Novel Practice Inception: Exploring the Link between the Causes and Courses of Institutional Change

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Purpose - Institutional theory has emerged as a central perspective for understanding resource integration and value co-creation in service ecosystems (Vargo and Lusch 2016, Kleinaltenkamp 2018, Siltaloppi & Wieland 2018). For decades, a key discussion of this strand of theory has revolved around the explanation of institutional change. While some scholars have stressed the role of macro-level structural contradictions in causing such change processes (e.g. Strang & Meyer 1993, Seo & Creed 2002; Thornton, Ocasio & Lounsbury 2012), others have pointed out the importance of everyday work and situated improvisations (e.g. Schatzki 2001, Lawrence & Suddaby 2006, Feldman & Orlikowski 2011, Smets & Jarzabowski 2013). More recently, a practice-driven institutionalism (PDI) has emerged that seeks to bridge these streams for mutual benefit (Smets, Aristidou, & Whittington 2017; see also Furnari 2014). However, while arguing for the overcoming of "unhelpful" dichotomies (Smets, Aristidou, & Whittington 2017, p. 33), PDI still exhibits biases towards the importance of everyday practical work in the emergence of institutional change, de-emphasizing structural explanations.

We follow PDI in fusing practice and institutional perspectives on change, but seek to overcome its remaining biases by more fully embracing practice theory's relational ontology. Inspired by Zilber's (2002, 2006) findings regarding the localized diversity of meaning and its variability across actors, we draw on relationality to examine those dimensions of agency (Emirbayer and Mische 1998) that have commonly been associated with either (1) structural, or (2) practical explanations of change. We find that institutional novelty always emerges the same way – through attribution of new meaning – regardless of whether it is driven by the macro-level contradictions stressed by traditional institutional scholars, or the micro-level situated improvisations stressed by practice theorists and PDI. Consequently, we argue that exaptation – i.e. the re-interpretation or reconsidered meaning making of institutional elements – constitutes the core triggering mechanism of institutional change.

Design/methodology/approach - We draw on institutional theory and practice theory to propose a unifying conceptualization that links the different causes and courses of institutional change through the mechanism of exaptation. The resulting typology of practice inception is illustrated by detailed, real-world examples from the Australian legal system context.

Findings - The proposed conceptualization and typology advance our understanding of institutional change by overcoming the conflicting views that traditional institutional theory and practice theory/PDI hold on institutional change. It shows that exaptation constitutes the central mechanism underlying disparate conceptions of institutional change.

Originality/value - Our unifying conceptualization helps better explain the "earliest moments" of institutional change (Lounsbury & Crumley, 2007, p. 993). In addition, the typology emerging from our systematic combination of relationality and modes of agency responds to Zilber's (2017) recent call for deeper accounts of institutional meaning construction. This typology provides the basis for a compelling research agenda, as well as producing managerial implications for innovation management, service design, and thus value co-creation in service ecosystems.

Keywords - institutional change, practice theory, Practice-Driven Institutionalism, meanings, exaptation

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