

An examination of the dimensions and antecedents of institutionalized creativity

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ARTICLE INFO

Article history:

Received 27 October 2014
Received in revised form 4 November 2015
Accepted 12 November 2015
Available online 8 March 2016

Keywords:

Institutionalized creativity
Complacency
Groupthink
Institutionalization
Boredom
Dark side of relationships
Client–agency relationships

ABSTRACT

While the benefits of buyer–seller relationships have been discussed at length, ‘dark side’ constructs that can beset longer-term relationships have received less attention. One such construct, which has been identified in the context of client–agency relationships, is ‘institutionalized creativity’. Although institutionalization can be regarded as a positive process, the embedding of values, norms, and rules also has a constraining effect. Yet despite the potential damage that institutionalized creativity can cause in client–agency relationships (demotivation, reduced innovation, and relationship dissolution), the construct has received very little attention. The primary objective of our research is to explore the dimensions and antecedents of institutionalized creativity. A secondary objective is to identify factors that might suppress its emergence. The research was carried out using nine dyadic case studies based on 25 semi-structured, one-to-one, interviews. Participants included clients who brief creative work, and their creative agencies. The study reveals four dimensions of institutionalized creativity: complacency, boredom, institutionalization, and groupthink. We identify a variety of antecedents including past success, routinization, client-related knowledge, and directive leadership. Factors that suppress the emergence of institutionalized creativity include agency proactivity, account team rotation, unstructured socialization processes for newcomers, and a climate of openness that permits preconceived ideas to be challenged. We suggest that institutionalized creativity, while most likely to be found in long-term relationships, could potentially emerge in relationships at an early stage of development. Finally, we offer an expanded definition of institutionalized creativity.

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1. Introduction

While research into the benefits, or ‘bright side’ of relationships for both customers and suppliers is well-documented (see Kalwani & Narayandas, 1995), there is still only a limited body of knowledge that addresses the negative effects of longer-term collaboration. Research to date has identified the potential for a variety of negative constructs to emerge as relationships develop, leading to relationship destabilization (e.g. Anderson & Jap, 2005; Barnes, 2005; Grayson & Ambler, 1999; Moorman, Zaltman, & Deshpande, 1992). Villena, Revilla, and Yip (2011) call for more research into the ‘dark side’ of relationships, highlighting loss of objectivity, ineffective decision-making, and opportunism as potential areas for study. In contrast with opportunism, which has attracted extensive attention (see Crosno & Dahlstrom, 2008), loss of objectivity and ineffective decision-making have received less attention. Mooi and Frambach (2012) suggest that a supplier’s loss of objectivity can lead to reduced relationship performance. Halinen’s (1997) case study of a client–advertising agency relationship identifies loss of objectivity and ineffective decision-making (manifested in the agency

clinging to existing ideas and refusing to consider alternative options) as harmful characteristics of long-term relationships, leading to reduced creativity and a lack of responsiveness to changes in the marketplace. While these characteristics may be less malevolent than opportunism, they are still significant because they have the potential to result in inertia and the inability to adapt (Hannan & Freeman, 1984). Halinen (1997) conceptualises loss of objectivity and lack of responsiveness as *institutionalized creativity*, a phenomenon that emerges in longer-term relationships, and which is harmful and undesirable, leading to client dissatisfaction and, potentially, relationship dissolution. Despite its potentially detrimental effect on client–agency relationships (and more broadly, on any relationship where creativity and innovation are important), institutionalized creativity has been neglected. We have identified only two other references to it in the marketing literature (Davies & Prince, 1999; Grayson & Ambler, 1999), though neither expands on Halinen’s (1997) characterization of the concept. While we have some indication (albeit limited) as to what it is, we know little about why or how institutionalized creativity develops.

Given the significance of the concept and the gap in the literature, the purpose of this study is to expand the existing (limited) theory around the concept of institutionalized creativity, by exploring its dimensions and identifying its antecedents. A secondary objective of our research is to identify factors that suppress its emergence. The context of our study is client–agency relationships in the UK creative industries. We adopt

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a case study approach across multiple client–agency dyads, thereby responding to the call for dyadic data to “enrich the content on the dark side of relationships” (Fang, Chang, & Peng, 2011, p. 783). Furthermore, there is a strong tradition of using multiple cases to develop theory, through a process of “recognizing patterns of relationships among constructs, within and across cases” (Eisenhardt & Graebner, 2007, p. 25).

Although we are developing theory, our approach is neither 1) pure induction, nor 2) solely inductive. With regard to 1), we approach our research with some preconception of relevant concepts (based on Halinen's (1997) descriptions) to guide our data collection. With regard to 2), our approach is a combination of inductive and abductive reasoning, in the sense that, through a process of interpretation, we will move from first-order codes to a more abstracted set of constructs that relate to existing theory (Mantere & Ketokivi, 2013). Although theory development occurred in the latter stages of our research process, in the interests of setting the scene and establishing bearings for the reader, we provide a brief review of the literature surrounding four theoretical constructs that proved to be central to institutionalized creativity: complacency, boredom, institutionalization, and groupthink. While these constructs have received attention in organizational management literature, they have been largely ignored in interfirm relationship literature.

Halinen (1997) explores institutionalized creativity through the lens of the IMP Group's Interaction Model, and identifies it as a dimension of coordination processes; that is, norms, procedures, and responses to conflicts and environmental change. Our paper investigates the concept from a broader perspective, drawing on a range of theoretical disciplines including psychology, sociology, marketing, and organizational science. Theoretical integration from two or more disciplines is an effective approach for exploring and understanding a phenomenon in one's own field, because focusing on a phenomenon with multiple lenses is more likely to highlight different aspects of that phenomenon (Ancona, Goodman, Lawrence, & Tushman, 2011; Zahra & Newey, 2009).

This article is structured as follows. We begin by briefly reviewing the literature on the benefits of relationships, the four ‘dark side’ constructs, and client–agency relationships. Then the methodology and findings are presented, followed by a discussion of the theoretical contribution and implications for management. We conclude with recommendations for future research.

2. Theoretical background

2.1. The ‘bright side’ of relationships

Blois (1997, p. 378) defines business relationships as “exchanges whose distinguishing feature is the mutually recognised acceptance of goal interdependence based upon trust and commitment.” Both trust and commitment are cited as critical constructs in relationship development (Morgan & Hunt, 1994; Palmatier, Dant, Grewal, & Evans, 2006). Evidence of a seller's integrity, benevolence, and ability – the key dimensions of trust (Schoorman, Mayer, & Davis, 2007) – will increase a buyer's willingness to take risks and accept vulnerability (Mayer, Davis, & Schoorman, 1995), facilitate cooperative behaviour, and reduce the necessity for formal control mechanisms (Dwyer, Schurr, & Oh, 1987). Trust is considered an antecedent of affective commitment – the “enduring desire to maintain a valued relationship” (Moorman et al., 1992, p. 316). Unlike calculative commitment, which is driven by economics, affective commitment is a psychological bond linking the customer to the seller, based on favourable feelings. Affective commitment is desirable because it is negatively associated with switching intentions (Fullerton, 2005) and drives loyalty-like customer responses such as advocacy and willingness to pay more (Jones, Fox, Taylor, & Fabrigar, 2010). For the customer too, long-term relationships based on trust and commitment bring rewards, by reducing the potential for opportunism (Ganesan, 1994), increasing feelings of intimacy and

confidence (Verhoef, Franses, & Hoekstra, 2002), and improving productivity (Selnes & Sallis, 2003). Trust has been shown to be particularly important in credence-based services, such as the creative industries, where there is a high degree of ambiguity and performance-uncertainty, and a lack of formal control mechanisms (Singh & Sirdeshmukh, 2000).

A central aspect of relationships is the temporal dimension (Miell & Dallos, 1996). Thibaut and Kelley (1959) describe four stages in the development of a personal relationship: sampling, bargaining, commitment, and institutionalization. Over the intervening decades, several variations on this model have been presented in the context of buyer–seller relationships. Although the emphasis has changed from a linear progression (Dwyer et al., 1987) to non-linear iterative movement (Batonda & Perry, 2003; Cannon & Perreault, 1999; Halinen, 1997), the underlying concept of development and change remains, together with the notion that relational drivers will be more, or less, relevant at different phases of a relationship.

2.2. Dark side relational constructs: definitions, manifestations, and consequences

Despite the evidence for mutual benefits, several studies suggest there may be hidden costs to long-term relationships and excessive trust. Aside from the threat of opportunism (Bogenrieder & Nooteboom, 2004; Granovetter, 1985; Selnes & Sallis, 2003; Wuyts & Geyskens, 2005), there is also the potential for a more ‘passive’, yet equally debilitating, collection of attitudes and behaviours such as complacency, boredom and staleness, institutionalization, and groupthink. These will be considered in turn.

2.2.1. Complacency

Kawall (2006) suggests that complacency manifests itself as an over-estimation of accomplishments and excessive self-satisfaction leading to limited motivation to maintain or improve an appropriate level of accomplishment. Satisfaction with past performance, and the attainment of aspirations, has been shown to reduce motivation and breed complacency, leading to a drop in innovative behaviour and a potential loss of competitiveness (Brennan, 1997; Jayachandran & Varadarajan, 2006; Lant & Montgomery, 1987; Marinova, 2004; Miller & Chen, 1994). Moorman et al. (1992) and Anderson and Jap (2005) talk of relational partners' high level of experience of dealing with each other leading to complacency (a ‘taking-it-for-granted’ mind-set). Wackman, Salmon, and Salmon (1986) found that clients complain of a lack of initiative and lack of personal attention from their agencies once they enter the ‘maintenance’ stage of relationship development, suggesting that complacency sets in when the account is perceived as secure. Similarly, Barnes (2005) reports an element of complacency and heightened danger of client switching creeping into mid-term relationships as a result of a comfort factor, similar to Levinthal and Fichman's (1988, p. 367) “liability of adolescence.” Beverland, Farrelly, and Woodhatch (2007) see agency complacency as an antecedent to client disaffection and eventual switching. Complacency has the potential to damage both partners in the relationship. Clients will experience reduced campaign effectiveness because of lower levels of creativity, and reduced service levels. Agencies will increase the likelihood of client defection and subsequent revenue loss.

2.2.2. Boredom

Work-related boredom is a negative affective state in which an individual feels a lack of interest and stimulation, and disinclination to action, resulting from repetition, familiarity, and formalization – the imposition of rules and limitations (Bench & Lench, 2013; Fisher, 1993; Loukidou, Loan-Clarke, & Daniels, 2009). For creative personnel who rely on intrinsic motivation, and thrive on autonomy and task complexity (Amabile, 1997), boredom is anathema and can lead to a drop in morale. Furthermore, boredom is known to affect quality of work

(Gemmil & Oakley, 1992), which for clients could mean reduced or inappropriate creativity. Moorman et al. (1992) suggest that clients, as well as agencies, can suffer from boredom because of familiarity with the supplier, leading to a desire for change. Closely associated with boredom is staleness, which refers to a lack of ideas through insufficient variety (Collins, 1994). Staleness is posited by Anderson and Jap (2005) and Moorman et al. (1992) as a potential consequence of long-term relationships, the former in relation to outcomes, and the latter in relation to the buyer's perception of the supplier's thinking processes.

2.2.3. Institutionalization

Institutionalization refers to behaviours copied over time that become embedded as accepted practice (Osborn & Hagedoorn, 1997; Zucker, 1987). It is a process by which individual and group learning is embedded in the organization, leading to routinized action (Inkpen & Crossan, 1995). On-going interaction between individuals or collectives can lead to the institutionalization of norms, beliefs, expectations, and taken-for-granted assumptions (Zaheer, McEvily, & Perrone, 1998). Tolbert and Zucker (1996) describe a three-stage process comprising *habitualization* or the development of problem-solving behaviour, *objectification* or the development of shared meanings attached to these behaviours, and *sedimentation* or transmission of these behaviours to new group members. Once established, institutionalized activities are maintained over long periods of time without requiring further justification (Zucker, 1987). A symptom of institutionalization is the existence of shared or team mental models (Daniels, Johnson, & de Chernatony, 2002; Porac, Thomas, & Baden-Fuller, 1989). Benefits of shared cognition lie in the ability of actors to respond to stimuli and solve recurring problems with minimal decision-making effort. However, while shared mental models are generally viewed positively, Klimoski and Mohammed (1994) suggest they have a dark side and can be dysfunctional. The homogenization of knowledge can limit accomplishments by constraining a group's openness and by fostering a resistance to change (Govindarajan, 2012; Nahapiet & Ghoshal, 1998; Porac et al., 2004; Zucker, 1987). Whereas in the pre-institutionalization period groups experiment with alternative solutions to a problem, once a tried and trusted solution is found, it is adopted whenever a specific problem recurs (Schwartz & Metcalfe, 1992). Past successes make these mental models more rigid, hampering new insights and learning (Grønhaug, Henjesand, & Koveland, 1998). Skilton and Dooley (2010) suggest that repeat collaborations between individuals on creative projects will be constrained by team mental models that create predispositions, limiting the idea generation process, and creating uniformity and similarity from one project to the next. Furthermore, implicit pressure to conform to these norms leads to individual self-censorship and reluctance to dissent (Morrison & Milliken, 2000). New employees will undergo a process of institutionalized socialization that imposes a set of expected behaviours, limiting the ability of the newcomer to innovate (King & Sethi, 1998). Agencies that suffer from rigid mental models will be less responsive and less able to adapt their creative output to suit a client's changing needs. This will leave the client at a disadvantage. It will not be receiving optimum value from its agency and will become less competitive. Consequently, the client is likely to reassess its relationship with the agency, potentially switching or at the very least organizing a creative pitch for its business.

2.2.4. Groupthink

Groupthink has been defined as “the psychological drive for consensus at any cost that suppresses dissent and appraisal of alternatives in cohesive decision-making groups” (Maund, 1999, p. 227). Moorman et al. (1992) suggest that close relationships can lead to similarity in thinking and the loss of objectivity. Similarly, both Selnes and Sallis (2003) and Erdem (2003) suggest that the hidden costs of high trust are excessive congruence and groupthink. Groupthink is an extension of shared mental models, describing the scenario where similarity in team member thought processes is so strong that consensus is sought

at any cost, even to the point where the wrong decision is made. Jeffries and Reed (2000) suggest that strong relational cohesion and enduring interpersonal relationships encourage partners to accept non-contentious ideas in order to reach unanimity and protect the relationship. With reference to professional services, Schwartz, Luce, and Ariely (2011) report that customers will sacrifice sound decision-making in favour of consensus in order to protect their relationship with a trusted expert adviser. With respect to client–agency relationships, strong social bonds between client and agency personnel could lead to a lack of critical evaluation of creative output, with the potential for substandard ideas to be progressed and implemented.

2.3. Institutionalized creativity

Despite its significance as a potentially detrimental force, literature on the concept of institutionalized creativity is limited. Just as institutionalization can be beneficial when learning is assimilated across, and embedded in, the organization, so too can institutionalized creativity be regarded as a positive state. Kletke et al. (2011, p. 218) define it as “a normative state in which an organization has harnessed the power of creative individuals to gain a synergy that makes the creative benefits across the organization greater than the sum of the individual creative efforts.” However, Halinen's (1997) interpretation of institutionalized creativity is that it is harmful to client–agency relationships. It manifests itself as the agency clinging to creative ideas and unable to create something new when it is needed. The likely consequence is client dissatisfaction with the creative output, and the potential for switching. Her research suggests it becomes more apparent as the client–agency relationship progresses. Davies and Prince (1999) borrow the concept of institutionalized creativity from Halinen (1997) and highlight its potential to reduce an agency's ability and motivation to adapt. Outside of the relationship marketing literature, in the field of music for example, others have discussed institutionalized creativity, expressing similar concerns for its dampening effect on individuality and improvisation in creative output (e.g. Kaufman, 2005; Wilf, 2014).

2.4. Client–agency relationships

The context for the study is client–agency relationships in the UK creative industry. There are several reasons for selecting this context. First, Halinen's (1997) study in which institutionalized creativity is first identified (in a marketing context) is a single case study of a client–advertising agency relationship. Second, while most organizations rely on a certain level of creativity and innovation to prosper, creative agencies in the fields of advertising and design, exist to produce output that is “near the upper reaches of creativity” (Verbeke, Franses, le Blanc, & van Ruiten, 2008), so institutionalized creativity will be particularly harmful. Third, client–agency relationships depend primarily on relational, rather than structural, bonds (Haytko, 2004), making the context particularly suitable for the study of ‘dark side’ constructs.

Hill and Johnson (2003) describe advertising and design as predominantly intangible, high-risk professional services, with applied (commercial) creativity at the core of the service. They are characterized by high levels of customization (or co-creation), high levels of person-to-person interaction, and high credence qualities. Most advertising and design agencies are structured around a creative services department and a client services department, the latter containing account managers who fulfil a boundary-spanning role between client (the brand or marketing manager, or marketing director) and agency. Typically, projects follow a standard process of problem definition (client), compiling the brief (client), briefing (client to agency), idea generation (agency), idea evaluation, modification, and selection (client and agency), and implementation (client, agency, and third parties). Therefore, while the agency is responsible for generating creative ideas, the client plays an important role in co-creating the service output (West, 1999), assigning sufficient resources (time, money, and information)

for the task, defining the problem in terms that will assist the agency to generate appropriate ideas, and contributing to the refinement of the agency's initial creative concepts.

Defining the meaning of 'long-term' in client–agency relationships is inevitably imprecise, but based on a limited body of research into relationship longevity, five years represents a significant threshold. *Michell's* (1984) study in the UK found that, on average, clients change agency every five years. *Verbeke's* (1988) study on client–advertising agency relationships in The Netherlands reports a slightly lower figure of four years. In the US, *Gleason* (1997), citing research by the American Association of Advertising Agencies, indicates an average tenure of five years. *Davies and Prince* (1999) suggest that only 20% of client–agency relationships survive longer than five years. However, there is evidence, albeit limited, to suggest that the profile and characteristics of the client and agency may affect relationship longevity. *Gleason* (1997) reports findings by Financial World that cite 26 years as the average client–agency relationship for the world's top 20 brands (well-known examples of long-standing relationships include Unilever and JWT since 1902, and Volkswagen and DDB since 1959). Both *Michell* (1988) and *Davies and Prince* (1999) suggest that larger firms have a greater degree of success at maintaining relationships over the longer term.

In attempting to identify factors that influence client loyalty and relationship longevity, *Michell and Sanders* (1995) highlight strong and effective campaigns, based on high creative standards, as most important. *Palihawadana and Barnes* (2005) cite agency professional and technical skills as the most important factor. Similarly, a perceived reduction in agency creative ability has been identified as a significant factor in the break-up of client–agency relationships (*Dowling*, 1994; *Doyle, Corstjens, & Michell*, 1980; *Durden, Orsman, & Michell*, 1997; *Michell, Cataquet, & Hague*, 1992). *Verbeke* (1988) reports the perception among clients that the quality of an agency's creative work deteriorates over a relatively short space of time. Thus, despite the importance of social bonds in the context of human capital-intensive firms (*Rogan*, 2014), the agency's perceived creativity – its ability to produce novel and relevant solutions to problems (*Hennessey & Amabile*, 2010) – is the overriding contributor to relationship continuation. The potential consequence of creativity that lacks novelty or relevance to the task is relationship dissolution, with significant costs for both sides. Agencies lose what could be a vital revenue stream, while clients must invest time finding a new agency, building new relationships, and educating the new agency in the client's brand (*Buchanan & Michell*, 1991). Thus, a better understanding of why institutionalized creativity emerges, and how it might be suppressed, will be beneficial.

3. Research method

3.1. Data and sample

Given the under-researched nature of the construct of institutionalized creativity, our aim, as explained, was to elaborate existing, albeit limited, theory. We adopted a qualitative approach given the need to explore the nature of the phenomenon ('*what*'), the process by which the phenomenon emerges ('*how*'), and to identify and interpret motivations behind attitudes and behaviours. *Blaikie* (2000) says that qualitative research is particularly suitable for researchers who are preoccupied with the process and dynamics of relationships, the possibility of multiple realities, and thick description to explore context. Complementing the qualitative approach, a case study strategy allowed for the collection of multiple perspectives within the bounded context of a relationship. Case studies are suitable for studies into life cycles, and organizational and managerial processes (*Yin*, 2003). *Easton* (2010) says that case study research is understandably popular for the study of interorganizational relationships because of their complexity.

Sampling was purposive. Our aim was to recruit on-going relationships of diverse duration, and to recruit organizations of varying size.

The client–agency relationship literature suggests that relationship duration and size of firm are characteristics that may influence the emergence of institutionalized creativity. Working from a database of firms known to purchase advertising and design services, we emailed 150 marketing directors and marketing managers, inviting them, and their agency/agencies, to participate. For practical reasons (travelling to interviews), we imposed geographical restrictions, and limited ourselves to the South of the UK. In order to ensure we recruited managers with sufficient (and recent) experience of client–agency relationships to be able to make a meaningful contribution to our study, we set a minimum threshold for company turnover of 25 million GBP, and limited ourselves to sectors that are known 'heavy users' of advertising and design (e.g. fast moving consumer goods). Within our definition of 'agencies', we also included in-house creative studios. The scope of work in an in-house studio is inevitably limited compared with an external agency, because it only works on creative assignments for its own organization. This makes it an ideal sample unit for the study of repetitive work tasks that are limited in scope. Although the response rate was low (4.7%), we received acceptances from firms with annual turnover ranging from 25 to 800 GBP, and with relationships ranging from 18 months to 10 years.

An important aspect of this study is the dyadic nature of the research. We sought perspectives from client–agency pairs because the experience of the relationship process may be different for the various actors involved (*Lewis & McNaughton*, 2014). However, in all instances, respondents broadened and generalized their discussion beyond the confines of the specific dyad, commenting on, and making comparisons with, other existing and past relationships. There were nine case studies. In all but one case (case 3, where it was not possible to conduct an interview with a representative of the creative department), respondents included the client, an account manager or account director (client services), and a member of the agency's creative studio. We felt it important to capture the views of agency managers and agency creatives, not just because of their very different roles, but also because of their different, and sometimes conflicting, value systems (*Kover & Goldberg*, 1995). Cases 6 and 7 share the same client, as do cases 8 and 9. In each instance, the client recommended that we speak to two of their agencies because of their contrasting relationship dynamics. In case 6, two client services personnel participated in the research. Details of the cases and participants are shown in *Table 1*.

Data were collected between May 2013 and January 2014 using one-to-one, semi-structured interviews. There were 25 interviews. Separate interview guides were prepared for clients and for agency personnel, investigating relationship history and dynamics, typical assignment processes, client–agency interaction, and creative output. Interviews lasted between 45 and 75 minutes, and were conducted, recorded, transcribed, and analysed, by the researchers.

Every effort was made to comply with ethical research practice. We informed respondents of the purpose of the study, and of how the research data would be used. Those who participated did so voluntarily, were given the opportunity to ask questions about the study, and confirmed they understood they could withdraw from the study at any time without explanation (no one withdrew). They were assured of confidentiality (particularly important in the context of paired client–agency research) and anonymity. Permission was sought to record the interviews (no one objected).

3.2. Data analysis

Our analytical approach was thematic, in the sense that we generated initial codes, and then collated and assigned codes to higher-order categories (or themes), with the ultimate aim of reporting patterns of meaning within the data (*Braun & Clarke*, 2006). As mentioned above, our research strategy was part inductive and part abductive. Although we did not begin the analytical process with a preconceived coding framework, subsequent stages of analysis related our emerging first-order codes to existing theoretical constructs identified in the literature

Table 1
Case characteristics.

| Case | Client characteristics (T/O in GBP) | Agency characteristics | Relationship duration | Client contact | Client services contact | Creative services contact |
|------|---|--|--|--|--|--|
| 1 | Beverages wholesaler, T/O 700 m | In-house studio, 11 creatives | N/A | Marketing manager, 7 years' experience, 7 years in current role | Head of studio, 12 years' experience, 2 years in current role | Senior creative, 12 years' experience, 3 years in current role |
| 2 | Alcoholic beverages company, T/O 400 m | Design agency, founded 2003, 15 people. | 10 years and on-going | Brand manager, 13 years' experience, 3 years in current role | Managing director, 30 years' experience, 10 years in current role | Creative director, 17 years' experience, 10 years in current role |
| 3 | Food manufacturer, T/O 800 m | Advertising agency, 400 people | 6 years and on-going | Marketing director, 20 years' experience, 3 years in current role | Account director, 9 years' experience, 5 years in current role | Not permitted to interview a member of the creative team |
| 4 | B2B service, T/O 25 m | Design agency, 20 people | 2 years and on-going (but client contact worked with the agency in a previous role) | Brand manager, 15 years' experience, 2 years in current role | Account manager, 3 years' experience, 3 years in current role | Middleweight creative, 8 years' experience, 8 years in current role |
| 5 | Construction firm, T/O 560 m | In-house studio, 11 creatives | N/A | Marketing manager, 20 years' experience, 17 years in current role | Head of studio, 24 years' experience, 21 years in current role | Senior designer, 16 years' experience, 11 years in current role |
| 6 | Service firm (business and consumer) T/O 65 m | Design agency, founded 1991, 25 people | 9 years and on-going | Marketing director, 30 years' experience, 9 years in current role | Account manager 8 years' experience, 2 years in current role. | Creative director, 15 years' experience, 5 years in current role |
| 7 | Same firm as case 6 | Design agency, founded 1997, 55 people | 18 months and on-going | Same contact as case 6 | Account director. | Creative director, 14 years' experience, 3 years in current role |
| 8 | Food manufacturer, T/O 250 m | Design agency, founded 1994, 18 people | 5 years and on-going | Brand manager, 10 years' experience and 10 years in current firm | Account manager, 11 years' experience, 7 years in current role | Creative director, 17 years' experience, 8 years in current role |
| 9 | Same firm as case 8 | Advertising agency, founded 2003, 27 people | 5 years and on-going | Same contact as case 8 | Managing director | Creative director |

(Miles & Huberman, 1994). We began by selecting what we considered to be particularly rich transcripts from each category of respondents (client, agency management, agency creatives), imported them into NVivo 10, and reviewed each of these, line-by-line, labelling passages of text and developing a preliminary set of concepts (first-order codes). This set of codes grew as we analysed more transcripts. We then reviewed these concepts and grouped them into more abstract, theoretical categories. For example, we developed a theoretical category of 'routinization' based on statements about repetition and predictability such as: "We've worked on [Brand N] for 10 years and it's the same Christmas gift pack every year"; "Some jobs have to be done year in, year out. Smaller agencies get bored with that". A second abstract category we identified was 'formalization', which was manifested by statements about rules and restrictions: "It would be nice to be able to use some different colours"; "Our parent company has decided it will be like this, and that's the end of it. It's frustrating for the agency but we just have to get on with it". When we examined these two categories, we identified that they were related and that we could link them through the dimension of 'demotivation' that leads to the higher order category of 'boredom'. Boredom was found to be one of four dimensions of the core category 'institutionalized creativity'. This process was followed to identify further first-order concepts and higher-order categories. Following the procedure recommended by Pratt, Rockmann, and Kaufmann (2006), Fig. 1 summarizes the analytical process and shows our first-order codes and higher-order categories.

4. Findings

4.1. Complacency

Clients and agencies recognise the "very real danger of complacency" (Account Director 3). The feeling among agencies is that, despite all the safeguards they might put in place, complacency is inevitable at certain points in a relationship. One account director said complacency 'creeps in', suggesting it may go unnoticed for some time. Three factors were cited for its development, all of which are related to relationship duration: success of creative output (reflected in increased sales for the product/service to which the creative work is attached, or in peer-recognition in the form of creative awards), client satisfaction (which is a consequence of this success), and agency attainment of aspirations. Success is acknowledged as having a myopic effect. When a creative approach has proved successful, there is a tendency to re-use and prolong this winning formula ("churn out the same stuff", Account Manager 5), and a reluctance to try new ideas. Agencies fall prey to what Bonoma (1981, p. 117) calls 'value rigidity'. Motivation to explore alternative, potentially more appropriate solutions is low. Agencies and clients refer to being unconsciously 'locked into' or 'tied into' a well-used, albeit successful, response to a problem.

If you tie yourself into a space where you are so formulaic, where a creative idea that you've used successfully for a number of years becomes a straightjacket, then you've got a problem. (Client 3).

We're very successful at what we do, but the danger is, if we get locked into that and don't consider other things, someone will 'eat our lunch'. (Account Director 6).

The danger is that client and agency underestimate the significance of, or fail to identify, changes in the market. The additional danger for the agency is that it overestimates its own security, misreading client satisfaction for long-term commitment.

Closely linked to success is aspiration attainment. All the while an agency aspires to win a client's business and trust, goal-driven motivation is high, and greater effort is exerted. Once the revenue stream from that client seems stable – "the business took off, we don't need to do it

Data analysis structure

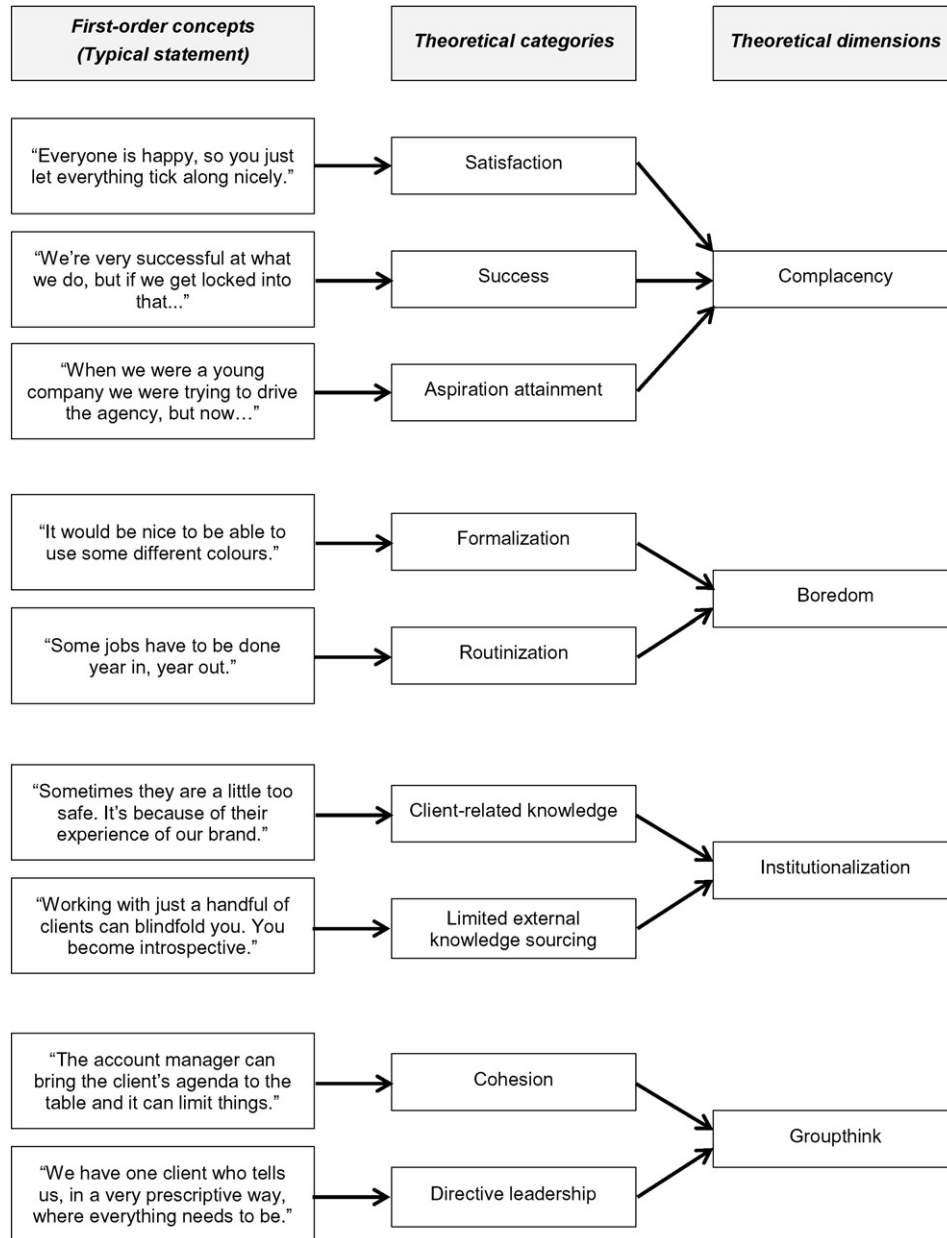


Fig. 1. Data analysis structure.

so much now" (Managing Director 2) – motivation and drive is re-directed towards a new goal elsewhere.

One client (Client 3) suggested that, given the significant involvement of the client in co-creating the service offering, it was unjustified to make the agency wholly accountable: "When complacency kicks in, it's usually complacency on both parts...it's as much my fault as theirs". Client 6 agreed, saying it was the client's responsibility to challenge the agency to raise its performance. Both of these clients were very experienced (more than 20 years' experience) and this may explain their balanced view.

While agencies acknowledge spells of complacency, the competitive intensity of the creative industry means that it is unlikely to persist for long. Agencies are aware that clients have ready-made alternatives, since most are 'promiscuous', working with a roster of agencies and apportioning work among them. At any time, a client can alter the 'share of wallet' across their agency portfolio: "We're not comfortable because we know the client works with other good agencies" (Account Director

2). The absence of structural ties between client and agency, and the reliance on a small portfolio of clients, acts as a brake on complacency and fosters a culture of paranoia (Clark & Montgomery, 1996): "We've not lost the fear. Fear is good because it forces you to constantly challenge yourself, because if it's not right, the client could walk away" (Account Director 6). The implicit threat of the client finding an alternative source of supply or, as is often the case, altering the share of business between multiple existing suppliers, acts as a verification strategy, positively influencing supplier performance (Gundlach & Cannon, 2010).

4.2. Boredom

While some creative projects are ad hoc, responding to a new problem or opportunity, there are others that are repetitive: "It's the same gift pack every year...a blue box with a window" (Account Manager 8). Routinization is recognised as a breeding ground for boredom, and

is particularly acute in smaller agencies, where there is less opportunity to rotate creative people from one client account to another:

Some jobs have to be done year in year out on a brand. Smaller agencies get bored with that, whereas a bigger agency can bring in a new pool of people that haven't worked on the brand before and this can freshen things up. (Client 6).

The longer the client–agency relationship endures and the task repetition and lack of stimulation persists, the greater the danger of demotivation and boredom, resulting in lower effort and performance. The consequences will be particularly acute in a knowledge-intensive profession that thrives on challenge, complexity, and novelty:

In my early days when I worked on the [supermarket] account, I thought 'am I really going to do this for the rest of my career?' I wanted to do more than just create the same stuff day in day out (Creative Director 8).

Not surprisingly, the problem is more acute for in-house creative studios where the scope for variety and experimentation is more limited: "It would be nice to have more variety, to work on some different, bigger projects...if you're doing the same task all the time it can get stale" (Creative 5).

Besides monotony, an additional factor in the development of boredom is the extent to which freedom is curtailed by the imposition of rules and procedures (Hirst, Van Knippenberg, Chen, & Sacramento, 2011). We refer to this as *formalization*. For example, while brand guidelines ensure consistency, and increase predictability of creative response, they inevitably restrict designers, reducing the intrinsic value of the task, limiting creative scope, and stifling innovation (cf. El-Murad & West, 2003): "It would be nice to be able to use some different colours" (Creative 4). Clients are sympathetic to a point, but often they are not the instigators of the rules and feel equally powerless and restricted. In one instance, a German parent company imposed strict creative limits on its UK subsidiary creative: "It's frustrating for them [Agency 9] and for me, but sometimes you just have to get on with it" (Client 9). Given the tendency for creative personnel to value autonomy and a sense of ownership (Amabile, 1997), it is not surprising that the longer a creative team works under these tight constraints, the more likely their boredom is to increase. Another aspect of formalization is the increasing reliance on consumer research and creative pre-testing procedures. Client 3 acknowledges the phenomenon, admitting that client faith in focus groups leads to creativity being reduced to the lowest common denominator: "It's another hurdle against great creativity". This is both frustrating and demotivating for creative teams who are forced to limit their creativity, underutilizing their skills.

However, boredom proneness is not uniform and not everyone possesses the same level of intrinsic motivation (Vodanovich et al., 2011), a point that was made by several creative directors, including Creative Director 8: "Some designers question, others don't. Some just want a nine to five job; they care less". This seems particularly true of in-house studios. The nature of the creative work is primarily idea implementation rather than idea generation, requiring a personality that thrives on structure rather than spontaneity (Caniëls, De Stobbeleir, & De Clipeleer, 2014): "People just presume they [graphic designers] are creative. But some people are starters and some people are doers" (Head of Studio 1).

Some agencies try to counter boredom by rotating staff from one client account to another: "We need to stay keen, stay motivated, and freshen things up regularly. We need to rotate teams" (Managing Director 9). However, while rotation has been shown to mitigate boredom (Meier & Hicklin, 2008), it is not possible in smaller agencies. Furthermore, not all clients welcome unforced changes in personnel (Bendapudi & Leone, 2002), preferring longevity and consistency: "In some, bigger, agencies you find that account managers change. For me, that doesn't work at all as I want continuity" (Client 4).

4.3. Institutionalization

Client-related knowledge, which develops over repeated interactions, should be a value-creating resource. In-depth knowledge of a customer's needs and context should enable agencies to provide better solutions to client problems (Menguc, Auh, & Uslu, 2013). Client-related knowledge should also generate improvements in efficiency in the sense that the client invests less time briefing the agency, and the agency needs less time to discover appropriate creative solutions: "They know what they need to do. They're absorbed in the brand, so it makes my life a lot easier" (Client 8). However, an unintended consequence of client-related knowledge is an 'inverted expertise effect' (Mahajan, 1992, p. 331) which is characterized by reduced mental effort, a superficial evaluation of the task, and the tendency to conform to existing practices (Senge, 1990): "Maybe sometimes [Agency 2] are a little too safe. It's because of their experience of our brand. In future, I might have to pitch to get new ideas" (Client 2). Attempts by agencies to exploit their knowledge of a client's business to deliver consistent and predictable responses, can be perceived by the client as rigidity and inertia:

You can get too used to working with clients and you give them what you think they're going to buy but you stop inspiring them. The client will buy what you give them for a certain amount of time but then they wake up and realise they're not getting the creativity they want and they think they've out-grown you. (Creative Director 7).

Rigid mental models restrict creatives to analysing, interpreting, and responding to problems in a familiar way. One way of shifting and transforming mental models is exposure to new and diverse contexts (Dhanaraj & Khanna, 2011). However, some clients highlighted their agency's lack of learning from other, external contexts, resulting in an inability to generate novel responses to recurring problems. Client 5 complained: "They are so focused on this industry that they've become too restricted in terms of style. They're not keen to try new things. They need greater exposure [to other industries] to refresh their creativity". The Head of Studio in case 5 was unwittingly exacerbating this problem: "I employ people at the start of their careers so I can train them in the [Client 5] way". Thus, the drive for consistency is leading to rigidity and client dissatisfaction. Not surprisingly, smaller agencies suffer most from a lack of external knowledge sourcing. Their size restricts them from working with a large portfolio of clients. Referring to a previous agency, Client 4 said: "They were only working in two or three sectors and not getting out there and changing with the times".

As with complacency, respondents argued that there was an 'organic' antidote to institutionalization in the form of staff turnover – the creative industries are known for their high staff turnover (Haytko, 2004). Despite the inevitable negative implications of employees leaving the firm (recruitment costs and loss of knowledge), almost all agencies pointed to one positive consequence; that of the reassessment of established practices by new staff and the introduction of new ideas and ways of doing things. Thus, new employees can act as a deinstitutionalizing pressure (Oliver, 1992), but only if the socialization process by which they learn established organizational values and behaviours does not overpower their freedom for self-expression, permitting them to leverage their existing knowledge (Cable, Francesca, & Staats, 2013; Levine, Choi & Moreland, 2003). The Account Director of agency 6 said his agency recognised the importance of giving newcomers freedom: "People can join and add something different without it being snuffed out simply because that's not how we do things". A more deliberate strategy to counteract institutionalization was the appointment of an innovation manager whose task was to question the established ways of thinking inside the agency:

Chris doesn't have any involvement in the day-to-day managing of clients so he can look at what we are doing objectively. His role is

to say 'have you considered this approach?'...Chris is here to make sure our proposition is still fresh. (Account Director 6).

Although less formal than the appointment of a specific innovation manager, all agencies said they question taken-for-granted assumptions in order to remain competitive: "You have to push yourself every so often to question things (Account Manager 5); "We always try to push the boundaries a little, otherwise everything starts to look the same" (Managing Director 2).

4.4. Groupthink

Two conditions were identified in the study as leading to groupthink. The first was cohesion. Creative teams accuse account managers of being too compliant; too eager to reach consensus and avoid conflict with the client. They argue that account managers often stifle debate and veto novelty for fear of destabilizing the relationship with the client:

You have to go back to clients with a range of ideas but there can be a battle with account managers. They say 'they're not gonna buy it' and I say 'I don't care if they're not gonna buy it, I want them to see it because I want to stretch their thinking'. They might not buy it today or tomorrow but maybe they might start thinking that way...Sometimes the account manager can limit things and bring the client's agenda to the table. (Creative Director 7).

Furthermore, the fear that dissent will lead to punishment – which in this context means client switching – leads to *coercive* cohesion, concurrence seeking, and false consensus. Smaller agencies, for whom the loss of just one client can be a severe blow to their revenue stream, admit to feeling pressured to comply with client wishes, even when they disagree, thus creating an illusion of unanimity:

At what point do we roll over and give in to protect the relationship or keep pushing to get the right result?...There are times when I would like to walk away from certain projects but the realities are, we need the revenue. My design team look at me and say 'why are we doing this Pete?' And I say 'it's about the money' (Creative Director 7).

At an interpersonal level, friendship can be a source of cohesion (Zaccaro & Lowe, 1988). Client 8 spoke of her reluctance to risk damaging a close personal relationship. She compared her relationship with Agency 8 ("friendly and personable") to her relationship with Agency 9: "I'm getting married in August and [Agency 8] offered to design and print the wedding invites for me. I could never ask [Agency 9] to do that. I don't have that relationship with them". She acknowledged that the existence of a personal relationship made it difficult to challenge the agency's decisions: "it does make it more awkward...I feel more comfortable telling [Agency 9] that what they've done is rubbish, whereas I wouldn't want to say that to [Agency 8]." From the client's perspective, her role of friend conflicts with her role of client, discouraging criticism of the agency's creative output. The development of interpersonal liking stifles dissent (Brockman, Rawlston, Jones, & Halstead, 2010).

The second condition leading to groupthink is excessive direction from the client. Janis (1982) maintained that group leaders with predispositions limit the range of discussion. Directive leaders provide specific guidance regarding goals and the means of achieving goals (Martin, Liao, & Campbell, 2013). All agencies cited instances of excessive client control over the creative process and creative outcome: "There will always be clients who say 'I'm not discussing this, I'm telling you to do it'" (Account Director 3); "They've narrowed it down so much that I've lost any freedom" (Creative Director 9); "We have one client that tells us, in a very prescriptive way, where everything needs to go and goes mad if we move anything" (Creative Director 8). While directive

leadership and control might be appropriate in some circumstances, in a creative context it reduces intrinsic motivation (Ryan & Deci, 2000; Zhang & Bartol, 2010) and discourages proactivity. Lack of autonomy and empowerment leads to a compliant agency, and one that sees experimentation and debate as wasted effort: "She was so prescriptive, we stopped being proactive" (Account Manager 6). Clients argue, however, that it is justifiable for them to direct the agency, first because they understand their consumers better ("I know what's right for my business" Client 1) and second because they fear that, without sufficient direction, the agency's creative response to the brief will be inappropriate, with serious consequences for deadlines and costs.

5. Discussion

5.1. Theoretical implications

While the concept of institutionalized creativity has created interest (Grayson & Ambler, 1999), it has remained largely unexplored in marketing and management literature. This is unfortunate given its potentially negative consequences. While effective creativity can result in increased competitive advantage for a client's brand (Lehnert, Till, & Ospina, 2014), institutionalized creativity, on the other hand, leads to sub-optimal creative output, client dissatisfaction and relationship termination, with associated loss of revenue for the agency, and search costs for the client to find a new agency. Halinen (1997) describes institutionalized creativity as clinging to creative ideas and the inability to create something new when it is needed. Davies and Prince (1999, p. 79) mirror Halinen's (1997) characterization: "unable to make strategic changes in response to clients' needs". However, as far as we can ascertain, the concept has not been investigated further in the context of business relationships, leaving a knowledge gap surrounding its precise nature, and how and why it develops. Given this lack of attention, our research makes a significant contribution to the development of our understanding of institutionalized creativity. Drawing on insights from a variety of disciplines including psychology, organizational behaviour and leadership, marketing, and creativity, we identify its dimensions, together with a range of conditions contributing to the emergence of these dimensions. We also highlight factors and strategies that suppress the emergence of institutionalized creativity (see Fig. 2). In so doing, we build theory, contribute to buyer–seller relationship literature, and offer valuable insights for practitioners as to how conditions that foster institutionalized creativity might be mitigated. Building on the work of Halinen (1997), we offer an expanded definition of institutionalized creativity:

Team-generated ideas and outputs that are predictable or task-inappropriate due to amotivation, low task stimulation, static mental models, interpersonal cohesion, or constraint.

Whereas extant research defines institutionalized creativity solely as the inability to create novel ideas, our research expands existing theory, provides a more comprehensive view, and offers greater conceptual clarity by conceptualising it as comprising four distinct dimensions: (1) complacency, which captures the lack of motivation to improve current performance; (2) boredom, which captures a lack of stimulation and reduced effort; (3) institutionalization, which captures predictability of response and limited idea generation; and (4) groupthink, which captures consensus and compliance with the leader's (i.e. the client's) ideas. Institutionalized creativity can manifest itself both as a creative response that lacks novelty but also as a creative response that lacks appropriateness to the task. As such, an agency's creative output may fail to meet, to some degree at least, the key determinants of creativity, namely *divergence* and *relevance* (Smith & Yang, 2004).

Furthermore, while an inability to produce novel ideas (Halinen, 1997) was apparent in our findings, there was also, in some instances, an *unwillingness* to produce novel ideas, in the sense that complacency

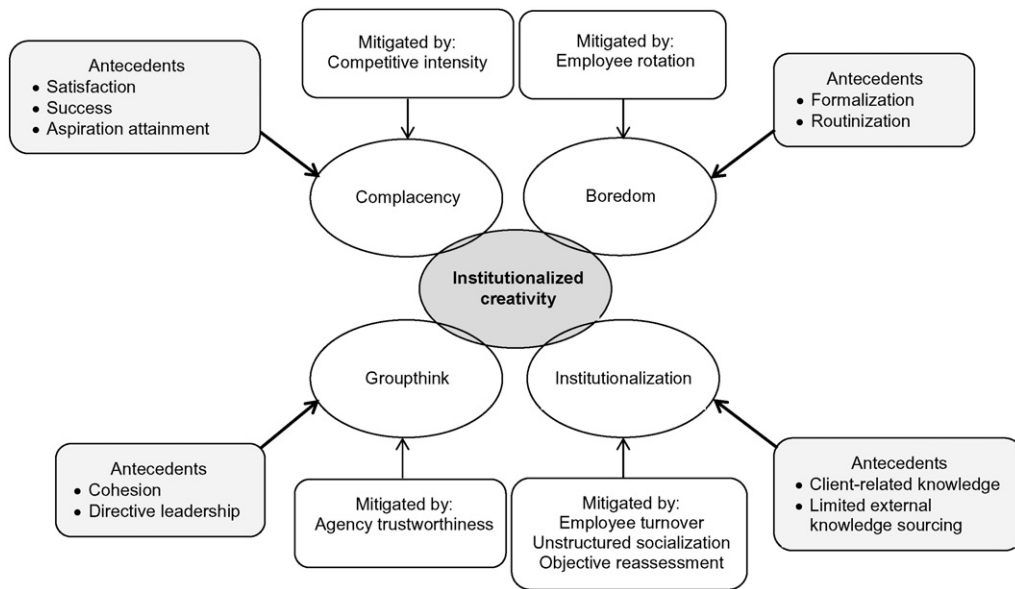


Fig. 2. Institutionalized creativity: dimensions, antecedents, and mitigating factors.

encourages a satisficing rather than optimizing approach to problem resolution. With regard to the antecedents to institutionalized creativity, our findings resonate with the creativity literature. Employee creativity has been shown to be influenced by a variety of personal and organizational factors such as flexibility, risk orientation, intrinsic motivation, challenging tasks, autonomy, and empowering leadership (Amabile, Conti, Coon, Lazenby, & Herron, 1996; Caniels et al., 2014; Oldham & Cummings, 1996). The best creative ideas are the result of a synthesis of cognitive resources, social interaction between team members, and appropriate environmental resources that motivate team members (Harvey, 2014). Our findings demonstrate that deficiencies in one or more of these conditions can lead to institutionalized creativity, since complacency derives from a lack of motivation, boredom from lack of task complexity and/or lack of autonomy, institutionalization from lack of cognitive flexibility, and groupthink from directive leadership that suppresses team member expertise and freedom. Thus, contextual influences for institutionalized creativity are personal, organizational, and situational, and both internal and external.

With regard to temporal dynamics, Halinen (1997) argues that institutionalized creativity becomes more pronounced as the relationship progresses. Our findings suggest this is only partially accurate. Complacency, where it occurs, is time-dependent. This is to be expected since an agency will feel compelled to prove itself competent and reliable at the start of the relationship. Similarly, boredom that emanates from routinization (task repetition), institutionalization that emanates from client-related knowledge, and groupthink that emanates from interpersonal cohesion, are phenomena that can only develop with the passage of time. Limited external knowledge sourcing (a dimension of institutionalization) is not necessarily time-dependent, but its negative effects become more pronounced over time. However, boredom that emanates from formalization (excessive rules and procedures), and groupthink that emanates from directive leadership (imposed solutions), can emerge at any stage of relationship development and are not time-dependent. They are concepts that are driven by organizational context, organizational culture, and an individual's personality traits. We suggest, therefore, that institutionalized creativity, while most likely to be found in long-term relationships, can also manifest itself in relationships that are at an early stage of development. This finding concurs with Lawrence, Winn, and Jennings's (2001) contention that institutionalization which is force-based (coercive) develops at a faster pace than, for example, influence-based institutionalization.

5.2. Managerial implications

Our research suggests that, despite agencies being aware of the threat and consequences of complacency, there will be times, however fleeting, when a degree of self-satisfaction emerges, leading to a reduction in effort. Agencies must continually challenge themselves to improve or create new value for clients. This can be particularly difficult for small agencies with limited resources that may be inclined to relax service levels with established clients in order to concentrate resources on new and prospective clients. Our research suggests that clients periodically reassess the service levels and creative output they receive from their agencies. Evidence that their agency is 'coasting' will most likely result in a creative pitch. Simply responding to client requests for change or improvement is unlikely to be sufficient. Agencies must demonstrate proactivity. This could take the form, for example, of making unsolicited suggestions to clients regarding ways in which last year's work might be improved, or ways in which the client might react, in a creative context, to competitor activity in the marketplace. However, as one of our respondents remarked, some clients are suspicious of client proactivity, regarding it as agency opportunism.

Employee turnover is an organic response to countering institutionalization. However, it is important that agencies maximise the benefit of this injection of 'fresh blood' and new knowledge, by giving newcomers the scope to challenge existing approaches.

With regard to alleviating boredom, larger agencies may consider rotating employees as a mechanism for reducing boredom and injecting new thinking into a client account team. However, agencies need to ensure that mechanisms are in place to ensure intellectual capital is not lost during the rotation process, since clients are unlikely to be sympathetic to a lengthy learning process or to the new incumbent 'reinventing the wheel'. Given that some personalities are more boredom-prone than others and that some creatives are 'thinkers' and some are 'doers', agencies should pay close attention to employee–job fit. Job tasks must match the individual's self-concept (Shamir, 1991) if the employee is to remain motivated.

Despite the availability of alternative suppliers and the perceived ease of switching, changing agency can be costly and time consuming. Clients should strive to maintain a relationship climate in which creative novelty and divergence flourish. They should create an environment of collaboration and openness in which the agency is able to explore, challenge, and submit ideas that may not necessarily correspond to the client's preconceived notion of an appropriate creative solution.

While there will be occasions where the client is obliged to impose a solution, it is only by permitting agencies sufficient self-determination that intrinsic motivation and commitment will be maintained.

6. Limitations and suggestions for future research

A limitation of this study relates to its cross-sectional design. Given that the phenomenon under investigation is relationship development, a longitudinal approach would permit the researcher to track changes in attitude and behaviour in 'real time'. In addition to the study of on-going relationships, where both parties still perceive value in the relationship, it would be useful to examine relationships that have recently terminated. This would provide additional perspectives on dark-side elements. This study was purely qualitative and so, while we are confident that the findings are transferable to similar contexts, we can make no claims about prevalence. A quantitative study would permit generalization and encourage the development of measurement scales for each of the constructs. Finally, we are unable to draw any conclusions regarding the relationship between institutionalized creativity and either length of relationship or organizational size. This is in part because no obvious pattern emerged in our small sample and because respondents did not limit their discussion to one specific relationship but talked instead about their general experience. A quantitative study, where the respondent focuses on one specific relationship, might shed more light on this.

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