



Investigating deviation in managerial ambidexterity: the influence of senior team decision making and transformational leadership

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Abstract

Decision making has an importance in the organization to achieving success in a competitive environment. Senior team made a deliberate decision that has an impact on managerial explorative and exploitative activities. This study developed a theoretical model that will cover the topic of research as the; the impact of the senior team decision making with the moderating effect of Transformational leadership on managerial ambidexterity. Data was collected from middle-level managers of retail banks in Lahore, Pakistan. The study employed correlation, regression, and multiple regressions to find the outcomes. Findings identified that a senior team decision making has a significant effect on the managerial ambidexterity. Moreover, this study also finds out there has no significant interaction among senior team decision making and managerial ambidexterity with mode rating role of transformational leadership.

Keywords: Managerial ambidexterity, Senior team, Decision making, Transformational Leadership.

Introduction

Ambidexterity is a notion that explained the competence of organizations. These competencies influenced the present routines, while simultaneously they proceed to change the situation for the growth of opportunities^{1,2}. Ambidexterity can be raised through the formal structures of interaction and the personal coordination mechanisms of managers it showed a positive association³. Managerial ambidexterity can be defined as, an individual manager towards combining both the activities of exploration and exploitation within a specific time period^{4,6}. Manager's activities of exploitation and exploration are necessary for the organization to achieve success and also protect their conventional businesses in the current competition among the organizations. Precise and timely decisions are necessary for the success of an organization and these decisions are needed well-organize execution. Prior studies pointed out that, members of the senior team have an important role in the creating and managing organizational ambidexterity⁶⁻⁸. That's why members of the senior team have faced significant conflicts and ambiguities role. Such as, senior teams in ambidexterity are supposed to resolve challenges through combined information processing and integration⁹. This study examined the senior team decision-making attribute that might assist to attain managerial ambidexterity. The current study expands understanding of how the senior team members handled conflicting strategic agendas and overcome the contradictions in taking decisions and then linked those decisions with manager's activities of exploitation and exploration.

First, this study defined insight into the relationship among decision making of the senior team and managerial ambidexterity. Secondly, this study examined the leadership

behavior as a moderator in the dynamics of the senior team decision making for achieving managerial ambidexterity. Individual-level studies about ambidexterity are nearly absent. Thus, the scholars called for research to explore further study on ambidexterity¹⁰⁻¹². Middle management has played a significant role in organizations. Earlier studies had demonstrated the influence of senior managers on explorative and exploitative activities¹³⁻¹⁵. However, those studies had not paid attention to middle management, or more significantly the combined influence of both top and middle management¹⁶. Therefore, the current study is unique in its nature as it addresses the gap in the literature of empirical studies by Investigating Managerial Ambidexterity: Influence of Senior decision making and the moderating role of Transformational Leadership in the banking sector of Pakistan.

Theoretical Background: Senior Team Decision Making and Managerial Ambidexterity: The human resource management has played a vital role in achieving organizational ambidexterity¹⁷. Prior study has connected the organization's HR system in that context, that was helpful for the achievement of both the activities of adaptability and the alignment and these activities are essential to creating them bidexterity. The individual role is an important agent of ambidexterity^{2,4}. HRM is one of the key areas of Project Management.

Ambidexterity had mentioned the potential of dealing with the complicated and conflicting mechanisms such as exploitation and exploration^{18,19}. The researchers indicated the implication for ambidextrous managers to handle with conflict and make the correct decision by senior team members according to the situation. Such as, chasing several and diverse goals that are

connected with obtaining challenges with other organizational members or managers who hold diverse anticipations or who have diverse viewpoints, and who pursue differencing goals^{9,20}. At that time managerial ambidexterity helped managers to solve the situation with the consensus of senior team members. Increasing contacts of the manager with the other senior members of the organization enhanced their capability to better understand, perform and identify various requirements and opportunities. This also enabled them to make a decision that according to the situation of the ambidexterity. This coordination and consensus gave them confidence. From given literature, this study established the following hypothesis to realistically measure the relationship between senior team decision making and managerial ambidexterity.

Hypothesis 1: senior team decision making has a significant positive effect on the managerial ambidexterity.

Senior team made decisions. Organizational performance is influenced by the quality of that decision. Those decisions, implementations are facilitated by the team members' consensus, and that consensus also controls the performance of the organization²¹. Therefore, senior management teams have a significant strategic ability to make good decisions in a competitive environment. Organizations have Decision-making as a significant part of managerial tasks; a good manager must first be a good decision maker, the norganizer, planner, leader and controller²². Moreover, the participation of managers in the decision-making process generated a greater commitment and association of managers in their job²³. The research mentioned that through decision-making processes, senior team influenced ambidextrous orientation. Furthermore, studies indicated that increasing managers' power of decision-making triggers them to not only concentrate on short period requirements and related advantages, but to also boost focus to opportunities that will describe the future²⁴ and to the associate long-term benefits²⁵. Manager's power of decision making optimistically relates to their ambidexterity by increasing their liberty and skills to actively pursua variety of dissimilar goals^{4,25}.

Transformational leadership: Transformational leadership comprised of IdealizedBehaviors, Intellectual motivation, Inspiration and Individualized Consideration²⁶. Leaders are liked, valued and trusted through the idealized behavior's degree, because of the charismaticbehavior of this dimension of followers are recognizeas the leader. Inspirational degree had coherent, appealing vision and motivational behavior of the leaders. The intellectual, motivational degree had the ways in which leaders inspired their adherents' endeavor to be encouraged by inquiring conjectures, approaching issues, and tackle old circumstances in different and innovative manners. Leaders acting as an instructor or adviser and give concentration to each individual's requirements for development and achievement through the degree of Individualized consideration²⁷. From given literature, the study established hypothesis to find the effect of the senior team decision making

on the managerial ambidexterity with the moderating effect of transformational leadership:

Hypothesis 2: Senior Decision Making has apositive effect on managerial ambidexterity with the moderating effect of transformational leadership.

Transformational leadership is an essential leadership approach to promoting managerial ambidexterity. It offers a broad behavioral repertoire²⁸ and looks like to assist the activities of exploration and exploitation²⁹. Involvement of transformational leaders had seemed to be mostly related to senior teams with objective and asymmetries crosswise over individuals from the senior group³⁰.

So that type of leaders could influence senior team's decision technique, decision procedure, behavioral integration and also impacts decision speed³¹. Senior team decision making is also encouraged by the transformational leadership approach. Therefore, in ambidextrous organization's leaders might be more or less directive in influencing senior team dynamics and affect the way how senior teams attain conclusion on a decision, direct team debate and structure decision³². It is important to develop Transformational leader's capabilities of Idealized Behaviors, Inspiration, Intellectual motivation and Individualized Consideration. So that leaders could influence senior team's decision technique, decision procedure, behavioral integration and also impacts decision speed³¹. The organization should look for and appoint managers with transformational styles and build up existing managers so that they gain knowledge of these approaches. Transformational leadership style also helps the senior teams to avoid directing their decision but also making easy participation of the team members in decision-making³³. This senior team discussion with the managers also helps managers to achieve managerial ambidexterity. In organizational ambidxtxterity, the effectiveness of the senior team attributes would be most noticeable when occurring in performance with the executive director transformational leadership behavior⁸. Because this transformational leadership moreover, influenced the senior team and managers and given them the opportunities to attain exploration and exploitation activities of managers.

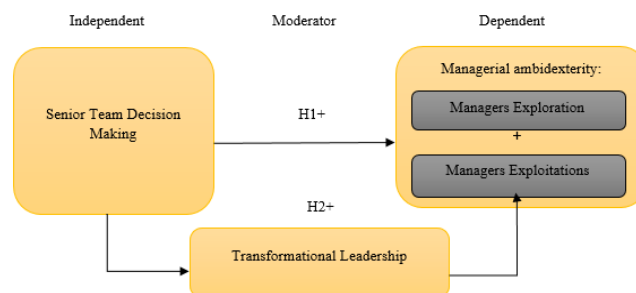


Figure-1: Hypothesized Model.

A Recent study determined the positively significant impact of the senior team decision making on the managerial ambidexterity. Moreover, this study also find out that senior team decision making has positively significant impact on the managerial ambidexterity with the moderating role of transformation leadership as shown in Figure-1.

Methodology

The empirical Data were collected through a questionnaire that was randomly gathered from middle-level managers. The research setting for this study was retail Banks of Pakistan mainly located in the city of Lahore. One of the major reasons for selecting a retail banking sector is that retail banks are attaining ambidexterity in their branches successfully³⁴. Branches of a bank considered as units of organization, therefore, ambidexterity in a branch look likes to be rooted in the managers' cultural approach and builds on the capability to manage mutually long- and short-term innovative activities³⁵. The foremost reason of selecting Middle-level management positions of banking employees is probably middle-level management is essential to ambidexterity because how middle managers manage ambidexterity at a unit's level and positively link to ambidexterity of organizational level³⁶. Unique positions of the middle managers in the organizations play the role of linkage among the operating managers and top managers. The final sample consists of 30 banks, representing completed questionnaires from the middle-level manager. The response rate was 225/300 (75 %). After the screening, the final sample for analysis was 203. The reliability and validity of the instrument have been tested by SPSS 20 and that was good with high scores. Table-1 presented the reliability values of the instrument used in this study. The study used SPSS 20.0 for conducting data analysis and results of the frequency distribution, Pearson's Correlation, and simple Regression. Details are presented in Table-2 and 3.

Results and discussion

The study defined demographic variable's frequency distribution by Pie Charts. Figure-2 and Figure-3 summarizes the characteristics (n=203) on the base of their age group (25-35age: 43.8%, 35-50 age: 39.4%, Above 50 age: 16.7%).

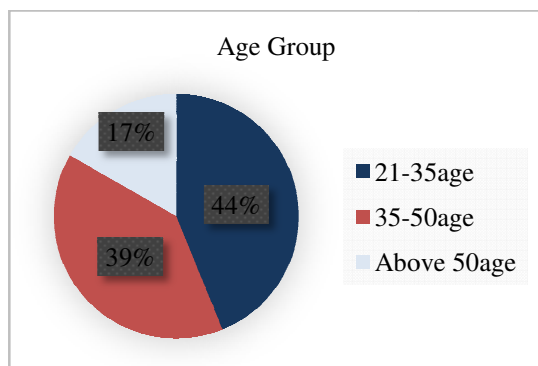


Figure-2: A maximum number of respondents in the banks were males (As explained Males: 74.9%, Females: 25.1%).

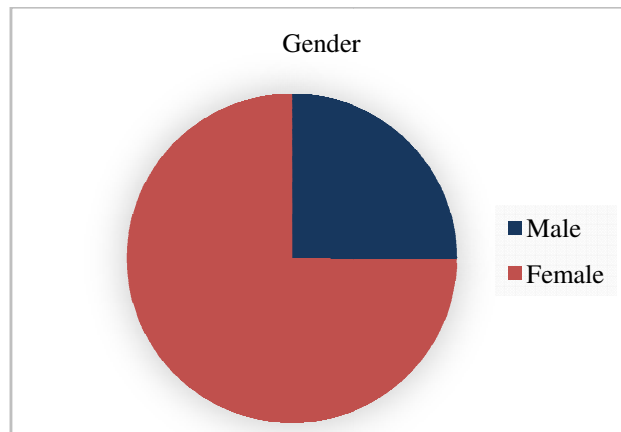


Figure-3: The Cronbach's alpha values of senior team decision making, transformational leadership, and managerial ambidexterity are (0.933, Table-1). Instruments were confirmed as extremely reliable with the help of SPSS 20.0.

Table-1: Reliability analysis.

| No. of Items | Cronbach's Alpha |
|--------------|------------------|
| 36 | .933 |

The senior team decision making and managerial ambidexterity Pearson's Correlation of were performed by SPSS 20.0 and described in Table-2.

Table-2: Pearson's Correlation.

| | Variables | 1 | 2 |
|---|-----------|-------|-------|
| 1 | MA | | |
| 2 | STDM | 0.347 | |
| 3 | TL | 0.526 | 0.492 |

As a result of Hierarchal regression are exposed that senior team decision making significantly predict the managerial ambidexterity ($\beta = .347$, $p < .000$, Table-3). This study proposed that senior team decision making has a significant positive effect on the managerial ambidexterity. Results verify that Hypothesis 1 is accepted. Moreover, the study proposed that senior team decision making has a significant positive effect on the managerial ambidexterity with the moderating effect of transformational leadership. This relationship was investigated through hierarchical regression and the results did not confirm the significantly positive relationship between these variables. The interaction between senior team decision making and transformational and the moderator is statistically not significant ($p = .05$, $\beta = -.005$, $\text{sig} = .220$) when finding an impact of (STDM) on (MA) in the presence of (TL).

So, Hypothesis 2 is rejected.

Table-3: Hierarchical Regression.

| Model | B | Std. Error | Beta | F | Sig. |
|-------------|--------|------------|--------|--------|-------|
| STDM | 0.463 | 0.88 | 0.347 | 27.551 | 0.000 |
| Interaction | -0.005 | 0.006 | -0.005 | 1.516 | 0.238 |
| R Square | 0.006 | | | | |
| P-Value | | | | | 0.220 |

Discussion: There is no significant interaction among the team of senior member's decision making and managerial ambidexterity in the presence of transformational as a moderator. On the whole, the results lend credence to the proposition that senior team decision making and transformational leadership influence manager's capability to chase the activities of exploration and exploitation. To researcher's preeminent information, no other study has tested the moderating role of transformational leadership among senior team decision making and managerial ambidexterity. So, it's not possible to compare current study h2 hypotheses, results with those of any other. However, the current study is unique in that it tries to fill this gap in an attempt to develop an understanding of the role of senior team decision making, transformational leadership and managerial ambidexterity in the Pakistani banking sector. Our results did not give any proof that transformational leaders help the execution of a senior team decision making in managerial ambidexterity. In the existence of the transformational leadership, decision making of the senior team did not influence the achievement of the managerial ambidexterity. Senior team made deliberate decisions, organizational performance is influenced by the quality of that decision, those decisions, implementations are facilitated by the team members' consensus, and that consensus also controls the performance of the organization²¹. However, members of the senior team may already be committed to decision making as extremely important to attaining managerial ambidexterity. In this sense, transformational leader's effect highlighted the ideological significance condenses yet may be chiefly vital to the efficiency of the adherents of the organization. Future research is necessary to discover how transformational leadership enhances the decision-making effectiveness within organizations.

Conclusion

The findings of this study are theoretically supported that derived hypotheses between the proposed independent variables (senior team decision making) and dependent variables (managerial ambidexterity) and a moderating variable (transformational leadership). Senior team decision making was found significantly linked to managerial ambidexterity in the banking sector of Pakistan. However, results showed that moderation of transformational leadership did not take place

among the senior team decision making and managerial ambidexterity in the banking sector of Pakistan.

Future Research and Recommendations: While this study offering the initial step to revealing the precise features of senior team decision making plus transformational leadership behavior on achieving managerial ambidexterity, numerous limitations require further research on this topic research. Foremost limitation is that our hypotheses, although general, were tested at branches of the banking industry, specifically in Lahore, Pakistan which creates an issue of generalizability. Another point of limitation is that this study concentrated the individual level analysis. So, these findings were not exposed by the direct relationship among individual ambidexterity and ambidexterity at the collective level of analysis. It is essential to create a deeper understanding of how an organization becomes ambidextrous through its individual activities.

Future research may explore the different style of decision making and their effect on managerial ambidexterity. Time, speed, comprehensive of decision and emotion has an impact on decision making so future research must consider these factors. The mediating role of transformational leadership or transactional leadership between senior team decision making and managerial ambidexterity will be interesting to investigate. Explorative and exploitative activities of the managers and their relation with senior team decision making and transformational leadership must be investigated in another sector of Pakistan or others countries. Future research recommended to find the impact of senior team attributes on exploration and exploitation independently.

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