Frontline Service Innovation –
Looking at the Bright Side of Role Conflict

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In service management, frontline employees are **critical** in enabling organizations to identify efficiencies and opportunities. In a recent survey of 464 executives from 16 industries in North America, Europe, and Asia Pacific, nearly 90% said **success** depends on frontline employees (Harvard Business Review, 2020).

Frontline employees have **frequent and close contact with the customer base** in service industries, such as retailing, banking, and healthcare. They are in direct contact with customers. Therefore, they know more about customer needs than employees beyond the frontline. Customer needs are a valuable source of information for organizations. However, they are usually tacit and difficult to capture (Matthing, Sandén, & Edvardsson, 2004). Frontline employees are thus a valuable source of customer feedback and innovative ideas (Engen & Magnusson, 2015). Moreover, as **boundary spanners**, they can contribute to customer-friendly service innovation in line with the strategic direction of the organization (Åkesson, Skålén, Edvardsson, & Stålhammar, 2016).

The other side of the coin, however, is that it is precisely this position between the organization and the world that makes frontline work particularly prone to **role conflict**. Employees may face a conflict between what the job requires and their own values. Sometimes conflicts arise because there are incompatible expectations and requirements on behalf of customers. The most common conflict is probably between the two "bosses", the organization and the individual customer.

From an institutional theory perspective, conflicts arise because individuals and organizations are embedded in **multiple institutional logics**. Institutional logics are systems of cultural elements (values, beliefs, and normative expectations). **People, groups, and organizations base their behavior on these logics.** The institutional logics help them to better understand and evaluate their everyday activities in time and space (Haveman & Gualtieri, 2016).

Autonomous groups with different institutional logics have different goals, interests, and values. Consequently, when they meet at the frontline, **tensions often arise**. For example, healthcare providers may be conflicted between what is appropriate from a medical

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perspective (professional logic), what meets the patient's wants and needs (care logic), and what clinic management deems efficient (management logic).

Most managers see **role conflict** as a **threat to job performance**. Up to 30% of a manager's time is spent trying to avoid conflict in the workplace (Ford, 2017), which is a huge waste of money. Research suggests that avoiding conflict can cost an organization nearly $8000 per day (Menon & Thompson, 2016).

In a qualitative study in the context of healthcare, we found that role conflict does not per se have a negative impact on frontline employees' innovation performance. Rather, it depends on how frontline employees work with the **institutional logics** available to them **as tools for conflict resolution**. That is, innovative frontline employees do not see institutional logics or parts of them as competing or conflicting per se but **try to balance them situationally**.

An example: An informant wanted to introduce standup paddling as a new form of therapy in the interest of the patients (**care logic**). However, this improvement of the therapy offer was very costly and therefore collided with the principles of economic efficiency (**management logic**). He succeeded in resolving the conflict and convincing the decision makers by highlighting the therapeutic benefit (**professional logic**) and the unique selling proposition (**market logic**). As a result, the frontline employee introduced a **service innovation** in the form of a new therapy. At the same time, the manager logic changed.

What do we learn from this? **Managers should encourage frontline employees to collaborate and interact**. Innovation-friendly managers remove their employees' fear of functional and hierarchical silos. Cross-functional and cross-hierarchical team composition enables and facilitates service innovation. It is important that managers and frontline employees tolerate ambiguous institutional logics rather than immediately avoiding or rejecting them.

To put it in a nutshell:

1. **Frontline employees** are crucial for organizational success and innovativeness.

2. Institutional logics are defined as **systems of values, beliefs, and normative expectations** that guide actors' cognition and behavior.

3. Frontline employees are embedded in **multiple institutional logics** and therefore face a variety of **conflicts** that can potentially disrupt innovation efforts.

4. Frontline employees **deal with the same conflict differently**.

5. Innovative frontline employees use the institutional logics at their disposal as tools to **balance conflicts**.

6. Management can foster employee-driven service innovation by shaping institutional multiplicity through **interaction and collaboration**.

7. At the same time, care should be taken to ensure that there is some **tolerance for ambiguity** in the organization, especially at the frontline.

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