM	0.36**	0.46**	0.61**	0.42**	-		0.542	3.81
OA	0.29**	0.54**	0.49**	0.58*	0.63*	-	0.426	4.01

On the basis of the above-reported findings, the final step of data analysis section includes an examination of the structural equation modelling (SEM) for hypothesis testing.

3.8 Structural equation modelling (SEM)

SEM was conducted using IBM SPSS AMOS 22.0 software. Scholars adopt as an approach in order to test their theoretical models and hypotheses (Ye et al., 2020). Fig. 3 exhibits research structural model.

In light of the structural research model in Fig. 3, it was noted that the postulated hypotheses were verified. Results of hypotheses testing are shown in Table 6.

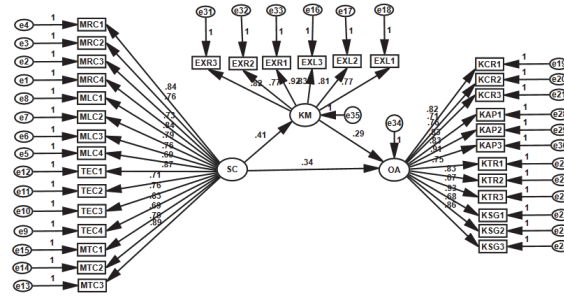


Fig. 32. Research structural model

Table 6 Hypotheses testing results

	Default paths		Direct effects			Indirect effects	
			$\beta$ *	C.R.	P **	$\beta$ *	P **
SC	→	KM	0.41	7.13	0.001	-	-
KM	→	OA	0.29	5.48	0.000	-	-
SC	→	OA	0.34	6.22	0.002	0.19	0.002

\*\* significant at  $\alpha = 0.05$

According to the results, SC exerted a direct significant effect on KM ( $\beta = 0.41, P = 0.001$ ) as well as on OA ( $\beta = 0.34, P = 0.002$ ). KM, in the same line show a significant direct effect on OA ( $\beta = 0.29, P = 0.000$ ). In addition, SC has an in direct effect on OA ( $\beta = 0.19, P = 0.002$ ). These results, in fact, verified research hypothesis, in which strategic capabilities was presumed to predict organisational ambidexterity in the presence of knowledge management as a mediating variable.

4. Results discussion

This study aimed to examine the impact of strategic capabilities on organisational ambidexterity, as well as the mediating role of knowledge management between these variables. Hence, the result referred that strategic capabilities impact on organisational ambidexterity; this result agreed with Yu et al. (2014). Therefore, the organisation ability senses its business environment by utilising the networks built through the excellent relationship between the organisation and its customers, suppliers, and distribution channels. Thus, those networks can help the organisation increase their market share through targeting new customers by offering novel and creative products and services, as well as activating the technologies based on social media network to promote these products and services. Furthermore, the organisation ability to choose optimal strategies that enables it to acquire the best resources can convert to core competencies. Indeed, the core competencies recognised as the critical factor lead organisation to cope their rivals through continuously improving their products and services in order to face changeable customers' needs and wants and achieving sustainably competitive advantage. Also, the study result indicated that there is a significant effect of strategic capabilities on knowledge management, this result is consistent with other results (e.g. Assudani, 2008; Dimitriadis, 2005; Santoro et al., 2019). Therefore, the organisation ability to create excellent customer and supplier relationship management by applying developed technologies enables the organisation to be followed with environmental changes providing innovative ideas. Those ideas can help organisations by converting them into creative products and services, as well as adopting new business models that lead to acquiring unique skills and experiences which accumulate at internally organisations' environment. Moreover, the organisations which have capabilities enable them to enhance R&D activities driving them to improve their organisational culture. This culture characterised intensive knowledge by encouraging employees to realise and acquire new knowledge by providing specific training and development programmes that can help them be innovators. Further, the results elucidated that there is an impact of knowledge management on organizational ambidexterity and the result is consistent with other studies (e.g. Buyl et al., 2012; Oehmichen et al., 2017; Soto-Acosta et al., 2018). Thus, the organizations have a trend to generalize the knowledge within the organization by motivating the employees to diversification knowledge sources. Knowledge can be transferred into the internal organization's environment in order to create influential knowledge culture that helps to provide and share new skills and experiences which can perform to develop new products and services. Therefore, the organizations are continuously seeking to identify new ideas from both internal and external environment and applying new technologies. Furthermore, seizing the opportunities to improve products and services increases quality and improves operations activities in order to achieve effectiveness and efficiency in processes which can lead to cope with the competitors and building a competitive advantage. Based on the previous discussion and the results of the study, knowledge management mediates the relationship between strategic capabilities and organizational ambidexterity. Hence, the organizations which have strategic capabilities can be more flexible and rapid to identify and acquire new knowledge that exist in the business environments. Moreover, utilizing acquired knowledge capabilities enhance the abilities to reach customers' needs, as well as to provide creative products and services in order to achieve customer's loyalty.



## 6. Managerial Implication

This study aimed to examine the impact of strategic capabilities on organisational ambidexterity, as well as the mediating role of knowledge management between these variables. Based on the results obtained, the decision-maker can adopt strategic capabilities by emphasising on building a good relationship with their suppliers to improve the flexibility of their processes, as well as enhancing their relationship with customers which enable the organisation to identify the changing on their customers' wants. Moreover, it helps activating the R&D processes to build creative strategies in order to achieve their goals.

## 7. Limitations and direction for future research

Although this research provided some contributions to the literature, it has several confessed limitations that should be solved in future research. First, this research was performed in banking sector as a research population. Hence, the obtained results of this research should be used guardedly when attempting to generalizations into all sectors. To accurate generalization, future studies should be performed in other sectors such as health, insurance, and industrial. Secondly, the research sample size was small and limited for the target sector size, as well as this sample is comparatively homogeneous, and belongs to analogous cultures. Therefore, future studies can be executed in another geographic areas, or to make a comparative study between two different geographic areas. Finally, it is proposed that further studies could examine other variables related to strategic capabilities such as market orientation, entrepreneurship, innovative orientation by using samples from another sector.

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