The Role of Ambidextrous Capabilities and Advanced Users on Outsourcing Service Providers’ Innovation Performance

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Newcastle Business School
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University of Newcastle

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Declaration

I hereby certify that the work embodied in the thesis is my own work, conducted under normal supervision.

The thesis contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to the final version of my thesis being made available worldwide when deposited in the University’s Digital Repository, subject to the provisions of the Copyright Act 1968.

Signed: Date: 28/12/2018

Fatemeh Kanani Moghadam
Acknowledgment

To:

My family and friends; thank you all

“Forget who hurt you yesterday, but don’t forget those who love you every day.

Forget the past that makes you cry & focus on the present that makes you smile.

Forget the pain, but never the lessons you gained.”
## Contents

Declaration .................................................................................................................. ii  
Acknowledgment ....................................................................................................... iii  
Contents ..................................................................................................................... iv  
List of Tables ................................................................. vii  
List of Figures ............................................................................................................ ix  
List of Abbreviations ................................................................................................. x  
Abstract ...................................................................................................................... xi  

### Chapter 1: Introduction

1.1 Introduction ........................................................................................................ 1  
1.2 Background of the Research .............................................................................. 1  
1.3 Research Gaps .................................................................................................... 2  
1.4 Research Questions ............................................................................................ 3  
1.5 Research Contributions ...................................................................................... 5  
1.6 Structure of the Research ................................................................................... 6  
1.7 Chapter Summary ............................................................................................... 8  

### Chapter 2: Literature Review

2.1 Introduction ...................................................................................................... 10  
2.2 Concept of Outsourcing and Offshoring .......................................................... 10  
  2.2.1 Outsourcing service providers ..................................................................... 13  
2.3 Customer Active Paradigm .............................................................................. 26  
  2.3.1 Customer involvement and innovation ..................................................... 28  
  2.3.2 Level of customer sophistication and innovation ..................................... 30  
2.4 Insights from Service Innovation ..................................................................... 31  
2.5 Innovation Performance ................................................................................... 34  
2.6 Organisational Learning ................................................................................... 35  
  2.6.1 Concepts of exploration and exploitation ................................................. 37  
  2.6.2 Concept of organisational ambidexterity .................................................. 38  
    2.6.2.1 Ambidexterity and innovation ............................................................ 43  
2.7 Outsourcing Service Providers’ Learning and Innovation Performance ......... 44  
2.8 Research Gaps and Questions .......................................................................... 46  
2.9 Chapter Summary ............................................................................................. 46  

### Chapter 3: Hypotheses Development

3.1 Introduction ...................................................................................................... 48  
3.2 Hypotheses ....................................................................................................... 48  
  3.2.1 Learning capabilities of outsourcing service providers ............................ 48  
    3.2.1.1 Exploration capability and innovation performance ......................... 49  
    3.2.1.2 Exploitation capability and innovation performance ........................ 50  
    3.2.1.3 Outsourcing service providers’ ambidexterity capability .................. 50  
  3.2.2 Customer characteristics ........................................................................... 52  
    3.2.2.1 Customer involvement ................................................................. 53  
    3.2.2.2 Customer sophistication ............................................................. 53  
    3.2.2.3 Customer location (domestic v. offshore) ................................. 54  
  3.2.3 Moderating roles of customer characteristics on learning capabilities ..... 55  
    3.2.3.1 Active v. passive users and ambidexterity ................................... 56  

iv
Chapter 8: Conclusions and Implications of This Research

8.1 Introduction ......................................................................................... 117
8.2 Major Research Findings ..................................................................... 117
8.3 Theoretical Implications ...................................................................... 121
8.4 Practical Implications .......................................................................... 122
8.5 Research Limitations and Suggestions for Future Research ............... 123

References ................................................................................................. 126

Appendix A: Organisational Information Statement .................................. 163
Appendix B: Organisation Consent Form ..................................................... 166
Appendix C: Survey Questionnaire ............................................................... 168
Appendix D: List of Items Taken from Previous Studies for Measuring Exploration and Exploitation ......................................................... 179
Appendix E: Robustness Check for Ordinary Least Squares Model ........... 181
List of Tables

Table 1.1: Research objectives and methods ............................................................. 4
Table 2.1: Definitions of outsourcing .................................................................. 12
Table 2.2: Summary of studies that focus on offshoring/OSPs .............................. 24
Table 2.3: Definitions of ambidexterity ................................................................. 42
Table 4.1: Hypotheses testing ............................................................................. 58
Table 3.1: Characteristics of responding firms ..................................................... 65
Table 5.1: Summary statistics, correlations and significance level between main variables .............................................................................................. 76
Table 5.2: Multicollinearity test among variables ................................................. 77
Table 5.3: Relationships between control variables (Model 1) and main variables with and without ambidexterity (Model 2, Model 3) .................. 78
Table 5.4: Models showing moderation effects of customer sophistication and involvement on exploration (Model 4) and exploitation (Model 5) ............................................................................................. 79
Table 5.5: Models showing three-way interactions among customer sophistication and involvement × exploitation capability × exploration capability .................................................................................. 80
Table 6.1: Settings for running the Smart PLS 3 .................................................... 92
Table 6.2: Outer VIF model results ..................................................................... 93
Table 6.3: Outer weights and outer loading significance testing ......................... 94
Table 6.4: Inner VIF validity results .................................................................... 95
Table 6.5: Level of R² and R² adjusted of endogenous constructs ......................... 96
Table 6.6: Results of Stone–Geisser’s Q² values ..................................................... 97
Table 6.7: SEM results ......................................................................................... 99
Table 6.8: Multiple group analysis for customer involvement ............................. 101
Table 6.9: Multiple group analysis for customer sophistication .......................... 102
Table 6.10: Results of hypothesis testing ............................................................. 104
Table 7.1: Solution table indicating configurations of four key variables (Model 1) .................................................................................................................. 110
Table 7.2: Solutions table indicating configurations of all variables (Model 2.1 and Model 2.2) .................................................................................. 113
Table 7.3: Solutions table for Section 1, headquarter/customer in the same region (Model 3.1.1 and Model 3.1.2) ................................................................. 114
Table 8.1: Summary of the research findings .......................................................... 120
List of Figures

Figure 1.1: Structure of the thesis ................................................................. 7
Figure 2.1: Chapter map ............................................................................ 10
Figure 2.2: Different modes of outsourcing and offshoring .................... 13
Figure 3.1: General procedure of retroductive research (Ragin, 1994) ...... 62
Figure 5.1: Conceptual framework ............................................................. 70
Figure 5.2: Interaction between ambidextrous OSPs and customer
    involvement ............................................................................................ 82
Figure 5.3: Interaction between ambidextrous OSPs and customer
    sophistication ....................................................................................... 82
Figure 6.1: Structural model ..................................................................... 91
Figure 8.1: Suggestions for enhancing OSPs’ innovation performance ...... 123
## List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAP</td>
<td>Customer-active paradigm</td>
</tr>
<tr>
<td>fsQCA</td>
<td>Fuzzy set qualitative comparative analysis</td>
</tr>
<tr>
<td>IAOP</td>
<td>International Association of Outsourcing Professionals</td>
</tr>
<tr>
<td>MGA</td>
<td>Multiple group analysis</td>
</tr>
<tr>
<td>OLS</td>
<td>Ordinary least squares</td>
</tr>
<tr>
<td>OSP</td>
<td>Outsourcing service provider</td>
</tr>
<tr>
<td>PLS</td>
<td>Partial least squares</td>
</tr>
<tr>
<td>QCA</td>
<td>Qualitative comparative analysis</td>
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<td>SEM</td>
<td>Structural equation modelling</td>
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Abstract

As pointed out by Friedman (2005), outsourcing and offshoring are among 10 forces that flattened the world. However, compared with research on outsourcing clients, there is still relatively little knowledge about whether and how outsourcing service providers (OSPs) can benefit from interacting with their customers in the service provision process.

While the majority of organisations view innovation as an internal process, the importance of using external sources of knowledge has been continuously growing. Given the dispersion of valuable knowledge across firm boundaries, achieving external knowledge flows is a critical capability for gaining sustainable competitive advantages.

Drawing upon the theoretical lenses of organisational learning and the customer-active paradigm (CAP), this thesis integrates the role of outsourcing service providers’ internal learning capabilities and external sources of knowledge from customers and examines how combining OSPs’ ambidextrous learning capabilities and knowledge from advanced users can lead to improved OSP innovation performance.

A three-study mixed methods research program is designed to address the research questions. The first study uses multiple regressions and highlights the importance of ambidextrous learning capabilities in service providers (i.e., exploring novel knowledge while simultaneously exploiting existing knowledge), as well as having more sophisticated and more involved customers. The second study uses partial least squares structural equation modelling (PLS-SEM) and complements the first study by showing that sophisticated and involved customers strengthen the positive relationship between ambidexterity and innovation performance in OSP companies. The third study uses fuzzy set qualitative comparative analysis (fsQCA). It confirms the findings of the previous two studies and highlights the importance of OSP–customer collocation.