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Ambidexterity in projects: An intellectual capital perspective

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Abstract

We identify the desirability of simultaneously using knowledge assets both to exploit and explore (ambidexterity) and highlight the significance of this for the project context. We use an intellectual capital perspective and theorise that managing projects draws upon human, social and organisational capital. We examine how this is used by managers, in a qualitative study in technology projects, to explain better how ambidexterity is achieved.

Ambidexterity in the use of knowledge assets is shown to exist in the practices of managers but without them necessarily having a conscious strategy for it. We identify the mechanisms by which this happens and note the distinctive role of social capital. We demonstrate the integrative nature of the mechanisms, and how each mechanism can involve the deployment of either single or multiple elements of intellectual capital. In so doing we extend the existing theory to the operational level and demonstrate the utility of this approach.
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1. Introduction

March (1991) conceived of organisational learning in terms of *exploitation* (refining existing knowledge) and *exploration* (developing new solutions). These were originally considered as mutually exclusive because they compete for scarce resources, but an emerging body of scholarly work has shown that they can both be achieved by an *ambidextrous* organisation. The benefits of ambidexterity are thought to include superior financial performance (e.g. He and Wong, 2004; Morgan and Berthon, 2008) and increased organisational longevity (O'Reilly and Tushman, 2011). The contribution to organisational performance has been shown (see the reviews by Junni et al., 2013; O'Reilly and Tushman, 2013). Indeed, Sarkees and Hulland (2009) found that an ambidextrous firm strategy has a positive effect on four dimensions of performance: sales revenues, profits, customer satisfaction, and new product introductions. It is surprising, therefore, how little empirical evidence exists demonstrating the underlying mechanisms of ambidexterity at the operational level, i.e. the way in which ambidexterity is actually achieved in organisations. We understand operational-level ambidexterity as the managerial practices or mechanisms that individuals employ in order to achieve both exploitation and exploration at an operational level — specifically, in projects. We distinguish this from the higher-level theorisation and empirical studies (primarily at the level of the organisation) that are prevalent within the literature and will be discussed later.

In this work we highlight the relevance of ambidexterity to our understanding of project management (PM), and show how project managers enable both exploitation and exploration. We have used this approach with post-experience MSc students and also with executive education students and feedback indicates that this is a beneficial way to conceive of project work and the project management role.

We take a knowledge-based view (Grant, 1996) specifically, using an *intellectual capital* (IC) perspective (specifically, human

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capital, social capital, and organisational capital, explained shortly) to identify the configuration of knowledge resources which enable ambidexterity in projects. We present the results of an empirical study with evidence drawn from managers in a global IT-services firm working in technology projects. We show that ambidexterity is achieved routinely in this environment but not as a result of any intentional strategy in the cases investigated. We similarly identify that the individual IC elements are also used in both exploitative and exploratory forms. Moreover, while individual knowledge resources can be used in an ambidextrous manner, we show that they are also used in combinations.

The main contribution of this paper is the empirical identification of the mechanisms which enable ambidexterity at an operational level, specifically in projects. This offers both an extension of existing academic theory regarding ambidexterity, and also a novel interpretation of the role of the project manager which practitioners have found valuable. A secondary contribution is methodological, in that we use 'parallel coding' of our interview data to highlight the interactions of the various forms of intellectual capital, and this is powerful in identifying key mechanisms underpinning the attainment of ambidexterity.

2. Literature

The use of the term of 'ambidexterity' in the management literature has increased significantly (Birkinshaw and Gupta, 2013; Raisch et al., 2009), and been applied to multiple areas of research (Simsek, 2009). While the generic meaning of ambidexterity is the ability to pursue two apparently contradictory objectives simultaneously, there is no consistent definition across the areas of research. In their study, Turner et al. (2013) include a variety of interpretations, including: simultaneous efficiency, innovation and flexibility (Achrol, 1991); exploitative and exploratory innovation (Benner and Tushman, 2003); controllability and responsiveness (Graetz and Smith, 2005); and innovation and efficiency (Sarkees and Hulland, 2009). For the purposes of this paper, we return to its organisational learning roots and define ambidexterity as the ability to use and refine existing domain knowledge (exploitation) while also creating new knowledge (exploration) necessary for the planning and execution of work.

2.1. Ambidexterity — an overview

At the organisational level, three major forms of ambidexterity have been identified. In 'temporal' ambidexterity (Tushman and O'Reilly, 1996), exploitation and exploration activities are separated in time (i.e. one follows the other). 'Structural' ambidexterity (O'Reilly and Tushman, 2004), or the 'partitional' approach (Simsek et al., 2009), has exploitation and exploration separated by organisational unit, coordinated by senior management. An example would be running an R&D unit separately from the rest of the 'day-to-day' operational activities of an organisation, since the processes, routines and behaviours suitable in one group may be inappropriate for the other. While these original conceptualisations of ambidexterity involved a separation through time or organisational membership between those engaged in exploitation and exploration, others have considered coexistence. Gibson and Birkinshaw (2004:209) identify business-unit level 'contextual' ambidexterity where individuals demonstrate "the behavioural capacity to simultaneously demonstrate alignment [exploitation] and adaptability [exploration]" through their daily choices and actions. These concepts are primarily understood at the organisational level, though, and are insufficient to explain in detail the attainment of both exploitation and exploration at the operational level.

These theoretical models of ambidexterity do not sufficiently account for the complexity inherent in contemporary organisations (Geraldi et al., 2011a; Maylor et al., 2013), and we may reasonably expect both exploitation and exploration to occur at any point in time. For example, novel research programmes will also use standardised administrative processes, and a manufacturer with expertise in repetitive operations will trial new technology alongside standard production runs. Birkinshaw and Gupta (2013) describe this coexistence as 'nested' ambidexterity. Rather than competing for scarce resources, as March (1991) indicated, the dominant view within the literature is that exploitation and exploration temporally and organisationally co-exist as *orthogonal* (i.e. perpendicular to one another) dimensions of learning (Cao et al., 2009; Gupta et al., 2006; Raisch et al., 2009). It is this logic that we follow and investigate how they co-exist in organisations where there is no structural or temporal separation, specifically in complicated organisations where interactions and boundaries may not be so clear-cut (Benner and Tushman, 2003; Gupta et al., 2006). Existing studies have not focused on this context (e.g. Cao et al., 2009; Grover et al., 2007; Lin et al., 2007), and this is important, as most organisations comprise dynamic, multi-layer, structures, including evolving relationships with suppliers and customers.

Using projects as a context for investigating ambidexterity is important. Turner et al. (2013) show that empirical studies to date have been primarily at the organisational level, and predominately quantitative. We lack a clear understanding of 'how' ambidexterity is enabled at the operational level. Further, previous scholars have used organisation-level measures of exploitation and exploration in a wide range of industries, yet it is often not clear exactly what ambidexterity actually means in that context, nor why it should be a suitable setting for a study. O'Reilly and Tushman (2013) comment that when studies are performed in bank branches, it is difficult to know what exploitation and exploration represent, especially when compared to industries in which exploration means using a new technology or business model. Our argument is that the project context is an ideal one in which to investigate ambidexterity. The APM BoK definition of a project (APM, 2012:241) as a "unique, transient endeavour undertaken to achieve planned objectives" succinctly captures the rationale. Standards, frameworks and tools (e.g. for planning and control) are readily available to the manager (i.e. exploitation), yet all practical projects have a degree of novelty which necessitates knowledge generation (exploration). Our initial thesis therefore was that both exploitation and exploration would be readily identifiable in this context. This also has specific advantages given that project-based working is the dominant form of organising in contemporary organisations

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