



Effect of Ambidextrous Leadership on Operational Performance: Mediating Role of Social Capital

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Abstract: This study sought to discover whether ambidextrous leadership and operational success are related, as well as how social capital might mediate between these two factors in Ghana's SMEs. The study's objectives were to look into the relationships between ambidextrous leadership and performance, as well as the relationships between ambidextrous leadership and social capital, social capital and performance, and the mediating role of social capital in the relationship between ambidextrous leadership and performance. Stratified and simple random selection techniques were used to choose a sample size of 300 SMEs for the investigation. To meet the study's goals, multiple linear regression analysis and hierarchical multiple linear regression analysis were employed to examine the data. According to the study's findings, there is a significant link between ambidextrous leadership and SMEs' operational success in Ghana. The study's findings also demonstrated that ambidextrous leadership has a substantial favorable association with SMEs in Ghana's social capital. The study found a statistically significant association between social capital and operational performance of SMEs in Ghana. Meanwhile, the study's findings demonstrated that there is no substantial association between ambidextrous leadership and SMEs' operational performance in Ghana when mediated by social capital. Managers of SMEs in Ghana should pay more attention than normal to their ambidextrous leadership.

Keywords: Ambidextrous, Capital, Creditor, Leadership

1. Introduction

Managing organisations have been identified as a herculean task and failures of many organisations has been blamed on leadership failures [1]. The role of leadership in managing change has been observed is critical to the success of organisations [2]. This makes leadership critical in the progress and sustainability of organisations [1]. Failures of organisations has become a bit more rampant in recent time and such failures have had adverse effect on a repertoire of actors including and beyond the scope of the particular organization [3]. Organisation failures in most cases occur when organisational revenue is not able to cover cost and returns on investment on the average falls below capital cost [4] or “when an organisation cease trading as a result of

bankruptcy, losses to creditors after execution or foreclosure; voluntarily ceasing operations without paying obligations to creditors or being involved in court action/s; and arriving at a voluntary compromise with creditors” [1]. These have been the characteristics of failures in conglomerates such as Enron and WorldCom [5] and in all cases leadership failures have been cited as an important cause. The view of organisational leadership on what leadership is remains important in the success of leadership [6]. Organisation leadership that views leadership as a rank and title and not as a position with responsibility to a diverse stakeholders [7] have failed to adopt a partnership approach and have missed out on the gains of relational resources which brings synergies and improved organisational performance [6]. Leadership of failed organisations, characteristically have been autocratic and have in most cases focused on creating value for

shareholders without paying much attention to the wider stakeholder bodies [8]. Such organisations have failed to recognise the importance of customers as partners and not just a group of people who purchase goods or service and employees are recognised only as people needing work and remuneration and not important parties in decision making process [9].

Leadership role in ensuring operational performance is perhaps the most obvious of all the functions of leadership of organisations. Studies in this area predates the periods of major global scandals and organisational challenges. This is because a minimum level of operation performance is required to keep firms in business [10]. Central to organisational strategies have been a focus on operational performance. The literature documents several studies that seek to use the different leadership styles and approached to enhance operational performance of organisations [10]. Leadership skill has been highlighted as the most important reason that explain operational performance rather than the leadership approach adopted [11]. Admittedly the literature presents a limited number of studies on the role of leadership style in effecting changes in operational performance of organisations. Strategic leadership has been central to operational performance planning and execution with very limited focus on the leadership type required to successfully execute the operational strategy [12]. Studies that have focused on the role of leadership on operational performance, in spite of being limited are skewed towards the advanced and industrialised countries [13]. Studies on ambidextrous leadership and its effect on organisations have focused on more general issues such as organisational performance rather than more specific performance variables as operational performance. Thus even though ambidextrous leadership is very much known to the management literature its relationship with social capital and operational performance has not been well documented.

1.1. Problem Statement

Ghana, just like many developing countries is saddled with economic challenges [14]. This has made the management of organisations a bit more challenging relative to business organisation in developed economies where the challenges are not enormous and can be easily controlled. Where technology and innovation are subject of development and progress in developed countries the management of technology and innovation in developing countries is a major challenge and a major set back to organisational performance in developing countries [15]. Couple with this, globalisation has visited onto developing countries' firms intense competition from very large conglomerates from the developed countries with huge capital, technology and innovation, well diversified, access to larger markets and with the capability to withstand economic shocks [16]. Businesses in Africa are also faced with the problem of negative global perception of the quality of their products, coupled with the cultural and nature of international markets makes access to international market a challenge [17]. The

situation in Ghana is a reflection of the general situation in developing countries around the world. Business enterprises in Ghana have challenges accessing credit and market [14] and are generally unable to withstand economic shocks because of the small size [18]. The situation is more worrying in the Small and Medium Enterprise (SME). The SME in Ghana holds the Ghanaian economy, contributing about 70% to Ghana's GDP and constitute 92% of businesses in Ghana [14]. Failures in the SME sector of Ghana therefore has dire consequences on the Ghanaian economy. Government of Ghana has made several intervention in the SME sector through regulations and in some cases financial support and tax reduction [14] but the sector continues to put up less than expected performance [18]. According to the research [18] has noted that SMEs in Ghana are not innovative and have challenges managing technology, [14] also confirm these sentiment and stated that leadership and lack of managerial acumen are the critical challenge to the poor performance of SMEs in Ghana.

1.2. Objectives of Study

Given the important role SMEs play in the economic life of Ghana and what SMEs can potentially offer the economy of Ghana if they are well resourced, managed and the right leadership style is applied, the current study investigates the role of ambidextrous leadership on operational performance: mediating role of social capital of SMEs in Ghana. Specifically the study is aimed at the following:

1. To examine the relationship between Ambidextrous Leadership and performance.
2. To examine the relationship between Ambidextrous Leadership and Social Capital.
3. To examine the relationship between Social Capital and Performance.
4. To examine the mediating role of Social Capital in the relationship between Ambidextrous Leadership and Performance.

1.3. Research Questions

What is the relationship between Ambidextrous Leadership and performance?

What is the relationship between Ambidextrous Leadership and Social Capital?

What is the relationship between Social Capital and Performance?

Does Social Capital mediate the relationship between Ambidextrous Leadership and Performance?

1.4. Significance of the Study

A study on SMEs in Ghana with the focus of improving leadership in the management of SMEs has the potential of improving the performance of the economy through enhanced performance of the SME sector. Considering the contribution of SMEs to the economy of Ghana, an enhanced SME sector will be important catalyst for job creation and increased GDP. The findings, conclusions and

recommendations of the study will add to the knowledge in the extant literature and serve as reference and influence policy direction.

2. Methodology

2.1. Sample and Sampling Procedure

Stratified random sampling is adopted in the data collection process. The sampling is conducted at two levels, first the study sampled the SMEs to ensure that the sample has manufacturing, service and extractive. Thirty SMEs were sampled for the study, made up ten organisation each from the three categories of organisations (strata). The second level of sampling is the sampling of respondents from the three strata. Ten respondents were randomly sampled from each of the thirty organisations. A sample of three hundred respondents were sampled for the study. The choice of stratified sampling is to ensure representation of all categories of firms in the sample and to make generalizability of the study statistically possible.

2.2. Data Analysis Technique

Hierarchical OLS regression analysis and structural equation modelling are used in analyzing the data to realize the objectives of the study. In examining the relationship between ambidextrous leadership and operational performance of organisations, the study used OLS regression analysis. The choice of multiple regression analysis is in line with inferential studies. It is important to state that studies that examine the relationship between variables use OLS regression partly because the dependent variable is a continuous data which is best suited for OLS regression. Again the choice of OLS regression is an inspiration from, [19] who also investigated the effect of ambidextrous leadership on organisational performance. The regression model to test the relationship ambidextrous leadership and organisational performance is therefore specified as follows:

$$\text{Perf}_i = \alpha_0 + \beta_1 \text{Amb}_i + \beta_2 \text{Gen}_i + \beta_3 \text{Age}_i + e_i \quad (1)$$

Where β is coefficient

Amb is indices of closing and opening leadership behaviour

e is error term

In examining the effect of ambidextrous leadership on social capital, the indices of the three dimensions of social capital are regressed on the two dimensions of ambidextrous leadership in a hierarchical regression space. The regression equation is therefore specified as follows:

$$\text{Sc}_i = \alpha_0 + \beta_1 \text{Amb}_i + \beta_2 \text{Bnt}_i + \beta_3 \text{Gen}_i + \beta_4 \text{Age}_i + e_i \quad (2)$$

Where β is coefficient

Sc indices of social capital

e is error term

In testing the effect of social capital and performance, operational performance index (Opp) was developed using

confirmatory factor analysis and the resulting index was regressed on social capital variables. The regression equation was therefore specified as follows:

$$\text{Opp}_i = \alpha_0 + \beta_1 \text{Rsc}_i + \beta_2 \text{Csc}_i + \beta_3 \text{Ssc}_i + \beta_4 \text{Gen}_i + \beta_5 \text{Age}_i + e_i \quad (3)$$

The study also analysed the mediation role of social capital in the relationship between ambidextrous leadership and operational performance of small and medium enterprises. In testing the mediation role of social capital hierarchical multiple regression analysis was used. Hierarchical multiple regression which tests the mediation effect of a variable as indicated [20] is conducted to determine whether social capital variables mediate the relationship between ambidextrous leadership and operational performance of small and medium enterprise.

3. Result and Discussion

Table 1. Demographic Characteristics of Participants and SMEs.

Variables	Dimensions	Frequency	Percent
Firm Type	Manufacturing	87	29.0%
	Service	151	50.3%
	Other	62	20.7%
Firm Size	2-30	238	79.3%
	31-99	62	20.7%
Firm Age	1-10 years	213	71.0%
	11-20 years	69	23.0%
	21-30 years	11	3.7%
	31-40 years	4	1.3%
	41-50 years	3	1.0%
Gender	Male	173	57.7%
	Female	127	42.3%
Age	Less than 20	0	0.0%
	20-29	93	31.0%
	30-39	120	40.0%
	40-49	57	19.0%
	50+	30	10.0%
Position	Owner-Manager	171	57.0%
	Executive	22	7.3%
	Manager	46	15.3%
	Other	61	20.3%

Source: Field Work, 2021

As shown in the table, 29% of the SMEs that participated in the study belonged to the manufacturing sector, 50.3% belonged to the service sector, while 20.7% belonged to the other sector. In terms of firm size, 79.3% of the SMEs had 2 to 30 employees, while 20.7% had 31-99 employees. The distribution of firm age as shown in the table reveals that majority of the SMEs (71.0%) that participated in the study had been in operation for 1 to 10 years. On the other hand, 23.0% of the SMEs had been in operation for 11-20 years, while 6.0% had been in operation for more than 20 years. In terms of the demographic characteristics of the participants, the results of the study revealed that majority of the participants of the study were male (57.7%) while 42.3% were female. On the other hand, the age distribution of the

participants of the study revealed that 31.0% of the participants of the study were between 20 to 29 years, 40% were between 30 to 39 years, while 19.0% were between 40 to 49 years. Ten percent of the participants of the study were found to be 50 years or more. The distribution of the position of the participants of the study revealed that 57.0% of the participants were owner-managers of the SMEs, 7.3% were executive members of the SMEs, 15.3% were managers of the SMEs, and 20.3% were other employees of the SMEs.

Ambidextrous Leadership

Predictive variables include ambidextrous leadership, which is the focus of this research. The participants were asked to rate their management's ambidextrous leadership using the [21] measure, which was developed in response to

the ambidextrous leadership theory developed [22]. The ambidextrous leadership of the management on the SMEs was measured using five items (e. g., "Management employ policies that encourage employees to do their best," "Management get all employees involve in decision making", "Good disciplinary and corrective mechanisms adopted by management", "Good and frequent monitoring of performance", and "Management listen, tolerate and address the grievances of employees"). The ambidextrous leadership questionnaire included a seven-point Likert scale to evaluate the five items, with answers ranging from 1 (strongly disagree) to 7 (strongly agree). Table 2 presents the descriptive statistics of the ambidextrous leadership among the management of the SMEs selected for the study.

Table 2. *Ambidextrous Leadership among SMEs in Ghana.*

Ambidextrous Leadership	Mean	Std. Dev.	Min.	Max.
Management employ policies that encourage employees to do their best	6.04	1.30	1.00	7.00
Management get all employees involve in decision making	5.67	1.46	1.00	7.00
Good disciplinary and correctives mechanisms adopted by management	6.06	1.10	1.00	7.00
Good and frequent monitoring of performance	6.19	0.91	1.00	7.00
Management listen, tolerate and address the grievances of employees.	5.90	1.26	1.00	7.00
Overall ambidextrous leadership	5.97	0.99	1.00	7.00

Source: Field Work, 2021

As shown in the table, the management of the SMEs employ policies that encourage employees to do their best ($M=6.04$, $SD=1.30$), get all employees involve in decision making ($M=5.67$, $SD=1.46$), adopt good disciplinary and correctives mechanisms ($M=6.06$, $SD=1.10$), adopt good and

frequent monitoring of performance ($M=6.19$, $SD=0.91$), and listen, tolerate and address the grievances of employees ($M=5.90$, $SD=1.26$). Overall, the results of the study reveals that the management of the SMEs selected for the study have a good ambidextrous leadership style.

Table 3. *Structural Social Capital among SMEs in Ghana.*

Structural Social Capital	Mean	Std. Dev.	Min.	Max.
Employees communicate with one another in an open and honest way.	5.84	1.21	1.00	7.00
Cross-departmental collaboration is important for the improvement of services.	5.83	1.15	1.00	7.00
Co-ordination and cooperation with other departments is a significant part of our service approach	5.92	1.22	1.00	7.00
It is common for employees to exchange information with one another.	6.01	1.02	1.00	7.00
Employees communicate with one another on a regular basis.	6.06	1.06	1.00	7.00
Overall structural social capital	5.93	0.94	1.00	7.00

Source: Field Work, 2021

The results of the participants of the study revealed that the employees communicate with one another in an open and honest way ($M=5.44$, $SD=1.21$). The participants also believe that cross-departmental collaboration is important for the improvement of services ($M=5.83$, $SD=1.15$). The participants of the study are also of the view that co-ordination and joint working with other departments is a major part of their approach to their organisation of services ($M=5.92$, $SD=1.22$). The participants of the study also agreed that the staff are willing to share information with one another ($M=6.01$, $SD=1.02$), and that the staff keep each other informed at all times ($M=6.06$, $SD=1.06$). SMEs had an average structural social capital of 5.93, with a standard deviation of 1.06, suggesting the presence of a social network inside the network of SMEs as measured by the overall mean structural social capital.

4. Summary

4.1. To Examine the Relationship Between Ambidextrous Leadership and Operational Performance

One of the study's primary objectives was to investigate the connection between ambidextrous leadership and the operational performance of SMEs in Ghana. A multiple linear regression analysis was carried out in order to accomplish this goal. The research results showed that ambidextrous leadership has a statistically significant beneficial impact on the operational performance of SMEs in Ghana, according to the study. According to the coefficient of determination of the multiple linear regression analysis, ambidextrous leadership at SMEs in Ghana accounts for

more than 5% of the variance in the operational performance of the SMEs in Ghana.

4.2. To Examine the Relationship Between Ambidextrous Leadership and Social Capital

The second goal of the research was to investigate the connection between ambidextrous leadership and social capital in small and medium-sized enterprises in Ghana. Once again, multiple linear regression analysis was used to determine the particular goal of the research in this case. In the end, the findings of the study showed that ambidextrous leadership had a statistically significant beneficial impact on the social capital of SMEs in Ghana. Multiple linear regression study revealed that the ambidextrous leadership of small and medium-sized enterprises (SMEs) explained more than 60% of the variance in their social capital, as shown by the coefficient of determination of the analysis.

4.3. To Examine the Mediating Role of Social Capital in the Relationship Between Ambidextrous Leadership and Performance

Fourth, the research sought to determine if social capital had a mediating role in the connection between ambidextrous leadership and operational success. The study had four objectives. A hierarchical multiple linear regression analysis using social capital as the mediating variable between ambidextrous leadership and operational success was carried out in order to accomplish this study's goal of improving operational performance. A hierarchical multiple linear regression study showed that, when mediated by social capital, ambidextrous leadership had no statistically significant beneficial impact on the operational performance of small and medium-sized enterprises (SMEs). After adjusting for other variables, it was shown that ambidextrous leadership, when mediated by social capital, explained somewhat more than 5% of the variance in operational performance across small and medium-sized enterprises (SME).

5. Conclusion

In light of the fact that the failure of the SMEs sector in Ghana has negative repercussions for the economy, it is essential to understand how leadership is very important to the performance and growth of small and medium-sized enterprises (SMEs). Thus, the purpose of this research was to investigate the impact of ambidextrous leadership on operational performance in SMEs in Ghana, with a particular emphasis on the mediating function of social capital. The relationship between ambidextrous leadership and performance, as well as the relationship between ambidextrous leadership and social capital, the relationship between social capital and performance, and the mediating role of social capital in the relationship between ambidextrous leadership and performance, were all investigated in order to achieve this objective. This research discovered that there is a statistically significant positive

connection between ambidextrous leadership and operational performance of SMEs in Ghana after evaluating the relationship between ambidextrous leadership and operational performance of SMEs. This study indicates that the success of small and medium-sized enterprises (SMEs) in Ghana is influenced to some degree by the ambidextrous leadership given by the SMEs's owners or management. According to this study, small and medium-sized enterprises (SMEs) managers must pay more attention than normal on their ambidextrous leadership abilities.

One of the most important results of this study is that ambidextrous leadership has a substantial beneficial effect on the social capital of SMEs in Ghana, which was also proven by the research. It seems from these findings that SMEs with strong ambidextrous leadership have a high level of social capital, which is one of the most important factors in company development. When a company has strong social capital, workers have high levels of confidence in their employer as well as high levels of goal congruence with their employer. Employees that have a high degree of ambidextrous leadership and a high level of social capital are more likely to come up with new ideas and supplementary knowledge outside of the company's limits, which are critical for the company's development. Those findings, which were derived from a study of the direct connection between social capital and operational performance of SMEs in Ghana, corroborate this notion. A substantial positive connection between small and medium-sized enterprises' social capital and their operational success was discovered by the researchers in their research. Because of this discovery, managers of small and medium-sized enterprises (SMEs) in Ghana should concentrate on increasing their social capital by guaranteeing a high degree of ambidextrous leadership in their organisations.

When mediated by social capital ambidextrous leadership is found not to have a statistically significant relationship with operational performance of SMEs. Hence, it is established from this study that ambidextrous leadership has a direct link with operational performance, but does not have an indirect link with operational performance when mediated by social capital. This results suggests that although ambidextrous leadership promotes social capital, and social capital promotes operational performance or performance, there is no significant indirect link between ambidextrous leadership and operational performance, when mediated by social capital. Hence, researchers seeking to measures the relationship between these variables should pay attention to these revelations of the study.

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