



Institutional logics and organizational change: the role of place and time

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Abstract

This paper investigates the case of a hybrid organization located in Northern Italy with the aim of providing an understanding of the role of the context, defined in terms of ‘place’ and ‘time’, in shaping organizational changes. A dynamic institutional approach focused on both ‘place’ and ‘time’ as key explanatory factors can provide a valuable framework to understand both the changing institutional demands on the firm and the rationalities behind the changes that occur at organizational, strategic and governance level. Consequently, this paper aims to contribute to the institutional logics literature by describing how these two contextual elements can be used to interpret institutional logic pressures on the organization under investigation as well as govern changes at micro level. The results indicate that the changes were produced by dynamics that are exogenous and endogenous to the organization in the case study and strongly influenced by the context in which it operates. The paper also highlights how changes in terms of service provision, accountability and organizational setting are the results of the ‘place’ and ‘time’ in which these events occur.

Keywords Institutional logics · Hybrid organizations · Time · Place · Management accounting systems · Organizational change

1 Introduction

The paper adopts an institutional logic perspective (Thornton et al. 2012) to investigate the changes in terms of governance, strategy and operations which occurred within a hybrid firm located in Northern Italy during a period of almost 9 years; these changes are to be considered as the result of a longer period of normative changes and debates at different levels. Indeed, the history and changes of the firm

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under investigation must be inserted in the broader context of the European reforms aimed at effectively managing the relationship between competition and public economic activity (Janssen, 2014). Since the 1990s, regional, national and international bodies in Europe introduced various reforms of the public sector in order to guarantee freedom of movement and fair competition in the European market. The declared intention of such reforms was to preserve and balance different principles such as economic efficiency, competition and equality in the provision of goods and services (Manunza & Berends, 2013). These evolving norms at different levels caused significant changes in terms of strategies, governance, organizational setting and ownership of the firms run by public institutions. This normative approach was the result of a geo-political equilibrium established over time within the boundaries of Europe, its member states and their local territories (Cafruny and Magnus, 2003; Raik, 2016; Pänke, 2019).

By using an institutional logic approach in this paper, the authors investigate the role of the context as a key element to explain both the changes and the balance between different institutional logics, where the context has been defined as the interplay of the place and time in which an organization operates (Quattrone, 2015; Suddaby, 2010, 2015). The place influencing an organization can be defined at different levels by considering the geo-political equilibrium (Lawrence & Dover, 2015) and the related equilibrium of powers during a given time (Mangez & Liénard, 2015; Dubois, 2014; Bourdieu, 1996), while time should not be considered a fixed measure but rather a malleable dimension in which negotiations occur (Dawson & Sykes, 2019) and which owns specific historical nuances (Suddaby, 2015). Hence, individuals and organizations interact in fields characterized by different historical timeframes and temporal logics which apply to different places.

Achieving an understanding of the complexity of the logics and the role of the context as the combination of time and place in which organizations operate is a key issue to unveil how the balance of different logics can shape the changes within organizations (Kellog, 2009; Quattrone, 2015; Suddaby, 2015; Dunn & Jones, 2010).

Due to the paramount role of the interplay between time and place in potentially explaining the interaction between different logics and their impact on organizations, this study aims to answer the following questions: (1) how do the external demands from different places during a specific timeframe influence the equilibrium between the logics; and (2) how does the new equilibrium affect the change(s) in organizations?

This paper contributes to the existing literature on hybrid organizations by advancing previous institutional logics studies which underestimated the role of the context, understood in terms of ‘place’ and ‘time’, as dynamic elements shaping inter-institutional systems.

The paper is organized as follows: Sect. 2 reviews the literature of institutional logics theory and hybrid organizations; Sect. 3 describes the methods of the study while Sect. 4 describes the details and analysis of the case study.

2 Literature review

2.1 Institutional theories

Institutional theories are a broad research field that encompasses different theoretical and methodological aspects (Greenwood et al., 2017). A substantial part of these institutional theories has addressed the mechanisms for building institutionalization by highlighting how these mechanisms work to reinforce the prevailing social order or to replace it with another (DiMaggio & Powell, 1991; Meyer & Rowan, 1977; Thornton, 2004; Thornton & Ocasio, 1999, 2008). Other authors have studied the development and trends in the use of institutional theory in management sciences (Micelotta et al., 2017).

A relatively recent development in this field is the ‘metatheory’ of institutional logics. Institutional logics are a socially constructed set of practices, beliefs, rules and systems by which organizations and individuals make sense of their social reality and act accordingly (Thornton et al., 2012). At the core of institutional logics lies the concept of “institutional order” which was initially defined as a:

... domain of institutions built around a cornerstone institution that represents the cultural symbols and material practices that govern a commonly recognized area of life. Each institutional order represents a governance system that provides a frame of reference that preconditions actors’ sensemaking choices. (Thornton et al. 2012, p. 54).

However, the use of the institutional logics perspective in management studies has been criticised because the majority of these works seem to adopt static and mechanistic approaches. In contrast to these approaches, many scholars identified an endogenous dynamism residing in the logics themselves: this type of dynamism had not been recognised in previous studies, which “... become inattentive to the places and times in which order is formed and logics operate” (Quattrone, 2015, p. 40). On this basis, the current literature conceives institutional logics as ‘substantive’, which implies that changes and dynamism are the result of competing logics and their recombination. On the other hand, viewing the logics as ‘procedural’ provides the opportunity to observe them from *how* things are done, considered “inextricably linked to why they are done” (Quattrone, 2015). Such observation underlines the importance of analysing the contextual variables in which actors/organizations operate: these have been considered as ‘places’ and ‘time’ (Granqvist & Gustafsson, 2016; Lawrence & Dover, 2015). The need of exploring contextual nuances derives from the fact that “institutional theory has become *a-historical* substituting a complex and nuanced construct (i.e., history) with a discrete and measurable proxy (time)” while “... the complex causality of history is reduced to the overly simplistic variable of time” (Suddaby, 2015, p. 94).

Thus, locating the studies based on institutional logic in a historical context, defined in terms of place and time, can help to achieve a more nuanced understanding of the dynamics of organizational changes.

2.1.1 Place and time in institutional theories

When studying place in the institutional theory arena, the geographical meaning of the concept and the broader meaning of physical and conceptual location merge. A place is a meaningful location that allows institutions to persist and maintain meaning among actors while avoiding dangerous drifts (Cresswell, 2004), and each institution operates within the boundaries of such a place (Dacin et al., 2011). While traditional literature placed importance on the role of places in maintaining institutions and rituals, recent literature has focused on the role of places as factors that hinder/facilitate institutional change and innovation (Sudaby, 2010, 2015). Indeed, places in which actors and institutions interact may have a profound impact on the evolution of such interaction. Scholars have identified different places; for example, interstitial spaces as generators of new practices (Furnari, 2014), experimental spaces as temporary settings where the emotions of actors play a role towards institutional innovation (Cartel et al., 2019) and relational spaces where places play a role of facilitators/obstacles of actors' interaction (Lawrence & Dover, 2015). Indeed, the concept of place in institutional literature might be considered as 'the intersection of a geographic location, a set of meanings and values and a material form' (Lawrence & Dover, 2015, p. 371). Social geography does provide some key issues when considering the relationship between place and institutions, among which the issue of scale plays a paramount role and setting the boundaries of place can indeed imply a reference to the whole earth or to territorial units (Brenner, 2004).

Even if the notion of place has been distinguished from that of field (Lawrence & Dover, 2015) based on its stronger connection with geographical location influencing meanings and values, it embodies many issues connected with the field theories. One key issue embodied in both notions is connected with the role of power and politics or geo-politics: the role of power, and consequently of politics, has been studied in the field theory realm (Mangez & Liénard, 2015; Dubois, 2014). Indeed, the process of the formation of any given field must be understood as a process of power (Bourdieu, 1996) and politics do represent one key expression of power in society.

In this regard, the equilibrium between competition and public economic activity within the boundary of Europe, the single European countries and their local territories needs to be settled in a particular political environment (place) and its history. The equilibrium between the aforementioned economic choices (competition and public economic activity) historically originated from an equilibrium of the powers of opposite geo-political forces or factions—one dominated by Neoliberalism and the other by the Marxism ideologies. In particular, the European Union is the result of an integration containing "power relations and efforts to mediate and contain conflict in order to produce a social order...a transnational neoliberal socio-economic order" (Cafruny and Ryner, 2003, p. 5). Indeed, Europe can be a place within the territories which have been strongly influenced by Neoliberalism ideas since the beginning of the process of integration. The acceptance of neoliberalist ideas within the boundaries of Europe can be considered "an evolving hybrid whose concrete manifestation is imbued with local flavours" (Ban, 2016, p. 3). The local dimension of the neoliberalism acceptance and its evolutionary and local features

are key factors in understanding how some types of organizations have evolved and been shaped in the last decades within the boundaries of Europe.

Places are not the only important conditioning factors in the shaping of institutional changes (Kellogg, 2009) because socio-political/economic relations and conditions develop and evolve in different timeframes in relation to particular historical conditions (Pänke, 2019; Raik, 2016). While time has been explored in management research as an unambiguous physical unit, less attention has been given to its negotiated dimension (Dawson & Sykes, 2019). Time should not be considered as a fixed measure but a malleable one. Literature shows that individuals and organizations confer and interact in fields with different timeframes and temporal logics, thus time should be considered a mediated window of opportunity for institutional change or a cornerstone for decisions (Granqvist & Gustafsson, 2016). Time can also be seen as an “ambitemporality” variable where organizations and institutions may reconstruct and use different notions of time (Reinecke & Ansari, 2015; Slawinski & Bansal, 2015). The historical perspective is another nuance of the element of time that helps in achieving a deeper understanding of the decisions which occurred in a certain geo-political area (Pänke, 2019; Raik, 2016): this perspective allows scholars to consider and embed the complex causality of history in their analysis (Suddaby, 2015).

Nonetheless, an inter-institutional system made up of different logics, its contradictions and its need of a balance per se, does not provide a satisfactory explanation of the dynamism and changes which occur in organizations. The dynamism, which is not explained by the interplay between logics, has been investigated as the paradox of the embedded agency and often the paradox has been solved by appealing for the intervention of institutional entrepreneurship. The introduction of institutional entrepreneurship, however, has been criticised because it has been used as a *deus ex machina* to explain whatever institutional theories fail to (Suddaby, 2015). Hence, it seems plausible that the dynamic balance of forces within and across organizations should be placed and considered in a context defined in terms of the place and time able to influence the balance itself as well as shape the institutional entrepreneurship.

2.2 Hybrid organizations

The study of hybrid organizations has gained attention from management, organization and accounting scholars (Ahrens & Chapman, 2007; Bagnoli & Megali, 2011; Battilana & Lee, 2014; Busco et al., 2017; Mair et al., 2015; Nicholls, 2009; Ramus & Vaccaro, 2017).

The number and purpose of hybrid organizations abound and, in the literature, it is possible to distinguish them by using different taxonomies or theories (Ebrahim et al., 2014; Koppell, 2003; Ménard, 2004). The majority of hybrid organizations are providers of services with various social reverberations in substitution, jointly or on behalf of the state and/or local governments (Minkoff, 2002). While hybridity is considered an inevitable and permanent characteristic of social enterprises (Brandsen et al., 2005), the same argument is valid when investigating the public sector where the interest of the community is usually pursued by taking into consideration elements of other, often

conflicting, institutional logics (Skelcher & Smith, 2015). Conflicting institutional logics operate simultaneously in this type of organization (Jay, 2013).

When analysing the forces influencing such organizations, scholars state that organizational complexity often generates an opposition between at least two different logics but this imbalance might be solved by harmonization (Busco et al., 2017; Canales, 2014; Jay, 2013; Ramus et al., 2017). In an effort to gain an equilibrium state, changes in and among institutional logics may occur (Glynn & Lounsbury, 2005; Nigam & Ocasio, 2010) and these have recently been considered triggers of change at organizational level (Jay, 2013; Canales, 2014; Mair et al., 2015; Teixeira et al., 2017). Thornton et al. (2012) also identified conditions that make organizational change possible by acting on the equilibrium among competing logics, some of which are technological changes, economic crises and social upheaval, occurrence of salient events and changes in management attitudes. Another condition potentially able to influence changes at different field levels is the cultural capital (Bourdieu, 1996) owned by organizations that can be shaped or transformed by adopting specific instruments e.g., management accounting tools recognised as capable of modifying organizational culture (Ax & Greve, 2017; Busco & Scapens, 2011). Organizational cultural capital, indeed, is strongly influenced by the individual background of those operating at the organizational field level (Mangez & Liénard, 2015) and the different type of performance measurement systems adopted can support strategic decision and legitimate management actions (Henri, 2006). Thus, scholars have highlighted the relationship between strategies, culture, and management accounting systems since these latter are able to drive cultural organizational changes according to the strategies of the firms (Ax & Greve, 2017; Baird et al., 2004, 2007, 2018; Cinquini & Tenucci, 2010; Zhang et al., 2015). The possibility of legitimizing an administration decision-making process based on the prevalence of one logic over another is indeed particularly needed in hybrid contexts. Therefore, in this paper changes generated by institutional logics dynamism can be interpreted by considering the combination of the place and time in which they operate. The observed actions and counteractions of actors and institutions affect the process of change and structuration of a hybrid organization in terms of governance, strategy and organizational setting. The focus of the present analysis is on changes arising within the organization as a new equilibrium of logics dependent on the peculiarity of the place in which the organization is located during a particular historical time.

3 Methods

From a methodological viewpoint, this study adopts a longitudinal analysis approach based on several sources and on the engagement with the case study organization as the object of the research (Myers, 2013; Yin, 2003).

3.1 Data collection

Data collection is based on qualitative techniques that include primary data sources (Sects. 3.1.2 and 3.1.3) and secondary data sources (Sects. 3.1.1).

3.1.1 Archival documents

The authors constructed an archive of documents containing official financial and non-financial documents of the firm—the statute, the financial statement, financial and non-financial internal reports, official press releases as well as newspapers articles, books, international and national laws and other institutional documents. This secondary data was used to examine the institutional dynamics around and within the firm and the changes regarding its strategic, governance and organizational dimensions. (Krippendorff, 2004).

The authors identified a list of 153 articles from the two main local newspapers over a specific period of change, namely 1997–2006 (Table 1). This period is particularly relevant as it covers the main institutional changes in Europe during the transition to the single European market undertaken by the European institutions. The articles were categorized according to the main keywords which symbolise the market and the state institutional logics (Table 1). Such categorization followed three steps: first, an external person unaware of the research goals browsed the local newspapers in search for articles about the organization in question, ServiceCo. The said person then produced a summary for each of the 153 articles. The two authors of this paper separately analysed and categorized the articles, and then triangulated their findings into a shared categorization.

3.1.2 Participant observation

The archive of documents was complemented by primary data obtained from direct observation of the firm. Access to this data was granted from 2003 because one of the authors had been an academic consultant to the firm together with one of the interviewed persons (Sect. 3.1.3). The role of the interviewee as an expert in the construction of a management accounting system is particularly relevant to this paper (Sect. 4.2). This personal interactive participation provided the researcher with the opportunity to cooperate with key managers and other designated staff: part of this activity is reported in the official public and private documents held by the firm.

3.1.3 Formal interviews

Three qualitative interviews were conducted with a key manager and an academic consultant after the period of participant observation. These interviews were recorded and subsequently transcribed. The manager (hereafter interviewee 1) who had played a fundamental role in the creation of the management accounting system was interviewed twice, in 2013 and 2016. The third interview was held with the academic expert (interviewee 2) who had been involved for over a decade as a strategic and business consultant. He played a special role in the creation of the management accounting system as described in Sect. 4.2 (interviewed in 2016). The scripted interviews were coded (Huberman & Miles, 1994;

Table 1 Newspaper articles about ServiceCo over the period 1997–2006

Date	Newspaper	Title
27/03/1997	L'Adige	Informatica Trentina rafforza il bilancio
03/04/1997	L'Adige	Informatica Trentina quadruplica l'utile
12/04/1997	L'Adige	Informatica Trentina aumenta il capitale
22/01/1998	L'Alto Adige	Informatica Trentina e il mistero Fulcrum
22/01/1998	L'Adige	Check up su bilanci e strategie di Informatica Trentina
21/02/1998	L'Alto Adige	Informatica Trentina snella
21/02/1998	L'Adige	Informatica Trentina, sale il fatturato
28/02/1998	L'Alto Adige	Informatica Trentina, la partita di potere
05/03/1998	L'Adige	Informatica Trentina rallentata dalla politica
22/03/1998	L'Alto Adige	Informatica Trentina entra nel limbo
01/04/1998	L'Alto Adige	Informatica Trentina, per il nuovo Cda nomine sospese
12/05/1998	L'Alto Adige	Informatica Trentina, giochi di potere
02/07/1998	L'Adige	Informatica Trentina, dibattito aperto
08/04/1999	L'Adige	Informatica Trentina procede a gonfie vele
25/05/1999	L'Adige	Informatica Trentina, cerchi nuovi clienti
31/08/1999	L'Adige	Informatica Trentina punta sul turismo
05/11/1999	L'Adige	Dismissione di Informatica Trentina, ecco il piano
13/11/1999	L'Adige	Dismissione di Informatica Trentina, pesanti dubbi del sindacato
26/11/1999	L'Adige	Privatizzazioni senza strategie
04/01/2000	L'Adige	Informatica Trentina, i dirigenti vogliono il 51%
05/01/2000	L'Adige	Informatica Trentina "offerta interessante"
06/01/2000	L'Adige	Informatica Trentina, una folla di pretendenti
11/01/2000	L'Adige	Informatica Trentina, venerdì il vertice dell'Unione
12/01/2000	L'Alto Adige	Informatica Trentina, privatizzazione "amica"
13/01/2000	L'Alto Adige	Informatica Trentina, sindacati pronti allo scontro
13/01/2000	L'Adige	No alla privatizzazione
14/01/2000	L'Adige	Informatica Trentina, Argentea con Seac e Delta
14/01/2000	L'Adige	E i dirigenti rilanciano l'offerta
14/01/2000	L'Alto Adige	Informatica Trentina, manager decisi
15/01/2000	L'Alto Adige	Informatica Trentina, una privatizzazione vuota?
15/01/2000	L'Adige	Informatica Trentina, Bort sonderà la Provincia
21/01/2000	L'Adige	Informatica Trentina, Bort incontra i politici
23/01/2000	L'Alto Adige	L'Unione vuole Informatica Trentina
23/01/2000	L'Adige	Informatica Trentina, stringere i tempi
25/01/2000	L'Alto Adige	Infrastrutture, Finsiel ha dato il via libera / Informatica Trentina, un'occasione per le imprese
25/01/2000	L'Adige	Prime garanzie per l'Unione
02/02/2000	L'Adige	Informatica Trentina non sarà svuotata, sindacati soddisfatti
16/02/2000	L'Alto Adige	Informatica Trentina: troppi silenzi sulla privatizzazione amica
16/02/2000	L'Adige	Le opposizioni e Informatica Trentina
22/02/2000	L'Adige	Informatica Trentina si riorganizza, la Cisl accusa
24/02/2000	L'Alto Adige	Informatica Trentina, l'ipotesi di Dellai
26/02/2000	L'Alto Adige	Il nodo informatico

Table 1 (continued)

Date	Newspaper	Title
14/03/2000	L'Alto Adige	Informatica Trentina, progetto paralizzato
09/05/2000	L'Alto Adige	Informatica Trentina, conti in ordine ma il futuro è Infostrutture
10/05/2000	L'Adige	Informatica Trentina investe su e-business e comunicazioni
23/05/2000	L'Adige	Argentea, un fronte per Informatica Trentina
22/06/2000	L'Alto Adige	Informatica Trentina, taglio miliardario ai prezzi
01/07/2000	L'Adige	Informatica Trentina, sì al mercato
01/07/2000	L'Adige	I privati chiedono più concorrenza
27/10/2000	L'Alto Adige	Soluzione Podini per Infostrutture in crisi
27/10/2000	L'Adige	Informatica Trentina, Dellai accelera la privatizzazione
03/11/2000	L'Alto Adige	Infostrutture Trentina, il timone passa a Trentino Servizi
04/11/2000	L'Adige	Infostrutture, altro 28% a Trentino Servizi
05/11/2000	L'Adige	Informatica Trentina il ddl torna in aula
10/11/2000	L'Alto Adige	E Informatica Trentina rimane al palo
08/12/2000	L'Adige	Infostrutture, transazione da 700 milioni
16/12/2000	L'Alto Adige	Informatica Trentina esige chiarezza
23/12/2000	L'Adige	Dellai con Dalpez, il Trentino sia più unito
13/01/2001	L'Adige	Le ventidue leggi in attesa
02/03/2001	L'Adige	Informatica Trentina, vendita e consiglio congelato
16/03/2001	L'Adige	Informatica Trentina, si va verso la gara
27/03/2001	L'Adige	Informatica Trentina, si va verso la privatizzazione
28/03/2001	L'Adige	Dipendenti in agitazione
29/03/2001	L'Adige	Informatica Trentina, è stallo
08/05/2001	L'Adige	Informatica Trentina, nuovo studio sulla privatizzazione
29/05/2001	L'Adige	Informatica Trentina, la protesta blocca l'aula
30/05/2001	L'Adige	Informatica Trentina, protocollo sulle garanzie
31/05/2001	L'Adige	Quella solidarietà mafiosa
05/06/2001	L'Adige	Dellai apre, il centro destra chiude
06/06/2001	L'Adige	E ora Dellai ritiri la proposta
08/06/2001	L'Adige	Informatica Trentina, sul Cda la giunta decide entro lunedì
12/06/2001	L'Adige	Informatica Trentina, la Provincia rinvia le nomine
24/06/2001	L'Adige	Informatica Trentina. Ed è il blocco
28/06/2001	L'Adige	Informatica Trentina, spunta Merler
11/08/2001	L'Adige	Informatica Trentina, vertici a tempo determinato
19/09/2001	L'Adige	Informatica Trentina rilancia la sfida al mercato
28/09/2001	L'Adige	Informatica Trentina, troppe occasioni perse
29/09/2001	L'Adige	Informatica, in arrivo le nuove strategie
25/10/2001	L'Adige	Informatica Trentina, nuovi prodotti
31/10/2001	L'Adige	Ritirato il disegno di legge su Informatica Trentina
06/11/2001	L'Adige	Informatica Trentina, nessuna precarietà
08/02/2002	L'Adige	Informatica Trentina, partner prezioso
20/04/2002	L'Adige	Firma digitale nuovo business
07/05/2002	L'Adige	Informatica Trentina, Battistoni si dimette

Table 1 (continued)

Date	Newspaper	Title
08/05/2002	L'Adige	Informatica Trentina, dipendenti preoccupati
09/05/2002	L'Adige	Informatica Trentina, il sindacato chiede una svolta
21/05/2002	L'Adige	Informatica Trentina, Fantoni direttore pro tempore
24/05/2002	L'Adige	Informatica Trentina, si butta sull'e-procurement
11/07/2002	L'Adige	Informatica Trentina, il 40% Finsiel va in mani locali
11/07/2002	L'Adige	I sindacati, serve una verifica
11/07/2002	L'Adige	Dellai: "l'accordo rafforza la spa"
12/07/2002	L'Adige	Informatica Trentina, Sia pronta ad entrare
12/07/2002	L'Adige	La privatizzazione è possibile
13/07/2002	L'Adige	La quota Informatica Trentina in De Da il prima possibile
16/07/2002	L'Adige	Azionisti di Informatica Trentina, ma autonomi
31/07/2002	L'Adige	La privatizzazione è solo rinviata
02/08/2002	L'Adige	Informatica Trentina, la Cisl polemizza con Dellai
03/08/2002	L'Adige	Informatica Trentina, pronto il piano
06/08/2002	L'Adige	Informatica-Unicredit, joint-venture più vicina
28/08/2002	L'Adige	Informatica Trentina, sì al piano
05/09/2002	L'Adige	Francesca Fantoni a capo di Informatica Trentina
11/09/2002	L'Adige	Seac, verso il no a De Da
21/09/2002	L'Adige	Piano strategico, sindacati favorevoli
26/09/2002	L'Adige	In De Da, Sia vuole esserci
23/10/2002	L'Adige	De Da, anche Informatica Trentina dà il suo gradimento
22/11/2002	L'Adige	Sia, via libera ad Aldebra
14/12/2002	L'Adige	Informatica Trentina, appalti e polemiche
31/12/2002	L'Adige	Informatica Trentina apre l'azionariato ai dipendenti
31/12/2002	L'Adige	Joint venture con Unicredit al via
15/01/2003	L'Adige	Unicredit e Informatica Trentina, parte Unienti
31/01/2003	L'Adige	Vogliamo collaborare con Informatica Trentina
21/02/2003	L'Adige	Aldebra sfrutterà le sinergie del territorio
28/02/2003	L'Adige	Informatica Trentina, via alla rivoluzione
11/03/2003	L'Adige	Uni-It" sarà costituita domani
30/04/2003	L'Adige	Informatica Trentina, il bilancio della svolta
06/05/2003	L'Adige	Informatica Trentina, nuova primavera
24/05/2003	L'Adige	La Provincia centralizza gli acquisti
12/07/2003	L'Adige	Nuova convenzione con Informatica Trentina, la Provincia risparmierà 2 milioni
25/07/2003	L'Adige	Ae Bolzano entra in Informatica Trentina
02/08/2003	L'Adige	Ibt flirta con Informatica Trentina
09/09/2003	L'Adige	Informatica Trentina dice sì a Uni-It
30/12/2003	L'Adige	Informatica Trentina, il mercato traina il business
05/02/2004	L'Adige	Informatica Trentina sbarca a Roma
30/03/2004	L'Adige	Uni It, partita l'espansione
07/04/2004	L'Adige	Informatica Trentina, vola l'utile netto

Table 1 (continued)

Date	Newspaper	Title
13/05/2004	L'Adige	Informatica Trentina spinge sui dividendi
19/10/2004	L'Adige	Banda larga, regia a Informatica Trentina
28/10/2004	L'Adige	Informatica Trentina, bene i ricavi
03/12/2004	L'Adige	Intesa per l'operazione It-Dexit
21/12/2004	L'Adige	Osservatorio sull'informatica
26/03/2005	L'Adige	Banda larga, 15 milioni a Informatica Trentina
30/03/2005	L'Adige	Informatica Trentina, sì ai conti
31/03/2005	L'Adige	Più ricavi ma meno profitti per It
10/05/2005	L'Adige	Informatica Trentina spinge sugli investimenti: +53%
17/05/2005	L'Adige	Informatica Trentina e Sap, alleanza per la Pa
29/06/2005	L'Adige	Intesa difficile tra Informatica Trentina e Tiscover
30/07/2005	L'Adige	Semestrale in crescita per Informatica Trentina
08/11/2005	L'Adige	Informatica Trentina, nel 2005 giro d'affari di 43 milioni
24/12/2005	L'Adige	Più mercato nel futuro di It
28/12/2005	L'Adige	Informatica Trentina, 1,4 milioni di utile
29/12/2005	L'Adige	Informatica Trentina cresce del 12%
13/04/2006	L'Adige	Informatica Trentina cresce del 14%
16/05/2006	L'Adige	Informatica Trentina, il dividendo sale a 1,6 milioni
30/07/2006	L'Adige	Informatica Trentina, a rischio un quarto del volume d'affari
03/08/2006	L'Adige	Bersani salva Informatica Trentina
22/09/2006	L'Adige	Bersani, informatica in campo. Un documento per modificarla
23/09/2006	L'Adige	Informatica Trentina, allarme della Rsu
26/09/2006	L'Adige	Bloccata ogni trattativa
27/09/2006	L'Adige	Informatica Trentina e sindacati, pace su Bersani
09/12/2006	L'Adige	Informatica Trentina, cinque milioni alle imprese locali
13/12/2006	L'Adige	Informatica Trentina, sì al nuovo orario
14/12/2006	L'Adige	Informatica Trentina, la regione sarà azionista
20/12/2006	L'Adige	Informatica Trentina, utile netto a 2,4 milioni

O'Dwyer, 2004) to isolate components connected with the main changes which had occurred in the firm.

3.2 Data analysis

The analysis of the raw data followed an iterative process of data collection and analysis. First, on the basis of the archival documentation, the authors developed a rich case study comprised a timeline of events and places, and a list of key institutional facts (e.g., laws) shaping the lifespan of the case study firm (Table 2). The documental content analysis was performed to analyse the contextual elements of time and place and their role in the events affecting the firm.

Table 2 Places and times in the evolution of ServiceCo

Places	Times	1980s →	1990s →	2000s →	2006 →	2008 →
EU	National		EC Comm. 1998 • “In-house” being used in EU directives	2005 EU • Sentence of the European Court of Justice		
				Law 323/2003 • “In-house” principle adopted in Italy for public services	Law 248/2006 • Extension of “in-house” to the provision of instrumental goods and services	
Local	Local	Law 10/1980 • Implementation of a local IS		~97 ~ 2005 • Debate about privatization of ServiceCo in institutional venues (local parliament, local commission) • Public opinion debate on privatization of ServiceCo in newspapers	Law 3/2006 • Local in-house law (coherent with national and EU law) • Strategic reorganization plan	Law 468/2008 • Agreement scheme for the governance of ServiceCo
		1984 • Foundation of ServiceCo as LTD company				
Governance		1983—Public/private • Local government ~60% • Others ~40%		2002—Public/Private vate • 40% share sold to local private ICT company	2006—Public • ServiceCo becomes public. 40% of share sold to Local Government	2008—Public • Municipalities and other local offices “invited” to become shareholders of ServiceCo
	Strategic and organizational elements	• Management of local IS • Provision of goods and services to private customers			• ServiceCo as main provider of ICT services • ServiceCo as main driver for the growth of the local economic and social environment	

3.2.1 Place and time notions applied to the case study

According to the definition of place encompassing the geo-political scenarios in which the field of power develops and shapes the equilibrium of different logics (Lawrence & Dover, 2015; Mangez & Liénard, 2015; Dubois, 2014; Bourdieu, 1996), we identified three main places:

- The European Union.
- Italy as a National Institution.
- Local government.

These places are particularly significant when examining how the balance of logics is established in our case study because they are linked hierarchically: decisions and norms taken at the European level shape those at the national and local levels. In the places mentioned above, the equilibrium of logics regulating the case study firm is established during a precise historical time (Suddaby, 2015) related to the development of a form of Neo-liberalism within the EU boundaries (Ban, 2016; Pänke, 2019; Raik, 2016).

Consequently, time has to be considered as the temporal framework created by the norms resulting from historical evolving conditions that regulate the existence of the case study firm. The information concerning the case study firm was then enriched with the insights taken from the interviews and then used to better identify and clarify the most critical factors and the logics that shaped changes in its strategies, governance and organizational makeup over time.

4 The case study firm

ServiceCo is a firm that provides Information and Communication Technology (ICT) services such as development, implementation and management of information systems, data transmission applications and various additional ICT services.

ServiceCo operates in a place characterized by particular features; it is located in an autonomous Italian province, which for historical, political and geographical reasons had obtained special autonomy status some 60 years ago. This status allowed the region to preserve local traditions and create a strong sense of affiliation and community. The difficult geographical morphology of the land is dominated by high mountains that form an environment where people share a deep sense of community. The difficulties in living conditions had created common boundaries and emotional connections which were the building blocks of a strong local community logic (Thornton et al., 2012). The sense of community and solidarity dominated and permeated the local culture by creating common values and ideologies. Nowadays, this sense of community is being fostered by the local government which has special legislative and executive competences in health, education, welfare, the economy, and transportation.

In the 1980s, the local autonomous government decided to build a proprietary IT infrastructure (Fig. 1). Together with other public national shareholders, the local

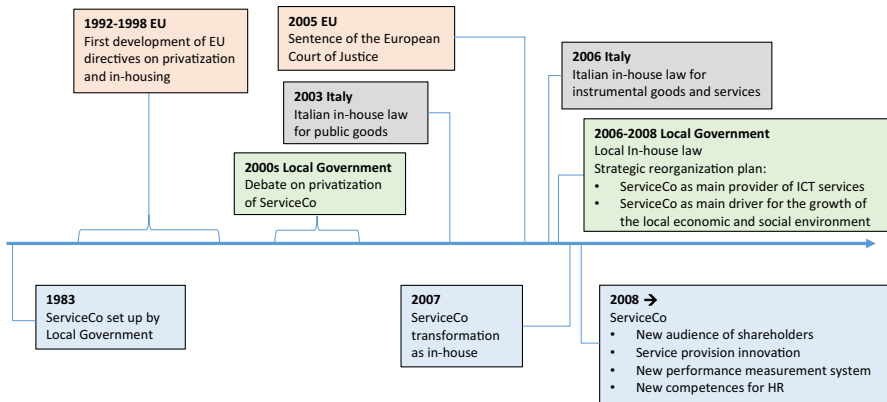


Fig. 1 Places and times cornerstones in the evolution of ServiceCo

government founded the company as a joint-stock entity. The shareholder structure was roughly 60% local government and 40% other shareholders. The initial aim of this company was to design, implement and manage the electronic information system of the local government, but in accordance with the local law (10/1980), the firm could also offer its services to private and public third parties. This is clearly set out in the business objective as described in the company's statute:

The company specialises in the industrial activity related to:

- (a) The management of the electronic information system and planning, development and implementation of other interventions delivered by the local government (...)
- (b) The design, implementation and operational management of other information systems for subjects other than those referred to in Article 1 of the provincial law... (translated excerpt from the Italian Statute, 1983, Article 4)

From these objectives, it is possible to infer that the firm was set up as a hybrid organization pursuing both a social goal (developing an IT system for the local institutions and community) and a market goal (offering IT services to the broader market). Indeed, while the specific goal of the company was that of creating and managing the IT infrastructure of the local government, the company operated mainly in a competitive market:

But, in the beginning, no one prevented ServiceCo from developing business outside the provincial borders, offering its IT products to other administrations as well. It was probably in this spirit that a share of the capital of ServiceCo was attributed to a national public-owned company, the ideal partner in the 1980s, to compete within a larger market (Translation, Benati, 2000)

Until 2020 the firm's governance, strategy, service provision model and organizational setting had not changed radically; the turnover from its private customers was still around 28% of the total turnover. However, at the beginning of the new

millennium, the European and national reforms together with the public debate about the single market for services within the European Union generated pressure on the institutional, strategic and organizational dimensions of ServiceCo (Benati, 2001).

As described in the following sections, the changes that determined a new equilibrium of logics within the company can be interpreted as the result of the combination of historical time conditions (Ban, 2016; Pänke, 2019; Raik, 2016) able to generate new power equilibriums (Bourdieu, 1996) at various geo-political levels. The ensuing story can be seen as two chronologically successive periods, with 2006 a milestone. Within the first period (Sect. 4.1), we discuss the triggers of change at different places while in the second (Sect. 4.2), we investigate how the triggers of change propelled ServiceCo along a trajectory which modified its equilibrium and caused an adaptation to the pressures of institutional logics.

4.1 Place and time at European Union (EU) and national levels

4.1.1 Late 1990s: the European legislation influencing the place of European Countries

The organization under investigation is located within an influential place, namely the European Union (EU). This is the most influential place in which the organization operates. The EU exerts influence over the other geopolitical ‘places’ i.e., the other institutional levels such as states, regions, etc. in the European area.

Since the 1990s EU legislation has been particularly oriented to guarantee the free movement of goods, capital, services and labour within the EU towards the so-called European single market by adopting a clear orientation toward “transnational neoliberal socioeconomic order” (Cafruny and Ryner, 2003, p. 5).

Such orientation is laid out in Directive 92/50/EEC (Council Directive, 1992) where the European Union began to define the principles of a European competitive environment as a way to reduce monopolistic positions of both private and public-owned companies. For example, in a 1995 document, the European Commission clearly addresses the need to develop competitive environments while preserving certain types of public services:

The removal of barriers to trade requires the establishment and enforcement of a new set of transparent rules to regulate competition. In the absence of such rules, the desired optimal allocation of resources would be frustrated by anti-competitive behaviour. Competition rules need to regulate both company and state behaviour in four main areas: (...) state monopolies of a commercial character, public undertakings and undertakings with special or exclusive rights also present a risk for free and open competition. There is deliberate creation of economic rents for certain players based on the assumption that the benefit is used for delivering public services or will accrue to the state as revenue. Whilst this is basically unobjectionable, it is a delicate task to constrain the market distortion to what is strictly necessary

in the general interest, for instance with a view to the provision of public services in remote areas. (Commission of the European Communities, 1995, page 15)

Later in the 1990s, the European legislation aimed at creating the legal basis for a clearer single European market characterized by its own form of neoliberalist ideas that could encompass the different equilibriums between the state and the market logic in existence in the different countries in the Union (Ban, 2016; Pänke, 2019; Raik, 2016).

Two main lines of reforms can be identified: the first concerns the liberalization of the provision of public services. Earlier directives were aimed at specific sectors such as telecommunications, energy, rail transport, waste and postal services and required all EU members states to commit to a deregulation plan to open up public networks to private operators. This brought about a period of privatization of publicly owned firms operating in the abovementioned industries (Monteduro, 2014). This deregulation eventually produced the Services in the Internal Market Directive, 2006/123/EC, the so-called Bolkestein Directive” (Market Directive, 2006).

Together with these directives, the second line of reforms aimed at regulating the legal, business and operational limits of firms whose ownership remained in public hands. Within this second stream, it is possible to identify ‘in-house providing’ as one of the main reforms of publicly owned firms in Europe (Comba and Treumer, 2010). The goal of the regulator was to define the limits within which public authorities may award public services to specific companies without holding a public tender. In 1998, the European commission officially introduced the concept of in-house:

... the Commission proposes to clarify the following particular topics in an interpretative document: (...)—“in-house” contracts, i.e., contracts awarded within the public administration, for example between a central and a local administration or between an administration and a company wholly owned by it. (Commission of the European Communities 1998, subnote 10, page 10)

The in-house principle allows public institutions to entrust a specific firm with the provision of services and goods by derogating from the obligation to apply public tendering. Since this principle in balancing between state and market could violate the principles of fair competition, the European legislator stated that a public authority might use the in-house principle only when the authority exerts predominant control and power over the firm: in this case, the firm is considered part of the public authority. This approach was finally adopted in Italy in 2003. From an institutional logics point of view, these reforms thus created the institutional space for two main logics i.e., that of the market and that of the state (Table 3).

This first set of laws did not influence the identity and strategic scope of ServiceCo. Indeed, the focus of such reforms was the provision of public services in electricity, emergency services, public transportation, waste management and water supply (Muraro, 2008). Only in 2005 were the in-house providing principles extended to the type of services provided by ServiceCo (Clarke and Pitelis, 2005).

4.1.2 Early 2000s: a time of regulation ambiguity within the EU place

The application of the first hybrid neoliberalist EU norms (Ban, 2016; Pänke, 2019; Raik, 2016) resulting in an unclearly defined equilibrium within the field of power (Mangez & Liénard, 2015; Dubois, 2014; Bourdieu, 1996). This generated a period of ambiguity regarding the governance of publicly owned firms at the turn of 2000 (Cintioli, 2014). In 1999, the European Court of Justice had already introduced a set of further principles for the public procurement of goods and services by public authorities (C-107/98). This period saw the spread of a general public debate about the concept of services of general economic interest (thereafter SGEI¹): the discussion also affected the debate about the privatization of publicly owned firms (Dawson & Sykes, 2019; Granqvist & Gustafsson, 2016; Janssen, 2014; Wehlander, 2016).

This ambiguity can also be found in the local place where ServiceCo operates. Even if not directly affected by the recently adopted directives, the public debate regarding the privatization/in-housing of ServiceCo was indeed reflected at a local level: a heated debate was sparked within institutions about whether or not to privatise the firms owned by the local government, including ServiceCo (Local Benati, 2000; Bovis, 2012; Calliari, 2010; Caretto, 2002; Cintioli, 2014; Local Council, 2000, 2001; Pancia, 2001; Paris, 2000; Reggi & Ricci, 2014; Ursi, 2005).

An analysis of the 153 articles from 1997 to 2006 (Table 1) shows the following results: 54 focused on the idea, supported by the local government, of privatizing ServiceCo; only 5 articles clearly described the reasons for a 'no' to privatization.

A further 21 articles (1997–2004) dealt with two other very delicate issues: the monopolistic role of ServiceCo in providing ICT services to the province and the need to increase the turnover of private companies (at the time about 30% of the total revenue).

The public debate about in-housing started raising again over the period with as many as 8 articles in the last 2 years alone.

At European, national and local level, the debate about privatization/in-housing did not reach a final point until the issue of EU sentences in 2005: the debate concluded with two sentences from the European Court of Justice (Dawson & Sykes, 2019). In Sentences no. C-26/03 and no. C-458/03, the Court issued a final interpretation of what should be considered in-house providing and how to award public services. In these documents, the Court clearly defined the span and limits of public tender, the in-house providing and the related awarding procedures.

These sentences can also be read as the triggers for a new wave of in-house laws that focused better on the legal limits of the provision of public services as described below.

4.1.3 2006: National places. Legislation influencing the place—'Italy'

While the first in-house Italian legislation applied only to public services, the European Court sentence generated the need to create specific national laws in each single state (Dawson & Sykes, 2019; Granqvist & Gustafsson, 2016; Janssen, 2014). This culminated in Italian Law 248/2006 where the in-house principle

¹ SGEIs are economic activities that public authorities identify as being of particular importance to citizens and that would not be available if there were no public intervention.

Table 3 EU and Italian Directives as institutional logics

Main European directives	Deregulation/privatization	In-housing
Institutional orders	Market	State
Root metaphor	Transaction	State as redistribution mechanism
Sources of legitimacy	Share price	Democratic participation
Sources of authority	Shareholder activism	Bureaucratic domination
Sources of identity	Faceless	Social & economic class
Basis of norms	Self-interest	Citizenship in nation
Basis of attention	Status in market	Status of interest group
Basis of strategy	Increase efficiency & profit	Increase community good
Informal Control Mechanisms	Industry analysts	Backroom politics
Economic Systems	Market capitalism	Welfare capitalism
EU	Council Directive (1992). Council directive 92/50/EEC of 18 June 1992 relating to the coordination of procedures for the award of public service contracts. Official Journal of the European Communities, L 209(35) Commission of the European Communities (1995) White Paper Preparation of the Associated Countries of Central and Eastern Europe for Integration into the Internal Market of the Union. Brussels, 03/05/1995 COM(95) 163 Commission of the European Communities (1998) Public procurement in the European union, 11/03/1998 COM(1998) 143 final Market Directive (2006) Directive, 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market	
Italy	Italian law (2003) Legge 24 novembre 2003, n. 326 "Conversione in legge, con modificazioni, del decreto-legge 30 settembre 2003, n. 269, recante disposizioni urgenti per favorire lo sviluppo e per la correzione dell'andamento dei conti pubblici" Italian law (2006) Legge 4 agosto 2006, n. 248 "Conversione in legge, con modificazioni, del decreto-legge 4 luglio 2006, n. 223, recante disposizioni urgenti per il rilancio economico e sociale, per il contenimento e la razionalizzazione della spesa pubblica, nonché interventi in materia di entrate e di contrasto all'evasione fiscale"	

was extended from the provision of public services to the provision of instrumental goods and services:

In order to avoid alterations or distortions of competition and the market and to ensure the equality of operators, companies with full public or mixed capital, established or participated in by the regional and local public administrations for the production of goods and services instrumental to the activity of such institutions must operate exclusively with the constituent or participant or entrusting bodies; they cannot perform services in favour of other public or private subjects, neither in direct assignment nor with tender, and they cannot participate in other companies or entities. (Translation Italian Law 2006, art. 13)

In short, Law 248 states that in order to reduce any unfair competition in-house firms may provide instrumental goods and services only to their shareholders. In terms of time and place, this latter legislation was a major change for ServiceCo as it affected those fully or partly publicly-owned firms that provide instrumental goods and services (Fig. 1).

4.1.4 2006: Legislation translated at local level by Local Government

In the wake of the national legislative changes and in the light of the changes in the Italian in-house legislation (e.g., Law 248/2006), the local government adopted strategic decisions to apply these overarching rules while preserving the local autonomy (Table 2). The “local flavor” of neoliberalism (Ban, 2016) became more evident as the geo-political level was much more focused. In the case under investigation, the institutional autonomy granted to the local government and the willingness to preserve the culture of the local community can be seen in the decisions taken in 2006 when it was clear that ServiceCo should have, by law, changed its strategy and governance. The preservation of the values of the local community, as embedded in the community logic, were also embedded in the strategies and laws issued by the local government (Table 4). The local government planned and adopted a broad strategic ‘*reorganization plan*’ for the network of its firms (Fig. 1). The goal of such reforms is well represented in the provincial law under the article entitled *Rules on the governance of the local autonomy*:

This law is aimed at reassuring the populations established in the territory and the linguistic groups in which they recognize themselves, through the process of reorganization of the provincial and local institutions inspired by the principles of subsidiarity, differentiation and adequacy. (Translation Local Law, 2006)

Table 4 Local government institutional logic influencing the structure of ServiceCo (categories from Thornton et al., 2012)

Categories	Local government institutional logic	Examples in the case study	Main References
Root metaphor	Common boundary and redistribution mechanism	Strategic plan of local government IT as redistributive mechanism	Local Government (2007); unpublished company presentation (2009, 2012)
Sources of legitimacy	Unity of will; belief in trust & reciprocity; democratic participation	Local legislation; Strategic reorganization documents	Local law (2006); Local convention (2006)
Sources of authority	Commitment in community values & ideology; bureaucratic domination	Local government as bureaucracy aimed at fostering and preserving community values	Local law (1980, 2006); Local convention (2006)
Sources of identity	Reputation; Social & economic class	Reputation of the local government to increase the common good for the local community	Local Council (2000, 2001); Local Government (2007); Local convention (2006)
Basis of norms	Citizenship as a member of a defined context	Recognition of the local government rules capable of enhancing the common good in the local context	Local Government (2007)
Basis of attention	Status in the local network	View of the firm as a generator of wellbeing for the local community	Local law (2006); Local convention (2006); Local Government (2007)
Basis of strategy	To increase community good means to increase status & honour of members & practices	New job opportunities for the individuals living in the territory who could increase their status within the local network of colleagues and within the local territory	Local convention (2006), (2007); unpublished company presentation (2009, 2012)
Informal Control Mechanisms	Visibility of Actions; backroom politics	Newspapers and TV talking about the actions of the firm	Local Benati (2000); Caretto (2002); Council (2000, 2001); Paris (2009); Ursi (2005)
Economic Systems	Capitalism with strong cooperative attitude	Cooperation with agents in the local economy to foster an IT ecosystem	Local law (1980, 2006)

Such new logic eventually brought many strategic, organizational and governance changes within ServiceCo.

4.2 The interaction of ‘place’ and ‘time’: changes at organizational level

2006 was a cornerstone year in the equilibrium between the competing forces governing ServiceCo. While previously the debate regarding privatization/in-housing did not bring visible changes in terms of strategy, governance and organizational setting in ServiceCo, such changes became more visible after the directives, sentences and laws clarified the role of firms owned by public institutions.

The institutional logics affecting or governing the existence of ServiceCo were deeply intertwined. ServiceCo development and evolution had been oriented over a long period of time by ‘places’ (the EU and Italian State) that, due to the influence of neoliberalism, remained detached from the culture of community in which ServiceCo operated. While the new European and Italian jurisdiction procured a new equilibrium of powers (Mangez & Liénard, 2015; Dubois, 2014; Bourdieu, 1996) by shaping a new form of neoliberalism (Ban, 2016), ServiceCo was forced to change governance and business span. The logic of the local government became dominant and a powerful instrument of organizational change (Table 4). Indeed, following the European and Italian recommendations regarding in-house firms, the reorganization plan issued by the local government played a central role in the changes affecting ServiceCo. These changes and innovations stemmed from the new balance of institutional logics and the structuration of the governance system (Barley & Tolbert, 1997; Quattrone, 2015). From the official documents and reports of the local government describing the *reorganization plan*, it is possible to deduce two principles which affected the strategic, governance, and organizational setting of ServiceCo (Local Government 2007):

- (1) The first principle stated that, in line with in-house European and national recommendations (customer base restricted to the shareholders only), ServiceCo would become the main strategic provider of ICT services for the local government and all other local institutions. This meant that all the local institutions would become shareholders in the firm.
- (2) The second principle stated that since ServiceCo had become a publicly owned company, its governance strategy should change by pursuing social aims instead of merely financial goals.

As a result, ServiceCo would become the main strategic driver fostering the growth of the local economic and social environment by creating and fostering a local industry of ICT firms.

Such decisions have to be understood in the context or the ‘place’ in which the organization operates. These decisions were grounded in the community institutional logic which pervaded the local environment: ServiceCo was founded in a region where supporting the local economy, local networks, and acting for the

wellbeing of the community was—and still is—the basis of the pervasive community logic and culture.

The authors identified the structuration of four main changes in ServiceCo (Strategic plan, 2008; Local Government, 2007, 2008, 2009; Local Convention, 2006; unpublished company presentation, 2009, 2012). These changes are described in the following sections.

4.2.1 Legal status, customer base and governance model

By the end of 2006, ServiceCo was commended by law to become a fully publicly owned firm and to adhere to the in-house norms: the structure of the firm needed to adapt to the constraints envisaged by EU, national and local legislation for the provision of services by public administrations. It would provide services only to its shareholders and, thus, the shareholders would also become its customers.

This legal obligation was coupled with the strategic *reorganization plan* to make ServiceCo the main strategic provider of ICT services for the local government and all other local institutions. The local government first acquired 40% of privately held shares, and then advised all the local institutions, municipalities and other authorities to become shareholders in ServiceCo; these authorities included local municipalities, libraries, schools, the university, land registry offices, hospitals and clinics, and tourist offices. More than one hundred offices and institutions became potential customers and ServiceCo was required to progressively terminate its contracts with private clients. Since 2006, this approach has been outlined in a new business objective in the statute:

(Corporate purpose): The Company, with entirely public capital, is the instrument of the local Administration system for the design, development, maintenance and operation of the electronic information system (...), for the benefit of the Administrations themselves and of the other bodies and entities of the system, in compliance with the current regulations. (Translated excerpt from the Statute, 2006, Article 4)

The shareholding structure contained 185 public shareholders in 2018, all of them part of the local government infrastructure.

Following the change of the legislation and adoption of the reorganization plan in 2006, the mission of ServiceCo underwent a profound transformation to achieve social aims. The process of change took place by virtue of the application of laws issued by European, Italian and local institutions. The legal obligations issued at different levels were intertwined with the local goals to help and improve the territory: the reorganization plan transformed the firm into a strategic driver for the economic and social growth of the local community.

4.2.2 Service provision model

The local government tried to achieve the goals of the strategic reorganization plan by structuring an innovative service provision model (unpublished company presentation, 2009, 2012). First, a series of strategic activities were undertaken to create and foster a strong local ICT industry. This was done by setting up networking opportunities for the local ICT firms e.g., conferences on ICT topics and training for the local firms. These meetings also allowed the firms to get to know each other and eventually build business relationships (Fig. 2).

Secondly, as shown in the financial statements, the firm began downsizing its own operations and outsourcing activities as a means to involve local firms in the provision of ICT goods and services. This approach developed further into a support for collaborative networks of firms working on IT projects. Thus, ServiceCo became a facilitator for the ICT needs of the new customer base (local government and new public shareholders) and the private companies providing ICT services. This can be considered an enormous innovation in terms of the governance and management of the firm as it moved from being a centralized vertical organization providing ICT services to a network-based organization capable of facilitating the interaction of supply and demand of ICT goods and services while fostering the local economic and social environment.

The intent of positively affecting the local wellbeing of the community and increasing the number of the people whose status might be improved by ServiceCo outsourcing further highlights the effect of the local government institutional order. The resulting structured change process and new equilibrium involved recognition of the community logic, a fundamental component of the local context.

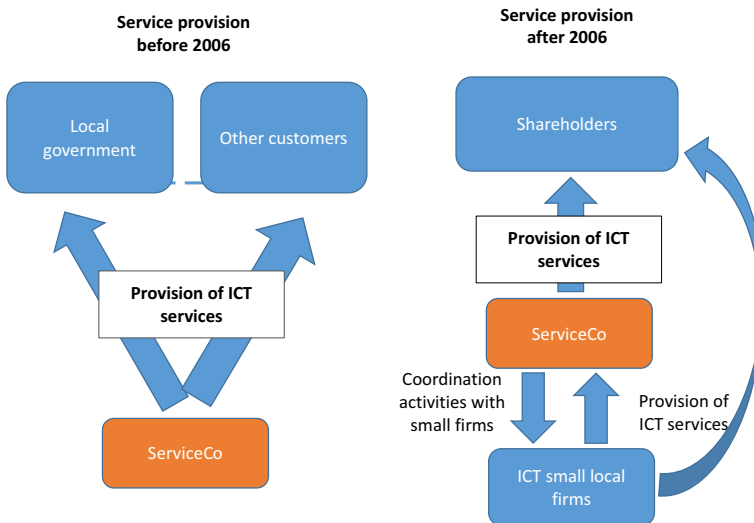


Fig. 2 Service provision model of ServiceCo

4.2.3 New roles and competences of IT project managers

It is important to note that the firm, as a conduit between the demand and supply of ICT services, altered the role of its IT experts and generated the need to develop new skills and competences within the firm. As the strategy of the firm moved ‘from creating inside to selling outside’ (Interviewee, 1), the role of the IT experts changed from being managers of internally developed IT projects (managing other IT personnel) to managers of collaborative projects with different agents (interacting with other organizations). As such, the role of the managers was no longer that of technical experts but that of boundary spanners in collaborative networks of heterogeneous people and organizations (Levina & Vaast, 2005). This change of role can also be seen in the change of managerial competencies as Interviewee 1 said, “... over the following years (after 2006) ICT project managers moved from being IT experts to legal experts.”

Because of such changes, the status of the individuals involved in ServiceCo provision was modified in terms of professional progress and competencies, thus determining a new basis for a future strategy and the development of the local context.

4.2.4 Culture of measurement and management accounting system

One of the main outcomes of the new equilibrium governing ServiceCo activities is the construction of the management accounting system (MAS) which reports on the economic and social sustainability of the firm on the basis of the goals expressed by the local government.

Thanks to the growing public debate on the accountability of publicly owned firms and the discussion regarding the privatization of ServiceCo in early 2000s, the management of the firm decided to investigate and eventually to introduce a MAS. The goal was to make the firm more accountable to a larger number of stakeholders by providing a clearer view of the social and economic impact of the firm on the local environment.

From 2003, managers of both the local government and ServiceCo together with the academic consultants (see Sect. 3.1.3) discussed the opportunity of creating a report which became a Sustainability Balanced Scorecard (ServiceCo, 2007, 2008, 2009, 2010, 2011; ServiceCo Balanced Scorecard, 2011, 2012, 2013; ServiceCo Strategic and Industrial plan, 2008). This choice was the result of a series of roundtables involving all the parties (Ponte et al. 2017).

After a period of experimentation, the SBSC was adopted in 2005: the scorecard report was also attached to the financial statements and made public in 2010.

The new performance management system consisted of up to fifty indexes measuring phenomena as diverse as the percentage of externalization of product development, the benefit per worker, taxes paid to the shareholders and purchases from local firms. Key indexes were also “tailored to describe the strong commitment toward the local community attributed to the new ServiceCo structure” (Interviewee 2).

The report became a new strategic measurement tool to develop specific indexes (financial and non-financial), where the most important aimed at measuring the growth in jobs and community wellbeing. Among others, a particularly

interesting critical success factor was that “the ability of ServiceCo to create new job opportunities for the individuals living in the territory became one of the main goals of the new organizational mission” (Interviewee 2).

The content analysis of the social and environmental reports also showed an evolution in terms of the results of the new ratios and measurements developed. When explaining the role of these ratios and measurements, an interviewee stated that:

In this particular geographical area, where traditionally the community exercises a very strong influence, it is more important to account for ServiceCo’s ability to guarantee careers and jobs connected to the growth of the local territory than just financial performance. (Interviewee 1).

This statement is especially true when considering the hybrid nature of ServiceCo but the geographical context in which this organization operates cannot be overlooked since the sense of community and membership dominate people’s culture and values. In particular, the accountability system was adopted to provide evidence of the positive impact of the new hybrid organization on the local environment since ServiceCo had to be perceived as being able to generate wellbeing for the community. As explained by Interviewee 1:

The person who decided to adopt this measurement system was aware of its importance in terms of the visibility of the organizational actions, the reputation of the organization itself and its members, but also in terms of belief in the organizational alignment with the wellbeing of the local community (Interviewee 1).

An interesting result of the adoption of the MAS was the growth of a new “culture of measurement” (Interviewee 2) within the firm. The topic of culture is particularly important when a new equilibrium of power needs to be built i.e., the statements of the reorganization plan because it enables power groups to operate under specific cultural rules (Bourdieu, 1996). The new culture of measurement (Busco & Scapens, 2011; Ax and Grave, 2017), also referable to an outcome-orientation culture, brought a new wave of reports aimed at better investigating the nearby environment and at empowering the new organizational community logic by supporting, orienting and legitimating new manager decision-making processes in the new service provision model (Cinquini & Tenucci, 2010; Henri, 2006). Among others, four reports clearly show the aim of carrying out preliminary investigation of the different needs and criticalities of the new customer base (Sect. 4.2.1) with the goal of supporting the new service provision model (Sect. 4.2.2) while progressively transforming the role of engineers (Sect. 4.2.3):

- Recognition and analysis of the software installed by the municipalities’ stakeholders of the firm (2011).

- Recognition and analysis of the digital and vocational skills required by local ICT companies (2011).
- Database of the competences of local ICT companies (2012).
- Detection and analysis of the perception of the usefulness of the territorial collaboration system (2013).

Such findings are clearly linked with the strategic reorganization plan and with the need to become more accountable to the shareholders/clients. In conclusion, such regulator practices were recognized to have a strategical relevance in driving the performance of the firm and in satisfying clients (Baird et al., 2004, 2007, 2018).

5 Discussion

The ServiceCo case study shows the evolution of the company as a result of challenging and reconciling institutional logics (Langley et al., 2013). The final configuration of the company is the result of the geo-political places influencing the organization's choices (Lawrence & Dover, 2015) and the equilibrium of power established over time (Mangez & Liénard, 2015; Dubois, 2014; Bourdieu, 1996; Suddaby, 2015). At the macro level of the EU and national regions, strong debates and discussions generated a negotiation process regarding privatization versus the public provision of goods and services (Dawson & Sykes, 2019; Granqvist & Gustafsson, 2016) by delineating over time a new EU form of neoliberalism (Ban, 2016; Pänke, 2019; Raik, 2016) that translated into a normative effort for regulating in-house activities.

In examining this case study, it is important to remember that the local government acted not only as an institutional directive capable of influencing organizational behaviour but as an institutional entrepreneur (Thornton et al. 2012) whose decisions were deeply influenced by the place and the historical timeframe (Suddaby, 2010, 2015). In particular, the historical time (Suddaby 2015) in which the changes took place was influenced by European and Italian legislation and the local 'place' was dominated by the community logic embedded in the local government actions and decisions.

After 2006, by means of its reorganizational plan the local government, took the opportunity offered by the EU and national laws to establish a new equilibrium regarding company strategic, governance and organizational settings. This new balance depends on the role of the State acting at different levels. The local government in the autonomous region in which ServiceCo operates represents the State, but it encompasses the specificity and "local flavors" of the place (Ban, 2016). At organizational level the strategic, organizational and governance elements were structured in accordance with the reorganizational plan issued by the State at local level and influenced by the peculiar place in which ServiceCo operates. The equilibrium of power established over time at local level is particularly influential (Mangez & Liénard, 2015; Dubois, 2014; Bourdieu, 1996) in a region where the logic of community dominates culturally and historically. The institutional logic (Thornton et al., 2012) of the local government empowered a plan aimed at enhancing the wellbeing

of the community in a region where a tendency to solidarity is *vita*, began to modify the previous strategy and organizational setting, and to structure new procedures and operations (Table 4); for example, the structuration of a new system of accountability to measure the social impact on the local community because a major concern for the re-shaped ServiceCo was to increase the job and career opportunities for the local community by constructing new professional paths measurable within the accountability system. The new management accounting tool adopted indeed played a critical role in shaping a new cultural approach (Busco & Scapens, 2011; Ax and Grave, 2017) at organizational field level by supporting and legitimating a different, new management decision-making process coherent with the community logic. This concern was also pursued by restructuring the service business model from a vertical to a network-style model. The result of the process was an organization governed by the same logics as the local government which had planned changes and innovation in coherence with the nature of its institutional order (Barley & Tolbert, 1997). The strategy of the firm assumed a different prominence because it shifted from the logic of increasing efficiency and maximizing financial results to the logic of a common good for the community and the good (status) of the individuals who lived therein. In the initial stages of ServiceCo activity, the institutional order of the market, coherent with the dominating neoliberalist approach of that historical period, had been dominant and the privatization of the firm had been sought. Nonetheless, the institutional logics of the local government in a hanged historical framework more inclined to less orthodox forms of neoliberalism prompted a change process that eventually shaped the strategy undertaken by the local government, namely to satisfy community needs. The entire organization was thus modified in accordance with the new root metaphors which transformed ServiceCo into an entity to pursue the common good within common boundaries.

As a result, the entire organization was affected by a series of innovations aimed at re-designing the organizational actions in favour of the logic of the wellbeing of the community and the local individuals. This logic was reinforced by new tools aimed at empowering these individuals. Thus, the community logic expressed by the local government displayed a procedural nature because it induced a structuration of new strategies, organization and governance designed according to the exigencies of the owner.

6 Conclusion

This research contributes to the investigation of how different demands from different geo-political places (Lawrence & Dover, 2015) influence organizations during a historical timeframe (Suddaby, 2015) thus causing the structuration of a new type of organization. In the literature, the innovations driven by changes in the logics governing hybrid organizations are not new and often studied in relation to the particular tools used for shaping the change (Busco et al., 2015, 2017). The case of ServiceCo, however, shows how the context (place and time) is a key issue for understanding the structuration of a new organization governed by a locally dominant logic (Thornton et al., 2012).

In the case study, the strategies originated in a specific historical period (Suddaby et al., 2015) in which the equilibrium of power established in the EU geo-political place (Mangez & Liénard, 2015; Dubois, 2014; Bourdieu, 1996) enabled the local government to adopt a reorganization plan. The new equilibrium of powers and consequent logics, acting at organizational level, brought about innovations with the conscious intent to positively influence the wellbeing of the local community.

This work contributes to the literature that studies the links and interconnections between the pressures exercised by different places and related logics (Thornton et al., 2012), and the structuration of a new strategic, organizational and governance system in a given firm. In particular, the paper shows that the place and time are able to generate a new equilibrium of power (Mangez & Liénard, 2015; Dubois, 2014; Bourdieu, 1996) that at organizational level can translate into a new (dominant) logic: in the examined case, this was the community logic expressed by the local government which encompasses the feature of the place where the organization is located. Thus, the paper explains in terms of place and time the mechanisms and structures that trigger the generation of a locally dominant institutional logic (Suddaby, 2010, 2015; Ebrahim et al., 2014; Mersland and Strom, 2010). The new dominant logic owns an “endogenous dynamism” (Quattrone, 2015) because it requires the structuration of a series of innovations. In particular, the typology of hybridity, resulting from the transformation of ServiceCo in 2006, structured changes in terms of legal makeup, new customer base and governance, new management accounting system, innovative service provision model and new competencies. An equilibrium where the institutional logic of the local government became dominant produced an organizational structure capable of re-shaping the entire business: in the context under investigation, the equilibrium demonstrated robust features of mutuality and cooperation. Furthermore, in order to establish the change at organizational field level a key role was played by the new managerial accounting tool that was able to modify the organizational culture (Busco & Scapens, 2011) by shaping and legitimating managerial decisions geared to support the new dominant logic (Henri, 2006), clearly apparent from the developed managerial accounting tool aimed at investigating the new customers needs, the availability of competences and the resources of the local IT ecosystems, the needs in terms of human resources and the broader perception of the new service provision model.

Coherently with other empirical research which studies the connection between strategies, culture and management accounting systems (Ax & Greve, 2017; Baird et al., 2004, 2007, 2018; Zhang et al., 2015), this work suggests that management accounting systems are able to drive cultural organizational changes.

In short, this study contributes to the literature on institutional logics by illustrating how the competing forces in this realm (Pache & Santos, 2013; Ramus et al., 2017) are capable of enhancing a process of structuration of a series of changes in favour of a dominant institutional logic (Thornton et al., 2012) based on the local context (Suddaby, 2010, 2015). Furthermore, it supports the exigency of studying the logic as the result of a specific context defined in terms of ‘place’ and ‘time’ (Quattrone, 2015). In particular, this paper contributes to previous literature by proposing an understanding of the ‘place’ in terms of geo-political levels where during ‘time’, intended as its historical development, new balances of power occur

(Lawrence & Dover, 2015; Suddaby, 2015; Mangez & Liénard, 2015; Dubois, 2014; Bourdieu, 1996). The study also aligns with Busco et al. (2017) and Teixeira et al. (2017) in illustrating how management accounting innovation in a hybrid context can be obtained by changing logics and how management accounting itself by creating a new culture (Ax and Grave, 2017) can support renewed dominant logics.

This study also contributes to highlighting how the building blocks of the new institutional order are the results of the contexts, and to exploring the procedural nature of these building blocks.

In addition, the paper contributes to merge institutional logic studies and the perspective of Bourdieusian field theories.

Finally, this research may have implications for managers operating within organizations that are experiencing revolutionary changes at organizational level because it can produce awareness regarding why such changes occur and how the new organizational logic and culture can be assimilated, supported and legitimated.

To conclude, this research is limited to the study of a single organization but it could be extended to other similar organizations which have been affected by the state logic when applying the in-house law in order to show how the context can influence organizational changes. Further research could investigate more specifically the role of 'place', or context, in generating different types of structures and innovations under the institutional logic perspective. In particular, further research could complement our study through other investigations on how different historical timeframes and local peculiarities have enhanced the understanding of neoliberal instances which resulted in local flavours able to strongly influence organizational structures.

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