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INSTITUTIONAL EMBEDDEDNESS AND DYNAMIC CAPABILITIES IN HUMAN-CENTRIC WORK-TIME INNOVATION

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ABSTRACT

This paper examines the limited diffusion of work-time innovations in the Italian electricity sector, despite evident institutional pressures. Drawing on qualitative data from interviews, case studies, and a cross-sector focus group, the study reveals that a blend of structural constraints and managerial beliefs shapes organisational inertia in the sector. Managers interpret work-time reform primarily as a tool for talent retention rather than as a lever for innovation. By integrating insights from institutional theory, dynamic managerial capabilities, and socio-technical systems theory, the paper highlights the cognitive and cultural filters through which firms respond to external change signals. The findings contribute to the literature on continuous innovation by expanding its scope to include human-centric, organisational reforms such as working-time flexibility. The study also underscores the need for a broader strategic framing of work-time innovation as a socio-technical endeavour rather than a peripheral human resources concern.

Keywords*: work-time innovation; institutional embeddedness; dynamic capabilities; socio-technical systems; organisational inertia.*

1. INTRODUCTION

In recent years, work-time reform has gained visibility as a key dimension of human-centric organisational innovation – that is, an intentional redesign of work that centres employee well-being, flexibility, and autonomy alongside firm performance (Franco & Landini, 2022; Oeij & Dhondt, 2024; Townsend & Romme, 2024). Initiatives such as reduced working hours, compressed workweeks, and expanded flexibility have become increasingly salient in public debate, managerial agendas, and policy experimentation. Pressures for reform arise from multiple sources. At the societal level, there is growing attention to the quality of work and its role in sustaining physical and psychological well-being, alongside broader environmental, social, and governance (ESG) considerations. Political actors and trade unions have played a central role in keeping work-time reduction on the agenda, advocating for shorter hours as a means to promote inclusion, reduce stress and burnout, and rebalance the time between personal and professional spheres (Burchell et al., 2024; Torrejón Pérez et al., 2024). In parallel, labour market dynamics – particularly talent shortages in high-skill occupations – have pushed employers to rethink traditional arrangements to enhance their attractiveness.

These drivers intersect with deeper transformations in the relationship between people and work. In some domains, emerging technologies and digital infrastructures offer the possibility of reorganising work based on outputs and tasks rather than time spent on site. This shift enables new models of flexibility but also challenges the cultural and operational assumptions that underpin existing systems of coordination and control. The COVID-19 pandemic served as a major catalyst for experimentation with work-time

arrangements, compelling organisations across various sectors to adopt remote and flexible working models on a large scale. Although some of these changes have been partially reversed or moderated in the post-pandemic phase, the experience has left a lasting impact on organisational attitudes toward flexibility, exposing both the viability of alternative models and the challenges they pose. The visibility of pioneering reforms in selected organisations reinforces the expectation that work-time innovation could diffuse more broadly across sectors, prompting a re-evaluation of what constitutes a sustainable and productive working arrangement.

Institutional theory offers a valuable perspective for understanding these dynamics. According to neo-institutional theory (DiMaggio & Powell, 1983), organisational fields tend to become isomorphic over time, as firms emulate peers and conform to prevailing norms to maintain legitimacy. An institutional field refers to a community of organisations that, despite potentially differing in sectoral classification, interact frequently and are subject to shared systems of meaning, norms, and legitimacy (DiMaggio & Powell, 1983; Scott, 2008, 2013). This field is shaped not only by sector-specific actors but also by regulators, unions, and prominent organisations whose practices influence normative expectations around labour and innovation (Greenwood et al., 2017; Zietsma et al., 2017). From this perspective, work-time reforms by prominent organisations and societal expectations should produce mimetic pressure, prompting others to adopt similar practices. Yet, such convergence appears to be absent in specific domains.

This paper discusses the organisational response to work-time reform pressures within the Italian electricity sector. Despite strong external signals, energy firms have made minimal adjustments to their work-time arrangements. Such inertia poses a theoretical puzzle we want to explore, about the reasons why institutional pressure may not result in convergence, as mimetic isomorphism would dictate (Beckert, 2010; Currie, 2012; Lenz & Viola, 2017; Mehrabi et al., 2021; Pedersen et al., 2013). To address this puzzle, we conducted a qualitative field study of the Italian electricity sector, complemented by the examination of work-time reform efforts in two leading firms outside the sector.

We argue that the electricity sector represents a boundary condition for institutional isomorphism. As a tightly regulated and infrastructurally critical domain, it is characterised by high institutional embeddedness, manifested in deep-seated routines, sector-specific professional norms, and a strong emphasis on service continuity. These features limit the responsiveness of organisations to external change signals. We suggest that this inertia is not only a consequence of the characteristics of business operations in the electric sector, but also cognitive: managers internalise the dominant institutional logic, which prioritises operational reliability and risk aversion. Work-time reform is interpreted not as a strategic opportunity but as a potential threat to core functioning. Such consolidated managerial beliefs directly map into managers' dynamic capabilities (Gavetti, 2005; Helfat & Peteraf, 2015; Hodgkinson & Healey, 2011). When managerial cognition is overly embedded in dominant institutional logics, such as prioritising operational reliability, dynamic capabilities may be underdeveloped or biased, constraining strategic flexibility. These insights contribute to a more nuanced understanding of how institutional pressures are filtered through sector-specific constraints and managerial beliefs.

A socio-technical perspective (Trist & Bamforth, 1951) is instrumental, as it emphasises how work systems emerge from the interaction between technical infrastructures and social arrangements. Such a perspective foregrounds the tight coupling between operational technologies and human practices, especially in sectors where reliability and continuity are paramount.

Through interviews and case analysis informed by field-based insights, we explore the organisational meanings attached to work-time reform and the mechanisms that hinder responsiveness to institutional pressure. In doing so, we seek to contribute to ongoing conversations on institutional change, managerial cognition, and the socio-technical foundations of organisational innovation.

2. THEORETICAL BACKGROUND AND RESEARCH QUESTION

Institutional theory has long examined how organisations conform to shared norms, expectations, and practices to maintain legitimacy within their organisational fields (DiMaggio & Powell, 1983; Scott, 2008, 2013). In its classical formulation, institutional theory emphasises convergence through isomorphism – mimetic, coercive, or normative – whereby organisations tend to resemble one another in response to uncertainty, regulatory mandates, or professional norms. Yet, institutional change is not automatic or uniform.

Mimetic isomorphism, though powerful, may be conditioned by numerous forces. Institutional divergence prevails if institutional templates exercising pressure are not considered legitimate solutions. Their legitimacy depends on perceived effectiveness and consistency with espoused values, cultural identities, and political/economic interests (Beckert, 2010).

If a proposed institutional change is poorly understood, with unclear goals and outcomes, readily identifiable "role models" may not be perceived as appropriate. For example, in the UK, clinicians were not persuaded to adopt electronic health records by exemplary applications in financial services, arguing that health data is more complex. Established routines are resistant to pressure (Currie, 2012; Pedersen et al., 2013).

Organisations do not passively conform to institutional pressures; they engage in strategic responses. Indeed, companies' strategic choices are the outcome of the interaction between top managers' decision-making and the perceived pressure (Mehrabi et al., 2021). Furthermore, non-conformance may result from ignorance, misinterpretation, or practical difficulties, not deliberate resistance (Pedersen et al., 2013).

Another aspect regards legitimacy judgments over change. Judgements are often not objective, but filtered through prior experience and heuristics. Actors tend to disproportionately weigh prior beliefs, making judgments resistant to updating. Hence, divergence between institutional pressure and organisational change can persist without a decline in perceived legitimacy. Legitimacy is often judged against available reference points or prototypes perceived as comparable. However, comparative judgment can introduce a cognitive bias (Lenz & Viola, 2017).

We expand the list of factors determining the boundary conditions of isomorphism by focusing on a prototypical process industry – electricity – and examining its resistance to work-time reform. Two theoretical approaches are particularly relevant: the socio-technical perspective (STP) and dynamic managerial capabilities (DMC) theory.

The STP holds that organisations should optimise the technical and social systems altogether (Trist & Bamforth, 1951). From its very early days, the STP promoted the need to strike a balance between a strict scientific management of production processes (Braverman, 1998) and a focus on the quality of work (Guest et al., 2022). The STP proves relevant for analysing the electricity sector, a prototypical case of a process industry characterised by continuous production and uninterrupted service delivery, a capital-intensive infrastructure, and strict regulatory standards. As such, technical configurations and social practices must be co-optimised for stability and performance.

From the STP, work-time reforms can be interpreted not merely as a welfare-enhancing initiative, but as a shift in the core dimensions of organisational functioning. While technological innovation involves the introduction of new artefacts, organisational innovation refers to the deliberate reconfiguration of internal processes to improve performance. Work-time reforms constitute a significant departure from established models of labour allocation and control, impacting multiple organisational domains, including human resource management, task coordination and scheduling, and performance evaluation. By altering the organisation of work, such reforms necessitate a systemic adjustment in work coordination, autonomy distribution, and control retention (Berkery et al., 2020). Such implications are particularly pronounced in process industries, where operational continuity, technical interdependence, and regulatory requirements impose strict constraints on organisational flexibility. Any change in work-time arrangements must be carefully calibrated to avoid disruptions to service reliability or regulatory compliance.

Coherently with the STP, flexible or reduced work-time arrangements may affect job quality by enhancing job satisfaction, reducing strain, and fostering commitment, but require a redesign of workflows and communication (Bednar & Welch, 2020; Guest et al., 2022). Interestingly, work-time reforms may produce differentiated effects across occupational groups, particularly in process industries. While desk roles may readily accommodate temporal flexibility, operational staff engaged in round-the-clock technical functions are bound by fixed schedules and staffing requirements. This uneven distribution of benefits may inadvertently exacerbate intra-organisational disparities.

Change also depends on how decision-makers perceive and interpret external stimuli. DMC are invaluable in this context (Adner & Helfat, 2003; Sirmon et al., 2007). Such capabilities determine how managers perceive changes, make strategic decisions under uncertainty and orchestrate the organisation's resources. We are specifically interested in managerial cognition, which encompasses the belief systems and mental models that managers employ when making decisions (Kor & Mesko, 2013). These beliefs, shaped by professional experience and institutional logics, guide what managers see as legitimate, feasible, and desirable (Helfat & Peteraf, 2015). When beliefs are embedded in risk-aversion and stability-oriented logic, managers may fail to identify reform opportunities or dismiss them as misaligned with operational priorities. Hence, organisational inertia can have a cognitive nature. DMC become a fruitful lens for

understanding why organisations may fail to adapt even under visible institutional pressure.

We now turn to our empirical evidence to answer the question: in the Italian electricity sector, does institutional pressure for work-time reform lead to isomorphic change? What factors enable or hinder convergence? We draw on the theories above to argue that organisational inertia stems from institutional embeddedness and weak DMC.

3. RESEARCH DESIGN AND METHODOLOGY

The research was initiated in response to a request by the two leading industrial associations in the Italian energy sector, Utilitalia and Elettricità Futura, to investigate current work-time arrangements and organisational openness to change in the electricity sector. The initiative aimed to inform the upcoming national collective bargaining process and engaged the broader institutional field, including both employers and trade unions.

Given the exploratory nature of the inquiry and the complexity of the topic, the study adopted a qualitative research design structured in four phases.

1. The first phase reconstructed the regulatory and organisational landscape governing work-time arrangements in the electricity sector. Regular meetings with leaders of industrial associations proved essential for understanding the status quo of organisational practices, the role of regulations, and the kind of pressure perceived by those institutions entitled to sense-making and forward-thinking for the sector. Moreover, an interview was conducted with representatives of the three major union federations to explore the unions' role in shaping or resisting reform.
2. The second phase explored two cases of early and successful adopters of work-time organisational innovations outside the electricity sector. We conducted interviews with two major companies in the banking and automotive sectors, Intesa Sanpaolo and Lamborghini, to understand the sources of external pressure on the electricity sector and characterise the specific path such successful adopters took to implement a human-centric organisational innovation without disrupting the business.
3. The third phase involved case studies of the electricity sector. Interviews were conducted with representatives from nine large companies (Acea, A2A, CVA, Edison, Enel, ERG, Hera, Iren and Terna). These cases focused on innovation investments and digitalisation, work-time practices, perceptions of pressure, and perceived organisational constraints to change. Respondents were senior managers responsible for industrial relations or human resources.
4. The final phase consisted of a focus group involving both electricity-sector firms and Lamborghini and Intesa Sanpaolo. The session was a deliberative validation exercise. It allowed participants to engage with preliminary findings, challenge interpretations, and collectively elaborate on the tensions and trade-offs that characterise human-centric innovation. The focus group contributed to analytical triangulation, thereby strengthening the construct validity of the study.

Phase 1 began in January 2024 and lasted until the project's completion. Data for phases from 2 to 4 were collected through 12 semi-structured interviews conducted between July and November 2024. Interviews lasted between 60 and 90 minutes and followed a semi-

structured format guided by a shared thematic framework. Interview data were carefully reviewed, drawing on field familiarity to identify key mechanisms and patterns.

4. RESULTS AND DISCUSSION

In this section, we provide a comprehensive overview of the Intesa Sanpaolo and Lamborghini cases, highlighting the key insights for our study. Then, we move on to analyse the electricity sector evidence and discuss the findings through the lens of the theoretical background.

4.1 THE CONTEXT: EXTERNAL EXEMPLARS AND SECTORAL PRESSURE

Intesa Sanpaolo and Lamborghini cases illustrate how work-time organisational innovation can be successfully implemented in large incumbents. While differing substantially in sectoral identity and operational models, both organisations introduced substantial changes to working time that balanced business imperatives with quality-of-work objectives. Although these experiences are relevant sources of institutional pressure on other sectors, their applicability is conditioned by sector and firm-specificities.

Intesa Sanpaolo, Italy's largest banking group, undertook a series of work-time reforms to reduce the workweek and increase time and place of work flexibility in the aftermath of the COVID pandemic in a context of declining in-person service demand, ongoing digital transformation, and a tradition of institutionalised attention to work-life balance. The shift from branch-based to digital service provision reduced constraints tied to physical presence, enabling experimentation with new temporal arrangements. Notably, the firm's long-standing cultural orientation towards flexibility and internal dialogue acted as an enabler, framing work-time change as continuous with past organisational practices.

Intesa Sanpaolo has been experimenting with flexible work arrangements for all occupational groups since 2014. The experimentation accelerated in 2022, when Intesa Sanpaolo institutionalised the possibility of choosing between a compressed workweek (nine hours for four days, with a 1.5-hour reduction compared to regular time) and a regular one, provided the team leader's approval. The same applies to headquarters and branch employees, although in the latter case the day off is fixed. Moreover, Intesa Sanpaolo allows employees to work from home for up to 120 days a year, without weekly or monthly limitations. Such reforms were supported by a pre-existing internal narrative that defines employee well-being as a strategic concern rather than a human resources issue.

The case illustrates how the interplay between business and technological developments (a declining demand for in-branch services and the development of digital banking) and an organisational culture historically sensitive to work-time themes can create fertile ground for work-time innovation, particularly when managerial interpretations frame such reforms as consistent with broader strategic objectives. Intesa Sanpaolo's experience highlights the critical role of organisational culture alignment in legitimising and operationalising work-time change.

Lamborghini exemplifies how organisational change in work-time arrangements can be strategically leveraged within a high-growth, high-performance industrial context. As a

manufacturer at the forefront of luxury automotive production, Lamborghini combines artisanal craftsmanship with advanced industrial processes. In 2023, the firm achieved record results (€2.66 billion in revenues and over 10,000 vehicles delivered), supported by sustained international demand. This rapid growth created organisational pressure to intensify the utilisation of production facilities without compromising quality or workforce stability. The restructuring of work-time arrangements emerged as a strategic solution to reconcile operational demands with internal social dynamics.

Starting in 2024, Lamborghini implemented a new day-and-night shift schedule for production workers, which, although slightly increasing weekly working hours, substantially reduced the number of working days per year. Simultaneously, white-collars workers benefited from an extension in time and place of work flexibility (up to 12 days of work from home and 2.5 hours-large entry and exit window) and a mechanism for incentivising work in presence: each working day of at least four hours allows 30 minutes to be accumulated, which can be used for greater flexibility or converted into rest days quarterly.

A long-standing tradition of cooperative labour relations within the regional context enabled the reform process. Through structured dialogue with trade unions, Lamborghini negotiated a new temporal model that introduced work-time flexibility in a way that supported both performance and workforce cohesion. Indeed, blue-collar workers on the production line benefited from a reduction in work time, but night shifts and options to intensify shifts during high-demand periods were introduced to maximise production facility utilisation.

An explicit objective of the reform was to address inequalities between occupational groups, particularly between production workers, who are rarely recipients of time and place of work flexibility, and employees in R&D and administrative areas. The Lamborghini case highlights that the introduction of work-time reform was the outcome of a negotiated compromise. Union collaboration acted as a strategic enabler, and the pursuit of internal equity became a core rationale for organisational change. The case illustrates how structural and distributive considerations can jointly shape the implementation of human-centric innovation, even in highly standardised and capital-intensive production environments.

Intesa Sanpaolo and Lamborghini's work-time reform trajectories display relevant commonalities. First, both firms pursued work-time reforms that responded simultaneously to business needs and the goal of improving employees' quality of life. Second, these initiatives were underpinned by a culture that emphasised the centrality of the individual. Long-standing attention to work-life balance in Intesa Sanpaolo and a commitment to equity between occupational groups in Lamborghini contributed to legitimising reform as both feasible and desirable. Third, these firms invested in digitalisation as a key enabler of organisational innovations. In banking, digital tools supported output-based work, remote collaboration, and a transition from a transactional to a relational business model. In contrast, in automotive manufacturing, digital systems facilitated the reconfiguration of workflows and monitoring of production targets. These cases suggest that successful work-time reforms depend on strategic alignment with organisational objectives, embedded values that prioritise the individual, and the effective integration of enabling technologies for organisational change.

4.2 EVIDENCE FROM THE ELECTRICITY SECTOR

4.2.1 THE CURRENT EXTENT AND PERCEIVED BENEFITS OF WORK-TIME FLEXIBILITY

In the Italian electricity sector, work-time flexibility is neither absent nor dismissed in principle. Most interviewed firms reported adopting multiple practices, such as staggered entry and exit, short Fridays, hour banks, and hybrid working arrangements (a combination of remote and in-person work) for eligible groups, especially those considered vulnerable. These arrangements are embedded in the broader framework of employee welfare provisions defined by the National Collective Labour Agreement, which is widely perceived as comprehensive and socially progressive. However, flexible work-time policies are typically understood as mechanisms for accommodating individual needs and reducing absenteeism, rather than as elements of a broader strategy for organisational innovation.

A notable disjunction between two levels of institutional response emerges from our fieldwork. At the sectoral level, industrial associations and trade unions are aware of both internal and external institutional pressures pushing for work-time reduction or flexibility. They exhibit a prospective stance and openness to rethinking temporal arrangements as part of a broader negotiation agenda between social parts. At the firm level, however, the frame of reference is narrower and more reactive. Interviewees portrayed their organisations as already advanced in terms of employee well-being, emphasising the absence of internal demands for reform. In this context, the primary rationale for work-time flexibility is pragmatic: it is conceived as a means of attracting and retaining talent, especially in urban contexts where competition for qualified professionals is more intense. Firms located in large cities also cited reductions in real estate costs as a positive externality of remote work models. However, the benefits of these policies are seldom systematically monitored, and there is limited use of indicators to assess productivity, engagement, or long-term organisational performance.

Such a divergence suggests that, while sectoral-level institutions may be more in a state of anticipatory alignment and sense-making of the various forces exerting pressure, individual firms remain locked into a logic of stability and incremental adaptation. Work-time flexibility is framed as a mechanism to reduce friction and prevent problems, such as turnover or discontent, rather than as a lever for innovation, competitiveness, or value creation. Despite the frequent assertion that reductions in working time must be "earned" through demonstrable gains in productivity, there is no structured approach to achieving such gains. Investments in digitalisation specifically oriented to organisational innovation or workflow redesign are not mentioned. As a result, managerial attention remains focused on preserving the status quo rather than exploring how work-time innovation can enhance adaptability to changing contexts and pressures. Change is not resisted outright, but it is bounded by a conception of operational stability that precludes experimentation.

4.2.2 STRUCTURAL CONSTRAINTS TO WORK-TIME REFORM

A first major explanation for the limited uptake of work-time reform lies in the structural features of the electricity sector. Electricity provision is a capital-intensive, infrastructure-bound activity that demands continuous service delivery and strict adherence to safety and reliability standards. These imperatives emerged consistently in our interviews as non-negotiable constraints. Managers framed them as a powerful rationale for caution, emphasising that any disruption to service continuity could have far-reaching consequences for public welfare and organisational legitimacy.

These structural constraints are especially salient in field operations. A significant portion of the workforce is involved in activities that must be performed on-site, such as grid inspection, maintenance, and emergency interventions. According to several interviewees, this type of work is characterised by an irregular rhythm, with periods of active engagement interspersed with phases of waiting, travel between job sites, or standby availability. It generates a form of "grey time": temporal segments that are necessary for operational readiness but not easily classifiable as productive work.

Such a temporal ambiguity reduces scheduling flexibility. Because it is difficult to estimate the precise time needed to complete a set of tasks, firms tend to rely on rigid scheduling arrangements to guarantee sufficient slack. Standardised shifts and extended availability windows become default organisational responses to uncertainty. In this context, work-time reform is viewed as a potential threat to the temporal buffers that currently ensure reliability, rather than an opportunity to rethink or optimise workflows.

Moreover, unlike the case of Intesa Sanpaolo, the electricity sector is facing mounting operational demands. Climate-related emergencies have increased in intensity, frequency and unpredictability, requiring immediate interventions and heightening the need for round-the-clock readiness. Moreover, the implementation of the National Recovery and Resilience Plan has spurred a wave of investments in grid modernisation and infrastructure expansion, placing additional strain on technical and field personnel. These factors reinforce the perception that current staffing levels and time allocations cannot be modified.

As a result, the sector's structural configuration imposes tight constraints on the perceived feasibility of flexible or reduced work-time models. In this context, change cannot emerge as a passive response to external pressure or as a form of gradual adaptation. Instead, it would require a proactive attitude guided by the belief that redesigning work-time structures could yield tangible benefits, be it in terms of efficiency, employee well-being, or organisational resilience.

4.2.3 COGNITIVE CONSTRAINTS TO WORK-TIME REFORMS

Beyond structural rigidities, a more subtle but powerful barrier to work-time reform in the electricity sector stems from managerial beliefs shaping how organisations respond to institutional pressure and interpret the desirability and feasibility of work-time reform. Both the interviews and the focus group discussions told us that while electricity sector managers are generally receptive to the evolving discourse on flexibility and quality of work, their cognitive framing of innovation remains anchored in sector-specific priorities. Innovation is primarily associated with technological advancement, such as automation, grid digitalisation, or predictive maintenance systems, rather than with organisational redesign.

This framing reflects a particular form of cognitive embeddedness. As described in the theoretical section, managerial cognition is shaped by the dominant institutional logic in which managers operate. In the electricity sector, this logic is rooted in risk aversion, service continuity, and operational control. Managers are not unaware of external pressures nor dismissive of reform, but they tend to perceive work-time change and the necessary ingredients for such reforms to take place as peripheral to core strategic objectives. Indeed, when questioned during the focus group, managers ranked trust and

empowerment as the lowest in a ranking of factors characterising their firm's organisational culture. In contrast, reliability and service continuity ranked first, followed by individual well-being, innovative capacity, and customer and territory orientation.

However, organisational research suggests that work-time flexibility tends to emerge more readily in firms characterised by strong, identity-driven organisational cultures (Kelliher & Anderson, 2010; Ravasi & Schultz, 2006; Schein, 2010). Such cultures are underpinned by clearly articulated and shared values, which orient employee behaviour and reduce reliance on hierarchical supervision. In these contexts, leadership practices, human resource systems (e.g., recruitment, onboarding, incentives), and internal communications are aligned to reinforce cultural coherence and behavioural expectations. Crucially, strong organisational cultures are grounded in trust and empowerment. Employees are encouraged to take responsibility for outcomes rather than time spent on task execution, enabling a shift from input-based to output-based control systems. Trust becomes a substitute for direct monitoring, and empowerment enables individuals to self-manage within agreed frameworks. The case of Intesa Sanpaolo offers a concrete illustration of this dynamic. The bank's long-standing cultural investment in employee engagement and internal cohesion acted as a key enabler for work-time reform. On the contrary, in the electricity sector, managerial models are still based mainly on supervision and predefined roles, particularly for operational and field staff.

Rather than implying managerial shortcomings, our observations point to the path-dependent nature of managerial cognition: when managers are trained and socialised in systems that value reliability and control, it becomes challenging to envision flexibility as a productive organisational lever. Change is neither actively resisted nor pursued, as its perceived strategic value remains low. In this light, the electricity sector provides a clear example of how institutional pressure can be filtered and refracted through managerial beliefs, thereby shaping patterns of (non-)isomorphism. Work-time reform, while visible and discussed at the level of sectoral associations and unions, does not automatically translate into firm-level action when cognitive alignment and strategic commitment are lacking.

Finally, the interviews reveal a largely unacknowledged yet persistent disparity in access to work-time flexibility across occupational groups. While clerical and technical staff, especially those based in urban headquarters, benefit from forms of hybrid work and staggered schedules, operational workers in the field or plants typically remain excluded from such arrangements due to the nature of their tasks. Such an asymmetry, though not framed as critical by managers, raises concerns about equity and cohesion within organisations and stands in contrast to the experience of Lamborghini, where growth imperatives went along with a deliberate attempt to promote fairness between white- and blue-collar roles, acknowledging that differentiated access to flexibility can undermine organisational solidarity and long-term employee engagement.

5. CONCLUSIONS

We explored the organisational and managerial conditions that mediate the diffusion of human-centric work-time innovations in the presence of visible institutional pressure. Drawing on a qualitative investigation of the Italian electricity sector, enriched by comparative insights from two early adopters of work-time reforms, we illustrated how

institutional embeddedness, structural constraints, and managerial cognition interact to shape organisational responses to reform pressures. The findings suggest that responsiveness to institutional pressure is filtered through sectoral logics and belief systems, resulting in highly differentiated outcomes.

The paper delivers at least three key contributions. First, it highlights how organisational inertia may not only derive from structural or technical barriers but also from cognitive blind spots that constrain how decision-makers perceive the strategic value of human-centric reforms. Second, it reframes managerial cognition as a crucial explanatory mechanism that mediates the translation of institutional signals into organisational action. Finally, by embedding the analysis in a socio-technical perspective, the study emphasises that the implementation of work-time reform requires not only operational feasibility but cultural legitimacy and alignment within managerial cognitive frames.

Work-time reforms align with the concept of continuous innovation. They reflect an incremental and ongoing adaptation of organisational routines; require a reconfiguration of social and technical subsystems; and often unfold through pilot programs and negotiated agreements, mirroring the distributed and iterative nature of continuous innovation processes. Treating work-time reform as organisational innovation, this study contributes to extending the scope of the continuous innovation literature toward human-centric forms of change by exploring the structural, organisational, and managerial factors that might restrain continuous innovation from taking place.

Our findings highlight a critical asymmetry between sectoral institutions, which exhibit a sensitivity and anticipatory orientation toward work-time reform, and private firms, which generally view work-time flexibility as a retention tool rather than a means for innovation or value creation. The contrast with Lamborghini and Intesa Sanpaolo underscores the importance of the organisational culture, dialogue between social parts, and long-term vision in enabling reform. Both external exemplars demonstrated that a credible narrative around work-time change, rooted in equity, trust, and strategic intent, supports experimentation.

Several limitations to our study warrant attention. The analysis is based on a specific national context and a selected sample of large, although relevant, firms. Moreover, we adopted a qualitative and participative approach, which balances exploration and empirical rigour. Therefore, generalizability must be approached with caution. Furthermore, the study focuses on managerial perceptions and does not incorporate workers' experiences and perspectives, which may reveal additional sources of resistance or enabling conditions. Future research may help fill these gaps, for example, by examining empirically how DMC, particularly managerial cognition and social capital, influence the propensity to experiment with work-time arrangements. Other promising avenues involve exploring and designing co-production strategies to develop successful work-time reforms, particularly concerning the role of industrial relations, and how digitalisation moderates the sector- and firm-specific constraints to experimentation. For example, future research may analyse how digitalisation impacts the ways organisations measure the outcomes of work-time innovation, including productivity, engagement, and well-being indicators. Finally, it seems necessary to assess the distributional effects of work-time flexibility across different occupational groups, with attention to emerging forms of workplace inequality.

Finally, our findings advise managers operating in technologically evolving sectors to explicitly recognise work-time innovation as an inherently socio-technical challenge rather than merely a human resources issue. Addressing such a challenge requires coordinated investment in managerial cognition, organisational culture, and cooperation between actors of the institutional field. By investing strategically in human-centric innovation, firms can enhance their ability to attract top talent, maintain social legitimacy, and achieve a sustained competitive advantage.

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