Bridging conflicting innovation spheres of tourism innovation

The role of diplomacy

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Innovation often relies on networks and open processes in which actors, their knowledge and other resources come together and jointly sustain innovation processes (Boschma, Frenken, 2010; Chesbrough *et al.*, 2006; Lee *et al.*, 2010). In some service sectors, such as tourism, the production and consumption are tied to places in which a number of different actors base their production on a set of shared resources (Briassoulis, 2002; Healy, 1994). Tourism is an illustrative example of this. In tourism various actors located on tourist destinations rely on shared resources and on each-others' activities (Hjalager, 2000). In these destinations, which can be considered localised systems, disagreements, lack of trust, and competition rather than cooperation have been shown often to dominate and inhibit joint development (Bramwell, Lane, 2000; Bærenholdt *et al.*, 2004). Different actors' routines and innovation practices can interact but they often do so in conflicting ways. Such conflicts are most evident in horizontal networks among competitors (Bengtsson, Kock, 2000; Sørensen, 2007), but conflicting practices may exist in vertical networks as well when there are differences in interest and value (Barth, 2000). While such conflicts can limit innovation potentials of tourist destinations and consequently impact their

competitiveness negatively (Baggio, Cooper, 2010) the literature tells us little about how such conflicting service practices can be bridged to sustain innovation.

This paper is based on a case study of two extreme cases of tourist destinations in which collaborative innovation processes were established in spite of fierce disagreements between actors. We develop an approach to conflict-based innovation by using the concepts innovation sphere, diplomacy and compromise. We argue that different actors in localised systems such as tourist destinations can belong to different conflicting innovation spheres but that these can be brought together during innovation by different means. The paper explores two dimensions of this: how the spheres can be joined by a central person, a diplomat that enable compromises, and how innovative actives within the spheres can change from personalised to more generalised forms of activity during interaction. The paper seeks to understand how different tactics and strategies become part of such service innovations. Thus, the paper provides new insights into how collaborative innovation processes can be developed in localised systems, such as tourist destinations, where conditions are hostile to such collaborative efforts. The findings suggest how companies and public actors may sustain and establish collaboration and innovation in such sectors.

The paper is structured as follows. First we outline the theoretical background of the paper. We then explain our method, which is two case-studies of collaborative innovation in tourism destinations. Following this, we present the cases. Then we discuss how diplomatic tactics and strategies can be observed in the cases. Finally we conclude by summarizing our contribution to research.

THEORETICAL BACKGROUND

Innovation can have special characteristics for organizations and networks that operate within a pluralistic context characterized by diffuse power and divergent objectives (Denis *et al.*, 2001). Examples are public organizations, sports organizations, arts, volunteers, or certain services tied to places where actors share resources and services rely on a mixture of business enterprises, public organizations, volunteers, life-style entrepreneurs and families. They may be seen as influenced by multiple institutional spheres characterized by different rules of the game (Kraatz, Block, 2008). Different routines and innovation practices interact, but often in conflicting and ambiguous ways. By innovation sphere we mean an institutional sphere defined broadly by certain 'rules of the game' (Kraatz, Block, 2008) and interests that direct and

influence innovation activity. Pluralistic contexts are when several innovation spheres confront organizations.

Innovation spheres in pluralistic contexts

In such pluralistic contexts, ordinary theories of control and decision-making do not work well (Denis *et al.*, 2007). There is a wider room for individual and personalized initiative, opinion and criticism. There are no common rules or hierarchies that apply, there may be conflicting time schedules, perceptions of value and interests; dissimilar notions of how to balance innovation with stabilization, or change with routine can prevail. On the other hand, there may also be a drive towards swift consensus that may tend not to hold in the longer term (Denis *et al.*, 2007).

Research has observed that tensions between interests and values in pluralistic contexts may often lead to trade-offs between values or decoupling effects (Oldenhof *et al.*, 2013) rather than collaboration and co-creation. A climate of conflicted interests may constrain collaboration about innovation. Research has also focused on how entrepreneurs can connect spheres or networks (Burt, 1992); connecting spheres may change the logics of each sphere (Barth, 2000). Such spheres may be connected through network development (Burt, 1992). The networks can facilitate knowledge distribution, coordination of production activities relying on shared resources and facilitate innovation (Ahuja, 2000; Gebauer *et al.*, 2005; Håkansson, Ford, 2002). While successful cases of local networking have been described (e.g. Saxenian, 1991), in some place bound sectors where production and innovation rely on shared resources such network building, coordination and innovation are often hampered by conflicts and disagreements among actors (Bærenholdt *et al.*, 2004; Sørensen, 2007).

This is particularly relevant in the case of different service sectors. Four characteristics have often been applied to services namely that services are intangible, that quality is heterogeneous across services, that production and consumption are inseparable and that services are perishable and difficult to store (for an overview and criticisms see Moeller, 2010). Even if this view has been contested, it is often possible to find aspects of services that contain these characteristics (*ibid.*). Consequently, compared to goods, whose production often rely on non-local resources and whose distribution is mostly regional, international and global many services' value chains remain largely localised. While certain services can today also be distributed globally, thanks to information and communication technologies, many crucial services (for example elderly care, health services, retail, and physical leisure services) continue to be produced and consumed locally. Thus they often

rely on local resources and, in particular, local markets. The same conditions exist in various experience-oriented sectors such as theatres and attractions (Sundbo, Sørensen, 2013). Consequently different local services and experiences may depend on, compete for, and in different ways (depending on their individual characteristics) benefit from, or be disadvantaged by, various local resources such as local knowledge, urban environments, other competing or complementary services/experiences, infrastructure or tax levels.

Furthermore, the process of innovation in services may be more confusing and the outcome fuzzier than in traditional manufacturing industries. Research has shown that some innovation processes in services are characterized by simultaneous planning and production (Toivonen *et al.*, 2007). Innovations are not planned ex ante as ready-made entities. Rather they emerge from interactions with clients and are recognized as innovations only in retrospect (Toivonen, Tuominen, 2009). Those who monitor innovation or address the need for innovation do not always see them as innovations (Fuglsang, 2010; Gallouj *et al.*, 2013). Service innovations may therefore tend to be hidden in local practices and provision of services and must be made visible to more people before they can become subject of planning and systematic innovation. However this means that some take ownership to these innovations while others are less acutely aware of the need for them.

Tourist destinations are extreme examples of localised service production systems. Like in other services, the production and consumption of tourism services and experiences cannot be separated (Sørensen, Jensen, 2015). Furthermore the tourism experience is closely related to tourist destinations which are considered the *raison d'etre* of tourism (Buhalis, Cooper, 1998). Tourists travel to and stay at tourist destinations to experience and when doing so they consume a number of tourism services at the destination. Destinations are therefore amalgams of different services and experiences such as hospitality, transport and attractions (Buhalis, Cooper, 1998) which tourists combine to create overall tourist destination experiences. The value of the overall experience determines also the individual companies' competitive situation. Thus, while tourism companies may compete for shared production related resources, such as labour and land, tourism services also depend on a broader complex of collective resources. These include natural, built and cultural resources, local populations' attitudes towards tourists, destination brands, as well as other tourist companies' production of different services and experiences. However, some of these resources, for example built, natural and cultural resources may not only be of interest to tourists and to tourism companies but may also be competed for by, for example, destinations' local population and other business sectors.

In services and in tourism in particular, the role of individual entrepreneurs and their practices have been emphasised as crucial for innovation and local development (Ateljevic, Doorne, 2000; Fuglsang, Sørensen, 2013). However, also the importance of collaboration in networks (Sundbo *et al.*, 2007, Baggio, Cooper, 2010, Sørensen, Fuglsang, 2014) or in open innovation (Chesbrough, 2011) has been emphasised. Collaboration can be claimed to be particularly relevant in these sectors, and especially in tourist destinations, because they are often populated with small firms with limited resources for innovation and because they often do not have in-house R&D departments as is typical in other sectors (Hjalager, 2000; Sundbo, Sørensen, 2014). However, tourism companies may not have resources for high-scale cooperation (Eide, Fuglsang, 2013), and cooperation and networking may instead be based in whatever persons and resources are at hand. Given these characteristics collaboration may help pool physical and immaterial resources and co-ordinate development activities (McLeod *et al.*, 2010; Baggio, Cooper, 2010). However, a central reason for collaboration in place bound services such as tourism is also to secure the sustainable use of shared resources in innovation activities to maximise benefits and minimize negative consequences of their use.

Tourism networks may sometimes involve public actors as well, such as municipalities or destination companies. These actors have a clear policy interest in networking such as sustainability or growth. Yet, recent research in public-private innovation networks in services has demonstrated the multi-agent character of public-private innovation networks and the difficulties these networks have in negotiating a shared meaning and purpose of innovation networking. They take to a higher level some of the difficulties inherent to service innovation, such as the fuzziness of outcome, diversity of value system and the varied systems of interaction (see e.g. Djellal, Gallouj, 2013).

Further, the presence of shared resources is often combined with the existence of different non-collaborating conflicting innovation spheres instead of collaboration. In tourist destinations, shared resources – built, natural and immaterial – are complex and heterogeneous and are used and competed for by multiple and heterogeneous actors including tourists, tourism companies, other companies and local populations with diverging interests in development (Briassoulis, 2002; Healy, 1994). Factors hampering the connection of different place bound innovation spheres in tourism have been widely recognised. They include for example conflicts in tourist destinations among horizontally related competitors that provide similar services (e.g. hotels), between locally and internationally based tourism companies, between companies belonging to different tourism sub-sectors with diverging interests and knowledge requirements, between tourism and non-tourism companies,

between companies and other actors (e.g. local population) and between private and public actors (Hjalager, 2000; Hjalager, 2002; Sørensen, 2007). Such conflicts between innovation spheres may limit the innovativeness of places and of companies in such places, especially in tourist destinations because they eliminate rather than foster the potential for collaborative innovation.

However, little attention has been devoted to investigating processes that can compromise and juxtapose interests and values (see Oldenhof *et al.*, 2013; Denis, 2007). Focus has mostly been on integration and co-creation of value, convergence between values spheres or value trade-offs. How values and interests can be put together in a more mosaic way through compromises is still under-researched. Some theoretical work has been done in this area (Boltanski, Thévenot, 2006; Nachi, 2004), but little empirical research exists that shows how actors by means of tactics and strategies create and maintain such compromises.

The potential role of diplomacy

In this paper, we argue that individual agency can play a key role for creating compromises that enable collaborative innovation and development. This brings to the fore how individual agents' behaviour and productive use of influence and power can be crucial for putting together innovative spheres with conflicting interests – as compared to consensus strategies or dominance of one sphere over the other. In the two case studies presented below, such strategies include certain forms of diplomacy, such as ice-breaking, secrecy, dialogue and scaffolding. The findings of the cases stresses particularly how a strategy of diplomacy can be critical for moving forward in a pluralistic context characterized by conflicting innovative interests. The pluralistic context is therefore retained rather than replaced by converging or dominant spheres.

Diplomacy is a concept from political science denoting negotiations among states. Business diplomacy is a concept which has been used to describe how companies can negotiate its interest in an international environment. The concept of business diplomacy has, however, also been used to signify a way to implement values-based, ethical leadership (London, 1999), focusing its tactics and strategies. In this paper, we use the concept of diplomacy as a metaphor for a particular form of individualized agency in a pluralistic business environment. Diplomacy involves certain everyday tactics and strategies that are used for compromising interests. Compromise is a term that we borrow from the theory of justification (Boltanski, Thévenot, 2006; Nachi, 2004; Oldenhof *et al.*, 2013; Jagd, 2011). Compromises can take different forms, for example local compromises based on continuous negotiations or

more durable compromises i.e. when conflicting interests, norms and values are subsumed to a an overarching common strategy (Mesny, Mailhot, 2007). Compromising is, according to this framework, a fundamental aspect of everyday life, what people do when they are faced with conflicting interests. Creating a compromise is a toilsome work that takes time. It is assumed that it requires certain competencies and skills, and diplomats use certain tactics and strategies.

The concept of diplomacy further develops theories of coordination and agency that we find in previous theories of innovation and entrepreneurship. Noteworthy, in innovation systems theory, Geels (2004) has developed the concept of meta-coordination that describes many of the features of diplomacy, but which is not quite there. Meta-coordination is the alignment between different groups that evolve historically due to the dynamics of specialization and differentiation in the economy as well as the dynamics of actors and structures. However, coordination is analysed in terms of socio-technical coordination regimes that exist between such groups. Along with Geels, coordination theories may tend to investigate coordination as a functional problem, which is handled by institutional regimes, common rules and grammars. The need for carefully managing conflicts of interest between groups with different social and political identities is less emphasised. Yet, theories of institutional entrepreneurship (Battilana *et al.*, 2009) have focused how institutional entrepreneurs must mobilise allies and 'convince different constituencies embedded in the existing institutions' about the need for change (Battilana *et al.*, 2009, p. 81). Similarly, Schumpeter was also concerned with the ability of the entrepreneurs to convince users about the need for innovation (Schumpeter, 1969). While these approaches appear more similar to 'diplomacy,' they have little to say about the particular 'convincing work,' which is needed to civilize antagonisms between groups. There is a need for a different theoretical foundation that takes more into consideration the work that goes into civilizing and managing conflicts between different spheres of interests.

The role of the 'diplomat' in place bound innovation processes is a little studied phenomenon. In the following we illustrate in two case studies how diplomacy in practice can reconcile localized conflicting innovation spheres and sustain innovation.

METHOD

The empirical study is based on a comparative narrative case study of two extreme cases. They both illustrate the role of diplomacy for innovation.

However, whereas the first case illustrates a process of joining different innovation spheres with the aim of creating innovations, the second case illustrates how different innovation spheres were joined following certain innovation activities. However, both cases can be considered extreme cases (Flybjerg, 2006). Extreme cases "*often reveal more information because they activate more actors and more basic mechanisms in the situation studied*" (Flyvbjerg, 2006, p. 229). The cases where chosen as local knowledge cases (Thomas, 2011). Thus the choice was based on our prior knowledge of the cases about the existing conflicts among actors in the destinations and the attempts that were being made (in the first case) or had been made (in the second case) to overcome the conflicts. It was this knowledge about potential solutions to conflicts between different innovation spheres in the two destinations that from the start made them interesting and relevant for the present study. In both cases we have applied observations and interviews but because of the different characteristics of the cases this has been done in slightly different ways. For the same reason the presentations of the cases following the method section vary slightly. We describe the method applied in each case below.

A Danish beach destination

The case study concerns a small Danish summer holiday destination in which collaboration and development for many years had been hampered by fierce disagreements, even hate, and distrust among many central actors. In spite of this a group of actors has managed to form a innovation network that involves many disagreeing actors. The case study was carried out during 2013 and 2014. Data collection consisted first of all of qualitative semi-structured interviews made with key persons in the innovation project as well as with persons representing different other private and organisational actors in the destination. Eleven recorded interviews, each of a duration of ½ – 1 ½ hour, were made. These interviews were all made in the spring and summer of 2014. While the questions in the interviews varied slightly according to the type of informant, the main themes of the interviews were: the characteristics of the destination and its development possibilities; the collaborative atmosphere at the destination; the innovation project, its characteristics, successes, potentials and barriers and its future organisation. Additional data collection consisted of passive observation at several meetings and seminars. These included two project meetings in which participated key members of the development group, a public information meeting in the destination and a public development seminar in the destination. Finally there was an ongoing informal communication during

2013 and 2014 with a consultant who was related to the development project. This facilitated a continuous access to information about the progress in the destination.

Downhill cycling

This case study is a narrative of a downhill bike park from its beginning in 2003 to organizing a major tournament 2014 (the case description below is based on Fuglsang and Nordli 2014). The narrative is based on 1) in depth retrospective interviews with all the key innovators of the bike park, 2) long term observations of one of the authors, and 3) documentary materials.

Retrospective interviews were made with five informants who were the key players in the development of Downhill cycling. In addition, one of the authors has worked in close relations to Downhill cycling in all the development years. Her observations and intimate understanding made it possible to investigate social realities of the participants and interpret empirical data based on hermeneutic principles writing a narrative, which has then been checked and revised against the taped interviews by one of the other authors. The informants have also checked the story. The 5 key players are: 1) G, head manager of Downhill and the man who started the bike park. 2) S, a bike enthusiast and former skeleton and bob driver on the national team. S and some friends started digging bike tracks for fun secretly in the mountain. Later S became the head of one department at the bike park. 3) KT, a local restaurant owner who had the idea of bike arrangements generating more traffic to his restaurants during summertime. 4) K, a downhill biker on world cup level who lives and works at Downhill. 5) O, head manager of Downhill after G. We build on interviews with the single actors, but we investigate how they belong to, and refer to, varied collective innovation spheres with certain values and interests as well as conflicts and collaboration among them that affect the innovation process.

The two cases highlight the different social actors in the two destinations and how they are members of different innovative spheres. These innovative spheres became easily recognizable in the interviews, because they were referred to in the interviews again and again. In both cases the analysis shows how these spheres become mutually linked through the agentic behaviour of a few individuals. In the first case the findings of the case study have been presented for the key actors in the innovation network at two occasions whereby the trustworthiness of the findings has been 'tested' (*cf.* Lincoln & Guba, 1986). Also, in both cases, the prolonged interaction with the cases sustains the findings' trustworthiness.

CASES

Diplomacy in a Danish beach destination

The case concerns a small tourist destination with 2.300 inhabitants and 2.000 private holiday houses. It has an idyllic harbour by which are situated fish restaurants, a café and a hotel. Other restaurants, a camping and a holiday house centre are found in the harbour's vicinity. The destination has two beaches and mainly attracts Danish visitors. The interviewees characterise the destination as idyllic, surrounded by lovely nature and good beaches. However it lacks development: "... *nothing has been developed during the last 20 years. Not a single thing!*" (Café Owner) Organised activities for tourists are few, the service level is said to be low and the destination is argued to lack 'class'. It is dominated by a 'fish and chips and fast food culture' and the tourist season is short but frantic.

The absence of development is partly caused by conflicts and lack of collaboration between central actors, representing different innovation spheres, including tourism entrepreneurs, the harbour (which owns the destination's central areas), holiday house owners associations (HHOAs), the local business association, a local council (composed of various local actors), and a nature protection organisation. These and other actors can be divided in those seeking to protect the existing and those who are very development oriented. Those two groups constitute two overall innovation spheres in the destination. It may seem counterintuitive to consider a 'protecting' group of actors as an innovation sphere. However, according to the definition of an innovation sphere as an institutional sphere defined broadly by certain 'rules of the game' and by interests that direct and influence innovation activity (*cf.* page 3) the group can be defined as such a sphere, though their interest and influence is aimed at avoiding too much innovation.

The HHOAs belong to the first group. Holiday houses are located along stretches of the beaches not used intensively by the tourists. The HHOAs are accused of deliberately obstructing visitor's access to 'their' beaches: "Everything is being fenced in with stones and closed with chains so that it is impossible to park a car anywhere" (social entrepreneur). Also the local council belongs to this group of protectors: "*The local council has some times taken a critical stance towards the business council's suggestions and said do we need more cafés...*" (local council). These actors mainly represent the older generations who prefer to protect the idyllic character of the destination: "*The strength is that it is the way it is … there are just some thing you shouldn't change*" (Grocer). These actors do not see a need to attract more tourists to the destination: "*I don't think we necessarily need more tourists*" (HHOA).

The development oriented group includes tourist businesses: *"We have to lift the area. We need to attract some more tourists"* (Café owner). They see a need to take new development initiatives: *"There should be some more business. … if we have to … keep them [the tourists] here for a bit longer then we have to offer them something"* (camping manager). However, these actors are not homogeneous, and different interests are represented. One important actor is the harbour. It supports tourism development but its main interest is the harbour business: *"Our activities … are very tourist oriented, but we maintain that it is an industrial harbour"* (harbour manager). Another actor with some importance is the nature protection organisation who favours development but primarily when focused on nature related activities. The different interests within this group of development oriented actors have led to lack of communication and various conflicts between these actors. An example of a conflict concerns when the harbour manager renovated parts of the harbour in the middle of the tourist season which resulted in a very dusty and noisy peak season to the outspoken dissatisfaction of the other development oriented actors.

Thus, various interests are at play in the destination and are jammed into a small area: *"We have a special challenge because it is a place where people live and at the same time we need as many tourists as possible, and it is also a harbour"* (nature protectionist). The different interests have led to conflicts in the destination and the actors have few positive personality adjectives to say about each other. Clear expressions of this are related to the harbour manager: *"There are some of the HHOAs that … literally and personally hate him"* (consultant). A conflict between the business council and the local council is also evident: *"… it is kind of a fight between the business association who wants tourism … and the local council who simply prefers to maintain status quo"* (tourism and event manager). The severity of some of the conflicts means that there is little direct communication between disagreeing actors, for example when the café owner constructed a small terrace at the harbour: *"There have been so many protests … [the local council] have been invited down here but they didn't want to meet me. And then then they write letters to the newspaper instead"* (café owner).

The conflicts arise because the different actors think from different points of view and have difficulties finding a common ground for reflection: *"The local inhabitants, as they have gotten older … they don't understand that it [the tourists] is an important group of people who come and put a lot of money in the local area … They have finished their work life and now they just want peace and tranquillity"* (camping manager). The actors as such represent different (innovation) spheres that had so far been incapable of communicating with each other.

In this atmosphere of disagreement, lack of collaboration, conflict and even hate an innovation project was initiated in 2013. It was established as part of a larger institutional project. The café owner was requested to ask different actors to participate in a innovation group. He deliberately asked persons who he knew would disagree about many things because having different interests involved was thought to make it easier to take initiatives that could gain wider support in the local community: "*Then they can't come afterwards and say that we are stupid*" (café owner). The group consisted of the café owner, the hotel manager, the camping manager, the harbour manager, a local nature protectionist/manager of a children's activities centre, and the municipality's event and tourism manager.

A consultant was connected with the group. She had no prior relation to the destination or its actors. Her status as an outsider was essential for the collaboration in the group: "*Otherwise it wouldn't have been possible … she has secured that we have been able to talk together in a relatively decent way*" (nature protectionist). Thus, she functioned as a diplomat making fertile communication possible: "*It has been a force to have so many different interests involved but is has also resulted in some big fights and then it has been an advantage to have somebody from the outside that could say 'ok' – now we have to speak properly to each other … and find out what we can agree about*" (consultant).

Having secured the internal communication the group first developed a strategic development plan for the destination and then invited local organisational actors to a meeting to hear their opinions about the plan. The consultant held separate meetings with HHOAs because direct dialogue with them was considered impossible. Thus a crucial diplomatic function of the consultant was to function as an ice-breaker establishing an initial dialogue and, thus, also taking on her the responsibility of a network entrepreneur (*cf.* Burt, 2000). Subsequently a public meeting was organised in which the development plan was presented. 250 persons from the village participated. Especially the HHOAs disinterest in tourism development became clear at the meeting, particularly such that would increase the flow of visitors to 'their' beaches. A HHOA representative made it clear that there would never be constructed any tourist amenities at 'their' beach. Other conflicts surfaced at the meeting, such as when the harbour manager was accused of being responsible for an increased amount of seaweed on part of a beach situated along some of the holiday houses. However, other participants agreed that development initiatives were needed.

Subsequently a development seminar was organised. All in the village were invited. About 50 persons participated including representatives from HHOAs. The participants were divided in themed sub-groups. The seminar

resulted in different development ideas. The participants voted for the best ideas and project groups were established to carry on working with them. The project groups included representatives from the sub-groups that suggested the ideas and a member of the development group. Projects included increasing access to the beaches, improvement of infrastructures for pedestrians and cyclists, renewal of a central square, and a sports event.

Interestingly, even strong opponents to development ended up being part of the innovation network: "*Some misunderstandings have been removed so we have gone from saying 'what the hell is going on?' to think that it generally sounds positive*" (HHOA). The process has changed the general collaborative atmosphere in the destination: "*Before they just walked in the corners in their own small groups and accused each-other … Now at least there is a dialogue*" (consultant).

Diplomacy in Downhill cycling

This case concerns a bike park created from 2003-2014 in an Alpine ski centre (*cf.* Fuglsang, Nordli, 2014). A central person for the Alpine centre over the years was G; G was in charge of outdoor operations, such as snow production, slope building/preparation and lift systems. In 2002, he was appointed head manager. G was in 2009 replaced by O, a more management oriented person. Early on G became interested in developing the Alpine Centre into a summer destination with downhill biking. The main persons helping him were S, a bicycle enthusiast, and KT, a local restaurant owner. In the period from 2003 to 2014, the Alpine Centre was developed into a major downhill bike park visited by families, tourists and elite cyclists, hosting several important tournaments.

Downhill cycling can be seen as an innovation in itself which includes many small, incremental, ad hoc and bricolage innovations that have emerged over the years. New innovative tracks and jumps have been created and re-created, world class competitions have been organised, volunteers have been involved, safety problems have been solved in innovative ways, and beautiful spots for photos and videos have been constructed and used innovatively for marketing on social media.

In the case study, five conflicting innovation spheres emerged that were important to developing Downhill cycling. Further, a number of diplomatic tactics and strategies were observed to enable compromises between the spheres:

Firstly, there was the innovation sphere of the Alpine Centre itself, its board and top management. Since its foundations the Alpine Centre

focused on winter alpine ski sports as its main activity. As a ski destination, the Alpine Centre developed good relationships with neighbours including the local municipalities. The first manager of the Alpine Centre (before G) was recruited from a local bank and was widely recognized as a person *who could talk with everybody*. The board of the Alpine Centre developed, however, ambiguous relationships with the bike park. Biking turned out to be an important summer activity, which extended the season, yet it appeared difficult to coordinate winter and summer activities. Further, it appeared difficult to break even with downhill biking and turn it into a commercial success. Thus, the *sheltering* of and *secrecy* around the activities of the innovative bicycle enthusiasts internally at the Alpine Centre was in the beginning important to G.

Secondly, there was the innovation sphere of the bicycle enthusiasts. Most importantly, S, in the beginning of the 2000s, started to dig bicycle tracks in the mountains at the Alpine Centre without asking for permission, but *sheltered* by G. Later he became project leader and head of department at the Alpine Centre, when G included him in his staff. Bicycling is, much like downhill skiing, an activity that can be carried out both by a sports elite and ordinary tourists and as a family activity. The bicycle enthusiasts wished to develop world class tracks and jumps, and they attended to a system of competitions much like in alpine skiing. Simultaneously, they developed tracks and jumps for beginners and families. Thus, for G it was important both to *shelter* the interests of the bicycle enthusiasts and to use them as *ice-breakers* in the area of family tourism. Moreover, S collaborated with a newly started media bureau interested in downhill biking. The media bureau made innovative photos and videos from the tracks to be posted on Facebook and other social media. Social media were used to *mobilise support* from bicycle enthusiasts from all over the world as illustrated by the following posts: "So sick, must visit next season." "Thanks for the awesome time we spent last summer. It was one of the amazing times of year." "Best park in Europe!!!" "Full credit to the builders for such awesome tracks." "Well deserved S! You and the guys are doing some great work." And S responds: "Wow! Big words guys! Thank you so much! Hope to see you here soon Chris. Absolute honor to work with you!" (quotations from Spring 2014)

Thirdly, there was the innovation sphere of the local restaurants; they wished more action in the destination during summer in order to keep business going during the summer season. A local restaurant manager, KT, became later on very important for the development of the Bike Park. KT realized that he had to take some of the responsibility for summer development into his own hands. In 2002, he presented a well-prepared idea to G of

a full bike-arrangement appealing to both experienced bikers, families with children and tourists. G responded: *"This is interesting! This I want to go ahead with, but first you need to meet someone. His name is S, and he uses a little bit different tactic than you do! He is digging biking tracks up here without permission!"*. KT became the most important *ice breaker* for the bike park. He was able to *mobilise support* from a huge number of volunteers. For several years during the event work, the event staffs were recruited among friends, acquaintances and volunteers. 210 minutes of television coverage in 70 countries during a major tournament, were used as an *ice-breaker* for getting access to public funding.

Fourthly, there was the innovation sphere of the landowners. Along with the rapid growth of the Bike Park and the downhill track development, new challenges emerged in relation to landowners. G and another internal resource person with a long record of co-operating with landowners established contracts and agreements with landowners in the beginning, and were therefore intermediaries between S, who was building the tracks, and the landowners. The fast track-building processes continued to make it challenging to follow up good dialogue with landowners and adjust contracts. This created challenges for the Bike Park and S during those years. In the transition period between G's and O's times as General Manager there was a major focus on cleaning up contracts with landowners. G, S and O were heavily involved in this work. Some owners became strongly opposed to trail building on their land, mostly because they were not well informed and had not been consulted. O states: *"One of my first assignments when I started at Downhill was to contact and establish a* dialogue with *the many landowners who were furious because land was excavated without permission."*

Fifth, there was the innovation sphere of the local hospital. Downhill biking is an action sport, which means that there is always a risk of bad injuries. The closets hospital was 17 km away, managing acute care and both ambulance and helicopter services. When serious injuries occurred, competent medical help was available in 10 minutes. The Alpine Centre organized bicycle patrolling, corresponding to ski patrolling in winter, to take care of safety issues. Ambulance personnel from the municipality were recruited to the patrol to get the maximum possible expertise in damages, but also to create a good working relationship with the hospital. It was important to *scaffold* the interest of the hospital. S says that the hospital is divided in its attitude to the bike park. Some of the staff members at the hospital are very upset with the damage coming in. Meanwhile, others who know the bike park or work there praise the safety. S and the bike park have several times invited the ambulance service staff to cycling and guiding. The guidance

has then included inspection of the security conditions and access paths to injuries in the bike trails.

DISCUSSION

In both case studied actors must operate in a pluralistic context of conflicting interests. However, whereas the first case illustrates a process of joining different innovation spheres with the aim of creating innovations, the second case illustrate how different innovation spheres were joined following certain innovation activities. Thus the cases illustrate two different possible paths to connecting conflicting innovation spheres. Nevertheless, the actors / innovation spheres maintain a high degree of autonomy in relation to one another, and the ambiguities and conflicts are not really resolved among them during the process of developing Downhill cycling or the Danish destination.

In the Danish destination the innovation process aimed for inclusion and dialogue in what can be considered a 'flat process' (rather than top-down), which has been crucial for its success. This was a new way to approach innovation in the destination. Earlier innovation was the responsibility of individuals, it often resulted in conflicts, and dialogue between actors was not common. The inclusion practised in the innovation project has made actors realise that "… *if you want to influence something at all, and not just sit back and criticize afterwards, then of course you have to participate actively*" (HHOA). This change has been favoured by diplomacy, especially that of the consultant (an outsider), functioning as sort of a network entrepreneur (*cf.* Burt, 2000) connecting different innovation spheres and by her ice-breaker function. Importantly, the diplomacy, dialogue co-determination, and the 'flat innovation process', has made actors realise that compromises must be made, such as when the HHOA's accepted that some innovation is needed or when the more development oriented actors realised their own limitations: "*It would be too much if someone like me could just move fast forward. Then there would be concrete and entertainment everywhere*" (harbour manager).

Thus, compromises between innovation spheres facilitated by a flat innovation process in a network *scaffolded* (*cf.* Eide, Fuglsang, 2013) by diplomacy and network entrepreneurship has made the actors able to overcome fierce disagreements and conflicts and to collaboratively start an innovation process. In this case the diplomat's most prominent role was to facilitate that actors seeing the world 'through different glasses', or belonging to different innovation spheres, started understanding each other's perspectives and that compromising thereby made sense for them which facilitated further

dialogue and inclusion of actors. However a first step proceeding all the others was in this case initially to join actors with different perspectives instead of actors with similar approaches. This created the first opening for an inclusive and collective networked innovation process. Thus, while the development group's members could be interpreted to belong to the same innovation sphere they also had different interests in using shared resources (e.g. for tourism, nature protection or harbour business purposes). Consequently, this development oriented innovation sphere itself had internal conflicts which needed to be dealt with through diplomacy. In other words, in this case the consultant had to act as a diplomat dealing with both intra- and inter-sphere conflicts.

In Downhill, developing the bike park is never clearly 'decided' among the supporting actors as something they want to develop together. The innovation tends to remain undecided and emergent among them and no clear common strategy is consequently developed among them. The varied actors contribute because they have resources that are important to the innovation, but without clear agreements among them. Thus the process of innovating the bike park is full of latent ambiguities, conflicts and 'indecision' (Denis *et al.*, 2010). Yet, arguable, interests and values are to some extent compromised and juxtaposed through negotiations and dialogue.

Thus, we argue that certain tactics of *diplomacy* appear to be important to move the innovation forward in the pluralistic/conflicted context. For example, in the first stages, *secrecy* and *sheltering* appear important. G and S keep their intentions and some activities secret vis-à-vis the Alpine Centre. Further, G protects and shelters S so that he can experiment with tracks. When plans become more visionary and future-oriented, more emphasis is put on *dialogue* with the landowners and the hospital. The interests and views of these parties become *scaffolded* through the work of S and recruitment to the biking patrol. Through diplomatic behaviour he is able to hold together the varied actors; he initiates dialogue and scaffolds their viewpoints and interests. For example, he scaffolds the interest of the hospital and ambulance service by inviting them into the biking patrol. He scaffolds the interests of the bicycle enthusiasts, the tourist enterprises and the municipalities by providing media attention to the destination.

The Alpine Centre has today been sold a commercial company. This changes the situation in two ways. First, the organization changes from being a pluralistic context of many interests to become more streamlined, strategic and top-down managed. Second, the diplomatic behaviour maintained especially by G and S that binds together the organization with its environment, disappears.

Something similar happened in the Danish destination's network when the funding for the consultant's (or the diplomat's) activities ran out (in autumn 2014). Her function has not been fully taken over by another actor and it is difficult to find a local person who is as independent and has the same diplomatic capabilities. This has resulted in that the old practices of conflict between innovation spheres have partly taken over again. This underlines the importance of the diplomat and of diplomatic activities in such conflict dominated destinations.

While the cases can be considered extreme and therefore capable of illustrating the investigated phenomena they cannot necessarily be considered representative. Therefore, it cannot be claimed that similar conditions rule in other destinations, though other studies have observed similar conditions (e.g. Bærenholdt *et al.*, 2004). Destinations are heterogeneous and go through life-cycles (Butler, 2006) and they can be more or less characterised by collaboration (Sørensen, Fuglsang, 2014) or conflicting innovation spheres. Additionally, in destinations dominated by larger tourism companies destination development may be more dependent on such companies' internal development activities and less on open innovation. The role of conflict between innovation spheres may therefore be less important in such destinations. For the same reason the findings of this study cannot be generalised in a positivistic sense. However, results may be transferable (Morgan, 2007) and other tourist destinations and other place bound service sectors may apply the concept and practice of diplomacy to bridge conflicting innovation spheres taking into consideration local contextual conditions. Nevertheless, while the context dependence of the study can be considered a strength it also presents a limitation and further studies that illustrate the extent and importance of conflicting innovation spheres and of how to break down barriers between them are needed to fully understand the relevance and potential of diplomacy in local place bound service production systems.

CONCLUSION

In this paper we have discussed how service sectors, and in particular tourism, in which production and consumption are tied to place, can be characterised by innovation spheres with conflicting interests which may limit service innovation. In two case studies of tourist destinations we have shown how such conflicting innovation spheres exist but can be bridged and lead to innovation. The cases have shown two different possible paths to such bridging:

through network activities prior to innovation or through innovation as the starting point. However, in both cases the role of diplomacy is crucial.

The cases have shown the crucial role of diplomacy and in particular the role of individual actors performing diplomatic activities bridging conflicting innovation spheres through network entrepreneurship and network scaffolding. In the cases the activities of the diplomats are essential because innovations are tied to places where different actors share resources and where conflicts and lack of trust prevail. In this context, decision-making is not made with reference to common norms and standards. Decisions are not clearly made as such, but strategies emerge out of many complex relations.

While previous theories of innovation and strategizing in pluralistic contexts have demonstrated how such pluralistic contexts can lead, on the one hand, to value-trade-offs or decoupling effects, or, on the other hand, to convergence of value-logics, this study rather shows how innovative spheres are being put together in a more mosaic way.

Diplomacy is a way to support an emergent strategy with no clear beginning and no clear end. Diplomacy plays a stabilizing role that makes it possible to extend and broaden the innovations further into the environment. However, the cases also indicate how innovation processes sustained by diplomacy are fragile. Their success depends on the capabilities and activities performed by individual actors. When conditions change or when such actors no longer support the process conflicts among innovation spheres may once again dominate.

The paper has taken a first exploratory look at the role of diplomacy for innovation in service sectors where production and consumption are tied to place. Future research should seek more knowledge about the entrepreneurial traits of such diplomacy to understand in more detail the capabilities required for this type of entrepreneurship. We believe that more knowledge about the role of innovation diplomats and about how they can bridge conflicting innovation spheres can be relevant in different service sectors such as tourism and retail, but also in public-private activities, for example in urban renewal processes.

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