Agency Creativity: Teams and Performance: A Conceptual Model Links Agency Teams' Knowledge Utilization, Agency Creativity, and Performance
Lynch, J. and West, D.C.

This is an author's accepted manuscript of an article published in the Journal of Advertising Research, 57 (1), pp. 67-81, 2017.

The definitive version of this paper is available at:
https://dx.doi.org/10.2501/JAR-2017-006

The WestminsterResearch online digital archive at the University of Westminster aims to make the research output of the University available to a wider audience. Copyright and Moral Rights remain with the authors and/or copyright owners.

Whilst further distribution of specific materials from within this archive is forbidden, you may freely distribute the URL of WestminsterResearch: (http://westminsterresearch.wmin.ac.uk/).

In case of abuse or copyright appearing without permission e-mail repository@westminster.ac.uk
Agency Creativity: Teams and Performance: A Conceptual Framework

AUTHORS
Jacqueline Lynch, University of Westminster, UK
and
Douglas C. West, King’s College London, UK

AUTHOR DETAILS
Jacqueline Lynch
University of Westminster
lynchja@westminster.ac.uk

Douglas C. West
King’s College London
douglas.west@kcl.ac.uk
+44 (0)20-7848-3722
Author Bios

Jacqueline Lynch is Principal Lecturer, Department of Marketing and Business Strategy, Westminster Business School, University of Westminster. Her research interests include marketing and logistics, creativity in marketing, creativity in marketing education.

Douglas West is Professor of Marketing at King’s College London, UK and Visiting Fellow of Kellogg College, University of Oxford. His research interests include creativity, decision-making, marketing budgeting and risk.
Agency Creativity, Teams and Performance: A Conceptual Framework

ABSTRACT
Agency creativity is a product of team efforts where they interact to share knowledge, skills, and expertise to produce creative campaigns. For an agency, this is an invaluable resource. Using a multi-disciplinary approach, the authors of the current paper propose a conceptual model that links teams’ knowledge utilization, agency creativity, and performance. By considering incremental and radical creativity, it also builds on the idea that creativity is a multi-dimensional construct. The framework is presented to act as a catalyst upon which to build future empirical research on the nature of team creativity within advertising agencies.

MANAGEMENT SLANT
• Team knowledge utilization in agencies is a key resource for agency creativity and performance and needs careful management.
• Agencies with strong relational ties have better access to data and consumer insight and have the potential to produce more radical creativity. However, this is contingent on market conditions for the brand.
• Agencies need to work more closely with clients to establish the true nature of the problem for the brand and market uncertainty to assess the type of creativity required.
• Agency teams who embrace diversity within their teams will enhance the creative product.

INTRODUCTION
“Advertising creativity” may be described as the process of developing and producing creative advertisements (El-Murad and West, 2004; Reid, King, and DeLorme, 1998; Sasser, Koslow, and Riordan, 2007). From an output perspective, creativity is the “big idea” behind any advertisement or campaign (Hill and Johnson, 2003; Rossiter, 2008). It also has been referred to as the “creative quality” of agency teams in producing innovative advertisements (O’Connor, Willermain, and MacLachlan, 1996; Smith and Yang, 2004), which Li, Dou, Wang, and Zhou, (2008) refer to as “agency creativity”—a subset of advertising creativity.

“Agency creativity” is defined here as the extent to which agency teams develop campaign ideas (and advertising strategy)—which may be radical or incremental—to solve clients’ problems as perceived by managers.

One of the most interesting questions posed by researchers is “Why are some advertising campaigns more creative than others?” (e.g., Koslow, Sasser, and Riordan, 2006; O’Connor, Koslow, Kilgour, and Sasser 2016;). An equally important aspect to consider, however, is not the campaign itself, but the resources required to achieve extraordinary creative work. It could be argued that a better question for researchers might be: “Why are some agencies more creative than others?” Or even: “Why are some teams within agencies more creative than others?”
Such consideration, in turn, inevitably re-focuses the discussion upon the resource-based view (RBV) of any organization (Wernerfelt, 1984), which suggests that the management of resources is key to market competition.

The evidence suggests that resources that are valuable, rare and inimitable will enhance the performance of an organization or a sub-set within (e.g., Barney, 1986, 1991; 2001; Prahalad and Hamel, 1990). One thing is certain: Advertising agencies could not deliver client solutions without using the knowledge, skills and expertise of their teams.

Such teams often are multi-disciplinary and multi-functional (Ensor, Cottam, and Band, 2000) and involve different skill sets and experience. Nevertheless, the selection of the individuals to be members of a particular team has been found to be somewhat “fluid” and described by some observers as “chaotic” (Ensor et al., 2000; Johar, Holbrook, and Stern, 2001).

Alongside tenacious project oversight, the ability to form (and re-form) teams to meet the demands of clients are key assets of agency management. Despite this, research in the field of advertising creativity traditionally has focused heavily on the perspective of the individual (i.e. the copy writer or art director). Quite simply, much of the current literature explores creativity at the individual level despite the knowledge that creativity occurs and emerges at the team level (Anderson, De Dreu, Nijstad, 2004; Anderson, Potočnik, and Zhou, 2014; Woodman, Griffiths, and Sawyer, 2003).

The central point: Team creativity is not merely the aggregation of individual creativity (Drazin, Glynn and Kazanijan, 1999). Furthermore, the processes or mechanisms by which successful collaboration is achieved remain unclear.

**CONCEPTUAL FRAMEWORK**

To gain understanding of the phenomenon of teams and creativity, the current paper takes an interdisciplinary stance, drawing upon the team-diversity, knowledge-utilization and relational-ties literatures as each is applied to advertising creativity. To that end, the authors offer a conceptual model—along with several propositions—with the aim of addressing a much-neglected area of research, specifically the nature and form of team creativity within advertising agencies.

The process begins with “Team Diversity” wherein the make-up of the campaign team is explored (See Figure1). “Teams Knowledge Utilization” (TKU) also is considered and the current study explores whether TKU facilitates agency creativity and performance.

“Agency Creativity”, the next phase in the process, addresses considerations of whether the creative teams produce radical or incremental ideas on a continuum from “incremental” to “breakthrough” (George, 2007, Madjar, Greenberg and Chen, 2011) and whether that activity may require different processes (Madjar, et al., 2011, Unsworth, 2001). This perspective is borrowed from the “radical” versus “incremental” innovation literature.

Exploring the model further, the authors suggest that the relationship between TKU and agency creativity is moderated by “Relational Tie Strength of the Client” and the “Nature of the Client Opportunity”.
Advertising creativity is different from other types of creativity because it must achieve objectives set by others (El-Murad and West, 2004). Moreover, as it is commercially driven (Dahlén, Rosengren, and Torn, 2008), it is subject to the constraints of the agency and client approval systems (Bell, 1992). These external influences are critical, and the strength of the relational ties with the agency and the nature of the client opportunity need to be reviewed.

The final part of the process involves “Team Performance”, the link between agency creativity and performance.

Within the entire architecture of creativity, moreover, the authors recognize “market turbulence” as a control variable that may influence team knowledge utilization, agency creativity, and team-performance relationships.

Figure 1: Creativity and Teams Knowledge Utilization

TEAMS AND DIVERSITY

Earlier literature has defined “teams” as “a collection of individual who are interdependent in their tasks who share responsibilities for outcomes” (Cohen and Bailey 1997). In a knowledge-management context, teams are “complex, dynamic systems, existing in large systemic contexts of people, tasks, technologies and settings” (Ilgen 2005 p. 519).
In fact, there are a number of typologies of teams that add new nuances to help define teams (e.g., Cohen and Bailey 1997; De Dreu and Weingart 2003, Devine 2002). Defining teams, however, is more complex than simply addressing various typologies; teams in today’s organizations are more complex (Hollenbeck, Beersma and Schouten 2012) and, consequentially, may be more fluid and temporary.

Teams in advertising agencies tend to be formed around the specific elements of a client brief and, as such, often are cross functional and also may be *ad hoc* and temporary in nature. In this sense, the authors believe the following definition may be more apt:

“the responsibility…often overlaps between two or more departments…these teams or task forces allow for lateral contact between multiple departments…tend to be temporary groups that exist for the duration of the designated activity… [these temporary groups] are often used for non-routine tasks… [they] promote rather than inhibit cooperation across functional boundaries” (Pinto, Pinto, and Prescott, 1993, pp. 1283 -1284).

There is no exact template for an agency creative team. Hollywood and the general-interest media persist with the notion of the core team (a copywriter/art director relationship with a senior creative director as mentor), the assemblage is far more complex in every-day business practice.

Much depends on the nature of a client’s particular task at hand and the utilization of media in the mix. For the latter, the generally accepted terms of “traditional” and “new” media are well understood. However, to a great degree, that distinction already has become a misnomer with the maturation of digital media. What advertiser embarks on a communications campaign today without considering Google and search engine optimization (SEO)? Which brand steward would consider a marketing plan complete without social media,?

So-called “new” media have become integral parts of most advertising campaigns and, in effect, have become new “traditional” components. And, from a personnel/operational perspective, such “new” creative challenges have redefined the central team role of the art directors and copywriters in creative teams.

Although the campaign strategy may well emerge from the combined team efforts of the relationship between the account director, an agency’s planning/strategy team, the translation of such insight to new-media creative executions requires specialist knowledge. As such, a number of specialists with a variety of designations have joined agency teams. They include titles unimagined even just a few years ago including “community manager”, “designer/specialist”, “digital account director”, “digital copywriter/art director”, “digital creative director”, ‘digital media’, “digital account planner/researcher”, “SEO specialist”, and even “creative technologist”.

And the titles are not empty descriptions: Specific skills and knowledge now are required to execute core creative strategies across both new and legacy media. And such expertise often is beyond the skillsets of most copywriter/art director teams. For example, developing a storyboard for a TV campaign demands far less specialist knowledge than developing a relevant social-media campaign or the identification of the role of SEO.
It’s important to recognize that although the final creative product often is the most easily recognized element of an agency’s identity, the development of that work is grounded in a number of business disciplines: Account teams and client-service teams have long been parts of the creative-direction development. Recently, the importance of planning and strategy has gained more influence in the creative process within the literature (Koslow, 2015). Additionally, in practice, new client/agency relationships are becoming established where “hot-house” teams of key specialists—often including client representation—come together to make the process more “agile” with impacts on the type of creativity developed. The client-facing team has become multidisciplinary, with a creative director, an account director and head of planning/strategy acting as important members. From an internal perspective cross-functional teams exist to develop the ideas, which may draw on other functional or specialist areas in the development and activation of the campaign. Agencies rely on cross functional teams to solve the complex challenges of clients and a number of new digital agencies are adopting new models of operating where cross functional teams exist from the outset of the campaign which could prove more favourable for women (Mallia and Windels 2011). Demographic diversity in favour of women and people of colour is a key issue currently for the advertising industry as clients demand greater diversity within agency workforces (Coffee 2016; Joseph 2016) and so the rich literature on the link between team diversity and performance is relevant. Team diversity refers to “the distribution of differences among members of a team with respect to a common attribute” (Harrison and Klein, 2007). Different demographic variables may influence team performance negatively or positively (e.g., Milliken and Martins, 1996; Pelled, 1996; Williams and O’Reilly, 1998; van Knippenberg, Dreu, and Homan, 2004). In relation to performance, team diversity research has concentrated on demographic variables (e.g. age, gender, ethnicity) and/or job related characteristics (e.g. functional background, tenure), but has to date produced equivocal results (e.g. Bell 2007, Bell, Villado, Lukasik, Belau, and Briggs, 2011, van Dijk Egen, and Knippenberg, 2012, Hoever et al., 2012, Horwitz and Horwitz, 2007, Hülsheger, Anderson, and Salgado, 2009, Joshi and Roh, 2009, Milliken and Martins, 1996, van der Vegt and Bunderson, 2005; van Knippenberg et al., 2004, van Knippenberg and Schippers, 2007, Webber and Donahue, 2001, Williams and O’Reilly, 1998). This strongly suggests that the team diversity-performance relationship is not a simple function of such characteristics as age or ethnicity and may instead depend upon other factors such as task complexity (e.g. van Knippenberg et al., 2004) and/or the type of performance required (e.g. Horwitz and Horwitz, 2007). The evidence indicates, however, that when creativity or innovation is at stake, then the variables of education and job function are positively related to team performance, whereas variables such as age, sex and ethnicity are not (Bell, et al. 2011). Team performance improves because a team which is rich in task related demographic variables has more opportunity to draw on knowledge from a greater variety of perspectives and task relevant information (Hülsheger, et al., 2009; van Dijk et al., 2012).

There are three central theories that underlie team diversity and performance:

- **The similarity-attraction paradigm** (Byrne, 1971) advocates that homogeneous teams should perform better because of the mutual attraction of team members with similar attributes. The result will be better communication and team processes.

- **Social categorization** is closely linked to the similarity-attraction paradigm, with the difference that team members categorize each other into sub groups and favor the
delineation within the team (Brewer, 1979). People who are similar are attracted to each other and are more likely to work together.

In addition, in social categorization, performance increases with the degree of group homogeneity more homogenous the work group becomes, the better the performance (van Knippenberg et al., 2004). In such instances, creative teams (i.e., art directors and copywriters) share similar mental models and are on the same “wave length” (Johar et al., 2001).

Building on this the more recent notion of “creative fit” additional research has proposed that creative people who share similar styles to their creative directors are more likely to get their work approved (Stuhlfaut and Windels, 2012). Rather than being a benefit, however, some content that this lack of intragroup diversity may potentially limit creativity (King and Anderson, 1990).

- The information-decision-making perspective conversely proposes that heterogeneous groups should outperform homogeneous groups on the basis that diverse groups will have more access to a wider pool of task relevant knowledge, skills and abilities. Such diversity, the theory continues, brings different opinions to the fore which may be useful for creativity and innovation (van Knippenberg et al., 2004; van Knippenberg and Schippers, 2007).

In such team constructs, conflicting ideas will force the group to consider various perspectives, ideas, and information more deeply and, therefore, the fuller perspective may lead to more creative ideas and solutions (Anacona and Caldwell, 1992).

In the context of the current paper, team diversity refers to differences with regard to task related aspect of functional background, education and tenure which are associated with the information – decision-making perspective.

There is a wealth of research over the last 30 years within the domain of innovation that identifies team-level variables that may facilitate or impede innovation in organizations (Hülsheger et al., 2009). For example, one study argues that team diversity, size and tenure are important antecedents to innovation (Anderson and West, 1996). “Other factors include task characteristics, group knowledge diversity and skills, external demands and integrating group processes.” Additionally, “Diversity of knowledge and skills is a powerful predictor of innovation” (West, 2002).

Despite the research into the effectiveness of teams within the innovation literature, there still is very little understanding of the antecedents of team creativity and innovation, or how team creativity is linked to performance. What has been established is that diversity has been positively related to innovative behavior (van de Vegt and Janssen, 2003) and the type of outcome required—e.g., new product development—may require more functional diversity than demographic diversity (Horwitz and Horwitz, 2007), as cognitive and higher order thinking is required. This may be particularly true for advertising agencies, where the end product of creativity is the very reason for the existence of the service supplier.
The evidence from the innovation literature suggests that diversity will contribute to team creativity because team members from different functional backgrounds have different skills, expertise and knowledge which help to solve complex tasks (Hülsheger et al., 2009).

What emerges from this understanding is an apparent contradiction:
- On the one hand, group diversity leads to better performance due to more exposure to different perspectives.
- The “down side” is low group cohesion (or even conflict) that could adversely affect performance.

Alternatively, in homogeneous groups situations of “group think” and consensus could lead to less creative performance outcomes. Diversity also brings together members with different cognitive patterns (Somech and Drach-Zahavy, 2001) and generates communication with members outside the team (Hülsheger et al., 2009).

When applied to an advertising context, the core team members of campaign teams include creative people, account executives, and strategists (planners). Previous research has highlighted that functional diversity has resulted in a greater number of ideas for consideration (Sethi, Smith and Park 2001).

To sum up, the evidence suggests that diverse teams lead to the exposure of different perspectives, while homogeneity encourages a blander consensus. This leads to the following propositions:

P1a: Functional diversity within agency teams is positively related to agency creativity.
P1b: Functional diversity will enhance radical agency creativity more than incremental creativity.

TEAM KNOWLEDGE UTILIZATION (TKU)
Research in team creativity has continued to grow (Anderson et al., 2004; 2014) and may be defined as: “The generation of novel and useful ideas based on collaborative exchange of perspectives thoughts and information” (Paulus, Dzindolet and Kohn, 2011).

Team-working should lead to the generation of more novel ideas and creative outcomes because of the cross fertilization of ideas (Perry-Smith and Shalley, 2003; Tesluk et al., 1997). The benefits of team-working lie in the diversity of input, sharing of knowledge and communication of team members.

In multi-disciplinary teams, for instance, when individuals share knowledge, information, and expertise, there may be a better outcome to the challenge at hand (e.g., van der Vegt and Bunderson, 2005, West 2002) This knowledge forms a useful resource (Williams and O’Reilly, 1998) and capability for organizations’ (Teece, Pisano, and Shuen, 1997). This sharing promotes learning that leads to cross-fertilization of ideas and creativity (e.g., Ancona and Caldwell, 1992; Bantel and Jackson, 1989; Miliken and Martins, 1996).

Despite a considerable body of research, there is no conclusive evidence to support team diversity’s affect on performance either way. Studies on emergent-team processes, which
facilitate the exchange of diverse information and knowledge (Anderson et al., 2004; Hülsheger et al., 2009; Milliken et al., 2003), do suggest one possible source for further understanding, as demonstrated by exercises in team-learning behavior (e.g., van der Vegt, and Bunderson, 2005) and information elaboration (e.g., van Knippenberg et al., 2004).

Nevertheless, information sharing does not guarantee knowledge integration (Hoever et al., 2012). Indeed, in her 1996 text, “Creativity in Context: Update to the Social Psychology of Creativity”, Teresa M. Amabile introduced a componential model emphasizing that domain specific knowledge, creative processes, and utilization of knowledge are necessary for creativity.

Drawing from the knowledge management literature there are two streams of research: content and process approaches (Sung and Choi, 2009), which mirrors the team creativity-performance relationship approach (e.g. Hülsheger et al., 2009).

- **Content Research**
  The literature includes studies on such topics as tacit-versus-explicit knowledge (Ewing and West, 2000; Griffith and Sawyer, 2010) and procedural-versus declarative knowledge (Akgun et al., 2008) and focuses on what is known and the types of knowledge.

  More recently, research in the field of knowledge content suggests that the greater the quantity of unique information, the greater the likelihood that this information will result in creativity (Perry-Smith, 2014).

- **Process Research**
  Knowledge, alone, is not enough; it needs to be applied (Griffith and Sawyer, 2010) and, therefore, the process of utilizing knowledge becomes more important.

  Knowledge utilization by team members leads to learning and incorporates higher-order thinking (Gino et al., 2010) that may lead to a team’s ability to produce novel ideas and practical solutions (Sung and Choi, 2012). But, the process approach focusses on the way in which knowledge is shared and utilized among individuals (e.g., Gino et al., 2010).

Team creativity is positively related to team knowledge management, which is a combination of team knowledge stock (TKS) and team knowledge utilization (TKU) (Sung and Choi, 2012).

TKS is defined as “a combination of task relevant knowledge and skills possessed by members and the leader of the team”, whereas TKU is an overarching construct that “indicates the extent to which the pool of available knowledge and expertise is activated and exploited within teams” (Sung and Choi, 2012, p.5). Moreover, the mere possession of knowledge is insufficient and that it is how it is shared and used to solve problems that is key (Griffiths and Sawyer, 2010), proving that knowledge stock may be contingent on other contextual processes e.g., leadership, learning climate and trust (Hülsheger et al., 2009).

The lesson is simple: What you do with knowledge is more important than what you know (Gino et al., 2010) and that when exploited, TKU will enhance team performance. As such, the following propositions are offered:
P2: Team knowledge utilization is positively related to agency creativity.

P3: The relationship between team knowledge utilization and radical agency creativity will be stronger than the relationship between team knowledge utilization and incremental agency creativity.

P4: Team knowledge utilization is positively related to team performance.

Client Relational Ties and Problem Clarity
Research on agency-client relationships is “limited and perplexing” (Sasser, Koslow and Kilgour, 2013). Early studies investigated the agency-client lifecycle (e.g., Wackman, Wackman and Solomon, 1986; Verbeke, 1988). More recently the area of institutionalized creativity and client-agency relationships has been explored (Vafeas and Hughes, 2016).

Despite the importance of the agency-client partnership, the research evidence on the subject often is contradictory. Moreover, the influence of the client may take many forms (Waller, Shao, and Bao, 2010), and forms part of a very complex system (Sasser et al., 2013). And advertisers who had a low propensity to take risks limited the ability of the agency in terms of creativity (West, 1999).

The influence of the client—sometimes referred to as the “marketer” (e.g., Koslow, Sasser and Riordan, 2006) or advertiser e.g., (Sasser et al., 2013; Wang et al., 2013)—appears in the literature in a number of guises. Topics of consideration have included the attitude towards risk (e.g., El-Murad and West, 2003) the relationship with the agency and stability of the brand (e.g., Sasser et al., 2013), and knowledge and power (Wang et al., 2013). An additional area worthy of consideration from the main creativity literature is problem clarity and type (e.g. Tang, Li and Kauffman, 2016; Unsworth 2001).

- Risk
  Research has demonstrated that a client may influence the creative outcome, because of its attitude towards risk (El-Murad and West, 2003; Sasser and Koslow, 2008). In fact, agencies may also be risk averse with no obvious reason for any differences in risk-taking propensity (Rossiter, 2008; West, 1999; West and Berthon, 1997).

  Thus, it stands to reason that risk-averse clients may lead to the production of concepts of mediocre originality (West, 1999). Moreover, a client’s attitude toward risk-taking therefore may influence the creativity of its agency (Wang et al, 2013).

  What is known is that clients, in some situations, have a low propensity to take creative risks, particularly when they consider that they have reached their prospective points (West, 1999; West and Berthon, 1997), in that they have achieved (or are close to achieving) their set goals, but also because an agency’s creativity may be outside its “comfort zone” (Sullivan, 1998).

  Of course, there are exceptions to the proposition that marketers are risk averse when they fail to achieve their prospect points. Clients who rely heavily on digital media for delivery of their advertising message (compared to clients more heavily reliant on
traditional media) appear to be more open to riskier campaigns regardless (Kilgour et al., 2013).

**Strength of relational ties and knowledge**

Despite understanding the risk elements in relation to advertiser risk there is still relatively little known about how the client influences creativity (Wang et al., 2013). To make an almost tautological point: clients have the most powerful impact on agencies influencing their creative output (Sasser et al., 2013) and, of course, any agency's creative product will vary between one client to another. The point is that clients who are open to new ideas, who give agencies access to their research information, and who avoid high powered evaluation processes, generally enable agencies to be more creative (Koslow et al., 2006). Moreover, in the more contemporary digital landscape access to the consumer behavioral data of the client is a crucial part of the creative product developed. The strength of the relational tie between the client and the agency consequently becomes more important.

The strength of relational ties, delineates the type of bond between two or more social actors and their propensity to share information (Granovetter, 1973, Hansen, 1999), may be defined as either “strong” or “weak”. The concept has been used in several different areas, for example in the business-to-business literature to explain acquisition and utilization in new product alliances (e.g., Ganesan, Malter, and Rindfleisch, 2005; Rindfleisch, and Moorman, 2001), in relation to creative interaction and social-network theory (e.g., Dokko, Kane, and Tortoriello, 2014; Sosa, 2011), and with creativity and knowledge content (e.g., Perry-Smith, 2014).

With regard to creativity, it has been argued that weak ties are positively related to creativity (e.g., Perry-Smith and Shalley, 2003; Perry-Smith, 2006; Zhou, Shin, Brass, Choi, and Zhang, 2009). The duration of the tie and the communication frequency, however, are important factors and may not hold true when closeness (or emotional intensity) is measured (Perry-Smith, 2006).

In an advertising context, this line of argument may also hold true; even longstanding relationships experience peaks and troughs and passes through different stages. When a relationship is new, it may be that creativity is intense as the agency seeks to win the account (Verbeke et al., 2008; Wackman, et al., 1986). In addition, because the duration of a relationship and the communication frequency may vary independently of closeness, it is possible that strong ties my lead to the production of better creative ideas (Sosa, 2011) and access to coveted behavioral data and insight.

Creativity is the primary reason agencies—and the larger advertising industry—exist (Koslow et al., 2003; Nyilasy, and Reid, 2009; Reid et al., 1998, Smith and Yang, 2004).

Although some agencies believe that creativity is their primary mission and must be rewarded above effectiveness (Koslow et al., 2003), clients are more focused on the market performance that results from a campaign (Wang et al., 2013). This tension between client and agency is obvious and often has an impact the client-agency relationship.
Knowledge asymmetry suggests that one party will have more knowledge and, therefore, will be more powerful in the relationship (Sharma, 1997). In an advertising-agency context, it could be argued that agencies have advertising knowledge and expertise that clients do not have, and, as a result, hold knowledge asymmetry and have more power in the relationship (Wang et al., 2013).

Despite this advantage, however, the opposite is true: The locus of knowledge rests with the client, who has market research, brand performance, and other data often not made available to the agency (Sasser et al., 2013). Indeed, in recent years, with the advent of digital technologies and data capture, the balance of power may be even further tilted in the direction of the client because of the vast proprietary data it has been able to compile on such subjects as purchasing trends and the marketplace performance.

In fact, it is not just access to data and market-research information that is important. Advertising agencies’ skill in developing “insights” from such raw data—given their wider knowledge stock across varied and different campaign problems—provide them with a knowledge advantage that helps tilt the power balance back to their advantage.

And, in effect, it might be argued that, although clients have the better knowledge stock, the agency has the better ability to apply it.

Whichever line of argument one chooses to adopt, there are tensions in the client/agency relationship and the existing literature does not provide much guidance on the management of that relationship in terms of teams (Wang et al., 2013). Overall, the implication is that the relational-tie strength between the clients and their agencies positively moderates the relationship between TKU and agency creativity.

- **Problem Clarity**
  
  An important element in the role of agency teams and creativity with regard to clients is: problem clarity, and problem type (e.g., Tang, Li and Kaufman, 2016; Unsworth, 2001).

  Problem clarity refers to whether a problem is well or ill defined and operates on a continuum (Dillon 1982). Ill defined problems have more than one solution, or may have an unclear solution or have vague goals. By contrast, well defined problems have known solutions, and clear goals (Pretz, Naples and Sternberg, 2003). The way in which the problem is stated will help to identify how it may be solved and has been linked to creative performance (Getzels 1975). Problem definition is important because it is the first step in the creative process (Basadur et al., 2000; Mumford et al., 1991).

  Problems that require creative thought tend to require a high degree of novelty and may be ill defined (Mumford and Gustafson 1988). Indeed, the evidence suggests that ambiguity may lead to creative solutions (Mumford et al., 1991)
The findings suggest that problem clarity is a moderator when it comes to creativity (Tang, *et al*., 2016). With team working, the evidence suggests that it is essential to have clear goals in order to enhance creativity based upon having a single focus on the task (Paulus and Brown, 2007; West and Richter, 2008). Linked to problem clarity is the type of problem to be solved, which is a contextual element influencing creativity (Unsworth 2001). Problem types occur across a spectrum from “closed” to “open” (Getzels and Csikszentmihalyi, 1967). Building on this work Unsworth’s (2001) typology of problem type suggest that open problems require individuals to find, invent, or discover the problem before generating a solution. Closed problems by comparison allow no participation in the problem definition necessitating individuals to be given pre-defined solutions.

Different problem types can lead to the development of different types of creative solution (Unsworth, 2001).

In an advertising context, a client may present a brief to the agency with a number of objectives and may also suggest the solution. For example, a client may stipulate that it wants to develop an app or a TV campaign for a defined problem. Alternatively, another client may stipulate objectives, but leave the solution wide open.

Using this line of argument, it is clear that the nature of the problem presented by the client will affect the type of creativity that is developed.

The indications are that the type of problems presented by the client moderates the relationship between TKU and agency creativity, leading to the following propositions:

**P5:** The positive effect of TKU on agency creativity will be stronger for clients who have stronger relational ties.

**P6:** The positive effect of TKU on agency creativity is stronger for relatively more open problems than closed.

**AGENCY CREATIVITY**

In the advertising creativity literature, two schools of thought are evident. Firstly, advertising creativity is about divergence (Till and Baack, 2005) and secondly it is about divergence and relevance (Haberland and Dacin, 1992; Runco and Jaeger, 2012; Smith and Yang, 2004). This taxonomy mirrors a similar debate in the main creativity literature, where the central dimensions of creativity are originality and appropriateness (Amabile 1983, 1996, Ford 1996, Mumford and Simonton, 1997; Runco, 2004).

Most studies in advertising creativity use two the dimensions of “original” and “appropriate” (Sasser and Koslow, 2008). Agency creativity is a subset of advertising creativity (Li *et al*., 2008) and has been defined accordingly to reflect the fact that advertising campaigns are created by teams of creative people.

These teams include individuals with different roles and perspectives on creativity (Hirschman, 1989). The development of a “Big Idea” for an advertising campaign often involves transforming
raw ideas into a robust concept or creative strategy through the identification of insight from client data, whilst addressing the client brief.

This can only be achieved by teams coming together and sharing skills, knowledge, and expertise to generate ideas. It is an iterative process where key personnel build on each other’s ideas and openly critique them to good effect. With a number of new digital tools and media, agency creative teams have evolved away from the legacy model of two-person teams with the addition of specialists in social media, user experience (UX), technology, and other areas of digital expertise.

Research on idea generation in teams has suggested that team creativity is based on a team’s ability to process shared information (Paulus and Brown, 2007) and that team members should have the motivation or opportunity to build on each other’s ideas (Kohn, Paulus and Choi, 2011).

If teams are to perform well on creative tasks they need to be motivated and effectively exchange information and ideas (De Dreu, Nijstad and van Knippenberg, 2008). Creative advertising is more likely to emerge through a process of iterative idea generation, where teams have the freedom to develop numerous ideas before imposing constraints (Johar et al., 2001). An agency’s creative success, to a great degree, will depend on its ability to interpret the client problem accurately, set clear goals, foster the generation of ideas, enable the sharing of information, motivating team members while allowing individuals considerable scope and freedom.

It has been argued that creative ideas are on a spectrum from “minor adaptations” to “radical breakthroughs” (Mumford and Gustafson 1988) and so a useful perspective for agency creativity—borrowed from the innovation literature—is the distinction between “radical” and “incremental” innovation (e.g., Benner and Tushman, 2003; Dewar and Dutton, 1986; March, 1991).

More recently, research that has sought to address the different types of creative ideas has used this distinction (e.g., Gilson & Madjar, 2011; Madjar et al., 2011). Certainly, the notion of “radical” is being further investigated to understand how it might be achieved beyond a “one off” basis. It is recognized that when teams of people work together, they may produce “extraordinary group creativity”, which is considerably different to what has been developed previously (Harvey, 2014). An example of this phenomenon may be seen in the Pixar animation studio, where interdisciplinary teams produce outstanding results (Catmull, 2008).

Using this approach agency, creativity is defined as the extent to which agency teams develop campaign radical or incremental ideas (and advertising strategy) to solve clients’ problems as perceived by managers. The radical/incremental notion is useful, as it may help organizations to match processes, teams, and resources with the particular type of creativity required.

**PERFORMANCE**

The nature of the link between creativity and performance has long been examined in the general creativity literature (e.g., Gong et al., 2013; Shalley et al., 2004; Zhou and Shalley, 2008). Further research reveals that campaign originality relates positively to market performance (Wang et al., 2013)
From a team perspective, performance can take many forms ranging from new-product success (e.g., Sethi 2000), new-product innovativeness (e.g., Andrews and Smith, 1996), financial success of the team (e.g., Sung and Choi, 2012), team creativity (e.g., Shin and Zhou, 2007), client satisfaction (e.g., Wang et al., 2013), to customer-relationship performance (e.g., Moorman and Rust, 1999). And, in many instances, performance may be measured at different levels, including organizational performance. For example, award-winning advertising campaigns often reflect the success of the team and the organization. In an advertising context, however, it is useful to identify whether the campaign produced by the team meets the client expectations.

P7: Agency creativity is positively associated with team performance

In summary; market conditions, need to be considered as a control variable. Teams are not resistant to external forces (e.g., Mathieu Maynard Rapp and Gilson, 2008) and, so, where markets are turbulent or uncertain knowledge integration it is essential for teams to produce creative solutions (Sung and Choi, 2012).

In respect to the nature of the creativity, it is useful to again turn to “incremental”/“radical” creativity in respect to market conditions. The evidence suggests that creativity performance may vary depending on the sector in which the advertising agency is operating. For example, in a highly competitive market with low dynamism (e.g., a grocery food market) more creative advertising (“radical” creativity) may be necessary to enhance performance. In a more static marketplace tried-and-tested “incremental” advertising may be more appropriate (Li et al., 2008).

The indications are that market turbulence moderates the relationship between agency creativity and performance. As such, the following are suggested:

P8: The positive effect of agency creativity on performance is strongest when market turbulence is high.

P9: The positive effect of team knowledge utilization on agency creativity is strongest when market turbulence is high.

CONCLUSION

In seeking to address the questions posed at the outset—the role of team knowledge utilization and agency creativity performance—the authors have adopted a multi-disciplinary approach. Integration of theory across disciplines has been offered, largely drawing upon innovation theory, along with existing advertising research, to offer new insights in understanding this phenomenon.

Agency creativity has been defined to reflect the nature of teams working to produce creative campaigns and builds on the idea that creativity is a multi-dimensional construct (Unsworth, 2001) by incorporating the dimensions of “radical” and “incremental” creativity. The authors of the current paper believe this approach may be helpful for agencies in terms of matching processes, teams, and resources to discover the type of creativity that a particular project requires.
It has been argued that diversity may improve agency creativity by generating more (and better) ideas through sharing knowledge, skills, and expertise. The authors contend, however, that more diverse teams is only a first step in terms of product enhancement. It is the utilization of the knowledge within the team that is critical to the success of creativity in agencies.

The authors also contend that agency/client relationships have an important role to play in the creation of successful advertising. Looking at the relational-tie-strength literature, the strength of the bond between the client and the advertising agency suggests that greater information-sharing may lead to more radical creativity. Clients who have close bonds with the agency generally enhance team knowledge utilization and, as a result, will experience enhanced creativity.

It also is understandable that, if a client is risk averse, there may only be a requirement for “incremental” creativity from an agency team. Risk and creativity have been investigated in other studies (e.g., El-Murad and West, 2003; West, 1999), yet no links made to team knowledge utilization. Creative output generally may be classified as either “incremental” or “radical” and either might suit specific client needs. Incremental will be the more likely product of homogenous teams and radical more likely with diversity. When a client-agency relationship is in its infancy, the marketer may be more unwilling to take risks and want incremental creativity; once the client is comfortable with its new agency and the relationship has been well established, the client may be more willing to take risks and have an appetite for more radical creativity.

And even though incremental creative has its place for certain clients, the evidence points in the direction that radical creativity is positively associated with performance outcomes.

The type of problem presented by the client will direct the type of creativity required. For example, a new product launch or repositioning of a mature product may need radical creativity to breakthrough in the marketplace. Similarly, a client coming to an agency with a pre-conceived problem, looking for a solution may lead to incremental creativity rather than radical (Unsworth, 2001). The important issue here is to establish the true nature of the opportunity that the client presents.

The answer may lie in terms of market conditions (Li et al., 2008) which may affect the brand under consideration or the teams assigned (e.g., Mathieu et al., 2008), making knowledge integration by teams critical for creative solutions (Sung and Choi, 2012).

MANAGEMENT IMPLICATIONS
From a management perspective, the conceptual framework suggests a number of approaches to creativity and the development of agency teams.

Managing diverse teams will remain a challenge, but are the best option when radical creativity is on the agenda for a client. Where incremental is the order of the day, then the best option, from the point of view of “ease” of management, would be to establish a well-known harmonious/homogenous team.

Positive management fosters team creativity and it is only agency managers who can select and organize the needed diverse teams in tried and trusted ways to minimize potential (and actual)
conflict. It’s no surprise to suggest that building strong relationships with clients are at the heart of team creativity performance. In doing so, better access to data and insight has the potential to produce an improved creative product. Although agency creative output will always vary between the “radical” and “incremental” offerings as needed, the evidence suggests that it is that management needs to encourage fresh radical thinking by allowing—and even encouraging the freedom to fail.

Managing knowledge resources within teams is crucial as it allows everyone to learn, enhances their capacity to produce more radical creative solutions, and is a key capability for agencies.

Finally, managers might consider some internal market classifications to provide some insight as to what kind of team creativity might be the order of the day for a client, such as the nature of market turbulence or a client undertaking new product development.

**FUTURE RESEARCH**

The authors’ intent in the current paper has been to provide a robust conceptual framework upon which to build empirical research on the nature of team creativity within advertising agencies. They hope that future researchers will build upon this framework as well as undertake research in the field to throw further light on this much-neglected area of team knowledge utilization and advertising creativity.
REFERENCES


AMABILE, T. M. Creativity in context: Update to the social psychology of Creativity Boulder 1996.


COFFEE, P. “Verizon Is the Latest Client to Demand More Diversity From Its Agencies.”


JOSEPH, S. “Lack of Diversity in advertising is not only about hiring.”
accessed 9/01/2017.

KING, N. and N. ANDERSON, Innovation in working groups. In West M.A. and J.L. Farr. (Eds)
Innovation and creativity at work Chichester England Wiley 1990.

KILGOUR, M., S. L. SASSER, and S. KOSLOW. “Creativity Awards: Great Expectations?”

KOHN, N. W., P. B. PAULUS, and Y. CHOI. "Building on the ideas of others: An examination of

KOSLOW, S. “I Love Creative Advertising: What It Is, When to Call for It, and How to Achieve

KOSLOW, S., S. L. SASSER, and E. A. RIORDAN. “What is creative to whom and why?

KOSLOW, S., S. L. SASSER, and E. A. RIORDAN. “Do Marketers get the advertising they
need or the advertising they deserve? Agency views of how clients influence creativity.” Journal


MADJAR, N., E. GREENBERG, and Z. CHEN. “Factors for Radical Creativity, Incremental
Creativity, and Routine, Noncreative Performance.” Journal of Applied Psychology 96, 4

MALLIA, K. L., and K. WINDELS. "Will changing media change the world? An exploratory
investigation of the impact of digital advertising on opportunities for creative women." Journal
of Interactive Advertising 11.2 (2011): 30-44.

MARCH, J. G. “Exploration and exploitation in organizational learning.” Organization Science 2

MATHIEU, J., M. T. MAYNARD, T. L. RAPP, and L. GILSON. “Team effectiveness 1997-
2007: A review of recent advancements and a glimpse into the future.” Journal of Management

MILLIKEN, F. J., and L. L. MARTINS. “Searching for common threads: Understanding the
multiple effects of diversity in organizational groups.” Academy of management review 21, 2

MOORMAN, C. and R. T. RUST. “The role of marketing, Journal of Marketing, 63 (Special

MUMFORD, M.D., and S. B. GUSTAFSON. “Creativity Syndrome: Integration, application and


SHIN, S. J., and ZHOU, J. “When is educational specialization heterogeneity related to creativity in research and development teams? Transformational leadership as a moderator.” *Journal of applied Psychology* 92, 6 (2007): 1709.


TANG, C., L. QIN, and J.C. KAUFMAN. “Problem Clarity as a Moderator between Trait Affect and Self-Perceived Creativity”. The Journal of Creative Behavior 0, 0, (2016): 1–18.


