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The evolution of the Italian Temporary Work Agency field: a path dependence perspective¹

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ABSTRACT

Over the last few years, the concepts of organizational path and path dependence have become a topic of increasing interest in the new institutional debate. Our concern is to understand why organizations do not change their organizational forms and managerial practices despite institutional pressure for change. We argue that this phenomenon can be explained by means of the path dependence approach; we assume that path dependence is stronger than institutional pressure. In this context, the paper aims to analyse the process of path creation in the Temporary Work Agency field. The field is characterized by strong institutional logics embedded in a wider societal order. For our in-depth longitudinal analysis we studied the Temporary Work Agency field in Italy over a 25-year period (1986-2009).

Key words: labour market; temporary work agency; path dependence; organizational field; new institutional approach

1. Introduction

In recent years, the concepts of organizational path and path dependence have become a topic of increasing interest in the new institutional debate. In particular, many studies argue that it is interesting to analyse the rise and evolution of organizations involved in an institutional field considering them as path dependent (Crouch and Farrell, 2004; Ebbinghaus 2005, 2009). For this reason the path dependence approach has fostered the process of stabilization of the

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institutions and organizations within a field, and as a consequence, also the process of institutionalization.

Furthermore, institutional studies have shown that the institutionalization processes of the field itself influence the behaviour of organizations operating within the organizational field. It has also been shown that the institutionalization process of the field is characterized by different types of events influencing it (Barley and Tolbert, 1997).

In this context, path dependence does not only mean “history matters” (Noteboom, 1997; Sewell, 1996), and scholars agree on an extended meaning of the concept to include more complex topics (Sydow et al., 2005; Gruber, 2009; Crouch and Farrell, 2004).

An organizational path can be defined as a “*social process that has been created by a small or bigger event, governed by positive self-reinforcing feedback, setting a specific pattern into motion and has gained momentum to an extent that, at least potentially, leads to a lock-in. Hence, organizational paths always imply some degree of path dependency*” (Sydow et al., 2005).

Through the new institutional and path dependence approaches, we aim to analyse path creation and evolution as it occurs in the Italian Temporary Work Agency field (TWA’s). TWA’s constitute a fairly young field which came into being in 1997 with the implementation of the Treu Act. The process of rise and evolution in the TWA field has been complex and lengthy. It has been characterized by ideological and cultural clashes, numerous negotiation processes and strong lobbying and legislative activities marking the formal inception of the field’s activities and the role of the main actors involved. Moreover, during the process of path creation and evolution, individual actors are firmly nested within an institutional logic so that individual and collective actions are constrained by the dominant social structure (i.e. the dominant institutional logic).

Starting from this premise we begin our analysis by first clarifying the concept of path dependence, focusing on the institutional path. Secondly, we describe how the institutional path is created and how it is related to the concept of path dependence. Moreover, we illustrate the steps that lead to the constitution of a path and events and actions that allow the path to be created and the field to be shaped.

Through this approach, we describe the process of institutional path creation in the Italian TWA field and the evolution of the field itself. In addition, we discuss the implications of our

study for understanding the main aspects of path creation and the role of the actors involved. Finally, we try to define exactly what path dependence in the TWA field is and how it comes about.

2. Theoretical framework

Classical path dependence is largely deterministic. As a result, most of the studies on this subject show little interest in the role of actors. Using the path dependence and the path creation approaches, which highlight the role of agents with their “mindful deviation” (Garud and Karnøe, 2001), it is possible to describe the role of organizations, individual and collective actors and their actions from the point of view of path creation and path dependence. The concepts of path dependence and path creation are related and are not mutually exclusive.

According to structuration theory (Giddens, 1984), which assumes that structure is both the medium and result of action, we also introduce the notion of institutional logics (i.e. structures) to explain the role and behaviour of individual and collective actors during path creation processes.

Institutional logics are a key concept in the new institutional literature. Thornton and Ocasio (1999: 804) defined institutional logics as “*the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning for their social reality*”.

Logics are important theoretical constructs that help to explain connections within an organizational field, defining the behavioural possibilities of actors (Friedland and Alford, 1991). Institutional logics can be considered a way of measuring the influence of institutions on individual and organizational behaviour. As a matter of fact, they influence the behaviour of actors and guide their actions and practices (Friedland and Alford, 1991; Thornton, 2004; Thornton and Ocasio, 2008).

According to Friedland and Alford (1991) organizational fields have their own specific logics within a wider institutional order or societal sector, i.e.: the market, the state, the family, the professions etc. (Thornton, 2004). Each societal sector is characterized by a specific logic linked to material practices (Friedland and Alford, 1991; Reay et al., 2009) due to the

existence of many institutional logics. Organizational forms and material and managerial practices are manifestations of institutional logics (Greenwood et al., 2009). For this reason, in order to explain the modification of organizational forms and practices within an organizational field, it is necessary to analyse the relationship between logics, organizational forms, and material and managerial practices. Ample research has shown how a change in field logics causes individual and organizational practices to change (Hoffman, 1999; Thornton, 2004; Reay et al., 2009).

In this institutional background, the behaviour of actors is influenced by institutional logics and has an impact on the logics themselves through a mutual conditioning process. The specific path of the field also conditions this interaction.

The path dependence approach highlights the importance of past events for future action, and in particular the importance of past decisions for following decision-making. Path dependence theory has been used and applied in organizational studies as well as strategic, innovation and technology management. In literature we can see a recent growth in interest in path dependence and in overcoming its over-deterministic nature, especially on the question of agency and institutional path dependences.

The path dependence approach can be useful to explain all economic, social and technological phenomena resisting change, even if more efficient alternatives are available (Arthur, 1989, 1994; David, 1985, 1986).

The notion of path dependence is first described in the works of David (1985, 1986) and Arthur (1989, 1994) which refer to technological paths from the perspectives of evolutionary economics and economic history. Going a step further, North (1990) applied the concept of path dependence to the economics of institutions. Moreover, Sydow et al., (2009) develop a theoretical framework which helps to comprehend how organizational path dependence emerges. They put together issues from different theoretical approaches: institutional economics (North, 1990), political science (Mahoney, 2000; Pearson, 2000, 2004; Thelen, 1999), and new institutionalism (Powell and DiMaggio, 1991; Tolbert and Zucker, 1996).

Although useful for explaining a large variety of phenomena, the path dependence approach has been criticised for being too deterministic and contingent. Another critic refers to the absence of a theory of agency within path dependence (Garud and Karnøe, 2001). Answering the theoretical question as to whether the emergence of a path simply occurs, or whether it can

be intentionally induced, they propose the concept of path creation where actors can influence paths through “mindful deviation”. The notion of intentional path creation (Garud and Karnøe, 2001) can be considered a related, and to some extent, alternative perspective from which to understand how embedded actors shape a structuration process (Giddens, 1984; Garud and Karnøe, 2010) through collective institutional entrepreneurship.

Collective institutional entrepreneurship is when individual actors join together and push towards the creation of a new path or a choice from different strategically important alternatives. Moreover, the authors focus on the role of path creating agents able to “*meaningfully navigate a flow of events even as they constitute them. Rather than existing as passive observers within a stream of events we see entrepreneurs as knowledgeable agents with a capacity to reflect and act in ways other than those prescribed by existing social rules and taken for granted technological artefacts*”(Garud and Karnøe, 2001). In this process agents are influenced by their social embeddedness, by their prior knowledge and by the amount of existing resources available. In the initial phase, institutional entrepreneurial agents consciously or unconsciously play a crucial role in shaping the path, as well as external entities (Garud and Van de Ven, 1987; Karnøe, 1996; Garud and Karnøe, 2001) such as lead users or institutional forums (Garud and Rappa, 1994) which influence the process. Later, the path can be subject to change due to institutional or environmental forces which may be random or activated by agents.

From the same perspective, Sydow et al. (2005) assume that path dependence and path creation are complementary concepts, and that both notions guide all processes. The authors assume both deliberate creation and random emergence as different and possible types of path constitution.

The emergence and development of a path are characterized by different stages of evolution: the early phase (the emergence of the path) is characterized by a non-restricted range of variety of action. According to the classical model, this initial situation is based on unrestricted choice. According to a more voluntaristic point of view, an organizations’ initial choices, actions and decisions are embedded in routines and practices (Sydow et al., 2009). As a matter of fact, this early phase loses its deterministic view, being characterized by “imprinting contingency” (Sydow et al., 2009). Moreover, as far as the notion of “small

events” is concerned, they are not only contingent, random events but also the result of collective or individual action guided by the rules of the social system, nested in a higher societal order or institutional logic (Consiglio et al., 2010). Organizations are social systems and so path dependence may be triggered by “bigger” events or strategies (Sydow et al., 2005, 2009). Actors choose between alternatives, and they can modify the rules and the logics. They mirror the rules and the culture of those institutions (Child, 1997; March, 1994; Tolbert and Zucker, 1996).

Moreover, when an organizational path begins to emerge, the range of actions starts to narrow. The shift from the phase when a path begins to emerge to a phase of path dependence is marked by a “critical juncture”, a strong event crucial for the further development of the path. In this phase, the pattern evolves tracing a particular type of behaviour, a sort of “unknown regime” (Sydow et al., 2009) which reproduces its pattern over time. This phase is characterized by a self-reinforcing process for path building. According to the classical deterministic model, this type of process is driven by six typologies of self-reinforcing dynamics: economies of scale, network externalities, learning effects, adaptive expectations, coordination effects and complementarities (Arthur, 1994; Cowan, 1990; Katz and Shapiro, 1985; North, 1990). However, many authors broaden the concept of self-reinforcing mechanisms to include insights from organizational studies to explain institutional and organizational paths (Crouch and Farrell, 2004; Eden 2004; Sydow et al., 2009). Another key element to this approach is related to individual decision-making. It is necessary, in fact, to consider that individual decision-making and individual and collective actions are embedded in a context characterized by institutions, culture, values, and rules which drive the positive feedback process.

At last, an organizational and institutional path can go through a lock-in phase characterized by a further restriction of the range of actions which can lead to (but not necessarily) to lock-in. Lock-in is evident when actors are unable to shift to a new state even if they know they should change. According to Garud and Karnøe (2010) a case like this can be the result of free riding (Olson, 1965) and lack of coordination (Schelling, 1978). If so, policy makers or other external actors and institutions can help let the system lock out (Garud and Karnøe, 2010). The dominant pattern is difficult to break because of high switching costs, sunk costs etc. and has to be replicated, and even new actors entering the field must adopt it, as in the

case of the technological path. However, a less deterministic approach assumes that because of their social nature, organizational and institutional paths embody a preferred pattern of action which does not exclude other alternatives. Rather than a complete lock-in, some authors consider a restricting corridor within which actors can act, also deviating from the path itself (Sydow et al., 2005, 2009). In particular, during the lock-in phase, actors can interpret the path bringing about variations in organizational patterns.

In conclusion, the organizational path can be defined as a social process, created or reinforced by minor or major events, guided by positive self-reinforcing feedback which create a specific pattern of action which can lead to lock-in.

3. Aim of the paper and research design

In our scenario, path creation is both the medium and result of the mutual conditioning of institutional logics (i.e. social structure) and institutional entrepreneurship (i.e. individual and collective actions).

In this background we observe the role of both random and non-contingent events (the outcome of individual and collective action). In highly institutionalised fields, the strong isomorphism of organizational forms and managerial practices can be considered to be the result of institutional pressures.

The paper aims to analyse the process of path creation in the TWA field. The field is characterized by strong institutional logics embedded within a wider societal order (Consiglio et al., 2010). Moreover, we argue that the behaviour of actors during the process of path creation is influenced by logics. Logics such as social structure drive and constrain (but are also influenced by) individual and collective action. As a consequence, we analyse random and non-contingent events activated by the actors and actions that have characterized and strongly impacted on all the steps of a given path creation.

Firstly, in our field we observe a strong isomorphism coherent with institutional pressures, but as a result of a relevant change of institutional pressures we do not observe any significant change of organizational forms and managerial practices.

Our concern is to understanding why, although institutional pressures push for changes, organizations do not modify their organizational forms and managerial practices. We argue

that this phenomenon can be understood through the path dependence approach: dependence on the path is stronger than institutional pressures.

To sum up, we study the rise of a new field (the Temporary Work Agency field) to describe not only the creation of an institutional path (from a voluntaristic point of view), but also the role of institutional logics, which drive the choice of the path itself (from a deterministic point of view).

Through an in-depth longitudinal analysis, we have studied the TWA field in Italy over a 25-year period (1986-2009). In particular, we focus on the growth of the field itself from 1986 to 1997. To better emphasize the procedural nature of the phenomena under investigation we longitudinally analysed four field studies finalized over a decade (2000; 2005; 2007; 2009). The field analysis enabled us to reconstruct the process and events that occurred in a period of 25 years (1986-2009), corresponding to the preparation, emergence and development of the TWA field.

The study used multiple qualitative and quantitative research tools (see Table 1). We interviewed key actors, TWA managers and owners, institutional union managers, directors of trade associations and experts in the field. Moreover, we carried out questionnaires and semi-structured interviews with TWA representatives. At the same time, we analysed numerous indirect sources: specialized press, information material from the agencies, financial statements as well as financial reports and planning documents of the agencies surveyed. Throughout the observation period we analysed financial statements that covered the 1998 to 2009 period.

The initial phase of reconstructing the period from 1986 to 1997 was extremely helpful and sensitive. We reconstructed the events and dynamics by analysing general and specialist daily newspapers and especially through 20 interviews with key actors (trade unionists, actors involved in lobbying, trade association executives, managers and owners of Agencies).

In this phase, the study conducted in 2000 involved the surveying of 47 TWAs that, in terms of turnover, represent 80% of the market. On the other hand, the second field study carried out in 2005 involved 41 agencies that, in terms of turnover, represent 86% of the total turnover. We involved 31 TWAs, representing more than 77% of the market, in the third study. Finally, during the last survey in 2009, 36 agencies that, in terms of turnover, control more than 75% of the market participated in the survey.

The research is based on the use of different instruments: interviews with experts, managers of the organizations involved in the field and trades unions, as well as, questionnaires and semi-structured interviews. Indirect sources were also examined, such as informative material, news reports, financial statements, and the planning documents of the companies involved in the analysis.

Table 1 - Summary of the empirical analysis

<i>period</i>	1986 - 1999	2000-2004	2005-2006	2007-2009
<i>survey</i>	2000	2005	2007	2009
<i>instruments of the empirical analysis</i>	examination of information material			
	studying of specialized press			
	40 interviews to experts, trade unionists, actors involved in lobbying, trade association executives, managers and owners of TWAs	33 interviews to experts, trade unionists, actors involved in lobbying, trade association executives, managers and owners of TWAs	32 interviews to experts, trade unionists, actors involved in lobbying, trade association executives, managers and owners of TWAs	22 interviews to experts, trade unionists, actors involved in lobbying, trade association executives, managers and owners of TWAs
	30 questionnaires dealing with quantitative features of TWAs and with management's perceptions	40 questionnaires dealing with quantitative features of TWAs and with management's perceptions	31 questionnaires dealing with quantitative features of TWAs and with management's perceptions	36 questionnaires dealing with quantitative features of TWAs and with management's perceptions
	analysis of reports and financial statements (1998-1999 - 2000) of all TWAs	analysis of reports and financial statements (from 2000 to 2003) of all TWAs	analysis of reports and financial statements (from 2004 to 2006) of all TWAs	analysis of reports and financial statements (from 2007 to 2009) of all TWAs
	TWAs involved the surveying in terms of turnover, represent 80% of the market	TWAs involved the surveying in terms of turnover, represent 86% of the market	TWAs involved the surveying in terms of turnover, represent 77% of the market	TWAs involved the surveying in terms of turnover, represent 75% of the market

4. The rise and evolution of the Italian TWA field

The evolution of the field has been characterized in the last 25 years by ideological and cultural clashes, information and awareness activities, negotiation processes, and lobbying and legislative activities, which constituted the formal inception of the field operation.

In the early nineteen-fifties, the Netherlands, France, Great Britain, the USA, and Norway were already open to temporary work. Later, during the nineteen-sixties this type of contract spread to Austria, Denmark, Germany, Switzerland, Sweden, Argentina, Australia, New Zealand, and South Africa.

In 1989, 25,000 TWA branches all over the world were already operative, while in Italy TWA's were still forbidden.

In Italy the low attention to, and the little knowledge of, the temporary work sector were due to several contingent constraints that prevented its introduction on the labour market. The biggest cultural and legal obstacles to the implementation and spread of temporary work contracts were due to the “prohibition of work procurement” law (“divieto di interposizione”, law n. 1369/October 23rd 1960)².

A further aspect explaining Italian distrust is the strict labour market. In fact, at that time, the debate among the actors involved in the implementation of the new contract mainly focused on the cost of labour and remuneration dynamics (the so-called “scala mobile”).

Trades unions were opposed to contingent work and in particular to the temporary contract, for several reasons, which were mainly related to:

- the risk of weakening the “work procurement prohibition”, an important goal for trade unions reached in the 60's;
- the risk of opening the way to precarious employment, weakening the workforce's bargaining power;
- the risk of increasing irregularity and uncertainty of income related to work instability, frequent changes and transfers.

Moreover, at the same time, temporary work contracts did not seem to be a strategic priority.

In other words, the temporary contract called into question traditional long-term and permanent employment, considered the only tool able to give stability and reliability.

² The law forbade the contracting or subcontracting of work using persons employed or paid by the contractor or intermediary to external organizations or co-operatives.

In the early 80's, Italy began to consider introducing the temporary work contract. In this context, the creation process of the TWA path developed over a long period, from 1986 to 1997.

The event that sanctioned the beginning of this period was the draft law presented by Gianni De Michelis in 1986, then Minister of Employment. This event represents the first effort to open a debate about the introduction of the new contingent contract.

After this, the whole period was strongly influenced by the entry of a multinational TWA on the Italian labour market. In fact, in 1989 Adia (today Adecco), a world leader Swiss TWA took over Syntex, a medium-sized human resources recruitment company in Milan. In this phase there were no formal organizations or associations, but some actors representing recruitment companies and/or job consultants kept this activity up, encouraging and promoting the implementation of temporary employment contracts. As a matter of fact, they tried to inform trade unions, newspapers, opinion leaders, entrepreneurial associations (e.g. Confindustria and Confcommercio) and political parties about the temporary work instrument and its advantages.

It is worth mentioning three important events that occurred in the field in the early 90's:

1. The EU, with its directive 383 of June 25th 1991 suggested European governments review labour regulation in order to increase employment levels and labour market flexibility.
2. The law by decree (n. 1 January 15th 1993) known as the "Mazzocca Law", providing for the introduction of temporary work was submitted to the Italian Parliament, but later rejected.
3. The National framework agreement between the Government and trades unions (July 23th 1993). For the first time, the Italian trades unions agreed to the introduction of the temporary contract.

It is important to emphasize the role of the Mazzocca law, because although it was rejected, this event represents the first real attempt to introduce temporary work in Italy. Moreover, it was a crucial event for the process of institutional path creation in the field and for the social legitimacy of the temporary contract.

Moreover, between 1993 and 1997 many organisations with different roles and contributions participated in the birth of the field. It is worth underlining the importance of many newspaper articles dealing with temporary work.

The role played by multinationals in the constitution of the field has been significant. In particular, six multinational companies (Adia, Ecco, Vedior, Manpower, Kelly, Start) started lobbying strategies in countries characterized by stricter labour rules: Italy, Spain, and Greece. These foreign multinational TWA's maintained a leading role in accelerating the introduction of temporary work and the process of change. In this way, at the end of 1993 they founded the "Club di Milano", an organisation made up of the most important foreign multinational companies (Adia, Ecco, Vedior, Manpower and Randstad). Then, in 1996 the first association was set up under the name of Assilt. Assilt joined foreign multinational companies, as well as many small Italian companies interested in the use of temporary contracts.

The "Club di Milano" proposed several initiatives; one of the most important was a request to the European Supreme Court in 1994, lodged by a cooperative (Job Centre). In that period the Italian labour market was entirely managed by public employment offices. As a consequence, as we said above, there was a general prohibition of work procurement for all private companies. In 1994, according to this prohibition, the Milan Court rejected the request of the cooperative Job Centre to formally provide temporary work in the Italian labour market. As a result, the Job Centre appealed to the European Supreme Court arguing that, because public employment offices were not able to satisfy the labour market demand, the prohibition of work procurement did not comply with the rules of the Treaty on the abuse of the dominant position. In conclusion, for this reason, the Court accepted the appeal, questioning for the first time the strict constraint imposed by the work procurement prohibition.

In this scenario, in 1997 Act 196 (the "Treu Act")³ legalised temporary work agencies and specified their characteristics. This event represents the formal beginning of the TWA field in Italy.

The temporary employment relationship in Italy is characterized by the presence of three actors: the temporary work agency, the worker and the client firm. The TWA hires a worker

³ The so-called Treu Act (Law 196/97) "Norme in materia di promozione dell'occupazione" takes its name from the former Italian Minister of Employment, Tiziano Treu, who was its chief promoter.

(for a fixed or non fixed term) in order to place him in a client company for a period of temporary work.

The “Treu Act” does not impose a limit on the accumulated duration of temporary contracts or the legal reasons for using the tool, leaving the implementation of the regulation to collective bargaining.

The “Treu Act”, moreover, introduced the notion that each TWA would have to assign Formatemp 4% (for each contract) of their funds to specific training pattern.

Trades unions played an important role in this context, because they pushed for the introduction of strict requirements for entry to the market. For example, TWA’s had to be widespread, with branches in at least four Italian administrative regions. They had to have an established share capital, huge deposits, and exclusiveness in terms of the purpose of the company. These duties were to guarantee fair conditions and would prevent low profile and untrustworthy actors entering the sector. Moreover, trade unions, together with large multinationals, established very high barriers to entering the market. This action was supported by multinationals, but opposed by the smallest companies (only 6 companies of the total 70 finally joined Assilt) that wished to enter the new field-to-be.

In January 1998, the first eleven legalised TWA’s became operative. From 1997 to 2002 the turnover of the TWA’s increased from 128 million euros to 3,350 million, and the branches increased from 400 to 2,500. The number of TWA employees rose from 1,360 to 7,800.

Data clearly show that the “Treu Act” gave rise to a new sector that grew rapidly in a period of approximately 6 years.

Table 2 - Data for the TWA sector (1998-2002)

	1998	1999	2000	2001	2002
Turnover	128	751	1,722	2,505	3,029
mln €					
n. TWA’s	33	41	51	66	70
n. branches	402	740	1,695	n.a.	2,290
Employees	1,360	2,580	4,710	6,065	6,775

Moreover, the “Treu Act” provided for the establishment of two bilateral associations: Ebitemp and Formatemp, two organizations that link worker associations, trade unions and entrepreneur associations. These bilateral associations played many roles. On one hand they managed funds and services (especially training). On the other hand, they constituted a forum for sharing different ideas and values among TWA’s and trades unions and also lay the land for specific lobbying activities.

Another significant step was in 2000, when the TWA’s formed three different associations, which took on a crucial lobbying role to strengthen and spread the social legitimacy of the temporary work instrument: Confinterim, formed from the merger of the previous associations promoting temporary work in Italy; AILT (joining Confindustria), set up by a group of TWA’s (including Manpower) leaving Confinterim; APLA, made up of 8 TWA’s, including the leader Adecco.

This period was marked by many events that changed the field’s background scenario and that influenced institutional logics.

In particular, on June 11th 2001 the 2nd Berlusconi Government rose to power promoting many liberalisation actions. The new Employment Minister was Roberto Maroni (of the Lega Nord party). He set up a board, which included Maurizio Sacconi (of Berlusconi’s centre-right “Forza Italia” party) and Marco Biagi (professor of Employment Law at the University of Bologna), to write a “White Paper”. The “White Paper” (Libro Bianco, October 2001) is a text on the Italian Employment market that clearly outlines the government’s strategy focusing on flexibility, employability and welfare. The “White Paper” represents the starting point that enabled the Government to carry out the reforms outlined in enabling Act 848/2001. During this strife, in 2002 the Red Brigades (*Brigate Rosse*) murdered Marco Biagi. Moreover, in July 2002, a framework agreement was drawn up between trades unions and the government, but without ratification by the most important Italian left-oriented trade union, the CIGL.

These events, added to the Berlusconi Government’s strategy of liberalising the market, led to Law n. 30/2003 and the implementation of Law by Decree n. 276 of September 10th 2003 constituting a profound change in the regulatory framework of the field.

The Biagi Act⁴ represents a crucial event because it introduces many changes with a fairly strong impact on the field. The “Biagi Act” replaces the former “Treu Act” with some integration and new elements. First of all, it provides for the institution of a single register for all Italian TWA’s at the Ministry of Employment.

The main features of the Law are the introduction of staff leasing, the repeal of exclusiveness regarding company purpose and the clear separation between temporary work procurement and all other types of mediation. This aspect is very important because it pushes towards a marked liberalization of the employment market. Furthermore, the Act implements several guarantees for temporary workers, above all financial assistance. Moreover, it contains social tools of which training, such as that provided for in the “Treu Act”, still remains an important instrument to guarantee workers’ professional growth. The Act also implements some instruments and policies aiming to bring in or re-introduce some disadvantaged categories of workers (young people, the elderly, etc.) to the labour market, even if they have never been implemented.

The evolution of the Italian TWA field has been influenced by the current global socio-economic crisis, which began in 2008. Italian TWA’s have been unexpectedly overwhelmed by this crisis and are suffering drastic downsizing. Moreover, it seems that very few TWA’s predicted the collapse of the market. Therefore, in this context, on December 23th 2009 the Italian Parliament enacted, with its Finance Act n. 191, several provisions that will influence the evolution of the field for years to come. Moreover, the normative provisions of the Finance Act of 2010 contain some measures for the global crisis that give Italian TWA’s an important role in the development of work, employment, and social inclusion policy.

It is also worth mentioning some important figures of this period after the Biagi Act. By the end of 2003 there were 65 active TWA’s and from 2003 to 2006, the number of TWA’s increased from 65 to 83, but in 2009 they decreased to 79. Turnover increased from 3,400 million euros to 6,600 million in 2008 and then fell to 4,630 million in 2009. Heavy staff

⁴ The so-called Biagi Act (Law 30/2003) “Delega al Governo in materia di occupazione e mercato del lavoro” takes its name from its chief promoter, Marco Biagi.

The key issues of the Act are:

1. the abolition of the “work procurement prohibition”;
2. the abolition of an exclusive company purpose;
3. more services provided by TWA’s (training, outplacement, permanent posts, job placement, etc.);
4. the introduction of staff leasing.

reduction is also an important element in the crisis: it decreased from 11,400 in 2008 to 9,900 in 2009.

Table 3 - Data for the TWA sector (2003-2009)

	2003	2004	2005	2006	2007	2008	2009
Turnover mln €	3,350	4,000	4,625	5,492	6,434	6,579	4,630
N. TWA's	65	73	79	83	81	78	79
N. branches	2,427	2,400	n.a.	2,600	2,692	3,043	2,870
Employees	7,800	8,050	8,500	9,500	10,850	11,400	9,900

5. Discussion and final considerations

This description of the birth process of a new field (TWA's) has led to some considerations on the process of path creation and in particular on the interplay among the events which occurred in the period analysed, as well as the actors' actions and the different logics typifying the Italian employment market.

Up to 1997 (the "critical juncture") many events had already occurred in the field. These random and deliberately activate events modified the institutional logics and influenced the regulatory framework, which impacted on the path. As for the period up to 2003, we argue that the high level of isomorphism found among TWA's is due to institutional pressures and path dependence. Moreover, it is interesting to highlight that despite the high institutional pressures that push for changes to forms of organization and material and managerial practices, the organizations do not change. According to the new institutional approach, a change in the regulatory framework should have led to a change in the organizations in question, but the empirical evidence shows a high level of isomorphism that can be explained by the path dependence approach.

So we can reconstruct the process of path creation analyzing the interaction among existing and competing logics, the events that can be a manifestation of individual and collective action. We can also identify a lock-in phase in TWA fields and a potential unlocking phase. In our context, a key role is played by the institutional logics typifying the Italian Employment

market, but also at a higher level by the institutional order, which pervades the different aspects of Italian society (cultural, social, political, economic).

Strong regulation logic vs de-regulation logic

In the course of the 25 years that have been the subject of our study, the Italian Employment market has been characterized by the presence of two different competing logics: a strong regulation logic and a logic of de-regulation.

A strong logic of regulation, the result of a long historical process, established itself in Italy thanks to the struggles of the workers and the trade union movement, which culminated in the approval of the Workers' statute (Workers' Statute, 1970), and manifested itself in a series of laws and regulations aiming to protect the worker, the stability of the employment relationship, and the role of the trade unions.

The logic of de-regulation appeared in Italy during the early 90's when companies' need for flexibility became much stronger with the gradual process of the globalisation of markets. This second and fairly new institutional logic was based more on liberal thinking, and pushed for the establishment of a less rigid employment market where the barriers between insider and outsider would be less marked. It attempted to legitimise the use in companies of forms of flexible work that had been thus far seen solely as forms of insecure employment.

Up to end of the 80's, the Italian employment market was exclusively characterized by a strong regulation logic. With the “Treu Act” (1997) however, this strong regulation logic, despite being down-sized, continued to dominate the field incubation period. The choice not to eliminate the prohibition of work procurement, together with the obligation of exclusivity, the authorisation process and the many requirements TWA's had to satisfy for authorisation to operate were important barriers imposed upon the sector.

In 2003, with the approval of the Biagi Act we observe a weakening of the regulation logic. In fact, the greater “liberalization” of the employment market and TWA activities introduced by the Act led to a strengthening of the de-regulation logic, already hinted at with the provisions of the “Treu Act”, but which became prevalent with the Biagi Act.

In the last few years, following the emergent crisis, regulation logic has prevailed again. In this context, comparing Italian legislation with that of other European countries, we can assume that the “Treu Act” has in fact created the most heavily regulated field in Europe (Consiglio and Moschera, 2001).

Institutional entrepreneurship, path creation and path dependence

As for the path creation phase, it is characterized by many events resulting from collective or individual action, which influence the logics conditioning the rules of the game.

Firstly, the De Michelis draft law (1986) is the first event to break the balance and opened a debate on a subject that had hitherto been considered taboo in Italy: the possibility of introducing temporary employment. Unlike the Mazzocca law, which despite representing a further sign of attention to the first lobbying activities already in progress, received little media coverage or political debate in Italy.

Moreover, the take-over of an Italian recruiting company (Syntex) by Adia (today Adecco), was meant to advance a strategy for speeding up the introduction of the new tool in a very “hot” market, such as the Italian one. This take-over can be understood as an individual action. In fact the multinationals also acted individually, and their actions were less stringent. Then, after this event, and for the duration of the Syntex Italian management, a strong lobbying activity began, in order to spread and promote the use of the new temporary contract in Italy.

In this early period, lobbying activity focused on disseminating knowledge about temporary work through seminars and workshops, newspaper articles and technical magazines. In particular, many seminars were organized by Confcommercio⁵ to promote the new instrument among labour advisers and entrepreneurial associations. It is interesting to highlight the importance of forming alliances with political parties, trades unions, and professionals interested in implementing temporary work and challenging ideological resistance. In the same way, a number of trade unionists and politicians came to be the link with the institutions driving development ahead.

Another important event for path creation was the foundation of the “Club di Milano” (1993) made up of six leading multinationals in the sector: a formal organised structure came into being to coordinate institutional lobbying activities and to promote temporary work in Italy. We identify this event as a clear example of institutional entrepreneurship. As mentioned above, the cooperative Job Centre, through the “Club di Milano”, applied to the European

⁵ Confcommercio the “Confederazione Generale Italiana del Commercio, del Turismo e dei Servizi” is the representative association of the firms working in the trade, tourism and services sector.

Supreme Court. This was fairly heavy lobbying, trying to dismantle the strict rules of the Italian regulatory framework, which are more restrictive compared with the rest of Europe.

In addition, it is necessary to highlight the importance of the founding of Assilt, the first association made up of foreign multinational companies, as well as many small Italian companies interested in the use of temporary contracts. Only two small companies which joined this early association went on to fully enter the field. As a matter of fact, large multinational companies had the power to impose and to shape the business. As a result, it was the more powerful groups together with the trades unions which decided the ideal type. This is an example of the voluntaristic aspect of the creation period.

From the empirical investigation, and analysing the events and actions which have taken place, it is possible to describe the process of path creation and the phase of path dependence in the TWA field (Table 4).

Firstly, up to 1997, the path creation phase was characterized, as shown above, beyond random events, by individual and collective actions that intentionally move for the constitution of the path. Moreover, the above-mentioned Treu Act (1997) can be considered the “critical juncture” crucial for the choice and further development of the path. It marked the formal beginning of the field and it is the result of all the actions carried out during the period under examination here. After the “critical juncture”, moreover, we have the institutionalization and the whole social legitimacy of the path with the consequent strengthening of the path itself. In this phase (1997-2003) the pattern began to evolve, showing a particular type of behaviour by the TWA’s involved. This aspect, along with the prevailing regulation logic, generates high isomorphism in managerial practice and in the strategies adopted by the TWA’s.

The majority of TWA’s adopt a “dominant” organizational form in response to the institutional pressures emerging from the Italian legal system, from the established regulations, and from the sanctioning and control systems (Consiglio and Moschera, 2001, 2005). The main characteristics of the “dominant” organizational form refer to the use of a functional structure with a localised market-served structure. All the TWA’s implement functional structure to group the main strategic and back office activities, so adopting a centralisation criterion. The localised structure, on the other hand, creates decentralised

organizational units in Italy, known as branches. All the activities necessary for the production and the supply of the service were combined into branches.

As a result, the “dominant” form of the TWA’s had two organizational levels:

- head office;
- branch networks.

In other words the TWA’s had a high degree of centralisation, moderated by processes of delegation to branches, related to operational management and distribution policies.

In this phase, the path is still being shaped and legitimate individual and collective actions are required. All the minor and major events in this phase, guided by positive self-reinforcing feedback, create a specific path of action that is recognizable by the organizational form and strategies of the TWA, both influenced by the regulative system.

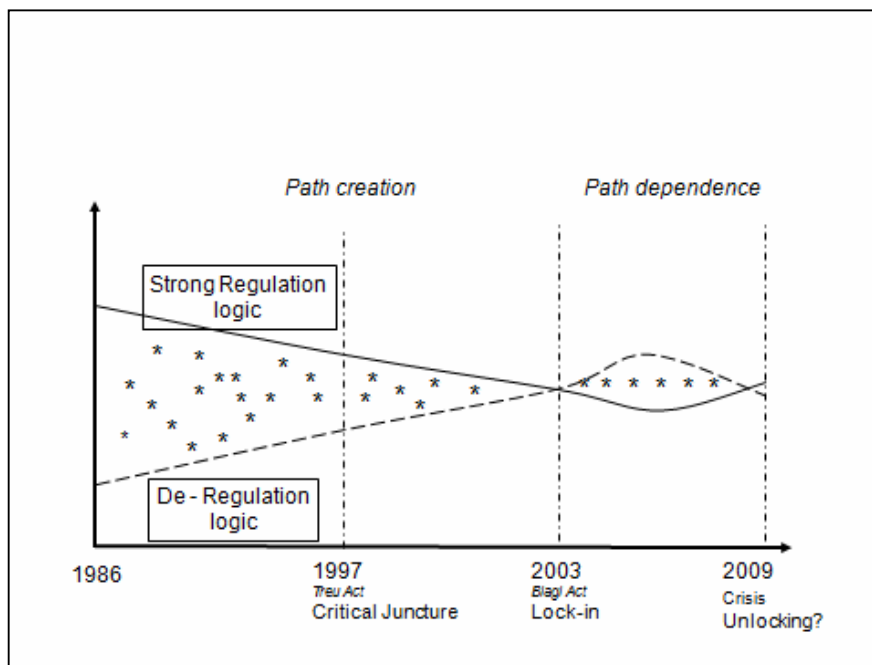
From the introduction of a regulatory scheme (2003) the organizational path entered a lock-in phase, showing some degree of path dependence. As mentioned above, the Biagi Act (2003) introduced some important changes such as, among other things, the repeal of exclusiveness of company purpose and the introduction of staff-leasing, favouring a logic of de-regulation. Moreover, it is important to mention that despite high expectations, the “Biagi Act” did not impact in the same way on the field, on the Italian employment market and on the socio-economic context as the “Treu Act” did. In fact, TWA’s seemed to be have no interest in entering new sectors and “marking new territories”, preferring the exclusiveness and the specificity of temporary work procurement. As an evidence the turnover for the staff leasing represents less than 1% of the total. Despite the chance offered by the new regulatory scheme, the majority of the TWA’s did not advance differentiation strategies, new managerial practices or changes of organizational forms.

The path’s lock-in is clearly evident in its strong isomorphism: TWA’s maintain the same organizational forms and the same managerial and material practices, coherent with the strong regulation logic. Only few TWA’s started to adopt different organizational and strategic approaches, trying to move away from the “dominant” template. In fact, they started to introduce diversification and differentiation approaches with integration mechanisms able to serve the specific needs of specific sectors and create “ad hoc” divisions and “ad hoc” managerial divisions (the multi-strategy market approach), or matrix structures (Consiglio and Moschera, 2008). As for field performance, in that period, the sector consisted of few TWA’s

in comparison with other European sectors, but with a large number of branches over the whole Italian area. In addition, sales registered significant increases and the whole sector is expanding. Due to these increasing returns, TWA's show reluctance to change their form of organization or to modify their strategies to serve the market. Despite the amount of necessary resources and the encouraging period, the lock-in effect persists.

Finally, the crisis (2009) strongly impacts on the logics and the behaviour of the actors involved in the field. It could, in fact, represents the occasion for unlocking the path (some organizations start to set up changes of new managerial practices), but it is difficult to analyse objectively the impact of the ongoing crisis without taking a step back from both the temporal and emotional point of view.

Table 4 – TWAs field: organizational path and institutional logics



Source: Adapted from Consiglio et al. 2010; Sydow et al. 2005, 2009

In conclusion, individual and collective actions impact on institutional logics and, as a consequence, they influence the regulatory framework. Moreover, the regulatory framework influences the choice of the pattern. According to the new institutional approach, change in

the regulatory framework, which is a strong institutional pressure, should have corresponded to a change in the forms of organization and strategies and managerial practices. However, in our context we observe that despite the regulatory changes introduced by the Biagi Act, TWA's do not respond to these new institutional pressures. In fact, we argue that TWA's strongly depend on the path. As an example, the introduction of staff-leasing and the abolition of exclusiveness of company purpose stand out as evidence of change in the regulatory framework. According to de-regulation logic, neither of the changes introduced by the Biagi Act in order to increase the liberalization of the employment have had the expected results among TWA's.

Appendix

Glossary – the actors within the field

Temporary Work Agencies (TWA's): Organisations that match employers in need of short-term workers with employees.

Assolavoro: the National Association of Italian Temporary Work Agencies (comprising Ailt, Apla and Confinterim).

Ailt (joining Confindustria), Apla, Confinterim (Assointerim and Federinterim): trading associations of temporary work providers (Temporary Work Agencies).

Ebitemp: bilateral association for temporary employment involving trades unions and trading associations.

Formatemp: the bilateral association managing the funds for training temporary workers (comprising Assolavoro and trade unions).

Ebiref: bilateral association for the integration of income support and training.

Confindustria: the “Confederazione Generale dell’Industria Italiana” is the representative association of Italian firms.

Confcommercio: the “Confederazione Generale Italiana del Commercio, del Turismo e dei Servizi” is the representative association of firms working in the trade, tourism and services sector.

Assilt: the first trading association, which broke up in 1997 giving way to Assointerim.

“Club di Milano”: organisation made up of five foreign multinational TWA's: Adia, Ecco, Vedior, Manpower and Randstad.

CGIL: the largest Italian trade union.

Brigate Rosse (Red Brigades): militant group based in Italy, active during the “years of lead” period. They perpetrated a number of political assassinations.

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