Essays on Market Category Emergence and Change

ABSTRACT

As socially constructed partitions of the market space, categories constitute the cognitive infrastructure that enables exchange among market participants. This dissertation focuses on firm agency in the processes of market category emergence and change, in short, processes of category 'shaping'. Firms locate themselves and their offerings in the system of market categories by making category claims. Broadly, this dissertation seeks to understand the processes through which firms' category-claims shape the meaning, distinctiveness, and salience of market categories. This processual perspective focuses on the category-shaping mechanisms that animate routine category claims made by firms not to purposefully shape a category but to signal their current and future performance to their relevant audiences. Conceptualizing such category shaping agency contained in firms' routine engagement with market categories as *category work,* the three essays in this dissertation describe category work through the *framing dimension*, the *symbolic dimension,* and the *identity dimension* of category claims respectively. Our exposition not only offers to advance category research's extant understanding of category shaping processes but also to sensitize firms of the potential cumulative effects of their individual actions on the category system of the markets they are embedded in.

The first essay - a study of the contested rise of 'digital' services in the global information technology (IT) services industry during 2011-20- sheds light on how the ordinary and autonomous engagement of producers with a plausible category may shape the meaning and distinctiveness of the said category. Focusing on the 'framing' (language and structure) of category claims, we analyze the claims made to the plausible 'Digital IT services' category by eight IT services firms in their quarterly earnings calls over the span of a decade (2011-20). We argue that the articulation of category claims constitutes category work towards the settling

or the unsettling of the meaning and the distinctiveness of the focal emergent category. Apart from identifying four mechanisms (juxtaposition, projection, reproduction, and revision) of such category work that is distinct from the better-understood and more conspicuous acts of category entrepreneurship, our study also contributes to developing a vocabulary to understand plausible categories which may linger in a liminal state of emergence and, thus, do not neatly align with the binary sensibility of successful emergence / failed emergence extant in the category formation literature.

The second essay concerns itself with the 'symbolic' dimension of category claims. In their pursuit of growth, firms not only accumulate technological capabilities and organizational capacities but also make 'claims' on new market labels associated with perceived high growth domains, to signal firms' growth potential to the relevant audience. When these labels implicate the salient categorization scheme of the field, for instance, the categorization of products, firms' claims to such new labels are also subject to a categorical evaluation by the audience. However, firms in signaling growth through claims to labels and audiences evaluating the same are driven by different goals, logic, and tolerance for ambiguity. While the firms strive to build plausibility and yet minimize scrutiny of their claims (the logic of symbolic management), the audience seeks analytical verifiability in the claims to be able to evaluate and compare firm claims (the logic of categorical interpretation). This study seeks to understand how the tension between the two logics and the firm's response to navigate through the tension may implicate the salience of a new market label. Using earnings call data, we analyze the symbolic maneuverings by two IT services firms (Accenture and TCS) in their claims on the label 'digital' from 2011 to 2020. Our findings suggest that firms respond to the contradictions ensuing from categorical evaluation of their claims by re-anchoring their claims to either the superordinate or subordinate levels of the focal category hierarchy – a category work toward de-saliencing the focal label.

The 'identity' dimension of category claims motivates our third essay where we review the organizational identity (OI) and category literatures to understand how OI research has extended its theoretical ambit to the category level and how the category literature has embraced identity-oriented explanations of categories and categorization. In doing so, we explore the opportunities and benefits of a closer engagement between OI research and category research towards building cumulative knowledge on phenomena of common interest. We begin by examining the differences between the two research streams on their perspectives on 'identity' and on the role of the (external and internal) 'audience' in creating, maintaining, and appraising identities. Then we discuss three specific themes that are of common interest to both the research streams- *optimal/legitimate distinctiveness*, *category-spanning/multiple identities*, and, *co-evolution of organizational identity and category identity*. In doing so, we note that in terms of concepts and constructs the two research streams are complementary and not contradictory despite the onto-epistemological differences. We conclude by highlighting how a juxtaposition of the insights from the two literatures is both feasible and desirable.