Intern. J. of Research in Marketing 25 (2008) 109–118

Contents lists available at ScienceDirect

Intern. J. of Research in Marketing

journal homepage: www.elsevier.com/locate/ijresmar

Creativity in buyer–seller relationships: The role of governance ☆

Qiong Wang [a], Kevin Bradford [b], Jun Xu [c], Barton Weitz [d,*]

[a] Smeal College of Business, Pennsylvania State University, United States
[b] Mendoza College of Business, Notre Dame University, United States
[c] Kellstadt Graduate School of Business, DePaul University, United States
[d] Warrington College of Business Administration, University of Florida, United States

ARTICLE INFO

Article history:
First received in April 7, 2005
and was under review for 8 months

Keywords:
Innovation
Trust
Contract
Power
Buyer–seller relationships
Complementary resources
Knowledge-sharing routines
Learning orientation
Open-mindedness
Management support
Governance

ABSTRACT

This research proposes a framework for relating governance mechanisms (power, contracts, and trust) to the generation of creative approaches to business activities in buyer–seller relationships. The framework is tested with a survey of 262 purchasing agents. The results indicate that trust and contract affect the three facilitators of inter-organizational creativity: (1) knowledge-sharing routines (resources), (2) learning orientation (motivation), and (3) managerial support and open-mindedness (managerial practices). Also, the effects of trust and contract on the creativity in buyer–seller relationships are fully mediated by the above three facilitators. In particular, trust plays a more influential role in stimulating creativity. While power is not significantly associated with any of the facilitators, its overall effect on creativity is negative.

Business-to-business marketing practices and academic research are increasingly focusing on building and maintaining long-term, collaborative relationships between buyers and sellers (Kalwani & Narayandas, 1995; Narayandas & Rangan, 2004; Ulaga & Eggert, 2006). These inter-organizational relationships span firm boundaries and provide opportunities for businesses to develop valuable, rare and non-imitable relationship-specific assets (Dyer & Singh, 1998). To harness the potential strategic advantages embedded in inter-organizational relationships, the generation of creative approaches to business activities is a critical first step.

While creativity[1] is the precursor for developing innovation and strategic advantage through relationships, research in marketing and management has focused on creativity in intra-firm rather than inter-organizational contexts (Amabile, Conti, Coon, Lazenby, & Herron 1996; Damanpour, 1987, 1991; Damanpour & Gopalakrishnan, 2001; Deshpande, Farley, & Webster, 1993; Hurley & Hult, 1998; Kim, Bridges, & Srivastava, 1999; Klein & Sorra, 1996; Pennings & Jarianto, 1992; Rogers, 1983), with only a few exceptions (Chandrashekaran, Mehta, Chandrashekaran, & Grewal, 1999; Roy, Sivakumar, & Wilkinson, 2004). But conditions facilitating creativity in intra- and inter-organizational contexts may differ. For example, because of the physical and psychological distance between the parties, knowledge-sharing routines might be more important for stimulating inter-organizational creativity.

Over the past decades, research has examined innovation (typically with respect to commercializing new products and technologies) with greater frequency than creativity in inter-organizational relationships, particularly in inter-firm alliances (Rindfleisch & Moorman, 2001; Sampson, 2007; Sivadas & Dwyer, 2000; Wuyts, Stremersch, & Dutta, 2004). Yet the factors affecting the adoption and implementation of creative ideas may differ from those that affect the generation of those ideas. For example, informal structures may be more effective at generating creative ideas, while formal structures may be more effective for implementing them.

We propose that inter-organizational governance mechanisms stimulate inter-organizational creativity. As Dyer and Singh (1998, p. 669) point out, governance "plays a key role" in the creation of inter-organizational innovations "because it influences transaction costs, as well as the willingness of alliance partners to engage in value-creation initiatives." Governance mechanisms can provide safeguards that encourage the parties in buyer–seller relationships to share proprietary knowledge and think creatively. Without the safeguards provided by

☆ The authors would like to thank the Institute for Supply Management for its support.

* Corresponding author.
E-mail address: bart.weitz@cba.ufl.edu (B. Weitz).

[1] Some researchers (Deshpande et al., 1993; Sethi, Smith, & Park, 2001) use the terms creativity and innovation interchangeably. However, others (Amabile, 1997; Bassett-Jones, 2005; Im & Workman, 2004; Los, 2000; Rogers, 1983; Scott & Bruce, 1994) distinguish between the terms, defining creativity as the generation of novel and useful ideas and innovation as creative ideas that have been adopted and implemented.

0167-8116/$ – see front matter © 2008 Elsevier B.V. All rights reserved.
doi:10.1016/j.ijresmar.2007.12.006

governance mechanisms, the parties in relationships may be reluctant to invest in resources that produce creative ideas or approaches. They may be concerned that their firm will either not receive the rents generated by the innovation developed from a creative idea, or that the other firms will either expropriate the idea and develop the innovative assets internally or work with competitive suppliers to develop them. On the other hand, governance mechanisms are not as important in intra-firm creativity because the rents generated by creative ideas are necessarily captured by the firm.

Specifically, the novel contributions of this study, relative to prior research on creativity and innovation in intra- and inter-organizational contexts, are as follows. This study:

1. focuses on creativity (the generation of creative ideas or approaches) in inter-organizational relationships (prior research has largely focused on innovation: the adoption, implementation, and diffusion of creative ideas or approaches);
2. examines the effects of governance mechanisms (norms, contracts, and power) on inter-organizational creativity as a critical issue in managing relationships between independent parties (existing research on creativity and innovations primarily investigates the impacts of governance mechanisms on intra-organizational creativity); and
3. considers three factors (resources, motivation, and managerial practices) that mediate the governance–creativity relationship (these factors, suggested by Amabile (1997), have been examined as conditions for intra-organizational creativity but not as the factors that affect inter-organizational creativity).

In the theoretical framework that follows, we define inter-organizational creativity and develop hypotheses relating governance mechanisms to inter-organizational processes that affect creativity. We then describe an empirical study testing the framework and its hypotheses, report the findings, and discuss their implications for marketing theory and practice. We conclude by outlining this study's limitations and areas for future research.

1. Framework

Our theoretical framework, illustrated in Fig. 1, proposes that governance mechanisms (power, contracts and trust) provide safeguards in buyer–seller relationships. These safeguards encourage investment in and provide conditions facilitating generation of creative approaches for dealing with business activities in inter-organizational as buyer–seller relationships.

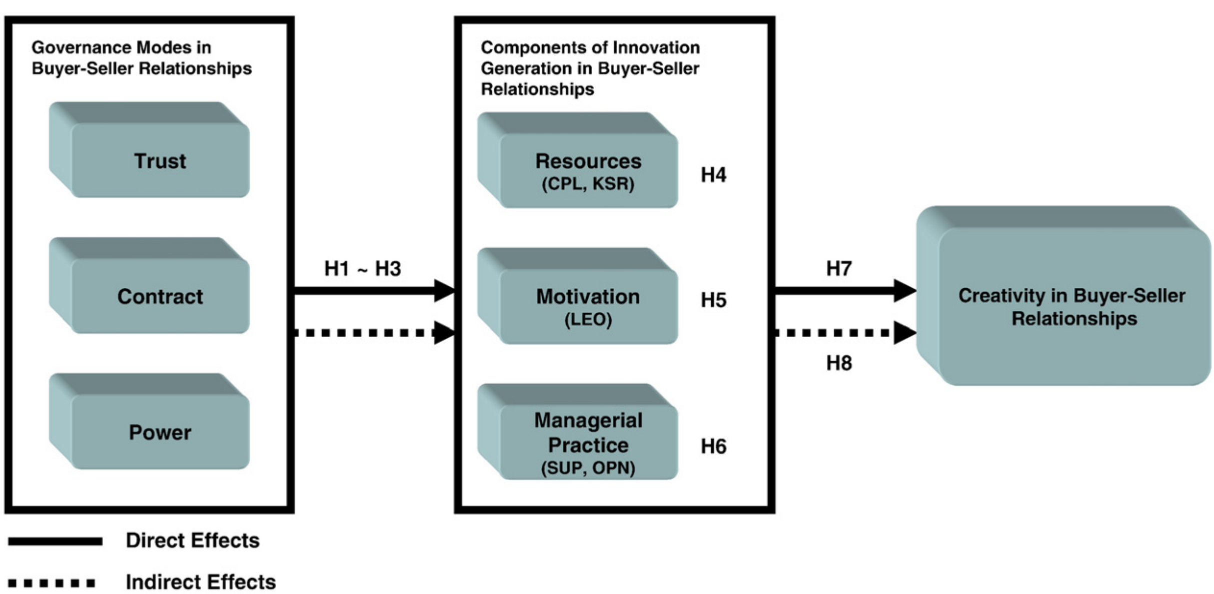
Inter-organizational creativity, the ultimate dependent construct in this research, is defined as the frequency with which *novel* and *useful* ideas or approaches to business activities are generated in an inter-organizational (buyer–seller) context. Novelty implies that ideas and approaches differ from the conventional practices in inter-organizational relationships, while usefulness indicates that these creative ideas or approaches can potentially provide meaningful benefits to the parties concerned. This definition, stressing "meaningful uniqueness," is consistent with definitions of individual creativity (Amabile, 1983) and intra-organizational creativity (Deshpande et al., 1993; Im & Workman, 2004).

In buyer–seller relationships, creative ideas or approaches can vary from small to radical adaptations in buyer–seller business processes. Some examples of the creative ideas in buyer–seller relationships we encountered during interviews with buyers are as follows: (1) the proposed development of a unique component made by the seller that will improve the performance of the buyers product; (2) the suggested adoption of an idiosyncratic interface to improve communications between the buyer and the seller; (3) the proposed development of a website for tracking the status of the buyer's orders placed with the seller; or (4) a simple suggestion to change a shipping label so that shipments from the seller can be processed more efficiently by the buyer.

The framework in Fig. 1 proposes that governance mechanisms (trust, contracts and power) promote three conditions that foster creativity: (1) resources (complementary resources and knowledge-sharing routines), (2) motivation (learning orientation) and (3) managerial practices (management support and open-mindedness).

1.1. Governance mechanisms

Weitz and Jap (1995) draw a parallel between intra-organizational and inter-organizational governance and identify three basic mechanisms for governing relationships: normative, contractual and authoritative. The normative mechanism involves a shared set of implicit principles or norms. While the norms are the basis of this governance mechanism, in this research we focus on trust generated by these norms rather than the mutual acceptance of specific norms (Gençtürk & Aulakh, 2007; Ploetner & Ehret, 2006). Thus, trust is the manifestation of



Note: CPL = Complementary Resources; KSR = Knowledge-sharing routines; LEO = Learning Orientation; SUP = Management Support; OPN = Open Mindedness

Fig. 1. Conceptual framework.