



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,

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