Explaining Stability and Change: The Rise and Fall of Logics in Pluralistic Fields

(Accepted for publication in 'Organization Studies')

Nicolette van Gestel
Bas Hillebrand

SHRM10-02

Institute for Management Research
Working Paper Series in Management
Explaining stability and change: the rise and fall of logics in pluralistic fields

Nicolette van Gestel

Bas Hillebrand

Paper accepted for publication in *Organization Studies*

20 October 2010
Explaining stability and change: the rise and fall of logics in pluralistic fields

Abstract

Based on an in-depth, longitudinal case study involving the public employment services in the Netherlands, we provide a novel conceptual imagery of how pluralistic fields may evolve over time. Our study shows how multiple institutional logics remain in play after a dominant logic is settled in an organizational field. We uncover several factors that explain the process of temporary stability and change and focus especially on two factors – negative choice and deliberate ambiguity – that explain ongoing change. These factors solve the struggle between competing logics, but simultaneously sow the seeds for further subsequent change. This study contributes to the institutional logics perspective beyond competing logics to the study of how fields with plural logics evolve.

Keywords: Institutional logics, organizational field evolution, case study research

Introduction

An organizational field is an established set of organizations engaged in a similar purpose or in related activities which together shape activity and meaning in that field (DiMaggio and Powell 1983; Mazza and Strandgaard Pedersen 2004). The way in which organizational fields evolve has been the subject of many studies (e.g. Delbridge and Edwards 2007; Greenwood and Hinings 2006). Such processes are usually considered as struggles between competing institutional logics, as dialectical in nature, and as involving many individual and collective actors (Barley and Tolbert 1997; Reay and Hinings 2005; Seo and Creed 2002). A change in a field arrangement, i.e. a change in the dominant logic and corresponding governance
structure, is not likely to be the result of one actor (Lounsbury and Crumley 2007), but to involve a wide variety of actors that, through negotiation and other types of institutional work (Lawrence and Suddaby 2006; Oliver 1991), need to arrive at an agreement on the new situation. More specifically, the interplay between actors, the meaning of the institutions which they carry with them, and the actions they jointly undertake will determine the stability of a given arrangement in organizational fields (Zilber 2002).

Interestingly, the outcome of the dialectical process may be different from the outcomes that might have been anticipated or desired by the actors in the first place (Hargrave and Van de Ven 2006). Moreover, unanticipated outcomes may be a direct consequence of the fact that organizational field change is a dialectical process (Westenholz et al. 2006): multiple actors are involved in specifying, justifying and re-framing problems and solutions, and as a result a new arrangement emerges from this process rather than from any predetermined goal set by one of the actors. Arriving at such a new settlement (Burton and Higley 1987; Swidler 1986) is thus increasingly perceived as a political process wherein different actors promote competing proposals under asymmetric power conditions (Rao and Kenney 2008). This suggests that the interplay between the various actors who adhere to different logics is important for understanding both durability and change and thus for gaining a deeper knowledge of how organizational fields evolve (Clemens and Cook 1999; Delbridge and Edwards 2007; Lawrence and Suddaby 2006; Suddaby and Greenwood 2005).

Field evolution has been studied before, with both stability and change attracting a lot of academic attention (Clemens and Cook 1999; Dacin et al. 2002; Greenwood et al. 2008; Holm 1995). Recently, it has been suggested that the stability that is followed by actors reaching a settlement may be shortlived (e.g. Garud et al. 2002; Hargrave and Van de Ven 2006; Reay and Hinings 2005; see for earlier notions Leblebici et al. 1991; DiMaggio 1991). In other words, fields may be shifting back and forth between settled and unsettled times (Swidler
1986). Yet, little is known about the dynamics, i.e. the factors that may explain this process of (temporary) stability and change (Clemens and Cook 1999).

Therefore the objective of this study is to explore the factors behind the process of temporary stability and change in pluralistic fields. Using a case study approach, we investigate a process of field evolution over a 22-year period. We first discuss our theoretical background. Next, we introduce our research setting – the organizational field of public employment services (PES) in the Netherlands during the period 1980-2002 – and describe our research and data collection methods. This is followed by a historical narrative of how the PES field evolved and our analysis in which we demonstrate which factors explain both (temporary) stability and change. Finally, we discuss the implications of our findings for institutional theory.

**Theoretical background**

Institutional logic is defined as “the socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton and Ocasio 1999, p. 804). In brief, logics can be viewed as the organizing principles, which inform field participants how they are to behave (Friedland and Alford 1991).

Actors may act according to different logics: while some may prefer one institutional logic, others may feel more comfortable or better off with another (e.g. Leblebici et al. 1991). In other words, “…society is composed of multiple institutional logics which are available to individuals and organizations as bases for action.” (Friedland and Alford 1991: 253). Thus, usually, there is not one single institutional logic; rather, there tend to be multiple logics which compete for dominance (Lounsbury 2007), making organizational fields less
homogeneous than is commonly thought (e.g. Schneiberg 2007; Seo and Creed 2002). Multiple logics within a field may create internal contradictions (Clemens and Cook 1999; Greenwood and Hinings 2006; Seo and Creed 2002), in other words, they may result in "inconsistencies and tensions within and between social systems" (Seo and Creed 2002, p. 223). Such institutional contradictions may serve as a trigger for field evolution (Friedland and Alford 1991; Rao et al. 2003; Thornton et al. 2005).

Ultimately, the whole process of change in an organizational field may result in various outcomes. Traditionally, it was assumed that the end result was a new settlement characterized by one dominant logic (Delbridge and Edwards 2007; Greenwood and Hinings 2006). That is, a relatively short period of struggle between competing logics is followed by a long, settled (Swidler 1986) period of stability where the dominant logic is unquestioned. More recently, however, it has been acknowledged that the outcome may also be a relatively stable situation where multiple logics co-exist in some way (Lounsbury and Crumley 2007; Purdy and Gray 2009; Reay and Hinings 2009). For example, Lounsbury and Crumley (2007) show how, in the US mutual fund industry, two competing logics were theorized in such a way that both were considered appropriate for specific investors. Reay and Hinings (2009), meanwhile, identify several strategies for a peaceful co-existence of the logic of medical professionalism and the business-like logic in health care. Similarly, Purdy and Gray (2009) show that, in the field of state offices of dispute resolution, multiple and competing logics can co-exist under specific conditions.

Here, we study a third possibility: outcomes may also be characterized by ongoing change rather than stable fields with one dominant or multiple co-existing logics. In other words, while one dominant logic may emerge, it does so only temporarily and one change is followed by another. The reasons for subsequent changes may be hidden in the process that led to the first field change (Garud et al. 2002; Hargrave and Van de Ven 2006; Reay and Hinings
Even in the case of one dominant logic, an institutional field can still be “littered with [the] flotsam and jetsam” (Schneiberg 2007, p. 48) of alternative logics. That is, alternative logics may represent the legacies of previous change processes (Lounsbury 2007; Schneiberg 2007; Thornton and Ocasio 2008). For example, Reay and Hinings (2005) propose that “although a new dominant logic may arise as part of a change process, the previously dominant logic will continue to be an important factor in the field” (p. 377). In other words, a logic that is the legacy of a previous change process may remain competing and play a role in a new process of change (Rao et al. 2003; Schneiberg 2007). However, we do not know how and why this happens. On the basis of the insights presented above, we explore the processes and factors that may explain how and why pluralistic fields evolve over time and thus may provide us more insight in the durability of settlements.

**Research setting**

Our research setting is the organizational field of the public employment services (PES) in the Netherlands. The PES field consists of multiple actors engaged in providing employment services. These actors are the government (which provides a regulatory framework and a budget), parliament (i.e. political representatives such as Christian Democrats, Liberals and Social Democrats debating the aims of employment services and their governance structure), and employers and employees along with their representative organizations – the employers’ associations and trade unions (which are collectively known as the social partners). The central organization within this field is Arbvo (until 2002), an executive agency managing around 130 job centres. The core activity of Arbvo was job matching – matching jobseekers with the job vacancies available. Arbvo’s other activities included registering and administering unemployed people, and implementing governmental measures for vocational education and work experience.
Actors in the PES field support different logics that are each accompanied by a preference for another governance structure (see table 1). Social Democrats, together with the largest association of trade unions, adhere to the logic of state bureaucracy, and follow the Keynesian argument that government has a central role in neutralizing market failures – by addressing unemployment problems, for example. Thus, the major union and the Social Democrats are proponents of a ‘traditional’ model of state bureaucracy for public employment services. The Christian Democrats together with a minority of Christian-based trade unions adhere to a corporatist logic. The corporatist ideology claims that interest groups “exercise restraint in pursuing their goals in return for their official recognition and privileges” (Olson 1986; see also Williamson 1989), and implies that trade unions and employers’ associations, together with the government, are jointly responsible for solving labour market problems (Wallerstein and Moene 2003). On the basis of this logic, Christian Democrats and these trade unions are proponents of the network model in public employment services. The Liberals and the employers’ associations, meanwhile, adhere to the capitalist market logic and prefer a governance model that is based on competition. They prefer the public employment services to be provided by private organizations and support a market arrangement. All of these groups continued to support the logics outlined above throughout the whole of the 22-year period studied. This underscores the fact that these are true logics, i.e. deeply embedded values and ideas that actors use as a guidance for their behavior. Although the various actors were obliged to tolerate other (dominant) logics at times, their preferences remained as described above. The field of PES may thus be characterized as one with multiple, competing logics.

== INSERT TABLE 1 ABOUT HERE ==
We have taken 1980 as the starting point for our study because in that year the Dutch government requested advice from the SEC on how to amend the 1930 Public Employment Services Act to deal with the growing structural unemployment. This request was a first step in leaving behind half a century of relative stability in the field of public employment services. Within the 22 years covered in our study, we distinguish three periods: one characterized by a dominant state logic, accompanied by a traditional, hierarchical governance structure (until 1991), one characterized by a dominant corporatist logic, accompanied by a network governance structure (1991-2002), and one characterized by a dominant capitalist market logic, accompanied by a principal-agent governance structure (2002-present; see table 1).

Method

Data collection began in 1987 and continued until 2003. We used secondary data sources and in-depth interviews with a wide variety of actors. The secondary data sources included documents such as advisory and evaluation reports, policy proposals from key actors, Acts of Parliament, letters from ministers, memos from senior civil servants to the minister of Social Affairs, Arbvo annual reports, and reports from various meetings such as meetings of the SEC, government project groups, boards of employers and trade unions, and the national and regional management of Arbvo. Collectively, these secondary sources added up to more than 160 (groups of) documents, totalling approximately 5,700 pages of text.

In addition, we conducted 44 semi-structured interviews. Respondents were selected from a diverse set of actors, including politicians, civil servants, Arbvo managers, trade unions and employers’ associations, private businesses and members of advisory boards and project groups (see table 2). These respondents were chosen on the basis of their close involvement in decision making within the relevant organizations or teams, as indicated by the documents or
by other respondents (snowballing). This enabled us to obtain a detailed and balanced perspective of the processes underlying the evolution in the PES field. Informed by the secondary data, respondents were invited to describe what had happened during particular periods of time, to explain the decisions made (by them or by others), and to reflect on the findings drawn from the various documents. The respondents were thus treated as ‘conversational partners’ (Rubin and Rubin 2005), and interviewer and respondent worked together to achieve a shared understanding of the phenomenon in question. Interviews with actors from multiple backgrounds and positions were also used to collect additional, mostly non-public, documents. The first interview was conducted in 1987, and the final interview took place in 2003, which enabled us to obtain real-life insight rather than merely post-hoc reflections. The interviews lasted an average of about 90 minutes. All interviews were documented in interview reports, yielding an additional 260 pages of text. The use of the various documents in combination with a diverse set of interviews allowed us to triangulate our findings – in other words, findings from one source (document or interview) were checked for congruence with other sources and, where apparent differences occurred, additional data was sought to resolve inconsistencies.

Data analysis was carried out in two phases. First, throughout the whole data collection period, an initial analysis was carried out with the aim of understanding the ‘how’ and ‘why’ of the case as it evolved over the period of more than twenty years. Our main approach here was to write a detailed, 215-page, case description, which was continuously updated. This allowed us to have an overview of the case, to search for information that appeared to be missing and to understand the chronology of events.
In the second phase, once the data collection was complete, we focused on obtaining a more abstract understanding of the factors driving the process of field evolution. More specifically, we re-read the whole case description, coded the key constructs, and added memos whenever we encountered potentially important insights. Based on these codes and memos and using tabulations and schemes we searched for patterns in the data (Miles and Huberman 1994; Strauss and Corbin 1998). Table 3 presents an illustrative overview of how we coded events in terms of factors that influenced field evolution, as well as the sources for these findings. These factors are explained in more detail later. On the basis of the conceptual insight obtained thus, we compiled a preliminary outline of our results. We then returned to our original data (the secondary data sources and interview reports) to ensure that our emerging ideas remained consistent with the data. We repeated this second phase of the process several times.

== INSERT TABLE 3 ABOUT HERE ==

In total, the second phase of the data analysis lasted for approximately eighteen months. During the various stages of the analysis we presented our emerging findings to many audiences for validation, including practitioners from the PES field, and used their feedback to further refine our findings.

A short history of the PES field in the Netherlands

The traditional arrangement: pre-1980

Given the existence of multiple, competing logics in the field, the PES field in the Netherlands was for a long time remarkably stable. The dominant state logic, with its origins in the early 1930s, was not called into question before 1980. As in many European countries
(Considine and Lewis 2003; Sol and Westerveld 2005), the PES field was organized as a state bureaucracy, with Arbvo as a central government agency and the national government bearing sole responsibility for Arbvo. Trade unions and employers were only represented on advisory committees with no policy-making power. Private employment services were not permitted.

The relative stability of the field even endured during the 1960s when Arbvo was strongly criticized for being ineffective, bureaucratic and inflexible; the state logic in the PES field continued to dominate. This was partly due to the rapid economic growth that took place after World War II and the associated economic prosperity and low unemployment, which permitted the expansion of the welfare state and ensured that there was little urgency for radical reform in the PES field.

The enduring stability ended when rising unemployment of the mid 1970s created major problems in the PES field and forced the actors to reconsider the existing field arrangement. By 1980, this had led the government to ask the Social Economic Council (SEC) for advice on how to restructure the field; this is generally considered to be the end of a half-century of relative stability and the beginning of the process towards change.


While there was growing dissatisfaction with the traditional arrangement, the various actors in the field could not agree on an alternative. This was especially clear on the SEC, where the representatives of various actor groups (employers’ association and unions) all adhered to different logics. Two years of bi-weekly SEC meetings failed to break the deadlock: decisions were postponed and the traditional arrangement remained unchanged. The stalemate position persisted despite the economic crisis and growing mass unemployment of the early 1980s, which increased the urgency of arriving at a solution. The 1982 elections produced a new government, led by Christian Democrats and Liberals, which decided to replace Keynesian
policies with a more neo-liberal policy. In the same year, the new government and social partners agreed to hold down wage increases and working times, an agreement generally known as the Wassenaar Treaty. Although these changes temporarily reduced the need for change in the PES field, they did not resolve the stalemate position in the SEC.

It was not until the Ministry of the Interior proposed to decentralize the tasks of Arbvo to local authorities that some actors within the SEC were willing to abandon their entrenched positions. This “created a momentum for agreement about the network arrangement”, as the general manager of Arbvo put it, because such decentralization would imply that the social partners (as well as Arbvo management and the Ministry of Social Affairs) would lose most of their influence in the PES field. While all actors on the SEC continued to adhere to their respective preferred logics, some of them decided to settle for the next-best option (the network arrangement) to prevent a scenario that was even worse in their view (decentralizing Arbvo tasks). As a result, the SEC was finally able to reach an agreement on the network arrangement and advised the government accordingly in 1984. As an independent member of the SEC noted, “the proposal from the Ministry of the Interior to decentralize Arbvo to local governments was a strong impulse for agreeing on the network model, because the social partners wished to avoid this alternative at all costs”. In other words, the agreement was reached to avoid alternatives that were considered worse.

In order to arrive at a compromise, the SEC’s advice on the network arrangement was phrased in rather abstract terms. For example, as there was no agreement on the details of the governance structure, the SEC decided to say nothing about it in it’s advice. As the chair of the SEC noted, “we couldn’t reach consensus on a number of issues such as the relationship between central and regional authorities, so we decided to exclude them from the advice”. Similarly, due to disagreement within the SEC, it’s advice remained silent on which type of jobseekers Arbvo should focus on. Some members argued that Arbvo should focus at
efficiency (market logic), implying that they should not invest too many resources in ‘difficult’ clients (such as the long-term unemployed); others drew upon the state logic, emphasizing justice and equal treatment, and believed that assisting long-term unemployed should actually be Arbvo’s principal societal function. Our data show that agreement within the SEC was only possible through the deliberate use of ambiguity. Not specifying the agreement in detail provided the opportunity to create a temporary consensus among the members of the SEC who adhered to divergent logics.

The compromise on a new settlement, as suggested in the SEC’s advice, by no means implied that the network arrangement was accepted by all actors in the PES field. In several other forums, actors remained just as opposed to the network arrangement as they had been before. For example, continuing to oppose the network arrangement, the Liberals, the Ministry of Finance and the Ministry of Economic Affairs forced the market arrangement back on the agenda in 1985 by requesting an official study of their preferred option. While this request was torpedoed by the Christian Democratic Minister of Social Affairs, it showed that the SEC agreement received far from complete support within the PES field. Disagreements remained on several important aspects of the new arrangement. For example, the Liberals and the Ministry of Finance felt that if the social partners were to have a major say in Arbvo, they should also be involved financially. The social partners disagreed and the major union decided to withdraw from the negotiations for more than half a year. In April 1985, in an attempt to break free of the renewed stalemate, the government installed a project team of civil servants and social partners to investigate the network option further. However, the project group was unable to come to a clear decision regarding the unresolved issues, and a report in 1987 basically reconfirmed the stalemate position vi.

The government continued to stand by the agreement reached in the SEC and decided to send a draft law to parliament, even though it was open to many interpretations. Unsurprisingly, a
majority in parliament opposed the network arrangement. Even though it remained dissatisfied with the existing field arrangement and the unresolved problem of unemployment was still pressing, the various actors in parliament were unable to reach an agreement on any alternative. This deadlock persisted for over a year.

The 1989 elections provided the Christian Democrats with a new opportunity to promote their preferred network arrangement. In the negotiations for a new coalition they strongly urged the Social Democrats to accept the network arrangement. The Social Democrats still preferred the state logic and stated in parliament that they wanted “employment policy to remain ultimately under government control”\(^\text{vii}\). However, after protracted negotiations the Social Democrats decided to end their opposition to the network arrangement. There were three reasons for this. First, the Social Democrats were anxious to regain a place in government after almost a decade of opposition. The shift of power following national elections thus offered an opportunity for achieving a new settlement. Second, like other actors, the Social Democrats increasingly realized that prolonged indecision and increasing dissatisfaction with the current situation may encourage others to suggest alternatives that were considered even worse than the network arrangement (such as a new proposal for a market arrangement or the decentralization of Arbvo’s functions to municipal government). Agreeing to a network arrangement was thus seen as the lesser of two evils. For example, a spokesman of the Social Democratic party noted in parliament “We will give the network model the benefit of doubt, although we are still opposed to it. But other options seem even less attractive”. Third, the Social Democrats hoped that the ambiguity of the newly negotiated draft Act would provide them with ample opportunity to implement the network arrangement in such a way that it would remain acceptable to them. As their spokesman in parliament stated, “we should not now remain in a situation where each of us lists all the issues of disagreement. The various parties should attempt to reach a compromise in the tri-partite board in the future”\(^\text{viii}\). For
example, the draft Act remained equivocal on which type of jobseekers Arbvo should focus on by stating that it should assist all jobseekers. The Social Democrats interpreted it to mean that the long-term unemployed should receive special attention. Similarly, while there was no formal decision in the draft Act about the social partners’ financial support for the new arrangement (this financial support was initially a condition of the Social Democrats to be willing to partly give up state authority over the PES field), the Social Democrats as well as other actors hoped that the social partners would become committed to the new arrangement once it was implemented and ultimately decide to contribute financially. For example, the minister of Social Affairs stated in parliament that he thought it very unlikely that the social partners would “leave the room” when financial issues needed to be discussed and, consequently, that they would accept responsibility for the policy along the way. In other words, the ambiguity of the proposal made it easier for the actors, in particular the Social Democrats to interpret the proposed solution according to their own preferences. Interestingly, our data show that, again, the agreement was deliberately made ambiguous to resolve the stalemate position. Moreover, some actors foresaw that this could lead to problems once the agreement was implemented (for example, it was noted in a discussion on the PES in the second chamber of parliament). Nevertheless, it was decided that the proposed agreement on the network arrangement should be adopted, in order to solve the stalemate, assuming that the remaining ambiguities and disagreements would be resolved in due course. For these reasons, the network arrangement in the new PES act was passed in 1990.

Towards a market arrangement: 1991-2002

On the basis of the dominant corporatist logic of the new network arrangement, the national government was replaced by a tri-partite board of employers, trade unions and government
officials. Each party was given an equal say on this board and it was given full authority over all Arbvo-activities.

Our data show that while initially most actors were relieved that at last action had been taken and that that action could have been worse, this satisfaction proved short-lived and most actors quickly reverted to their original preferences. Although the network arrangement did not correspond with their preferred logic, the Social Democrats were initially prepared to give it the benefit of the doubt. However, they were quickly disappointed by the lack of support from other actors, in particular the employers’ association, and decided to pursue their own strategy to push, whenever possible, for more authority of the state. The Liberals also rapidly returned to their own preferred (market) logic. As their spokeswoman in parliament stated in an interview: “We soon observed that the network model was not functioning. The social partners conducted endless discussions and Arbvo became a big bureaucracy. Starting 1994, our objective was to privatize Arbvo”. The employers’ association, too, considered the network arrangement as a “next-best option” and did not put its heart into it. The employers’ representative on the tri-partite board recalls that “we did not feel obliged to the network model but we decided to stay for a while, only because time was not ripe for the market model”.

Dissatisfaction with the network arrangement was also quick to resurface because once the new model had been implemented, various actors began to interpret the ambiguous agreement in their own way and act accordingly. As a result, the tri-partite board remained divided about which strategy to pursue (e.g. on which type of jobseekers to focus) and was unable to lead Arbvo effectively. Taken together, this resulted in a disjointed system in the PES field: the activities, responsibilities and authorizations of the various actors involved did not form a coherent whole. As noted in an independent evaluation report, “neither the government nor the social partners have sufficiently recognized the implications of the network model. As a
result, Arbvo cannot perform its tasks accordingly”. The high level of abstraction in the agreement on the network arrangement thus masked a lack of real consensus which emerged when the agreement was put into practice, and conflicts were soon back on the agenda. When, in 1995, an evaluation committee installed by the government concluded that the network model was not functioning adequately\textsuperscript{iv}, the growing dissatisfaction was confirmed and the debate on the preferred arrangement for the PES field began all over again.

With the most fervent political supporters of the network arrangement (the Christian Democrats) no longer in government after the 1994 elections, the way seemed clear for the opponents of this arrangement (the social partners, the Liberals and the Social Democrats) to abandon it. However, they were unable to do so because they all reverted to their respective logics and were unable to come to a decision about an alternative for the network arrangement. While the government opted for a half-hearted attempt to redesign the network arrangement in 1996, there was no radical departure. This was partly due to the changed socio-economic situation in the Netherlands: falling unemployment rates and the (suddenly) high international esteem in which the Dutch network arrangement was held made it an ill moment to promote changes, even though several actors were highly dissatisfied with the arrangement and believed that the positive results were due to economic growth rather than to a well-designed PES system.

In the late 1990s, the market logic was increasingly supported in other, related fields and the Liberals and the employers’ association promoted their market-based solution for the PES field with renewed vigor. The other actors in the PES field continued to oppose it. However, in 1999 parliament – including the Social Democrats – decided to accept the market arrangement for PES. There were three reasons for this change. First, parliament was increasingly aware that the network model in PES was not functioning properly and needed reform. The growing dissatisfaction created an urgency to do something and this became even
clearer when Arbvo was accused of irregularities and fraud by the EU, which was particularly worrying for the Social Democrats since the then Minister of Social Affairs was a leading Social Democrat. Second, the Social Democrats dreaded the idea of any market-based arrangements being implemented in the field of social security services. For example, in an interview the spokeswoman of the Social Democrats declared it “definitely inconceivable that we would allow a private company to determine who will receive a social benefit”. They opposed the market arrangement in this field even more than in the PES field. As the Social Democratic minister of Social Affairs declared at his farewell party: “I have tried to prevent the privatization of Arbvo, and I still feel bad about it. But preventing a market arrangement in social security was more important”. New negotiations between the Liberals and the Social Democrats, who were both in government at that time, presented the latter with the opportunity to block the introduction of any market arrangement into the social security services by accepting its introduction the PES field, perceived as the lesser of two evils. In turn, the Liberals accepted an (unwanted) state logic in the field of social security, meanwhile realizing a market arrangement in the PES field. Third, all actors expected that the ambiguity of the newly negotiated PES act (known as SUWI) would give them ample opportunity to implement the market arrangement in the PES field according to their own preferences. For instance, unable to come to a decision about the conditions under which private employment service agencies would be allowed to participate, the agreement remained deliberately silent about the criteria for selecting private employment agencies, assuming that the remaining disagreements would be resolved in due course. The managing director of Arbvo declared in an interview that no rules for selecting private employment agencies had been developed “because they [the politicians and social partners] disagreed about how to implement the market model. So in the first year after their decision, we had to develop the criteria ourselves”.
The resulting SUWI Act was passed in 2001, introducing a market logic in the PES field. As part of this change, Arbvo was privatized and other private organizations gained the right to supply employment services as well. Competition among these actors would lead to an efficient system of supplying employment services, it was argued. While our study ends in 2002, there are strong indications that soon after the market arrangement was implemented, dissatisfaction with the new arrangement began to grow. Continuing dissatisfaction about the market logic led to a renewed debate about reforming the PES field. As a result, at the time of writing, the market logic seems to be abandoned again. It suggests that the market logic was, at least in this case, not the end-station and that, like the settlement on the network model, the market logic also constitutes a temporary truce.

**Explaining temporary stability and change in the PES field**

Our analysis (see table 4) shows that the road towards a new settlement was paved by a series of small settlements within one of the decision making bodies (e.g. SEC, government or parliament). As indicated by our historical narrative, the settlement that was reached on the network arrangement in 1990 did not result in enduring stability of the PES field. Rather, within a couple of months after the implementation of the network arrangement the process towards a next settlement was started. Our analysis shows that four factors contributed to the continuing field evolution: (1) power shifts, (2) dissatisfaction, (3) negative choice, and (4) deliberate ambiguity. These are explained in more detail below.

\[= = \text{INSERT TABLE 4 ABOUT HERE} = =\]

*Power shifts*
Over the 22-year period studied, power shifted several times (e.g. due to elections) with supporters of one logic gaining influence at one time and supporters of another logic gaining influence at other times. Our analysis shows that these power shifts can create the conditions for a new settlement. Elections and subsequent negotiations created a situation in which more options (such as joining the governing coalition) opened up to the actors, thus presenting a stronger incentive to come to a settlement. However, power shifts never resulted in a situation where one logic was supported by a majority. Rather, our study shows that despite a power shift, the various actors remained deeply divided about the ideal option for public employment services. Thus the supporters of a specific logic always needed other actors, whose real preference was for another logic, for making a change happen. In other words, power shifts alone did not result in any settlement in the PES field.

**Dissatisfaction**

In this study, dissatisfaction is defined as the degree to which discontent about the current arrangement in the PES field is felt by the various actors in the field (Greenwood and Hinings 1996; Reay and Hinings 2005). While a discrepancy between preferred logics and the dominant logic always result in some tension (Greenwood and Hinings 2006; Seo and Creed 2002), actors may perceive these tensions as more or less problematic. In our study we found that at several times in the 22-year period, dissatisfaction with the current arrangement in the PES field rose among the various actors due to the socio-economic situation, unemployment problems, organizational problems within the PES field and/or the ongoing stalemate position that did not solve such problems. Due to this dissatisfaction, actors at several times felt that the current situation was undesirable and needed to be changed. It created a sense of urgency to do something. Interestingly, in a couple of instances dissatisfaction decreased, making a radical change regarded as impossible. For example, in the mid 1990s,
dissatisfaction decreased due to a fall in unemployment and the increasingly high international esteem in which the Dutch corporatist system was held. This suggests that a high degree of dissatisfaction is an important condition for a new settlement. However, the data also suggest that it is not enough to explain a settlement. For example, from the mid '70s onwards, the high level of structural unemployment had been pushing the various actors to make changes in the PES field, but the first agreement was only implemented in 1991 after long years of struggle and debate. This suggests that dissatisfaction, i.e. the economic pressure for reform resulting from factors like high unemployment rates, was a necessary but not a sufficient condition for a settlement in the PES field.

**Negative choice**

Table 4 shows several instances where a stalemate position is resolved not because a majority of the actors valued the settlement in its own right, but because supporting one logic would block another one. In other words, one option is selected because it is considered the lesser of two evils. We refer to this factor as negative choice. It functions as leverage and facilitates the move toward a settlement. However, while it solves the struggle between the competing logics in a settlement, it also sows the seeds for destabilization of the same settlement and an upswing towards a subsequent new settlement. While, initially, most actors are relieved that at least the stagnation has been resolved, frustration about not having selected the preferred option quickly re-emerges among the various actors. This is a direct consequence of the settlement being only a second-best solution for most actors. Since most actors do not value the new dominant logic in its own right (but simply as a means of preventing another option from being chosen), many do not feel obliged to defend or support it. Most actors make only a half-hearted attempt to make the settlement work. The settlement is thus not given a fair chance and as a result it functions poorly, which in turn compounds the discontent still
further. Negative choice can thus resolve a struggle between multiple actors drawing upon various logics; however, soon after the implementation of the settlement, the old controversies are revived and a process towards further change begins.

**Deliberate ambiguity**

Table 4 also reveals instances of actors resolving a stalemate situation by deliberately creating ambiguity. Refraining from specifying details in full can allow actors to agree with a settlement, creating a temporary consensus in a field with competing preferences. Leaving things open provides all actors the opportunity to believe that some progress has been made and that there is plenty of time to settle the unresolved issues in favour of their own preferences, which makes it easier for all actors to abandon an entrenched opposition. Formulating the agreement in such a way that it is open to multiple interpretations also makes it easier for the various actors to interpret the proposed solution according to their own preferences. Deliberately creating ambiguity is thus another factor which may create a way out of a stalemate position. However, once the new settlement is put into practice, the unresolved issues soon appear back on the agenda. What is more, when it comes to the implementation phase, an ambiguous agreement can no longer be ‘all things to all people’ because the details are, by definition, revealed through implementation, exposing the differences with the opposing logics. As a result, actors begin to criticize the newly adopted arrangement and defend their own turf once again. The ambiguity of an arrangement thus forces the contradictions back on the agenda, soon after having apparently resolved them. This sets in train a whole new process leading to further change.

As is apparent from table 4, the first two factors (power shifts and dissatisfaction) seem to have a different role than the latter two factors (negative choice and deliberate ambiguity).
The first two factors do contribute to creating a situation where a settlement is possible. More specifically, power shifts seem to create the opportunity for change, while dissatisfaction seems to create an urgency to change. We found no instances of these factors making the settlement actually happen (see the last column in table 4), but they do help us explain the conditions for arriving at a new settlement.

Negative choice and deliberate ambiguity, on the other hand, explain how and why actors may use these conditions to arrive at a settlement and thus create (temporary) stability in the field (see last column table 4). Interestingly, while the last two factors differ conceptually, they have the same double-edged effects: they both create a way out of a stalemate position and thus result in the choice of a dominant logic and a temporary settlement. However, they also carry with them the seeds of the actors’ dissatisfaction with the settlement, and thus their weak commitment to it, the emergence of renewed debate and, eventually, further change. Our findings show that the way in which actors find their way out of the jungle of multiple logics actually turns out to be the very reason that a settlement is reconsidered soon after it has been implemented. This contributes to our understanding of how pluralistic fields evolve and how (temporary) stability of settlements can be explained in pluralistic fields.

Discussion

In this paper we have set out to explore the process of field evolution from an institutional theory perspective. It thus taps in to the discussion about how institutional theory may explain stability and change of institutional logics (e.g. Clemens and Cook 1999). More specifically, our study contributes to institutional theory in three different ways.

First, our study suggests that the frequently assumed durability of dominant logics should be questioned and thus supports the idea that a field may shift back and forth between settled and unsettled times (Swidler 1986). Moreover, in some fields a settlement may be little more
than a temporary truce in a field that remains in flux. Such fields are characterized by constant struggles between competing logics and even though a settlement may be reached, other logics remain in the background, to be revived whenever the opportunity arises (Khan et al. 2007). In other words, our study proposes that a settlement is not necessarily followed by enduring stability or by multiple co-existing logics (Lounsbury and Crumley 2007; Purdy and Gray 2009; Reay and Hinings 2009).

This raises the question when we should expect each of the three alternatives (i.e. enduring stability of a dominant logic, multiple co-existing logics, or fields in flux). With only one case study, it is difficult if not impossible to give definite answers, but we may make some preliminary suggestions. Based on our case data we suggest that power distribution is a decisive factor: our case was characterized by a lack of dominant actor. Had there been a clear dominant actor such as a network leader in a position to ‘dictate’ a logic, actors in the field would not have had the opportunity to use negative choice and deliberate ambiguity to solve a stalemate situation as there would not have been a stalemate situation in the first place. The outcome would have been a much more stable situation. In other words, stable fields are more likely to be found when there is a dominant actor.

In absence of a dominant actor, two options remain. Either multiple logics co-exist (as witnessed in the studies by Lounsbury and Crumley 2007; Purdy and Gray 2009; Reay and Hinings 2009), or fields may remain unstable with competing rather than co-existing logics and temporary truces (as in our study). We propose that the first is more likely to occur when the actors are less detached from the operational consequences of the decisions they make. For example, in the case of co-existing logics studied by Reay and Hinings (2009), especially regional health authority managers and physicians are much more likely to directly (rather than only after some time) experience the consequence of their choices. In such a case, leaving things open is not really an option and selecting a solution you rather would not have
is much harder to take as it directly impact your day to day activities. As a result, decision makers in such situations are more likely to rely on (more difficult) strategies that result in co-existing logics. In the case of the field of public employment services, actors made decisions without being directly affected by the consequences of these decisions in their daily practices. In such cases, making negative choices and creating deliberate ambiguity serve as relatively easy ways out of a stalemate position. We therefore propose that a situation of unstable settlements is more likely to occur when the actors are more detached from the operational consequences of the decisions they make. This line of reasoning would seem to reinforce the importance of studying logics at multiple levels – that is to say, the micro level of implementing change versus the macro level of field decision making (Battilana 2006; Friedland and Alford 1991; Thornton and Ocasio 2008).

Second, we identified four factors that help explain how actors arrive at a new settlement in pluralistic fields with multiple, competing logics. In particular two of these factors seem important to explain how and why pluralistic fields evolve over time, i.e. to explain the durability of a settlement. These two factors have been identified previously in the literature, but the role they have in explaining interconnected changes and the evolution of fields has, to the best of our knowledge, not been investigated before. The first of these two factors, negative choice, is a compromise strategy (Oliver 1991). Our study shows that it is the negative aspect of a compromise strategy that accounts for the temporality of the settlement. That is, compromises based on negative choice (i.e. to make sure another option is not selected) do not resolve the underlying conflicts between the actors and, as a result, leave traces of the options that were not selected (Schneiberg 2007). These traces remain fresh in the minds of their proponents (Reay and Hinings 2009; Townley 2002) and can easily be revived. Our study shows the consequences of this on the stability of the settlement: we
demonstrate how a negative choice leads to more change further down the line, because low commitment and dissatisfaction are already ingrained in the compromise.

Similarly, the factor of deliberate ambiguity has also been discussed in the literature before, but not as an explanation for how (temporary) stability and change are related. For example, Meyer and Rowan (1977) suggested that ambiguity may be used strategically to manage multiple conflicting demands: it provides actors with the opportunity to decouple meaning from actions, thus resolving conflicts among them. Other scholars have also pointed out the deliberate use of ambiguity in (rhetorical) strategies for change (Lebleci et al. 1991; Padgett and Ansell 1993; Rao et al. 2003; Suddaby and Greenwood 2005). However, the consequences of such a strategy on the stability of the resulting arrangements have so far remained unspecified. This study shows that while ambiguity may temporarily resolve a struggle between competing logics, the underlying conflicts quickly surface again once the new arrangement is implemented.

In doing so, our study provides an important contribution to the discussion on durability and change (e.g. Clemens and Cook 1999). While previous studies often tended to focus on either stability or change (Dacin et al. 2002; Hoffman 1999; Seo and Creed 2002) of institutional logics, our study shows that these may be inextricably interrelated. The efforts to reach a settlement may catalyze a set of dynamics that destabilize the settlement, thus resulting in a field that is shifting between unsettled and settled times (Swidler 1986). In other words, stability may be short-lived, and better characterized as a temporary truce. Our study explains how actors negotiate this unsettled terrain and when this is most likely to happen.

Our third contribution to institutional theory is of a methodological nature: our study demonstrates that a longitudinal approach with a focus on multiple actors and logics is able to reveal explanations that would probably have remained undiscovered if more traditional methods had been employed, especially large-scale quantitative studies or methods with
shorter timeframes and a limited number of actors (Delbridge and Edwards 2007; Hargrave and Van de Ven 2006; Hinings and Tolbert 2008; Lawrence and Suddaby 2006). While the call for longitudinal, in-depth research into the process of field evolution has been aired repeatedly (e.g. Pettigrew 1997; Scott et al. 2000), few have answered this call. Most studies are restricted to a shorter period and/or a specific stage of field level change (Delbridge and Edwards 2008; Mazza and Strandgaard Pedersen 2004; Reay and Hinings 2005, 2009). This is more likely to lead to the impression that a change of settlement is a singular incident that has little relation to a subsequent period of instability and change. Our approach of embracing more than one process of field level change enabled us to reveal links between these processes, thus showing how changes are connected by the double-edged effects of the factors that we found.

Similarly, previous studies on the role of actors in organizational field change have often been limited to individual heroes or a few powerful actors such as the state or professional associations (Greenwood et al. 2002; Lawrence and Suddaby 2006; Mutch 2007). Our study shows that a focus on multiple actors can result in a much more complicated picture (Delbridge and Edwards 2007; Maguire et al. 2004), where competing logics function as the underlying drivers for contradictory actor preferences (Friedland and Alford 1991; Lounsbury 2007; Lounsbury and Crumbley 2007). Moreover, a more detailed analysis of the role of multiple actors in the organizational field has provided us with a better understanding of why the arrangement they agreed upon remained unstable and was rapidly replaced by a new one. Such insights would not have emerged with more simple designs (e.g. a focus on the state as the only actor that decides in the field of public employment services). This study can thus be interpreted as a call for further research which takes the more difficult, but also more promising route of longer timeframes and multiple actors.
Limitations and further research

While we believe that our study provides an important contribution to institutional theory, we also acknowledge its limitations, which stem particularly from the fact that our research is based on one case only. We cannot completely exclude the possibility that other cases in similar settings (i.e. fields with competing logics and which are characterized by a relatively even distribution of power) would result in additional factors that may explain how and why multiple actors decide for a new settlement and the durability of such a settlement. Future research investigating similar fields could produce greater clarity in this regard. Please note that fields with competing logics and evenly distributed power are not likely to constitute exceptional situations. A growing number of organizational fields seem to be characterized by large networks of actors with no clear network leader. For example, in many countries the health care sector serves as an excellent case in point (Reay and Hinings 2005; Scott et al. 2000), with both governments, NGOs and commercial enterprises being involved. This is a field which could provide great opportunities for further research. It would also be interesting to study a more commercial setting that would allow us to compare organizational fields with different mixtures of public and private actors. For example, a wide range of actors (including oil companies, electricity suppliers, NGOs, governments, scientists and consumers) are currently involved in the process of changing our production and consumption of energy and various options seem to be on the table without a clear dominant party having yet been able to convince the others. Since this process has only recently got underway, it could serve as an excellent case with which to study the process of field evolution in a more commercial setting. It seems, then, that these types of pluralistic fields are an increasingly worthy subject for investigation.

Second, having studied only one case, it is hard to draw conclusions about when to expect a situation of dominant logic to arise (Greenwood and Hinings 2006), when to expect a
situation characterized by the co-existence of logics (Lounsbury and Crumbley 2007; Purdy and Gray 2009; Reay and Hinings 2009), and when to expect a situation of temporary truces and logics that remain competing (as described in this study). While we have offered some propositions, one case clearly is not enough to provide definite answers and future research would be warranted. Moreover, as noted before, such research should take into account there may be a difference between how the competition between logics is solved at various field levels (Battilana 2006; Thornton and Ocasio 2008).

Above all, our study shows that researchers should be aware of the possibility that fields are and remain in flux. Our study provides only a first step towards understanding how and why this may occur. Further research, especially longitudinal research and including multiple actors, is needed to enhance our understanding of stability and change and thus how pluralistic fields evolve over time.

Acknowledgements

The authors thank Patrick Vermeulen, Michael Lounsbury and three anonymous *OS* reviewers for their helpful comments on previous drafts of this article.

References

Barley, Stephen R. and Pamela S. Tolbert


Battilana, Julie


Burton, Michael G. and John Higley

Clemens, Elisabeth S. and James Cook


Considine, Mark and Jenny M. Lewis


Dacin, M. Tina, Jerry Goodstein, and W. Richard Scott


Delbridge, Rick and Tim Edwards


Delbridge, Rick and Tim Edwards


DiMaggio, Paul J.


DiMaggio, Paul J. and Walter W. Powell


Friedland, Roger and Robert R. Alford

Garud, Raghu, Sanjay Jain, and Arun Kumaraswamy


Greenwood, Royston and C.R. Hinings


Greenwood, Royston and C.R. (Bob) Hinings


Greenwood, Royston, Christine Oliver, Kerstin Sahlin and Roy Suddaby (eds)


Greenwood, Royston, Roy Suddaby and C.R. (Bob) Hinings


Hargrave, Timothy J. and Andrew H. van de Ven


Hinings, C.R. (Bob) and Pamela Tolbert

Holm, Peter


Khan, Farzad R., Kamal A. Munir, and Hugo Willmott


Kooiman, Jan


Lawrence, Thomas B. and Roy Suddaby


Leblebici, Huseyin, Gerald R. Salancik, Anne Copay, and Tom King


Lounsbury, Michael


Lounsbury, Michael and Ellen T. Crumley

Maguire, Steve, Cynthia Hardy and Thomas H. Lawrence

Mayntz, Renate and Fritz W. Scharpf

Mazza, Carmelo and Jesper Strandgaard Pedersen

Meyer, John W. and Brian Rowan

Miles, Matthew B. and A. Michael Huberman

Mutch, Alistair

Oliver, Christine

Olson, Mancur

Padgett, John F. and Christopher K. Ansell
Pettigrew, Andrew M.

Purdy, Jill M. and Barbara Gray

Rao, Hayagreeva, Philippe Monin, and Rodolphe Durand

Rao, Hayagreeva and Martin Kenney

Rhodes, Roderick A.W.

Reay, Trish and C.R. (Bob) Hinings

Reay, Trish and C.R. (Bob) Hinings

Rubin, Herbert J. and Irene S. Rubin
2005 *Qualitative interviewing; the art of hearing data*. Thousand Oaks, Ca: Sage.

Schneiberg, Marc
Scott, W. Richard, Martin Ruef, Peter J. Mendel, and Carol A. Caronna

Seo, Myeong-Gu and W.E. Douglas Creed

Sol, Els and Mies Westerveld (eds)

Strauss, Anselm and Juliet Corbin

Suddaby, Roy and Royston Greenwood

Swidler, Ann

Thornton, Patricia H. and William Ocasio

Thornton, Patricia H. and William Ocasio

Townley, Barbara

Wallerstein, Michael and Karl Moene

2003 ‘Does the logic of collective action explain the logic of corporatism?’ *Journal of Theoretical Politics* 15/3: 271-298.

Westenholz, Ann, Jesper Strandgaard Pedersen, and Frank Dobbin


Williamson, Peter J.


Zilber, Tammar B.

Table 1: Overview of the various field arrangements and the key proponents and opponents

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominant logic</td>
<td>State bureaucracy</td>
<td>Corporatist ideology</td>
<td>Capitalist Market</td>
</tr>
<tr>
<td>Governance structure</td>
<td>Hierarchy</td>
<td>Network</td>
<td>Principal-agent</td>
</tr>
<tr>
<td>Key proponents</td>
<td>Major union</td>
<td>Minority of trade unions</td>
<td>Liberals</td>
</tr>
<tr>
<td>Social Democrats</td>
<td>Employers’ associations,</td>
<td>Christian Democrats</td>
<td>Employers’ associations</td>
</tr>
<tr>
<td>Key opponents</td>
<td>Liberals</td>
<td>Major union</td>
<td>Christian Democrats</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employers’ associations,</td>
<td>Major union</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Liberals</td>
<td>Social Democrats</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social Democrats</td>
<td>Minority of trade unions</td>
</tr>
</tbody>
</table>

Table 2: Distribution of secondary data and interviews over the various actors

<table>
<thead>
<tr>
<th>Actors</th>
<th>Secondary data sources (approximate number of pages)</th>
<th>Number of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Politicians</td>
<td>1660</td>
<td>6</td>
</tr>
<tr>
<td>Civil servants</td>
<td>880</td>
<td>13</td>
</tr>
<tr>
<td>Managers Arbo</td>
<td>890</td>
<td>10</td>
</tr>
<tr>
<td>Social partners</td>
<td>1140</td>
<td>8</td>
</tr>
<tr>
<td>Private business</td>
<td>480</td>
<td>3</td>
</tr>
<tr>
<td>Advisory boards</td>
<td>650</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>5700</td>
<td>44</td>
</tr>
</tbody>
</table>
Table 3: Illustrative examples of coding events in the PES field

<table>
<thead>
<tr>
<th>Factors influencing field evolution</th>
<th>Illustrative examples (source)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power shift</td>
<td>National elections (1989) allow the Christian Democrats to propose a network model to the Social Democrats in exchange for a seat in the government: “This power shift created an opportunity for the Christian Democrats to get the Social Democrats at their side” (interview vice-director Arbvo). When discussing the consequences of the 1994 elections, a Christian Democratic member of Parliament notes that the new government of Social Democrats and Liberals does not support the network model. “Since we are no longer in government, the network model receives much less political support” (interview spokeswoman of the Christian Democrats in Parliament).</td>
</tr>
<tr>
<td>Dissatisfaction</td>
<td>“During the eighties, unemployment rose by tens of thousands per month and Arbvo had nothing to offer. We realized that this could not continue” (interview secretary of the project group preparing a new PES act based at the network model). “The network model did not work. The social partners used it only to negotiate about their own interests. In the meantime, Arbvo became a big bureaucracy.” (Member of Parliament for the Liberals).</td>
</tr>
<tr>
<td>Negative choice</td>
<td>After the minister of Interior Affairs suggested to decentralize Arbvo to municipalities in 1982, the employers association accepted the network model because “we were always against local government taking over Arbvo” (interview director Social Affairs of the employers’ association). ‘Our chairman in Parliament opposed the privatization of Arbvo for a long time but finally we accepted it to prevent the privatization in the social security field.’ (Interview member of Parliament, Social Democrats).</td>
</tr>
<tr>
<td>Deliberate ambiguity</td>
<td>“The PES-act [for the network model] includes quite a lot of very global phrases, but this was done on purpose, because the various stakeholders needed space to collaborate in the new structure” (interview vice-director Arbvo). “The various actors have not yet concluded how to deal with the private companies [offering employment services]. They could have constructed a law in which it was all nailed down, but they deliberately choose for a broad formulation, to fill it in later” (interview director Arbvo).</td>
</tr>
</tbody>
</table>
Table 4: An abridged chronological overview and characterization of events in the PES-field and their effects on its stability

<table>
<thead>
<tr>
<th>Date</th>
<th>Description of the event</th>
<th>Characterization of the event</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Power shift</td>
</tr>
<tr>
<td>1980</td>
<td>Growing unemployment and economic crisis create major problems in PES field. The minister of Social Affairs asks the SEC for advice on how revise the 1930 PES Act.</td>
<td>D</td>
</tr>
<tr>
<td>1981/82</td>
<td>Two years of bi-weekly meetings in the SEC do not result in an advice. Problems remain unresolved, resulting in growing impatience.</td>
<td>D</td>
</tr>
<tr>
<td>1982</td>
<td>After the 1982 elections, a new government and social partners agree to lower wages to decrease unemployment (Wassenaar treaty). It temporarily reduces the need for change in the PES field.</td>
<td>S</td>
</tr>
<tr>
<td>1982</td>
<td>Minister of Interior Affairs suggests to decentralize Arbvo to local government. As a result, actors in the field increasingly realize that unwanted alternatives are in the air.</td>
<td>D</td>
</tr>
<tr>
<td>1983/84</td>
<td>The SEC advises a network model to block the traditional model or decentralizing Arbvo to local government. Consensus within the SEC is reached by using abstract formulations.</td>
<td>D</td>
</tr>
<tr>
<td>1985</td>
<td>While discussing the implementation of the SEC advice, employers and unions refuse to contribute financially to Arbvo, the latter even withdrawing from the negotiation table. The government and parliament grow increasingly impatient as a solution seems further away than ever.</td>
<td>D</td>
</tr>
<tr>
<td>1985</td>
<td>The ministries of Finance and Economic Affairs and the Liberals propose the market model as an alternative option. The minister of Social Affairs, Arbvo-management, and the unions disagree, but realize that the alternative is a threat.</td>
<td>D</td>
</tr>
<tr>
<td>1986/87</td>
<td>Unemployment problems are still high but slowly decreasing. Actors feel less pressed to compromise on a new settlement such as the network model.</td>
<td>S</td>
</tr>
<tr>
<td>1987</td>
<td>The project team installed by the government to investigate the unresolved issues in the network model cannot reach an agreement. This, again, results in growing impatience.</td>
<td>D</td>
</tr>
<tr>
<td>1987</td>
<td>The government adopts the SEC advice (network model) to prevent other options in the field they even dislike more. It cannot agree on several issues and therefore submits a proposal to parliament that leaves these to be resolve later when implemented.</td>
<td>D</td>
</tr>
<tr>
<td>1988</td>
<td>Parliament remains deeply divided about the network model. Increasingly, parliament realizes that the stalemate position makes problems only worse.</td>
<td>D</td>
</tr>
<tr>
<td>1989</td>
<td>Elections allow the Christian Democrats to propose a network model to the Social Democrats in exchange for a seat in the government.</td>
<td>D</td>
</tr>
<tr>
<td>1990/91</td>
<td>The Social Democrats accept the disliked network model to prevent worse alternatives. Ambiguity in the PES-Act makes them believe they can adapt the model lateron when it is implemented.</td>
<td>D</td>
</tr>
</tbody>
</table>

**Dominant logic: corporatist**

1992 The network partners disagree on on which type of job seekers Arbvo should focus. This renews the latent dissatisfaction with the network settlement. | D            |                |                |                  |                |
1993 Unemployment rates are rising again, leading to increasing dissatisfaction about the current settlement. | D            |                |                |                  |                |
1994 The Christian Democrats, major proponents of the network model in parliament, lose the elections. A new government without them does not support the network model.  
1994 The government reduces the Arbvo budget with 25%. In response, the employers' associations and trade unions consider to withdraw their support for the network model. As a result the desirability of a network model is even more questioned.  
1994 The government is unanimous about not wanting the network model but strongly divided about the alternative. In an attempt to at least repair the most acute problems associated with the network model, the government implements some minor changes to the network model. While there is no agreement on structural changes, acute problems are temporarily solved.  
1995 Pushed by the Social Democrats, the government suggests giving local governments more authority on PES activities. Other actors realize that (unwanted) alternatives are in the air again.  
1995 The government's evaluation committee for the network model criticizes the social partners for using Arbvo for their own interests rather than solving problems for all jobseekers. The social partners strongly disagree but the report fuels the dissatisfaction about the network model by most other actors.  
1996 Unemployment rates decrease strongly. The (unexpected) positive economic development slows down the ambitions of most actors for a major transformation in the PES-field.  
1997 In another but related field (social security services), the Liberals and the employers' associations push a market model. The Social Democrats and the unions oppose strongly. In addition, they are afraid that this discussion will traverse to other fields as well, including the PES-field.  
1998 Arbvo is increasingly criticized (e.g. by the European Union) for irregularities and fraud. The minister of Social Affairs (a Social Democrat) is heavily pressured to take actions.  
1999 Social Democrats and Liberals strike up a deal: the former accept a market model in the PES-field, while the latter accept the delivery of social security services becoming a state agency. No agreement is reached on specific implementation issues (e.g. selection criteria for private agencies) and these issues are therefore left unspecified. The act is formally passed in 2001.  

**Dominant logic: market**  

S and D indicate how the events are characterized in terms of the four identified factors (see column heads) and whether it stabilizes (S) or destabilizes (D) the PES-field.
Notes

1 Note that the three logics identified here are in line with the extant literature on political sciences that found the same three distinct logics (see for example Considine and Lewis 2003; Kooiman 2003; Mayntz and Scharpf 1995; Rhodes 1996).

2 The Social Economic Council (SEC) is the most important advisory board to the government on social economic issues and consists of representatives from labor unions, employer associations, and independent members.


v “Preliminary plans on decentralization of national government tasks”, send to the Parliament and Advisory Boards such as the SEC in September 1982.


x Meeting of the minister of Social Affairs with the Permanent Committee of Social Affairs about the new PES Act, 29 June 1989.

xi For example, to create subsidized jobs for long-term unemployed, Coalition agreement 1994, p.6-7.


Nicolette van Gestel is professor of new modes of governance in social security and employment services at Tilburg University, and associate professor in the department of business administration, Radboud University Nijmegen, The Netherlands. She studied social geography and holds a Phd in public administration at Radboud University. Her research interests include governance and public management reform, decision-making and implementation in organizations and public-private networks. She is the author of three books, and editor of a further four. She published in journals including *Public Administration, Public Money & Management, Personnel Review, and the European Journal of Social Work*.

Address: Nijmegen School of Management, Institute of Management Research, Radboud University Nijmegen, P.O. Box 9108, 6500 HK Nijmegen, The Netherlands.

Email: n.vangestel@fm.ru.nl


Address: Nijmegen School of Management, Institute of Management Research, Radboud University Nijmegen, P.O. Box 9108, 6500 HK Nijmegen, The Netherlands.

Email: b.hillebrand@fm.ru.nl