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Managing creativity in business market relationships

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ABSTRACT

The guest editors' introduction to the Special Issue on managing creativity in business market relationships positions the topic at the intersection between interorganizational research and creativity research. It introduces three paradoxes that managers of such processes face: a) the tension between the need for structure versus freedom to pursue new ideas, b) the dilemma between openness and organizational alignment, and c) the task of combining and prioritizing between inter- and intraorganizational views.

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1. Introduction

In step with the increased importance of innovation as a means of sustaining and developing competitive positions, firms increasingly seek to develop their creative capacity. Creative performance results in employees suggesting new and useful products and ideas, hence, creativity is a basic element of innovation (Amabile, 1988; Mumford, Scott, Gaddis, & Strange, 2002; Oldham & Cummings, 1996; Shalley & Gilson, 2004).

Creative processes frequently call for the involvement of actors, activities and resources beyond the single organization. Creative outputs typically are collective rather than individual endeavors, based on social interrelations that transcend boundaries (Perry-Smith, 2006). This is especially true in the business-to-business context, where the involvement of suppliers and customers, is increasingly prominent in the development of new products and services. Also, it is difficult to be truly innovative without at least some minimal external input or inspiration. Organizations tend to become efficient through the building of routines and perspectives to which individual employees conform and which are strengthened by structures and systems, such as budget routines and departmentalizations of tasks (Weick, 1991). Creativity, on the other hand, calls for novel insights and non-traditional perspectives that may go beyond the taken-for-granted perspectives of organizational life. For this reason, external inputs are valuable if not critical for creative processes. However, spanning boundaries and seeking to create arenas for the creative interaction of internal and external views are not automatic and also are more complex than the boundary spanning activities involving industry buyers and sales people. Developing creativity is about exploring new possibilities and following what may often be vague ideas or hunches rather than seeking support to align resources and activities in order to increase efficiency. Ultimately, the task of creativity managers and employees is to fundamentally challenge existing ways of doing things within as well as across organizations.

Combining research on inter-organizational relationships with research on creativity seems to offer a potential for fruitful insights into how to tackle the paradoxical challenges involved in managing creativity across boundaries. However, these streams of research exist almost independently of each other. The search for and integration of external knowledge inputs has been a topic in the innovation literature for some time (e.g., Brown & Eisenhardt, 1995; Powell, Koput, & Smith-Doerr, 1996) and more recently has been discussed in the literature on open innovation (e.g., Boudreau & Lakhani, 2009; Chesbrough & Appleyard, 2007). However, this literature generally does not distinguish creative ideas and inputs from knowledge exchange and innovation activities more broadly. Rather, it looks in retrospective at the creative process as a preliminary phase in innovation activities, and overlooks the intricate problems of enrolling outsiders in the process of idea generation which may or may not lead to an innovative outcome. In the first case, it builds on the implicit assumption that the relevance of a particular knowledge input is easily determined, and that knowledge is clearly bounded if not objective. In the case of the creativity literature, this is concerned with the particular challenges associated with creative ideas and inputs — most often from the perspectives of individuals and organizations and rarely from the inter-organizational perspective. This Special Issue is positioned at the intersection between inter-organizational research and creativity research and, as such, is concerned specifically with how to tackle the challenges associated with organizing and managing knowledge that may be different from what was expected, or may appear to be slightly removed from or run counter to the routines and knowledge already in place. The purpose of this Special Issue is to improve our understanding of the organization and management of creativity in business market relationships, and the

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integration of external creative inputs into internal activities in particular. This editorial presents some of the main challenges in the organization and management of creativity across organizational boundaries and then introduces the papers that comprise this Special Issue. We make some links with the managerial issues and research themes raised in this collection of papers.

2. Managing creativity within and across organizations

Organizing and managing creative processes – especially across organizational boundaries – is complex and paradoxical. Creativity managers are confronted by a number of dilemmas that require a balance among different, sometimes contradictory, actions. This issue is evident in the contributions to this Special Issue. In different ways, all the papers address one or more of these managerial dilemmas and provide new insights into how managers might approach the balancing act involved in managing boundary-crossing creativity. Three dilemmas or tensions emerge as particularly prominent in this collection of papers.

First, the tension between the need for structure versus freedom is addressed in several papers. This conflict has been widely addressed in the creativity literature (e.g., Mumford et al., 2002; Shalley & Gilson, 2004). It stems from the frictions between the underlying mechanisms that support creativity and organization, which generally are mutually exclusive (Gilson, Mathieu, Shalley, & Ruddy, 2005; Markides & Geroski, 2003). Since the innovation of modern bureaucracy, organizations have been thought of as patterns of interlocked roles developed to improve efficiency through the processes of standardization and habitual thinking and not to question, challenge or break established routines (Hamel, 2006). Creativity, however, presumes change. Despite their sometimes positive intentions, overly-creative individuals who constantly question, challenge or dodge the existing rules, seldom fit well in the organization. Organizations resist change, and creativity has been likened to an infection that the corporate immune system must fight in order to survive (Birkinshaw & Ridderstråle, 1999). Organizational conduct assumes certain degrees of managerial authority, formalization and standardization as part of enacting a sense of shared understanding, stability and trust among key internal and external stakeholders (Perry-Smith, 2006). In part because of this and in part because it is seen as driven by people, creativity is considered to be outside managerial control and as happening despite managerial intentions, and, hence, better left to informal processes of self-organizing and skunk work (Augsdorfer, 2008; Burgelman, 1983). However, some claim that organizational conditions, in the form of structural and social arrangements, can actively stimulate and channel the processes of creativity (Kanter, 2000; Shalley & Gilson, 2004).

Second, the contributions in this Special Issue show also that managers faced with managing creativity across organizational boundaries must constantly strive to maintain a balance between remaining sufficiently open to challenges to existing, internal practices, and ensuring that creative inputs are not too far removed from these practices and do not run counter to the interest of critical internal and external stakeholders. Managerial processes for motivating and combining actors to participate in boundary-crossing teams are important ingredients in this balance. Most of the literature on creative teams is concerned with the importance of cross-fertilization of knowledge resulting from cooperation among people with diverse backgrounds and skills. Also, the creativity management literature encourages external outreach (Kanter, 2000). For instance, in a famous study of creative processes in product development involving external partners Nonaka and Takeuchi (1991) highlighted the role of externalization and combination of knowledge across engineering and baking skills. Including actors from outside the organizational perimeter can increase the possibilities for creative inputs. On the other hand, this increases managerial complexity since management is required to relate to possible discrepancies and legitimacy issues within the organization, and also to promote inter-firm dynamics that can raise additional problems for managers. In inter-firm collaborations, the managerial authority and formal boundaries change. Although the actions of champions leading creativity processes may have received formal sanction, these individuals and their managers must engage in a constant process of justifying the time spent on creative activities with peers (Delbecq & Mills, 1985). Outside the organizational boundary, the managerial authority of these creativity champions is negated. Mobilizing the external resources required to participate in creativity processes becomes a more delicate task and depends on negotiating skills as well as relational power.

A third related challenge that emerges in these contributions concerns the interplay between intra- and inter-organizational processes when combining and integrating creative inputs. It involves building workable coalitions among diverse interests. In the organizational change literature, the not-invented-here (NIH) concept has been used to describe the resistance and attitudinal problems that can surface when a group of employees is faced with ideas and inputs developed outside their organization (Katz & Allen, 1982). There are reasons to believe that such problems occur also in the context of managing inter-organizational creative teams. Although a degree of diversity in perspectives may induce greater creativity, too much diversity leads to breakdowns in communication: widely different thought structures are often expressed in a language that is often not understood by all those engaged in development activities (Kristensen, 1992). Highly specialized knowledge bases can thus become a barrier to creative thinking.

3. Articles in the Special Issue

The issue includes five papers. Each manuscript submitted was subjected to a review process, starting with an initial screening by the Special Issue editors to ensure compliance between the paper and the theme of the Special Issue. The papers selected went through a double-blind review process. Editor-in-Chief, Peter LaPlaca, served as editor for our own co-authored article. The five articles that were accepted for publication in the Special Issue cover different topics and provide different perspectives on management of creativity in business market relationships. Two papers are conceptual and suggest new perspectives and ways of understanding the management of creativity across boundaries. The other three are empirical papers based on case studies — in advertising, IT and manufacturing.

3.1. Interpreting and envisioning: a hermeneutic framework to look at radical innovations of meanings

The paper by Verganti and Öberg (2013-this issue) offers a theoretical framework based in the hermeneutic perspective for understanding how users and producers can co-create new meaning for a product or a service. Collaboration across organizational boundaries plays a central role in this process. Customers and suppliers and other actors in the firm's business network are important contributors to radical innovations to meaning. They provide possible new interpretations of what might be considered meaningful, they help to reduce uncertainty, and they fill competence gaps and suggest new arguments for value creation through the use of new terms and expression of different ideas. The authors propose this framework as an important addition to the theory on the management of product development and concepts in the innovation literature such as ideation and problem-solving. These concepts depart from the notion that innovation activities are triggered by the application of a problem-solving logic to problems that are recognized and known. However, radical innovation of meaning often emerges in areas where the actors within a given context were unaware of unfulfilled potential and possibilities, suggesting the central role of the process of framing such possibilities and making them actionable. From a hermeneutic perspective, interpreting (developing meaningful scenarios) and envisioning (imagining experiences that have not arisen) capture the essence of these activities. External actors play a central role in both processes as co-interpreters, providers of new arguments,

as critics and devil's advocates, and as champions, pushing these processes to enter territories foreign to the focal firm. The authors use several illustrative cases to exemplify the process of radical innovation of meanings, and the roles in it of the external network.

3.2. Organizing the interplay between exploitation and exploration: the case of interactive development of an information system

In business-to-business marketing, suppliers increasingly are contributing to their customers' innovation activities. This typically calls for considerable exploration activity by the supplier firms. Often, the resources expended by supplier firms are not directly reflected in the costs paid by the buyer. Rather, suppliers are expected to be able to capitalize on their innovation activities by developing new knowledge and corresponding new solutions. According to the literature on exploration and exploitation, these solutions can be exploited by the organization in various ways: for instance, by providing solutions to other customers or by building the creative capacity of its employees. The ability to take advantage of exploration and future exploitation activities typically is attributed to aspects of organizational design. In the paper by Hjelmgren and Dubois (2013-this issue), the ability to learn and to transfer learning benefits systematically across buyer–seller relationships becomes more problematic in the context of the interrelations within and interactions between a firm and its business network. Owing to the interdependencies and idiosyncrasies of buyer–seller relationships, knowledge is context-dependent and sticky and, for those reasons, is hard to transfer across contexts (von Hippel, 1990). Moreover, the intertwined pattern of intra- and inter-firm coordination that typically unfolds in such relationships complicates the management and balancing of exploitation and exploration: actors' focal concerns differ over space and time and, consequently, the trade-offs differ. This reflects another aspect of the problems related to the interplay between intra- and inter-organizational processes (see above): that the interdependence of intra- and inter-organizational creative efforts is complicated by differences in timings. This issue adds an interesting aspect to the balance between existing practices and ensuring complementarities with these practices. The paper demonstrates that it is not enough to focus on internal practices and organizational ideas. The business network context must also be taken into account in this balancing effort since the organization's ideas and practices are intertwined with those of its customers and suppliers. The authors show that customizing one component in relation to one project may counter balance efforts in other projects aimed at standardized solutions. They use an in-depth case study of the involvement of a supplier of an ERP (Enterprise Resource Planning) system, in the development of a customer's information system, to analyze these challenges and to show that it is possible for a supplier firm to capitalize on learning through interaction. This requires attention to these interactions and raising awareness among the actors about how an individual project fits within the totality of exploration and exploitation undertaken by the focal firm.

3.3. Curating collections of ideas: museum as metaphor in the management of creativity

As firms engage in innovation activities that span organizational boundaries, new ideas are generated, that add to these firms' creative capital. The focus in the literature is mainly on how to expand the number of creative ideas that can be developed, with little attention paid to the management of these ideas, and how they might feed into the innovation processes of firms. Drawing on the sphere of cultural institutions, notably museums, Litchfield and Gilson's paper (2013-this issue) utilizes the metaphor of curating to discuss how collections of ideas can best be preserved, refined and enhanced. Their perspective (like that of Andersen, Kragh, & Lettl, 2013-this issue) is strongly governance oriented. However, the curator metaphor implies that an important managerial challenge in the governance of creativity is to ensure that such governance does not curb new, perhaps surprising insights. Litchfield and Gilson's paper provides insight into the balance between structure and freedom referred to above. The curator perspective highlights the importance of boundaries, networks, working with others and collections. The curator is primarily the individual who attends to a specific issue. The role of the curator suggested here is one of a boundary spanner responsible for three general boundary-spanning tasks: 1) shaping a collection of ideas (which involves different ways of acquiring and loaning ideas and talent from the wider network of the focal firm); 2) maintaining the idea collection (which includes updating ideas to make them fit current realities and also archiving ideas in order to improve focus and overall value and managerial actionability); and 3) ensuring that ideas are used (bringing idea collections to the attention of relevant decision-makers). In this sense, the curator role is to take care of idea collections, which differs from the boundary spanning roles described in the literature on innovation such as idea champions (who take responsibility for individual ideas) and innovators (who come up with new ideas). An interesting insight from the notion of curating activity is their input to protecting path-breaking or radical ideas, which often are temporarily driven underground in organizations, mainly because of their outlandish nature. They may emerge later to become the foundations for an entirely new enterprise. The trade-off issue has some similarities with the exploration–exploitation theme in Hjelmgren and Dubois's (2013-this issue) and Öberg's papers (2013-this issue). Thus, the curator function, according to Litchfield and Gilson, is to understand how best to administer the potential wealth of ideas that firms generate in collaboration with other actors. Another interesting insight provided in this paper concerns the balancing of new ideas with existing 'idea stocks'. If the value hidden in ideas is better understood from a 'collection' perspective than as the value of an individual idea, then these balancing/curating efforts acquire new meaning. The single idea then may complete an idea collection.

3.4. Competence integration in creative processes

The paper by Öberg (2013-this issue) sets out to provide an alternative view of creativity at an organizational level as a set of processes in the interactions among individuals internal and external to the firm. Öberg presents two case studies of advertising agencies to explore this notion. The paper begins by establishing that there is a relationship between competence integration and creativity. Creative processes are influenced by individuals and the way they interact. However, nurturing and integrating creative talent are dependent on intra- as well as interorganizational processes, suggesting that organizational creativity is not merely the sum of individual talent (Thompson, 2003). From an interorganizational perspective, the inclusion and coordination of talent external to the focal firm deserve special attention. In particular, this concerns what enables interorganizational learning and shared development. The case studies demonstrate that organizational formalization, which adds an additional layer of management and their respective reporting structures, and the development of managerial responsibilities, have led to more focused and less dense communication across organizational boundaries and reduced the inclusion of external inputs in the creative processes. Öberg's case studies seem to favor tighter structuring of the creative processes rather than a more individual, ad-hoc organization. The case studies show that important changes occur in the process of interaction across organizational boundaries in order to maintain managerial control, e.g., from participation to representation. The main insight from this very interesting case study is the compartmentalization effect of imposing bureaucratic rule on creative processes. Creative processes can become too messy and too costly to be tolerated by the host firm. However, traditional organizational design means for dealing with such mess is ineffective. Öberg suggests that there is an optimum in the diversity and number of competencies that can interact effectively. This theme appears in a number of the other papers

in this Special Issue, but is expressed most explicitly in this contribution. Öberg reflects on the challenges involved in managing the interplay between inter- and intra-organizational processes. Rather than imposing order on chaos, dealing with messy creative processes across organizational boundaries may require a reduction in the number of actors participating in the process.

3.5. Spanning organizational boundaries to manage creative processes: the case of the LEGO group

Similar to the paper by Hjelmgren and Dubois, Andersen, Kragh and Lettl see the governing role of organizational design as primary in their approach to understanding the management of creative work across organizational boundaries. Andersen, Kragh and Lettl focus on the interplay between the type of knowledge searched for and the boundary spanning activities conducted in creative projects spanning organizational boundaries. By using an in-depth case study of the LEGO group, they compare two rather different projects of mobilizing creative talent from outside the organization's boundaries. They identify three generic management activities: a) selecting and mobilizing creative talent inside and outside the boundaries of the organization; b) creating a shared identity among participants with different knowledge specialisms, backgrounds and reasons to participate; and c) combining and integrating knowledge in creative projects involving external actors, with ideas existing inside the organization. In both of the projects, the inclusion of external knowledge inputs and actors was structured relatively tightly in order to control the creative process, but still allow room for new ideas. These cases lend support to those that argue for structured rather than loose creative processes. Similar to the papers by Öberg, Verganti and Öberg, and Litchfield and Gilson in this issue, they focus on the combination of internal and external ideas and processes as a pivotal issue. The boundary spanning activities in these two LEGO group projects differed with respect to how the firm selected participants, formulated problems, and aligned the expectations of internal and external actors, and how knowledge was integrated across organizational boundaries. An interesting insight from this paper to the third challenge discussed above is the efforts of LEGO to combine intra- and interorganizational creative processes. Here, the co-creation aspect is encouraged by active organization of the interaction among internal and external creative people in the cases studied. At the same time, these processes of interaction take place in specific phases of the creative processes, which allow them to be managed. This suggests a solution to the problem of how to manage the interplay between internal and external creative processes.

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