Innovation strategies in Global Service Organization: An Institutional Logics Perspective

Gwarlann de KERVILER

IESEG School of Management - LEM-CNRS (UMR 9221)

Corresponding author, g.dekerviler@ieseg.fr, IESEG School of Management, Socle de la Grande Arche, 1 Parvis de La Défense, F-92044 Paris La Défense Cedex, France.

Deva RANGARAJAN

IESEG School of Management - LEM-CNRS (UMR 9221)

d.rangarajan@ieseg.fr

Mekhail MUSTAK

Hanken School of Economics, Helsinki, Finland

mekhail.mustak@hanken.fi

Thomas LECLERCQ

IESEG School of Management - LEM-CNRS (UMR 9221)

t.leclercq@ieseg.fr

Loic PLE

IESEG School of Management - LEM-CNRS (UMR 9221)

l.ple@ieseg.fr

Innovation strategies in Global Service Organization: An Institutional Logics Perspective

Introduction

In an effort to attain sustainable competitive advantage, global service organizations often rely on innovations as a solution to their challenges. Yet, for global service companies, environments are diverse and often contradictory, shaped by regulatory/trade barriers, creating highly volatile, uncertain, chaotic, and ambiguous (VUCA) environments. Indeed, global service organizations often operate simultaneously across multiple segments with distinct business models and multiple geographies with unique constraints and opportunities. A solution that is efficient in one geography may be resisted as non-compliant anywhere else. An innovation which is easily implemented in one business activity might be almost impossible to launch in another.

Academic literature on how organizations strive to innovate efficiently in such contexts has been rather focused on isolated aspects: optimal organizational structure, cooperative ecosystems, data quality or understanding of customers' needs (Cooper 2024), differentiating exploitation or exploration (Liu, Chen, and Ko 2024) - without providing a consolidated framework (Gustafsson, Snyder, and Witell 2020).

However, a holistic perspective on why particular innovation modes are adopted in these organizations, taking into account specific and complex contexts, remains limited and leaves open research questions:

How can international B2B service firms understand and leverage the complexities of the different markets they operate in? How can international B2B companies successfully innovate and commercialize their offerings in the different markets they operate in?

Our study aims to address these questions and approach service innovation with an institutional logics perspective (Thornton, Ocasio, and Lounsbury 2012). Applying this lens allows us to see innovation not only as a technical or economic process but also and more importantly as an institutional act, shaped by internal and external, sometimes conflicting, logics.

Institutional Logics: The Rules of the Game

Institutional logics theory (Thornton, Ocasio and Lounsbury 2012; Dolbec, Cillo and O'Connor 2022) explains how organizations are guided by culturally embedded "prescriptions"- socially shared rules, values, and beliefs - defining what is legitimate.

Institutional logics are historically constructed, socially shared patterns of practices, values, and rules that provide meaning and legitimacy to organizational action (Thornton et al., 2012). They act as "prescriptions" that guide not only what should be done but how it should be organized (Dolbec et al. 2022).

Logics define the rules of the game (shared values, beliefs, and prescriptions that shape what is seen as legitimate). Organizations, in turn, enact moves (strategies such as push versus pull, global versus local, breakthrough versus continuous, and internal versus outsourced).

Four logics are particularly salient for global organizations: Market logic (focus on efficiency); State logic (focus on regulation); Professional logic (focus on expertise) and a Community logic (focus on cultural legitimacy).

For global service firms, different logics may prevail depending on the type of business customers linked to unique market and professional logics (e.g. schools, hospitals, airports, corporate restaurants, retirement homes) but also depending on geographical location (e.g. country, urban or countryside environment) linked to state and community logics.

This plurality means innovation cannot be understood only as a technical process but must be analyzed as an institutional balancing act. While there are many options to conduct innovation (push or pull; global or local; internal or outsourced; breakthrough ideas or continuous improvement), the lenses of institutional logics help understand why one option is favored.

Research Context and Methods

To shed light on how organizational innovation can be efficiently managed in a B2B service organization we adopt a case study methodology. A single-case study design is appropriate when the research goal is to build theory starting from "how" questions and for studies focused on internal organization issues.

To advance knowledge on innovation our methodology centered around a deep analysis of a case involving both centralized global strategy and local execution. We thus aimed to identify a big global B2B2C service company that has implemented organizational innovation with internal and external forces influencing processes. We selected a global food service company operating in over 50 countries with 400,000+ employees, which started to conceive, establish, and scale efficient innovation processes. Its portfolio of businesses includes schools, hospitals, retirement homes, corporate catering, or airport concessions.

We conducted about 20 semi-structured interviews with managers across geographies (France, Brazil, U.S., India, APAC) and functions (innovation, procurement, supply chain, digital, marketing, facilities management).

We also complemented our interviews with internal presentations (e.g., Innovation Hub, GSA Lab, Innovation B2B decks) and strategy documents such as annual report which detailed how the company develops an innovation ecosystem to improve its services, enhance its own and its clients' operational efficiency while ensuring quality, security and data protection.

From a strategic standpoint, innovation at the chosen service company is not merely a competitive advantage but a necessity for survival. During the meeting with managers, it was emphasized that innovation is crucial to stay ahead of market trends, respond to client expectations, and mitigate the risk of client attrition due to perceived stagnation. Managers were committed to embedding innovation and consider it more than just episodic radical changes; it includes continuous incremental service and operational enhancements.

Data Analysis

We followed a three steps analysis to examine our data. The first step consisted in extraction of managers' concerns and practices (e.g., compliance with regulations, client retention, cultural adaptation). The second step focused on mapping excerpts onto institutional logics (market, state,

professional, community). Finally, the last step involved the identification of corresponding innovation moves depending on logics.

Findings

Innovation leaders explained their role as deciding which projects are worth scaling globally versus which must remain local pilots. The company innovation activities were shaped by two main institutional logics with clear rationale.

1. Business driven Logic versus Geography-Driven Logic as Strategic Inputs

Business Driven: Market Logic and Professional logics

Market logic is a key element for all managers faced with high organizational pressure for return on financial and human investment on any innovation. Such constraint prescribes options for innovation in markets facing high competitiveness or with demanding customers. This logic encourages the development of economies of scale through global solutions built on a deep centralized expertise and with clear commercialization potential. For instance, innovation in airport business followed such logics with a focus on facilitating client renewal as illustrated by J. who claims that *"Innovation is about creating new solutions for our clients, improving processes, and addressing issues during contracts"*. In addition, market logic was key when developing new expert solutions easily scalable, both to justify dedication of resources at the headquarter level and to convince adoption from local businesses. Managers adopting this logic emphasized how they search to guarantee added value: *"We want to be selective, to prioritize in terms of what we develop, and make sure that we will have return on investment. We do things that will offer real volume and competitive advantage."* (T.H).

In a similar vein, Professional Logic is instrumental in contexts where business complexity requires specific expertise. For instance, in hospitals, the need to ensure safety encourages a professional logic emphasizing technical knowledge, as exemplified by A.K. who promotes a solution designed especially for restaurant/catering environment where food waste was identified as a crucial complex challenge across countries *"We developed a predictive tool which provides accuracy of 90 days, which will enhance profitability for different regions."* In addition, professional logics is pursued when extensive financial resources are needed, which would be difficult to develop in a decentralized manner. For instance, in higher education, C.P highlighted *"On our US campus, we have delivery robots which fit well with the local context"*.

Overall, in these two business-driven logics (market and professional), the emphasis is on push-driven (adjusting to professional standards and answering cross-countries complex issues), internalized and centralized innovative moves.

Geography-Driven: State and Community Logics

The State Logic is driven by the focus on compliance when strict local regulation and cultural context create specific boundary conditions. For instance, in India, K.T. mentions that *"logic has to be adapted to local realities: inflation, client budgets, and cultural expectations of food mean that what works in one place may not work in another."*. Also, in France, J.L.F confirms that *"operational directors create their on-site solutions as they must deal with their own constraints of regulations and technical feasibility."*

Community logic (care, belonging) is adopted when the business is embedded in a community of market actors, as underlined by F.P. who highlights that *"when possible, at the local level, we involve customers in generating new solutions to solve their pain points while trying to find other clients with similar issues so that the investment would make sense"*

This mapping enables us to explain why innovation strategies vary by context, and when geography or activity matters more. The company orchestrates innovation through a portfolio of modes, rather than a single global pipeline. Efficiency emerges not from uniformity but from contextual alignment between logics and innovation modes.

2. Organizational Processes: Translating Rules into Action

Once institutional logics have been understood, the company deployed a set of innovation "moves" that fitted the logics adopted. To manage plural logics, the company puts in place specific processes that linked institutional demands and innovation practice.

- Market logic was facilitated by innovation hubs and accelerators, which were monitored at the central level, prioritizing scalable solutions and professional logic by embedding expert reviews before adoption. Predictive tools launched centrally, such as *PowerChef,* illustrate how efficiency-focused solutions can be industrialized at a global scale, once proven.

- Professional logics led to governance and compliance mechanisms—including IT, legal, and food safety reviews. It provided legitimacy by filtering out risky or non-compliant innovations. Examples include robotics for hospitals and advanced food-safety systems, which require strong internal R&D and technical credibility before deployment.

- State logic was more Pull-driven and externalized with innovation responding to local regulations incrementally. For example, nutritional adjustments in school catering depended on national rules and often involved sourcing solutions through certified external suppliers.

- Community logics enabled regional managers and site directors to propose solutions that resonate specifically with their own employees and consumers which could be developed with local startups, allowing for culturally grounded initiatives.

These various layers showed how **Institutional logics** defined the "rules of the game while **Organizational processes** translated these rules into structures and "moves" managers made, constrained but also enabled by the logics and the organizational mediation in place. Strategic portfolio management allowed the company to balance across logics. This process acknowledges that not all innovations can or should be globalized and that efficiency lied not in enforcing a single model globally, but in orchestrating a portfolio of moves—global or local, incremental or radical, internal or external—each aligned with the dominant logic in a given segment or geography.

3. Outcomes: Mode of Innovation

The outcome of the processes that the global B2B service firm put into place then determined the choice and mode of innovation chosen to help drive sustainable competitive advantage. For instance, when dealing with innovations that required capabilities that were not within existing ones, the firm chose to either invest in external players provided with monetary resources or to work closely with partners to reduce risks of failure.

Theoretical contribution

We show how institutional logics may underly the choice of innovation approaches chosen by global B2B service firms. Our findings suggest that some of these firms may efficiently use a modified version of the Input-Process-Outcome (IPO) concept (McGrath 1964), emphasizing how inputs affect processes, which in turn influence outcomes. By combining the Institutional Logics perspective with the IPO framework, we think that we answer the calls for a more holistic approach to innovation (Gustafsson, Snyder and Witell 2020).

First, we enrich institutional logics research by demonstrating how logics do not only influence organizational identity and legitimacy (Thornton et al. 2012), but also actively shape innovation governance modes. By mapping the link between prevailing logics, innovation moves and outcomes, we extend the explanatory power of institutional logics to B2B service innovation.

Second, we respond to calls for more integrative frameworks in service innovation research (Gustafsson, Snyder and Witell 2020). Prior studies often isolate organizational structures, customer insights, or technological choices, but lack a holistic lens. Our approach captures the inherently systemic and multi-layered nature of service innovation in global contexts.

Finally, our study reframes B2B service innovation as not merely a technical or economic process but an institutional balancing act. Innovation emerges here as an act of negotiation between competing logics rather than as a linear response to market pressures or technological innovation. This conceptual shift positions service innovation within broader debates on institutional complexity, hybridity, and organizational adaptation.

Managerial contribution

For practitioners, our findings provide a framework to identify dominant logics at play in their operating environment and to align innovation governance accordingly. Rather than striving for a one-size-fits-all innovation pipeline, managers are encouraged to orchestrate a portfolio of innovation modes: scaling when market and professional logics prevail, and localizing when state and community logics dominate. By institutionalizing portfolio management processes, firms can reduce the risks of lock-in, client attrition, or regulatory non-compliance through bridging mechanisms—innovation hubs, accelerators, local partnerships, compliance reviews—that mediate between institutional demands and organizational responses.

References

Dolbec, P. Y., Cillo, P., & O'Connor, G. (2022). How established organizations combine logics to respond to marketization. Journal of Product Innovation Management, 39(6), 663–686.

Gustafsson, A., Snyder, H., & Witell, L. (2020). Service innovation: a new conceptualization and path forward. *Journal of service research*, *23*(2), 111-115.

McGrath, J. E. (1964). Toward a "theory of method" for research on organizations. *New perspectives in organization research*, *533*, 533-547.

Thornton, P. H., Ocasio, W., & Lounsbury, M. (2012). The institutional logics perspective: A new approach to culture, structure, and process. Oxford University Press.