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MEASURING THE LEVEL OF ORGANISATIONAL AMBIDEXTERITY OF MUNICIPAL ADMINISTRATIONS

Borislav Borisov¹,
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*'Science begins where measurement begins.
Exact science is unthinkable without measurements.'*
D. I. Mendeleev

Abstract: The research on organisational ambidexterity, understood as an ability to effectively solve current problems while ensuring long-term strategic development, is relatively recent. Very limited number of studies focus on ambidexterity in public organisations, or if any, it is considered primarily as an outcome rather than a strategy for achieving long-term success. This study aims to assess the organisational ambidexterity of a group of municipalities in two ways: by answering questions posed to municipal representatives and by calculating financial indicators that provide evidence of local governments' preferences for funding current needs and investments for the future. The results were tested for statistically significant difference using the t-test. It is concluded that it is evident from their responses that municipal officials understand the need to achieve organisational ambidexterity, but the data from the analysis of the financial indicators of the studied municipalities clearly indicate a preference for spending on current needs over spending on investment and development.

Keywords: organisational ambidexterity, municipal administration, strategic development

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1. Introduction

Like many other concepts, the term '*ambidexterity*' was brought into management science from other sciences, in this case - from medicine. Ambidexterity is the ability of people to serve themselves equally with both hands. For most people, one hand, especially the right hand, dominates most activities. However, there is a small group of people whose both hands can do equally well as 'primary' hands. This condition is called ambidexterity and has some interesting manifestations.

The term '*Organisational ambidexterity*' has entered into the management science from other fields such as medicine and anthropology, like the terms 'diagnosis', 'prevention', 'stress', 'motivation', 'ethics', 'leadership and empathy', 'organisational behaviour', etc. According to Irena Mladenova, 'Organisational ambidexterity denotes the dynamic ability of organisations to combine exploration (experimentation, new knowledge creation, innovation) and application (improvement, use of existing knowledge) activities in order to be successful in a dynamic environment' (Mladenova, 2022). She links the organisational ambidexterity to the ability of organisations to simultaneously engage in routine activities and development-oriented change (innovation).

O'Reilly and Tushman also claim that the term 'ambidexterity' is borrowed from psychology and medicine, where it denotes the disposition of a subject to serve equally well and, with the same skill, with both the left and the right hands, and they emphasize that organisational ambidexterity seeks to explain how organisations deal with two, largely conflicting goals - *exploration* and *exploitation*. The same authors define it as 'the ability to simultaneously pursue incremental and revolutionary innovation and change that results from maintaining multiple conflicting structures, processes, and cultures within the firm' (O'Reilly, 2013).

Early research on the topic supports the notion that exploration and exploitation are distinct, opposing activities in nature. This suggests they should be separated in time (alternating periods of exploration and exploitation) or in space (different departments engage in each of these two activities). More recent developments attempt to reconcile this contradiction.

Similar is the understanding of the organisational ambidexterity of Kortmann, Gelhard, Zimmerman, and Piller, who consider it as a link between strategic flexibility and operational effectiveness of organisations (Kortmann, 2014).

In other words, organisational ambidexterity requires organisations to be strategically agile to adapt to unforeseen situations and rapidly changing environments while optimizing their business processes to achieve operational efficiency. It suggests that **balancing strategic agility and operational efficiency maintains sustainability by combining long-term and short-term goals.**

A number of scholars have contributed to the development of the theory. Among them, the following should be noted:

- J. G. March who introduced the fundamental exploration–exploitation dilemma, on which the concept of ambidexterity later rests. (March, 1991)
- Raisch, Birkinshaw, Probst, and Tushman who conducted a systematic review and created an integrative model that unites the structural, contextual, and leadership perspectives (Raisch, 2009)
- Gibson and Birkinshaw who published the seminal article on contextual ambidexterity, highly relevant to the public sector. (Gibson, 2004)
- O'Reilly and Tushman, whose monograph study deepens the role of the top management ('tone at the top') in maintaining ambidexterity in the long term. (O'Reilly, 2016)
- Turner, Swart, and Maylor who provide a useful overview of management mechanisms (processes, structures, incentives) that can support the discussion and conclusions (Turner, 2013).

Alexandra Sidorova draws attention to the change in approach to understanding organisational ambidexterity: from the recognition of the irreducibility of the conflict between exploration and exploitation and, as a consequence, the need to separate these types of activities in time and space, to the contemporary strategic adoption of incremental and fundamental innovations in terms of their complementarity and reinforcement (Sidorova, 2023). She considers **four types of organisational ambidexterity**:

1. *Sequential ambidexterity* involving alternating periods of study and periods of operation over time.

2. *Structural ambidexterity*, which is the structural separation of exploration and exploitation through the creation of autonomous units.

3. *Contextual ambidexterity* that involves resolving the tension between exploration and exploitation at the individual level, playing an important role in creating optimal organisational environment with a social context and an efficiency management context.

4. *Inter-organisational ambidexterity* involving combining the efforts of different organisations to carry out research and exploitation activities (mergers and acquisitions, creation of alliances).

Sequential ambidexterity is more effective in a stable external environment and suitable for organisations with limited budgets that do not have the resources to do both exploration and exploitation. It is not suitable for public sector organisations that are constantly engaged in delivering public services, regulations and addressing other ongoing issues, which does not allow them to step back from these at the expense of devoting more attention to innovation processes.

The basic idea of **Structural ambidexterity** is the structural separation of research and exploitation through the creation of autonomous divisions, with each type of activity developing its own set of competencies and incentive system (O'Reilly, 2013). This approach helps to reduce tensions between them and increase productivity due to increased concentration and specialization of employees in these departments. A prerequisite for the success of structural ambidexterity is the active and consistent actions of the organisation's management aimed at uniting the efforts of the research and operations departments to achieve a common strategic goal based on shared corporate values. An important task is also the creation and maintenance of mechanisms for knowledge sharing and sharing organisational resources. The success of structural ambidexterity therefore depends to a large extent on effective leadership designed to alleviate the tensions that arise in relation to multi-tasking as well as to define the overall development vector of the organisation.

In contrast to structural ambidexterity, which involves resolving the contradictions between exploration and exploitation at the organisational level, **Contextual ambidexterity** involves resolving this problem at the individual level. It implies that authorized employees of the organisation can independently determine and change the ratio between exploration and exploitation in their work. Individuals should be encouraged to make their own decisions about the optimal allocation of work time.

Inter-organisational ambidexterity involves collaboration between different organisations to carry out research and operational activities. It requires creation of research alliances between different organisations to solve problems by exploiting and extending existing knowledge, each bringing new knowledge to its activities. The advantage of inter-organisational ambidexterity is the distribution of resources (financial,

human, material) for internal operational activities and external research through collaboration (Stettner & Lavie, 2014).

Although the concept of organisational ambidexterity can be easily transferred from the business sphere to the public context, many authors point out that this requires more research focusing on its application in public organisations, taking into account the uniqueness of public management (Kobarg, 2015).

Very limited amount of studies focus on ambidexterity in public organisations, or if any, it is considered primarily as an outcome rather than a strategy for achieving long-term success, although it is argued that in order to perform better governance, public organisations need to optimize but also innovate their services and processes (Gieske, 2019).

As Cannaerts, Segers, and Warsen argue, what is missing, however, is a sense of how ambidexterity can be achieved in public organisations, or under what conditions. So far, there has been little discussion of how public organisations can simultaneously balance efficiency and innovation (Cannaerts, 2020).

Currently, the activities of the administration are accompanied by numerous challenges, that attract the attention of managers, researchers, practitioners and society, in general, increasingly being directed towards the opportunities and potential dangers that the introduction of artificial intelligence can bring.

Artificial intelligence (AI), and in particular the advance of large language models (LLMs), is becoming increasingly important to public administration management because it can improve core administrative processes while enabling more systematic oversight of performance and risk. In routine operations, AI can support high-volume service delivery, improve internal coordination through faster information retrieval and synthesis, and strengthen strategic management by surfacing patterns from administrative data that are difficult to detect. The value of these systems in the public sector depends not only on their raw capabilities but on whether they reliably advance specific institutional objectives such as timeliness, consistency, procedural fairness, transparency, and compliance. This makes governance-oriented evaluation essential - rather than relying solely on generic model metrics, administrations increasingly need aligned benchmarking that tests AI behaviour against operational goals and embeds ongoing evaluation into daily management routines. In this sense, a modular benchmarking approach, such as the hybrid methodology proposed in (Andonov, 2025), which integrates structured goal-aligned test design with

automated LLM-as-a-Judge evaluation illustrates how public organizations can move from simple, generic adoption of AI models to continuous performance management of AI-enabled processes, supporting accountable and sustainable modernization.

2. Methodology

Like any characteristic of an organisation, its organisational ambidexterity would remain an imaginary concept if it were not measurable. This means assigning quantitative values to its qualitative characteristics, in this case its ambidexterity. Moreover, the quantitative measures must cover all the main aspects of the studied issue. Metrics of object properties would be meaningless if they were not used for comparisons with parameters of other similar objects, for their ranking, for tracking trends, and for making predictions.

An evaluation is much more than a simple analysis ending with conclusions and recommendations. It is an opportunity to answer the question: 'Where are we among the others?' In order to answer this, we need to be clear about which areas, aspects and elements of the object we will be assessing and what criteria we will be using to make the assessment. Like other characteristics of organisations, such as 'administrative capacity', 'sustainable development' and 'good governance', organisational ambidexterity cannot be observed directly, so it is called a latent characteristic. Information about it can only be obtained by looking at the characteristics or values of manifested (observable) factors that indicate its hypothetical or real presence. The two options for assessing a latent construct are to evaluate the factors that shape it, i.e. the conditions for its presence or absence, on the one hand, and to evaluate the results of its presence or absence, on the other. We call the former *formative indicators* and the latter *reflective indicators*.

The model for measuring latent characteristics of public organisations through the evaluation of formative and reflective indicators was first applied in Bulgaria by B. Borisov in determining the levels of the Index of Administrative Capacity of Public Administration in the Republic of Bulgaria, which has been calculated since 2017 (Borisov, 2019). This approach to measuring organisational ambidexterity using formative and reflective indicators was also applied to the study of ambidexterity of municipalities in the Danube region of Bulgaria.

For the application of the model for measuring the organisational ambidexterity of municipal administrations, 16 Danube river municipalities were selected, representing 6% of all municipalities in Bulgaria. There are several reasons for this:

1. These municipalities have relatively similar infrastructural, social, environmental and other problems that they have to solve both on a daily basis and in the future;

2. The Danube river municipalities are different in size and territory, as well as in their economic opportunities, which allows to draw conclusions about which groups of municipalities, formed by some of their common features, apply to a greater extent the policy of organisational ambidexterity and which - not.

3. The Danube river municipalities are united in their regional association - Association of Danube River Municipalities 'Danube', which enables them to exchange experience and good practices, to conduct joint initiatives and trainings. On this basis, an assessment of the ambidexterity can reveal the real differences and priorities in their policies aimed at achieving operational efficiency, on the one hand, and research and innovation aimed at future development, on the other;

4. The existence of a common governing body, the Association's Board of Directors, facilitated the collection of data that was needed to assess the organisational ambidexterity.

The questionnaire for the assessment of the organisational ambidexterity of the Danube river municipalities contained 15 questions, the answers to which were evaluated according to a Likert scale from 1 to 5, where 1 means no ambidexterity, 2 - low ambidexterity, 3 - medium ambidexterity, 4 - good ambidexterity, and 5 - high ambidexterity. These scores act as *formative factors*.

As *reflective indicators* of the level of organisational ambidexterity, the main financial indicators of the assessed municipalities were set to assess the commitment of the municipal administrations to finance current activities and investments for the future. Their number was also 15, and their values were divided into pentiles³ (5 groups from the minimum to the maximum recorded value), which allows to make a statistical analysis of the correlation between formative and reflective indicators of the organisational ambidexterity.

³ From Latin „penta“ – five.

3. Results

The first group of questions, the answers to which were perceived as formative indicators of the organisational ambidexterity, are presented in the table below.

Table 1

Questions included in the survey on organisational ambidexterity of municipalities

1. The administration deals easily with external challenges such as pandemics, climate change, changes in resource prices, political changes, etc.
2. The administration has developed effective and efficient business processes with designated accountable persons (process owners) who are responsible for monitoring and controlling their compliance.
3. The administration regularly analyses business processes and updates them if necessary.
4. The organisation has entered a system of key performance measurement indicators through which processes are monitored and controlled.
5. There is a clear strategic view in the administration of the importance of both forward-looking research and operational effectiveness in addressing current tasks.
6. The municipality's strategic development documents (Integrated Municipal Development Plan and others) set targets that ensure an equal balance of exploitation and exploration efforts.
7. The administration monitors data on the dynamics of the National Statistical Institute's sustainable development indicators, which are directly relevant to its work and the state of the municipality.
8. The administration encourages the introduction of environmentally sound energy and transport systems.
9. The administration develops or assigns to external specialists the development of balances of water resources on the territory of the municipality, of the land fund, forests, air, population, municipal property and/or others.
10. All strategic planning documents for the development of the municipality, developed by the municipal administration and adopted by the Municipal Council, have a list of indicators for achieving each set goal, with specific values for the beginning of the planning period.
11. To achieve the priorities, objectives and measures set out in all strategic planning documents of the municipality, developed by the municipal administration and adopted by the Municipal Council, the necessary funds are indicated by sources and by year.
12. When developing draft annual budgets and three-year forecasts, the goals set in the strategic planning documents for the development of the municipality are always taken into account.
13. When determining the amount of local fees and service prices, the basic principle is that their amount should correspond to the direct and administrative costs that the municipal administration incurs for their provision, determined through calculation.
14. The municipal administration monitors the condition of municipal property and can claim that it is increasing at a faster rate than the rate of its physical and moral wear and tear.
15. During the annual presentation of the draft budget and the three-year budget forecast, the municipal administration also presents a report on the main financial indicators that shows the financial health of the municipality.

The following ratings were given to the respondents' answers: 1 - completely disagree; 2 - disagree; 3 - neither agree nor disagree; 4 - agree; and 5 - completely agree. Accordingly, low ratings indicate a low level of organisational ambidexterity, and high ratings indicate a high level.

Based on official data from the municipal budget reports for 2024, 15 financial ratios that play the role of reflective indicators of the organisational ambidexterity were calculated. The lowest levels of the values of each financial indicator falling in the first pentile were rated 1, and the highest levels falling in the fifth pentile - 5. Here again, low ratings indicate a low level of organisational ambidexterity, and high ratings indicate a high level of ambidexterity. The list of financial indicators that were calculated and evaluated are presented in the following Table 2.

Table 2
Financial ratios indicating the level of organisational ambidexterity of municipalities

Own revenues/All budget revenues (%)
Total income per capita (BGN)
Own revenue per capita (BGN)
Own revenues/Co-financing of state-delegated activities from local revenues
Capital expenditure/Total expenditure (%)
Capital expenditure/Current expenditure (%)
Own revenues/Capital expenditures
Capital expenditure per capita (BGN)
Capital expenditure/Debt amount
Own revenues/Debt amount
Total budget revenues/ Debt amount
Total budget revenues/Debt payments
Own revenues/Debt payments
Total budget revenues/Administrative expenses
Number of people served by one municipal employee

The calculated Likert scale ratings of the forming indicators in the range from 1 to 5 and the ratings of the financial indicators, acting as reflecting indicators, also in the range from 1 to 5, as well as the difference between them, are shown in the following Table 3 and visualized in Figure 1.

Table 3

Ratings of the organisational ambidexterity of the studied municipalities, given by the representatives of the municipal administrations (forming indicators) and ratings of the financial results of the municipalities (reflecting indicators)

Municipalities	Self-assessment of ambidexterity by municipalities	Assessment of ambidexterity based on results	Difference in ratings
Ruse	4.73	2.20	2.53
Levski	3.53	2.67	0.87
Vidin	3.53	1.73	1.80
Tutrakan	4.00	1.47	2.53
Cherven bryag	3.60	1.40	2.20
Dolni Dabnik	3.40	2.47	0.93
Glavinitsa	4.00	1.47	2.53
Dolna Mitropoliya	3.87	1.40	2.47
Byala Slatina	3.60	1.87	1.73
Bregovo	3.67	1.67	2.00
Lom	3.27	2.73	0.53
Pleven	3.93	2.00	1.93
Oryahovo	3.93	2.33	1.60
Nikopol	3.67	1.53	2.13
Svishtov	4.73	1.80	2.93
Belene	4.13	1.73	2.40

Source: Authors' own calculations

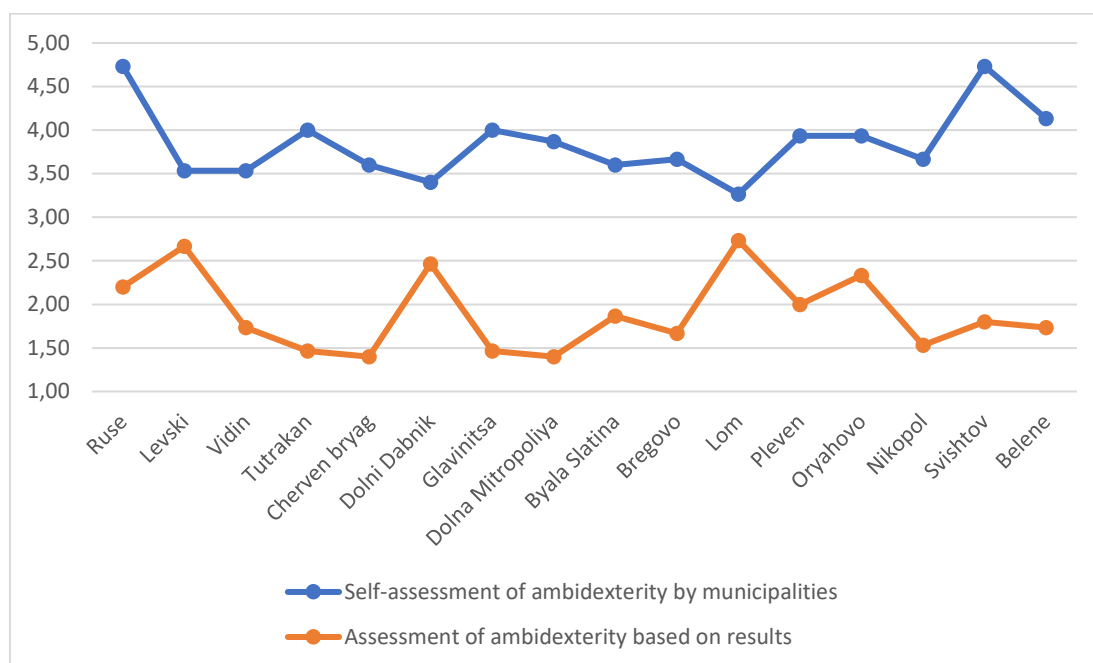


Figure 1. Assessments of the organisational ambidexterity given by municipal representatives (forming indicators) and assessments of their financial results (reflecting indicators)

To test whether there is a statistically significant difference between the two samples – that of the answers to the questions given by the representatives of the municipalities and that of the values of their financial results, the IBM SPSS Statistics 27 software product was used to analyse the t-test for related samples (independent-samples t-test). The results are presented in the following Table 4.

Table 4

Results of the t-test of the organisational ambidexterity assessments given by the representatives of the municipal administrations and the assessments calculated based on their financial indicators

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	VAR00017	3,8494	16	,41784	,10446
	VAR00018	1,9044	16	,44867	,11217

Paired Samples Test

		Paired Differences			95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1	VAR00017 - VAR00018	1,94500	,68086	,17022	1,58219	2,30781	11,427	15	<,001

Source: Authors' own calculations

The table shows that the average ratings of the organisational ambidexterity given by the representatives of the municipal administrations is 3.8494, and the average ratings of the values of the financial indicators for organisational ambidexterity is 1.9044. This is a significant difference that is subject to verification whether it is random or not.

Two hypotheses are formulated - H0, which states that there is no statistical difference between the samples, and H1, which states that there is such a difference. The value displayed in the Sig. (2-tailed) column shows whether there is a statistically significant difference between the samples of the two groups at a 95% confidence interval. If it is more than 0.05, it cannot be concluded that there is a difference between them and vice versa, if it is less than 0.05, this means that there is a difference between the two arithmetic mean values of the two samples. In this case, it turns out that it is less than 0.001, therefore it is confirmed that there is a statistically significant difference between the assessments of the representatives of the municipal administrations and the financial results achieved by them, testifying to the level of the organisational ambidexterity. In fact, this means that the representatives of the municipalities are aware of the need to achieve organisational ambidexterity, but they do not apply it in practice in their financial policy.

4. Discussion

Although the concept of the organisational ambidexterity can easily be transferred from the business world to the public context, many authors point out that more research is needed to address its application in public organisations, taking into account the uniqueness of public management (Gieske, 2019). Very limited amount of studies focus on ambidexterity in public organisations, or if any, it is considered primarily as an outcome rather than a strategy for achieving long-term success, although it is argued that in order to perform better governance, public organisations need to optimize, and also innovate their services and processes. As Nele Cannaerts, Jesse Segers and Rianne Warsen argue, what is missing, however, is an idea of how ambidexterity can be achieved in public organisations or under what conditions. So far, there has been little discussion of how public organisations can simultaneously balance efficiency and innovation (Cannaerts, 2020).

The main question that needs to be answered when assessing the organisational ambidexterity of public organisations is which form of ambidexterity will be assessed – sequential, structural, contextual, or inter-organisational? In our opinion, *sequential ambidexterity* is not suitable for public sector organisations, since they cannot afford to devote more attention and resources to solving current tasks or only to future development within a certain period of time. *Inter-organisational ambidexterity* is a possible form and implies cooperation of municipalities with various external organisations in the implementation of both routine activities and research and innovation. Such forms are public-private partnerships, contracts with guaranteed final results, awarding public procurement contracts, partnerships with scientific institutes and higher education institutions, etc. They develop in parallel with the main activity and do not provide an unambiguous characteristic of ambidexterity, understood as a balance of exploitation and innovation processes.

Structural ambidexterity is implemented through specialization of the structural administrative units into those that are primarily responsible for operational activities, and those that are responsible for research, innovation and development. According to Art. 21, para. 1, item 2 of the Bulgarian Law on Local Self-Government and Local Administration, the Municipal Councils adopt the so-called staffing schedule of the municipal administrations, approving their total number and structure. According to the Law on Administration, depending on the distribution of activities, the administration is divided into general and specialized. The *general administration* mainly carries out technical activities for administrative services and creates conditions for the work of the *specialized administration*, which carries out specific functions in the various areas of competence of the relevant state

MEASURING THE LEVEL OF ORGANISATIONAL AMBIDEXTERITY ...

authority. We can speak of structural ambidexterity when the structure of an administration in its set of directorates, departments or sectors is strictly specialized in two groups – those that are engaged in current activities of serving the population and providing public services, and others that are engaged in investments and development planning. There is no such practice in Bulgaria, although there are directorates and departments that deal primarily with spatial planning, but they are not financially separate as independent units, as is the case in other countries. The figure below presents the structure of the municipal administration of the American municipality of Rockville, from which it is evident that the administrative units are financially and organisationally separated into those responsible for current activities and those dealing with future development.

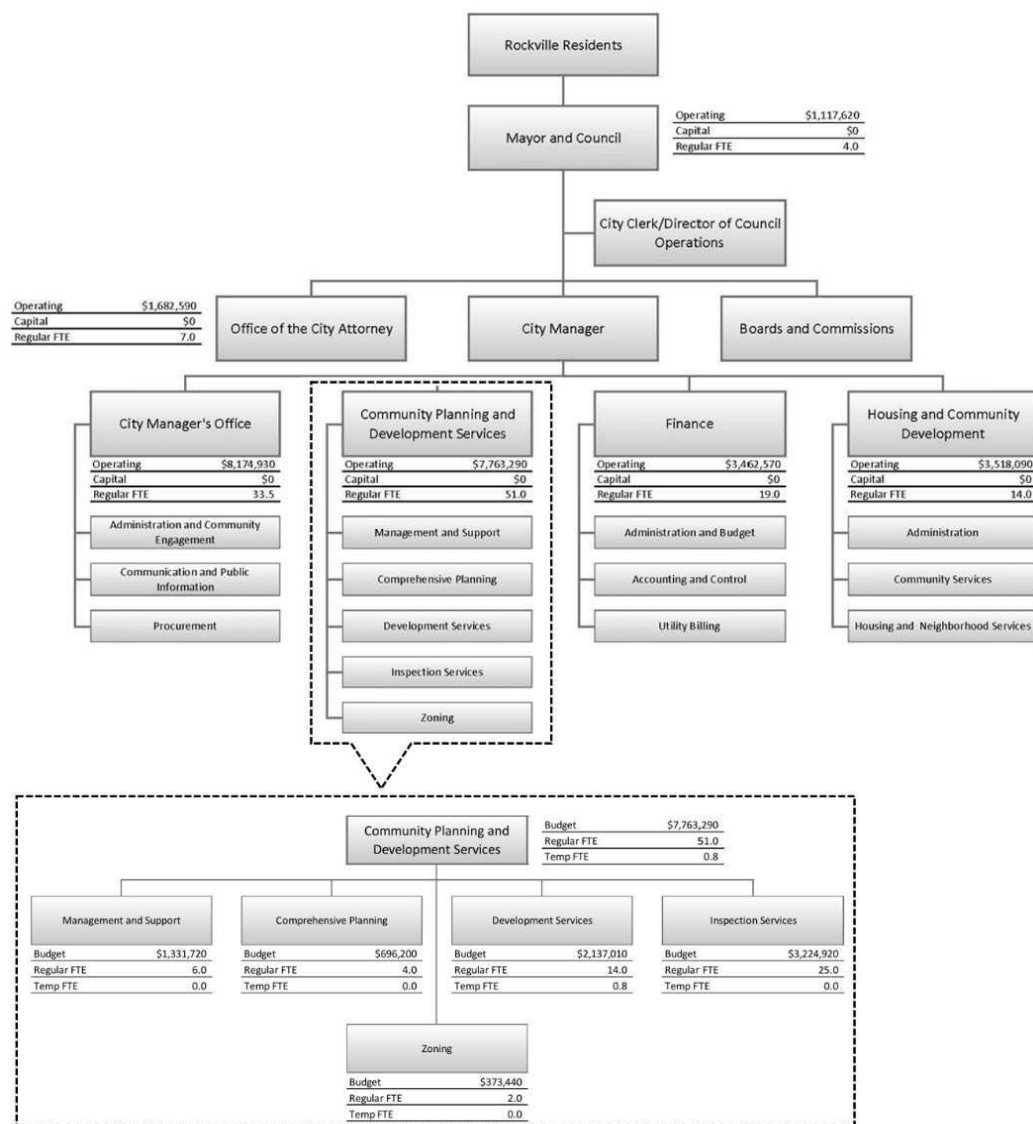


Figure 2. Structural ambidexterity of the municipal administration of the municipality of Rockville, USA

Source: Adopted operating budget and capital improvements program July 1, 2024-June 30, 2025

Unlike structural ambidexterity, in *contextual ambidexterity* each administrative unit can determine and change the ratio of exploration and exploitation in its activities as appropriate and depending on the specific situation. Individual administrative units are not separated as teams with independent funding. This form does not require undertaking organisational reengineering, but largely depends on the given 'tone at the top', i.e. on the understanding of the management that its responsibilities exceed its mandate.

Since **contextual ambidexterity** is the only one possible for application under the current legal, political and historically inherited conditions in Bulgaria, it was precisely this that was the subject of the study to establish its levels in Bulgarian municipalities.

5. Conclusions

Organisational ambidexterity is a new management concept that refers to the ability of organisations to balance between exploitation (optimization of existing processes and products) and exploration (search for new opportunities and innovations). The results of the empirical study conducted in 16 municipalities - members of the Association of Danube River Municipalities in Bulgaria, show that municipal employees understand the need to be guided by both the need to meet the current needs of the population and the concern for ensuring future development in their functions, although they do not formulate this feeling as organisational ambidexterity. The analysis of the financial indicators of the studied municipalities, however, clearly indicates a preference for spending on covering current needs over those for investment and development. This can be explained by a number of circumstances, including the following:

- limited financial resources for long-term investments of strategic importance;
- public pressure from citizens and organisations to solve current problems;
- desire of municipal leadership to gain public trust from voters;
- conservative structure of municipal administrations, not allowing sufficient flexibility;
- routine performance of activities by employees and lack of incentives for innovations;

- old, outdated job descriptions, manuals, methodologies and work regulations for employees;
 - lack of administrative capacity to effectively combine operational with strategic activities;
 - failure to implement program budgeting, which would allow for better allocation of funds to achieve current and long-term goals, etc.
- Overcoming these weaknesses would allow local authorities to successfully implement the principles of sustainable development, effectively solving current problems, and considering the long-term consequences.

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