



# Paradoxes and management approaches of competing for work in creative professional service firms



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## ABSTRACT

Despite their business relevance, creative professional service firms are under-researched, in particular with regard to how they compete for work. Competing for work is key to survival, but also extremely challenging due to the complexity of the services offered. In this paper we use a paradox framework to investigate the opposing demands that creative professional service firms experience when competing for work. Based on a set of semi-structured interviews in the context of architectural competitions, we show that creative professional service firms face two interwoven paradoxes which relate to the strategic intent (why to compete) and the design intent (what to propose) of client propositions. We describe these paradoxes and explain how organizations manage and cope with them through both synthesis and separation management approaches. Contributions of this study can be found in theorizing paradoxes of competing for work from the professional service provider's perspective, and in fostering the firms' paradoxical mind-set, which facilitates the acceptance and resolution of complexity and different competing demands.

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## 1. Introduction

What do architecture, design consulting, advertising, media production, fashion and graphic design have in common? According to Von Nordenflycht (2010) they are all creative professional service firms. Creative professional service firms have a significant business relevance, playing a key role for the competitive growth of both mature and emerging markets (EU, 2014). Despite the significant changes going on in the profession which is shifting towards managerialism (Kornberger, Kreiner, & Clegg, 2011), they are under-researched compared to other professional service firms such as accounting, law and management consulting (Von Nordenflycht, 2010). Therefore, several scholars, such as Hill and Johnson (2003), Canavan, Scott, and Mangematin (2013) and Price and Newson (2003) argue that we need to further investigate these firms and their work practices.

This investigation is interesting as well as challenging because of several reasons connected to the specific character of creative professional service firms. Firstly, within these firms a professionalised workforce is both responsible for the employing

organisation, as well as responsible for clients, peers, and often a professional association (Gotsi, Andriopoulos, Lewis, & Ingram, 2010). Secondly, the service that is provided is mainly intangible and encoded with complex and customized knowledge (Greenwood, Li, Prakash, & Deephouse, 2005): its value cannot be known before an actual exchange, and even after service delivery it can be debated or not (Jones and Livne-Tarandach, 2008; Hill and Johnson, 2003). Finally, creativity is a distinctive competence on which these firms trade and a key features of their people and their work processes (Thornton, Jones, & Kury, 2005; Winch and Schneider, 1993).

Because of this multi-fold nature, creative professional service firms experience competing demands (DeFillippi, 2009). Previous studies identified, for example, competing demands between artistic and economic performance (Lampel, Lant, & Shamsie, 2000), efficiency and aesthetics (Thornton et al., 2005), creative exploration and commercial exploitation (Gupta, Smith, & Shalley, 2006), creativity and control (Andriopoulos and Lewis, 2009; Brown, Kornberger, Clegg, & Carter, 2010), and professionalism and managerialism (Kornberger et al., 2011; Pinnington and Morris, 2002).

Research has proven that framing these competing demands as paradoxes helps organizations to recognize that these demands can and should coexist, and supports them to find ways to engage

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with them all (Gaim and Wahlin, 2016; Smith, 2014). A paradox is considered to be a set of contradictory yet interrelated elements (e.g. demands, perceptions, practices), logical in isolation but irrational when juxtaposed (Lewis, 2000). More and more scholars, such as Cameron and Lavine (2006), Gaim and Wahlin (2016), Inversini, Manzoni and Salvemini (2014) and O'Mahony and Bechky (2006), argue that only engaging simultaneously with these contradictory elements is associated with effective performance. For this reason, we use paradox as a framework to investigate the competing demands that creative professional service firms experience when competing for work, and contribute to improved organizational performance.

As new work is key to survival, competing for work is a very relevant topic (Jones, Livne-Tarandach, & Balachandra, 2010). However, notwithstanding its business relevance, there is little research on how professional service firms compete on the market (Amonini, McColl-Kennedy, Soutar, & Sweeney, 2010). In current professional service literature, many of the paradoxes faced by professional service providers in acquiring new work are still underexplored or at least unmanaged. With the adoption of a paradox framework, this study aims at unfolding the specific paradoxes that creative professional service providers face when competing for work, and at offering a set of proposed management approaches to cope with them by fostering a paradoxical mind-set.

In line with Kreiner (2009) and Rönn (2009) we chose to focus on architectural design firms, which are “uneasy professionals riven by inner conflicts” (Kornberger et al., 2011: 141). For these firms, architectural competitions are one of the most common traditions to get new work. Yet, competitions are also a ‘curious gamble’ (Larson, 1994), where competing demands originate from the diverse roots of the architectural competition phenomenon (Strong, 1996). Since competitions are a regular phenomenon in other industries as well, we believe that the findings emerging from this context can be fruitfully generalised to other (creative) professional service firms that compete for work (Thompson, Jones, & Warhurst, 2007).

The paper is structured as follows. First, we explain why paradox matters and we propose paradox theory as a framework for interpreting the contradictions of competing for work in the professional service industry. Secondly, we review how clients choose professional service providers, taking into account the changes affecting the profession. We show how competing for work presents a set of unmanaged contradictions from the suppliers' perspective that can be framed as paradoxes. Thirdly, we illustrate the research methods and the research context. In the findings we identify two paradoxes of acquiring work within creative professional service firms that deal with the strategic intent and design intent of competition entries. We describe how organizations handle these paradoxes while applying synthesis and separation tactics. We conclude by suggesting contributions to research and practice and offering directions for future research.

## 2. Theoretical background

### 2.1. Coping with opposing demands by adopting a paradox framework

According to Lewis (2000: 760), researchers use paradox to describe “conflicting demands, opposing perspectives, or seemingly illogical findings”. A paradox concerns, for example, the competing demands between financial and social or artistic goals, and long and short-term orientations (Andriopoulos, 2003), but also workers' desire for self-expression to see themselves as distinctive in their profession and push towards collective and organizational affiliation to support firm performance (Gotsi et al., 2010). Managers can also experience a paradox between managing and controlling while leading and empowering their people

(Parush & Koivunen, 2014), allowing for flexibility and innovation in the way people execute projects and tasks and ensuring enough coordination, monitoring and standardization at the same time (Gittell, 2004; Tatikonda & Rosenthal, 2000). All these contradictions are “inevitable and ubiquitous features that exist beyond management control” (Gaim & Wahlin, 2016: 33), challenging professionals in their everyday life.

Having to contend with opposing demands typically drives actors towards making a choice between two opposites, choosing the option where pros prevail over cons. A choice, however, does not ensure short-term and long-term sustainability. For example, pursuing financial goals ensures short-term incomes, but it requires exploiting existing capabilities and leveraging on the firm's existing assets. In the long term this may cause ‘success traps’ (Gupta et al., 2006) since it often leads to early success, which in turn reinforces further exploitation along the same trajectory. Instead pursuing artistic and reputation-building goals ensures long-term competitiveness, but it definitely drains resources in the short term. In fact, artistic performance requires exploration, which often implies failing several times before succeeding. Failure in turn promotes the search for even newer ideas and thus more exploration, originating the so called ‘failure trap’ as also identified by Gupta et al. (2006).

Given the fact that both opposites are equally important, research suggests to accept and to foster the co-existence of competing extremes (Quinn, 1988; Smith & Lewis, 2011; Gaim and Wahlin, 2016), adopting a ‘both/and’ perspective rather than an ‘either/or’ one. This helps in capturing and explaining the complexity of reality, sustaining short-term and long-term performance at the same time, enabling learning and creativity, and fostering flexibility and resilience (Smith and Lewis, 2011). Following this line of reasoning, managing and coping with paradoxes means ‘acceptance’ first and then ‘resolution’ (Beech, Burns, de Caestecker, MacIntosh, & MacLean, 2004; Lewis, 2000; Gaim & Wahlin, 2016). Acceptance requires a process of sense-making, meaning learning to live with paradox by appreciating the contrasts between the extremes (Poole and Van de Ven, 1989). Resolution appears to require a process of sensegiving (Luscher and Lewis, 2008), entailing the iteration of separation and synthesis tactics (Smith and Lewis, 2011). Resolution does not eliminate the paradox: the paradox as such remains, but is dealt with in a satisfactory way through different managerial tactics. As DeFillippi (2009) noted, resolving a paradox is not about suppressing or denying it, but finding a win-win situation where the best of both opposites is achieved.

In particular separation is a tactic focusing on one of the two extremes. It can be spatial when opposite forces are allocated to separate individuals, teams, organizational units or even physical spaces, or temporal when attention is shifted from one pole to another, ensuring attention to both alternatives over time (Poole and Van de Ven, 1989). For example, according to Gotsi et al. (2010), designers switch between their artist roles and their consultant roles in different phases of a project, depending on whichever is more salient, but they can also adopt a more art or business-oriented approach depending on the type of project and client. In the same study it was found that the different identities of designers also find an expression in the physical space they operate in: the ‘artist identity’ can be expressed in war rooms where people fight for creative ideas, while conference rooms facilitate more ‘consultant identity’.

Synthesis accommodates opposite poles and encourages interdependences among them. This implies thinking paradoxically, reframing assumptions and developing a more complicated understanding of complexities (Beech et al., 2004; Smith & Lewis, 2011; Gaim and Wahlin, 2016). In Gotsi et al. (2010)'s research on design firms, synthesis entails the creation and diffusion of a

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