

NAVIGATING PARADOXICAL AND AMBIDEXTROUS LEADERSHIP IN HIGH-QUALITY LMX RELATIONSHIPS: MORAL LICENSING AND ETHICAL DOUBLE STANDARDS

Irving LOPEZ

i0185090@marymount.edu
ORCID: 0009-0007-8762-3647

MARYMOUNT UNIVERSITY, ARLINGTON, VA, USA

ABSTRACT

This study investigates the interaction of paradoxical and ambidextrous leadership within high-quality leader-member exchange (LMX) relationships and their combined impact on key organizational outcomes – employee innovation, resilience, and ethical behavior. Employing a robust mixed-methods approach, the research looks to integrate quantitative analyses of survey data with qualitative insights from semi-structured interviews. Quantitative assessments include multiple regression, Pearson correlations, and moderation analyses based on responses from the 12-item LMX-MDM survey (Liden & Maslyn, 1998) and the Paradoxical Leadership Scale (Zhang et al., 2015). Additionally, reflective journaling systematically addresses and mitigates potential researcher biases related to inherent power dynamics in leader-member interactions. Qualitative findings aim to deepen understanding by exploring nuanced subjective experiences, revealing conditions under which these adaptive leadership styles effectively manage complex organizational demands. By delineating specific mechanisms through which paradoxical and ambidextrous leadership influence innovation, resilience, and ethics, this study aims to provide actionable guidance for enhancing leadership effectiveness, employee well-being, and ethical practices. This contribution intends to significantly extend existing literature by clarifying how adaptive leadership styles ethically navigate organizational complexities within differentiated relational contexts.

KEYWORDS:

ambidextrous leadership, ethical decision-making, leader-member exchange, organizational ethics, paradoxical leadership

1. Introduction

Leadership is crucial in shaping ethical, innovative, and resilient organizational climates. This study investigates the interactive effects of paradoxical and ambidextrous leadership styles within high-quality Leader-Member Exchange (LMX) relationships, focusing on employee

innovation, resilience, and ethical behavior. Paradoxical leadership, characterized by managing contradictory demands, and ambidextrous leadership, emphasizing a balance between exploration and exploitation, has individually been linked to positive organizational outcomes. However, empirical gaps remain regarding their combined effects

within differentiated relational contexts, particularly concerning ethical complexities such as moral licensing and ethical double standards. Addressing these gaps is vital because understanding this interplay can significantly enhance organizational effectiveness, employee well-being, and ethical clarity. This research uniquely contributes by exploring how these adaptive leadership styles interact within high-quality LMX contexts, offering novel insights into effectively managing complex and conflicting organizational demands.

1.1. Background of the Problem

In the evolving landscape of modern organizations, effective leadership is essential for driving innovation, employee resilience, and ethical behavior. While extensive research has independently examined paradoxical leadership (balancing contradictory demands) and ambidextrous leadership (integrating exploration and exploitation), significant empirical gaps exist regarding their combined interactions within high-quality Leader-Member Exchange (LMX) relationships. Such relationships, characterized by mutual trust and respect, can paradoxically foster positive organizational outcomes while simultaneously introducing ethical complexities such as moral licensing and favoritism. Thus, examining these intersecting leadership dynamics is crucial for enhancing theoretical understanding and practical guidelines for ethical leadership in complex organizational contexts.

1.2. Statement of the Problem

Although paradoxical and ambidextrous leadership individually contribute positively to innovation and resilience, their simultaneous application within high-quality LMX relationships introduces substantial ethical challenges. Differentiated relational dynamics inherent in high-quality LMX can lead to ethical ambiguities and moral licensing, where leaders or employees rationalize unethical actions based on prior ethical behavior. This issue is exemplified by

organizational failures, such as the Wells Fargo scandal (Tayan, 2019), where ethical inconsistencies led to significant organizational consequences. Existing literature has inadequately addressed how these leadership styles interact within high-quality LMX contexts, leaving a critical gap regarding their combined effects on innovation, resilience, and ethical behaviors.

1.3. Significance of the Study

This research addresses critical theoretical and practical gaps by empirically examining how paradoxical and ambidextrous leadership interact within high-quality LMX contexts to influence innovation, resilience, and ethical behavior. By exploring these nuanced dynamics, the study aims to contribute to leadership theory by elucidating how relational quality moderates ethical behavior amid complex leadership demands. Practically, the insights generated offer actionable strategies for organizations to balance innovation and ethical integrity effectively, enhancing leadership effectiveness and supporting sustainable organizational climates. Ultimately, this study advances the understanding of adaptive leadership, providing guidance for ethically navigating the intricate tensions within contemporary organizational leadership

2. Literature Review

Paradoxical leadership involves strategically managing competing priorities, fostering adaptability, and resilience through balancing stability and change (Zhang et al., 2015; Franken et al., 2020). Ambidextrous leadership similarly balances innovative exploration with operational exploitation, critical for sustained competitive advantage (Rosing et al., 2011; Gerlach et al., 2020). High-quality Leader-Member Exchange (LMX) relationships, characterized by mutual trust, respect, and reciprocal obligations, significantly enhance the effectiveness of these leadership styles by fostering psychological safety, employee engagement, and innovation (Yasmeen & Ajmal, 2024; Matta et al., 2015).

However, these differentiated leadership contexts can introduce ethical complexities. Moral licensing occurs when past ethical behavior is perceived as justification for subsequent unethical actions, potentially undermining organizational ethical standards (Effron & Conway, 2015). Prior research suggests paradoxical and ambidextrous leadership styles may inadvertently heighten ethical ambiguities, as leaders navigate conflicting demands and differentiated power dynamics, which could create inconsistencies in ethical standards (Julmi, 2021; Ouyang et al., 2022).

2.1. Conceptual Framework

This study will utilize a conceptual framework grounded in paradox theory and ambidexterity theory, integrated within the Leader-Member Exchange (LMX) framework. Paradox theory emphasizes the strategic management of contradictory yet interdependent organizational demands, fostering resilience and adaptability (Smith & Lewis, 2011). Ambidexterity theory highlights the simultaneous pursuit of exploration and exploitation to sustain competitive advantage (Rosing et al., 2011). LMX theory contextualizes these leadership styles within relational dynamics, emphasizing mutual trust and reciprocal exchanges as critical moderators of leadership effectiveness (Matta et al., 2015).

This integrated framework positions this study to uniquely explore the intersection of leadership styles, relational quality, and ethical considerations, extending existing theoretical boundaries.

2.2. Research Questions and Hypotheses

To clarify these relationships, this study proposes the following research questions and hypotheses:

RQ1: How do paradoxical and ambidextrous leadership styles, within high-quality Leader – Member Exchange (LMX) relationships, influence employee outcomes such as innovation, resilience, and perceptions of ethical leadership?

H1: Paradoxical and ambidextrous leadership styles within high-quality LMX relationships are positively related to employee innovation. This study investigates how paradoxical and ambidextrous leadership styles, when enacted simultaneously within high-quality LMX relationships, are related to employee innovation. Leaders who simultaneously encourage exploration and exploitation create cognitively rich, psychologically safe exchanges with followers; employees repay this social resource surplus with greater idea generation and implementation (Gerlach et al., 2020; Yasmeen & Ajmal, 2023).

H2: Paradoxical and ambidextrous leadership styles within high-quality LMX relationships are positively related to employee resilience – which will be measured using the Connor-Davidson Resilience Scale (CD-RISC-10) – a validated instrument that assesses an individual's ability to bounce back from stress, adapt to change, and recover from adversity. The dual emphasis on stretch (performance pressure) and support (care) builds adaptive coping resources; combined with the trust and socio-emotional aid inherent in high-quality LMX, employees strengthen their capacity to bounce back from adversity (Franken et al., 2020).

H3: High-quality LMX relationships moderate the relationship between these leadership styles and ethical decision-making, strengthening ethical behavior among employees. Social exchange theory suggests that high-LMX followers feel greater obligation to reciprocate leader support with prosocial, norm-consistent behavior; paradoxical leaders' emphasis on both flexibility and rule adherence further cues ethical mindfulness, amplifying ethical conduct (Pearce et al., 2019; Wang & Chan, 2019).

3. Materials and Methods

This study employs a rigorous mixed-methods approach, integrating quantitative and qualitative methodologies to ensure comprehensive insights into the interactive

dynamics of paradoxical and ambidextrous leadership within high-quality LMX relationships.

3.1. Quantitative Methodology

Quantitative data will be gathered using two validated instruments: the 12-item Leader-Member Exchange Multidimensional Measure (LMX-MDM; Liden & Maslyn, 1998) and the Paradoxical Leadership Scale. These instruments measure leader behaviors and the quality of leader-member relationships. Participants will include a representative sample from diverse professional sectors to enhance generalizability.

➤ Data Analysis

Data analysis will employ descriptive statistics, multiple regression, Pearson correlation, and moderation analyses to rigorously test the hypothesized relationships. Partial correlations will clarify the relationships among continuous variables, while ANOVA will assess group differences based on categorical variables. These statistical methods ensure that the results are robust, replicable, and capable of supporting valid conclusions.

➤ Qualitative Methodology

Qualitative data will be collected through semi-structured interviews, enabling an in-depth exploration of participant perceptions, experiences, and subjective insights into leadership dynamics and ethical challenges. Interviews will be systematically analyzed using thematic analysis, facilitating identification and interpretation of core themes and patterns related to leadership styles, relational dynamics, and ethical behaviors.

Additionally, reflective journaling will be conducted throughout the research

process to systematically acknowledge and mitigate researcher biases, particularly those related to inherent power dynamics in leader-member exchanges.

The combination of these quantitative and qualitative methods ensures methodological rigor and thoroughness, ultimately providing comprehensive and actionable insights into managing leadership complexities and ethical integrity effectively.

4. Conclusion

In summary, the literature reviewed underscores the significant potential of paradoxical and ambidextrous leadership styles, particularly within the nuanced contexts of high-quality Leader-Member Exchange (LMX) relationships, to positively influence innovation, resilience, and ethical behavior in organizations. Existing research demonstrates that these adaptive leadership frameworks can effectively address complex organizational tensions, provided that leaders proactively manage ethical ambiguities, foster psychological safety, and strategically balance competing demands to meet both immediate and long-term objectives.

Notably, critical gaps persist in the current literature, particularly the lack of empirical exploration into how the simultaneous interaction of paradoxical and ambidextrous leadership styles within differentiated LMX relationships specifically influences ethical behaviors, such as moral licensing and perceived favoritism. Further, methodological limitations and insufficient attention to multi-level dynamics and longitudinal impacts present additional opportunities for scholarly inquiry.

REFERENCES

- Effron, D.A., & Conway, J. (2015). When virtue leads to villainy: Advances in research on moral self-licensing. *Current Opinion in Psychology*, 6, 32-35. Available at: <https://doi.org/10.1016/j.copsyc.2015.03.017>.
- Franken, E., Plimmer, G., & Malinen, S. (2020). Paradoxical leadership in public sector organisations: Its role in fostering employee resilience. *Australian Journal of Public Administration*, 79(1), 93-110. Available at: <https://doi.org/10.1111/1467-8500.12396>.

Gerlach, F., Hundeling, M., & Rosing, K. (2020). Ambidextrous leadership and innovation performance: A longitudinal study. *Leadership & Organization Development Journal*, 41(3), 383-398. Available at: <https://doi.org/10.1108/LODJ-07-2019-0321>.

Julmi, C. (2021). Crazy, stupid, disobedience: The dark side of paradoxical leadership. *Leadership*, 17(6), 631-653. Available at: <https://doi.org/10.1177/17427150211040693>.

Liden, R.C., & Maslyn, J.M. (1998). Multidimensionality of Leader-Member Exchange: An Empirical Assessment through Scale Development. *Journal of Management*, 24(1), 43-72. Available at: <https://doi.org/10.1177/014920639802400105>.

Matta, F.K., Scott, B.A., Koopman, J., & Conlon, D.E. (2015). Does seeing “eye to eye” affect work behavior? *Journal of Applied Psychology*, 100(4), 1-14. Available at: <https://doi.org/10.1037/apl0000839>.

Ouyang, C., Zhu, Y., & Ma, Z. (2022). Ambidextrous leadership and employee voice behavior: The role of work motivation and ambidextrous culture. *Psychology Research and Behavior Management*, 15, 2899-2914. Available at: <https://doi.org/10.2147/PRBM.S385033>.

Pearce, C.L., Wassenaar, C.L., Berson, Y., & Tuval-Mashiach, R. (2019). Toward a theory of meta-paradoxical leadership. *Organizational Behavior and Human Decision Processes*, 155, 31-41. Available at: <https://doi.org/10.1016/j.obhdp.2019.03.003>.

Rosing, K., Frese, M., & Bausch, A. (2011). Explaining the heterogeneity of the leadership-innovation relationship: Ambidextrous leadership. *The Leadership Quarterly*, 22(5), 956-974. Available at: <https://doi.org/10.1016/j.leaqua.2011.07.014>.

Smith, W.K., & Lewis, M.W. (2011). *Toward a theory of paradox: A dynamic equilibrium model of organizing*. *Academy of Management Review*, 36(2), 381-403. Available at: <https://doi.org/10.5465/amr.2011.59330958>.

Tayan, B. (2019). *The Wells Fargo cross-selling scandal*. Stanford Closer Look Series. Stanford Graduate School of Business. Available at: <https://www.gsb.stanford.edu/faculty-research/publications/wells-fargo-cross-selling-scandal>.

Wang, R., & Chan, D. (2019). Will you forgive your supervisor’s wrongdoings? The paradoxical effects of ethical leadership and moral licensing on follower forgiveness. *Frontiers in Psychology*, 10, 484. Available at: <https://doi.org/10.3389/fpsyg.2019.00484>.

Yasmeen, A., & Ajmal, S.K. (2023). How ambidextrous leadership enhances employee creativity: a quantitative approach. In *Evidence-based HRM: a Global Forum for Empirical Scholarship* (No. ahead-of-print). Emerald Publishing Limited. Available at: <https://doi.org/10.1108/EBHRM-09-2022-0221>.

Zhang, Y., Waldman, D.A., Han, Y.L., & Li, X.B. (2015). Paradoxical leader behaviors in people management: Antecedents and consequences. *Academy of Management Journal*, 58(2), 538-566. Available at: <https://doi.org/10.5465/amj.2012.0995>.