"Toward strategic supremacy through absorptive capacity: The mediating role of organizational ambidexterity at Jordanian commercial banks"

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BUSINESS PERSPECTIVES

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TOWARD STRATEGIC SUPREMACY THROUGH ABSORPTIVE CAPACITY: THE MEDIATING ROLE OF ORGANIZATIONAL AMBIDEXTERITY AT JORDANIAN COMMERCIAL BANKS

Abstract

Disruption in the business environment imposes undeniable realities that require effective strategic management; therefore, the need to develop a particular type of force capable of achieving proactive strategies, influencing competitors' behavior, and balancing competitive forces has arisen. This study aimed to examine the impact of absorptive capacity on achieving strategic supremacy and the mediating role of organizational ambidexterity within Jordan's commercial banking industry. It employs 513 questionnaires from middle and upper management through proportionate stratified random sampling. It adopts a quantitative approach through partial least squares structural equation modeling to construct a research model comprising factors affecting strategic supremacy and the mediating role of organizational ambidexterity and validate the research hypotheses. The study revealed that absorptive capacity significantly impacts organization ambidexterity ($\beta = 0.764$, $t = 33.939$, $p = 0.000$) with explanation power ($R^2 = 0.584$). Organizational ambidexterity has a significant positive impact on strategic supremacy ($\beta = 0.561$, $t = 12.469$, $p = 0.000$). Absorptive capacity has a significant positive impact on strategic supremacy through organizational ambidexterity ($\beta = 0.334$, $t = 6.963$, $p = 0.000$) with high explanation power ($R^2 = 0.712$), which means that 71.2% of the variance in strategic supremacy has been explained by absorptive capacity and organizational ambidexterity. Moreover, organizational ambidexterity partially mediates their relationship. It also found that the model's predictive power was moderate. The study concludes that Jordanian commercial banks have placed high importance on identifying and acquiring valuable external knowledge and balancing their short-term and long-term opportunities to achieve strategic supremacy, leading to sustainable competitive advantage.

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INTRODUCTION

Shifting factors in a business environment significantly impact the success of a strategy, as per the varying outcomes of strategic models in stable versus unstable business environments (Robertson & Caldart, 2009). Therefore, hypercompetition yields diverse competitive business environments that exhibit distinct forms of disruption. Such disruptions can be identified by analyzing the frequency and nature of disturbances, specifically their impact on organizations' core competencies (Harvey et al., 2003). Different disruption patterns yield distinct competitive business environments, warranting the adoption of strategies for achieving success in each unique setting (D'Aveni, 1999).

In the Jordanian commercial bank sector, budgetary constraints and stringent financial oversight have driven the necessity for ongoing adaptation to meet the complex and demanding business environment and avoid the external risk landscape, underscoring the imperative of enhancing the financial stability framework. Thus, improving decision-making processes and developing a more sophisticated strategy are crucial to strengthening the macroprudential framework of banks and achieving high and sustainable performance levels accordingly (IMF, 2023).

Consequently, this highlights how the increase in knowledge-based marketplaces and the information revolution have developed new competitive dimensions prioritizing knowledge and learning (Bettis & Hitt, 1995). Organizations must, hence, manage the limited window between identifying challenges in the business environment and their manifestation to maintain competitiveness and address emerging challenges effectively (Teece & Pisano, 1994). Accordingly, absorptive capacity (ACAP) regards organizations' unique capabilities, allowing them to effectively recognize valuable new knowledge, assimilate it, and utilize it commercially (Cohen & Levinthal, 1989, 1990). Additionally, strategic supremacy (SS) allows organizations to shape and modify the rules and mechanisms of competition to influence the behavior of competitors (D'Aveni, 1999).

As present resources fail to meet strategic goals, organizations must make strategic decisions. Some succeed by exploiting and developing existing assets; others evolve by exploring new and prior uncharted activities (Kumkale, 2022). Moreover, according to O'Reilly and Tushman (2008), organizational ambidexterity (OA) is a dynamic organizational capability that allows organizations to use their exploitation and exploration capabilities to reconfigure their resource base, adapt to a dynamic environment, and achieve long-term success. However, the literature needs more direct studies on the impacts of ACAP and OA on SS.

1. LITERATURE REVIEW AND HYPOTHESES

The increasing rate of knowledge obsolescence imposes pressure on organizations to continuously update their technology (Tsai et al., 2018). This is crucial for their survival as the ability to bring new ideas and products to the market has become essential, and relying solely on internal research and development is challenging. Hence, organizations now depend on customers, suppliers, and other stakeholders for new ideas (Jantunen, 2005).

The concept of ACAP was first proposed by Cohen and Levinthal (1989, 1990), demonstrating how organizations can translate external knowledge and transform it into innovation. Cohen and Levinthal (1990) expanded ACAP as among the most practical knowledge management frameworks, where they argued that it demonstrates the organization's ability to recognize the value of new external knowledge, absorb it, and utilize it in commercial applications. They also considered ACAP the skills required to use explicit and implicit knowledge to learn about the strategic business environment and solve critical problems to improve organizational performance (Mariano & Walter, 2015).

The concept of ACAP has been reconceptualized at the organizational level by Lane and Lubatkin (1998), as they suggested that ACAP is a learning tool, a two-level concept, and refers more to relative ACAP than an organization-wide concept. Moreover, Cohen et al. (2002) believe ACAP corresponds to the ability to identify valuable knowledge in the external environment and the ability to assimilate and align this knowledge with the existing knowledge stock in the internal environment, including the exploitation of research and development activities within the organization, as it improves the organization's activities regarding extracting valuable knowledge and apply it in commercial uses.

The concept of ACAP has been subjected to further reconceptualization based on the concept of dynamic capabilities by Zahra and George (2002), as they defined ACAP as a set of organizational strategic routines and processes through which the orga-

nization can acquire, absorb, transform, and exploit basic new knowledge to modify its existing organizational capabilities or develop new organizational capabilities. They considered it among the dynamic capabilities that affect the organization's ability to create and disseminate the knowledge necessary for building other capabilities (Wang & Ahmed, 2007). Zahra and George (2002) grouped acquisition and assimilation under potential-ACAP and transformation and exploitation under realized-ACAP; consequentially, they indicated how the processes of acquiring, absorbing, transforming, and exploiting depend on each other for organizational ACAP and the importance of managing the balance between these processes for sustainable competitive advantage (Algarni et al., 2023).

The multidimensional nature of ACAP is among the founding frameworks of the concept, and it regards the existence of four complementary dimensions (Volberda et al., 2010). Zahra and George (2002) believe the dimensions of ACAP are knowledge acquisition (KAC), knowledge assimilation (KAS), knowledge transformation (KT), and knowledge exploitation (KE).

KAC refers to an organization's ability to recognize, understand, and acquire new knowledge vital to organizational operations and generated outside the organization (Lane & Lubatkin, 1998; Zahra & George, 2002). Noblet et al. (2011) describe KAC as the process of generating knowledge for an organization. Flatten et al. (2011) attribute an external character to acquiring knowledge, whereas KAC is an organization's ability to identify and obtain new knowledge from an external source (Balle et al., 2020). KAS refers to an organization's ability to integrate external knowledge through methods, procedures (organizational routines), and processes the organization develops (Zahra & George, 2002). It allows for effectively analyzing, processing, interpreting, and comprehending external-source knowledge (Wang & Han, 2011). KT is defined as the ability of an organization to develop and refine appropriate procedures and methods (organizational routine) to facilitate the combination of knowledge available in the organization with newly acquired and absorbed knowledge (Zahra & George, 2002). The organization's ability to recognize a different set of knowledge and group it with each other to reach a new cogni-

tive scheme is the ability to transform knowledge (Jiménez-Barrionuevo et al., 2011). KE refers to the organization's ability to develop appropriate routines that allow the organization to refine, expand, and enhance existing competencies and existing technology or create a new set of technologies and competencies by integrating new knowledge acquired, absorbed, and transformed into organizational operations (Flatten et al., 2011). Fosfuri and Tribó (2008) argue that exploiting knowledge is an organization's ability to transform knowledge gained into a competitive advantage.

The concept of SS has evolved through several historical stages in contemporary strategic management literature. It was presented in its current form by Richard D'Aveni at the end of the last century as a theory rooted in the ideas of the Austrian school of competition, cited by Schumpeter (1939, 1942) to promote the concepts of creative destruction and the role of entrepreneurship, creativity, and innovation. D'Aveni contributed to the central debate in strategic management by explaining the variation in organizational performance and how to obtain a competitive advantage through sustainable development (Rumelt, 1991). Richard D'Aveni builds on the concept of creative destruction and how organizations work to break and neutralize the competitive advantage of rivals by initiating a series of small strategic steps, observing the strategic responses of rivals, and implementing countermeasures, as this process is known as the dynamic strategic interaction, which contradicts the conventional approach of strategic management that emphasizes building sustainable competitive advantage (D'Aveni, 1994).

Achieving SS in a highly competitive business environment and obtaining a sustainable competitive advantage is challenging, as this requires developing an advanced strategic position, building and refining the core capabilities of the organization, strengthening strategic alignment relationships, balancing between the requirements of modern and old business practice, establishing a supportive culture of strategic thinking, and developing the learning process within the organization (Kotzé, 2003). SS requires a special kind of force that transcends size, range, and survival; it is primarily concerned with utilizing capabilities rather than the capabilities themselves (D'Aveni et al., 2001).

The dimensions of SS are sphere of influence (SOI), competitive compression (CCOMP), and competitive configuration (CCON) (D'Aveni et al., 2001).

An organization's SOI is defined as the area in which mutual implicit deterrence is created between competing organizations such that organizations refrain from a competitive escalation in exchange for the commitment to the reciprocity principle in the primary markets (Gómez et al., 2020). D'Aveni et al. (2001) believe the organization's SOI comprises several areas: the core (center of interest), the vital Interests area, the buffer zones area, the pivotal zones, the forward positions, and the power vacuums, where each area is strategic in determining the field of business practice, influencing customers and competitors, and developing a competitive advantage that protects the organization's current competitive position while building a new one (D'Aveni, 2004).

CCOMP represents the set of identified, directed, and observable external competitive interactions initiated by organizations to improve their competitive position, where each organization monitors the activities of other organizations and works to respond to them if their activities weaken their competitive position (D'Aveni, 2002). The degree of CCOMP caused by a competitor's incursion into the sphere of influence or the markets for products and services of another competitive organization is determined by the importance of these markets, which can be measured by the total returns in these markets of the target organizations as well as by the size of the incursion measured by the market share that the aggressor organization was able to achieve (Strikwerda & Rijnders, 2005, p. 302).

The concept of CCON represents what may happen in markets with many competing organizations that exert different competitive pressures on each other in all parts of their spheres of influence, where CCON in mature markets usually balances the power of a few large organizations to avoid destructive competition and protect profitability (Strikwerda & Rijnders, 2005). CCON comprises three main dimensions: alliances with other major organizations, identifying target organizations, and building spheres of influence that reflect an organization's global outlook for the competitive space in which it operates (D'Aveni et al., 2001).

From a conventional perspective, OA is an organization's ability to pursue two different goals; for example, applying two opposing and converging strategies simultaneously, such as determining a strategic competitive position based on differentiation strategy and low-cost strategy, efficiency and flexibility, alignment and adaptability, exploitative learning and exploration learning, incremental and radical innovation, revolutionary and evolutionary change (Simsek et al., 2009). Most scholarly investigations that have extensively examined and interpreted the notion of OA (O'Reilly & Tushman, 2013) agree that the fundamental dimensions of the OA concept are exploiting and exploring opportunities.

Opportunity exploitation is the set of activities that continuously improve mainstream technology; these activities may induce the development of more incremental innovations (Doblinger et al., 2022). Organizations exploit opportunities when their current activities are directed toward improving products and gradually responding to existing customer requirements by developing strategies to reduce costs and increase efficiency (Clauss et al., 2021).

Exploration is the set of activities that tend to challenge prevailing technological trends and seek new market opportunities and knowledge within and outside the boundaries of the current industry, potentially inducing the development of radical innovations (Doblinger et al., 2022). Organizations that rely on exploring opportunities must bear some risk to their resources because it requires investing many resources within a short period, especially considering the need for clarity on the maturity period of potential returns (Clauss et al., 2021).

The literature on strategic management places significant emphasis on the importance of knowledge accumulation as the base for building competitive advantage (Argote & Ingram, 2000), where knowledge from the perspective of a resource-based view is among the most important strategic assets of the organization; consequentially, ACAP is among these strategic assets (Jiménez-Barrionuevo et al., 2011). From the knowledge-based view, the advantage provided by knowledge is sustainable. Therefore, the knowledge-based view has the potential to generate a sustainable competitive advantage, inducing organizational superior performance (Popa et al., 2018). Further, when an

organization has extensive knowledge, it can improve its learning capacity. Therefore, knowledge is among the most critical resources for sustainable competitive advantage (Zack, 1999), as studies consider ACAP among the most important sustainable competitive advantage sources (Cohen & Levinthal, 1990). For example, Fosfuri and Tribó (2008) found that potential-ACAP (KAC and KAS) is a crucial source for building competitive advantage. Moreover, Gutiérrez et al. (2012) find that ACAP and organizational learning are vital to creating a sustainable competitive advantage. This agrees with Ávila's (2022) study, which also asserted the significant effect of ACAP in achieving sustainable competitive advantage.

In the same context, several studies confirm that ACAP is a dynamic capability that contributes to integrating, constructing, and reconfiguring an organization's internal and external competencies to respond to challenges in a changing business environment (Chen et al., 2010); dynamic capabilities are, thus, among the most critical requirements for building a sustainable competitive advantage, especially in a dynamic and continually changing business environment where such an advantage is challenging to achieve (D'Aveni, 1994). Accordingly, Zahra and George (2002) were the first to confirm that ACAP is a dynamic capability and prerequisite for achieving a sustainable competitive advantage. This echoes Abazeed (2022), who found a significant effect of dynamic capabilities in achieving SS, which accords with Kotzé (2003), who demonstrated the challenge of achieving a sustainable competitive advantage without SS. Thus, SS is a prerequisite for achieving sustainable competitive advantage.

Moreover, many studies directly addressed the significant relationship between ACAP and OA (Chen et al., 2014). Datta (2011) discussed the impact of ACAP on OA by building an integrated model linking them with internal and external networks, finding an effect of the realized-ACAP (KT and KE) on OA, while the potential-ACAP (KAC and knowledge absorption) moderates the relationship between the realized-ACAP and OA. Furthermore, Chang et al. (2022) emphasized that understanding the local environment enables organizations to enhance OA and performance through absorption, assimilation, integration, reorganization, transfor-

mation, and the application of external knowledge. Moreover, Lee et al. (2021) found that ACAP is a crucial capability for SMEs in emerging markets to maximize the benefits from their knowledge base and achieve OA. Del Carpio Gallegos et al. (2021) also identified ACAP and OA as dynamic capabilities that will increase the technological innovation capacity in manufacturing organizations. Likewise, Rothaermel and Alexandre (2009) also found empirical evidence on how a high ACAP facilitates achieving OA more efficiently and effectively and reduces the tension between exploitation and exploration activities. This agrees with Kotzé (2003), in his study on SS in the hypercompetitive twenty-first century, as he explained the role of OA in achieving SS, identifying that among the essential requirements is the balanced management between new and old business by cultivating, maintaining, and promoting a dual strategic focus at all appropriate organizational levels for the highest organizational performance in existing (present-day) profit-generating businesses and future new businesses that may secure long-term profits.

OA plays a significant mediating role in many studies (Asiaei et al., 2023; Batra & Dhir, 2023; Cheah & Tan, 2023; Del Carpio Gallegos et al., 2021; Hwang et al., 2023), supporting the proposed ACAP-SS relationship.

The proposed research model represents the higher- and lower-order constructs, including their relationships (Figure 1).

Based on the above literature, this study aims to examine the impact of ACAP on SS and explore the role of OA as a mediating variable in Jordanian commercial banks. The following hypotheses, hence, follow:

H1:   *ACAP has a significant positive impact on SS at Jordanian commercial banks.*

H2:   *ACAP has a significant positive impact on OA at Jordanian commercial banks.*

H3:   *OA significantly and positively impacts SS at Jordanian commercial banks.*

H4:   *OA mediates the relationship between ACAP and SS at Jordanian commercial banks.*
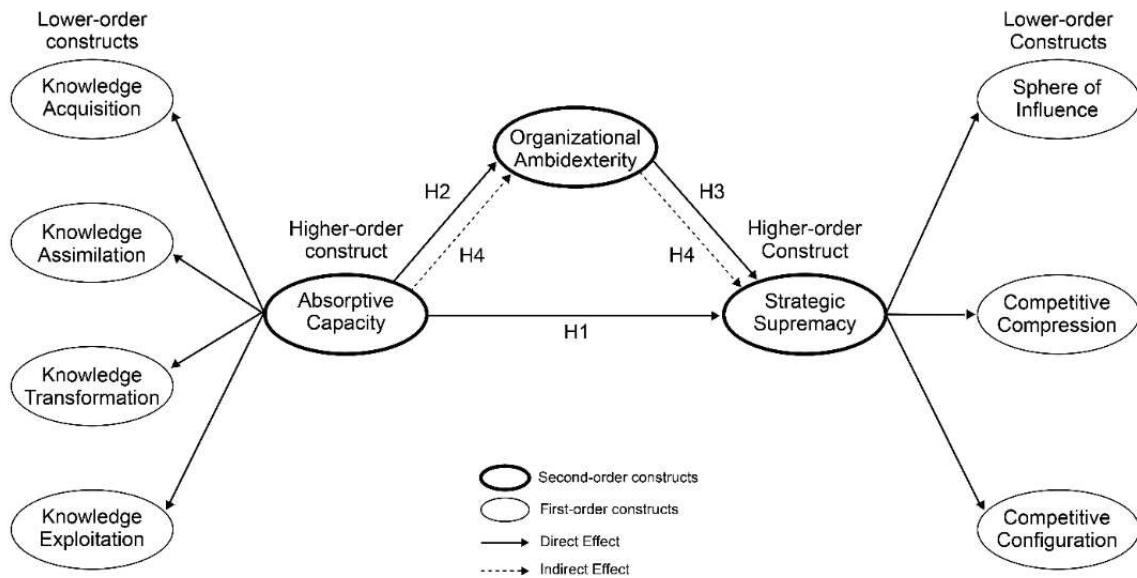
Figure 1. Research model

2. RESEARCH METHODS

The study used a cross-sectional research design and a descriptive quantitative approach using self-administered surveys (Saunders et al., 2016). The study's target population comprises middle and top management managers in the headquarters and branches represented by the banks' executive management, administrative unit managers, branch managers, and department heads, totaling 3,383 individuals in the 12 commercial banks of Jordan consisting of Arab Bank, ABC Bank, Bank of Jordan, Cairo Amman Bank, Capital Bank, Jordan Commercial Bank, Jordan Kuwait Bank, Jordan Ahli Bank, Housing Bank, Arab Jordan Investment Bank, Invest Bank, Bank al Etihad (Central Bank of Jordan, 2023). The services of these banks cover most of the Kingdom of Jordan through its network of 877 branches and 64 offices. The assets of the Jordanian banking sector amounted to approximately 197.1% of the nominal GDP by the end of 2022, while deposits amounted to 130.5%, and loans 100.6% of GDP. These indicators show the depth and size of the banking sector and its relative importance to the Jordanian economy (Association of Banks in Jordan, 2022).

Notably, the financial sector in Jordan has been at the forefront of embracing and integrating modern technology into its operations, assuming a prominent position within the industry (Economic and Social Council of Jordan, 2021). Thus, increasing the ACAP of commercial banks is necessary to strike the right balance between exploiting and exploring activities to achieve SS. The representative sample size was determined using the inverse square root method by Kock and Hadaya (2018). Assuming it aims for a level of statistical power analysis at 80% and a significance level of 0.95 such that the minimum path coefficient is 0.15, the minimum sample size of 275 managers per the following equation was deemed necessary for the study:

$$Significance\,level = 5\% : n_{\min} > \left(\frac{2.486}{|p_{\min}|} \right)^2, \quad (1)$$

$$Significance\,level = 5\% : n_{\min} \cong 275. \quad (2)$$

Six hundred and thirty questionnaires were distributed from February to April 2023 to ensure sufficient responses while maintaining the quality of the analysis outputs. De Vaus (2002) emphasized the necessity of a recovery rate of 80%. High response rates are crucial to minimize nonresponse bias and accurately represent the target population (Groves & Peytcheva, 2008). 551 questionnaires were successfully recovered, yielding an 87.46% recovery rate. It was determined that 513 were valid for analysis, accounting for 81.43% of the sample.

The study collected primary data using an online questionnaire via Google Drive. The questionnaire comprised 45 paragraphs (Appendix A), and responses were measured on a 5-point Likert scale. SmartPLS4 was conducted for PLS analysis, examining the direct and indirect effects of study variables and their dimensions. It characterizes regression equations according to two fundamental components: structural and measurement models (Hair et al., 2014).

3. RESULTS

Table 1 shows that all variables have symmetrical data distribution, with skewness ratios closer to zero and kurtosis parameters between –2 and +2 (Hair et al., 2022). Thus, the response pattern conforms to a normal distribution (Hair et al., 2014, p. 69).

This study employed a reflective-reflective model to evaluate hierarchical latent variables, with a relationship established from lower- to higher-order constructs. Repeated indicators were also employed to operationalize the higher-level constructs (Becker et al., 2012).

The assessment of the reliability of the measurement model involves testing the values of indicators' outer loadings, which should be equal to or greater than 0.708; 0.70 is also acceptable (Hair et al., 2022, p. 117). Appendix B presents the reliability and validity findings regarding the reflective measurement model. All outer loadings exceeded the 0.708 threshold value except for two indicators that failed to pass the 0.70 threshold and were removed from the model: ACKE3 (0.688) and OAET4 (0.449). Furthermore, the indicator reliability is higher than the acceptable minimum (0.50); hence, the constructs could explain at least 50% of the variation in the associated indicators. Similarly, Cronbach's Alpha and the composite reliability exceed the predetermined threshold. The average variance extracted, an indicator of convergent validity, represents the extent to which the latent construct accounts for the variation in its indicators and exceeds the established 0.50 threshold. Moreover, discriminant validity was established (Table 2). The findings are presented following the Fornell-Larcker criterion, where all lower-order construct values could explain the variation in their internal indicators – KE (0.831), KAC (0.763), OA (0.802), CCON (0.808), CCOMP (0.829), KAS (0.782), KT (0.819), and SOI (0.833) – more than the variation in the rest of the lower-order constructs. Table 3 shows the Heterotrait-Monotrait ratio, with results below the established parameter of 0.90 (Henseler et al., 2015). According to Sarstedt et al. (2019a), the Heterotrait-Monotrait ratio should not include higher-order constructs like ACAP and SS. To avoid ambiguity, it is best to exclude higher-order constructs when interpreting Heterotrait-Monotrait ratio results, as they often repeat indicators of lower-order constructs in the repeated indicator approach.

Table 1. Descriptive statistics

Construct	Mean	Standard Deviation	Skewness	Kurtosis
Absorptive capacity	3.790	0.655	−0.600	0.440
Strategic supremacy	3.829	0.697	−0.564	0.205
Organizational ambidexterity	4.059	0.849	−0.706	0.503

Table 2. Discriminant validity: Fornell-Larcker criterion

Construct	KE	KAC	OA	CCON	CCOMP	KAS	KT	SOI
KE	0.831	–	–	–	–	–	–	–
KAC	0.621	0.763	–	–	–	–	–	–
OA	0.744	0.632	0.802	–	–	–	–	–
CCON	0.611	0.568	0.766	0.808	–	–	–	–
CCOMP	0.656	0.560	0.733	0.742	0.829	–	–	–
KAS	0.649	0.655	0.630	0.554	0.569	0.782	–	–
KT	0.749	0.692	0.678	0.599	0.647	0.758	0.819	–
SOI	0.701	0.595	0.747	0.736	0.804	0.600	0.653	0.833

Note: KE: knowledge exploitation, KAC: knowledge acquisition, OA: organizational ambidexterity, CCON: competitive configuration, CCOMP: competitive compression, KAS: knowledge assimilation, KT: knowledge transformation, SOI: sphere of influence.

Table 3. Discriminant validity: Heterotrait-Monotrait ratio

Construct	KE	KAC	OA	CCON	CCOMP	KAS	KT	SOI
KE	–	–	–	–	–	–	–	–
KAC	0.732	–	–	–	–	–	–	–
OA	0.836	0.717	–	–	–	–	–	–
CCON	0.711	0.668	0.852	–	–	–	–	–
CCOMP	0.754	0.651	0.806	0.846	–	–	–	–
KAS	0.770	0.784	0.715	0.650	0.660	–	–	–
KT	0.868	0.811	0.751	0.686	0.734	0.886	–	–
SOI	0.805	0.688	0.819	0.837	0.905	0.693	0.738	–

Note: KE: knowledge exploitation, KAC: knowledge acquisition, OA: organizational ambidexterity, CCON: competitive configuration, CCOMP: competitive compression, KAS: knowledge assimilation, KT: knowledge transformation, SOI: sphere of influence.

The next phase assessed the structural model's ability to explain and predict constructs based on structural theory while investigating their interrelationships (Hair et al., 2022). The study employed specific criteria to assess the structural model, such as the significance and relevance of the path coefficients, and R^2 values to determine the model's explanatory power. Additionally, the predictive relevance Q^2 was utilized to assess the relevance and predictive power of the model (Hair et al., 2022, p.187). Sarstedt et al. (2019b) recommend excluding second-order constructs when evaluating structural models with both first- and second-order constructs. It is imperative to evaluate the presence of multicollinearity in the structural model using the coefficient of variation inflation factor before proceeding. Table 4 displays the variation inflation factor values of all independent (predictive) variables, which should be below 5, preferably 3, to avoid collinearity relationships that may impact the structural model's estimates (Hair et al., 2022). All variation inflation factors were below these thresholds, indicating the absence of collinearity issues.

Table 4. Collinearity assessment: Variation inflation factor values in the structural model

Construct	Organizational ambidexterity	Strategic supremacy
Organizational ambidexterity	–	2.402
Absorptive capacity	1.000	2.402

R^2 is a widely used coefficient that assesses the structural model's predictive power by quantify-

ing the extent to which the exogenous constructs associated with the endogenous constructs explain the variance in the latter. Its value ranges from 0 to 1, with higher values indicating a higher explanatory power. The accepted standard range for R^2 values is between 0.10 and 0.90, and values above 0.65 are generally recommended (Hair et al., 2019).

R^2 for OA is 0.584, indicating an average explanatory power level that implies that the ACAP accounted for 58.4% of the observed variation in OA. R^2 for SS is higher at 0.712. Hence, the combined effects of ACAP and OA explained 71.2% of the observed variation in SS.

The model's predictive power was evaluated using the PLS$_{predict}$ procedure, which employs the $Q^2_{predict}$ criterion (Shmueli et al., 2019). Table 5 displays the $Q^2_{predict}$ values for indicators of endogenous constructs (SS, OA). A value greater than zero indicates that the PLS path model surpasses the naive criterion in predictive power. Furthermore, Table 6 demonstrates that most RMSE values for dependent variable indicators (SS) are below the LM criterion. Thus, the model demonstrates medium predictive power, as the PLS-SEM_RMSE analysis exceeded the LM_ RMSE criterion for most indicators of the dependent variable (SS).

Table 5. Predictive relevance ($Q^2_{predict}$ values)

Endogenous construct	MAE	RMSE	$Q^2_{predict}$
Organizational ambidexterity	0.501	0.650	0.582
Strategic supremacy	0.479	0.652	0.580

Table 6. $Q^2_{predict}$ values

Indicator	PLS				
	LM_MAE	LM_RMSE	PLS-SEM_MAE	PLS-SEM_RMSE	$Q^2_{predict}$
SSCG1	0.597	0.753	0.595	0.746	0.251
SSCG2	0.524	0.695	0.510	0.681	0.238
SSCG3	0.524	0.681	0.516	0.665	0.289
SSCG4	0.572	0.729	0.564	0.718	0.327
SSCG5	0.555	0.715	0.544	0.700	0.333
SSCC1	0.501	0.644	0.516	0.653	0.404
SSCC2	0.532	0.671	0.520	0.663	0.341
SSCC3	0.590	0.756	0.576	0.748	0.297
SSCC4	0.529	0.681	0.517	0.666	0.330
SSCC5	0.589	0.779	0.597	0.780	0.293
SSSI1	0.654	0.802	0.650	0.796	0.270
SSSI2	0.476	0.616	0.494	0.629	0.417
SSSI3	0.540	0.688	0.537	0.685	0.326
SSSI4	0.476	0.625	0.473	0.617	0.408
SSSI5	0.523	0.658	0.518	0.664	0.409

Note: PLS: partial least squares, SEM: structural equation modeling.

4. HYPOTHESIS TESTING

The study evaluated hypotheses using PLS analysis within the SEM framework and analyzed path coefficients to assess the relevance and significance of relationships in the structural model. The consistent findings across multiple criteria confirm the significance of all path coefficients in the structural model, as presented in Tables 8, 9, and 10. Figure 2 depicts the highly significant relationships between variables.

Table 7 demonstrates that ACAP has a significant positive influence ($\beta = 0.334$, $t = 6.963$, $p = 0.000$) on SS, suggesting a weak positive effect, and R^2 is

0.712 for SS. Thus, ACAP and OA accounted for 71.20% of the variability observed in SS; this result supports the model's robustness, confirming H1. Moreover, ACAP has a statistically significant positive effect ($\beta = 0.764$, $t = 33.939$, $p = 0.000$) on OA, and R^2 is 0.584; hence, ACAP accounted for 58.40% of the variance in OA. Accordingly, ACAP has a moderate level of explanatory power in the model, supporting H2. Similarly, OA has a significant positive average effect ($\beta = 0.561$, $t = 12.469$, $p = 0.000$) on SS. Therefore, OA contributes only 56.1% of SS, supporting *H3*. Further, Figure 2 demonstrates the relevance of higher-order constructs ACAP and SS. SS exerts a strong and positive relationship between its lower-order constructs, where
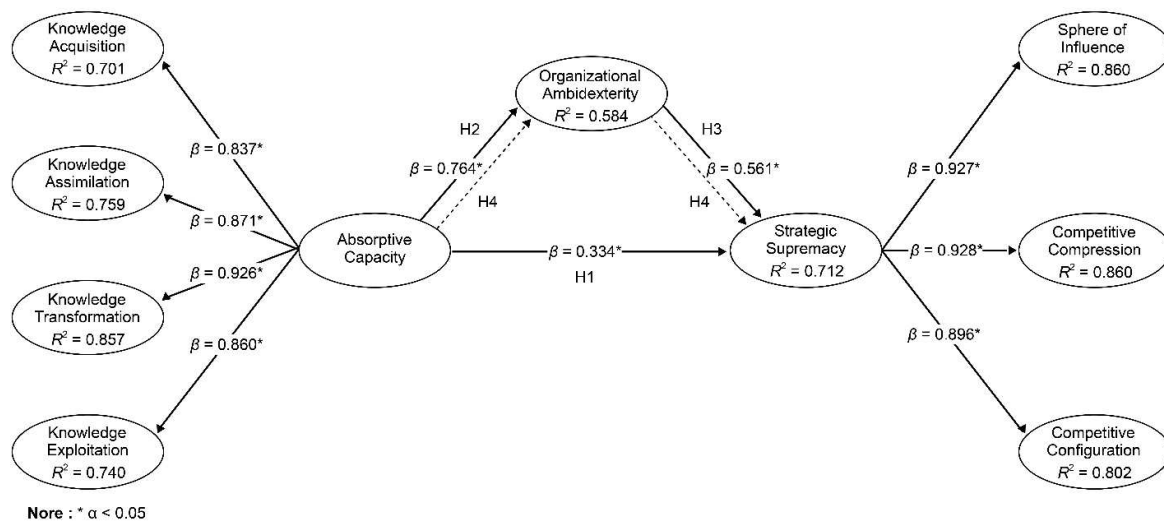

Figure 2. Structural model and results from the hypotheses tests

Table 7. Results of the significance test for the path coefficients (direct effects)

Path	Hypothesis	Original sample	Sample mean	Standard deviation	t Value	p values	Confidence Intervals (95%)	Is it Significant? ($p < 0.05$)	Status
ACAP → SS	H1	0.334	0.334	0.048	6.963	0.000	[0.428-0.240]	Yes	Supported
ACAP → OA	H2	0.764	0.764	0.023	33.939	0.000	[0.806-0.716]	Yes	Supported
OA → SS	H3	0.561	0.56	0.045	12.469	0.000	[0.648-0.472]	Yes	Supported
ACAP → KE	–	0.860	0.861	0.013	64.769	0.000	[0.885-0.833]	Yes	–
ACAP → KAC	–	0.837	0.838	0.016	52.482	0.000	[0.867-0.805]	Yes	–
ACAP → KAS	–	0.871	0.871	0.012	70.509	0.000	[0.894-0.845]	Yes	–
ACAP → KT	–	0.926	0.926	0.007	141.994	0.000	[0.938-0.913]	Yes	–
SS → CCON	–	0.896	0.896	0.011	83.206	0.000	[0.915-0.873]	Yes	–
SS → CCOMP	–	0.928	0.928	0.008	118.689	0.000	[0.942-0.911]	Yes	–
SS → SOI	–	0.927	0.927	0.009	108.118	0.000	[0.942-0.909]	Yes	–

Note: t values over 1.96 signify $p < 0.05$; KAC: knowledge acquisition, KAS: knowledge assimilation, KT: knowledge transformation, KE: knowledge exploitation, SOI: sphere of influence, CCOMP: competitive compression, CCON: competitive configuration; ACAP: absorptive capacity, SS: strategic supremacy; OA: organizational ambidexterity.

the value of *β* is the highest for CCOMP (0.928), followed by SOI (0.927) and CCON (0.896). ACAP also exerts a strong and positive relationship between its lower-order constructs where the value of *β* for KT is (0.926), followed by KAS (0.871), KE (0.860), and KAC (0.837).

Table 8 demonstrates the presence of indirect effects. Specifically, the results indicate a statistically significant effect of ACAP → OA → SS (*β* = 0.429, *p* < 0.05, *t* = 12.101), which indicates the existence of a positive and moderate effect for an indirect (partial mediation) of OA in the relationship between ACAP and SS (hence supporting H4). According to Table 9, the findings of the total effect analysis indicate that the ACAP has a significant effect on SS (*β* = 0.762, *p* < 0.05, *t* = 30.246). The total effect of ACAP → SS (0.762) is higher than the direct effect of ACAP → SS (0.334). This finding supports that OA mediates the relationship between ACAP and SS.

5. DISCUSSION

This paper investigates the relationship between ACAP and SS and the mediating role of OA in Jordanian commercial banks. Indeed, few studies investigate ACAP and SS in the banking sector. Therefore, this paper furnishes insight into ACAP in the context of the banking sector in emerging economies such as Jordan. The results show that ACAP plays a significant role in improving SS and thus supporting *H1*. It accords with the emphasis in strategic management literature on the importance of knowledge accumulation as a basis for building competitive advantage (Argote & Ingram, 2000). Per the knowledge-based view, the knowledge advantage is sustainable, potentially generating a sustainable competitive advantage for superior performance (Popa et al., 2018). Indeed, knowledge is a critical resource that can create a sustainable competitive advantage (Zack, 1999).

Table 8. Results of the significance test for the path coefficients (specific indirect effects)

Path	Hypothesis	Path Coefficient (*β*)	t Value	p value	Confidence Intervals (95%)	Is it Significant? ($p < 0.05$)	Status
ACAP → OA → SS	H4	0.429	12.101	0.000	[0.497-0.361]	Yes	Supported

Note: t values over 1.96 signify $p < 0.05$; ACAP: absorptive capacity, SS: strategic supremacy; OA: organizational ambidexterity.

Table 9. Results of the significance test for the total effects

Path	Path Coefficient (*β*)	t Value	p value	Confidence Intervals (95%)	Is it Significant? ($p < 0.05$)
ACAP → SS	0.762	30.246	0.000	[0.808-0.708]	Yes

Note: t values over 1.96 signify $p < 0.05$; ACAP: absorptive capacity, SS: strategic supremacy.

Similarly, studies on the role of ACAP in identifying, absorbing, and integrating valuable external knowledge with internal knowledge and investing completely new knowledge in business activities have found that it is among the most important sources of sustainable competitive advantage (Ávila, 2022; Cohen & Levinthal, 1990; Fosfuri & Tribó, 2008; Gutiérrez et al., 2012). D'Aveni (1994) argued that hypercompetition impacts achieving sustainable competitive advantage; he explained how the dynamic business environment constantly changes, challenging sustainable competitive advantage. Where many studies also confirm that ACAP is among the dynamic capabilities that contribute to the integration, building, and reconfiguring of the organization's internal and external competencies to respond to challenges in the dynamic business environment, which is essential for sustainable competitive advantage (Chen et al., 2010; Zahra & George, 2002). It accords with Abazeed (2022) on the positive impact of dynamic capabilities on achieving SS and with Kotzé (2003), who addressed the challenge of attaining sustainable competitive advantage without achieving SS.

H2 examines the effect of ACAP on OA. The results support *H2*, consistent with prior findings of a statistically significant impact of high levels of ACAP in achieving OA (Chen et al., 2014; Datta, 2011; Del Carpio Gallegos et al., 2021; Lee et al., 2021). It accords with the role of ACAP, which expresses the organization's ability to develop its learning capabilities to absorb knowledge through imitation and problem-solving skills to increase the ability to create new knowledge via innovation (Kim, 1998). It also accords with Rothaermel and Alexandre (2009), who show that a high level of ACAP helps organizations achieve more efficient and effective OA and reduces the tension between exploitation and exploration activities. *H3* is also supported, consistent with the notion of OA as the ability to balance current activities that meet the needs of existing clients and contribute to increased cash flows and profits for organizations in the near term and future activities that achieve the needs of future clients and contribute to increased future cash flows (Dranev et al., 2020).

Accordingly, Kotzé (2003) identified that the most critical requirement for achieving SS lies in the balanced management of new and old businesses, achieved by maintaining the dual strategic focus at all organizational levels appropriate for the highest organizational performance in existing, current, and future businesses that may secure long-term profits.

Further, the findings support *H4*, consistent with the fact that ACAP is among the variables that the strategic management literature has underpinned as the determinant for the feasibility and success of innovation strategies (Cohen & Levinthal, 1990; Del Carpio Gallegos et al., 2021). Moreover, innovative OA is among the outcomes of ACAP, according to Pangarso et al. (2020), which accords with Jurksiene and Pundziene (2016) on the impact of dynamic capabilities in promoting sustainable competitive advantage and the mediating role of OA, where ACAP is considered among the dynamic capabilities per Zahra and George (2002). However, it contradicts Bossaghzadeh et al. (2023), where ACAP has no significant impact on competitive advantage. However, ACAP's impact on OA and OA's impact on enhancing competitive advantage is significant. Moreover, OA completely mediates the relationship between ACAP and competitive advantage.

It accords with the influential role of OA as a mediator in many studies. Hwang et al. (2023) note how OA mediates between open innovation and the extent to which it improves organizational performance. Cheah and Tan (2023) also emphasized the significance of the mediation role of OA in industrial companies in Malaysia in the relationship between outsourcing knowledge and high organizational performance levels, which also accords with Asiaei et al. (2023) on the mediation role of OA in transforming knowledge assets into superior performance. Batra and Dhir (2023) also demonstrated the mediation role of OA as a stimulant mechanism in the relation between organizational-level factors (technology transfer, flexibility) and the extent to which high levels of organizational performance have been achieved.

CONCLUSION

This study has examined the relationship between ACAP and SS and the mediating role of OA. The study's findings suggest that organizations that demonstrate ACAP by effectively identifying and acquiring valuable knowledge from the external environment, assimilate this knowledge into the organization's cognitive structure, transforming newly acquired and internally developed knowledge into new knowledge, and exploiting this new knowledge to create innovative commercial products to create sustainable competitive advantage, along with their proactive approach to balance their current and future activities, thus sustaining OA, are more likely to achieve SS, through building their SOI, avoiding CCOMP, and enhancing their competitive positioning through mastering CCON.

This study has theoretical implications. Theoretically, it provides empirical evidence for the mediating effect of OA on the role of ACAP in achieving SS at Jordanian commercial banks, advancing the ACAP perspective of organizations and SS. Moreover, it probes the interrelationships among the variables by conducting a comprehensive literature review. To the researcher's knowledge, no study integrates the three dimensions or establishes a connection between ACAP and SS or OA and SS, not to mention the focus on Jordan, which also lacks attention.

In terms of practical implications, this paper explores the concept of SS as an alternative approach to conventional strategic management models. It helps managers comprehend the notion of SS. It addresses the challenge of achieving sustainable competitive advantage amid hypercompetition that continuously redefines the business environment, where it is evident that conventional strategic management models are inadequate for adapting to rapid change. Consequently, this paper underscores the importance of creating a sequence of temporary competitive advantages rather than focusing on a sustainable competitive advantage alone.

From the economic and social perspective, this paper provides evidence of how Jordanian commercial banks can achieve SS within an emerging market setting, where knowledge-intensive services increasingly contribute to economic growth and development. Thus, there is a need to promote the role of knowledge management, ACAP, and OA in organizations to achieve SS. Furthermore, managers must recognize the importance of valuable external knowledge resources and encourage employees to identify, acquire, and assimilate new knowledge, transform it into newer knowledge, and make it available for commercial use by establishing collaborative research initiatives with universities, research institutions, and international financial organizations to constantly develop innovative products, services, and processes to protect the Jordanian commercial banks' spheres of influence. Moreover, managers should organize periodic meetings and engage in social activities with stakeholders to acquire valuable new knowledge. Additionally, banks should facilitate the flow of information across divisions by utilizing high-tech information systems and databases. Commercial bank managers should also acquire patents and transform novel concepts into legally protected intellectual property. Similarly, managers should encourage employees to develop prototype models to evaluate the new service's efficacy.

Managers should also maintain a competitive advantage in pricing and quality relative to their rivals across the various markets where they conduct their operations to protect their SOI. They should employ innovative strategies to deter competitors from entering their key markets and avoid competitive pressure. Further, managers should establish cooperative and competitive alliances with other banks in the industry to maintain their competitive position. Moreover, managers must effectively balance activities that exploit current opportunities and explore future opportunities. Management should also value the importance of building SOI, CCOMP, and CCON to achieve SS, thus maintaining its competitive advantage and realizing long-term profits.

This paper exhibits four primary limitations, each offering potential avenues for further scholarly inquiry. First, the paper primarily focused on Jordanian commercial banks. Thus, further research is nec-

essary to examine the hypothesized relationships between the variables in the Jordanian banking sector, which includes foreign and Islamic banks, other Jordanian commercial and industrial sectors, and different developed and developing countries, to promote the generalizability of findings.

Second, the impact of other variables on the proposed model must be considered and examined across various industries and countries. The paper recommends exploring the effect of cognitive bias as a moderator in the hypothesized model to understand the influence of bias in decision-making toward achieving SS. Moreover, this paper recommends using the parallel mediation method and examining the entrepreneurial orientation effect as a second mediator to understand ACAP's impact on innovativeness, proactiveness, and risk-taking in achieving SS.

Third, this empirical study is cross-sectional. Nevertheless, it has facilitated the acquisition of robust and pertinent data on several elements under examination, which may be challenging to gather via a longitudinal analysis. Finally, it would be advantageous to modify the study's research methodology by incorporating qualitative techniques, such as interviews and focus groups, to mitigate respondent perception biases and enhance the interpretation and significance of the quantitative results.

AUTHOR CONTRIBUTIONS

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APPENDIX A

Table A1. List of items for absorptive capacity (ACAP), strategic supremacy (SS), and organizational ambidexterity (OA) and their dimension literature sources

Construct	First Order Constructs	Indicator	Measurement Tool	Literature source
ACAP (Second order construct)	KAC	ACKA1	The bank organized periodic meetings with stakeholders to get acquainted with new knowledge	Balle et al. (2020), Flatten et al. (2011), Fosfuri and Tribó (2008)
		ACKA2	The bank constantly seeks new knowledge of the banking sector from external sources	
		ACKA3	The bank establishes joint research projects with entities outside the banking sector to obtain knowledge	
		ACKA4	The bank has advanced skills in acquiring various knowledge	
		ACKA5	The bank relies on social activities as a means of acquiring new knowledge	
	KAS	ACKS1	The bank takes advantage of the existing knowledge of its employees in the interpretation of new knowledge	Balle et al., (2020), Flatten et al. (2011)
		ACKS2	Knowledge flows easily between different departments of the bank	
		ACKS3	The bank encourages different departments to cooperate among themselves to solve problems	
		ACKS4	The bank provides various mechanisms (e.g., reports, internal studies, training, meetings, workshops, and lectures) to disseminate knowledge between different departments	
		ACKS5	The bank provides various technologies (e.g., internal internet, e-mail, decision support systems, databases, simulation systems, and expertise positioning systems) to disseminate knowledge between different departments	
	KT	ACKT1	The bank systematically encourages the reuse of successful ideas from previous projects in new ones	Balle et al. (2020), Flatten et al. (2011)
		ACKT2	The Bank coordinates existing knowledge with new knowledge to generate creative ideas	
		ACKT3	The Bank integrates internal knowledge with external knowledge to create value from them	
		ACKT4	The bank can store the acquired knowledge for use when it is needed	
		ACKT5	Bank employees can use new knowledge by accumulating it in practical, functional bank activities (e.g., methods, and routine procedures)	
	KE	ACKE1	The bank periodically updates the existing technology to correspond to the new knowledge that has been acquired	Balle et al. (2020), Flatten et al. (2011)
		ACKE2	The bank invests the acquired knowledge for the development of new banking services	
		ACKE3	The bank seeks to turn innovative ideas into patents.	
		ACKE4	The bank encourages its employees to develop prototypes to test the effectiveness of the new service (Prototype)	
		ACKE5	The bank works best when it adopts new technology.	
SS (Second order construct)	SOI	SSSI1	The bank has a price advantage over competitors in the multiple markets in which it operates	D'Aveni et al. (2001), D'Aveni (2004)
		SSSI2	The bank seeks to build a portfolio of services to ensure a coherent area of influence in the banking sector	
		SSSI3	The bank has a substantial prime market as a benchmark for all competitors.	
		SSSI4	The bank can anticipate the needs of customers in its area of influence.	
		SSSI5	The bank can influence each of the service markets in which it operates	
	CCOMP	SSCC1	The bank is keen to provide customers with high-quality banking services at affordable prices simultaneously	D'Aveni et al. (2001), D'Aveni (2002)
		SSCC2	The bank can respond to competitors' strategic initiatives	
		SSCC3	The bank can cause competitive pressure to rival banks	
		SSCC4	The bank can contain the competitive external pressures from competing banks	
		SSCC5	The bank adopts innovative strategies that enable it to limit the entry of competitors in its main markets	
	CCON	SSCG1	The bank can form cooperative and competitive relationships together with other competing banks	D'Aveni et al. (2001)
		SSCG2	The Bank identifies targeted competing banks that pose the greatest threat to its market share	
		SSCG3	The bank can predict future competition trends	
		SSCG4	The bank is flexible in changing strategic scenarios depending on the requirements of the changing business environment	
		SSCG5	The bank is proactive in building new competitive capabilities commensurate with changes in the business environment	

Table A1 (cont.). List of items for absorptive capacity (ACAP), strategic supremacy (SS), and organizational ambidexterity (OA) and their dimension literature sources

Construct	First Order Constructs	Indicator	Measurement Tool	Literature source
OA	–	OAET1	The bank constantly strives to expand the range of services provided to existing customers	Chang et al. (2022), Clauss et al. (2021), Fernhaber and Patel (2012), Kumkale, (2022), Lubatkin et al. (2006), Solís-Molina et al. (2022)
		OAET2	The bank conducts periodic surveys on the satisfaction of existing customers	
		OAET3	The bank seeks to expand into new markets based on existing services	
		OAET4	Reducing the costs of operational operations is a constant goal of the bank	
		OAET5	The bank is constantly making improvements to existing services for existing customers	
	–	OAER1	The bank is constantly looking for new technological systems through creative thinking	
		OAER2	The bank constantly assesses possible new opportunities to meet the needs of new customers	
		OAER3	The bank is constantly developing innovative services to meet the wishes of customers	
		OAER4	The bank attracts individuals with diverse skills to work for it	
		OAER5	The bank is constantly looking for new customers in entirely new markets	

Note: KAC: knowledge acquisition, KAS: knowledge assimilation, KT: knowledge transformation, KE: knowledge exploitation, SOI: sphere of influence, CCOMP: competitive compression, CCON: competitive configuration; OA: organizational ambidexterity.

APPENDIX B

Table B1. Reliability and validity of reflective measurement model

Construct	Indicators	Convergent Validity			Internal Consistency Reliability		
		Outer Loadings	Indicator Reliability	Average Variance Extracted	Cronbach's Alpha	Reliability (rho_a)	Composite Reliability (rho_c)
		> 0.708	> 0.50	≥ 0.50	> 0.70 and < 0.95	> 0.70 and < 0.95	> 0.70 and < 0.95
KAC	ACKA1	0.721	0.52	0.582	0.82	0.827	0.874
	ACKA2	0.819	0.671				
	ACKA3	0.727	0.529				
	ACKA4	0.783	0.613				
	ACKA5	0.76	0.578				
KAS	ACKS1	0.721	0.52	0.612	0.839	0.842	0.887
	ACKS2	0.813	0.661				
	ACKS3	0.828	0.686				
	ACKS4	0.837	0.701				
	ACKS5	0.702	0.493				
KT	ACKT1	0.789	0.623	0.671	0.877	0.878	0.911
	ACKT2	0.86	0.74				
	ACKT3	0.841	0.707				
	ACKT4	0.796	0.634				
	ACKT5	0.808	0.653				
KE	ACKE1	0.818	0.67	0.691	0.85	0.852	0.899
	ACKE2	0.85	0.723				
	ACKE4	0.81	0.656				
	ACKE5	0.786	0.618				
SOI	SSSI1	0.782	0.612	0.695	0.89	0.891	0.919
	SSSI2	0.851	0.724				
	SSSI3	0.837	0.701				
	SSSI4	0.842	0.709				
	SSSI5	0.854	0.729				

Table B1 (cont.). Reliability and validity of reflective measurement model

Construct	Indicators	Convergent Validity			Internal Consistency Reliability		
		Outer Loadings	Indicator Reliability	Average Variance Extracted	Cronbach's Alpha	Reliability (rho_a)	Composite Reliability (rho_c)
		> 0.708	> 0.50	≥ 0.50	> 0.70 and < 0.95	> 0.70 and < 0.95	> 0.70 and < 0.95
CCOMP	SSCC1	0.828	0.686	0.687	0.886	0.886	0.916
	SSCC2	0.856	0.733				
	SSCC3	0.844	0.712				
	SSCC4	0.821	0.674				
	SSCC5	0.794	0.63				
CCON	SSCG1	0.775	0.601	0.653	0.867	0.868	0.904
	SSCG2	0.787	0.619				
	SSCG3	0.813	0.661				
	SSCG4	0.829	0.687				
	SSCG5	0.835	0.697				
OA	OAET1	0.826	0.682	0.643	0.93	0.932	0.942
	OAET2	0.71	0.504				
	OAET3	0.768	0.59				
	OAET5	0.851	0.724				
	OAER1	0.816	0.666				
	OAER2	0.84	0.706				
	OAER3	0.849	0.721				
	OAER4	0.787	0.619				
	OAER5	0.743	0.552				

Note: KAC: knowledge acquisition, KAS: knowledge assimilation, KT: knowledge transformation, KE: knowledge exploitation, SOI: sphere of influence, CCOMP: competitive compression, CCON: competitive configuration, OA: organizational ambidexterity; All outer loading indicators have p-value = 0.000.