

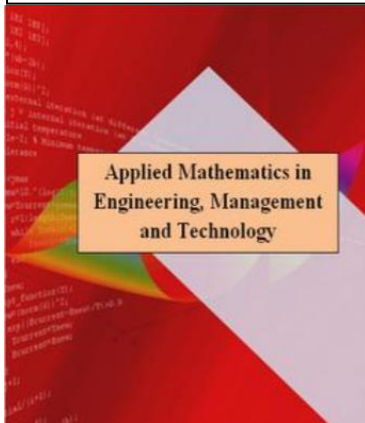
# The Effects of Servant Leadership on Creating Sustainable Competitive Advantage With Mediator Role of Innovation Ambidexterity

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## Abstract

The current paper aims to study the possible impacts of servant leadership on sustainable competitive advantage (SCA) through innovation ambidexterity in a population made up of Tehran province insurance. Doing so, it applies the model of Salimi et al. (2010) with the elements of character-centrism (two questions on courtesy and service), people-centrism (three questions on regarding, empowering and developing others), task-centrism (three questions on perspective, purpose and leadership) and process-centrism (three questions on modeling, teamwork and common decision); the model of Hakkak and Rahimiaghdam (2015) on the SCA including the elements of job satisfaction (five questions on job satisfaction, salary, colleague, superior and promotion), organizational commitment (three questions on affective, normative and constant commitment), citizen-organization behavior (three questions on humanism, chivalry and loyalty), productivity (three questions on managerial, psycho-social and cultural factors) and a researcher-developed questionnaire on innovation ambidexterity including creativity (three questions on exploration) and execution (two questions on execution). In the same vein, it exploits variance-based structural equation and VPLS software to conduct data analysis. In the final stage, the outcome of the study confirms the impact of the SCA on servant leadership.

**Keywords:** servant leadership, sustainable competitive advantage (SCA), innovation ambidexterity.

## Introduction

Nowadays, competitive advantage is imitated by competitors or after a while, it is undervalued in the view of customers. Accordingly organizations have to explore and establish the Sustainable Competitive Advantage (SCA) which was initially coined in 1984. It is the continuation of interests related to strategies developed for creation of unique values in non-concurrence with the de facto and potential competitors which could not copy the interests (Barney, 1991). In other words, the SCA is an organizational quality which is preferred to those of competitors and keeps the output above standard. As well, Dobni & Leffman (2000) define it as a distinction between service and good of an organization with those of others in accordance with the existing resources. It is believed by some, move towards the SCA is realized through emphasis on service and good delivery. Meanwhile, organizations should seek the best in regard with environmental interactions and strategic creativities. The organizations which objectively seek to keep their advantage over competitors are likely able to achieve the SCA. According to the resource-based view in human resources, the resources which are scarce, precious and inimitable are considered the SCA's stimuli. Eventually, it has to be conceded that the SCA is not sustainable by its own but that is the specialist of strategic sciences who shall seek the constructive and supportive factors to establish it. Armstrong, the researcher in human resources management, contends that the competitive advantage is achieved with the tripartite of structure, technology and human resources. However, the problem in use of the first and second parameters relates to their being copied. In fact, the 1<sup>st</sup> and 2<sup>nd</sup> ones cannot react to environmental changes due to non-smartness, while the 3<sup>rd</sup> parameter is changeable and flexible (Dalvi and Phalsaphi Nejad, 2010). Therefore, the recognition of human resources and the stimuli which could provide for establishment of the SCA is of a high importance. In the meantime, one of the stimuli is the style of leadership specially that of servant leadership which was first posed by Robert Greenleaf in his seminal paper, *The Role of Leader*, in 1977. A servant leader seeks to establish skills in the followers, remove obstacles, encourage innovation and discuss problems in a creative manner (Spears, 2004). In a servant leadership style,

the leader is first and foremost a servant and then a leader whose main concern is to meet the urgent needs of his/her followers. The framework of servant leadership encompasses admirable and excellent characteristics (Patterson, 2003). Servant leaders look to their followers not as tools to reach their aims but as humans who possess sense, emotion and needs. They express their love and affection to followers by conduct in physical - spiritual presence (Weiss, 2004). The significance of servant leadership style and its joint with individual-organizational creativity and subsequently with individual-organizational innovation is of a high manifestation. The research shows that innovation is a structure which could likely lead to competitive advantage and inspire corporates to deliver more qualified and less costly goods/services (Cantarello et al. 2012). As well, it could lead to distinctive service for customers (Gebauer et al. 2011). Meanwhile, innovation, in organization, is viewed from the two perspectives of exploration and exploitation (Cantarello et al. 2012). Hence, the production and exploitation of creative ideas is the very innovation ambidexterity.

In the meantime, the present study seeks to examine the impacts of servant leadership on establishment of the SCA by means of the mediatory role of innovation ambidexterity in insurance companies located in Tehran province.

Nazarpoori & Kalani (2014) in their seminal paper, *The Impact of Servant Leadership on Effectiveness*, stated that servant leadership could bear a positive outcomes for effectiveness and organizational performance which leads to the rise of competitive power. Peripherally, they claimed that servant leadership could raise job satisfaction and organization commitment of employees and pave the way for moral behaviors.

Akbari (2016), in his seminal paper, *The Impact of Strategic Leadership on Competitive Advantage* by means of the *Mediatory Role of Ambidexterity Innovation*, which had been conducted on insurance companies located in Arak, stated that the leadership styles upon the approach of futurism and innovation result in competitive advantage.

Tidd et al. (2006) also claimed that innovation in work results in competitive advantage through acquiring innovative processes, raising profit and improving organization human resources.

Zemplerová (2010) points out that creative research and human resources comprise the essential elements of innovation which leads to competitive advantage.

In the same vein, innovative strategies could guarantee access to competitive advantage (Goksoy et al, 2013). On the other side, the servant leader could inspire the employees' creativity and innovation through spirituality, individual identity and organizational identification (Yushida et al, 2013). In this paper, it is also claimed that the mediatory role of leader's identity hits top when the team innovation reaches the maximum amount. As well, the higher level of innovation in service results in higher levels of competitive advantage (Noorani, 2014).

## Methodology

As the current paper seeks to study the impact of servant leadership on the SCA's establishment through ambidexterity innovation, it is a descriptive survey which examines the relationship of several compatible variables. In regard with aim, it is an applied research the population of which comprises the employees of insurance companies located in Tehran province. Due to the high number of companies and according to sampling rules in structural equation modeling and also in regard with non-sensitivity of the Partial Least Squares to the number of samples and also existence of three concealed variables with 10 principal elements, it could be claimed that for each one of elements in structural equation modeling, covariance of axis 5-15 is needed. Therefore, this study regards 110 persons as the sample and applies non-random and random sampling; subsequently, it gathers data by questionnaire. In this vein, it applies the model of Salimi et al (2010) with the elements of character-centrism (two questions on courtesy and service), people-centrism (three questions on regarding, empowering and developing others), task-centrism (three questions on perspective, purpose and leadership) and process-centrism (three questions on modeling, teamwork and common decision); the model of Hakkak and Rahimiaghdam (2015) on the SCA including the elements of job satisfaction (five questions on job satisfaction, salary, colleague, superior and promotion), organizational commitment (three questions on affective, normative and constant commitment), citizen-organization behavior (three questions on humanism, chivalry and loyalty), productivity (three questions on managerial, psycho-social and cultural factors) and a researcher-developed questionnaire of innovation ambidexterity including creativity (three questions on exploration) and execution (two questions on execution). Meanwhile, it exploits variance-based structural equation and VPLS software to conduct data analysis.

### Data Analysis

In the following, the output of Visual PLS is demonstrated in a meaningful standard manner:

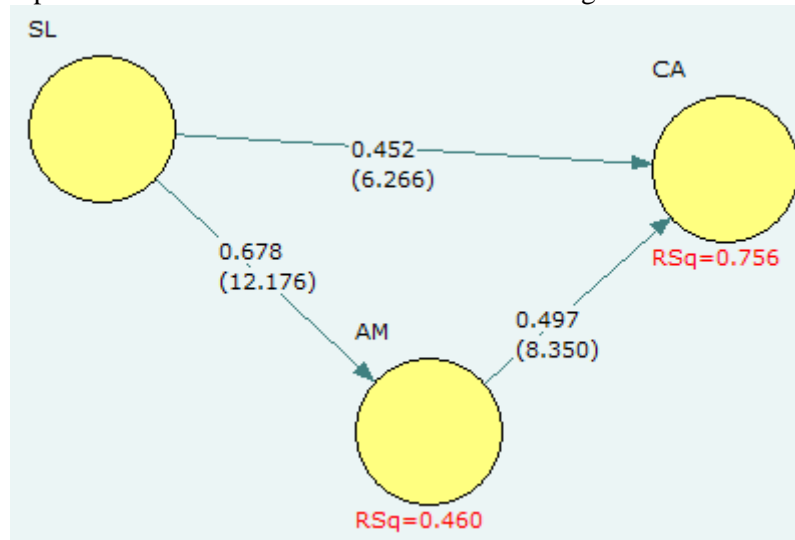


Figure 1- Conceptual graph of software output

As demonstrated, all standard coefficients bear a positive load and T-Student is above 1/96. Therefore, the impacts of servant leadership on innovation ambidexterity and competitive advantage and that of innovation ambidexterity on the SCA are all positive, meaningful and direct. Hence, the hypotheses 1 to 3 of the study are confirmed at the level of 99% level of significance. In the same vein, as the impacts of servant leadership on ambidexterity and also ambidexterity on competitive advantage are positive, it is expected that the impacts of the mediator be positive; therefore, all hypotheses are confirmed.

Table1- factor loadings

Factor	Element	Factorial load	Result
servant leadership	character-centrism	0/88	confirmed
	people-centrism	0/94	confirmed
	task-centrism	0/86	confirmed
	process-centrism	0/83	confirmed
competitive advantage	job satisfaction	0/89	confirmed
	organization commitment	0/86	confirmed
	citizen behavior	0/93	confirmed
	productivity	0/92	confirmed
innovation ambidexterity	exploration	0/92	confirmed
	execution	0/90	Confirmed

### Conclusion

Upon the hypotheses and according to the results, the impact of servant leadership on competitive advantage is confirmed; hence, it could be claimed that, with %99 level of significance, servant leadership affects competitive advantage in a direct, positive and meaningful manner. In other words, the more managers turn to servant leadership, the more competitive advantage is strengthened, and vice versa. It is worth noting the results are the same in relation to the four hypotheses.

#### Proposals

Proposal upon hypothesis 1: given the positive, direct and meaningful impacts of servant leadership on competitive advantage, managers are advised to more turn to servant leadership style; in relation to the stockholders of insurance companies, they should, in themselves, invigorate the following elements:

- character-centrism through unselfish servant behaviors;
- people-centrism through respecting and paying attention to all persons;
- task-centrism through logical purpose-setting and futurism;
- process-centrism in reliance with teamwork and common decision making.

Proposal upon hypothesis 2: given the positive, direct and meaningful impacts of the style of leadership on innovation ambidexterity, managers are advised to turn to the style more than before.

Proposal upon hypothesis 3: given the positive, direct and meaningful impacts of ambidexterity on the SCA, managers are advised to more consider the elements of the former. On the other side, the stockholders of insurance companies should invigorate the creation and implementation of new ideas in employees through giving self-confidence and power as well as encouraging new thoughts in such a way that they could achieve the elements of the SCA, i.e. job satisfaction, organization commitment, citizen-organization behavior and productivity.

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