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## Emotional strategizing in service innovation

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### Abstract

**Purpose** – In this paper, we shed light on an aspect of service innovation processes that has remained fairly hidden so far, namely, the role of emotions.

**Design/methodology/approach** – We use the strategizing approach from strategy research, which focuses on detailed processes, practices, and discourse, to understand the influence of emotions on service innovation processes. The empirical data stem from a longitudinal ethnographic study of a service innovation process.

**Findings** – In the investigated case, the dominant emotion of anxiety is revealed. We focus on this emotion in order to explore how it affects the innovation process itself and the outcome. We identify five emotion-driven practices that form elements of what we label emotional strategizing.

**Practical implications** – Emotion seems to give energy and direction to the service innovation process. This is both positive and challenging for top-level managers.

**Originality/value** – We reveal a hidden aspect of service innovation processes—the effect of emotions. Furthermore, we show that emotions are important because they give energy and direction to the innovation work, and emerge in practices. Emotional strategizing, as a new term, gives visibility to this important issue.

**Keywords:** Service innovation, emotion, strategizing

**Paper type:** Research paper

### Introduction

The creation of a service innovation is typically described as a rational and cognitive-functional process, where having a clear strategy is key to successfully managing the innovation (Oke, 2002, 2007). In a recent review of the evolution of service innovation research, Carlborg, Kindström and Kowalkowski (2014) found an evolutionary pattern towards considering larger

contexts for service innovation with linkages to business strategy and continuous renewal. Although change has occurred, emotions have not surfaced in this research area. In another recent study about key strategic factors in new service development, Edvardsson *et al.* (2013) concluded that the factor with the greatest effect on performance is the adoption of a service development strategy. According to earlier research, other influential factors are a formalized development process, an integrated development team, and co-creation with customers.

Similarly, Sundbo (1997:436) argues that service innovations are decided upon and formulated within the framework of a firm's strategy. He claims that "all innovations must be kept within the strategy to prevent the firm's activities from becoming uncontrolled. The top managers of the firm control the innovation process, but ideas for innovations come from all parts of the organisation and from the external network of the firm." Thus, the innovation strategy is separate from the implementation and "doings." It is viewed as a top-down sequential process of formulation or intent first, followed by implementation.

Remarkably, emotions are not on the agenda in innovation research; they are not even mentioned in relation to key influential factors. This is in line with the tradition in strategic management research in general, of focusing on cognitive aspects. Yet in the same literature, there is growing insight into the value of recognizing emotions (e.g., Johnson, 2009; Liu and Maitlis, 2013). Emotions are at the very center of human life (Oatley and Jenkins, 1996), and they provide the motivation to act or not act in a certain context. Thus, emotions are the very root of innovation, and they propel the innovation process (Sandberg, 2007). When emotions are in focus, there is a need to consider human issues by conducting detailed analyses of the processes and appropriate methods for capturing them. Similar to Zuzul (2013), we assume that in innovation processes, cognition and emotions are entangled and intertwined; thus, emotions play a central role in shaping the outcomes. Furthermore, emotions might become especially important when activities are performed outside traditional boundaries or comfort zones, such as during an innovation process.

Johnson, Melin, and Whittington (2003) note that human actors shape activities that are consequential for strategic outcomes. The authors reason for the "doing of strategy," or strategizing. Thus, there is growing interest in the practices by which strategic work is actually done. This privileging of verbs (strategizing) over nouns (strategy) is also "in tune with the 'practice turn' in contemporary organization and social theory" (Whittington, 2003:117). Therefore, studying the growing field of strategizing without taking into account its emotional content is quite limiting. While there has been relatively little research done on emotion and strategy-as-discourse, the work that does exist suggests that displayed emotions play a critical role in top team members' strategic discussions and decision making (Brundin and Nordqvist, 2008; Edmondson and Smith, 2006; Kisfalvi and Pitcher, 2003; Mangham, 1998; Samra-Fredericks, 2004).

Following Klaukien, Sheperd, and Patzelt (2013, referring to product innovation management), we argue that the existing research on service innovation management has neglected the role of emotion in shaping innovation work and strategies. Moreover, researchers have called for people to be “put back” into the innovation process (Brenton and Levin, 2012). The strategizing perspective that we use emphasizes the human being, and seems particularly suitable for service innovation management, as it broadens the strategic agency beyond the top management to include the middle managers who are often involved in service innovation work.

In this paper, we adopt a micro perspective on emotions in service innovation practice, in line with the strategizing approach in strategy research. More specifically, we emphasize “the detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes” (Johnson et al., 2003:3), and develop an initial understanding of emotional strategizing. With *emotional strategizing* we refer to emotion-driven practices that influence the service innovation process and outcome. We aim to investigate how emotions influence strategizing in a service innovation project. We draw on extensive ethnographic material covering strategic practices during the innovation process of a website.

### **Emotions in service innovation processes**

Traditionally, strategy has been recognized as something that an organization has or possesses, which describes the company’s strategic intent by portraying and considering conditions and positions. To better understand the role of emotion in strategy formation, we must understand innovation work at the micro level and how it is handled in practice; that is, we must consider the actions and interactions by human agency. “Researchers in the macro tradition are themselves increasingly acknowledging that the way forward lies [...] in a more direct confrontation with the complexities of managerial organizational action” (Johnson *et al.*, 2003:6).

Emotion has been investigated in the innovation context only to a limited extent. For example, Akgun, Keskin and Byrne (2009) investigated emotional capability at the firm level, and Klaukien *et al.* (2013) focused on how passion influences managers’ decisions to exploit new product opportunities. Similarly, Sandberg (2007) studied enthusiasm in the development of radical innovations and found that enthusiasm indeed influenced positively the innovation process and outcome. McGrath (2006), on the basis of her study on information systems innovations, argue that emotions should be considered in their own right. Hodgkinson and Healy (2014) propose that a “cold cognition logic” underlies mainstream innovation research, although there is evidence that emotions are central to enabling radical innovations. Nevertheless, more often, the creation of service innovations is typically described as a rational and cognitive-functional process, where having a clear strategy is key to successfully managing innovation (Oke, 2002, 2007).

In a similar vein in strategy research, it has been argued that emotion is “an important but largely unexplored issue” in strategizing processes (Liu and Maitlis, 2013:1), and that the cognitive perspective in strategy research has been biased towards rationality and logic (Johnson, 2009).

Such a focus can be detrimental to the development of knowledge of other aspects, such as emotion influencing cognition and action. Understanding the role of emotion is important because management in general, and strategy-as-discourse in particular, are inherently emotional (Harré and Gillett, 1994; Mangham, 1998; Perinbanayagam, 1991). Emotions are “embodied and conveyed in discursive acts” (Perinbanayagam, 1991:152), and can be defined as feelings that motivate, organize, and guide perception, thought, and action (Izard, 1991:14).

In line with Langley *et al.* (1995), who studied decision making, we argue that the mainstream perspective on service innovation processes so far appears dehumanized, in that the innovation work has been disconnected from human emotions. However, reason and emotion are not independent; both are involved in the decisions and activities performed during the service innovation process. As noted by Zaltman (1997), these are intertwined forces underlying decision making and action. The interdependence of emotion and strategizing is evident; it allows people to make sense of internal cues and opinions in the organization and thus articulate their meaning to themselves and others (Averill, 1980). Accordingly, the influential role of emotion in managing the innovation process is clear from research showing that conversations among executives can be highly emotional, and that the emotions displayed and expressed during these conversations have a significant impact on significantly affect the way that strategy is developed and implemented (Brundin and Nordqvist, 2008; Kisfalvi and Pitcher, 2003; Samra-Fredericks, 2004).

Furthermore, Klaukien *et al.* (2013:574) state that “existing work has neglected the impact of individual characteristics on managers’ innovation decisions. Specifically, the role of affect in shaping these decisions has been unexplored so far.” Therefore, the “attention needs to shift away from the purely ‘mental’ and the purely rational” (Johnson, 2009:43) towards affective and emotional issues. Hence, more knowledge is needed about emotion and strategizing from the perspective of the individual service innovation project manager.

Strategizing comprises the actions, interactions, and negotiations of multiple actors and the situated practice that they draw upon to accomplish that activity (Jarzabkowski, 2005). More generally, the research on emotion in groups of individuals has shown that the emotional displays of members can have powerful effects on group dynamics and on processes such as decision making (Barsade, 2002; Sy, Coté and Saavedra, 2005). Strategy research has often examined the emotions of multiple team members, and the focus has typically been on small segments of conversations about a single issue (e.g., Mangham, 1998; Samra-Fredericks, 2003). This is inconsistent with the realities of strategizing in innovation processes, where management teams engage in long running conversations that span multiple issues or aspects within a single meeting (Jarzabkowski and Seidl, 2008). Therefore, an important area for research concerns the emotional dynamics generated by the organization during longer episodes of strategizing inside the innovation process.

**Research approach: ethnographic material and analysis**

To investigate the role of emotion in service innovation, we use longitudinal ethnographic material from a study on a service innovation process conducted by one of the authors. Although the study did not focus on emotions in particular, they emerged throughout the material, which was generated primarily through audio-recorded observations of development project meetings. The traditional ethnography, with its open-ended and inductive character, facilitates the capture of rich data that is “uncolored,” in the sense that it emerges independently from a set of specific research questions.

Ethnography requires the researcher to spend prolonged time in the field and to make up-close observations of happenings as they happen. In this way, this approach seems particularly suitable, as it provides fine-grained pictures of “innovations in-the-making” (Hoholm and Araujo, 2011:934), which is beneficial if we are to understand how and why innovations evolve.

The ethnographic approach facilitates a detailed understanding of the nitty-gritty of organizational processes, or more specifically what is actually going on inside such processes. The approach is useful for studying emotions in strategic innovation activities, as it captures not only sayings and intentions but, even more so, the actual doings (cf. Balogun, Huff and Johnson, 2003). In addition, to capture emotional displays, the researcher must be on the spot where and when they are expressed. Mattila and Enz (2002) argue that participant observation, the main data collection method in ethnography, is the most promising method for investigating expressed emotions.

#### *Case and informants*

The ethnographic material concerns an innovation project in a Nordic service organization. The study period was 13 months, covering the entire development process of a website. In line with the typology that Avlonitis, Papastathopoulou, and Gounaris (2001) suggest for service innovations, our case can be classified as a service modification entailing the major improvement of an existing service. Thus, the outcome of the studied innovation process was incremental in nature (Oke, 2007).

A team comprising members with various organizational functions, both front- and backstage, which has been found to be typical of service innovation projects, conducted the development (Kindström and Kowalkowski, 2009). The development team consisted of a core group of five people plus the team leader (TL), and when needed, the team was expanded to include extra internal or external competencies. The team was responsible for the day-to-day development practices and decision making. The project board consisted of two business unit directors, whose main responsibility was to support the team leader and to ensure that the innovation process was managed within the limits of the pre-specified budget and timetable. In addition, after the innovation project was initiated, a reference group was formed. The reference group had no decision making power but was responsible for keeping the units it represented updated on how the development work was progressing and for giving feedback to the development team.

*Data collection and analysis*

In this paper, we argue that to better understand the role of emotions in service innovation strategy, we need to study strategy formation at the micro level and how it is handled in practice. The empirical material on which we draw in this paper was collected through observation of about 50 development project meetings. The data were also obtained from scheduled interviews and informal discussions with the team leader. As is typical in ethnography, the interviews and discussions complemented the observations. Hence, they were most often clarifying in nature; that is, their purpose was to check whether the observed talking-in-interaction (cf. Samra-Fredericks, 2003; Stewart, 1998) had been correctly interpreted. At the same time, these interviews and discussions offered an opportunity to ask questions beyond the observed practices, about the broader context of the development project, such as historical, political, organizational, structural, and general development process issues. Finally, we drew on insider documents, such as formal project plans and postings on the company intranet.

In our analysis of the empirical material, we use strategizing as a lens. “This implies close attention to the work done by people inside organizational processes” (Whittington 2003:118) and how this may be linked to emotion. We focused primarily on the team leader’s displayed and expressed emotional experience of managing the service innovation project. Thus, although others were involved in the innovation team and process, the project manager was the key informant and the main strategist responsible for the direction of the innovation process. Our choice to study emotion and how this relates to strategic activities from this perspective finds support from other process researchers, who argue that “without observing a change process from a manager’s perspective, it becomes difficult (if not impossible) for an investigator to understand the dynamics confronting managers who are involved in a strategic change effort” (van de Ven, 1992:181). Investigating strategic innovation activities “as lived experience as opposed to ‘reported’ experience in interviews” (Samra-Fredericks, 2003:142) facilitates the development of service innovation theory that includes the emotional dimension of human interaction and decision making.

Emotions were identified in the empirical material in a rather straightforward way by paying close attention to the language that the team members used. However, since our interest in emotions lay more specifically in how they may be linked to “doings” or strategizing within a service innovation process, we tried to find strategizing events that could be linked to emotions. Inspired by the ethnographer Lofland’s (1995:47) suggestion “that you can’t pack everything into one version, and that any one (research) project could yield several different ways of bringing it together,” we decided to focus on the team leader’s emotional experience, and this choice facilitated the analysis. Investigating the role of emotions through his eyes and experience revealed one very specific type of emotion, namely, anxiety. Throughout the 13-month-long innovation project, anxiety manifested in discussions between the team leader and his team



members and in the interviews/informal discussions between the team leader and one of this paper's authors. From the very beginning until the end, anxiety influenced and generated strategic practices or strategizing.

In the next section, we will first discuss what appeared to generate anxiety, and then we will present five examples of how this emotion influenced strategizing in the investigated process.

### **Anxiety and strategizing practices**

Based on reactions to the development work, *assumed* to come from people outside the project team, but inside the organization, we found that anxiety was a central emotion influencing the direction of the project. The impact of anxiety on the project resulted in five emotional strategizing practices. The main active emotional strategist was the team leader (TL) for the innovation project who was responsible for the everyday development activities and ultimately for ensuring that the new service was launched.

#### *“Mission impossible” and “the opinion machine”*

Early on in the innovation process, the TL expresses his concern about managing the innovation process. This concern and anxiety colors the entire innovation process from the early stages until the launch of the new website. The TL feels that managing the innovation process is sort of a “mission impossible”:

I have a hard time finding motivation, because I realize... I know that this is a mission impossible, and I am not really passionate about it, because I know there will be a lot of fuss (---) pure project anxiety I call it. Get someone else to do it! But, then again, it is not that easy... so that's how it is, and this is the project leader's miserable fate, especially in our organization, whose culture perhaps cannot always be characterized as very professional but more as a sort of a “fussing-over-nothing-culture.”

During the innovation process, the TL repeatedly referred to this “fussing-over-nothing culture,” or even more so “the opinion machine.” The metaphor of a machine relates to the “fuss” or “opinions” that may be produced by the organizational members outside the project team, but inside the organization. The “opinion machine” refers an unspecified collective (“they” or “them”) and is never specific. Moreover, the metaphor is expressed in a negative sense, such as when the TL in an observed meeting describes it to the project board members as “the informal stakeholders (---), that is, the opinion machine—those people who should not have anything to say, but still do (---).”

As the fieldwork progressed and the innovation process unfolded, it became clear that linked to the opinion machine was the distinct emotion of anxiety. Anxiety can be characterized as feelings of tension and worried thoughts or recurrent intrusive concerns (Kazdin, 2000). Indeed, the TL and main strategist repeatedly expressed anxiety about the opinion machine during the observed meetings throughout the development process.

The TL occupies a boundary-spanning role (cf. Chreim *et al.*, 2013). He is ultimately responsible for completing the project according to a pre-specified timeframe and budget set by the board of



directors. At the same time, the TL is also responsible for ensuring that the project, is firmly anchored inside the organization, meaning that the views and requests of members across the organization, in particular unit directors, are considered. Finally, at the project level, he has the final say (i.e., the main decision making power), yet at the same time, as the leader, he needs to balance this with facilitating a team spirit and ensuring that the team works towards achieving common goals and launching the new website on time. The emotion associated with the task of managing the innovation project and the boundary spanning role that this entails is best described in the TL's own words as a "kamikaze pilot" in a "mission impossible." Further, as also noted by Samra-Fredricks (2003), we found that the TL relies on metaphor use as a linguistic resource and as a way to enable specific strategizing practices and to move the development in a certain direction. Next, we present how the expressed anxiety about the opinion machine shaped five emotional strategizing practices in the service innovation project.

#### *Five emotional strategizing practices*

We identified five strategizing practices related to anxiety about the opinion machine. Table 1 provides an overview of these strategizing practices. Subsequently, we will discuss and analyze each practice in detail and illustrate through extracts how these relate to anxiety, to the innovation process, and the outcome.

*Please insert Table 1 here*

#### *1. Engaging practices*

Engaging the "right" people in the project team is a crucial tactic for ensuring that the assumed opinions will be managed properly. In one of the project board meetings, the TL motivates his preference for Mr. X to be part of the project team:

If Mr. X is *not* in [becomes a project team member], then we're really in a bad situation, because he really knows the organization, he knows who the informal stakeholders are—that is, the opinion machine (---)—and therefore it is really good to have him on board to steer and maneuver that a bit.

Interestingly, in his argumentation for recruiting Mr. X to the innovation team, the TL relies on metaphors, as he argues that the project needed Mr. X to be "on board" to "steer and maneuver" the opinions that are assumed to come from others in the organization. In this way, he establishes meaning in the team that influences the direction of the project (cf. Samra-Fredricks, 2003). The TL supported this argument with the fact that Mr. X has been part of the organization for a long time and knows what the "key organization" expects and wants out of the innovation project. This practice of engaging and keeping the "right" people in the innovation team is one form of emotional strategizing that emerged during the process as a consequence of the TL's expressed concern and anxiety about the 'opinion machine'.

Another form of engaging people in the innovation project is the establishment of a formal reference group as part of the innovation project organization. This group is not given any decision making power but is intended to function as a formal feedback channel between the various units/departments that it represents and the project team. The TL and the project board are not aligned about *when* the reference group should be established and engaged in the development process. However, they do share the same view on the reference group's role during the development process. After the roles of the reference group have been put down in writing in a formal document, the TL and the project board agree that Mr. X should be the person to establish and keep in regular contact with the reference group members. Interestingly, they conclude the discussion by contending that the most important thing with any project is selling the project ideas and project work inside the organization. Thus, much of the effort and strategizing are devoted to convincing 'the opinion machine' that the project team and the rest of the organization would be on the same side.

## 2. *Influencing practices*

The influencing practices refer to how the team members strategically aimed at influencing the assumed internal expectations of the new service.

TM1: We have to, especially considering the internal demand on this innovation project, emphasize that it should be viewed as phase number one (---) and many will be disappointed.

TL: Yes, there is that risk.

TM1: There are always those expectations that are on too high a level.

TL: Yes, and therefore I've thought that we should write a piece of information and put it on the intranet, and see to it that the key stakeholders read it.

TM1: Yes, good.

TM2: Yes.

TL: Not too detailed, but just to make it clear that "we are well aware of and understand that expectations are high, but this is now phase one, and in order for the new website not to be launched in ten years, this process will be kept very tight." I think it is extremely important to internally communicate that the innovation process does not *end* with this project; rather, this is just the beginning that has to be there before we can continue to develop both Christmas tree tinsel and other hygiene factors that did not qualify for this first round. Okay, very good!

As this extract shows, the team agrees to refer to the innovation process as being the *first* phase, or phase number one. This mantra is rhetorically repeated and verbally communicated, put in print in formal insider documents, and put on the digital bulletin board on the intranet. The idea is to inform others that on this project, only basics are developed, nothing extra, and that this innovation process is to be regarded as a start. The main reason to this is to influence the internal expectations. It is also a way to make sure that the assumed reactions would not be too emotional in a negative sense. As expressed by the TL:

Because, psychologically, people do not want to get a *no* for an answer, but if they get "yes, but in phase two or three we can put it in there," then it feels better; it feels better for everyone. I will most likely repeat this so many times that I'll tear it apart [the mantra] before the end of this project.

Another way to mitigate the assumed disappointment is revealed in one of the final project board meetings. The launch date, it is decided that the new website will first be launched internally and only thereafter be launched externally.

### *3. Delimiting practices*

Another form of emotional strategizing is delimiting practices. Central to this form, as well as to the other four strategizing forms, is how the anxiety about the possible reactions from the rest of the organization influences the discussions, decisions, and actions taken. The members showed their recurrent anxiety on several occasions in several meetings throughout the development process, but the TL, who had the main operative responsibility of the innovation project, was the one who most prominently expressed it. This time, the anxiety concerns the degree of novelty of the new website, meaning what features to develop from scratch, what to develop further, what to maintain, and what to exclude from the project.

On the one hand, the TL struggles with trying to satisfy the internal demand for the inclusion of new aspects and features in the new service, and on the other hand, keeping the innovation process within the given timetable. By rewriting the official project plan such that no developments of existent applications could be performed during this project's first phase, which constituted the entire innovation project, the decision to delimit the scope of the development is backed up.

When this delimiting is further elaborated upon, the following is revealed:

TL: In order to keep to the timetable, we must focus on those parts that pertain to this project's purpose and goal.

Interviewer: Why not set a longer timeframe, then?

TL: It is entirely for internal political reasons; the demand for a new website is really big.

PBD: A bit outside this meeting now, I think you are referring to the interactive feature that people (inside the organization) are talking about, and I have checked this with the top management and my boss, who ascertained that the interactive application that we have today is in accordance with the bank's strategy for differentiating ourselves from other banks, and it has been developed on the basis of external and internal preferences.

TL: But that is not really the case. Back then, when the feature was launched, we asked around, and the units were happy, but now, for a year or so, feedback has been coming gradually from the customers that they do not understand, and this makes me wonder, did we ever ask the customers during the development?... No, I do not think so. So, perhaps we ought to be a bit self-critical here.

PBD: Okay, I must have missed something, then. I do not mean to be cocky, but I guess you hear now why it is not part of this project; the whole project would suffer. We can perhaps develop it in a parallel project; it is definitely not forgotten, but it is not part of *this* project.

Interviewer: Okay, so the reason is that due to a great internal demand for the new website, the timetable is rather tight?

TL: Yes, exactly.

PBD: Yes, and as the team leader said, on the one hand, it is politics, and on the other, it is actually business strategy.

In addition to formally writing down the delimitation in the project plan, the following message is put on the intranet:

When we have asked inside the bank about existent development wants and preferences, we have heard that there are some preferences for developing different types of interactive applications. That part is delimited from this project, but the ideas have been put forward.

Thus, to manage ‘the opinion machine’, the TL delimits the scope of the development and formalizes this in writing. Interestingly, separating this emotional strategizing from the other identified forms is the fact that this was done in response to the wants that were actually put forth internally. Thus, in this case, the ‘opinion machine’ was not a threat on the horizon but a matter of fact.

#### *4. Legitimizing practices*

Legitimizing practices refer to how the TL mobilizes support for his decision making during the process. This effort drew upon two external sources in particular: the consultant and the customers. The TL elaborates on the project’s risk and how to manage this:

TL: I’m a bit worried... and perhaps the biggest risk right now regarding the production of the new textual content is that there are too many opinions on how to express things, and (---) I am not totally happy with producing all the material by myself. I should have someone to bounce ideas of, and therefore I will use the consultant [name omitted] to get feedback and some ideas and thoughts about how to express things, but I guess this is how it is when it comes to creative business in organizations... It is always a bit problematic because all the laymen always have an opinion about it.

The TL will thus use the support from the consultant to defend his decision, both to make himself feel more comfortable in producing text and, evidently, also to safeguard against the opinions of the “laymen” inside the organization. Similarly, the TL intends to use customers as revealed in the following:

TL: There will be a group of people—I’m not sure how many, but maybe 20 to 50 persons that will get to express their views—that “This feels really good” and “Wow, I like this” and “No, not...” and such. See, there is this point in actually getting feedback, and then it is also for internal political reasons, like when people start yapping, “No, I don’t like that color!” then we can say, “Okay, but we have checked this with our customers, and they think it is great. Period!”

Interviewer: So, almost like having the customers as kind of a scapegoat?

TL: Yes, because it is really dangerous if this ‘opinion machine’ gets to work too strongly.

The TL intends to mobilize support from customers to handle the assumed internal views and feedback on the development. Interestingly, as he planned to recruit customers for this mission, he seems to believe that the external market would give more favorable feedback on the development than the internal one.

#### *5. Cajoling practices*

In cajoling practices, the intention is to ensure that others inside the organization *feel* that the innovation team is taking their voice into account, and that they can influence the development work and its progression. However, these practices have a deceptive character, as they are meant to only communicate or signal to others that their views would make a difference, when in fact, they would not necessarily do so. The TL brings recurrently up, in team discussions the importance of seeing to it that the rest of the organization feels that they are involved and part of the project. One practice that emerges from these discussions is to make an e-mail survey for the unit directors:

TL: Yesterday, I told the directors that I expect and hope that they will send me what they think are the top three most urgent issues relating to the website that need to be developed.

The viewpoints from the directors were collected, but the results from the survey were postponed several times during the development process, and eventually, these were only briefly discussed. The general conclusion that the team members reached was of a nice-to-know character, rather than directing the actual development decisions and work.

Another form of cajoling practice is creating transparency in regard to how the development of the new service advances, that is, the actual visual and usability development of the new website as it progresses. The way to create this transparency is to inform the rest of the organization, or as the TL states in a meeting: “There is a point in cajoling the unit directors. Make sure that they continuously are updated on what’s going on in our project.”

One example of such a practice is the following post on the intranet:

Here you are; a preview!

Please click on the attachment below, and you will get a glimpse of our new website. Text and images are only examples of how it may look, but as the CNN slogan says: “Be the First to Know.”

As the TL reveals his intentions with this type of informing during the observed development meetings, this type of practice evidently became symbolic, and the reference made to the CNN slogan was rather cynical.

#### *Emotional strategizing practices: putting the micro in the macro*

The service innovation project had a strategy, an integrated development team, and a formalized development process—three elements considered important for performance in earlier innovation research (see Edvardsson *et al.*, 2013). Our analysis of micro-level strategizing processes, however, revealed that emotions also play a role and materialize in terms of emotional strategizing practices. In a strategy making context, Mintzberg and Waters (1985) developed a macro-level framework for understanding how strategies in reality are formed as patterns of activities. They distinguished between deliberate strategy, where intentions are realized, and emergent strategy, where unexpected elements are included in the realized strategy. Furthermore, some of the intentions may become unrealized. This framework can be applied to analyze strategizing within service innovation as well.

*Please insert Figure 1 here*

The five emotional strategizing practices identified can be linked to Mintzberg's deliberate, unrealized, and emergent strategies, as shown in Figure 1. Engaging practices ensure that the intended strategy is realized; hence, these practices represent deliberate strategizing. Unrealized strategizing comprises practices that lead to unfulfilled plans. Our findings show that the project leader delimited the project, and thus through the strategizing practices, reduced the scope of the innovation project. Likewise, the influencing practice is used to impact internal expectations in a restrictive manner. Moreover, emergent strategizing is linked to legitimizing practices and cajoling practices. These are based on how to mobilize support for decision making (legitimizing) and, finally, to make the organizational members feel involved in the process (cajoling). Underlying all practices was one particular emotion: anxiety.

### **Discussion**

The service innovation research has tended to focus on the cognition of the innovation process (Hodgkinson and Healey, 2014). However, our study reveals that emotions influence strategists-at-work and hence the innovation process. The research on service innovation management has neglected the role of human emotion, although it is well known that cognition and emotion cannot be separated. Similar to Langley *et al.* (1995:260) in the decision making literature, we argue that service innovation research deals with innovation work as “driven by rational—albeit bounded—minds stripped of affect, insight and history.” Hence, by focusing on emotion in innovation work through the strategizing lens, our study contributes by introducing human activity and emotion into the service innovation management research.

A second contribution relates to the attention paid to micro-level processes. Innovation strategy is primarily viewed as a top-down process of formulation and intent that is separate from implementation (Sundbo, 1997). However, this type of approach fails “to deal with individual experiences of agency, in which who a person is, is innately connected to how that person acts and the consequences of that action” (Jarzabkowski, Balogun and Seidl, 2007:12). Thus, by using the strategizing lens in a service innovation context, our study brings novel insights into how innovation strategy takes place in practice, as “doings” (Johnson *et al.*, 2003). This perspective emphasizes the human being and seems particularly suitable for service innovation management, as it broadens the strategic agency beyond top management to include those middle managers who are often involved in innovation work (cf. Tuominen and Toivonen, 2011). A service innovation project is normally not an isolated island in the organization but influences, and is influenced by, the immediate internal environment. Thus far, this interdependency has received little attention in the service innovation literature. This is less visible, but even more



significant in service innovation work, which is frequently conducted by organizational members in temporary project teams (Sundbo, 1997), as opposed to product development, which often takes place in the research and development department. The project team is in the crossfire of different expectations, perspectives, and emotions.

Third, as a result of our approach and findings, we coined the term *emotional strategizing*. Emotional strategizing provides a fine grained understanding of human interaction and the connection between emotions and doings during the evolvement of the service innovation process. By including human agency, and thus embracing emotions in the concept of strategizing, the concept becomes more valid and richer. We would even argue that the practices are dancing to the rhythm of emotions (cf. Nicholson, 2000). In other words, without considering emotions, practices are difficult to understand. We define emotional strategizing as the influence of emotions on cognitions and actions in an innovation process, giving it energy and direction. Emotions represent a fundamental element in such processes, although we still know very little about their influence and how they can be influenced. Giving the phenomenon a label and definition is a first step towards understanding the role and significance of the issue. We suggest that our concept of emotional strategizing has a sensitizing function (cf. Blumer, 1954) that offers a way of seeing, organizing, and understanding service innovation work and management.

Fourth, in this study, we identified one type of emotion (anxiety) as the main emotional source resulting in five emotional strategizing practices in a service innovation process. The emotional strategizing practices can be related to, and built on, Mintzberg and Waters' (1985) discussion on how strategies are formed. By using their framework, we establish a link between micro-level strategizing and macro-level perspectives—a link that other researchers have called for (see, e.g., Jarzabkowski *et al.*, 2007; Layder, 2005). This represents a first step towards understanding the role of emotions in this context.

Finally, this study makes a methodological contribution. Although longitudinal real-time studies—that is, innovation research conducted while the innovation process is taking place—have been called for (see, e.g., Hoholm and Araujo, 2011; Perks, Gruber and Edvardsson, 2012), most of the innovation research has adopted retrospective methods. This is surprising considering the fact that development and innovation work, by nature, spread over time. Consequently, to develop relevant and useful theories on how innovation evolves over time and why it evolves in this way, process research in real-time is needed (see, e.g., Langley, 1999; van de Ven, 1992). Contrasting the mainstream service innovation research, this study was based on ethnographic research material collected during a prolonged period in the field, and thus addressed these calls through its novel exploration of how emotion affects strategic activities during the service innovation process.

From a managerial perspective, our findings suggest that emotions should not be ignored in service innovation processes as so far has been the case. Although the effect of emotions might be quite hidden and difficult to deliberately influence, the influential role of emotions can be



significant and must be considered and better understood. On the one hand, the intended innovation strategy might not be realized because of emotional strategizing practices. On the other hand, new, unforeseen elements in the innovation process may emerge. It will then become a management issue to at least monitor the process on a micro level, to understand both the negative and positive consequences of the actual processes. At a minimum, the top managers should pay attention to the criticality of understanding their innovation team leaders or strategists, specifically their perceived role, position and mission in the innovation endeavor (cf. Alvesson and Sveningsson, 2003). In regard to this, the recruitment of team leaders and team members should be carefully considered.

Our findings are valuable because they allow innovation managers to better understand their own decision policies and how their emotional experiences influence important innovation decisions and activities. For example, in our case the experienced anxiety had a suppressing effect on innovation novelty (particularly through the delimiting practices). Thus, when managers know that their anxiety can inhibit the innovation project they can try to regulate the level of anxiety consciously. However, it would be simplistic to assume that emotions can be easily managed as such. In this case anxiety seems to be rooted in the organizational culture which has resulted in the emergence of emotional strategizing practices to cope with this anxiety. If managers consider any of these practices dysfunctional it might be useful to focus not only on the practices but also on underlying reasons for the practices.

If negative emotions such as the one identified in our case, becomes too dominating, an unproportioned amount of attention and energy might be put on how to handle the specific emotion(s) and the object causing it, rather than the exploration of creative innovation ideas and avenues. Thus, to assess, not only the innovation process - in terms of, for example, a gap analysis of planned versus realized innovation - but also the experienced emotional journeys during this process may be one step towards increased awareness about the role of emotions in innovation work and outcomes.

Strategy formation is not delimited to top-level activities; it can also occur at the project level of service innovation processes. Service innovation strategies are not only formulated and decided upon among top level managers and delivered to be realized by the innovation project team. Indeed, our findings illustrate how innovation strategies are generated while the innovation process unfolds in the emotional dynamics (in our case, in response to anxiety) at the level of the innovation team. Thus, monitoring the locus of strategy formation is important, as this may reveal potential gaps between strategies at the organizational and project levels. Such gaps can lead to frustration and role ambiguity among managers and personnel. All in all, as we are in the very beginning of understanding how emotions influence service innovation processes the specific message to managers based on this research is to start paying attention to emotions.

### **Limitations and future research**

Ethnographies like ours are frequently based on single case studies, and thus they do not allow for drawing any statistical generalizations. Thus, we do not argue that the emotion of anxiety identified in our case is representative for service innovation projects in general, and we do not argue that the five specific strategizing practices generated by anxiety in our case are always to be found in other innovation cases where anxiety would be identified.

However, in line with Mintzberg (1979:583), who argues that “too many results have been significant only in the statistical sense of the word”, we claim that the main theoretical idea—the application of the strategizing lens to capture the emotional influence on service innovation activities and outcomes, or what we coin as *emotional strategizing*—is indeed transferable beyond the research setting presented in our paper. Hence, we aspire to the replication logic that characterizes Yin’s (1984) notion of analytical generalization, and we find it most plausible that *emotional strategizing*—in terms of specific types of emotions generating certain types of strategizing—can be identified beyond the time and place of the field studied here.

This paper investigated the role of emotional strategizing in a service innovation process. Strategizing refers to a perspective in the strategy literature that focuses on micro-level emergent doings (Jarzabkowski *et al.*, 2007). Emotional strategizing is a novel term that we proposed in this paper to highlight how emotions give energy and direction to innovation processes viewed at a micro level. This lens on service innovation reveals new aspects to consider in future research on service innovation management.

First, our study identified a specific type of emotion, *anxiety*, which generated five strategizing practices. Naturally, other emotions existed in the investigated innovation project; however, from the perspective of the project manager, anxiety emerged as the main underlying driver of strategizing. Future research could investigate innovation projects to identify other types of emotions and how they relate to strategizing and innovation outcomes. In addition, more research on emotion from other team members’ perspectives is needed, as well as more research in other contexts besides the incremental innovation context studied here.

Second, we identified a mechanism inside the organization that generates the specific emotion of anxiety. To further develop knowledge about the role of emotion in service innovation, more research focusing on mechanisms and their locus is needed, as well as research on the types of emotions and how they influence innovation work and outcomes.

Third, we call for more micro-level research on innovation work and management. In line with Hoholm and Araujo (2011), we would like to see more real-time and longitudinal studies that facilitates the capture of dynamics, such as emotional strategizing. This type of methodology provides insight into “innovation-in-the making” (Hoholm and Araujo, 2011:934) and opens up the black box of what is happening, and why, *inside* service innovation processes. Such detailed insight is necessary for theory development in this area.

Finally, although it is important to drill into the very details of service innovation processes, and in-depth studies on the role of emotions in this context are not only valid in themselves but provide vital complements to the prevailing “cold cognition logic” (Hodgkinson and Healey, 2014) underlying the mainstream innovation discourse, we expect more research connecting the micro and macro levels of analysis. Such links will facilitate the production of more robust and inclusive research insights and explanations (cf. Layder, 2005).

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Table 1 Five strategizing practices

<i>Strategizing practices</i>	<i>Description</i>
Engaging practices	Activities conducted to involve specific organizational members in the innovation process.
Influencing practices	Activities conducted to influence internal expectations.
Delimiting practices	Activities conducted to limit the scope of the project.
Legitimizing practices	Activities conducted to mobilize support for decision making underlying the innovation work.
Cajoling practices	Activities conducted to make organizational members <i>feel</i> involved.

Figure 1 Emotional strategizing

