

# Platform Interactions and Evolution of Ola's Organizational Field

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## Abstract

Most digital enterprises begin as technology start-ups offering niche services, and then evolve into digital platforms providing a range of services. Against the backdrop of almost non-existent logistic and supply chain infrastructure, weak regulatory framework, low penetration of smartphones and Internet, low consumer confidence and trust on online transactions, digital entrepreneurs in developing countries literally have to build the platform ecosystem along with their organization. In this paper, we use institutional theory as a lens to trace the emergence and evolution of digital platforms in India. We posit that digital platforms are emerging organizational fields embodying new network logics with algorithms and technology-mediated interactions playing a central role in creating value. In particular, we take the case of Ola, an online cab aggregator from India to illustrate that digital platforms as organizational field evolve through three phases of (a) innovation introduction, (b) mobilization and (c) structuration. In the first phase, the organizational field characteristics are consequences of activities undertaken to raise cognitive legitimacy and respond to competitive forces. In the second phase, a mix of coercive and mimetic forces shape the institutional field resulting in increase in socio-political legitimacies. In the third phase, the process of structuration sets in as isomorphic forces become more normative. The theoretical framework developed in this paper contributes to extant information system research by putting forth that the characteristics of emerging organizational field are shaped by the interplay between the responses of the focal organization to isomorphic forces, and the actions taken by it to establish cognitive and socio-political legitimacies. Empirically the study is on digital platforms located in a large developing country with very high potential for online transactions but relatively low penetration of Internet and smartphones. Conceptualizing organizational field as digital platforms enables making sense of the changing business landscape, and examine issues of sustainability and legitimacy.

**Keywords** Platforms, Institutional Theory, Organizational Field, Ola, India

## 1 Introduction

In recent years, India has seen the emergence of a large number of digital platforms. Such technology-based digital platforms function as two-sided or multi-sided marketplaces enabling service providers and users to connect to each other. Examples include global giants

like Uber, AirBnB, and Amazon along with their Indian competitors like Ola, Oyo, and Flipkart among others. Almost all digital enterprises began as technology start-ups offering niche services, and since then have evolved into digital platforms providing a range of services. In this paper we use institutional theory as a lens to argue that digital platforms in India constitute an emerging organizational field, shaped by network logics and interactions between various constituents.

The primary motivation for undertaking this research was to make sense of changing business landscape in India following the emergence of digital platforms about fifteen years back. These platforms emerged in a context of relatively low Internet penetration but with very high potential for online transactions enabled by rapid diffusion of smart phones. Against the backdrop of almost non-existent logistic and supply chain infrastructure, weak regulatory framework, lack of trust and consumer confidence on online transactions, digital entrepreneurs literally had to build the business ecosystem along with their organization. However, accompanying the enthusiasm about the potential, there is also scepticism regarding legitimacy and sustainability of such digital ventures. For example, digital enterprises constantly appear to be in need of investments, but simultaneously they give high discounts to customers. Further, high valuations of certain digital enterprises are accompanied by sudden closures of apparently successful ones. Conceptualizing digital platforms as emerging organizational field enables us to understand their characteristics and seemingly contradictory practices. Organizational field as a construct enables us to comprehend frequent occurrences of conflicts between incumbents and entrants, or between platform orchestrators and service providers.

Further, digital platforms are organizational manifestation of network logics, bringing together producers and consumers in high-value exchanges (Alstyn, Parker, & Choudhary, 2016). Unlike traditional organizations, the organizational structure of a digital platform is open by design and its organizational boundaries are porous. Interactions between various entities are shaped by the network logics and play a key role in creating value for the platform ecosystem. Since norms and rules governing these platform interactions are still evolving, it's an opportune time to examine them as organizational field.

In this research we seek to contribute to IS research by examining the dynamics of the formation of a new and emerging organizational field. We put forth that digital platforms in India embody a shift towards network logics where interactions between various constituents play a central role in creating value. Repeated interactions between different constituents help in developing common understandings and practices. At the same time, these emerging institutions shape the ongoing patterns of interaction from which they are produced (Lawrence et al., 2002). Specifically, the theoretical framework developed in this paper posits the relationship between institutional forces, legitimization strategies of focal organization and the characteristics of emerging organizational field. Empirically, the study is located in the context of a large developing country with very high potential for e-commerce but relatively low penetration of smartphones and Internet. In particular, the study examines the institutional work undertaken by an Indian mobility platform Ola, that revolutionized the way Indians book taxis and travel. Acting as an institutional entrepreneur, Ola played an important role in creating the mobility platform ecosystem.

Following the introduction, the paper is divided into eight sections. The second section briefly delineates the logics of digital platforms, followed by a review of institutional theory in IS

research in section three. The fourth section puts forth the theoretical framework followed by discussion on methods and data. The evolution of Ola's organizational field is traced in section six followed by a discussion on digital platforms as emerging organizational field in India. The last section puts forth the conclusion and scope for future work.

## **2 The Network Logics of Digital Platforms**

Institutional logics refers to macro-level beliefs that shape cognition and influence decision-making processes in organizational fields (McPherson & Sauder, 2015). Logics is converted to action by actors who use it as a guide for their micro-level day to day activities and interactions (ibid). Logics shape goals and expectations, define legitimate activities, and are often embodied in organizational strategies, structures, and practices (Dacin, Jerry, & Scott, 2002).

All types of digital platforms provide a way to connect various participants in a market and are based on "network logics". As the number of participants grow, value of the platform increases for all. This phenomenon is referred to as the "network effect" and is central to all platform strategies (Alstyne, Parker, & Choudhary, 2016). Firms strive to achieve higher "volume" of participation than competitors in order to achieve higher average value per transaction. Further, as the network size increases, better the matches between supply and demand. The concomitant data generated is also richer and can be used again for making even better matches. A virtuous feedback loop is created as greater scale generates more value, which attracts more participants. Network effects is what distinguishes platforms from pipeline business that have a linear supply/ value chain or from traditional non-IT enabled platforms like newspapers connecting subscribers and advertisers or, shopping malls linking consumers and merchants etc. (Alstyne et al., 2016). The key difference arises from use of information technologies to enhance capabilities to capture, analyse and exchange huge amounts of data and thus enabling the network logics in practice. Information technology is used for building apps, scaling-up businesses, aggregating demand, and monitoring interactions.

In traditional pipeline businesses, value is created by controlling inimitable resources and key assets, and increasing efficiencies of linear chain of value activities from sourcing to servicing. In contrast, the chief assets and source of value creation in platforms are its participants with their resources, information and interactions (Alstyne et al., 2016). Digital platforms orchestrate resources and set rules determining the degree of access and control given to consumers, producers, providers and even competitors. Interactions or exchange of value between producers and customers are key performance metrics. The unit of exchange can be as small as a "like" or a picture upload, with almost no monetary transactions (ibid). Increasing network size, boosting and monitoring core interactions are critical for digital platforms. Positive interactions and their spillover effects help platforms rapidly increase volume of interactions. While negative interactions arising from congestion, non-availability or non-fulfillment of demand, "noise", misbehaviour or low-quality services often diminish network effects, sometime leading to defection by participants.

## **3 Institutional Theory in IS Research**

Broadly institutions are defined as rules and norms that guide or constraint actions. They are also considered as social patterns, evolved and reproduced through system of rewards and sanctions (Jepperson, 1991). Institutional theory was first put forth to explain why

organizations tend to resemble each other or become isomorphic (Dimaggio & Powell, 1983). It provides a powerful theoretical lens to understand evolution of organizational fields. An organizational field is defined as a set of institutions and network of organizations that, in aggregate constitute a recognized area of organizational life (Dimaggio & Powell, 1983; Maguire et al., 2004). Relationships and interactions between different constituents of the organizational field are shaped by the institutional logics. Repeated interactions help in developing common understandings and practices in any organizational field. And at the same time, these emerging institutions guide the ongoing patterns of interaction (Lawrence et al., 2002). Following Aldrich & Fiol (1994), new organizational fields emerge when constituent organizations respond to institutional forces and undertake activities to gain socio-political or cognitive legitimacies. The characteristics of an emerging organizational field are generally described in terms of (a) the extent of interactions among various constituents of the field, (b) the development of clearly defined structures of domination and coalition, (c) the amount of field-relevant information, and (d) degree of mutual awareness among members of the organizational field (Dimaggio & Powell, 1983).

Within information system research, institutional theory has been mooted to examine and understand “how institutions influence the design, use, and consequences of technologies, either within or across organizations” (Orlikowski & Barley, 2001). Empirical studies have used this perspective to investigate emergence of standards and open source platforms (Bala & Venkatesh, 2007; Garud, Jain, & Kumaraswamy, 2016; Ojha & Rao, 2014), diffusion and adoption of technologies to handle Y2K (Cannon & Woszczynski, 2002), organizational intranets (Damsgaard & Lyytinen, 1998), Electronic Data Interchange (Damsgaard & Lyytinen, 1998; Teo, Wei, & Benbasat, 2003), Enterprise Resource Planning (Chatterjee, D., Grewal, R. and Sambamurthy, 2002), supply chains (Kauppi, 2013) and health care (Currie & Guah, 2007). The primary focus of most empirical studies has been at the organizational level (Weerakkody, Dwivedi, & Irani, 2009) with very few looking at multi-level, multi-stakeholder relationships at the field level (Currie, 2009). The organizational context includes government departments and agencies (Currie & Guah, 2007), manufacturing firms (Kauppi, 2013), oil company (Avgerou, 2000), and banks (Tan and Fichman, 2002) among others. Further, most studies consider both external environment and institutional forces as given and constraining, with little investigation into how actions and responses of any focal organization shape the organization field. Organizational field as a theoretical construct has been studied only for software-based platform like Linux (Ojha & Rao, 2014) or Java (Garud et al., 2016). In such studies, the organizational boundaries are clearly demarcated, making it easy to classify interactions, information flow and structures. This paper adds to existing IS research by seeking to use institutional theory as a lens to examine (a) How have digital platforms evolved as organizational field in India? And (b) In what ways institutional forces and legitimization strategies of the digital platform shape the characteristics of the organizational field?

The study seeks to contribute to extant IS research by examining dynamics of the formation of a new and emerging organizational field through empirical investigation of the translation of new institutional logics into micro-level responses and activities (Yoo, Henfridsson, & Lyytinen, 2019). The theoretical framework is an important addition to IS literature, linking for the first time, multiple concepts of institutional theory to trace the emergence of a new organizational field. It posits that the evolution of an organizational field from innovation to structuration can be ascertained by examining its field-level characteristics. At different points in time, these characteristics are outcome of the interplay between responses of the focal

organization to institutional pressures and the activities undertaken by them to increase cognitive and socio-political legitimacies. The use of institutional theory to study digital innovations and digital platforms have been mooted by many recent research reviews and this study thus contributes towards addressing this gap in IS research (Hinings, Gegenhuber, & Greenwood, 2018; Mair & Reischauer, 2017). The study specifically looks at the 2-sided marketplaces, where value is co-created based on set of interactions (Reuver, Sørensen, & Basole, 2017). This study on formation of a new organizational field is located in the context of a developing country. Operationalization of the network logic and making explicit the categorization of various competitive and institutional forces is a valuable empirical contribution for both research and practice. It gives an explanation for seemingly irrational practices - like high valuation, and deep discounts - of digital platforms and facilitates understanding of issues related to regulation, sustainability, and legitimacy.

### **3.1 Theoretical Framework**

We define institutions as relatively widely diffused practices, technologies, or rules that are preferred in a particular context over others (Lawrence, Hardy, & Phillips, 2002). Organization field as a construct is operationalized as the totality of relevant actors and also as a functionally specific arena (Machado-da-Silva, Guarido Filho, & Rossoni, 2006). Thus, organizational field consists of a set of interdependent organizations sharing systems of common meanings and interacting more frequently among themselves than with actors outside the field. Further, these organizations are not necessarily similar to each other, but operate in a functionally specific area with certain technical and institutional characteristics (ibid). Thus, in an organizational field, apart from the focal organization there are suppliers, resource providers, product or service consumers, and regulatory agencies among others. To examine the evolution of an emerging organizational field, we adopt the framework proposed by Purdy & Gray (2009). The framework outlines a three-stage process by which any innovation gets effected as an organizational field. It integrates the macro-micro perspective, putting forth that institutionalization is result of repeated and recursive interactions between individual and organizational actions with the field level dynamics. In other words, the diffusion and process of institutionalization is due to both structural characteristics of the field and actions of institutional entrepreneurs who theorize new fields and launch new organizations (Maguire, Hardy, & Lawrence, 2004). In this framework, the first stage is characterized by introduction of innovation where new logics are initiated. In the next phase of mobilization, the innovation picks momentum and various pioneering organizations/ actors, each with their own version(s) of the innovation compete to gain adherents for their logics (Purdy & Gray, 2009). The last stage is called structuration where new logics get translated to concrete practices. These practices gain the status of being standardized, taken-for-granted and well accepted as legitimate conducts. Figures 1 and 2 together describe the theoretical framework of the study.

At any particular time (see Figure 1), the characteristics of a given organizational field is described in terms of (i) the extent of interaction among constituent organizations, which serves as indication of the level of economic activities between them (ii) presence of sharply defined inter-organizational patterns of coalition and structures of domination (iii) information sharing between constituent organizations and, (iv) mutual awareness, common purpose or identity among constituent organizations (Dimaggio & Powell, 1983). As an organizational field moves towards maturity, the value of these four dimensions increase (Anand & Peterson, 2000; Maguire et al., 2004; Purdy & Gray, 2009). Once an innovation is introduced in a context, the organizational field is likely to experience lots of inconsistency

and contestations from stakeholders (Greenwood, Suddaby, & Hinings, 2002). During the stage of mobilization, institutional norms and practices get established through repeated interactions and knowledge sharing among the constituents. In a positive reinforcement, these institutions further shape the ongoing patterns of interaction from which they are produced (Maguire et al., 2004). The process of structuration leads towards mature organizational field where constituent members follow a shared logic and adhere to collective norms, rules and practices.

As an innovation gets diffused, there is a strong tendency among similar type of constituent organizations to resemble each other or become isomorphic (DiMaggio & Powell, 1983). Extant literature provides multiple explanations for this phenomenon. Organizations rely on external environment for resources and need to compete for the same. Similarity in organizational forms helps in reducing uncertainty in decision-making and operations (Mizruchi & Fein, 1999). Further, isomorphism emerges not only because of competition or an objective requirement of efficiency but also as result of organizations' quests to gain legitimacy within their larger environments (Aldrich & Fiol, 1994). DiMaggio & Powell (1983) distinguishes between two types of isomorphism. Competitive isomorphism results in similarity due to market competition for resources and customers. In contrast, institutional isomorphism takes place as result of three different types of institutional forces - coercive, mimetic and normative (ibid). Coercive force refers to formal and informal pressures exerted on a focal organization by other stakeholders upon which it is dependent for resources or acceptance as legitimate form (DiMaggio & Powell, 1983). It implies that organizations' actions can be constrained by the actions of other, more powerful units (Mizruchi & Fein, 1999). Uncertainty in external environment is often the source of mimetic pressure. In situations where, clear directions or course of action are ambiguous, organizations often imitate practices of peers who are perceived to be more successful or legitimate. Diffusion of such practices can happen intentionally by imitating innovations, by consultants or trade associations, or indirectly thru employee transfer or attrition (DiMaggio & Powell, 1983). The third source of institutional pressure is generally normative and results from professionalization. Professionalization involves collective quest towards defining work practices and norms (ibid). Interactions between members who have received similar training or belong to same professional and trade associations enable diffusion of ideas and norms. Scott (2001) puts forth that organizational responses to institutional pressures does not necessarily emanate from a single organization, but from multiple constituents of an organizational field. The articulated response might be a concerted one which has "the potential to shape the nature of the demands and even to redefine the rules and logics operating within the field" (ibid).

Legitimacy is defined as generalized perceptions of being valid, appropriate, reasonable or acceptable. While industry related factors like market size, incentives, revenue and profits are important for survival of a nascent industry, extant research indicates that legitimacy often plays a role in growth and acceptance of the industry (Aldrich & Fiol, 1994; Suchman, 1995). New organizational fields emerge when entrepreneurs succeed in building credibility and can mobilize support and resources for starting a venture. Identifying opportunities, raising funds, collecting resources, recruiting and training employees are some challenges faced by all entrepreneurs. All of these activities require cooperation and strategic interaction of others (Aldrich & Fiol, 1994). For our theoretical framework, we refer to two types of legitimacies put forth by Aldrich & Fiol (1994). The first one refers to cognitive legitimacy based on awareness and knowledge among key constituents regarding a venture, and its related activities, norms

and practices and activities. The highest form of cognitive legitimation is achieved when a new product, process, or service becomes so familiar that it is taken for granted (ibid). Cognitive legitimation is gauged by the willingness of new entrants to mimic an existing organizational form and also by number of knowledgeable users of associated products or service. The second type of legitimacy is based on value attributed to particular activity by cultural or political norms. Socio-political legitimation refers to the process by which key stakeholders like the general public, key opinion leaders, or government officials accept a venture as appropriate within existing norms and laws. One can measure socio-political legitimation by assessing public acceptance of a venture (ibid).

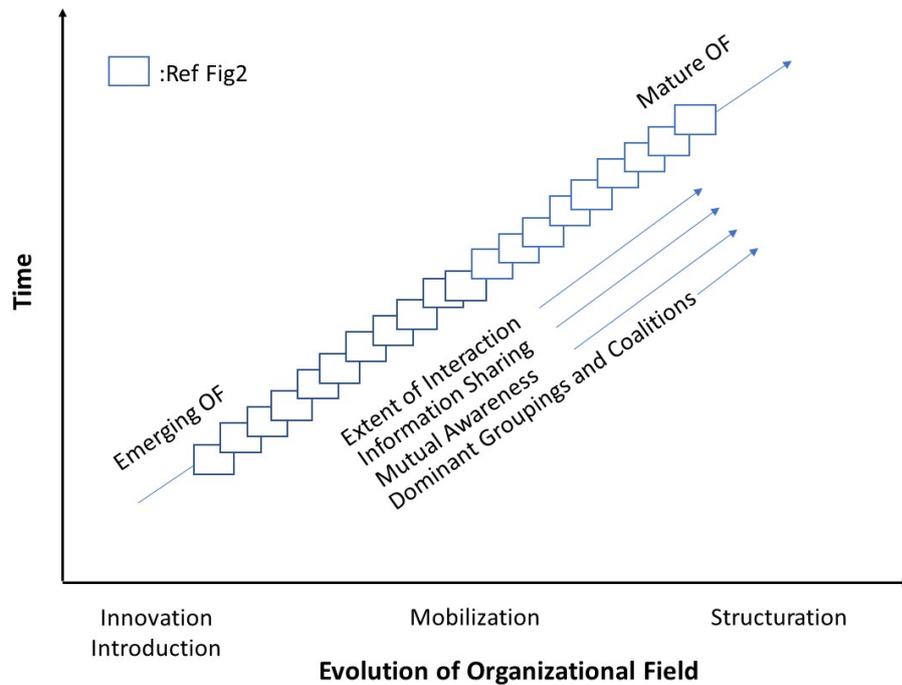


Fig1: The three stages of formation of an organization field (OF)

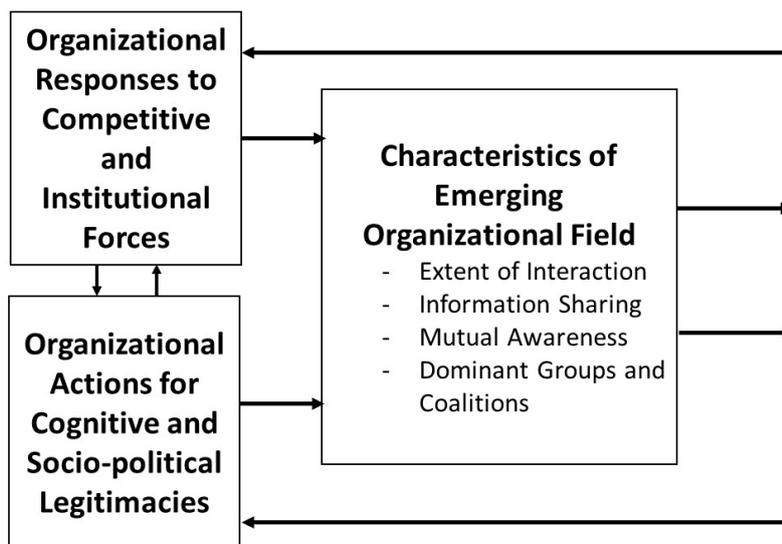


Figure 2: Process of institutionalization at any given point of time

## 4 Methods and Data

Considering the relative newness of the phenomenon, we use exploratory case study research as research design. Such naturalistic mode of inquiry to examine organizational fields have been followed by (Garud et al., 2002; Greenwood & Suddaby, 2006). In particular, by examining the chronology of key field configuring events, we trace the evolution of Ola's organizational field, often referred to as "Uber's rival". Following Dunn & Jones (2010), we use secondary sources of information like newspaper articles, and market intelligence reports to gather field level happenings. The number of articles in each month gives an indication about the level of activities in Ola's organizational field. We extracted this data for the time period between April 2011 and September 2018, from Crunchbase ([www.crunchbase.com](http://www.crunchbase.com)), which has date-wise repository of all key events and news articles related to Ola. After removing duplicates and articles that referred to same events, we had 1016 articles on Ola and its field. For analysis, we followed process similar to (Lawrence et al., 2002). All articles were (a) read and summarized, (b) the summaries were categorized and coded, corresponding to key constructs of institutional theory and (c) examined for pattern in the relationships between different conceptual categories. While summarizing each news article, we identified the constituents of the field, their relationship with others, the isomorphic forces, if any and the organizational responses. The reasons for particular intervention, and their possible impact on the four dimensions of the emerging organizational field was identified or in some cases inferred from the text. The processes of categorizing, and coding iterated between theory and empirical data to minimize subjective interpretation. See Appendix 1 for chronological categorization of key events of the organizational field.

In our theoretical framework, we posited a three-stage evolution of an organizational field. In each phase, the field characteristics are outcome of interplay between the responses of the focal organization to various institutional forces and its actions to increase cognitive and socio-political legitimacies. For our analysis, we considered activities that seek to generate awareness among various constituents as those for gaining cognitive legitimacy. While activities like partnering for national events, negotiating for resources, liaising for legal and regulatory issues as those undertaken to gain socio-political legitimacy. Although analytically distinct, it is not always easy to distinguish the three types of institutional forces in empirical settings (Dimaggio & Powell, 1983). Thus, in this study, we use the following criteria to categorize institutional forces and the response of the focal organization:

- All activities that are undertaken by the focal organization to strengthen implementation of logic and increase market power are considered as response to competitive forces. Examples include investment in technologies, mobilization of funds, acquisition of customers, or enrolment of service providers.
- Responses to mimetic pressures include those that are used for increasing or maintaining interactions by creating value by similar offerings or services as others, and adopting practices that have been proved to be successful in similar settings.
- Coercive pressures are exerted on the focal organization by constituents of organizational field that have access to and control of resources or power, and can constrain a focal organization's work directly or indirectly.
- Normative pressure as those related to establishment or diffusion of work norms and practices.

## 5 The Evolution of Ola's organizational field

Ola ([www.olacabs.com](http://www.olacabs.com)) is a popular mobile app for cab bookings in India. Established in December 2010 by two engineering graduates, it is headquartered in Bangalore. Along with Flipkart, India's first e-commerce firm, Ola is often credited for making Indians familiar with online transactions. Starting with the modest mission to 'provide a cab to every Mumbaikar' the organization now positions itself as a platform to bring together cab drivers and customers using technology to make transportation hassle-free for everyone. Ola's organizational field is diverse and includes (i) customers, (ii) service providers consisting primarily of cab aggregators, and drivers, (iii) Competitors and rivals including Uber, radio cab service provides, traditional taxis and auto-rickshaws (iv) government and regulatory bodies, (v) media, (vi) investors and venture capitalists, (vii) partners including big and small technology developers and providers, car manufacturers and other emerging platforms (See Figure 3). While Ola orchestrates the relationships and interactions in the field, taxi drivers form the main interface with the customers. A taxi driver is not an employee of Ola, and can become a customer and vice-versa. Further, the field overlaps with other organizational fields of both traditional and other technology-based platforms. Pure technology-based platforms like those of Google, Amazon etc. provide the necessary base for building the platform architecture and services. Other digital platforms from different verticals like e-commerce, foodtech and fintech also are very much part of the organizational field. Among the traditional sectors, car manufacturers like Nissan and Mahindra & Mahindra, and financial institutions are some important constituents of the platform. Online news aggregators, and social media help in generating cognitive awareness about start-ups and their external environment.

Figure 4 shows the quarter-wise distribution of articles. The frequency of articles indicates the intensity of field level activities at different time period periods. We divide the emergence and evolution of Ola's organizational field into three parts, broadly corresponding to (a) introduction of innovation, (b) mobilization, and (c) onset of structuration. Considering Ola as a focal organization, key events shaping the characteristics of the emerging organizational field are (a) entry of Uber as a competitor in the Indian market (August 2013), (b) Delhi rape case (December 2014), (c) Uber's exit from China and concentrated focus on India (August 2016), (d) Protests and strikes by incumbents, partners and other service providers (February 2017 – May 2017).

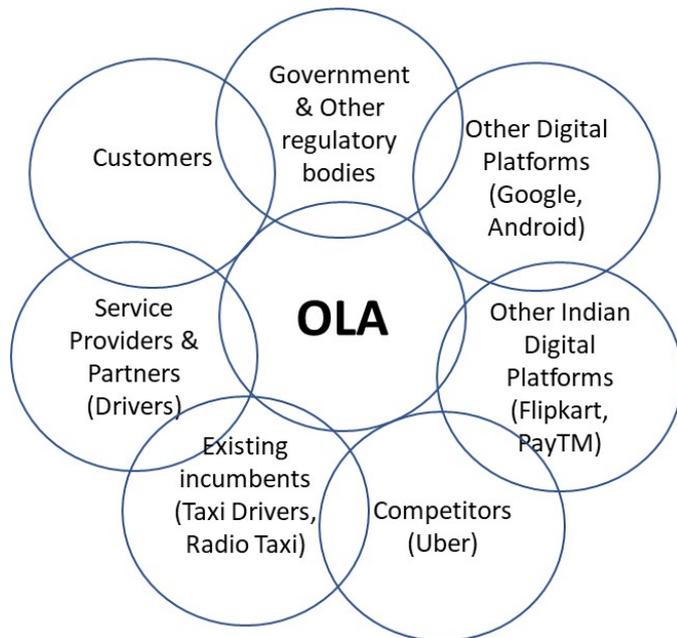


Figure 3: Ola's Organizational Field

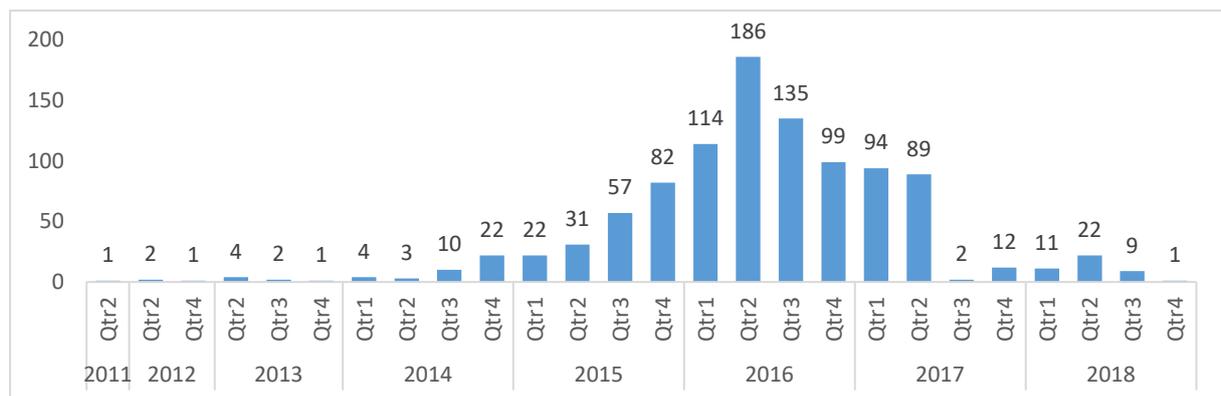


Figure 4: Distribution of articles on Ola in the Crunchbase repository

### 5.1 Stage 1: Innovation Introduction (Start – June 2014)

Since beginning, Ola positioned itself as a technology firm rather than a taxi service provider. It was registered as a ride sharing app that provided direct interface between taxis drivers and commuters using state-of-the-art mobile technologies. Information technology formed the core of Ola's value proposition and offerings. It operationalized the network logic for the digital platform. Data was used for analysing demand, location and route planning, sending real time traffic alerts and enabling customer interactions including bookings, payments and e-invoicing. Further, Ola sought to provide better trip experience to customers by using technology to check behaviour of taxi drivers, who were not employees of the organization.

While technology was available to translate network logics into an innovative product, building a sustainable and scalable digital platform was a challenge. As a pioneering ride-sharing start-up, Ola faced the uphill task of creating awareness about the business proposition of new technology product, building trust and convincing stakeholders to adopt their online offerings. Unlike existing incumbents like taxi aggregators and radio-cab service providers, Ola did not own any fleet of its own. It worked with local taxi providers and other

individuals to provide transportation services. Since networks generate value only when adequate number of both service providers and customers transact with each other, it was imperative for Ola to on-board as many taxi drivers and customers as quickly as possible. Thus, in the first phase, much of organizational activities were driven by the need to create the ecosystem, build cognitive legitimacy among stakeholders and compete with Uber.

Building the ecosystem required addressing issues of low penetration of credit cards and smartphones, inadequate logistics and supporting infrastructure, and low consumer trust and low levels of disposable income. This apart from convincing price conscious customer to shift preference from cash to cards and using apps instead of telephone to book taxis. Peer start-ups like Flipkart, JustDial and Redbus had demonstrated that using available, and accepted methods of transactions helped in building trust and subsequent adoption of new technologies. Hence, during the phase of innovation introduction, Ola facilitated cab booking using the web and via call centres, and accepted payments in cash.

In this phase, Ola had two main competitors. The first one was an Indian start-up called Taxi-for-Sure, operating in the economy segment and having significant recall value among people. The second one was Uber, a leading US based ride-sharing firm with significantly high market valuation. Uber had pioneered and successfully scaled up an app-only business model that focused on providing only premium services and accepting payments using credit cards.

Uber launched its operations in India in August 2013, and unlike other places, it was willing to be flexible and fine tune its model for Indian business environment. Ola competed with both for on-boarding customers and drivers onto its platform. It launched Ola Mini for price conscious customers, and simultaneous launched premium service for those willing to pay. Familiarity with the Indian context enabled Ola to expand rapidly by launching new services and in new cities. Efforts to increase cognition among potential customers included reaching out to them during strikes by existing incumbents with special discounts and schemes. In one of its very early interventions, Ola on-boarded the regular city taxis on its network. Using the Ola app, users could book the regular taxi in the vicinity and paid according to the taxi fare meter. Doing so, allowed Ola not only to minimize the demand – supply gap in availability of taxis but familiarized both users and taxi drivers about the app and its future possibilities. Thus,

*Proposition 1: During the first stage of evolution of organizational field through innovation introduction, digital platforms focus on building cognitive legitimacy and responding to competitive pressures.*

## **5.2 Stage 2: Mobilization (July 2014 to June 2017)**

The mobilization phase between July 2014 and June 2017 was intense in terms of events and activities, defining much of the characteristics of the emerging organizational field. Concomitant with rapid expansion in terms of number of cities, taxis and customers, this phase was marked by much environmental uncertainty due to number of field-defining events. These included the Delhi Uber rape case, acquisition of TaxiforSure by Ola, protests by traditional city cab aggregators and drivers against Ola/Uber and later protests by Ola drivers for better work norms. The period was also defined by fierce competition between Uber and Ola to retain market dominance, especially after Uber withdrew from China and started focusing fully on India.

In December 2014, following an unfortunate incident of a woman getting raped by an Uber driver, Ola cabs along with others were banned in Delhi. It was the first-time regulatory authorities realized the difference between traditional or radio taxi service and app-based service. Since there were no specific regulation for digital ventures, Ola and Uber were asked to get taxi licenses. To do so required operating like a traditional taxi company by maintaining a fleet of cars and setting up a 24/7 call centre instead of just relying on technology. Ola and Uber resisted the change in business model, taking the risk to continue operations till new guidelines were notified. However, one field level impact of such regulatory uncertainty was unavailability of funds for certain period of time. It was during this period Ola made its move to acquire its Indian competitor Taxi-For-Sure for \$200 million. By this, it sought to consolidate its position vis-à-vis its competitor. The acquisition enabled Ola to add more services, more drivers and customers belonging to a particular segment on its platform. More importantly, it increased its market valuation, making it easier to raise funds subsequently.

However, the episode brought to the fore, the regulatory vacuum regarding digital platforms in India and also marked the beginning of increasing run-in with various state governments regarding legal compliance of payment methods and different kinds of services, surge pricing, and women safety among others. The next big confrontation with governments and regulatory authorities was with regards to surge pricing. The government of Delhi in their efforts to reduce air pollution experimented with an odd-even policy, where on alternate days cars with either odd or even registration numbers were allowed on the road. For app-based taxi aggregators, it was a business opportunity and algorithm determined taxi fares surged upwards, drawing criticism from customers and ire of state government. It was also a manifestation of conflict between old logics and new one governed by algorithms. Initially, Ola and Uber both maintained that surge pricing were reflecting demand-supply conditions, it had to subsequently suspend surge pricing following pressure from both customers and state governments. In subsequent months, other state governments also intervened from time to time to regulate surge pricing. As response, both Ola and Uber introduced subscription-based packages that in lieu of monthly payments provided regular customers immunity from surge prices. It also helped to maintain repeat customers and increase their transactions with the platform.

The conflict between traditional and network logics was also manifested, first during protests by regular taxis against Ola and Uber and later as strikes by their own driver partners. The livelihoods of traditional taxis were deeply impacted low fares charged by Ola. They demanded government intervention to bring about some parity. The second set of protests were by cab aggregators and drivers formally associated with either Ola or Uber. In order to increase the number of drivers on the network, Ola offered them cheap car loans and incentives. However, once scale was achieved, Ola sought profitability and started rationalizing its operating expenses. This led to tougher performance norms for drivers that impacted earnings and investments. Drivers were not able to pay their EMIs for car loans taken. Within a short span of time, such strikes happened in many parts of the country. Around 25% of enrolled drivers supposedly abandoned the platform. While the protests were called off with negotiations, relaxation in performance norms and commission fee, it led to incorporation of new practices. The strikes brought to fore risks associated with asset-light companies. The digital platforms were fully dependent on driver partners for continuation of customer service. Subsequently, both Ola and Uber set up car-leasing business to control and ensure a supply of cars at all times. The protests by drivers can also be considered as a sign of

increasing field maturity. It led to rationalization of expectations. The drivers who were subsequently enrolled as platform members were aware of lower incentives, and willing to work for longer hours and lower earnings. One key development was that drivers were allowed to be partners to both the competing platforms.

During this particular time period, Ola and Uber sought to increase interactions with existing and new customers by introducing similar type of services like motorbike taxis, autorickshaws, carpooling, and long-hour rentals among others. Both the platforms also mimicked each other by investing in other platform verticals like fintech, foodtech and home delivery of groceries. A particular characteristic of the emerging organizational field was the increasing role and dominance of global investor firms. Not only they invested heavily in select digital platforms, they also intervened directly so as to ensure their returns on investments. Through their investments, digital platforms in India including Ola became part of a global fight for dominance between Chinese and American investment groups and firms. A particular intervention was orchestrating the formation of a global alliance of ride-sharing companies to compete against Uber. Among the stated objectives of the alliance was to enable sharing of information and tactics, and incorporation of features like cross-booking or in-app integration to each other's services. While confrontations and negotiations with regulatory agencies and investment firms led to gains in socio-political legitimacy, Ola also engaged in many public programs for the same. It partnered with state government to training youths as entrepreneurs, incentivizing drivers to convert to green fuel, committed investment's for electric vehicles, ferried passengers for free during mishaps and disasters. Thus, in the second phase of mobilizations, all the three institutional forces appeared in various forms and intensities. Coercive and normative pressures were exerted by partner drivers, regulatory agencies and venture capitalists for regulatory guidelines, and rationalization of work practices. Further, both Ola and Uber mimicked each other's strategies to increase platform interactions.

*Proposition 2: During the second stage of development of organizational field via mobilization of the new institutional logic, digital platforms encounter all three types of institutional pressures – mimetic, coercive and normative from other field constituents and take actions to build socio-political legitimacy at the intra and inter industry level.*

### **5.3 Stage 3: Onset of Structuration (July 2017)**

Sudden decrease in the reporting of field level activities after July 2017 indicate start of the structuration process of Ola's organizational field. The ride-sharing domain in India is dominated by Ola and Uber, mirroring similar duopolistic structures in other countries. In September 2018, both the competitors had a common investor, and speculations were rife regarding their possible merger in India. At organizational field level, another round of evolutionary iteration seems to suggest onset of isomorphism. Digital platforms were investing in or acquiring business in verticals other than their core. Ola, with its acquisition of food tech called Foodpanda mimicked the trend.

Further, as the number of digital platforms increased, so did the coercive power of government and other regulatory bodies as issues related to data privacy, physical safety, surge pricing and tariff issues. Regulatory issues also manifest with regards to better work norms and working conditions of drivers and delivery boys. Isomorphism is also induced via coercive pressures from venture capitalist / investors. Global investor firms hold control over key financial resources, but also help in diffusion of innovation and best practices from other parts

of the world. They hugely influence valuations of digital enterprises and often force mergers of erstwhile rivals.

*Proposition 3: During the third stage of development of organizational field through structuration, normative and coercive pressures from regulatory and investors will lead to organizational isomorphism.*

## 6 Digital Platforms as Emerging Organizational Field

In the previous section, we documented the evolution of Ola's organizational field using the three-stage process of institutionalization as put forth by Purdy and Gray (2009). In the second phase, efforts were directed towards addressing regulatory issues and building socio-political legitimacies. Institutional forces were mostly coercive and mimetic. The third phase indicates the start of the structuration process and it would continue till the time issues related to regulation and work norms are resolved. The emerging nature of the organizational field can be ascertained by examining the four dimensions characterizing the same. In the context of digital platforms, one cannot draw a one to one relationship between the actions of the focal organization or its response to institutional forces and the four dimensions. Further, technology enabled interactions and information sharing form the core of institutional logic. With overlapping organizational boundaries, the four dimensions are not mutually independent of each other. A particular response by the focal organization to any of the institutional or competitive pressure brings about change in all the four dimensions. To illustrate, in order to generate value based on network logic, it is imperative to increase number of interactions among members of the organizational field. This increase in interaction is made possible by technology aided data collection and processing leading to increase in information and its sharing among constituents. As more information is generated by different constituents and shared with others, there is greater mutual awareness and possibilities of formation of dominant structures and coalitions. However, the evolution of Ola's organizational field brings forth some discernible patterns in its four characteristics.

### 6.1 Increase in interactions

In the first phase of organizational field development, the focal organization undertook activities to operationalize the network logics using technology, raise cognitive legitimacy about the innovation among various constituents of the organizational field and to respond to competitive pressures by mobilizing resources and undertaking market expansion. It was imperative to bring on board as many drivers and as many customers as possible. Ola did so by introducing new services and taking them to new cities, and investing in technology or technology firms that help in improving the network performance. Once adequate number of drivers and customers were on board, the next task was to increase the number of their interactions via schemes, incentives, discounts etc. During the second stage of mobilization, it can be observed that Ola and its main competitor mimicked each other to bring more people on the platform and increase their platform interactions. Thus, it can be said that:

*Proposition 4: During the process of evolution of digital platforms as organizational field, actions and responses of the focal organization to competitive and mimetic pressures lead to increase in interaction among various constituents.*

## 6.2 Information Sharing

Ola was conceptualized as a direct interface between traditional taxis and their customers to address certain on-ground uncertainties. The Ola app could book a taxi, provide instant booking confirmation, send details of the cab and its drivers, and track its movement. Its interface gave the cab driver details about location of the customer and expected time to reach. However, each phase of field evolution bought its own set of information related issues. For Ola, any customer's experience depended on its taxi drivers, thus information to monitor performance and customer feedback was built in. Issues related to women safety made it necessary to check driver's profile and track routes. Customer profiles, and usage pattern also became important to design appropriate strategies. Focal organizations also have to keep track of information and speculations with regards to valuation, possible mergers and acquisitions. Valuations often reflect the beliefs and expectations of market participants, especially the investors. It also indicates the willingness of any party to pay for a particular enterprise and in the process enhance the portfolio's valuation of current investors. Higher valuations also enable the founders to keep attracting capital for maintaining their leadership. Thus, while technology formed the core of addressing information related requirements and challenges, Ola also had to undertake activities to gain trust, build reliability, and reputation in order to be accepted as legitimate business models. Hence,

*Proposition 5: During the process of evolution of digital platforms as organizational field, activities undertaken by the focal organization to increase cognitive and socio-political legitimacies lead to increase in information sharing among various constituents.*

## 6.3 Mutual Awareness

The activities undertaken by the focal organization to increase cognitive and socio-political legitimacy of the digital venture also leads to an increase in mutual awareness between various constituents. The increase in mutual awareness can be seen in the willingness of focal organizations and other digital platforms to make their APIs open, allow in-App access to the services of partners and other platforms, and more partnerships with technology firms and others. Increasing mutual awareness within the ecosystem can also be seen in technology products using services provided by Ola, or mimicking them. For e.g. cab aggregator apps, location-based services etc. Thus,

*Proposition 6: During the process of evolution of digital platforms as organizational field, activities undertaken by the focal organization to increase cognitive and socio-political legitimacies lead to increase in mutual awareness among various constituents.*

## 6.4 Dominant structures and coalition

During the phase of innovation introduction, no specific structures of domination or patterns of coalition could be observed. However, in subsequent three years, multiple coalitions, both formal and informal emerged with identifiable patterns of interaction such as domination, subordination, conflict and cooperation (DiMaggio & Powell, 1983). The triggers for formation of groups and coalitions were to deal with regulatory and normative issues related to work norms. Thus, formal association of Ola and Uber taxi driver, for collective bargaining and setting of working norms. Similarly, protests from associations of traditional taxi drivers against Ola and Uber, along with concerns of surge pricing were reasons for various state governments to either put forth advisories or issue warnings to digital platforms. Perhaps, one

of the prominent group emerging is the Global Alliance of Ridesharing Platforms formed to compete with Uber worldwide.

*Proposition 7: During the process of evolution of digital platforms as organizational field, activities undertaken by the focal organization to increase cognitive and socio-political legitimacies lead to formation of dominant structures and coalitions*

## 7 Conclusions

Technological advancements and innovations often create new organizational fields. We have seen such institutionalization of new practices into standards across domains of computer software, music ratings, microfinance and professional services. In this paper, we attempt to trace the emergence of digital platforms as organizational fields based on network logic. Digital platforms are new organizational forms, considered to be much different from traditional IT-enabled business. The key differentiator among the two is the central role played by big data technologies and algorithms to enable what is popularly referred to as network logics. Digital platforms are often considered to be disruptive for traditional businesses. However, adopting an institutional perspective enables us to comprehend that occasional protests by various stakeholders are part of the process of institutionalization where a new logic is seeking legitimacy and adoption. Similarly, the supposedly irrational market valuations of digital firms, acquisitions and sale of ventures are all imperative to translate the logics into business. Future extension of the study will incorporate case studies on other leading Indian digital platforms to refine the theoretical framework.

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## Appendix 1: Chronological list of events, isomorphic pressures, actions and responses

Stage 1: Innovation Introduction		
Month / Year	Event	Comments
<i>Field Configuring Event</i>		
Dec 2010	Ola established as a firm	Innovation Introduction
Aug 2013	Uber plans entry in India	Field configuring event
<i>Funding</i>		
Apr 2011	\$330, 000	Resource
Apr 2012	\$5000,000	Resource
Nov 2013	\$20, 000, 000	Resource
Jul 2014	\$40, 000, 000	Resource
Oct 2014	\$210, 000, 000	Resource
<i>Partnerships</i>		
Nov 2012	MakeMyTrip	Customers / increasing interaction and cognition
Jun 2014	Appiterate	Technology/ increasing interaction
<i>Legitimacy</i>		
May 2014	Olacabs offer 50% discount in Delhi as autos go on strike	Cognitive legitimacy
Oct 2014	Ola builds bridges with traditional taxis	Socio-political legitimacy
<i>Competition</i>		
Jan 2014	Launches luxury fleet in Mumbai	Competitive (new market)
Feb 2014	Launches Ola Mini in Bangalore	Competitive (new market)
Mar 2014	Launches Ola Mini in Delhi	Competitive (new market)
Aug 2014	Launch in Ahmedabad	Competitive (new market)/ Mimetic (TFS)
Sep 2014	Launches Ola Prime in six cities	Competitive (new market) / Mimetic (Uber)
<b>Stage 2: Mobilization</b>		
Month / Year	Event	Comments
<i>Field Configuring Events</i>		
Dec 2014	Delhi rape case	Field configuring event
Dec 2015 / Apr 2016	Odd-Even	Field Event
Dec 2016	Uber gets funding from Ola investor	Field Event / Source of Competitive and Coercive Pressure
Aug 2016	Uber exits from China	Field configuring event
<i>Funding</i>		
Apr 2015	\$315 million	Resource
Apr 2015	\$400 million	Resource
Jul 2015	Ratan tata invests in Ola	Funding / Cognitive legitimacy
Sep 2015	Didi invests in Ola	Funding / Mutual awareness / Partnership for taking on competition
Nov 2015	\$500M	Outcome of sociopolitical legitimacy
Feb 2017	\$330 million	Resource
Apr 2017	\$250 million	Resource

May 2017	6, 700,000,000	Resource
May 2017	Reports loss of \$360 million	Loss
<b>Partnerships / Acquisitions / Investments</b>		
Feb 2015	Ola acquires TaxiForSure for \$200 million	Competitive (increase customers and cabs)
Jul 2015	Tie with MYNTRA	Increase with existing customers / mutual awareness
Aug 2015	OnePlus 2	Increase with existing customers / mutual awareness
Nov 2015	Nissan	Partnerships for car sale
Dec 2015	Partnership with Lyft	Mutual awareness / Taking on Competition
Oct 2015	Ola buys majority stakes in ZipCash	Investments in technology / ecosystem
Nov 2015	Acquires Geotagg	Investments in technology
Jan 2016	Partnership with Hike microapp	Investments in technology
Jan 2016	Launches Enterprise Transport Solution	Technology / Increase in information among partners
Mar 2016	Google Maps integrate Ola bookings	Technology / Network logics / Increase in information and interaction
Mar 2016	Acquires Qarth, a mobile payments startup	Technology / New service integration / boosting network logics
Mar 2016	Bajaj Alliance Insurance	Partnership / Mutual awareness/ Normative work practice
Apr 2016	Funds Tork Motors to develop electric motorcycles	Investments in technology / ecosystem
Jun 2016	Launces B2B app to track fleet and evaluate drivers	Technology / Increase in information among partners
Aug 2016	Flipkart	Promotion of Lenovo smartphone / mutual awareness
Sep 2016	Integrates Siri in its App	Technology
Sep 2016	Mahindra and Mahindra	Partnership for cars
Oct 2016	BMW	Partnership for Luxury fleet
Nov 2016	Apple Music	Ola play for connected car experience / competition/ interaction /
Mar 7	Ola invest \$7.5 in leasing subsidiary	Investment for a structural change
Apr 2017	Integrates App with UPI	Technology
<b>Coercive Pressures</b>		
Dec 2014	Delhi government bans app-based taxies	Coercive (Regulatory)
Mar 2015	Ola / Uber ordered to stop operating in Delhi till they obtain license	Coercive (Regulatory)
May 2015	Central govt issues advisory on taxi-apps	Normative
June 2015	License application for Ola rejected in Delhi – cannot operate legally, later invalidated by court	Coercive / socio-political legitimacy
June 2015	Taxis and Autos strike against Ola in Mumbai	Field Event / Coalition against
Aug 2015	Delhi Govt proposes “City Taxi Scheme”	Normative (Regulatory)
Sep 2015	Ride sharing companies team up to take on Uber	Competitive Pressure from Uber/ resulting in a coalition
Oct 2015	Proposed homogenous rules on ride hailing services	Normative (Regulatory)
Oct 2015	HC allows Ola to run diesel taxis	Coercive/ Socio-political legitimacy
Oct 2015	Regulation of surge prices	Coercive
Dec 2015	Ola shuttle services suspended; luxury diesel cars ban in Delhi	Coercive
Jan 2016	Delhi govt complains to high court about overcharging	Coercive
Jan 2016	Karnataka government mulls stricter provisions for taxi aggregators	Normative

Jan 2016	Ola shuttle service termed illegal by government in Karnataka	Coercive
Mar 2016	Ola bike taxis termed illegal by Karnataka Govt	Coercive
Mar 2016	Ola asked to provide info about taxis to be phased out	Normative / Regulative
Apr 2016	Karnataka govt cracks down on surge pricing	Coercive
Apr 2016	Diesel cabs banned in Delhi NCR	Coercive
May 2016	RBI issues regulation for compliance for mobile payments	Normative
May 2016	Bangalore airport may allow to wait in premises	Normative / outcome of cognition and mutual awareness
May 2016	Geospatial bill	Normative
Jun 2016	Ola licensed under Karnataka on-demand transportation technology aggregator rules	Normative
Jan 2017	Ola and Uber ridesharing declared illegal by Karnataka government	Normative
<b>Competitive and Mimetic Pressure</b>		
Mar 2015	Introduces Food Ordering Service	Competitive (increase customers, service)
Apr 2015	Uber launches autorickshaw service, allows cash payment	Mimetic / Follows Ola's practice
Jun 2015	Introduces the concept of Cashback	Mimetic (followed other e-commerce sites) (maintain existing customers and increase interaction)
Jun 2015	Launches App for local grocery deliveries	Mimetic
Jul 2015	Uber sues Ola for \$7.5 million	Competitive
Aug 2015	Ola Select Launched – exclusive benefit club	Mimetic (retain existing customer, increase interaction)
Aug 2015	Opens Ola Money to other platforms	Mimetic (in response to similar service by Ola)
Sep 2015	Introduces Shuttle Service	Competitive / Mimetic'
Sept 2015	Opens up its API – integration with InMobi & others	Competitive / information sharing, mutual awareness
Oct 2015	Launches Olapool	Mimetic
Dec 2015	Launches auto rickshaw in Chandigarh	Competitive
Jan 2016	Launched Ola Corporate, followed by Uber within a week	Mimetic / New service for customers who are aware of Ola
Feb 2016	Expands ride sharing to Pune and Hyderabad	Competitive
Mar 2016	Launch Motobike taxis	Mimetic / follows Uber
Mar 2016	Launches	Ola micro
Apr 2016	UberGo reduces price in response to Ola Micro	Mimetic
Apr 2016	Ola Autos launched in 12 more cities	Competitive
Apr 2016	Ola "micro" to 75 cities	Competitive
Mar 2016	Auto rickshaws available on Ola App	Competitive (reach a new segment) / Mimetic (follows Uber)
Mar 2016	Shuts down Ola café, Ola Store	Consolidation
Mar 2016	Uber and others accuse Ola of unlawful practices	Competition / Implications for legitimacy
May 2016	Introduces "Ola Lux"	Mimetic
Nov 2016	Use Ola money to pay utility bills / Adds credit and debit card payments	Increase interaction
Jan 2017	Launches "share express" to share rides with customers only on your route	Competitive
<b>Normative Pressure</b>		
Jun 2015	Ola offers 2BHK flats as incentive to drivers	Normative (work practice)

Aug 2015	Incentives to drivers to Go Green	Normative
Sep 2015	Free medical insurance to drivers	Normative
Dec 2015	Personal loans to driver partners	Normative (work practice)
Jan 2016	Ola drivers protest claiming non-payment	Normative (rationalization) -> Coalition / Dominant Group
Feb 2016	Ola and Uber drivers remove branding	Normative (work practice) / dominant group
Apr 2016	Ola and Uber drivers can simultaneously operate on both platforms	Normative work practice / Mutual awareness
Apr 2016	Cuts down on joining bonus	Normative
May 2016	Senior executives quitting / Funding plunges	Normative
May 2016	Ola drivers earnings fall by 70% - lower incentives and stiff competition	Normative
Jul / Aug 2016	Funding falters, cost cutting measures, dip in hirings, firing and layoff	Normative
Oct 2016	Raise fare, reduces driver incentives	Normative (rationalization of work norms)
Jan 2017	Protest by Ola and Uber drivers in Bangalore and Telengana	Normative / dominant coalition
Feb 2017 / Apr 2017 / May	Ola / Uber drivers strike in Delhi and Bangalore, Guwahati	Better pay
May 2017	SBI suspend bank loan for Ola and Uber taxis	
<b>Actions for Gaining Legitimacy</b>		
Jun 2015	Free rides for blood donors	Cognitive legitimacy
Dec 2015	Launches ride sharing in Delhi to address odd even	Socio-political legitimacy / Uber followed – mimetic
Dec 2015	Chennai rains	Socio-political legitimacy
Jan 2016	Users in Delhi seek out Ola/Uber during odd/even experiment	Cognitive legitimacy gained
Jan 2016	Mumbai Kaali-Peeli field their own 9211 app	Others wanting to adopt practice
Jan 2016	Pune Lococab as a market place for small time operators/ Hyderabad based strat-up wants to aggregate cabs, food and mobile recharge app	Others wanting to adopt practice
Feb 2016	Ola signs pact with UP government to create 50K entrepreneurs	Socio-political legitimacy
Mar 2016	Invests 200 million to CNG adoption	Normative (regulatory + work practice) + socio-political legitimacy
Apr 2016	Provides free rides to and from Kolkata flyover collapse site	Socio-political legitimacy
Apr 2016	Prime minister makes first booking of Ola e-Rickshaw	Competitive / Socio-political legitimacy
Apr 2016	Temporarily removes surge pricing	Socio-political legitimacy
Apr 2016 / May 2016	Ixigo cabs allow booking cabs without Internet connection , Delhi govt announces “App-based” premium bus service, Cabto, TaxiVaxi, MindYourFleet, Instago	Others copy or building solutions on top of Ola
Jun 2016	Signs MoU with Haryana Govt to invest 350 crore and build 10, 000 entrepreneurs in 5 years	Socio-political legitimacy
Oct 2016	Ola ambulance campaign with hospitals	Cognitive legitimacy
Jan 2017	Partners with Apollo hospital for road safety	Cognitive legitimacy
<b>Stage 3: Onset of Structuration</b>		
<b>Month/Year</b>	<b>Event</b>	<b>Comments</b>
<i>Funding</i>		
Aug 2018	\$225000000	Resource
Sept	\$50m	Resource
<i>Normative Pressure</i>		
Jan 2018	Ola drivers protest in Chennai	Normative
<i>Partnerships / Acquisitions / Investments</i>		

Dec 2017	Ola acquires Food Panda for \$200 million	Increasing Interaction
Jan 2018	Plans to expand to Australia	Competition
Apr 2018	Invests in Vogo a two-wheeler rental startup	Technology
Apr 2018	Acquires Ridr	Technology
May 2018	Setup a holding company structure to own Ola cabs, FoodPanda and electric vehicle unit	Structure
Jun 2018	PhonePay	Partnership for autopay

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doi: <https://journal.acs.org.au/index.php/ajis/article/view/2113>

