

The emergence of novelty in public sector purchasing relationships

Sari Laari-Salmela¹, Tuija Mainela, Pauliina Ulkuniemi

University of Oulu Business School, Department of Marketing, Management and International Business

P.O. Box 4600, FIN-90014 University of Oulu, Finland,

¹corresponding author: tel. +358 8 553 2595, sari.salmela@oulu.fi

Abstract. Public procurement has long been characterized by tight structuring of the process and emphasis on pre-purchase planning and determination of the requirements. Along the development of innovative and flexible purchasing processes by the buyers and new ways to package their offerings and serve the customers by the sellers, also public procurement has been asked for enabling innovativeness in their purchasing relationships. However, presently our knowledge about how this might happen in interaction of the parties with different, private and public, logics of operation is limited. In the present study we'll discuss the forefront of innovative buying and selling as presented in the business-to-business literature. We then analyze interaction in the tendering negotiations in the procurement of a new school by a municipality. As a result, we identify conditions of interaction for novelty to emerge in public procurement relationships, thus contributing to the discussion on purchasing relationships as a source of innovation in public procurement.

INTRODUCTION

As public sector constantly struggles with tight budgets, it is crucial for the public buyers to bring in new ways to add value for the money spent in the public purchasing (e.g. Aho et al., 2006). The role of public procurement in advancing the generation and adaptation of new innovations in terms of e.g. new technologies, processes and methods for generating value to the society has been increasingly put forward. In line with this development, new, innovative methods for public procurement have been taken in use in the form of, e.g., pre-commercial procurement, co-development, alliance and life cycle models. In fact, the procurement process has been brought up as a particular basis for innovativeness in public services (e.g. Edler & Georgiou, 2007; Rolfstam et al., 2011; Torvinen & Ulkuniemi, 2016).

Using public procurement as an innovation tool (e.g. Edquist & Zabala-Iturriagoitia, 2012) requires new ways of both thinking and acting instead of reliance on well-known and routinized patterns of interaction between public buyers and prospective suppliers. However, deviating from the familiar practices and traditional ways of thinking may involve risks (Hartley, 2005), since it is imperative for a public actor to act according to the rules and regulations that govern public procurement. Innovative purchasing requires the development of new skills and attitudes towards interaction with the suppliers as well as finding ways to create novel solutions. Moreover, the interaction taking place during the purchasing process may have significant impact also on the innovation potential of the actual outcome of the purchased service (D'Antone & Santos, 2016). The way the counterparts in the relationship interact and create space for new thinking and novelty becomes integral. Novelty here refers to the previously unanticipated ideas generated and developed through interactions (Garud et al., 2015). The existing models for innovative public procurement call for more collaboration with the suppliers, yet it remains up to the practitioners to figure out, how this collaboration actually can be practiced in the public procurement framework.

From the private company purchasing point of view, the idea of buyer-seller relationships as a source of innovation has been acknowledged for long (e.g. Gadde & Håkansson, 1994; Walter et al., 2001). Organizations are increasingly relying on their suppliers in developing new solutions and innovations (Luzzini et al. 2015) and the role of suppliers in new product development and innovation generation has for long been acknowledged in terms of early

supplier or purchasing involvement, for example (Wynstra et al. 2000). Such collaboration to succeed, factors related to both the seller (e.g. Wynstra et al., 2000) and buyer organizations (e.g. Yan et al., 2017) as well as the collaboration itself has been identified. Although the collaboration has been emphasized, the actual interaction has not been thoroughly examined in the industrial purchasing literature either. Yet, we know that the role of single interactions may be crucial in the success of the whole collaboration (e.g. Holmlund & Strandvik, 1999).

Despite the aims to increase collaboration between buyers and sellers to achieve innovations, both in the public and commercial domains, studies shedding light on the conditions and practices of interaction for emergence of innovations are scarce. In this paper, we examine a public procurement process of a school building and, in particular, the negotiation process with two supplier candidates. We aim to find out *how novelty comes about in the interaction within public procurement relationships*. By using a lens of improvisational encounters (Sawyer, 2015), we identify different conditions of interaction for novelty to emerge in public procurement relationships. We follow the notion of Sawyer (2015, 180) according to which “an explanation of innovation requires an analysis of the processual and interactional mechanisms whereby innovation emerges”. Innovation here is understood as an unexpected and novel outcome (e.g., a new kind of product/service or novelty relating to a process) that emerges from “appropriately guided and channeled” yet improvised bottom-up process (Sawyer, 2015). As a result, we model an interaction space the characteristics of which are either inertia-prone, relying on existing practices and tried solutions, or change-prone, aiming to change the existing practices and widening the scope of alternative solutions. The paper contributes to the discussion on purchasing relationships as a source of innovation by identifying those features of buyer-seller interaction through which novelty comes about, and highlighting the importance of interaction space for shared understanding of the project.

THEORETICAL FRAMING

Procurement of innovations

Public procurement has been examined as a phenomenon strongly intertwined with policy making. Over the last years, the possibilities to promote innovation through public procurement has been emphasized in the European policy-making, in particular (Uyarra & Flanagan, 2009). The governmental level activity is seen responsible of creating basic conditions, establishing organizational frameworks and developing capabilities, specifying needs and incentivizing innovative solutions (Georghiou et al., 2014). Despite the notice of public procurement being an important innovation tool, the companies have been seen to encounter significant obstacles in creating public procurement relationships (see Georghiou et al., 2014). The obstacles range from competition-driven (instead of innovation-driven) logics of purchasing, unfavorability of the requirements for SMEs, procurers’ lack of awareness and skills in innovative procurement to lack of communication and risk aversion. Accordingly, the recent research has noted clear deficiencies in the actual conduct of public procurement of innovations (Edler & Yeow, 2016).

Edler and Yeow (2016) ask for attention to both the generation and adoption of innovation, which then results in novelty in the purchasing process. Overall, they note public procurement to be a complex market transaction involving iterative interactions and joint risk management within the frame of the constraining regulations, often ill-defined needs and varying expectations. Edquist and Zabala-Iturriagoitia (2012) noted significant variation in the processes of public procurement of innovations in terms of the initiating needs, results, degree of cooperation, type of the PPI and its consequences, incentives and related policies. They raise

the interactive learning over the process as the key to emergence of innovations. This can be supported by establishment of task forces with diverse members.

Innovation enabling factors in inter-organizational collaboration

In terms of supplier's role in generating innovations for the benefit of the buyer company, the factors that enable or indicate a competence of the supplier organization have been identified rather extensively. For example, in collaborative relationships, key factors influencing on the supplier's capability to contribute to buying organization's innovation has been identified at supplier firm's level, at buyer-supplier relationship level and at the supplier's network level (Yan et al., 2017). Such factors include, e.g. the technical capability and corporate culture of the supplier company. At the relationship level, influencing factors include e.g. buyer-supplier trust, goal congruence or contractual choice. In addition, also supplier's embedded network is connected to its innovation capability, the supply network structure, dynamics and strategy also influence on the generation of innovations.

From the buying firm's perspective, the maturity and competence of the purchasing function have a crucial role. Buying innovations has been examined in terms of e.g. early supplier involvement (Wynstra et al., 2000) with inclusion of suppliers and purchasing activities early in the new product development to allow suppliers to bring in their part and innovations to the new product or service. Ultimately, the development team including actors from both buyer and supplier organizations, can empower itself for greater amount of new ideas, information and technology usage arising from the supplier expertise and thus early supplier involvement can enhance the innovation creation (Bozdogan et al., 1998).

The way the purchasing department, user organization and the supplier organization collaborates has been raised as key factor in supplier-led innovations (D'Antone & Santos, 2016). In terms of collaboration in supplier-led innovations, contractual detail, good will trust, and competence trust are all necessary elements to consider (van der Valk et al., 2016). Also the knowledge-sharing routines can be important for stimulating innovation generation in supply chains, especially in case there is physical and psychological distance between exchange parties (Cheung, Myers, & Mentzer, 2010). Overall, learning within the relationship can foster innovation generation in customer-supplier relationships. Even though the various factors influencing the capability of the counterparts to generate innovations in a buyer-supplier relationships has been extensively studied, it is still rather unclear, how the novel ideas come about in the actual interaction taking place between the actors.

Innovation as collaborative emergence: Buyer-seller interaction as an improvisational encounter

Innovation in PPI is generally understood as a new creation of economic or societal significance in the form of new products or new services (Edquist & Zabala-Iturriagoitia, 2012). However, innovations may arise also in any situation where through interactions, previously unanticipated ideas are generated and developed (Garud et al., 2015). To capture the actual innovation generating encounters, we examine the interaction through the lens of improvisational encounter in which innovation is about collaborative emergence (Sawyer, 2000; 2015). Sawyer (2015) suggests innovation emerging from improvisational encounters in groups. Our aim is to understand the prerequisites of the relationship and interaction for novelty to emerge in public buyer-seller relationships (see Figure 1).

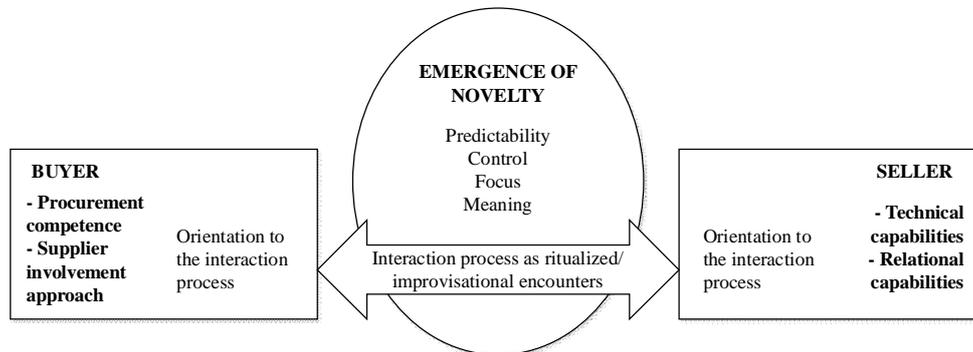


Figure 1. Emergence of novelty in a public buyer-seller relationship.

Emergence in general refers to “*properties at a certain level of organization which cannot be predicted from the properties found at lower levels*” (Emmeche et al, 1997: 83), or from the viewpoint of an encounter, those properties that result from the unintended effects of action. Those effects the origin of which can be traced to individual motivations and plans are intended as a contrast to the emergent ones (Sawyer, 2015). Improvisation, on the other hand, means that there is neither one central controlling individual nor a guiding script for the encounter. According to Sawyer (2015), innovation emerges from appropriately guided and channeled bottom-up process, and the more improvised (as opposed to ritualized) the process is, the more likely innovation is to emerge. The contrasting dimensions of the process relate to *predictability* (how predictable or unpredictable the process is); *control* (whether there is one person in control or whether control is distributed); *focus* (outcome/product or process); and *meaning* (intended meaning and its communication or meaning retrospectively determined).

METHODS

Research setting

Our research site is a small Finnish municipality of approximately 7000 inhabitants. Our case concerns the procurement process of a new school and, in particular, the time period from the establishment of the project team in September 2014 until the start of the construction work in May 2016. During this time period, the municipality started the dialogue with the potential suppliers, proceeded with the preliminary biddings and negotiations with the bidders, and finally made a decision of how the construction of the building is conducted.

The project is about planning and building a preliminary school of 6500 square meters for 400-500 students. This is the largest single investment that the Municipality has ever done, and the procurement process as such is innovative. Method wise, it represents a mixture of competitive bidding, alliance model and life cycle model – meaning, that the supplier candidates are involved in the process during the early stages but are still competing against each other’s bids. The school is purchased with a maintenance agreement of 20 years. During this “life-cycle” of the school, the constructor is responsible for the condition of the building and some services.

We chose this case as the municipality was intentionally seeking for innovations in a relatively

generic procurement. Purchasing and building of schools is something that has been done in a routinized manner in every municipality, making the changing of purchasing practices and mindset as well as creation of innovations more challenging than in purchases with less traditions; mobile applications for health care, for instance. For these reasons, the procurement does not reflect any of the main types of public procurement (categorized by, e.g., Uyarra & Flanagan, 2009). We focused on the operation of the project team that consisted of the officials and decision-makers of the municipality and its interaction with the constructor candidates.

Data collection

We entered the process at the point where the decision concerning the intended purchase model was about to be made in the Council in September, 2014. After that, we followed the process by visiting the monthly working group meetings and all significant negotiations and/or decision-making situations, like board or council meetings. The decision about the contractor was made by the Council in February, 2016, and the construction work began in April 2016. The full data set covers the whole procurement process, but for the purposes of this study, we focus on the first encounters with the supplier candidates.

The empirical material used in this study consists of 24 interviews and field notes from 4 observations, which were also followed by brief informal interviews and discussions with the participants. The interviewees were the project team members and the representatives of the two supplier candidates. In addition, we had access to all project materials and documents, including strategy materials ranging from formal documents to presentation and workshop materials. We interviewed the project team members in two phases. The first phase was just after the team was established. The second phase took place in spring 2016, when the decision of the purchase had been made and the building process was beginning. We also interviewed the representatives of the supplier candidates during this second phase. The length of the interviews ranged from 30 to 90 minutes. The total amount of recorded material was 22 hours 44 minutes. We observed the working team meetings and negotiations with the contractor candidates. We also discussed the interpretations with the municipality representative, which meant access to particular detail and allowed drawing deeper conclusions. We also used the project documentation for creating understanding of the project and its different aspects.

Data analysis

Our initial approach in analyzing the data was inductive as our empirical aim was to understand why the municipality was successful in initiating innovation-based co-operation with one supplier candidate, but failed to do so with the other. This aim led us to examine the conditions of the relationship for innovation to emerge. During the first round of analysis, we focused on the key encounters with the supplier candidates, namely the negotiations after which the co-operation began with Contractor 1 and ended with Contractor 2. We wrote rich narrative accounts of both the negotiations and the project team meetings (that took place before and after the negotiations) based on our field notes and on-site interview memos.

In the second phase, we made a more detailed open coding of the narrative accounts and the interview transcripts to identify key themes. As our research focus was on buyer-seller relationships, we scanned for similarities and differences between the views of the buyer and the seller candidates. We categorized these themes as elements structuring the relationship. In the third phase, with these structural categories, we focused again more thoroughly on the analysis of the encounters. After reflecting the initial analysis to the literature, to make sense of the negotiation descriptions, we used loosely the lens of interactive encounters as presented by Sawyer (2015). We first analyzed the different proposals through which the flow of dialogue was constructed. We then used this framing to connect the themes. In the final stage, we built

a model describing the conditions for innovation to emerge in buyer-seller interaction.

FINDINGS

Structuring elements of the purchaser

The municipality manager and the project manager had executed a similar procurement process in their previous positions. What they believed in was open and continuous dialogue with all the parties involved, and wide involvement of different actors from different parts of the Municipality, so that trust could be maintained throughout the project and the usability of the building could be optimized. They also knew the contractors through the earlier project and were anticipating their expectations and style of negotiating. They shared this view with the project team and prepared for the negotiation accordingly. The elements that the Municipality was bringing to the relationship relate to their orientation towards purchasing in general and this project in particular, as summarized below.

1) *Problem*. They see purchasing as a *strategic* practice that needs to be developed in order to improve the effectiveness of Municipality's functions. The school building project connects directly to a few key *strategic goals* that are to be realized through the project: creating an open learning environment for future needs to realize the new national curriculum but also to create well-being in the Municipality in the long term. Another aim is to use procurement as a tool for development. The project is the attempt to change the mindset relating to the way Municipality acts in purchasing and therefore the way the organizational actors see the Municipality and themselves as innovators and risk-takers.

2) *Goal*. The objectives set for the project relate to the wider problem setting and are defined in functional terms: what does the building need to allow people to do? The project manager started by asking the teachers to create a description of the different activities they conduct in school instead of asking how many classrooms and seats they would need. One of the specific goals for the project is to find a concrete way to execute the building with less space. To accomplish this, they need to find new innovative ways of thinking about the use of space.

3) *Focus*. While in earlier projects, the focus has been on the outcome, the building and its specifications, this time the purchasing team focuses more on the purchasing process and the dialogue between the Municipality and the contractors. They wish to keep options open before creating the bidding documents in order to allow new ideas to emerge during the process.

4) *Dialogue*. For this reason, and due to their experience with an earlier project, they emphasize the importance of dialogue. The purpose of dialogue is to open up options. Innovation is seen emerge from interaction with the different parties by combining diverse expertise.

Structuring elements of the contractors

We examined two live encounters: negotiations between the purchasing team and each of the two contractors that had expressed preliminary interest towards the bidding. We use loosely the lens of interactive encounters as presented by Sawyer (2015) to analyze the negotiations as performances that are constructed turn by turn by proposals that the parties are presenting to one another. Each proposal is also about the evaluation of, and reaction to, the previous proposal(s). Instead of aiming to analyze how innovations would emerge from the interactive encounter as such, we aim to identify the structuring elements from the encounter that allow the parties to establish a shared understanding and include improvisational elements in the process, creating the potential for novelty to emerge in the future encounters.

In the encounter with Contractor 1 the flow of dialogue forms a harmonic encounter with friendly and open atmosphere. Contractor 1 does not directly reject any of the proposals but mainly accepts the elements through which Purchaser is framing the interaction. From Purchaser's perspective, even too much so, as Contractor 1 remains rather passive in reactions towards the Purchaser's proposals. The Purchaser established the stage and gave the performance. Contractor 1 mainly reflected on the presented proposals with an adopted strategy of listening and learning about the customer's perspective. Even though the purchaser had different expectations for the encounter, the participants established a shared understanding based on the dialogue, openness, trust and mutual respect enacted during the negotiation.

When examining the proposals taking turns during the performance (we define 11 of them from each side), we can see that the proposals reflect different structuring elements that each of the parties are bringing in to the performance. There were little differences or contradictions in the elements and rather a lot of compatibility, allowing a shared understanding to emerge.

1) *Focus*. The focus of Contractor 1 was on customer's goal- and problem-setting; therefore, they also accepted the focus on the process and opening up options through interaction. Contractor 1 did not question the wider problem- and goal-setting or the purchasing model chosen. Even though they were asking about specifications regarding some issues, they also accepted the unpredictable aspects of the project. The way they managed the risk was that they did not prepare anything before they knew the mindset of the customer. The purpose of the negotiation and dialogue was to help them ponder different options.

2) *Strategy*. Following from the customer-oriented focus, the strategy of the Contractor 1 was to win the bidding by listening the customer's wishes to be able to make a proposal that fits the customer's needs. This was reflected in the negotiation: the aim was to help the customer form a feasible project by discussing different options and stating what was reasonable for them.

3) *Skills*. The skill set that had been developed to meet this strategy related to learning, innovation-oriented dialogue and creative problem solving besides substance professionalism.

4) *Dialogue*. In their proposals, Contractor 1 accepted the idea of dialogue as a means of both opening up options and defining the outcome.

In the encounter with Contractor 2 the flow of dialogue indicates that the parties struggled in establishing a shared understanding of the way the negotiations should proceed and what kind of issues - and on what level - should be discussed. There is clearly different framing according to which the parties approach the negotiation. In contrast to Contractor 1, Contractor 2 had many elements that they wanted to bring in from their framing. However, these contrasted with the elements that the buyer was bringing in, resulting in a flow of dialogue in which the parties were both trying to take control over the performance. When examining the proposals taking turns during the performance (they are again 11 on each side), we can see that the proposals reflect different structuring elements.

1) *Focus*. While the purchaser wished to introduce a wider problem and goal-setting for the project and emphasized the importance of the activities that the building enables, the Contractor 2 wanted to focus on the object of the purchase (the building) and its specifications. For them the purpose of the process was to rule out options and specify the details of the product. Their focus as a seller was not on the customer's problem setting but on the object of the purchase.

2) *Strategy*. Following from the object-oriented focus, the strategy of the Contractor 2 was to win the bidding with their established model. This was the starting point for them to enter the negotiation: to see whether it is possible to proceed with the way that suits their purposes. Due

to this initial framing, they regarded the objectives of the project unrealistic rather than seeing the initial mismatch between the budget and needed space as an opportunity for innovation.

3) *Skills*. Contractor 2 emphasized their professionalism in substance-related areas.

4) *Dialogue*. In their proposals, Contractor 2 emphasized dialogue, but the purpose was to eliminate options and define the outcome rather than open possibilities and generate new ideas.

5) *Innovation*. For Contractor 2, the source of innovation lies in their experience and references that they will then bring in to the table when it is time to decide upon the solutions. This was also the view they were advocating during the negotiations.

What is evident is that the parties are not able to establish a shared understanding of the situation. The unresolved contradictions between the framings of the parties keep them in separate worlds, each of which is structured according to the elements the parties use to frame the situation. As a result, they fail in producing a common space in which the performance could be a shared one. Even though the Purchaser was hoping to get another chance to do this, Contractor 2 decided otherwise and withdrew from the project.

Traditional purchasing processes are highly scripted or ritualized: the process is predictable, there is one person in control, the focus is on the product or outcome and the communication is to express intended meaning. However, novelty requires improvisation with unpredictability, distributed control, focus on process and retrospectively determined meaning.

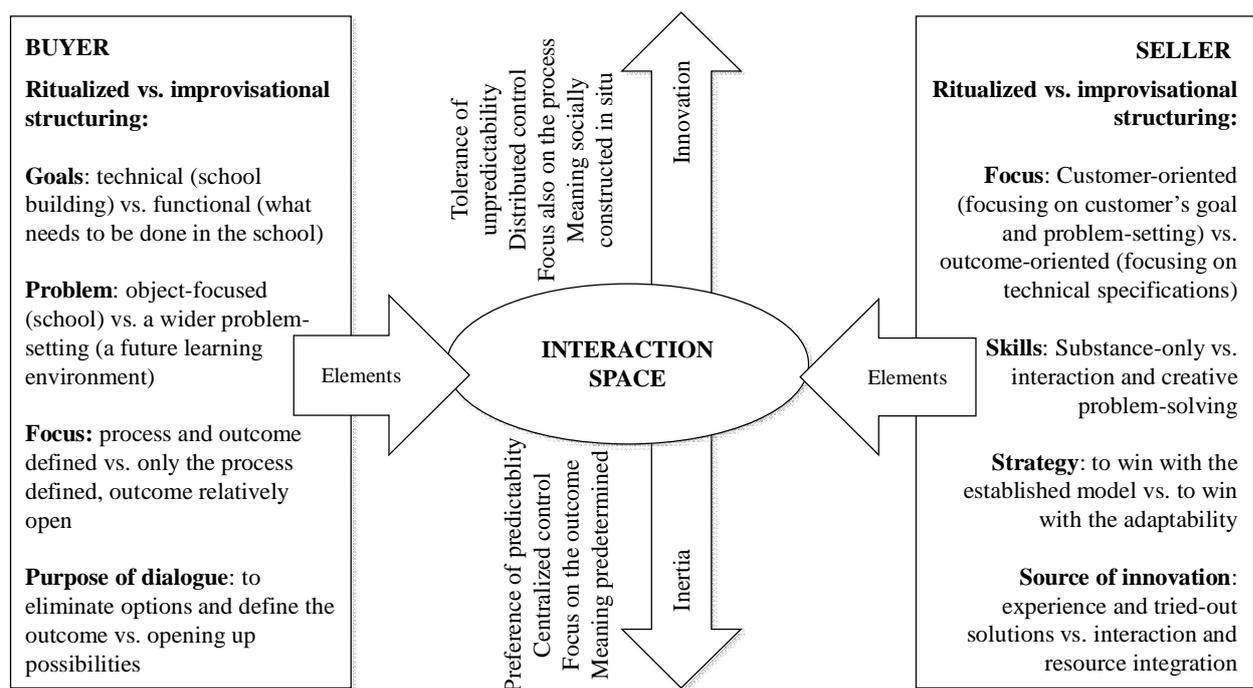


Figure 2. Ritualized vs improvisational structuring forming the interaction space between Purchaser and Contractor.

DISCUSSION AND CONCLUSIONS

The aim was to shed light on the potential of public procurement process producing innovations by focusing on interaction and the factors enabling the emergence of novelty. Based on the analysis of encounters, we identified structuring elements that both the buyer and the seller are bringing in to the encounter to frame the setting (Sawyer, 2015). During the encounters, the

flow of dialogue either enables or prevents a shared understanding to be established, by implicitly finding a compatibility in the framing elements. Moreover, the mutual stage forming can promote either innovation or inertia, depending on the degree of improvisation allowed. We call the stage an *interaction space* to refer to a social practice enacted together by the parties, including creation of shared understanding of and basic assumptions about the project and its goals. We prefer “space” instead of a frame, since we refer not only to the various aspects of the encounter determined in advance and implicitly shared, but also to a shared stage between the separate social worlds (e.g., Strauss, 1978) of the buyer and the seller. The framing elements and the way they construct the interaction space are presented in Table 3 below.

Table 3. Structuring elements of the encounters between purchaser and contractor and the resulting interaction space.

Structuring element	Direction: improvisational/ritualized
Goal-setting	<i>Functional:</i> Goals of the purchase are based on what is to be achieved through the object of the purchase, how the object of the purchase is going to fit in to the processes of the end users.
Problem	<i>Technical:</i> Goals of the purchase are based on the wanted specifications of the object. <i>Wider/immaterial:</i> The reason for the purchase is based on a wider organizational or societal problem; the purchase is recognized as strategic.
Focus	<i>Object-oriented:</i> The reason for the purchase is grounded on the object itself. <i>Process:</i> The focus is more on the procurement process and the kind of value it can provide as a whole.
Dialogue	<i>Outcome:</i> The focus is more on the tangible outcomes of the process. <i>Opening:</i> Introducing different ideas and options for discussion and further idea generation.
Orientation	<i>Closing:</i> Ruling out options that are not viable solutions. <i>Partnership:</i> Understanding other party’s approach, aiming to find compatibility between approaches.
Skills	<i>Technical:</i> Focusing on technical specifications, not acknowledging the need for multiple perspectives. <i>Interaction:</i> Knowledge and know-how of also the “how” aspects of the process, establishing basis for relationship through creation of commitment and trust; creative problem-solving.
Competitive strategy	<i>Substance:</i> Expertise based on the substance area (e.g. purchasing or construction), problem-solving tied to the questions of technical nature. <i>Adaptability:</i> To win with the adaptability and customer-orientation.
Source of innovation	<i>Established model:</i> To win with the efficiency tied to the established model. <i>Interaction:</i> Innovations arise through the dialogue and improvisational encounters within multi-professional teams. <i>Supplier:</i> The experience and tried-out solutions as well as the network of the supplier are the main sources of innovations.
Interaction space	Direction: innovation/inertia
Expectation of the interaction process	<i>Unpredictable/improvisational:</i> There is room for also unexpected aspects in the process and the outcome. <i>Predictable/routinized:</i> The flow of the process is tried to be predicted, and the outcome of the process is specified in beforehand.
Control	<i>Distributed:</i> There is no one controlling individual or a guiding script; control is distributed among the participants. <i>Centralized:</i> One person/actor or a guiding script is controlling the encounter.
Planning	<i>Process:</i> The focus is on the process of the encounter the effects of which cannot be traced to only individual motivations and plans; i.e., the emergent aspects play a role in the outcome. <i>Outcome:</i> The focus is on the concrete outcome or product, the origins of which can be traced to individual motivations and plans.
Communication	<i>Intended meaning:</i> Individuals are focusing on the intended meaning and its communication.

Shared meaning: Communication is used to create a shared understanding, and meaning is retrospectively determined.

First, the present study contributes to the research promoting innovation through public procurement in which the role of the suppliers has been highlighted. The findings place emphasis on the structural conditioning brought to the situation by the supplier. However, instead of seeing innovation as something supplier-driven, our study emphasizes innovations as a phenomenon of collaborative emergence (Sawyer, 2015). Novelty is a result of co-creation and cannot be directly derived from buyer- or seller-related characteristics only. This study therefore elaborates on the notion that interaction has significant impact on the innovation potential of the actual outcome (D'Antone & Santos, 2016; Holmlund & Strandvik, 1999) and contributes to this research by defining conditions of interaction for innovation to emerge.

Second, the potential for innovation is not necessarily dependent on the type of purchase. Innovation in PPI is generally understood as a new creation of economic or societal significance in the form of new products or services, and this is often tied to specific types of procurement (Edquist & Zabala-Iturriagoitia, 2012). As illustrated, innovation can also be understood as something novel that emerges during the process. Potential for novelty exists in any situation where unanticipated ideas are developed through interactions (Garud et al., 2015).

As for the practical implications, our study presents the unfolding of two different kinds of buyer-seller encounters and examines the fine nuances of interaction through which either the shared space for collaboration is created, or the prerequisites for the collaboration cease to exist. By detailing the categories of structural elements that both the buyer and the seller are bringing to the situation, and the degree of implicitly assumed improvisation or ritualization, the study provides practitioners with ideas of what enables novelty to emerge in encounters.

Public sector purchasers should pay attention not only to the processes but also to understanding the underlying structuring elements of the purchasing activities as these elements implicitly guide the procurement as a whole. In some relationships, ritualized structuring might be required while in others, improvisations are possible and even needed. The results this study might help the purchasers to develop their understanding how to conduct negotiations depending on the purpose and goal setting of the purchase. Through dialogue with the potential partners, the purchasers are able to become aware of the different logics and related structuring elements in each partner's activities. For suppliers, developing diverse capabilities required in different kinds of problem-setting and adding flexibility in strategic orientation enables participation and success in diverse projects.

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