

Sustainable Leadership Activities in SMEs: Can Nonexploitative Exploitation Support Long-Term Orientation?

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ABSTRACT

Small and medium-sized enterprises (SMEs) face unique challenges in managing conflicting demands while striving for long-term sustainability. This study explores the role of ambidextrous leadership in fostering sustainable practices within SMEs, addressing a gap in existing literature. Employing a comparative case study design, data was collected from two SMEs representing contrasting organizational cultures. Analysis revealed distinct leadership approaches and organizational contexts. In one case, a familial identity facilitated open leadership activities, while in the other, a focus on innovation led to top-down control. Both cases demonstrated efforts towards what we call 'Nonexploitative Exploitation,' balancing control and autonomy to promote long-term orientation. The findings underscore the importance of organizational identity in shaping leadership activities and driving sustainable outcomes. While familial identities foster employee loyalty, they slow down adaptability, whereas innovation-focused cultures drive competitiveness but risk employee dissatisfaction. This study contributes via insights into reconciling conflicting demands for exploration and exploitation, empowering SMEs to cultivate supportive environments aligned with long-term objectives, bridging sustainable leadership and ambidexterity.

KEYWORDS

Ambidextrous leadership, Sustainable leadership, Small and medium-sized enterprises (SMEs)

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Introduction

For small and medium-sized enterprises (SMEs), long-term survival is a critical issue and often requires managing conflicting demands (Franco & Haase, 2010; Garcia et al., 2022; Verbano & Venturini, 2013). Most importantly, SMEs face challenges due to their often-discussed limited resources (De Clercq et al., 2014; Lubatkin et al., 2006; Wenke et al., 2021). It can be argued that managing such conflicting demands and achieving economic sustainability is the goal of sustainable leadership activities (Assaratgoon & Kantabutra, 2023; Lee et al., 2023; Liao, 2022; Odegbesan et al., 2023).

SMEs do already address the issues related to sustainable leadership. Firstly, the concept of business sustainability, which at times encompasses economic, social, and environmental dimensions, necessitates

SMEs to balance multiple priorities while ensuring long-term viability (Al-Shaikh & Hanaysha, 2023). Especially financial and human capital can be considered barriers to such strategic goals, which hinder their ability to invest adequately in sustainability initiatives (Shields & Shelleman, 2020). Additionally, cultural factors play a significant role in shaping SMEs' approach towards sustainability. Regional and geographic cultural antecedents influence owner-managers' attitudes and behaviors regarding sustainability, with some SMEs exhibiting a strong moral identity rooted in community responsibility and trust (Kraus et al., 2020).

For the study at hand, however, sustainability needs to be focused on issues related to 'business sustainability', as elaborated and understood by Al-Shaikh and Hanaysha (2023, p. 1), in terms of "implementing best practices and approaches for dealing with social, environmental, and economic aspects to ensure business development". For SMEs specifically, this perspective has been addressed so far by various approaches. For example, research by Franco and Matos (2015) highlights the diverse leadership styles present in SMEs, with no single style dominating consistently. Transformational leadership, characterized by inspiring and motivating employees towards a shared vision, can be particularly beneficial in SMEs due to its emphasis on intrinsic motivation and individualized consideration. However, the effectiveness of leadership styles varies based on factors such as the SME's operating environment, sector, and geographical region. For instance, while transformational leadership may enhance performance in dynamic settings, transactional leadership might be more suitable for routine-based tasks in less dynamic environments (Franco & Matos, 2015). Moreover, Nguyen et al. (2021) emphasize the pivotal role of entrepreneurial leadership in driving SME performance. Entrepreneurial leadership fosters entrepreneurial orientation within SMEs, leading to increased organizational innovation and dynamic capabilities. However, the effectiveness of entrepreneurial leadership hinges on mediating factors such as team creativity, competitive advantage, and technological innovation capability. These factors serve as conduits through which entrepreneurial leadership influences SME performance, highlighting the intricate interplay between leadership styles and organizational dynamics. Viana Feranita et al. (2020), on the other hand, underscore the significance of leadership style in promoting innovation within SMEs. Transformational leadership emerges as a key driver of innovation and performance, surpassing the impact of transactional leadership. Transformational leaders inspire innovation through visionary leadership and individualized consideration, thereby enhancing SMEs' adaptability and competitiveness. Transactional leadership, although positively associated with innovation, exhibits a lesser direct effect on SME performance but exerts an indirect influence through innovation mediators.

An interesting perspective that has appeared in recent research, although still scarcely researched, is the concept of ambidextrous leadership in SMEs. Research by Busola Oluwafemi et al. (2020) highlights the importance of ambidextrous leadership in SMEs for fostering both explorative and exploitative innovation behaviors. According to this work, leaders who demonstrate openness in their leadership behavior create an environment conducive to creativity and learning, fostering explorative innovation. Conversely, leaders employing closedness in their leadership behaviour direct followers towards goal accomplishment, encouraging exploitative innovation. In the context of Qatar, Al-Eida (2020) explores the impact of ambidextrous leadership on organizational excellence in SMEs. Furthermore, the COVID-19 pandemic has exacerbated challenges for SMEs, necessitating innovative approaches to leadership. Atiku and Randa (2021) emphasize the role of ambidextrous leadership in sustaining SMEs post-pandemic, particularly in promoting workforce creativity, continuous improvement, and resource efficiency.

Despite these advancements, a gap remains in understanding how ambidextrous leadership contributes to sustainable leadership practices in SMEs, particularly in managing conflicting demands and supporting long-term orientation. By addressing this gap, this study can provide valuable insights into the mechanisms through which ambidextrous leadership fosters sustainable leadership practices in SMEs, ultimately enhancing their long-term viability and success (Avery & Bergsteiner, 2011; Hargreaves & Fink, 2012; Lang & Keuscher, 2020).

The research methodology employed in this study embraces a comparative case study design. This approach facilitates an in-depth exploration and comparison of two distinct cases, offering a comprehensive understanding of the phenomena under investigation. By meticulously selecting these cases, the study aims to capture diverse perspectives and experiences. Data collection methods include expert interviews with entire management teams, daily self-reflections, and semi-structured interviews, ensuring a thorough exploration of leadership activities and organizational dynamics.

The main contribution of the article lies in its exploration of the connection between sustainable leadership and ambidexterity within small and medium-sized enterprises (SMEs), as evidenced by the analysis of the two contrasting cases.

Sustainable Leadership and Ambidexterity

The imperative of sustainable leadership in SMEs lies in its capacity to navigate these challenges while steering the organization towards long-term economic sustainability (Assoratgoon & Kantabutra, 2023; Lee et al., 2023; Liao, 2022; Odegbesan et al., 2023). It can be observed from further studies that in this particular field of interest, especially for SMEs, a main concern is the management of exploitation and exploration – two key elements of ambidextrous leadership (Ansah et al., 2022; He & Wong, 2004; Garretsen et al., 2020; Poon & Mohamad, 2020; Zacher & Rosing, 2015; Raisch & Birkinshaw, 2008; Turner et al., 2013). Moreover, previous studies have highlighted the importance of balancing exploitation and exploration (Jansen et al., 2009; O'Reilly & Tushman, 2013; Zacher & Rosing, 2015). In contrast, some scholars wonder whether exploitation or exploration are more beneficial than ambidexterity and are left questioning if SMEs should focus more on either one of them or perhaps switch between these two (Wenke et al. 2021; Kang & Kim, 2020).

The most recent studies explicitly addressing the aim for sustainable leadership in SMEs (in terms of an ambidextrous leadership understanding) also take a look at the multifaceted challenges that SMEs face and that could jeopardize their sustainability on a daily basis. One crucial strategy for overcoming these challenges is through strategic alliances. Russo and Schena (2021) explore the innovative concept of ambidexterity within the context of SME alliances, aiming to address the exploration-exploitation dilemma for enhanced financial performance. In the manufacturing sector, Hossain et al. (2023) emphasize the necessity for SMEs to adopt Industry 4.0 technologies and complex leadership approaches to attain sustainability. Their study reveals that organizational ambidexterity mediates the relationship between these factors, while strategic flexibility moderates their effects. Finally, Malik et al. (2024) delve into the relationship between ambidextrous leadership style and human resource management (HRM) practices in knowledge-intensive SMEs. Their findings emphasize the positive impact of ambidextrous leadership on creating a culture conducive to innovation, trust, and employee empowerment, thus enhancing strategic agility and organizational outcomes.

Furthermore, sustainable leadership in SMEs has its roots in foundational concepts such as Rhineland leadership, which champions a long-term orientation, incremental and radical innovation, ethics, and corporate social responsibility (Avery, 2005; Kantabutra, 2012; Kantabutra & Avery, 2011; Kantabutra & Suriyankietkaew, 2013). Building on these foundations, sustainable leadership has been associated with models such as authentic, responsible, and transformational leadership, each offering unique insights into leadership dynamics within SMEs (Avolio & Gardner, 2005; Bass, 1985; Maak & Pless, 2006). Notably, sustainable leadership entails not only making long-term decisions but also driving systemic innovation, nurturing workforce development, and delivering high-quality products and services (Avery & Bergsteiner, 2011; Ranabahu & Wickramasinghe, 2022).

Research endeavors have explored the role of sustainable leadership in fostering organizational resilience, innovation, and competitiveness (Bansal & Song, 2017; Haroon et al., 2019; Kuenkel, 2016), as well as its antecedents, including personal values and ethical climates (Armani et al., 2020; Dey et al., 2022; Schneider et al., 1996). Moreover, studies have examined the influence of factors such as gender, nationality, and culture on shaping sustainable leadership activities, enriching our understanding of leadership dynamics in diverse SME contexts (Bulmer et al., 2021; Shinbrot et al., 2019). Hallinger and Suriyankietkaew's (2018) science mapping study identifies key research themes, sub-themes, influential authors, and journals in the field, while also underlining gaps and potential future research directions. By focusing on conceptualizations, measures, and outcomes of sustainable leadership, Liao analyses sustainable leadership at the individual and organizational levels (Liao, 2022).

Therefore, sustainable leadership and ambidextrous leadership represent pivotal dimensions of SME success. While sustainable leadership encompasses a holistic approach to balancing economic, social, and

environmental imperatives, ambidextrous leadership focuses on managing exploitation and exploration to drive innovation and performance. The potential link, as well as potentially related challenges, are the main focus of the study at hand.

The research gap identified in the introduction, concerning the understanding of how ambidextrous leadership contributes to sustainable leadership practices in SMEs, particularly in managing conflicting demands and supporting long-term orientation, is reflected in two distinct problems highlighted by this brief literature review. Firstly, the imperative of sustainable leadership in SMEs, as discussed by Assoratgoon & Kantabutra (2023), Lee et al. (2023), Liao (2022), and Odegbesan et al. (2023), underscores the critical need for SMEs to navigate challenges while steering towards long-term economic sustainability. Secondly, the management of exploitation and exploration, essential elements of ambidextrous leadership, emerges as a main concern in the literature (Ansah et al., 2022; He & Wong, 2004; Garretsen et al., 2020; Poon & Mohamad, 2020; Zacher & Rosing, 2015; Raisch & Birkinshaw, 2008; Turner et al., 2013). While some scholars emphasize the importance of balancing exploitation and exploration (Jansen et al., 2009; O'Reilly & Tushman, 2013; Zacher & Rosing, 2015), others question whether focusing on one dimension over the other or adopting ambidextrous leadership altogether is more beneficial for SMEs (Wenke et al. 2021; Kang & Kim, 2020).

The intersection of sustainable leadership and ambidextrous leadership thus represents pivotal dimensions of SME success, with potential links and challenges being the main focus of the study. By addressing these issues, the study aims to provide valuable insights into the mechanisms through which ambidextrous leadership fosters sustainable leadership practices in SMEs, ultimately enhancing their long-term viability and success.

Methodology

Design and Sample. For studying the research question at hand, we employed a comparative case study design (Eisenhardt, 1991; Yin, 2009). This design provides the possibility of an in-depth examination and comparison of multiple cases (Bartlett & Vavrus, 2017; Harrison et al., 2017). It allows a comprehensive understanding of the investigated phenomenon and its influencing factors (Ridder, 2017). One sampled company was a textile company that rented work wear to a small local customer base having a strong service culture. The second company was a tax consultancy with a large, private and dispersed customer base relying on digitalized processes. We assumed that the latter predominantly relied on remote work processes, whereas the former on closer personal relationships.

Table 1 summarizes the overall study design. The cases described represent both unique and critical instances within the study's context of investigating ambidextrous leadership and sustainable practices in SMEs. Firstly, the uniqueness of each case lies in their distinct characteristics and operational contexts. The textile company's emphasis on personal relationships and service culture, coupled with its status as a financially strong family business catering to a local customer base, distinguishes it from other SMEs. Similarly, the second company's family ownership and reliance on remote work processes for providing tax services across Germany set it apart as a unique case study subject. Furthermore, the criticality of these cases stems from their potential to offer valuable insights into the research questions at hand. Each case represents a critical point of analysis for understanding the interplay between ambidextrous leadership and sustainable practices in SMEs. By examining these distinct contexts, the study can glean insights into the mechanisms through which ambidextrous leadership fosters sustainability within SMEs, ultimately contributing to their long-term viability and success.

For the first case company, the research team utilized the study design to investigate the implementation of organizational change. Daily self-reflections in the form of written diaries provided a unique window into the individual experiences and reflections of managers throughout the implementation process. This method allowed for real-time documentation of emotions, challenges, and breakthroughs encountered by managers, offering invaluable qualitative data for analysis. Expert interviews, conducted with senior and line managers, delved deeper into specific aspects of the organizational change, garnering expert opinions and insights from those directly involved in the process. The audio recordings of these interviews ensured the preservation of detailed responses and enabled researchers to revisit and analyze the discussions thoroughly. For the second case company, the research team applied the same study design to evaluate the effectiveness of a leadership

development program as for the first company. In comparing the two case studies, several commonalities and differences emerged in the application of the study design. Both cases highlighted the importance of initial interviews in setting the context and objectives of the research, albeit with different focuses on organizational change and leadership development.

Method	Participant	Number	Duration	Source
Initial interview	Only senior managers	7/24	30 minutes / per interview	Audio recorded
Online kick-off	Senior and line managers	24/24	15 minutes / one session	Zoom recorded
Daily self-reflection in one working week	Senior and line managers	24/24	15 minutes / each day	Written diary
Expert interviews	Senior and line managers	24/24	90 minutes / per interview	Audio recorded

Table 1: Research Design

Data Collection. The initial interviews exclusively involved the 7 senior managers, allowing for in-depth discussions on the objectives, challenges, and anticipated outcomes of the change initiative and leadership development program. The online kick-off session, which included both senior and line managers, facilitated the dissemination of key information and fostered alignment among stakeholders. Through audio recordings, researchers captured nuanced insights regarding managerial perspectives and strategies. Zoom recordings enabled the researchers to observe non-verbal cues and interactions, enriching their understanding of managerial dynamics during the kick-off phase. Hence, our research design focused on a self-assessment of all senior and line managers ($n = 24$) of conflicting situations and their management reactions in the context of exploitative or explorative activities. Our data collection process followed three steps. First, we held an online kick-off session of approximately 15 minutes with all 24 managers to introduce the study and ourselves. Secondly, all senior and line managers participated in daily self-reflections for approximately 15 minutes per day during one work week. These sessions focused on critical demands in connection with leadership situations. Third, building on the self-reflections, we conducted semi-structured expert interviews with all managers (see Table 2). This became the main means of data collection. The semi-structured interview guide served as a foundational tool for conducting a comparative case study focusing on the contexts and leadership activities of senior and line managers within organizations. This guide encompassed two primary sections: a warm-up segment centered on contextual factors and a main section focusing on leadership dynamics. Within the warm-up segment, the interviewer initiated the discussion by probing the interviewee's experiences with self-reflection, thereby setting the stage for introspective dialogue. Subsequent inquiries delved into the interviewee's responsibilities, tasks, and the competitive landscape within their industry. This contextual understanding was further enriched by exploring both the overarching organizational culture and the specific cultural nuances within the interviewee's department. Additionally, the interviewer sought to gauge the current atmosphere within the department to capture any recent developments or prevailing sentiments. Transitioning to the main part of the interview, attention shifted towards leadership-related inquiries. The interviewee was prompted to recount a specific leadership scenario documented in their diary study, providing a tangible basis for discussion. Through open-ended questioning, the interviewer sought to elucidate the rationale behind the interviewee's leadership approach, thus unraveling their underlying motivations and decision-making processes. Exploratory dialogue ensued regarding potential alternative courses of action in the described situation as well as the perceived barriers preventing their adoption. This exploration extended to the interviewee's overarching leadership style, encompassing their general approach and any contextual factors influencing their leadership paradigm. Furthermore, the interviewer delved into the broader impact of additional factors on the interviewee's leadership activities, thereby capturing a holistic understanding of their leadership dynamics.

Contexts and Leadership of Senior and Line Managers
<p><u>Warm up (context)</u></p> <ol style="list-style-type: none"> 1. What was your experience with the self-reflection? 2. Can you describe your responsibilities and tasks? 3. Briefly describe the competition in your industry. 4. Briefly describe the culture in your organization. 5. Briefly describe the culture in your department. 6. Briefly describe the current atmosphere in your department. <p><u>Main part (leadership)</u></p> <ol style="list-style-type: none"> 7. Can you describe one of the leadership situations from the self reflection in more detail? 8. Can you describe why you have led in the described way? 9. Would there have been other options for you? 10. What prevented you from doing this? 11. How would you generally describe your leadership? 12. Are there other factors that have an impact on your leadership? 13. What does it mean for you to lead in an explorative or exploitative way?

Table 2: Semi-Structured Interview Guide

Further, we have analyzed documents, web pages, and LinkedIn profiles in order to better understand the company contexts of Case 1 and Case 2.

Data Analysis. The study produced 72 hours of data. To analyze the data, we used an approach following the suggestions by Gioia et al. (2013) which provides researchers with a systematic and flexible process of analysis (Charmaz, 2014; Glaser & Strauss, 2017; Schulte et al., 2020). Following this approach, the initial stage, termed 1st-order analysis, prioritized fidelity to informant terms, resulting in a profusion of categories. As the research progressed, researchers embarked on a process akin to axial coding, seeking similarities and differences among emerging categories to distill them into a more manageable set. This reduction typically yielded 25 to 30 germane categories (Gioia et al., 2013). Subsequently, researchers label these categories or provide phrasal descriptors, drawing from informant terms where possible. The analysis then shifted towards discerning deeper structures within this array, prompting researchers to engage with the data at multiple levels of abstraction. In the 2nd-order analysis, researchers moved firmly into the theoretical realm, exploring whether emerging themes suggested concepts capable of describing and explaining observed phenomena. Special attention was accorded to novel concepts lacking adequate theoretical grounding or preexisting concepts deemed relevant to the research domain. The culmination of this process, termed theoretical saturation, signified the attainment of a workable set of themes and concepts. Researchers then investigated the potential for further distillation of emergent 2nd-order themes into 2nd-order aggregate dimensions. The final step involved constructing a data structure, which served as a pivotal aspect of the research approach. Consequently, we conducted initial data coding and classified informant-centric statements, guided by our research questions (Langley, 1999; Miles & Huberman, 1994). Then, we identified similarities and differences, and each of the researchers created a comprehensive set of 1st-order concepts. Thereafter, we thoroughly discussed the concepts and their relationships. Based on this, and informed by the literature, 2nd-order themes emerged. We aggregated the second-order themes into dimensions and further advanced the Gioia methodology (Gioia et al., 2013) with the notion of conflict (Samimi et al., 2022). These results and identified main-themes are presented in detail in the results chapter below. Table 3 and Table 4 show this process more systematically.

1st-Order Concepts	2nd-Order Themes	Aggregated Dimensions	Conflicting Demands
Management is open to new ideas Management allows employees to deviate from norms Management sets a rough framework	Allowing freedom (n = 8/12)	Explorative leadership activities	Exploitation-Exploration Conflict
Management provides food for thought Management encourages employees Management discusses and decides as a team	Encouraging learning (n = 12/12)		
Management motivates people to try things Management allows employees to contribute Management is interested in change	Encouraging new ideas (n = 10/12)		
Management wants to be copied in emails Management wants to be included in important decisions Management wants to intervene	Monitoring plans and routines (n = 5/12)	Exploitative leadership activities	
Management specifies task completion	Controlling goal attainment (n = 5/12)		
Management accepts the upcoming reconstruction Management perceives upcoming changes as a positive challenge Management wants to turn the wheel	Accepting change as positive challenge (n = 12/12)	Slowed down decision- making	
Management avoids having conflicts Management avoids sanctioning Management avoids consequences	Avoiding exploitative leadership activities (n = 10/12)		

Table 3: Results of Case 1

1st-Order Concepts	2nd-Order Themes	Aggregated Dimensions	Conflicting Demands
Informal culture vs. unable to retain employees Employees in focus vs. senior managers far away	Sending ambiguous leadership signals (n = 8/12)	Ambiguous leadership signals	No conflict at the senior management level identified
Innovation only comes from senior managers Senior managers provide strategic direction and Line managers implement strategies	Exerting Top-down decisions (n = 7/12)	Exploitative leadership activities	
Senior managers' strong controlling behavior based on numbers Senior managers assert pressure to perform	Exerting Pressure and controlling (n = 7/12)		
Line managers try to think of the company as a team	Supporting team orientation (n = 5/12)	Appreciation and caretaking activities	Exploitation-Exploration Conflict at the line management level identified
Line managers listen to the problems of employees Line managers send regular "thank you" emails to employees Line managers support wherever possible	Appreciating employees (n = 8/12)		
Line managers try to motivate employees Line managers and employees conduct projects jointly Line managers encourage the pursuit of employees' ideas	Encouraging employees (n = 5/12)	Explorative leadership activities	
Line managers try to give room for ideas in meetings Line managers provide employees with skills for autonomous work	Allowing freedom (n = 4/12)		
Line managers enforce the interests of the senior management Line managers provide clear structures Line managers adhere to checklists and rules provided by the senior management	Controlling employees (n = 7/12)		
Line managers: "We are overloaded" Our credo: "Higher, faster, further"	Experiencing Pressure (n = 8/12)	Exploitative leadership pressure	

Table 4: Results of Case 2

Validity. In ensuring the validity of the comparative case study's approach and study results, several strategies were employed. Firstly, the study design, rooted in Eisenhardt (1991) and Yin (2009)'s comparative case study framework, facilitated an in-depth examination and comparison of two distinct cases. This design choice was reinforced by Bartlett and Vavrus (2017) and Harrison et al.'s (2017) recognition of its efficacy in providing comprehensive understandings of complex phenomena. The sampled companies, representing different industries and organizational structures, were meticulously selected to offer rich insights into the research question. Detailed descriptions of the companies' backgrounds, including their histories, financial

statuses, and operational characteristics, were provided to contextualize the study. Data collection methods were rigorously implemented to ensure the reliability and depth of the gathered information. Utilizing expert interviews with entire management teams, as recommended by DiCicco-Bloom and Crabtree (2006), Denzin (2007), and Garretsen et al. (2020), enabled a thorough exploration of conflicting situations and management reactions. The incorporation of daily self-reflections and semi-structured interviews further enriched the dataset, allowing for nuanced insights into leadership activities and organizational dynamics. By involving both senior and line managers in the data collection process, the study aimed to capture diverse perspectives and experiences, thereby enhancing the validity of the findings. Regular discussions among researchers facilitated consensus-building and minimized potential biases in interpretation, thereby enhancing the reliability of the findings. Lastly, we addressed the issue of validity by ensuring a meaningful comparison since the cases should have relevant similarities and sufficient diversity (Gerring & McDermott, 2007; Seawright & Gerring, 2008).

Results

Based on the approach outlined above, the following section attempts to provide a cohesive overview of the findings and results of our study. In order to achieve transparency and a most exhaustive overview of the findings, we will work with extensive direct quotes from our interviews.

Case 1

In the first considered company, the senior and line managers identified strongly with the organization, which was reflected in a strong family-like identity, their close personal relationships, and long tenure.

I find the culture very family-like. Everyone who works for us feels appreciated and welcomed. Every employee has a coffee meeting with the management two months after being hired because I want to know the names of the people who work here. I would like to wish them a happy birthday, I would like to know how my employees' the mother, who lives in Kiev, is doing. Monday is actually always the day when I go through the company. (Case 1_Senior Manager 3)

When you start working for us now, I will accompany your children to high school graduation, and you will accompany me to my retirement. (Case 1_Line Manager 1)

However, owing to the COVID-19 pandemic and resulting in remote working, these strong personal relationships have suffered, and cohesion in the company had weakened.

When I went back to the company and talked to my colleagues, I noticed that many of them were totally dissatisfied and also said that there was no longer any real cohesion in the company and no common path at all. No one was really motivated to implement new ideas. (Case 1_Line Manager 7)

The company operated in a niche market and distinguished itself from other workwear suppliers with an excellent customer service. During the COVID 19 pandemic, the company's business experienced positive growth because of increased demand for workwear that required more frequent cleaning due to higher hygiene standards.

Anyone can clean coats. Unlike our competitors, we have excellent customer service. (Case 1_Line Manager 8, Case 1_Senior Manager 1)

Overall, the pandemic was positive for us. We do not only clean hotel laundry but are well represented in other industries, too. In some industries, there are more hygienic regulations, which means clothes have to be washed more often, and of course we benefit from that and don't have a problem. (Case 1_Senior Manager 1)

The dimension 'explorative leadership activities' emerged from the aggregation of the 2nd-order themes 'allowing freedom', 'encouraging learning', and 'encouraging new ideas'. Similarly, 'monitoring plans and routines' and 'controlling goal attainment' were aggregated into the dimension of 'exploitative leadership activities'. Several senior and line managers expressed their desire to exert more exploitative leadership activities but faced difficulties in doing so. The 2nd-order themes 'accepting change initiatives as a positive challenge' and 'avoiding exploitative activities' resulted in 'slowed down decision-making.' The management

recognized the need for exploitative activities as a crucial part of initiating change processes. However, avoiding this seemed to be partly due to the strong family context. These dimensions revealed an imbalance between exploratory and exploitative activities, leading to an exploitation-exploration conflict. Several open and closed leadership activities could be identified.

The line managers drew parallels between the explorative leadership of the senior management and a route that allowed them to operate freely rather than simply follow a predetermined course. Many line managers expressed a preference for having a general leadership overview and the freedom to navigate within a given but broad structure.

I don't run to my boss for every decision. I want to make my own decisions and only be given a framework. I have the feeling that my boss sees this in the same way. (Case 1_Line Manager 2)

The management never says, "Oh, we've never done it that way before." They never put a stop to it; I can always try things. (Case 1_Line Manager 6)

The senior and line managers emphasized the importance of an attitude that encouraged learning within the organization. One member of the senior management had previously been a teacher and explained that his professional life had been dedicated to the development of young people. He emphasized that this was important in his present leadership position.

I am a teacher by profession. My entire career was designed to support young people. And I have incorporated this into my management style, too. (Case 1_Senior Manager 1)

This means I give my employees a lot of space, and I want them to fill this space themselves and make their own mistakes and learn from this. (Case 1_Line Manager 4)

The employee should not take a hint as a decision but as food for thought. (Case 1_Line Manager 3)

The senior and line managers of this case preferred open leadership activities, as employees were given opportunities to develop new ideas without fearing negative consequences. Several examples illustrated that the line managers encouraged their employees to share ideas and perspectives while receiving support from the senior management to explore themselves.

Senior management supports everything. When I have a new idea, they say: What is the idea based on? What do you want to achieve? And then I can implement it. The management understands that times are changing and therefore supports our explorative ideas. I never had my bosses saying: "Don't bother me with this." By contrast, they are always very interested in change and new ideas. (Case 1_Line Manager 4)

I don't try to put my own idea in the center of everything, I'd rather try to let the other one come up with something new. (Case 1_Line Manager 8)

If I have an employee who is very motivated, I let him do. I encourage him to try out things within a structure that I provide. (Case 1_Line Manager 5)

The senior and line managers expressed their will to be involved in decision-making processes that have an impact on the entire organization, important negotiations with a client, or a decision with significant financial implications. In such scenarios, the managers aimed to intervene at any time, as minor errors could have far-reaching consequences.

It is about a new 13 million Euro contract; nothing should go wrong. That is why I always want to be in copy here. (Case 1_Senior Manager 2)

If it is, for instance, a matter of coordinating a very important organizational process that might have an impact on all of us, I really want to be more closely informed so that I can intervene if I have to. (Case 1_Line Manager 3)

Some tasks required a certain degree of control, particularly when the tasks had to be executed according to specific standards owing to legal or regulatory requirements.

For instance, mass production. If I assign a task where there is no leeway but a clear framework and corresponding completion within a certain time frame, I can control whether the goal is attained in the end. (Case 1_Line Manager 5)

The managers perceived upcoming change as a positive challenge. This implied that they understood that change was necessary, but they had yet to determine the most appropriate course of action. All managers were positively excited about change initiatives.

We know that we have to move the wheel in a different direction. Not turn it 180 degrees, but we have to adjust it. We don't know exactly in which direction yet, but we have to do it. (Case 1_Senior Manager 2)

We have so many new, and at the same time big, issues right now that we're looking forward to, but ... we don't know what's going to come out, how we're going to approach that exactly. (Case 1_Line Manager 4)

We are aware that change is coming, and this is exciting. (Case 1_Senior Manager 1)

Although the managers were aware that change was necessary, they faced challenges due to their family identity, which discouraged exploitative and closed leadership activities. This made it difficult to implement change initiatives, conduct decision-making processes, and monitor the plans necessary for a successful change.

In the future, we must be able to make an unpleasant decision for an employee if we find it to be the best thing for the company. (Case 1_Senior Manager 1)

We too often lead without clear targets. It would make sense to have more sanctions, clearer targets, more control—this is just missing. In many situations, there is a lack of pressure from senior management, and a lot of new ideas just ripple along, and nothing is really implemented. (Case 1_Line Manager 6)

It seems that the management avoided placing a strong emphasis on exploitative and closed leadership activities because such activities seemed socially undesirable in their family context. A senior manager summarized the issue as follows:

Since we also like to party together, it is sometimes difficult for us to bring in a certain seriousness and also to sanction certain things. We are too soft in some areas and do not have the courage to address certain things. It is maybe someone who has been there for 20 years, and you don't want to hurt that person. (Case 1_Line Manager 4)

Often, we are not really consistent. For instance, I had sales managers who failed to deliver their figures for two years, yet we did not dismiss them; we offered them another opportunity. (Case 1_Senior Manager 1)

'Avoiding closed leadership activities' included several quotes demonstrating the critical self-assessment of management practices.

Our main weakness is a lack of consequences. We are quite bad at sanctioning. We are not good at clearly formulating tasks and drawing consequences when these tasks are not done properly. (Case 1_Senior Manager 2)

Some of us don't want any friction with the senior management. They prefer to do things the way the senior management wants them to be done and not try anything else. Just so that the relationship with the CEO doesn't suffer. We really need to work on these issues. (Case 1_Line Manager 2)

The senior and line managers' leadership activities balanced autonomy and control. They aimed to improve their ability to make tough decisions only when necessary.

In the future, it is important to make better decisions, sometimes even unpleasant ones. (Case 1_Senior Manager 1)

The senior and line managers recognized that their exploitative and closed leadership activities were not sufficient, so they sought to create a framework that would allow for clear communication.

In smaller projects, I allow employees to work within a clear framework and set boundaries. (Case 1_Line Manager 1)

For each new contract, our old sales manager used to say "We will decide individually whether we take this new customer or not." There were no clear guidelines. Now, I try to lead in a very clear and structured way and say: "No, we have our guidelines, and we are not going to decide individually. Stick to the guidelines." (Case 1_Senior Manager 1)

The management team recognized the importance of maintaining control over certain aspects of the organization that may have far-reaching consequences or involve legal requirements.

For instance, if there is a lot of money involved, I want to be in control and be in the loop so that I can intervene. (Case 1_Senior Manager 2)

Despite uncertainty, the management team recognized the need for change and embraced it as a positive and exciting challenge. This was evident in several interview quotes.

The outcome of change is uncertain, and renewal tends to be difficult for us, but we know that something has to move. (Case 1_Senior Manager 3)

We look forward to a change. The generational change helps there as well. New, younger employees help because they bring a fresh perspective. (Case 1_Line Manager 4)

The senior and line managers demonstrated a sense of critical self-reflection and sought external support. They regularly participated in workshops with an external consulting firm and collaborated with the local university. Even though the management team was prepared for change, they considered the family identity as a crucial aspect of the organization. All the management team members understood that they had to proceed with caution.

Tomorrow, for example, we're meeting in the evening at a colleague's house who invited us. We all know each other so we also do a lot together. (Case 1_Line Manager 3)

Today, it is a little different. People don't identify with the company that much anymore, but I think that's very important that you identify with a company, and this is at the heart of our company values. (Case 1_Senior Manager 6)

The findings revealed that the senior and line managers collectively managed their conflicts by engaging in critical self-reflection, seeking external support, balancing autonomy and control, embracing change, and maintaining their family identity.

Case 2

The organizational context of the second organization under scrutiny was characterized by an emphasis on digitalization and a strong interest in innovation. The two senior managers regularly traveled to Silicon Valley.

We constantly try out the latest digital systems. We even have a "Digi-Team" that helps employees understand new systems. You can book them to understand the system better. (Case 2_Senior Manager 4)

I have been here for 15 years. Our focus is on staying up-to-date with the latest innovation in the market. We regularly evaluate new systems and test their implementation. (Case 2_Line Manager 3)

We have an almost paperless office. Anyone who wants to can work from home. During the COVID-19 pandemic, every office workstation was duplicated at home. (Case 2_Line Manager 8)

The external context was affected by the legal requirement for companies to submit a tax declaration. Additionally, the government's support in relation with COVID-19 increased the number of inquiries.

When I look at the influx of clients, we really do have about 20 new inquiries each day. (Case 2_Senior Manager 2)

We could not identify any conflict at the senior management level. The dimensions here were 'ambiguous management signals' and 'exploitative leadership activities.' We observed a different situation at the line management level. Their aggregated dimensions were 'appreciation and caretaking activities', 'explorative leadership activities', and 'exploitative leadership pressure'. These line managers' dimensions resulted in a conflict relating to exploitation-exploration as well as time at the line management level. According to several interviewees, the senior management of this case was trying to establish an open atmosphere through the implementation of different initiatives like a culture of "first name base" for instance. The senior managers described that employees are their most valuable resource. In the beginning, the atmosphere of the second case seemed open and approachable.

The senior management is very open to all kinds of suggestions from other people, which are always passed on to us as team leaders. They do everything they can to make sure we are well positioned for the future. (Case 2_Line Manager 4)

It's very relaxed. You don't have to be afraid of the boss at all. You can talk to them; you know you'll get help. This was different during the last few years, but now they are a bit more tangible and not so far away from our day-to-day business. We are also on a first-name basis with the managers, so they are very close. (Case 2_Line Manager 1)

One of the things that we learned in Silicon Valley is that the employee should always be in the focus of our activities. (Case 2_Senior Manager 1)

However, the line managers expressed their concern about a perceived lack of appreciation.

There is a lack of saying thank you. The only time something is done is when the boss is approached directly, and feedback is very scarce. (Case 2_Line Manager_5)

There is no such thing as employee retention here. I don't understand why we let good people go. Just because you don't want to pay this person a little more money, you let someone go who is trained and knows all the processes. We have a very high turnover rate. Very unfortunate. (Case 2_Line Manager 3)

One employee had achieved high monthly sales and, proud of his achievement, presented the numbers to the senior management with his supervisor. However, instead of complimenting him, the senior management told him that another employee had done better. Several line managers have described senior management as difficult to reach.

The management is sometimes quite far away. A direct contact with the senior management would sometimes be better. (Case 2_Line Manager 7)

The senior management made strategic decisions through a top-down approach without considering the opinions of the line managers or employees.

Actually, it is us making all the strategic decisions. (Case 2_Senior Manager 2)

Innovation comes from the senior management; we as team leaders just help to implement. (Case 2_Line Manager 8)

Then, I get a call from the senior management: "here you are, three new mandates; distribute them to this and that person in your team." The senior management doesn't account for the interests of each team member. (Case 2_Line Manager 5)

The senior managers closely monitored employee performance and pressured them to deliver monthly results.

In the structures in which we work, it's all about numbers, about capacity, about turnover. The senior management looks at figures every day and tries to optimize things. If you have a little bit less to do, then you get some additional work from senior management. (Case 2_Line Manager 6)

A lot of people on my team are overloaded, which is not noticed by the senior management. (Case 2_Line Manager 9)

The line managers tried to regulate the exploitative leadership activities of the senior management. They attempted to create an approachable environment by addressing the concerns and needs of employees and establishing an open atmosphere.

My leadership behavior is very much geared towards ensuring that the staff feels well integrated into the team. (Case 2_Line Manager 4)

As the team leader, I aim to maintain a collaborative work environment where my team members feel valued and respected. I do not consider them to be reporting to me; rather, they are my colleagues. (Case 2_Line Manager 2)

Moreover, they acted as people managers by fostering employee involvement through a variety of initiatives. These initiatives included providing opportunities for team members to express their concerns, encouraging open communication, and acknowledging and rewarding individual and team contributions. The interview quotes emphasized the importance for line managers to value their employees.

I regularly write emails to my team members in which I thank them for their great work; I also write where things are still not right, where we need to make adjustments. (Case 2_Line Manager 8)

I try to talk to people in the morning and in the evening, listen to their problems, and support them where I can. (Case 2_Line Manager 3)

The line managers tried to adopt an explorative and open leadership approach. This included encouraging employees and, wherever possible, providing their team members with the freedom to explore.

I try to encourage people to research themselves and think about a problem before they approach me. So, first bring in your own ideas, and then ask me for support. That is what I try to actively encourage in my team members. (Case 2_Line Manager 7)

We have fixed processes, but everyone in my team also has the opportunity to contribute to new ideas. For example, we now have a certain process in our team on how to proceed with the annual financial statement, which is the same throughout the whole company. We thought through this process in the whole team and said: "Ok, can't we develop something better so that we can get the money faster? Because invoicing always comes at the very end." We are now in a test phase. (Case 2_Line Manager 1)

As a result of the pressure, control, and lack of appreciation from the senior management, the line managers applied closed leadership activities only when necessary. This seemed to be a contradiction to their attempt to encourage open leadership activities.

Checklists from senior management specify how to complete tasks. As a team leader, I closely monitor adherence. (Case 2_Line Manager 6)

The line managers had their own responsibilities and clients to manage. The combination of management duties, work assignments, and intensive supervision created a time conflict.

I am often contacted to answer issues related to day-to-day work. In addition, I also have my own mandates to look after. (Case 2_Line Manager 9).

We always really have a lot of time pressure, so there is not much time to look left and right. (Case 2_Line Manager 4)

In summary, the senior management sent ambiguous management signals. On the one hand, they appeared open and approachable, and on the other hand, they exerted a lot of pressure and control. The line managers

attempted to motivate and integrate their employees, but at the same time they had to deal with their own tasks and a considerable amount of pressure.

I am very easygoing. I have known the people I work with for a long time. To be in this sandwich position between senior management and employees is positive on the one hand and difficult on the other. I have a buddy role but simultaneously serve the interests of the senior management. (Case 2_Line Manager 3)

The line managers acted as a bridge between the senior management and their employees. They tried to maintain a balance between acting as friends to their team members (“I certainly don’t want my team members to perceive me as a leader”; Case 2_Line Manager 4) and forwarding the interests of the senior management (“Then, I have to pass on the tough announcements coming from the senior management to my team members”; Case 2_Line Manager 4). This put a considerable time pressure on the line management.

I look around me. Many employees can’t cope with the controlling behavior, the pressure, and leave our company. (Case 2_Line Manager 5)

Many employees leave because they can’t handle the pressure. (Case 2_Line Manager 7)

While facing high pressure, many line managers tried to organize their work load. For instance, they scheduled particular days to address their employee’s needs. On these days, they simply listened to their employees' concerns, as one line manager explained.

I am in the office two days a week, and that’s when I’m only there for my people. Just a contact person to take care of my employees’ needs. I don’t do anything in my day-to-day business then. (Case 2_Line Manager 6)

It appeared that the line managers were trying to regulate the anxiety of their employees because of the pressure and control exercised by the senior management. They encouraged employees to use their freedom to experiment. However, owing to the pressure from the senior management, many employees were afraid to take risks.

There were reports of bullying under the previous team manager. Currently, my focus is on rebuilding the team's confidence and encouraging them to take initiative. (Case 2_Line Manager 5)

I am spending a lot of time rebuilding the confidence of my people. Unfortunately, there was some bullying under the previous team leader, and now I frequently remind them: “You are capable and do not need to check your work excessively.” (Case 2_Line Manager 4)

The line managers attempted to regulate the senior management's exploitative and closed leadership activities by counterbalancing them with explorative leadership activities of appreciation, encouragement, and giving more freedom to their employees.

Comparing the results

In the context of Case 1, we have observed an exploitation-exploration conflict for senior and line managers, and exploitative leadership activities were socially undesirable. This conflict had resulted from the management's emphasis on explorative and open leadership activities and an attempt to avoid exploitative leadership activities. In the context of their family identity, the senior and line managers collectively managed this conflict between exploitation and exploration (Argyris, 1995; Denison et al., 2004; O’Reilly & Tushman, 2013). They regarded change positively, although it may also have caused them to avoid exerting necessary exploitative leadership activities and be more lenient in enforcing strict measures or sanctions (Kets de Vries, 1993). The commitment of the senior and line managers to collectively engage in critical self-reflection, seeking external support, balancing autonomy and control, embracing change, and maintaining a family-like identity supported the long-term orientation of the organization (Liao, 2022). The fact that Case 1 was a financially solid and growing company during the COVID-19 pandemic could have reinforced simplicity (Miller, 1993). The simplicity theory argues that successful organizations tend to become simpler over time. Their strategies become more specific, their cultures reflect a singular perspective, and their systems and routines become more concentrated. This can lead to a rigid structure that lacks diversity and subtlety, causing

such companies to operate more like predictable machines and lose the ability to adapt or learn from unexpected events. Highly uniform organizations eliminate different viewpoints and alternative approaches, reducing their flexibility and hindering their ability to adapt or learn. When these organizations are perfectly aligned with their environment, they can achieve remarkable success and inspire others to follow a similar path, despite the risks (Miller, 1993). However, we observed the ability of senior and line managers to critically self-reflect their own actions and seek external support, which were important prerequisites for an organization's ability to learn (e.g., double-loop learning) and develop (Corley & Gioia, 2003; Miller, 1993). In summary, the family-like identity of this company supported the collective leadership efforts of the senior and line managers, facilitated organizational learning, but slightly slowed down decision-making processes (Miller, 1993; Ramachandran & Bhatnagar, 2015).

In the context of Case 2, we did not notice any conflict at the senior management level. In this case, we observed a lack of organizational identity and found that only the line management was facing a conflict between exploitation and exploration. This conflict had emerged from the fact that the line management was to a considerable extent left alone with explorative leadership activities because the senior management was mainly engaged in exploitative leadership activities. The conflict of the line managers was intensified by the fact that they also had their own management and work tasks to fulfil (Gjerde & Alvesson, 2020). The line management had tried to adopt a dual role, to organize better and to regulate the fear of their employees. They attempted to enforce control measures only when necessary (Smith & Lewis, 2011; Saks, 2021). In contrast to Case 1, we were not able to identify a strong family context or a common understanding of leadership. As a result, we did not observe any form of collective leadership but rather a division of leadership activities. On the one hand, the focus of the senior management on exploitative leadership activities resulted in a lack of appreciation, employee dissatisfaction, and a high turnover. On the other hand, the line management was engaged in explorative leadership activities, caring for employees and work tasks (Table 3, second-order themes). This partially compensated for the exploitative leadership activities of the senior management but made it more difficult to maintain a long-term orientation. The counter-management activities we observed were similar to those found in Gjerde and Alvesson's (2020) study of middle managers in an academic context, "protecting from and removing fear" and "recruiting for and creating academic culture" (p. 138). In both of the cases, we discovered a phenomenon which we called 'Nonexploitative Exploitation.' The senior and line managers in both organizations tried to make sure that employees were not exploited in a negative sense, because excessive exploitation could have negative impact on employees. With Nonexploitative Exploitation, both SMEs tried to achieve a long-term orientation of their management activities. In Case 1, the senior and line managers described that their family-like context of appreciation and interest in employee's needs, led to long-term loyalty with the company. Involving employees was considered to be important, even if it slowed down the process to some extent. In Case 2, the statements of the managers described how the line managers tried to counterbalance the ambiguous management signals, lack of appreciation, and pressure from the senior management that resulted in fluctuation.

The comparative case analysis of Case 1 and Case 2 revealed distinct leadership approaches and organizational contexts. In Case 1, a family identity prevailed, fostering strong personal relationships and long tenures among employees. This environment encouraged open leadership activities, such as promoting learning and providing autonomy to employees. However, the family identity also posed challenges in implementing changes due to its discouragement of closed leadership activities. Conversely, Case 2 emphasized digitalization and innovation, characterized by a top-down leadership approach and ambiguous management signals. Line managers in Case 2 attempted to balance the pressure and control exerted by senior management by providing more freedom and encouragement to their employees. However, they faced challenges in rebuilding employee confidence and reducing turnover rates due to a perceived lack of appreciation from senior management.

Overall, while Case 1 prioritized employee engagement and recognition within a family identity, Case 2 focused on innovation and digitalization but struggled with maintaining employee morale and retention. Both cases underscored the importance of balancing autonomy and control and fostering a supportive work environment to enhance organizational effectiveness, thus underscoring the importance of organizational culture and collective leadership efforts in promoting sustainable practices within SMEs. While Case 1 highlighted the benefits of a familial culture in fostering organizational learning and adaptation, Case 2

emphasized the challenges of maintaining employee morale and retention in the absence of a cohesive organizational identity. These insights contribute to our understanding of how ambidextrous leadership influences sustainable leadership practices in SMEs and offer implications for enhancing organizational effectiveness and long-term success.

Discussion

In Case 1, Nonexploitative Exploitation was achieved through collective leadership activities in a family context. In Case 2, Nonexploitative Exploitation was partly achieved through the line managers' attempt to counterbalance the exploitative leadership activities of the senior managers. In this respect, our study advances the understanding of sustainable leadership activities in SMEs. From a theoretical perspective, our results provide insights into how SMEs can address the conflicting demands of exploitation and exploration. The findings of Case 1 demonstrate how Nonexploitative Exploitation can promote long-term orientation and support sustainable leadership activities. (Hallinger & Suriyankietkaew, 2018; Samimi et al., 2022). The findings of Case 2 reveal how long-term orientation and support for sustainable leadership activities can partly be achieved through Nonexploitative Exploitation efforts exerted not by upper management but by line managers closer to the employees (Garretsen et al., 2020; Liao, 2022). From a practical perspective, Case 1 demonstrates the importance of supportive leadership activities which foster a trust-based environment where employees feel involved. This suggests a shift from traditional top-down approaches towards more inclusive leadership. The implications of Case 2 suggest that when the senior management is predominantly exploitative, the line managers can play an important role in counterbalancing this. This approach can result in a time conflict because the line managers are in a contradicting position, sandwiched between pressure from senior management and the task of maintaining employee morale (Gjerde & Alvesson, 2020). Through Nonexploitative Exploitation, both SMEs in our study tried to implement a less destructive form of exploitation and demonstrated how this concept can take different forms (Garretsen et al.; 2020, Wenke et al., 2021).

Therefore, we can deduce that our study on sustainable leadership and ambidexterity in SMEs provides valuable insights into the complex interplay between leadership styles, organizational identity, and managerial practices. With this specific research focus in mind, the findings from Case 1 depict a company characterized by a family identity, where senior and line managers prioritize personal relationships and employee well-being (Ceja et al., 2012; Karofsky et al., 2001; Le Breton-Miller & Miller, 2022; Pradhan & Hati, 2022). The strong identification with the organization fosters a sense of belonging and loyalty among employees (Basly & Saunier, 2020). This family context encourages open leadership activities, such as promoting learning, providing autonomy, and supporting explorative ideas (Fries et al., 2021; Kandade et al., 2021). One of the key findings in Case 1 is the exploitation-exploration conflict observed among senior and line managers. While the organization values explorative leadership activities, such as encouraging learning and allowing freedom, there is a reluctance to exert exploitative activities due to the family context. This imbalance between exploitation and exploration poses challenges in decision-making processes and change initiatives, as avoiding exploitative activities hinders the implementation of necessary measures and sanctions. This has, so far, rarely been studied (cp. Luong, 2022). Moreover, the study identifies the phenomenon of 'Nonexploitative Exploitation,' wherein senior and line managers strive to prevent employee exploitation while maintaining a long-term orientation. This involves balancing the need for control and autonomy to ensure employee well-being and organizational sustainability. Similar research exists, but none of it is related to this specific research context and with such applicable results to sustainable leadership and ambidexterity (cp. Bocean et al., 2022; Emre & De Spiegeleare, 2021; Stankevičienė et al., 2021). The findings thus suggest that the family identity in Case 1 contributes to long-term loyalty and employee satisfaction, albeit at the expense of slower decision-making processes. Further researching the specific issue of impact on decision-making processes might be an interesting future research alley.

In contrast, Case 2 presents a different organizational context characterized by a focus on digitalization and innovation. Here, senior management exerts pressure and control through exploitative leadership activities, leading to a lack of appreciation and high turnover rates among employees. Line managers attempt to counterbalance these pressures by fostering an open and supportive work environment, but they face challenges in rebuilding employee confidence and reducing turnover. This is a highly interesting

phenomenon, which to date had not been discussed in related studies, despite indications from previous studies (Kammerlander et al., 2020; Knight & Cuganesan, 2020). It appears highly advisable to also make a strong plea for further research in this direction.

Therefore, our study contributes to the understanding of sustainable leadership and ambidexterity in SMEs. It highlights the importance of organizational identity in shaping leadership practices and the need to reconcile conflicting demands for exploration and exploitation. The findings suggest that while a family identity may foster employee loyalty, it can also hinder organizational adaptability and decision-making processes. On the other hand, a focus on innovation and digitalization may drive competitiveness but can also lead to employee dissatisfaction and turnover if not accompanied by supportive leadership practices. The study underscores the pivotal role of organizational identity in shaping leadership behaviors and driving sustainable outcomes (Isensee et al., 2020; Xenikou, 2022). Through contrasting cases, it demonstrates how different cultural norms and values influence leadership practices and organizational success (Cadden et al., 2020; Lasrado & Kassem, 2020). This insight empowers SMEs to cultivate a supportive work environment aligned with their long-term objectives, thus providing a potential link between sustainable leadership and ambidexterity.

Conclusion

In analyzing the two cases presented, several key conclusions can be drawn regarding the connection between sustainable leadership and ambidexterity in SMEs.

Firstly, the familial culture depicted in Case 1 highlights the significance of personal relationships and employee well-being within the organization. This culture fosters open leadership activities, promoting learning and autonomy among employees. However, there exists an imbalance between explorative and exploitative activities, with a reluctance to embrace the latter due to the family context. While this culture engenders long-term loyalty and satisfaction among employees, it may hinder organizational adaptability and decision-making processes. Case 2 illustrates a focus on digitalization and innovation, characterized by exploitative leadership activities from senior management. This pressure and control lead to employee dissatisfaction and high turnover rates. Despite efforts by line managers to foster an open and supportive work environment, they face challenges in rebuilding employee confidence.

Overall, these contrasting cases underscore the importance of organizational identity in shaping leadership practices and driving sustainable outcomes in SMEs. They highlight the need to balance conflicting demands for exploration and exploitation, with organizational culture playing a pivotal role in shaping leadership activities. While a family identity may foster loyalty and satisfaction among employees, it could impede organizational adaptability. Conversely, a focus on innovation and digitalization may enhance competitiveness but could lead to employee dissatisfaction if not accompanied by supportive leadership practices. At the same time, the focus on only senior and line managers can be seen as a limitation of this study. People tend to view themselves positively, known as “self-serving bias” (Miller & Ross, 1975, p. 213). The managers we interviewed may have portrayed their leadership in a more favorable light than was actually the case. We may have missed some of the complexities within the leader-employee dynamic (Maak & Pless, 2006). We suggest that future research should include other perspectives in order to have a better picture of what happened in this context. The fact that we investigated only two SMEs in a comparative case study makes it difficult to draw general conclusions for all SMEs. This is why future research should test our concept with a larger sample. Furthermore, our study could have included SMEs from different industries and different sizes. This would have helped to identify additional influencing factors.

Beyond that, the integration of questionnaires, surveys, or longitudinal data would have strengthened the trustworthiness of our findings (Denzin, 2007). Our study empirically established the concept of Nonexploitative Exploitation. We suggest that future research further develops this concept, expanding its application to a larger and more diverse sample of SMEs. Future research could also examine organizational and individual characteristics such as power structures, personality traits, cognitive styles, and cultural aspects. This would lead to a more comprehensive understanding of how to manage conflicting demands and support sustainable leadership activities (Hofstede, 2011; Song et al., 2020). While for SMEs a supportive organizational identity seems important to promote sustainable leadership activities (Hallinger & Suriyankietkaew, 2018; Liao, 2022), it may be appropriate to distribute exploration and exploitation across different management levels (Wenke et al., 2021).

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