



Ambidextrous Leadership, Social Entrepreneurial Orientation, and Operational Performance

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Abstract

In the knowledge era, new forms of organizing and managing firms emerge to adapt to new situations. One such new form of organizational management is ambidextrous leadership. Ambidextrous leadership combines opening leader behaviors, such as promoting creativity, and closing leader behaviors, such as accomplishing objectives and adhering to norms. Thus, the aim is to demonstrate that a social orientation is not at odds with measures of operational performance other than profitability. The purpose of this study is to examine how ambidextrous leadership is linked to social entrepreneurial orientation and how this in turn affects operational performance. This is done through a rigorous review of the literature.

Keywords

Ambidextrous leadership; social entrepreneurial orientation; innovation; operational performance

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1. Introduction

Entrepreneurship has driven much of the growth of the business sector as well as the rapid expansion of the social sector [1,2]. It is broadly defined as the discovery of opportunities—the form, effects, and facilitators that aid the discovery and exploration of business opportunities [3, 4]. In parallel, Shane and Venkataraman [4] have explored issues regarding the creation of goods and services through these opportunities, the characteristics of the entrepreneurs who discover them, and the modes of action used to exploit business opportunities. Entrepreneurship is a source of economic transformation because it creates employment, drives growth, and promotes innovation [5]. Similarly, entrepreneurship fosters social integration by uniting citizens, enriching culture, and ultimately becoming part of social and economic flows [6,7]. The term entrepreneurship has repeatedly been applied to solve social problems [8]. Schumpeter [9] stated that entrepreneurship was a crucial process through which the economy as a whole advanced. The field of business studies includes a discipline known as social entrepreneurship, which is the focus of this study. Gorgievski and Stephan [10] described social entrepreneurship as a driver of economic and social well-being as well as productivity [10], concluding that entrepreneurship can generate value through job creation, environmental sustainability, innovation, and staff happiness [11]. They also argued that the study of individual entrepreneurs could enrich the psychology literature in terms of exploring attitudes toward uncertainty, flexibility, anxiety, and job responsibility. The tendency to study social entrepreneurship is recent, so we know little about how problems and decisions are tackled in this context [12, 13]. Within a business framework that considers corporate impact on society, companies must achieve competitive comparative performance [14]. Organizations must have comparatively high levels of proactiveness and innovativeness [15] to obtain a competitive advantage. The effects of the contingent factors of proactiveness and risk-taking orientation have been studied to learn how companies can innovate. This stream of research has yielded positive results [16]. Innovativeness is a central element in entrepreneurial orientation, as is proactiveness and risk-taking. However, social entrepreneurship requires another factor, which reflects the specific characteristics of such companies. This factor is social entrepreneurial orientation. The essence of social entrepreneurship is social entrepreneurial orientation [17]. Social entrepreneurial orientation refers to the combination of entrepreneurial orientation and reciprocity [18]. Reciprocity entails taking what society has received and returning it in the form of sustainable practices that benefit society as a whole. Innovation is a common element to the concepts of entrepreneurial orientation, social entrepreneurial orientation, and operational performance. Therefore, a managerial orientation conducive to fostering innovation is necessary. The leadership style that best promotes exploration and exploitation and, consequently, innovation is ambidextrous leadership [19]. Ambidextrous leaders employ opening leader behaviors to encourage employees to proactively seek novel ideas and solutions and then shift to closing leader behaviors to encourage workers to implement these ideas and solutions. Therefore, ambidextrous leadership has the capacity to promote proactiveness, innovativeness, and risk-taking by employees [20]. The interaction between opening and closing behaviors predicts innovative performance in employees. Therefore, greater interaction between the two behaviors means higher levels of innovativeness [21,22]. Ambidextrous leadership influences employees' innovative performance [23] and creativity [24]. The purpose of this study is to offer insight into the concept of ambidextrous leadership and then measure how ambidextrous leadership is linked to social entrepreneurial orientation. The main objective is therefore to measure how social entrepreneurial orientation affects firms' operational performance. A literature review of studies in the Web of Science-Social Sciences Citation Index (WoS-SSCI) database is presented. The focus is on the most influential authors and articles in this field. Consequently, an attempt is made to fill the gap in the literature on the relationship between ambidextrous leadership, social entrepreneurial orientation, and operational

performance. The structure of the article is as follows. In section 2, we describe the theoretical framework that supports this research. We define key concepts, including social entrepreneurial orientation and leadership styles, and relate these concepts to innovation. Conclusions and future lines of research are then presented.

2. Theoretical Framework

In today's turbulent environment, organizations must be innovative, risk-taking, and more proactive than competitors [25,26]. We study a sustainable form of entrepreneurial orientation by incorporating an element of reciprocity. We thereby study entrepreneurial orientation from a social perspective. In companies with a social orientation, entrepreneurs adopt an innovative and sustainable leadership orientation [26,27]. For companies, creating value is a key objective. Innovation is a value-creating element for both profit-seeking and social firms [8] because new elements must be created instead of merely emulating established practices [2].

2.1. Social Entrepreneurship

It is relevant to consider the characteristics of entrepreneurs because they have certain distinctive features [28]. Successful entrepreneurs are able to identify opportunities where others only see uncertainty [29,30]. Moreover, most successful entrepreneurs who identify opportunities do not have hypothetical thoughts, so they waste little of their precious energy pondering what might have been. Similarly, they do not punish themselves thinking about missed opportunities [4,31]. Social entrepreneurship can be defined as an innovative activity whose objective is the creation of social value [32–34] in both non-profit and profit-seeking companies [27]. There are also hybrid forms, whose structures mix the characteristics of profit-seeking and non-profit companies [35].

2.2. Entrepreneurial Orientation

Entrepreneurial orientation has been used to assess the business behavior of organizations [37] and determine whether companies are capable of achieving high levels of innovation and generating value. The concept of entrepreneurial orientation is defined as a strategic process in which new opportunities are identified and entrepreneurial behaviors are implemented within an organization [17,37]. As Clausen [25] affirmed, “the entrepreneurial orientation has received high conceptual and empirical attention, since it represents one of the few areas in entrepreneurship research in which knowledge is developing cumulatively.” The three fundamental characteristics upon which Hu and Pang [17] based their study are innovativeness, proactiveness, and risk-taking. Innovativeness refers to the implementation of new ideas, fostering creativity and process experimentation [37,38]. Proactiveness refers to a company's efforts to compete aggressively with other organizations [38,39]. Risk-taking refers to the propensity to commit the company's resources to uncertain and risky ventures [37,38]. Along with the fundamental characteristics of entrepreneurial orientation, another variable that must be considered is the welfare of individuals and society in the years to come [40]. This individual and social welfare is a key component of social entrepreneurial orientation.

2.2.1 Social Entrepreneurial Orientation

Hu and Pang [17] developed the sub-concept of social entrepreneurial orientation. Built on the concept of entrepreneurial orientation, this term applies to social enterprises' efforts to develop a strategic orientation. Social entrepreneurial orientation consists of combining entrepreneurial orientation (pursuing innovation, being proactive, and implementing risk-friendly strategies) and reciprocity. Reciprocity is described by Gouldner [18] as a social norm that states that individuals should always give something good in return if something positive is received. Applying reciprocity to companies yields the concept of social entrepreneurial orientation [17]. Luu [15] linked entrepreneurial orientation to organizational social capital to clarify the concept of social entrepreneurial orientation. Organizational social capital is defined as the establishment of sustainable relationships and harmony among employees' objectives. This encourages employees to take strategic actions (i.e., those that ambidextrous leaders build). In addition, Luu [15] affirmed that organizational social capital

reflects trusting relationships and goal congruence and can influence ambidextrous leadership when cultivating an entrepreneurial orientation within the organization [41]. In their unique study, Hu and Pang [17] confirmed that social entrepreneurial orientation and operational performance are positively related in non-profit organizations. Therefore, non-profit organizations that apply strategies based on social entrepreneurial orientation can improve performance while contributing value to society. They also report a positive relationship between entrepreneurial orientation and firm performance in high-tech technology firms as opposed to nonhigh-tech companies that have not implemented certain technologies. The relationship between hightech companies and entrepreneurial orientation can be attributed to the high degree of dynamism in the environment as well as the technological change experienced by these companies [37]. Sustainable development refers to development that meets present needs without jeopardizing the needs of future generations [42,43]. Sustainability has three dimensions: human welfare, environmental well-being, and economic prosperity [43]. Social entrepreneurs must respect these three dimensions because their main objective is to generate human and environmental well-being through economic activity [43]. Accordingly, the leaders of companies have a key role in defending the values of sustainability [44]. They must use their decision-making power to formulate plans of action that take into account the scope of the general welfare of society [43,45]. These leaders are transformational leaders, who base their main strategy on sustainability practices and, as their name suggests, are part of the transformation of society through economic activity [46]. Ambidextrous leadership in organizations spans both transactional and transformational leadership styles. These leaders are responsible for promoting those sustainability practices [46]. We have remarked throughout the article how ambidextrous leadership promotes opening and closing leader behaviors and, ultimately, leads to innovation. However, ambidextrous leadership can also have a sustainability orientation that seeks to foster the aforementioned values. This study focuses on the role of social entrepreneurial orientation in firms that put reciprocity into practice. To understand the strategic process of entrepreneurial orientation, generating a longterm sustainable competitive advantage through entrepreneurship is highly relevant [47].

2.2.2. Entrepreneurial Orientation in Relation to Sustainable Competitive Advantage

Sustainable competitive advantage refers to securing a unique position relative to competitors. This position allows an organization to outperform competitors on a consistent basis [48]. Sustainable competitive advantage is based on competitor-oriented operational performance rather than internally oriented operational performance [20]. Entrepreneurial orientation involves continuous behaviors that aim to identify opportunities and create companies to build a sustainable competitive advantage in subsequent years [17,47]. No less importantly, Weerawardena and Mort [49] reported a relationship between social entrepreneurship and sustainable competitive advantage. They affirmed that social entrepreneurship (and social entrepreneurial orientation) results in organizations that are oriented toward achieving a sustainable competitive advantage because doing so allows these organizations to accomplish their social mission. Leadership is critical to achieving organizational sustainability, resilience, and durability [50].

2.3. Leadership

2.3.1. Leadership Styles and Models

The way a company is run affects its organization and success. Grasping the distinction between transactional and transformational leadership is fundamental to understanding leadership. In transactional leadership, “the relationship is based on a certain type of exchange or transaction, through structuring and physical rewards or consideration and psychological rewards,” while transformational leadership influences followers and helps create an organizational culture, as mentioned earlier [51]. Camisón et al. [51] proposed three models. We will briefly discuss each one to provide a better understanding of leadership. 1.

Hersey and Blanchard's [52] leadership model links the behavioral dimensions of initiating structure and consideration to propose four leadership styles: saying, accompanying, participating, and delegating. Each has high or low levels of the dimensions of behavior. This leadership style is transactional because it only considers the variables initiating structure and consideration and does not consider transformation. 2. Vroom, Yetton, and Jago's [53] model also describes transactional leadership. Although it considers the specific nature of each situation, it is based on the two behavioral dimensions of initiating structure and consideration. 3. The third model proposed by Avolio and Bass [54] considers the three dimensions of transformational leadership. However, the model does not consider the specific nature of the followers or the situation. The authors describe six styles that range from more to less positive: intellectual stimulation, individual consideration, charisma and inspiration, contingent rewards, management by exception, and passive. This brief review is necessary to support this study's examination of the effects of ambidextrous leadership in socially oriented companies. It is helpful to revisit the established leadership styles because ambidextrous leadership is a relatively new concept. To understand why ambidextrous leadership is preferred over all other existing leadership styles, it is important to be aware of the key role that innovation plays for the company and the way the company is run.

2.3.2. Innovation in Leadership

Innovation and Creativity

West [55] defined innovation as the inclusion and application, within a group or organization, of ideas, processes, products, or procedures that involve substantial change in terms of benefits to an individual, organization, or society [56,21]. Therefore, for an idea to generate value, it must be not only creative but also innovative. Creativity is the generation of ideas that are useful and original [56–58]. It differs from innovation because creativity is focused on the ingenuity of creating ideas, whereas innovation is focused on implementing these ideas. As has frequently been discussed by numerous authors [60,61], the complexity of the innovation process lies in the fact that creativity and implementation do not occur in a linear way. Therefore, it is difficult to separate the stages or phases of the innovation process, which tend to shift and change. Rosing et al. [21] affirmed that the exploration and exploitation activities of individuals and groups are highly related to creativity and the implementation of the innovation process, respectively. Experimentation through divergent thinking and openness to new information implies exploration, which generates original and novel ideas [62,63]. In contrast, compliance with established rules and regulations, together with a clear focus on objectives, is part of exploitation and the effective implementation of ideas [64]. Rosing et al. [21] used the geneptore model of creativity as the basis for their discussion [65]. This model describes two separate cognitive processes in creativity: the generation of preventive structures versus the exploration and interpretation of these structures. In this model, a comparison is made with the ambidextrous leadership behaviors explained later. The generation of "pre-inventive" structures resembles exploitation because it entails retrieving information from memory, drawing analogies, and combining information from memory [65]. As verified by Rosing et al. [21], the geneptore model follows the reasoning behind ambidexterity. Both exploration and exploitation are needed to generate novel, pertinent ideas. The geneptore model is restricted to creativity because it does not consider the implementation of ideas that characterize

innovation. In addition, as a model of general creativity, it has not been extended to the organizational context. It therefore lacks any assumptions about leadership in creativity or innovation. To explain how companies can achieve the much sought after goal of innovation, several authors have noted that leadership is one of the most powerful predictors of innovation [21,63]. However, traditional leadership models do not reflect the complexity of the essence of innovation processes. Moreover, a single leadership style is not enough to ensure innovation [21]. Traditionally, leadership styles have been too broad to specifically

encourage innovation. For innovation to be effective, both exploration and exploitation behaviors must be performed by increasing or reducing variation in followers' behaviors [21]. Likewise, Rosing et al. [21] affirmed that leadership styles that are more flexible and better adapted to leadership behaviors are more capable of fostering innovation.

Transformational and Transactional Leadership in Relation to Innovation

Entrepreneurship research suggests that organizations instill a transformational leadership style to activate the entrepreneurial spirit and innovativeness of the company [15]. Transformational leadership is regularly considered crucial to innovation [66,67]. As mentioned above, transformational leaders lead by motivating, exercising a positive role, communicating an assertive and attractive point of view, promoting creative and divergent thinking, and caring for and nurturing followers [55,60]. By applying transformational leadership in the organization, followers are able to see beyond their own self-interest and, through the leader's charisma and intellectual stimuli, become inspired to achieve high performance [55]. By motivating followers to change the status quo, a positive relationship between transformational leadership and innovation is forged [21,68]. Another of the leadership styles discussed earlier is transactional leadership. According to Bass [69], this leadership style is based on the principles of clarifying objectives, intervening only when the situation requires, and rewarding followers when objectives are met. This type of leadership does not promote experimentation or exploration. Accordingly, it does not have a positive relationship with innovation and creativity [21]. Although scholars have observed that the relationship between transformational leadership and innovation is positive, the results vary considerably. Mumford et al. [63] reported a lack of consistent thought in relation to this particular relationship. Rosing et al. [21] affirmed that this relationship depends on other factors such as the type of dependent variable (creativity or innovation), the level of analysis, and the work tasks and characteristics of individuals, groups, or organizations (e.g., the climate of excellence and centralization). Studies that have shown moderating effects suggest that a certain level of flexibility in the leader is necessary. Therefore, leaders generally focus on either exploration (transformational leadership) or exploitation (transactional leadership). However, these separate leadership styles are not enough to achieve innovation within the organization because an optimal setting for innovation requires a combination of both behaviors. These ideas raise the question of whether any leadership style effectively enhances innovation. The theory of ambidextrous leadership for innovation proposes that complementary leader behaviors (opening and closing behaviors) are antecedents of innovation at the individual and group levels [60].

Conclusions

Ambidextrous leadership has been explored in various studies as a driver of innovation [21, 23,80]. We reviewed the literature and Rosing's [21] model, concluding that the combination of exploration and exploitation enhances innovation. Through this literature review, we aimed to verify that the proposed leadership style is suitable in organizations that experience high levels of innovation complexity [21, 61, 61, 76].

Regarding the relationship between ambidextrous leadership and social entrepreneurial orientation, it is believed that reciprocity can positively influence ambidextrous leadership by influencing the company's mission. This reciprocity has an impact on organizational culture and opening leader behaviors, creating innovation through exploration. In the case of organizations with greater reciprocity, a company's incorporation of a social perspective is expected to be decisive for that company's effectiveness [17]. This affirmation can encourage other companies to adopt strategies that include a social entrepreneurial orientation to improve performance. Regarding operational performance, the literature focuses on performance in general terms [105] instead of operational performance oriented toward competitors [15]. Adopting this competitive orientation requires a more general view of

performance and leads to a comparative perspective that is not only measured in economic terms.

Contribution

This study contributes to the research on ambidextrous leadership by reviewing the literature on social entrepreneurial orientation. Proactiveness, innovation, risk-taking [17], and reciprocity are considered to establish a more meaningful model that reflects the actual situation of organizations. Similarly, in this paper operational performance is linked to social enterprises. Investigating this topic further will lead to new evidence to strengthen the literature. The first professional implication relates to overcoming a lack of innovation in social enterprises. A second implication relates to incorporating ambidextrous leadership practices that promote exploration by employees as well as innovation. If companies are able to create innovative ideas, they will experience stronger performance and growth. The application of ambidextrous leadership in companies with a social orientation will also be viable. Similarly, the incorporation of social entrepreneurial orientation in companies that do not apply reciprocity will be viable because doing so can boost operational performance.

Study Limitations

Mediating elements such as employee behavior or moderating variables such as employee characteristics were not considered in this study. In addition, no exogenous variables such as organizational structure, organizational culture, and employee confidence were considered.

Future Research

Ideas for future research include the study of non-social enterprises to check whether they apply reciprocity. Such a study would enable generalization of our findings to different types of companies. It would also be of interest to investigate creativity as a central element of exploration and innovation and to study its influence on employees' career decisions, mental well-being, and innovation outcomes [22,106,107]. Finally, investigating variables related to company structure, employee characteristics, and organizational culture could provide further insight. We therefore advocate empirical studies to explore the application of reciprocity and creativity as well as causes and effects.

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