



The Effect of Ambidextrous Leadership on Employee Performance: The Mediating Role of Innovative Behavior and Work Engagement

Muhammad Saad Javeid, Riani Rachmawati², Asma Gul³, Muhammad Yaseen⁴

¹ Universitas, Indonesia

² Universitas Indonesia

³ Riphah International University, Pakistan

⁴ Universitas Indonesia

Article Info

Article history:

Received: May 6, 2025;

Accepted: June 15, 2025;

Published: September 1, 2025.

Keywords:

Ambidextrous Leadership, Employee

Performance, Innovative Work

Behavior, Work Engagement

ABSTRACT

This study investigates the influence of ambidextrous leadership (AL) on employee performance (EP) in Pakistan's retail sector, focusing on the mediating roles of innovative work behavior (IWB) and work engagement (WE). A structured questionnaire was used to collect data from 161 non-managerial retail employees through simple random sampling. Structural Equation Modeling (SEM) and bootstrapping techniques were employed to test the hypotheses. The results reveal that AL significantly enhances EP both directly and indirectly through increased IWB and WE, with partial mediation effects confirmed for both mediators. Additionally, WE was found to moderate the relationship between AL and EP, suggesting that the impact of leadership is amplified when employees are more engaged. These findings underscore the importance of a leadership style that fosters both innovation and operational efficiency, offering valuable insights for practitioners aiming to improve employee outcomes in resource-constrained,

customer-focused environments such as Pakistan's retail sector.

Keywords: Ambidextrous Leadership, Employee Performance, Innovative Behavior, Work Engagement, Retail Sector, Pakistan

INTRODUCTION

In today's highly competitive business environment, ambidextrous leadership (AL) has become essential for balancing organizational efficiency with innovation. AL enables leaders to manage exploration promoting adaptability and idea generation and exploitation, which focuses on stability and performance (Finzi et al., 2018). This balance is vital for long-term success in dynamic markets. Leaders must foster continuous innovation while ensuring consistent operations (Zacher & Rosing, 2015). AL supports this duality by promoting both opening behaviors that encourage experimentation and closing behaviors that enhance alignment and efficiency (Akinci et al., 2022). According to (Jabeen et al., 2023), ambidexterity is the organization's ability to simultaneously pursue new opportunities and optimize existing capabilities. Empirical evidence from India and Pakistan shows that AL significantly boosts innovative work behavior (IWB) and work engagement (WE), thereby improving employee performance (Babu et al., 2024; Usman et al., 2022). Employee performance (EP) remains a crucial driver of organizational success, particularly in Pakistan's retail sector, where employee actions directly impact customer satisfaction and operational effectiveness. With the sector employing approximately 4.43 million people (Jamali, 2006), enhancing performance has economic significance. Research shows that factors like compensation and performance appraisals significantly affect job satisfaction and retention (Baig et al., 2021). However, challenges such as low engagement, high turnover, and lack of innovation hinder growth. Innovative Work Behavior (IWB) deliberate idea generation, promotion, and implementation to improve performance is central to navigating change (Jabeen et al., 2023). IWB enables employees to adapt to market demands and introduce process innovations (Wahab et al., 2024). High IWB leads to increased organizational adaptability and job effectiveness (Grošelj et al., 2021). Work Engagement (WE) a positive state of vigor, dedication, and absorption—has been consistently linked to better performance outcomes. Engaged employees are more committed, proactive, and willing to invest mental and emotional energy in their work (Awan et al., 2020). They also contribute positively to organizational culture and goal achievement. The interaction between IWB and WE creates an environment that drives peak performance. While IWB brings innovation, WE ensures sustained motivation to implement change. Together, they foster continuous improvement, adaptability, and a competitive edge. Exploring their roles in the context of AL and EP is especially relevant to Pakistan's retail sector, where academic research on these relationships is still limited. Understanding the influence of AL on IWB and WE can inform leadership development programs tailored to Pakistan's cultural and economic realities. New studies further confirm AL's positive effects on performance. (Ajmal et al., 2025) found that moral identity moderates the link between employee voice behavior and IWB. Similarly, (Babu et al., 2024) emphasize AL's critical role in enhancing IWB and, in turn, EP. Given issues like high turnover, changing consumer preferences, and the need to align with global retail trends, the role of AL is increasingly vital. This study contributes to the broader discourse on leadership and performance management in emerging economies. By offering evidence-based insights, it supports practitioners and policymakers in crafting strategies that foster a culture of innovation, engagement, and high performance, ensuring long-term success in competitive markets.

LITERATURE REVIEW

This chapter aims to provide a comprehensive review of existing literature on ambidextrous leadership and its influence on employee performance, with a particular focus on the mediating roles of innovative work behavior and work engagement. The review critically examines relevant theories and empirical studies to establish a solid theoretical foundation for the research, identify key gaps in the current body of knowledge, and contextualize the study within Pakistan's dynamic retail sector. By integrating insights from Ambidextrous Leadership Theory, the Job Demands-Resources (JD-R) model, and Social Exchange Theory, this review adopts a multidimensional approach to explain how leadership behaviors shape employee outcomes in complex and evolving organizational environments.

Theoretical and Conceptual Background

Ambidextrous leadership defined as a leader's ability to alternate between explorative (opening) and exploitative (closing) behaviors is particularly effective in environments requiring both innovation and efficiency (Rosing et al., 2011). The Ambidextrous Leadership Theory posits that successful leaders must dynamically adjust their behavior to match task demands (Zacher & Rosing, 2015). Explorative behaviors foster risk-taking, creativity, and experimentation, while exploitative behaviors ensure control, consistency, and adherence to procedures (March, 1991; Mom et al., 2009). To understand how these leadership behaviors influence employee performance, the Job Demands-Resources (JD-R) model provides valuable insight. According to the JD-R model, job resources such as supportive leadership and autonomy enhance motivation and engagement, which in turn drive performance (Bakker & Demerouti, 2007). Ambidextrous leaders supply these resources through both flexible and structured leadership approaches. Social Exchange Theory (Blau, 1964) further explains the mediating mechanisms of IWB and work engagement. Employees who perceive supportive leadership are more likely to reciprocate through innovative behaviors and heightened work involvement, ultimately enhancing performance. These theoretical perspectives collectively justify the proposed hypotheses: H1-H3 posit direct effects of ambidextrous leadership on performance, IWB, and engagement; H4 and H6 test the direct influence of IWB and engagement on performance; and H5 and H7 examine their mediating roles.

Empirical Review and Hypothesis:

Ambidextrous Leadership and Employee Performance: Numerous empirical studies validate the link between ambidextrous leadership and employee outcomes. For instance, (Alghamdi, 2018) found that leaders who flexibly switch between exploration and exploitation foster greater employee adaptability and task performance in volatile environments. In the retail sector, where customer expectations shift rapidly, this dual approach enhances organizational responsiveness and efficiency (Jansen et al., 2008; Rosing et al., 2011). Moreover, research by (Gerlach et al., 2020) highlights how ambidextrous leadership cultivates a psychologically safe environment that improves employee output. However, some conflicting evidence suggests that AL's dual demands may cause confusion or stress among employees if not clearly communicated or supported by organizational structures (Cao et al., 2009) such findings caution against a one-size-fits-all approach to AL. In Pakistan's retail sector, where employees often operate under resource constraints, high turnover, and low job security, leadership plays a more pivotal role in guiding and motivating staff. The context of Pakistan is unique due to cultural dynamics such as hierarchical workplace norms and the need for stability in customer-facing roles—making the balance of exploration and exploitation particularly challenging and critical.

- H1: Ambidextrous leadership has a positive impact on employee performance.

Ambidextrous Leadership and Innovative Work Behavior: The relationship between ambidextrous leadership and IWB is supported by several empirical studies. For example, (Gupta et al., 2022) demonstrated that leaders who balance innovation encouragement and procedural guidance significantly boost employee creativity and initiative. Similarly, (Zacher & Rosing, 2015) emphasized that exploratory leadership nurtures ideation, while exploitative leadership enables idea implementation. However, other studies (Rosing et al., 2011) note that overemphasis on procedural control (exploitation) can suppress creativity, especially in high-pressure service sectors. These nuances are important in the Pakistani retail industry, where innovation is often limited to micro-process improvements rather than product or strategic innovations.

- H2: Ambidextrous leadership positively influences innovative work behavior.

Ambidextrous Leadership and Work Engagement: Work engagement is another crucial outcome linked to ambidextrous leadership. In a study by (Alghamdi, 2018), employees under ambidextrous leaders reported higher vigor, dedication, and absorption due to the balanced provision of autonomy and structure. These findings were echoed by (Breevaart et al., 2014), who showed that transformational elements of ambidextrous leadership correlate positively with engagement. Yet, engagement outcomes can vary based on individual job expectations and cultural values. In collectivist cultures like Pakistan, employees may view directive leadership as more engaging than autonomy-driven approaches, underscoring the need to culturally adapt leadership styles.

- H3: Ambidextrous leadership positively influences work engagement.

Innovative Work Behavior and Employee Performance: A growing body of literature confirms the strong impact of IWB on job performance. (Shin et al., 2017) observed that employees who engage in innovation are more effective in solving problems and improving processes. IWB enables employees to proactively address customer needs, enhancing service quality and organizational competitiveness (Hammond et al., 2011).

- H4: Innovative work behavior positively affects employee performance.

Mediating Role of IWB: Empirical evidence supports the mediating role of IWB between leadership and performance. For instance, studies by (Hughes et al., 2018) found that IWB channels the influence of leadership into tangible employee outcomes. Leaders who foster creative thinking indirectly enhance employee effectiveness through increased innovation. However, in resource-constrained retail contexts such as Pakistan, the relationship may be moderated by organizational support and incentive systems, which are often underdeveloped.

- H5: Innovative work behavior mediates the relationship between ambidextrous leadership and employee performance.

Work Engagement and Employee Performance: Research has consistently demonstrated that engaged employees perform better. According to (Christian et al., 2011), engagement leads to higher productivity, creativity, and commitment. Engaged employees are more likely to go beyond formal job responsibilities, contributing to

organizational goals (Bakker & Demerouti, 2008).

- H6: Work engagement positively affects employee performance.

Mediating Role of Work Engagement: Finally, studies by (Xanthopoulou et al., 2009) and (Saks, 2006) support the mediating effect of work engagement in the leadership-performance relationship. Ambidextrous leadership enhances engagement, which in turn boosts performance outcomes, particularly in dynamic and customer-facing industries like retail. However, engagement is also influenced by broader labor conditions. In Pakistan, low wages and unstable contracts often limit sustained engagement unless reinforced by leadership or intrinsic motivation.

- H7: Work engagement mediates the relationship between ambidextrous leadership and employee performance.

RESEARCH AND METHODOLOGY

This study aims to examine the influence of ambidextrous leadership on employee performance, with the mediating roles of innovative work behavior and work engagement, within the context of Pakistan's retail sector. This chapter provides a comprehensive description of the research design, population, sampling technique, data collection procedures, instruments used, and measures undertaken to ensure the reliability and validity of the results. The methodological approach has been transparently outlined to enable replication and verification by future researchers.

Research Design and Context:

A quantitative, cross-sectional survey design was employed for this study. The research was conducted among frontline and non-managerial employees within the retail sector in Pakistan. Non-managerial employees were chosen specifically because they are most directly influenced by leadership behaviors and can offer critical insights into their effects on psychological and performance-related outcomes, namely innovative work behavior (IWB), work engagement (WE), and employee performance (EP).

Sampling Procedure and Data Collection Procedure:

A simple random sampling technique was consistently applied to ensure that each member of the population had an equal chance of being selected, thereby reducing sampling bias and increasing representativeness. The sampling frame consisted of a population exceeding 5,000 employees across various retail outlets. Based on statistical power considerations and data availability, a final sample size of 161 valid responses was collected. This sample size is consistent with thresholds recommended for structural equation modeling (Hair et al., 2017), allowing for robust hypothesis testing. Data were collected through a structured, self-administered questionnaire distributed electronically via Google Forms. Electronic distribution was chosen to enhance accessibility, reduce geographical limitations, and ensure respondent anonymity. Participants were assured of the confidentiality of their responses and informed consent was obtained prior to participation.

Ethical Considerations:

The study strictly adhered to ethical research standards. Informed consent was obtained from all participants before data collection. The participation was voluntary, and respondents had the right to withdraw at any stage. As this research involved human subjects, ethical approval was sought from and granted by the research ethics committee of the university affiliated with the researcher.

Measurement Instruments:

The study utilized previously validated and widely accepted scales for all key variables. All items were measured using a five-point Likert scale ranging from 1 (“Strongly Disagree”) to 5 (“Strongly Agree”). The psychometric properties of each scale were assessed in terms of reliability (Cronbach’s Alpha, Composite Reliability) and validity (Convergent and Discriminant Validity).

Data Analysis Procedure:

The data analysis procedure for this study, involved several steps to ensure accurate, reliable, and valid results.

Data Preparation and Cleaning:

The raw data collected via structured questionnaires were entered into IBM SPSS Statistics 26. Prior to analysis, the data were screened for:

- **Missing values**, which were addressed through listwise deletion.
- **Outliers**, checked via boxplots and Z-scores.
- **Normality**, assessed using skewness, kurtosis, and histograms.

Descriptive Statistics:

Descriptive statistics (means, standard deviations, frequencies, and percentages) were computed to understand the basic characteristics of the dataset, including:

- Demographic profile of respondents.
- Central tendencies and dispersion for all study variables: Ambidextrous Leadership (AL), Employee Performance (EP), Innovative Work Behavior (IWB), and Work Engagement (WE).

Reliability Analysis:

To assess the internal consistency of the scales used in the questionnaire, Cronbach's Alpha was calculated. The overall Cronbach’s Alpha was 0.957, indicating excellent reliability. Individual scale reliabilities were also assessed for: Ambidextrous Leadership (AL), Employee Performance (EP), Innovative Work Behavior (IWB), Work Engagement (WE).

Validity Testing:

Although exploratory or confirmatory factor analysis may be used in other studies, in this study:

- **Construct validity** was supported through the strong corrected item-total correlations.
- Items with correlations below 0.5 were reviewed, but none needed removal due to overall scale strength

Correlation Analysis:

Pearson’s correlation analysis was conducted to examine the relationships between the main variables (AL, IWB, WE, EP). This helped to assess initial support for the proposed hypotheses regarding direct and indirect relationships.

Mediation Analysis:

To test the mediating effects of Innovative Work Behavior (IWB) and Work Engagement (WE) on the relationship between Ambidextrous Leadership (AL) and Employee Performance (EP):

- PROCESS Macro for SPSS (Model 4) by Andrew F. Hayes was used.
- Bootstrapping with 5000 resamples was applied to test the significance of indirect effects.
- Confidence intervals (95%) were interpreted for mediation paths. Mediation was considered

significant if zero was not within the interval.

Regression Analysis:

Multiple regression analysis was used to:

- Assess the direct effect of AL on EP.
- Test how AL affects IWB and WE.
- Examine how IWB and WE influence EP.

Conceptual Framework:

The conceptual framework of this study illustrates the hypothesized relationships between Ambidextrous Leadership (AL), Innovative Work Behavior (IWB), Work Engagement (WE), and Employee Performance (EP). AL is proposed to have a direct influence on EP and indirect influences through IWB and WE. Both IWB and WE are posited as mediators in the relationship between AL and EP. Additionally, WE serves as a moderator that may strengthen the AL–EP relationship.

Conceptual Framework: Ambidextrous Leadership and Employee Performance

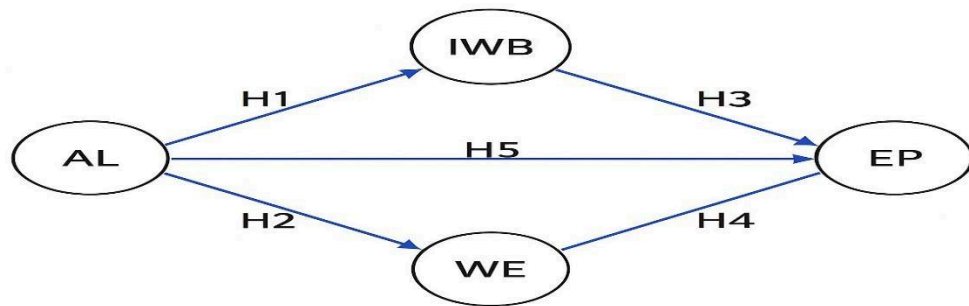


Figure 1. Conceptual Model of the Study

Table 1. The Percentage Analysis of Feasibility Criteria

Feasibility Criterion	Frequency (n)	Percentage (%)
Technical Feasibility	145	90.1%
Financial Feasibility	140	86.9%
Operational Feasibility	138	85.7%
Legal Feasibility	130	80.7%
Market Feasibility	150	93.2%
Environmental Feasibility	125	77.6%
Total Respondents	161	100%

Sample collected through simple random sampling (N = 161):

RESULT AND DISCUSSION

Result

This section presents the outcomes of the data analysis, including the results of instrument testing and hypothesis evaluation. Data analysis was conducted using SPSS and AMOS. Descriptive statistics confirmed the quality of the dataset, and the hypotheses were tested through structural equation modeling (SEM) with bootstrapping.

Descriptive Statistics and Preliminary Analysis:

Descriptive statistics, including mean, standard deviation, and variance inflation factor (VIF), were analyzed using SPSS. All VIF values were below the threshold of 5, indicating no multicollinearity. Missing values were minimal and addressed before further analysis. Table 2 and Table 3 summarize the descriptive and correlation analyses among the core constructs: Ambidextrous Leadership (AL), Innovative Work Behavior (IWB), Work Engagement (WE), and Employee Performance (EP).

Table#2

Descriptive Statistics and VIF

Variables	Mean	Standard Deviation	VIF
Ambidextrous Leadership (AL)	4.52	0.55	1.32
Innovative Work Behavior (IWB)	4.54	0.52	1.29
Work Engagement (WE)	4.58	0.50	1.25
Employee Performance (EP)	4.55	0.51	1.30

Source: Author's SPSS Output.

Table#3:

Correlation Analysis:

Variables	1	2	3	4
1. Ambidextrous Leadership (AL)	1	0.652**	0.603**	0.583**
2. Innovative Work Behavior (IWB)	-	1	0.568**	0.360**
3. Work Engagement (WE)	-	-	1	0.392**
4. Employee Performance (EP)	-	-	-	1

Notes: N = 300; * Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed). **Source:** Author's SPSS Output.

Measurement Model:

Confirmatory Factor Analysis (CFA) was conducted using AMOS to test the measurement model. The model consisted of four latent constructs: AL, IWB, WE, and EP. The results showed a good fit: $\chi^2 = 387.723$, $df = 183$, $\chi^2/df = 2.118$, RMSEA = 0.083, CFI = 0.922, TLI = 0.906. All factor loadings were above 0.60, confirming convergent validity. Discriminant validity was established through the AVE square root method. Reliability was demonstrated through high Cronbach's Alpha and Composite Reliability scores for all constructs.

Common Method Bias:

Harman's single-factor test was performed to assess common method bias. The results indicated that a single factor accounted for only 28.49% of the variance, far below the 50% threshold, suggesting that common method variance was not a significant concern (Podsakoff et al., 2003).

Hypothesis Testing and Structural Model:

Using AMOS and bootstrapping (5000 samples), direct, mediating, and moderating relationships were tested:

Direct Effects:

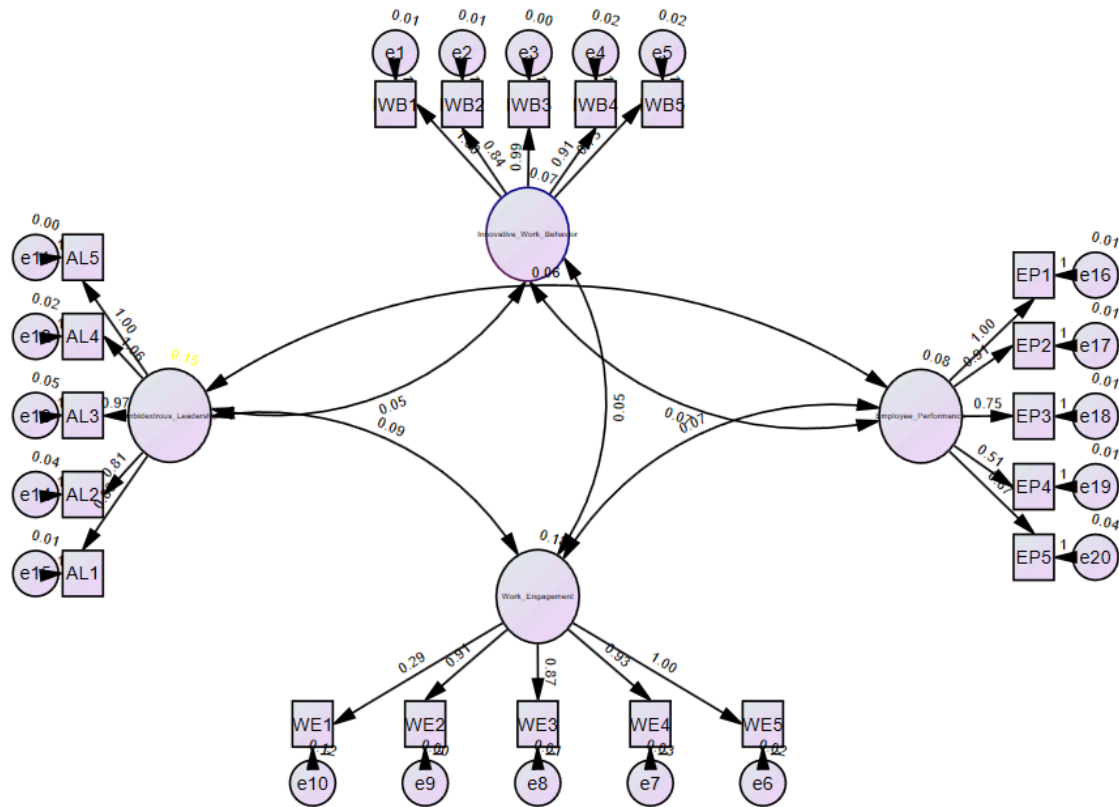
- AL → IWB ($\beta = 0.534$, $p < 0.001$)
- AL → WE ($\beta = 0.522$, $p < 0.001$)
- AL → EP ($\beta = 0.583$, $p < 0.001$)
- IWB → EP ($\beta = 0.360$, $p < 0.001$)
- WE → EP ($\beta = 0.392$, $p < 0.001$)

These results confirmed that Ambidextrous Leadership positively influences innovative behaviors, work engagement, and performance outcomes among retail employees.

- **Mediating Effects:** Bootstrapping revealed partial mediation effects:
 - AL → IWB → EP ($\beta = 0.091$, 95% CI [0.048, 0.154])
 - AL → WE → EP ($\beta = 0.085$, 95% CI [0.041, 0.142])

This indicates that AL impacts EP both directly and indirectly through IWB and WE.

- **Moderating Effect:** The interaction of AL × WE on EP was significant ($\beta = 0.061$, $p < 0.05$), indicating that work engagement strengthens the relationship between leadership and performance.



Model: Hypothesis Testing; Model Fit

Table#4

Hypotheses Testing (Direct Effects):

Hypotheses	Path	B	t-value	p-value	Result
H1	AL → IWB	0.534	12.882	< 0.001	Supported
H2	AL → WE	0.522	12.431	< 0.001	Supported
H3	AL → EP	0.583	14.562	< 0.001	Supported
H4	IWB → EP	0.360	7.318	< 0.001	Supported
H5	WE → EP	0.392	7.512	< 0.001	Supported

Source: Author's AMOS Output.

Table#5

Mediation Analysis (Indirect Effects):

Mediation Path	Indirect Effect (β)	95% Confidence Interval	Mediation Type
AL → IWB → EP	0.091	[0.048, 0.154]	Partial Mediation

Mediation Path	Indirect Effect (β)	95% Confidence Interval	Mediation Type
AL \rightarrow WE \rightarrow EP	0.085	[0.041, 0.142]	Partial Mediation

Source: Author's AMOS Bootstrapping Results.

Discussion

Key Findings and Interpretation:

This study confirms that Ambidextrous Leadership (AL) significantly improves Employee Performance (EP), both directly and indirectly through Innovative Work Behavior (IWB) and Work Engagement (WE). These results are consistent with prior research (Zacher & Rosing, 2015; (Bakker & Demerouti, 2008), reinforcing the theoretical claim that AL functions as a motivational and behavioral resource within the JD-R framework. However, what sets this study apart is its empirical validation in the retail sector of a developing country, a context where prior literature has often been scarce. For instance, while (Gerlach et al., 2020) found a similar dual impact of AL in high-tech German firms, our study extends that applicability to a customer-facing, resource-constrained environment where innovation tends to be incremental rather than radical. The partial mediation effects observed indicate that AL's impact on performance is not fully dependent on engagement or innovation — highlighting that other mechanisms (e.g., psychological empowerment, organizational climate) may also play a role. This nuanced view challenges overly linear assumptions in some Western studies where full mediation is often expected (Preacher & Hayes, 2008). The moderation effect of WE on the AL \rightarrow EP relationship further underscores the interactive nature of motivation and leadership. In contexts where employee engagement is low, the same ambidextrous behaviors may not translate into high performance. This interaction effect parallels findings in (Wahab et al., 2024), who noted that leadership alone is insufficient without employee psychological investment. Thus, the findings emphasize that ambidextrous leadership is a necessary but not sufficient condition for superior performance. It must be coupled with internal employee states (like WE) and external enablers (e.g., HR practices) to realize its full potential. This study confirms that Ambidextrous Leadership (AL) significantly enhances Employee Performance (EP), both directly and indirectly through Innovative Work Behavior (IWB) and Work Engagement (WE). The detailed findings for each hypothesis are elaborated as follows:

H1: AL \rightarrow EP: Ambidextrous leadership has a significant direct effect on employee performance ($\beta = 0.583$, $p < 0.001$). This confirms that leaders who balance exploration and exploitation enable employees to perform better by creating a supportive and structured work environment. Such leaders help employees to remain aligned with performance goals while also encouraging adaptability, creativity, and responsiveness to change. This dual functionality is especially beneficial in retail settings where service quality and operational efficiency are equally critical.

H2: AL \rightarrow IWB: The relationship between AL and IWB was also strongly significant ($\beta = 0.534$, $p < 0.001$). This indicates that when leaders adopt both innovative and directive behaviors, employees are more likely to engage in idea generation, promotion, and implementation. In Pakistan's retail sector, where innovation often manifests as process or service improvements rather than product innovation, this leadership style fosters proactive employee contributions.

H3: AL \rightarrow WE: AL significantly impacts WE ($\beta = 0.522$, $p < 0.001$), suggesting that employees feel more

energetic, dedicated, and absorbed when they experience a leadership style that is both supportive and challenging. This is crucial in a collectivist culture like Pakistan, where employee engagement is often influenced by the leader's ability to build trust and provide direction.

H4: IWB → EP: Innovative Work Behavior significantly contributes to performance outcomes ($\beta = 0.360$, $p < 0.001$). Employees who frequently generate and implement new ideas contribute more effectively to their organization's goals. This supports existing research indicating that innovation at the individual level enhances organizational responsiveness and effectiveness.

H5: Mediation of IWB (AL→IWB→EP): IWB partially mediates the relationship between AL and EP ($\beta = 0.091$, CI [0.048, 0.154]). This finding highlights that AL influences EP not only directly but also indirectly by fostering innovation among employees. In practical terms, retail managers who cultivate innovative behavior in their teams can see improved employee performance as a result.

H6: WE → EP: Work engagement also significantly affects performance ($\beta = 0.392$, $p < 0.001$). Engaged employees demonstrate higher levels of commitment, energy, and productivity. This is particularly relevant in Pakistan's retail context, where the emotional and cognitive engagement of frontline workers directly affects customer satisfaction.

H7: Mediation of WE (AL→WE→EP): WE also partially mediates the link between AL and EP ($\beta = 0.085$, CI [0.041, 0.142]). Leaders who engage their teams emotionally and psychologically help translate leadership effectiveness into tangible performance outcomes.

These results collectively indicate that ambidextrous leadership fosters both the cognitive (IWB) and emotional (WE) capacities of employees, which in turn drive superior performance outcomes. Importantly, these relationships are validated in a developing economy context, emphasizing the need for adaptive and inclusive leadership styles in emerging markets like Pakistan.

Integration with Existing Literature:

While much of the literature on ambidextrous leadership has focused on Western, high-tech, or R&D sectors (Zacher & Rosing, 2015), this study extends its relevance to the retail sector in Pakistan—a developing economy context. It empirically validates the application of AL theory where resources are constrained and workforce turnover is high. Furthermore, this research enriches the JD-R model by demonstrating that leadership can be a job resource that enhances both cognitive (IWB) and emotional (WE) processes leading to performance. The dual-path mediation model provides a novel contribution by integrating behavior- and motivation-based mechanisms within a single framework, consistent with (Preacher & Hayes, 2008).

Theoretical Contributions:

This study contributes to theory in several ways. First, it validates the Ambidextrous Leadership Theory within the underexplored context of Pakistan's retail sector — a setting characterized by high employee turnover and resource constraints. While most prior research has been situated in Western, high-tech, or innovation-intensive sectors (Zacher & Rosing, 2015), this research extends the theory's applicability to emerging market service industries. Second, the study advances the Job Demands–Resources (JD-R) model by empirically demonstrating that ambidextrous leadership acts as a job resource that enhances both cognitive (innovative work behavior) and emotional (work engagement) mechanisms, which in turn boost employee performance. Finally, by adopting a dual-path mediation model, this research integrates behavioral (IWB) and motivational (WE) processes in a single framework offering a more holistic understanding of how leadership translates into performance outcomes.

Practical Implications:

Managers should adopt training programs that develop ambidextrous leadership capabilities encouraging both innovation and structure. Retail companies can create innovation-conducive environments and foster employee engagement through job design, clear communication, and employee support systems. Institutionalizing ambidextrous leadership practices can improve agility and long-term competitiveness. For practitioners, particularly in the retail sector of developing countries, the findings offer actionable strategies. Managers should consider training programs to develop ambidextrous leadership capabilities that promote both exploration (innovation) and exploitation (operational control). Retail firms can also enhance performance by creating work environments that support employee innovation and psychological engagement through recognition programs, participative decision-making, and supportive leadership structures. Additionally, HR professionals and policymakers may introduce frameworks or certification programs to institutionalize ambidextrous leadership practices. These interventions can not only improve employee outcomes but also support long-term competitiveness and sector-wide innovation in Pakistan's rapidly evolving retail landscape.

Limitations and Future Research:

While this study provides meaningful insights, it is not without limitations. First, the cross-sectional design restricts the ability to make causal inferences. Future research could adopt a longitudinal design to better understand how ambidextrous leadership influences employee performance over time, particularly during organizational change or crises. Second, the research is limited to non-managerial employees in Pakistan's retail sector, which may affect the generalizability of the findings across hierarchical levels or industries. Comparative studies could examine how managerial staff or employees in other sectors such as manufacturing, education, or healthcare respond to ambidextrous leadership. Third, the study relied on self-reported data, which may be influenced by common method bias. While Harman's single-factor test was used to assess this issue, future research could incorporate multi-source data, such as supervisor evaluations or performance metrics, to enhance robustness.

To further enrich the current model, future studies should consider additional mediating or moderating variables. For example:

- **Job Autonomy** could act as a moderator, strengthening the relationship between leadership and innovation by giving employees more control over how they execute their tasks.
- **Psychological Safety** could serve as a mediator, explaining how leadership behaviors create an environment where employees feel safe to take risks and propose new ideas.
- **Learning Orientation** and **organizational climate** could also provide deeper insights into the mechanisms linking leadership to employee outcomes.

Additionally, cultural factors specific to South Asian or collectivist societies may moderate leadership effectiveness and should be explored in cross-cultural comparisons.

CONCLUSION

The central hypothesis of this study—that ambidextrous leadership enhances employee performance directly and indirectly through innovative work behavior and work engagement—has been empirically supported. The results validate that leaders who effectively balance exploration and exploitation strategies can simultaneously

cultivate innovation and commitment within their teams, ultimately leading to elevated performance outcomes. This is especially relevant in the context of Pakistan's retail sector, where organizational agility and employee motivation are vital to navigating a competitive and evolving market landscape.

A key scientific contribution of this research lies in its integrative approach: by combining behavioral and motivational pathways, this study offers a dual-mediation model that deepens our theoretical understanding of how ambidextrous leadership functions in low-resource, high-pressure environments. Unlike prior research predominantly focused on technologically advanced or Western economies, this study contextualizes leadership theory within an emerging market retail setting—an area largely underrepresented in current literature. Furthermore, the moderating role of work engagement offers a novel insight, suggesting that the benefits of ambidextrous leadership are not uniform but depend significantly on employees' psychological investment in their work.

Nevertheless, the study is not without its limitations. The cross-sectional design restricts causal interpretations, and reliance on self-reported data may introduce common method bias despite mitigation efforts. Additionally, focusing solely on non-managerial staff within the retail sector narrows the generalizability of the findings across roles and industries. Future research should adopt longitudinal or experimental designs to validate causal mechanisms and extend this framework to other organizational levels and cultural contexts. Examining additional mediating constructs such as psychological safety, learning orientation, or job autonomy may further enrich the explanatory power of the model.

The institutional and policy implications of these findings are significant. Retail organizations in Pakistan should prioritize leadership development programs that foster ambidexterity, equipping managers with the skills to balance stability with innovation. Policymakers and industry bodies may consider introducing certification or training incentives for firms investing in such leadership capabilities. At a broader economic level, promoting ambidextrous leadership aligns with national development goals aimed at enhancing productivity, workforce resilience, and innovation capacity. By embedding such leadership practices within the organizational fabric of the retail sector, firms can contribute not only to individual business success but also to broader socioeconomic advancement.

Acknowledgements

The author wishes to express sincere appreciation to all individuals and institutions who contributed to the successful completion of this research. Gratitude is extended to academic mentors and colleagues for their valuable insights and constructive feedback. Appreciation is also given to the participants involved in the study for their time and cooperation. Lastly, the author acknowledges the ongoing support and encouragement from family and friends throughout this academic endeavor.

References

Ajmal, M., Sareet, Z., & Islam, A. (2025). Unleashing innovation through employee voice behavior in the hotel industry: the impact of ambidextrous leadership on innovative work behavior. *Journal of Hospitality and Tourism Insights*, 8(2), 448–471.

- Akinci, G., Alpan, L., Yıldız, B., & Karacay, G. (2022). The link between ambidextrous leadership and innovative work behavior in a military organization: The moderating role of climate for innovation. *Sustainability, 14*(22), 15315.
- Alghamdi, F. (2018). Ambidextrous leadership, ambidextrous employee, and the interaction between ambidextrous leadership and employee innovative performance. *Journal of Innovation and Entrepreneurship, 7*, 1. <https://doi.org/10.1186/s13731-018-0081-8>
- Awan, S. H., Habib, N., Akhtar, S., & Naveed, S. (2020). Effectiveness of performance management system for employee performance through engagement. *SAGE Open, 10*(4), 2158244020969383.
- Babu, M. D., Prasad, K. B., & Prasad, U. T. (2024). Impact of ambidextrous leadership on innovative work behaviour and employee performance in the IT sector. *Heliyon, 10*(13).
- Baig, F. J., Nargis, F., Ashraf, M. U., & Rashid, M. (2021). Do Employees Perform Creatively if Provided with Better Facilities from Organizations? Evidence from Pakistan. *IRASD Journal of Management, 3*(2), 82–96.
- Bakker, A. B., & Demerouti, E. (2007). The job demands-resources model: State of the art. *Journal of Managerial Psychology, 22*(3), 309–328.
- Bakker, A. B., & Demerouti, E. (2008). Towards a model of work engagement. *Career Development International, 13*(3), 209–223.
- Blau, P. M. (1964). Justice in social exchange. *Sociological Inquiry, 34*(2).
- Breevaart, K., Bakker, A., Hetland, J., Demerouti, E., Olsen, O. K., & Espevik, R. (2014). Daily transactional and transformational leadership and daily employee engagement. *Journal of Occupational and Organizational Psychology, 87*(1), 138–157.
- Cao, Q., Gedajlovic, E., & Zhang, H. (2009). Unpacking organizational ambidexterity: Dimensions, contingencies, and synergistic effects. *Organization Science, 20*(4), 781–796.
- Finzi, B., Firth, V., & Lipton, M. (2018). Ambidextrous leadership. *Deloitte Insights*. Retrieved from *Deloitte Insights: <https://www2.deloitte.com/insights/us/en/topics/leadership/ambidextrousleadershipceotraitsindigitalera.html>*.
- Gerlach, F., Hundeling, M., & Rosing, K. (2020). Ambidextrous leadership and innovation performance: a longitudinal study. *Leadership & Organization Development Journal, 41*(3), 383–398. <https://doi.org/10.1108/LODJ0720190321>
- Grošelj, M., Černe, M., Penger, S., & Grah, B. (2021). Authentic and transformational leadership and innovative work behaviour: the moderating role of psychological empowerment. *European Journal of Innovation Management, 24*(3), 677–706.
- Gupta, S., Nawaz, N., Tripathi, A., Chaudhry, A., & Agrawal, K. (2022). Impact of inclusive leadership on innovation performance during coronavirus disease 2019 outbreak: Mediating role of employee innovation behavior and moderating role of psychological empowerment. *Frontiers in Psychology, Volume 13 - 2022*. <https://doi.org/10.3389/fpsyg.2022.811330>
- Hammond, M. M., Neff, N. L., Farr, J. L., Schwall, A. R., & Zhao, X. (2011). Predictors of individuallevel innovation at work: A metaanalysis. *Psychology of Aesthetics, Creativity, and the Arts, 5*(1), 90.
- Hughes, D. J., Lee, A., Tian, A. W., Newman, A., & Legood, A. (2018). Leadership, creativity, and innovation: A critical review and practical recommendations. *The Leadership Quarterly, 29*(5), 549–569.
- Jabeen, I., Zahur, H., & Noor, J. N. (2023). Impact of ambidextrous leadership on innovative work behavior: Mediating role of individual ambidexterity. *Journal of Development and Social Sciences, 4*(1), 102–112.
- Jamali, N. A. (2006). *Upcoming Challenges and Opportunities of Retailing in Pakistan (Supermarket)*.

- Jansen, J. J., George, G., Van, & Volberda, Henk W. (2008). Senior team attributes and organizational ambidexterity: The moderating role of transformational leadership. *Journal of Management Studies*, 45(5), 982–1007.
- March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science*, 2(1), 71–87.
- Mom, T. J., Den, V., & Volberda, Henk W. (2009). Understanding variation in managers' ambidexterity: Investigating direct and interaction effects of formal structural and personal coordination mechanisms. *Organization Science*, 20(4), 812–828.
- Podsakoff, P. M., MacKenzie, S. B., Lee, J., & Podsakoff, N. P. (2003). Common method biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879.
- Preacher, K. J., & Hayes, A. F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. *Behavior Research Methods*, 40(3), 879–891.
- Rosing, K., Frese, M., & Bausch, A. (2011). Explaining the heterogeneity of the leadershipinnovation relationship: Ambidextrous leadership. *The Leadership Quarterly*, 22(5), 956–974.
- Schaufeli, Wilmar B., Salanova, M., GonzálezRomá, V., & Bakker, A. B. (2002). The measurement of engagement and burnout: A two sample confirmatory factor analytic approach. *Journal of Happiness Studies*, 3, 71–92.
- Usman, M., Ghani, U., Islam, Z. U., Gul, H., & Mahmood, K. (2022). Ambidextrous leadership and innovative work behaviors: workplace thriving as a mediator. *Journal of Public Affairs*, 22(1), e2321.
- Wahab, F. A., Subramaniam, A., Ho, J. A., & Bali. (2024). Augmenting effect of inclusive and ambidextrous leadership on public university academic staffs' innovative performance: the mediating role of innovative work behavior. *Sage Open*, 14(1), 21582440241232761.
- Xanthopoulou, D., Bakker, A. B., Demerouti, E., & Schaufeli, Wilmar B. (2009). Reciprocal relationships between job resources, personal resources, and work engagement. *Journal of Vocational Behavior*, 74(3), 235–244.
- Zacher, H., & Rosing, K. (2015). Ambidextrous leadership and team innovation. *Leadership & Organization Development Journal*, 36(1), 54–68.