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The Effects of an Ambidextrous Leadership on the Relationship between Governance Mechanism and Social Sustainability

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Abstract

The objective of this study was to investigate the effects of transactional and relational governance on firm social sustainability when transactional and transformational leaders exhibit a strong influence on governance mechanism. This study offers insight on how ambidextrous leaders alternate between a relational contract and a relational governance mechanism and tune their approach to meeting the demands of social sustainability. Data was collected using structured survey questionnaires from manufacturing industries in Pakistan. A structural equation model was used for data analysis. The research findings indicate that ambidextrous leadership and contractual governance mechanism at time servers the needs of manufacturing firms and also serve as a tool to enhance the social sustainability. The results reveal that it is important for the manufacturing firms to take the transactional leadership into account during the design and implement of contract governance mechanism for the improvement of the social sustainability. The research into ambidextrous leadership is, although limited, a promising field of interest. The study also discusses limitation and managerial implications.

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1. Introduction

Of all the globalization challenges, social sustainability is the most suitable example of a test case for triple bottom line performance. The widening gaps between suppliers and buyers are potentially socially explosive. If the supplier's firms from the emerging economies are left hopeless, social sustainability in the supply chain will undermine labour, inequalities, discriminations, health and safety issues of employees and community. Labor inequalities, community development and Health and safety are most important issues for the contemporary global supply chain landscape. Powerful stakeholders and institutions are awakenings to these social issues as a vital threat to the sustainable development. Hence, businesses must be aware of, and ever ready to address, emerging trends that may affect the direction and content of future sustainability (Sutherland et al., 2016). Further, (Ehrgott, Reimann, Kaufmann & Carter, 2011) and (Zorzini, Hendry, Huq & Stevenson, 2015) call for research to investigate social sustainability from the perspective of developing country suppliers on specific dimensions of social issues.

Researchers now agree that successful implementation of standard procedures on social issues in supply chain and collaborations between the partners, rely not only on formal governance through contracts but also on relational governance through interpersonal relationships between the manufacturing firms (Cao and Lumineau, 2015; Zhou and Poppo, 2010). Furthermore, an increasing stream of research has acknowledged that relational contract and relational

governance can enhance the firm performance (Cao & Lumineau, 2015; Poppo, Zhou & Zenger, 2008). The relationship between partners can become problematic, and conflict may arise when the partner is performing poorly as the other partner interest have a diverge in such circumstances. This could be due to the differences in requirements between the developing countries and western partner codes of conducts, cultural and social economic context (Zorzini et al., 2015). In this regard, the role of leadership becomes very important. Past research has overly focused on leadership style impact on the employees and as opposed to leadership impact on the supply chain governance mechanism (Gosling et al., 2014). Transformational leadership has a strong correlation with affective commitment (Khan et al., 2014).

Although some studies have indicated that transactional and transformational leaders behaviour promote cooperation, collaboration, develop and trust for successful implementation of the supply chain practices (Birasnav, 2013; Birasnav et al., 2015; Gosling et al., 2014). Ambidexterity Leadership has emerged as an appropriate framework for organisation learning and performance improvement in the field of the supply chain (Clifford Defee et al., 2010; Gosling et al., 2014). However, it is not clear in the literature what leadership style has an impact on the effectiveness of supply chain relationship to enhance the social performance through implementation of governance mechanism (Birasnav, 2013). There are few empirical studies devoted to examining the leadership role in the supply chain context (Gosling et al., 2014). In this direction recently, (Chebbi et al., 2017) investigated the Impact of ambidextrous Leadership on the Internationalization of Firms in the Indian context. Thus, this study proposes that ambidextrous leadership as moderating variable to examine the impact of governance mechanism on social sustainability. The recent studies suggest that ambidexterity (i.e. simultaneous transformational and transactional leadership) is not only possible but also a pivotal to firm success and can play a critical role in organisational performance. However, it remains unclear to date which specific leadership style is most appropriate for the governance of supply chain management (Gingles *et al.*, 2016). However, little research exists that address the ambidextrous leadership and performance outcomes (Lopez-Cabrales *et al.*, 2017).

This study focuses on the impact of leadership in the supply chain relationship between relational contract and relational governance and performance. Hence, it is important to measure the potential effectiveness of TL in governance mechanism settings to test whether this type of leadership has a beneficial influence on the social sustainability performance. The present study was carried out in the manufacturing firms, where supply chain relations mostly manage through contractual and relational governance. Firms need to ensure, it constitution parts acts accordance with terms and conditions of contracts or departmental teams which allows undertaking new and different takes. As such, governing supply chain transaction represents an ideal area where the process is mostly routinised or customised. Notwithstanding these advances, the role of leadership styles in performing their roles as managers and leaders for effectiveness and success of governance mechanism continues to be underdeveloped.

The research question is, do effects of governance mechanism on the firm social sustainability is depends on ambidextrous leadership? The objective of the study is to investigate effects of contract governance and relational governance on firm social sustainability when the transactional and transformational leaders exhibit a strong influence on governance mechanism. Drawing from the transaction cost theory and Resource base view for the present study suggests that the ambidextrous leader can effectively contribute to the development of and have an impact on the social sustainability. This study contributes to research in two ways: First, advance research on leadership theory by explaining the potential transaction and socialising role of leadership in the successful implementation of governance mechanism. The study reinforces the importance of transactional and transformational leadership for the effectiveness of governance mechanism. Second, this study contribute to the literature of resource base view by explaining how firm leader's ambidexterity capabilities relate to implement and adaptability through governance mechanism successfully.

2. Literature Review and Theoretical Background

2.1 Social Sustainability

Social issues are mainly concerned with the human health and welfare related initiated and programs. In operations management context, it related to the process and product that may affect the human health and safety, community development and protection of the environmental (Hutchins and Sutherland, 2008; Sutherland et al., 2016). Social sustainability is the systemic threat facing manufacturing firms. Social aspects of sustainability have not given much attention because it is more likely to depend on the firm preferences and resources they possess. Social sustainability in supply chain incorporate the health and safety issues, improvement of environmental issues and child labours (Hutchins and Sutherland, 2008). The social problems in the supply chain define as “product or process related aspects of operations that affect a human safety, welfare and community development” (Klassen and Vereecke, 2012). Social sustainability links the internal stakeholders with the external stakeholders through identifying best ethical standards for their employees (Sutherland et al., 2016). The successful management of stakeholder pressure may lead to offer more learning, and ultimately making them capable of taking into consideration implementation and evaluation of social issues into supply chain (Awan, 2017). Social sustainability define as “Social sustainability is

set to social interaction practices for the management of the social impact with the internal stakeholders and external stakeholders for creating, developing and delivering a best ethical code of conduct of a fair social practices that have value for the survival of current business system (customers, partners and society) and its growth for the future generation in an equitable and prudent manner.

Social sustainability is about identifying, managing and provide equal opportunities in all spheres of employee life. In the context of social sustainability practices considers the balance of internally and externally rights, obligations of employee, equitable access to tangible and intangible resources, equality in education and employment, wages standards accordingly employee skills and abilities, balance in diversity and workplace equity (ethnic and culturally), participation and rights (union formation and labor relations), Integration of government regulations by considering its impact on employee and society (regulation, de-regulation and privatization) and take into account the consideration of employability when re-engineering, plant closing and changing operational structure..

2.2 Ambidextrous leader

“ambidexterity is to represent the management tradeoff caused by dual organisational systems: one for the alignment of current certainties and the other for adaptation to new possibilities” (Duncan, 1976). However, (Gibson and Birkinshaw, 2004) have used the term to describe the ability involves simultaneously utilising exploitation and exploration, efficiency and flexibility, and alignment and adaptability. The ambidexterity leaders may create a new process and develop new ways to improve organisational performance. One example of this type is GM money Bank in Switzerland, (GE Money is a business division of General Electric Co) successfully created a new growth business through ambidextrous leadership. GM Money leads to offer to innovate credit card offers, the M-budget card (Probst et al., 2011). In 2005, the bank profitability had dropped. Consequently, John O’Leary was appointed a chief executive officer (CEO) of the Swiss business. Here, GM money uses an ambidexterity leadership approach, focused on the existing customers’ needs and create opportunities for the future generation as well as motivating his team and solely concentrated on the problems of credit card division. Maintain an appropriate balance between transactional and transformational leadership is critical since too much emphasis may produce firm much focus on task completion and the other for always focus on adaptation (Zacher & Rosing, 2015). The present study applies leadership concept originally developed at individual level to the firm in supply chain environment (Defee and Fugate, 2010). For example, (Clifford Defee, Esper & Mollenkopf, 2009) has highlighted the importance of both transformational and transactional leadership style in supply chain relationships. Transactional leaders exhibit inspiration, intellectual and individual considerations. While transactional leader focus on specific task and promote behaviors that lead to performance.

2.3 Hypothesis Development

The scholars have also paid attention to the impacts of governance mechanism, including contract governance and relational mechanism on performance. Prior researchers have not attempted to empirically integrate transformational leadership and governance mechanism to examine how they might predict the supply chain performance (Gosling et al., 2014). Raynolds (2004) defines governance as “the relations through which the main actors create, maintain, and potentially transform network activities. This study follows this definition, by governance mechanism, we refer to those procedures, work rules used by the firms to manage the relationship with incorporating social issues such as working conditions, health and safety and ethical issues in the company operations. A partner firm may misrepresent its resources and capabilities before alliance, accomplishing this requires coordination, developing linkages between different interdependent task units. Contractual governance (CG) can provide safeguards by which firms protect themselves from partner opportunism (Williamson, 2008). Some studies have focused on the implementation of suppliers code of conduct through adopting governance mechanism (Gimenez, Sierra & Rodon, 2012; Sancha, Gimenez & Sierra, 2016; Vachon & Klassen, 2008).

Empirically evidence of positive correlation of governance mechanism and sustainability is also discussed in the literature (Gimenez et al., 2012). The research study by (Sancha et al., 2016) on supplier social performance suggested that assessment and collaboration governance mechanism contribute to improving social performance in supply chain management. Hollos, Blome & Foerstl, (2012) has conducted a study in the Western European firms; findings indicate that sustainable supplier co-operation has no significant effects on social practices. This suggests that formal relational ties can allow firms to avoid the need to comply with the buyer in a way increase cost of collaboration. This calls for a governance mechanism that can allow firms to avoid the need for monitoring and assessment. The manufacturing firms embedded social sustainability aspects in their business model differently.

H1: Contract governance mechanism significantly and positively affect the social sustainability.

In the literature of supply chain, there is support for the shared and collaborative governance, enables partners to adapt smoothly to unforeseen changes (Vurro et al., 2009). According to (Poppo and Zenger, 2002), relational governance, the enforcement of promise, obligations, expectations through social process that promote norms of flexibility (

facilitate adaptations), solidarity (promotes a bilateral approach to problem solving) and information sharing(creating a commitment to joint communication and adaptations because partners are willing to share all information's). As an informal relational mechanism, joint problem solving allow partners to propose specific patterns to work on dispute resolution strategies (Claro *et al.*, 2003). More importantly, developing joint planning shift the focus away from self-centred behaviour and allow two partners to design their business process for better coordination between them (Cai et al. 2009).This form of cooperation may influences participants, as they learn from each other culture-specific conditions on social issues, work together and begin to invest in relationship-specific investment.

These value creating norms and trust tend to replace the discreteness of formal contracts with relational norms (Cao and Lumineau, 2015). Addressing social issues into the supplier locations is problematic, however through good governance mechanism may help achieve social sustainability in the upstream (Bai & Sarkis, 2010; Formentini & Taticchi, 2016; Krause, Handfield & Tyler, 2007). In this study, it argues that whether the relational governance mechanism ensures the social sustainability? Furthermore, what others factors potentially can impact on the relationship between the governance mechanism and social sustainability. The need of implementation of governance mechanism is vital when considering the social sustainability from a supplier perspective.

H2: Relational governance mechanism significantly and positively affect the social sustainability.

Ambidextrous leadership concept has attracted a wide following in research, (Rosing et al., 2011) introduced this concept into the literature of leadership. He defined leadership role is complements and can foster both explorative and exploitative capabilities. Ambidextrous leadership, defined as the interaction between the two complementary leadership behaviours opening and closing both exploratory and exploitative forces (Rosing et al., 2011). According to (Birasnav et al., 2015), transactional leadership cannot significantly promote the relational commitment and trust to exchange information with suppliers under uncertain environment. This implies that transactional leaders avoid to take a risk with a supplier in a dynamic environment and continue to focus on routine activities. This shows that in high environment uncertainty, Transactional leaders focus on coordinating on the existing process and tasks, which supports the new capabilities (Lopez-Cabrales et al., 2017). Transactional leaders are accustomed to maintaining status quo rather than responding immediately to crises (Ensley, Hmieleski & Pearce, 2006).Taking into consideration an in contrast to transformational leadership, transactional leaders focus more on the efficiency of existing operations than on the acquisition of new capabilities (Lopez-Cabrales et al., 2017). This implies that the transactional leaders are capable of handling the existing process of the firm and may not involve in new collaboration and cooperation with the partner firm in the uncertain situation. Transformational leaders help organisations deal the pace the environmental conditions changes by encouraging their followers to rise above their self-interest, altering their morale, ideals and interest to generate creative solutions for complex problems (Bass and Riggio, 2006). This study extends the notion of (Rosing et al., 2011), who investigated the whether ambidextrous leadership results in more information exchange and forward the argument that at a high level of ambidextrous leadership, have more impact on governance mechanism to enhance the social sustainability of the firm. Based on this discussion.Thus,

Hypothesis:

H3: Ambidextrous leadership moderates the relationship between the contract governance mechanisms in such a way that higher levels of ambidextrous leadership enhance the influence of contract governance on social sustainability.

H4: Ambidextrous leadership moderates the relationship between the relational governance mechanisms in such a way that higher levels of ambidextrous leadership enhance the influence of relational governance on social sustainability.

From the above discussion, we propose a conceptual model in Fig. 1 to explain moderation impact of exploratory Leader (transformational) and exploitative leader (transactional) differently affect governance mechanism and social sustainability.

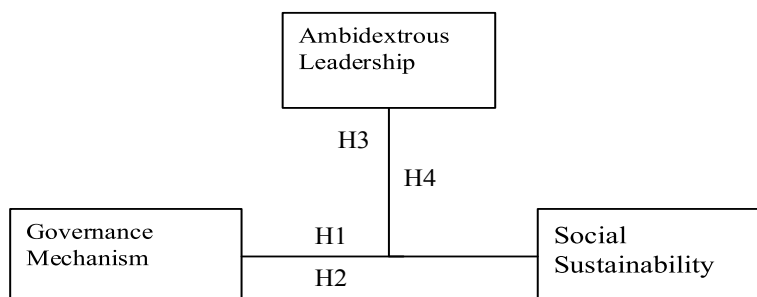


Figure.1 Conceptual Model

3. Methodology

3.1 Scales and Measures

A 5-item transactional leader, constructed by (Hult et al., 2000), was employed to measure the leadership style on a seven point likert scale ranging from 1 completely disagree to 7 completely agree. Contract governance was assessed using the measure constructed by (Carey, Lawson & Krause, 2011; Ferguson, 2005; Heide & Stump, 1995) and relational governance (Lusch and Brown, 1996). The overall social sustainability performance was assessed through using a five-item measure developed by (Kleindorfer, Singhal and Van Wassenhove, 2005; Awaysheh and Klassen, 2010)

3.2 Data Collection

Data were collected on-site location with the main respondents from the manufacturing firms in Sialkot and Faisalabad from March to April 2017. The population of this research were drawn from the active exporter list from the Federal chamber of commerce industry in Pakistan. The sample of firms randomly selected from a total population 1652 list of active exporters which includes the different manufacturing export companies in the Sialkot, and there were 540 companies in the sampling frame. We considered individual firm as the unit of analysis.

All items and construct were adapted from previous studies and were measured on 7 points Likert scale. Multiple scale items developed. The construct scale uses a 7 point Likert scale where respondents were asked to indicate the level of agreement (disagree or strongly agree). The Construct was chosen Governance because it has been used and validated in previous research studies. Of the 224 responses, 42 percent were general managers, 40 percents supplied managers and others. The number of years of experience distribution evenly spread with 20 % experienced between 2 and five years, 25.3 % between 5 and ten years, and 38 % between 10 and above.

The common method bias has an important implication in data analysis that might lead to unreliable interpretation. The procedure of (Podsakoff, MacKenzie, Lee & Podsakoff, 2003) was adopted to minimise the biases and independent and dependent variables were put in random order and presented on the different pages of a questionnaire to ensure the internal consistency. Hence in addition to this, the anonymity of the respondents and firms also given considerations. We used Harman's one factor, the results of un-rotated factor analysis shows that not a single factor count majority of the variance in the independent and dependent variable. The first variable counts 23.69% variance, providing further support that common method bias was not a critical issue in our present study (Podsakoff et al., 2003).

4. Data Analysis

Collected data analyzed with SPSS and AMOS, (Amos, 2012), is an appropriate method particularly suitable when values of a parameter that has more than one solution (Byrne, 2010). Skewness and multivariate kurtosis of the scales was assessed using Mahalanobis distance test. The absolute skewness < 2.47 and kurtosis values < 2.18 of all the construct items were in the recommended range, except for items relational governance and one item of contractual governance. The correlation of all the items ranged from 0.18 to 0.69 significant at 0.05 percent significance level, except between 1 items of relational governance and one items of contractual governance. These two elements excluded from data analysis. All the inter-item correlation between all the elements entailed within the acceptable level raises no concern for the multi-collinearity (Hair et al., 2010). We used t-test statistics to assess the existence of the non-biases statistical difference between the early and later responses received and results indicated that it is not statistically significantly different between the start of respondents and later interviewees. We found no evidence for the non-bias response since the test shows that test statistics is insignificant, i.e. $p > 0.05$.

We calculated the descriptive statistics, and missing data were found to be missing at random, we replaced missing value with multiple imputation methods (Hair et al., 2010). In this study, we used different fit indices to check whether data fitted well to the hypothesised mode or not, Normed Chi-Square (X^2/df), Comparative Fit Index (CFI), Goodness of Fit Index (GFI) and Root Mean Square Error of Approximation (RMSEA). In the study, model fit assess using a combination of absolute, incremental and parsimonious fit measures, Normed Chi-Square ($X^2/d.f.$) less than 3 consider good (Hair et al., 2010), root mean square error of approximation (RMSEA) < 0.08; Goodness of Fit Index (GFI) > 0.95; Comparative Fit Index (CFI) > 0.95; Tucker-Lewis Index (TLI) > 0.95; NFI > 0.90; PNIF (< 0.90 or < 0.60) of parsimonious was regarded as cut off score for a reasonable model fit (Hu et al., 1995).

Confirmatory factor analysis was used to test the validity of the data. Composite reliability coefficients for each construct also exceeded the recommended 0.60 benchmarks (Hair et al., 2010). The average variance extracted (AVE) for all scales exceeded the recommended .50 threshold (Hair et al., 2010). The discriminant validity of the measures was evaluated by comparing the AVE for each measure with the respective squared correlation between the two constructs (Fornell and Larcker, 1981). Average variance extracted capture a quantity of variance through its items

through the construct and amount of measurement error should greater than 0.50 (Hair et al., 2010). The AVE is also applied to determine the discriminant validity. The discriminant validity measures the degree to which each construct is different from the other construct (Hayes, 2013). The results obtained in CFA providing evidence that all construct are different from each other. The result of mean, standard deviation and correlations shown in Table.1 and (appendix A) provides items factor loadings, reliability and validities results.

4.1 Results Analysis

The hypotheses were tested in structural equation model (SEM) with maximum likelihood estimation in Analysis of Moment Structures (AMOS), with Statistical Package for Social Science for windows version used to analyses the hypothesised model. The results reveal that CG had a significant positive effect on the social performance ($\beta = 0.34, p < 0.05, t = 5.27$), providing support for the H1. A positive relationship between relational governance (RG) and social sustainability ($\beta = 0.22, P < 0.05, t = 3.534$), thus confirm our hypotheses H2.

Table.1 Mean, Standard Deviation and Correlations

Factors	Mean	S.D	SP	CG	RG	TSL	TFL	FS	FA
SP	4.62	1.22	0.770						
CG	5.11	1.34	0.43**	0.840					
RG	4.85	1.26	0.29**	0.14*	0.759				
TSL	4.76	1.44	0.36**	-0.13*	0.32**	0.872			
TFL	4.08	0.92	0.32**	0.24**	0.36*	0.17*	0.781		
^a FS	2.18	0.83	0.07	0.04	0.16*	0.04	0.07	1	
^b FA	19.26	8.01	0.05	0.12*	-0.11*	0.09	0.08	0.35**	1

SD: Standard Deviation, CG: Contractual governance, RG: Relational governance, SP: Social performance, SEP: Societal performance,

TSL: Transactional leadership, TFL: Transactional leadership, FS: Firm size, FA: Firm sge

**Correlation is significant at the $p < 0.01$ level

*Correlation is significant at the $p < 0.05$ level ,a Logarithm of all employees and number of years in business

4.2 Moderation Analysis

The study also examines the interaction effect of ambidextrous leadership and governance mechanism with Process Macro (Hayes and Krippendorff, 2007). Moderation analysis was conducted using the macro SPSS following the described in Hayes and Preacher (Preacher and Hayes, 2008). Moderation hypothesis was tested using the recommended procedures and application provided by (Preacher and Hayes, 2008). The analysis was run using 95 % confidence interval with bootstrapped 5000 resample method. These results confirmed by our moderation analysis using Preacher & Hayes (2008), bootstrapping procedure with 95 % confidence interval conducted with model 1.

The results reveal that effect of interaction is significant. This provides support for our hypothesis. Bootstrapped approach with CI at 95 % provides support to accept the hypothesis. Further, the interaction has a positive significant negative and positive effect on unstandardized beta values (Beta values,). The interaction effect between CG and TRL was positive and meaningful SP ($\beta = 0.12, p < 0.05, t = 3.55$). In Fig.2A, also shows that CG based governance had a strong positive effect on SP when leadership impact is high. Transactional leadership impact is positively related to the social performance ($\beta = 0.19, p < 0.01, t = 3.231$). H4 state that transformational leadership will moderate the relationship between TG and SS. The results of analysis show a significant interaction between TG x TFL and RG x TFL on SS ($\beta = 0.23, p < .05, t = 3.544$) and ($\beta = 0.19, p < .05, t = 3.256$) respectively. Thus, the likelihood that transactional governance mechanism would enhance social sustainability when the firm could rely on transformational leaders. The correlation matrix and descriptive statistics (see, Table 1).

5. Conclusion

The focus of this study was to investigate the impact of ambidextrous leadership on the relationship between the contract governance and relational governance on social sustainability. This study suggests that ambidextrous leadership and contractual governance mechanism at time servers the needs of manufacturing firms and also serve as a tool to enhance the social sustainability. The novelty contribution of this study is that transactional leaders may find it easier to establish and maintain a high quality of relationship with partner firm under the contractual relations. The

absence of transactional leaders will adversely affect the efficiency of the contract governance and sustainability performance of the company. Meeting the current needs of social issues require more of the transactional leaders than it does the transformational leaders while addressing the future requirements of the social issues. Thus, achieving the effectiveness of contractual mechanism as well as enhance firm social sustainability, is highly depends on the type of leadership a firm dependent. Finally, it concluded that it is vital for the export manufacturing firms to take the transactional leadership into account during the design and implement of contract governance mechanism. The result of the present study supports the notion that Asian leaders show both transactional and transformational behaviour and more likely to work with control and participation.

5.1 Limitations and Future Research and practical implication

A future researcher could collect the data from multiple informants to minimise the common method bias. This study focuses on the transactional and transformational leadership style and compares it with the two specific form of governance mechanism. Future research studies can pay attention to another leadership style such as design leadership to investigate the relationship between the transactional governance and social sustainability. For generalizability of the findings of this study, future research studies may test the conceptual model in other Asian countries. This kind of the investigation will be helpful to understand the mechanisms by which strategic leader's influence organisational outcomes. However, there is only limited research on cross-cultural comparisons about strategic leadership in the literature. We call on scholars to conduct strategic leadership across different cultures or nations enrich our understanding of effective leadership. Ambidextrous leadership especially cross-cultural perspective a promising field deserves further attention. The research into this area is limited and a promising field of interest. This study also has managerial implications. This study provides insight ambidextrous leaders can play a major role in managing the conflict relationship in either contractual or relational governance. The findings of this study have some important implications for managers. First, manufacturing-oriented business, where social sustainability is essential, firms can do well through setting contractual and relational norms in which the needs of the partner are a top priority. Transactional relations can also increase the capabilities of firms by coordination and focus on the specific type of task that can bring about appropriate ways to escalate firm effectiveness for the spark of social sustainability. Previous research also has found a positive link between the coordination, cooperation's and performance. This collaboration between the local and international institutions mandated to provide pathways to sustainable development. Buyer (customer) must support and respect the voluntary initiatives within their sphere according to their local culture needs and make sure that human rights practices are within their National culture specific. The supplier must monitor the labour issues, and compulsory asked to provide the employee dependent profile (children of employees are attending school or employed by other firms). If a global production ethic is needed, so manufacturer firms in emerging economies should turn local citizenship to global socially citizenship, which means capable of motivating with their actions to other firms in the different industry. Local social citizenship to global citizenship involved social engagement and commitment to their local ethics and code of conduct and adopted internationally duties and rights. Social sustainability is also dependent on the ethical consumption of the resources. Although social sustainability is pursued differently in different geographic locations, it should be considered that social sustainability does not happen in a vacuum. Injecting contractual relationship and transactional leadership vital to increase the firm capability, this can result in attaining social sustainability. This study also confirms that the company, which their leaders are highly adapted, consistent and follow contractual relationships, engage with their customers and embracing common goals, have a higher tendency to seek methods to improve social sustainability

Appendix. A Validation of constructs Survey items, item means, standard deviation,

Items	Factor loadings	t-value	*AVE	**CR	***CA
Contractual Governance (CG):			0.706	0.905	0.872
CG1	0.793	9.44			
CG2	0.766	9.67			
CG3	0.915	12.55			
CG4	0.879	11.30			
Relational Governance (RG)			0.577	0.845	0.841
RG1	0.682	6.15			
RG2	0.776	8.27			
RG3	0.822	10.88			
RG4	0.754	8.36			
Social Performance (SP)			0.594	0.854	0.853
SP1	0.729	9.04			

SP2	0.754	9.54			
SP3	0.739	9.33			
SP4	0.681	6.55			
Transformational Leadership (TFL)			0.61	0.865	0.793
TFR1	0.756	9.80			
TFR2	0.804	11.73			
TFR3	0.811	12.67			
TFR4	0.765	9.77			
Translational Leadership (TRL)			0.761	0.927	0.912
TRL1	0.946	10.80			
TRL2	0.804	11.73			
TRL3	0.811	12.67			
TRL4	0.920	13.26			

*AVE: Average variance extract; **CR: Composite Reliability;***CA: Cronbach's alpha

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