

HRM System Formality and Organizational Ambidexterity Strategy in Technological Startup Companies

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Abstract

The low survival rate of technological startup companies (TSCs) is partly due to the lack of a formal human resources (HR) management system. The first study's purpose was to clarify the concept of human resources management formality (HRMF) and to utilize a relevant measure within the unique context of TSCs. The second purpose was to explore HRMF changes, and their fit with business strategy changes during TSC development, as expressed by dynamic organizational ambidexterity. The third purpose was to delineate the direction of the HRMF–HRMF-organizational ambidexterity relationship. This empirical field study conducted with TSCs examined the relationship between the dual HRMF dimensions of control and professionalism and organizational ambidexterity. as a TSC development strategy. Quantitative data were collected from 147 TSC leaders and HR role holders at two points, one year apart. The findings indicated that both HRMF dimensions—control and professionalism—were significantly related to the TSC ambidexterity strategy. A higher knowledge exploitation orientation led to higher HRMF. The strategy changes preceded HRMF changes. Theoretically, this study contributes an alternative perspective to size- or stage-based approaches to TSC development: a dynamic organizational ambidexterity strategy of balancing knowledge exploration and exploitation orientations. The HRMF strategy fit followed organizational ambidexterity. Additionally, it suggested a novel HRMF tool that can be applied for empirical and business purposes. For TSC's business success, we suggest HRMF via a bundle of HR practices, HR function and role-holder characteristics, which should be periodically matched to the TSC's ambidexterity strategy.

Keywords: HRM formality, HR control, HR professionalism, startup, organizational ambidexterity, HRM–strategy fit