



# Institutional logics, work, and outcomes: The case of Sony and Toshiba in the HD optical disc standard war

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## ABSTRACT

This paper explores the relationships between institutional logics and institutional work when a new technological change is occurring in the field. We argue that when institutional work (actions) does not align with institutional logics (rules), the institutionalization process might not always connect to or generate positive outcomes. By examining a case of the Sony Blu-ray Disc versus Toshiba HD DVD standard war, our results compare differentiated institutional work and institutional logics between two Japanese companies, as well as analysis of mechanisms that led to different business outcomes. Through content analysis of media reports and archival data over 2002–2008, we found two institutional logics (corporate logic vs. consumer logic) based on correspondent institutional work (i.e., stakeholder management, copyright protection, and production performance) between Sony and Toshiba. Findings also show that Toshiba, as an incumbent firm, was not able to align institutional works with its logic, resulting in a failure in the standard war.

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## 1. Introduction

A growing literature in institutional theory have intended to explain how institutional actors associated with a specific institutional logic and strategically employ institutional works to intentionally alter or defend the existing institutional arrangements (Dunn & Jones, 2010; Garud, Jain, & Kumaraswamy, 2002; Gawer & Phillips, 2013; Goodrick & Reay, 2011; Lok, 2010; Maguire, Hardy, & Lawrence, 2004; Munir & Phillips, 2005; Reay & Hinings, 2009; Slager, Gond, & Moon, 2012). The body of empirical studies within institutional logic and institutional work are in distinct trajectories in institutional theory. The former focuses on the macro-level while the latter emphasises on the micro-level (Zilber, 2013). Each perspective is used to downgrade the other one's contribution but do not provide convincing statement in its empirical study. For instance, Reay and Hinings (2009) investigate managerial mechanism for the rivalry of competing logics within the Alberta health care system. They concluded the importance of micro-level practices within the nationwide system. However, they provided limited evidence on the institutional work issue.

Actor's intention centres on the institutional work studies (Zilber, 2013). They are not always aware of the mismatch between their intentions and their scattered actions that do not serve their claimed results. Institutional logics are able to provide regularised and reproduced rules harnessing the actors on the same track. Few empirical studies have paid attention to this avenue of institutional work resonating institutional logics (Gawer & Phillips, 2013; Lok, 2010). However, they merely look at how institutional work associated with specific institutional logic that generates intended outcome. Studying the causes of unintended outcomes in the institutional processes can not only reflect Lawrence, Suddaby, and Leca's (2009) original work on institutional work but also highlight the importance of institutional logics in relation to the design of institutional work.

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This article is built upon the above threads of literature. We investigate the relationships among institutional logics, institutional work, and institutional outcomes. As [Lawrence, Leca, and Zilber \(2013\)](#) argued, there is a lack of studies that focuses on relationships between institutional work and institutional outcomes. In particular, to what extent does institutional work as a strategic action determine outcomes. They encourage future work to explore this missing piece of the theory. Accordingly, the stance of this study is to challenge a general proposition in existing research regarding the impact of institutional work on the positive and/or intended consequence might be a false perception. This article proposes a new angle to investigate institutional theory about how institutional logics and work associates with unintended outcomes in the institutionalization process. We suggest that a case study of two competing companies over a new technology standard could provide different landscape and propositions of the given field.

When the existing institutional arrangements misaligning with actors' interests ([Seo & Creed, 2002](#)), actors may take actions as strategies in order to change or defend the existing ones on purpose ([Maguire et al., 2004](#)). When there are different logics in an institutional setting, they either compete over the core position ([Misangyi, Weaver, & Elms, 2008](#); [Reay & Hinings, 2009](#)), or cooperating due to common interests among logics ([Durand, Szostak, Jourdan, & Thornton, 2013](#); [Waldorff, Reay, & Goodrick, 2013](#)).

The inter-relationships between different logics in an organization might vary by the degree of maturity of the field ([Greenwood, Diaz, Li, & Lorente, 2010](#)). Mature fields are more likely to have evolved stable priorities between logics and regularised pattern in an ongoing battle for jurisdictional dominance ([Dunn & Jones, 2010](#); [Reay & Hinings, 2009](#); [van Gestel & Hillebrand, 2011](#)) while emerging fields are characterised by sharp contentions among various logics so that social actors are difficult to forecast others' next moves. In a mature field, the institutional logic is often settled and dominated by one or a few core logics, followed by other peripheral logics. By any possibility, if social actors' institutional works violate the core logic where the actors are embedded in, the consequence is unpredictable. The central question of this research is to understand how institutional work decouple or misalign with a specific institutional logic generates unintended outcomes by studying the development of an incremental technology in a mature field.

The present research aims to have dialogue with existing empirical studies regarding institutional work that testifies the connections between the works and positive consequence. The causality between the works and positive consequences should be re-examined ([Lawrence et al., 2009](#)).

Technological standard can be defined as an institution ([Garud et al., 2002](#)) while initiating standard war as an institutionalization process. As many prior literature noted, institutionalization processes can be featured as (1) players in different camps have competing relationships ([Garud et al., 2002](#); [Gawer & Phillips, 2013](#); [Munir & Phillips, 2005](#)), (2) each camp is embedded in different institutional logic conducting corresponding institutional works ([Goodrick & Reay, 2011](#)), (3) manipulating discourses throughout the process is necessary ([Brown, Ainsworth, & Grant, 2012](#); [Lee & Hung, 2014](#)), and (4) field characteristic shapes institutional settings and determines game rules and the sequence of changing strategies ([Greenwood & Suddaby, 2006](#); [Maguire et al., 2004](#)).

"War" is used as a metaphor in this study, signaling that the institutionalization process is a competition between actors. Players with equivalent market position are fighting over the dominant position of a new technological trajectory with a "winner takes all" attitude. While concerning the shortcoming of only picking successful cases, this paper investigates actors from both sides that participated in a technological standard war. This study uses a case of the standard war between two international Japanese companies, Sony Blu-ray Disc (BD) and Toshiba High-Definition DVD (HD DVD) in the early 2000s. Both BD and HD DVD standards were incremental technology derived from the previous standards. Sony represents corporate logic, aiming at maximizing corporate revenues. Toshiba, the incumbent in the optical storage device industry, represents customer logic that technologies are designed based on customers' needs. Sony and Toshiba has several similar experiences in standard war and technology upgrading processes. For example, the standard war of videotape technology between Sony Betamax and JVC VHS in 1980, and of digital cassette technology between Sony SD and Toshiba MMCD in 1990s. Results of the case study of Sony and Toshiba over new-generation optical storage disc suggest an ongoing battle in the standard war in 2000s.

The structure of this paper is as follows. We begin by summarising literature on institutional logics and institutional work, which are at the heart of organizational institutionalism. We highlight the importance and necessity of studying the process of institutional work. Additionally, we provide the rationale of choosing BD vs. HD DVD standard war as our research setting, as well as methodology, data sources, and analysis procedure. Subsequently, we further present the disparity in institutional logics and institutional works between Sony and Toshiba, regarding issues of stakeholder management, copyright protection, and pricing strategy in the standard war. Finally, we propose two propositions derived from our findings, develop conclusions, and discuss theoretical contributions and implications for future work.

## 2. Theoretical background

### 2.1. Institutional logic

Institutional logic is a central concept for institutional scholars. It is important because societal system are knitted by various sub-systems where each system has its own a set of rules emerged by self-repeated behaviour. The rules are defined as institutional logic. Social actors are embedded in a social setting composed of multiple institutional logics ([Greenwood et al., 2011](#)).

A majority of studies in this field ask how institutional logics and shift of logics determine organizational actions and outcomes or the other way around (e.g., [Gawer & Phillips, 2013](#)). If logics represent institutional rules and institutional orders, it is not surprising that multiple logics may coexist in one institution. In that case, the interactions among logics become a worthy noting

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