Paradoxical tension and post-merger integration: A French case study

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Abstract: This research examined how the paradoxical tension of autonomy and dependence is managed throughout a merger process. We argue that in order to create a successful symbiotic merger, managing the paradoxical tension of autonomy and dependence during post-merger integration is essential. We performed an in-depth longitudinal analysis of a merger between two listed companies in the town planning sector and identified how the management of the tension of autonomy and dependence fostered post-merger integration to ultimately optimize the new organization's performance. Our study contributes to both the post-merger integration and paradox literatures, showing how a paradox – and its management – evolves over time. Our study shows that the oscillation between the two opposing extremes of the autonomy-dependence polarity was necessary to achieve an equilibrium which favors post-merger integration success and the new organization's performance. It also highlights the multiple-stage process of post-merger integration, showing how the new organization responded during this period by moving from absorption to symbiosis. We underline that symbiotic integration was not chosen during the pre-merger period and during the start of the integration, but became necessary, given the increasing interdependence experienced by the two organizations.

Key words: paradoxical tension, merger process, post-merger integration, longitudinal case study

Introduction

In this article, we argue that managing the paradoxical tension of autonomy and dependence during post-merger integration (PMI) is central to creating a symbiotic merger (Haspeslagh and Jemison, 1991). This study demonstrates that considering the tension as a paradox can help identify new mechanisms to facilitate the success of the PMI.

For Haspeslagh and Jemison (1991), post-merger integration (PMI) is the most critical phase of a merger process, because this part of the process can create – or destroy – value. The tension of autonomy and dependence that the merging partners experience is crucial during the merger process as throughout the PMI, mergers have different degrees of integration and autonomy between parties (Marks and Mirvis, 2001) which define the new organizational identity (Corley and Gioia, 2004; Vieru and Rivard, 2014). For many scholars, lack of integration is a major reason for merger failure, making it impossible to create synergies (Larsson and Finkelstein, 1999) or value (Haspeslagh and Jemison, 1991; Schweiger et al., 1993; Schweiger and Goulet, 2005). Haspeslagh and Jemison (1991) underlined the need for strategic interdependence and autonomy between organizations during PMI. The creation of dependence between the merged organizations creates synergy (Larsson and Finkelstein, 1999) or value (Haspeslagh and Jemison, 1991), but maintaining autonomy between the partners preserves the specificity and knowledge-based resources of each firm and avoids the dissolution of embedded ties in the acquired firm (Puranam et al., 2009; Spedale et al., 2007).

The tension between dependence and autonomy is inherently paradoxical as elements seem logical in isolation but irrational when they appear simultaneously (Lewis, 2000). Dealing with this tension of autonomy and dependence appears to be the crux of PMI management. The tension is particularly strong when close cooperation is needed; that is, when one firm is not dominating the other. Such mergers are called “symbiotic” (Haspeslagh and Jemison, 1991), “equality/conflict” (Larsson, 1990), or “collaboration/synergy” (Napier, 1989) mergers.

Several scholars have studied paradoxes and their management to better understand organizational changes (Smith and Lewis, 2011; Smith, 2014), but the theoretical insights have not been systematically applied to issues of autonomy and dependence in PMI processes. Few studies analyzed paradoxes at macro and micro levels (Zhang et al., 2015). Both theoretically and empirically, we know little about the way managers and organizations cope with this paradoxical tension during a PMI. Two research questions can therefore be raised: (1) How does the paradoxical tension of autonomy and dependence evolve over the merger process? And (2) How does the deft management of this tension foster PMI success?

These questions are important for two reasons. First, conceptualizing the PMI process through the lens of paradox is a pioneering approach that takes into account its complexity. Second, the number of merger failures remains high, and the failure rate has not much decreased despite numerous studies on the topic. We believe that our work provides new insights into the PMI process and suggests guidelines for better managing paradox to ultimately improve the merger success rate.

We conducted a longitudinal case study of the merger of two French listed companies in the urban planning sector. The analysis was pursued in real time from the signing of the agreement and over eighteen months. Longitudinal analyses are needed to understand the merger process (Stahl et al., 2013) and to determine how paradoxical tensions evolve over time (Jarzabkowski et al., 2013). Our results highlight how the new organization adapted its PMI from absorption (Haspelagh and Jemison, 1991) to symbiotic integration (Angwin and Meadows, 2015), thereby optimizing its economic performance. Our study provides insight into how autonomy and dependence mutually evolve by identifying the mechanisms/facilitators for reconciling them between the partners and thus fostering the success of the integration process.

In the first section, we develop our theoretical framework for studying the paradoxical tension of autonomy and dependence within the merger process at the organizational level with insights on team level. In the second section, we describe the qualitative methodology of this research and we then present and discuss our results.

Theoretical framework

M&As and the PMI process

Mergers and acquisitions (M&As) are pervasive in business development strategies (Schweiger et al., 1993; Cooper and Finkelstein, 2012). They allow corporations to meet the needs for innovation and new technology skills in order to achieve cost efficiencies, enter new markets, and restructure underperforming organizations (Graebner and Eisenhardt, 2004). Despite the high number of M&As (Cartwright and Schoenberg, 2006; King et al., 2004; Bauer and Matzler, 2014), their failure rate is also elevated (Papadakis, 2005; Schoenberg,

2006; Bauer and Matzler, 2014). M&As are often characterized by the differences between the acquirer and the acquired organization in terms of both "strategic fit" and "organizational fit" (Jemison and Sitkin, 1986). Strategic fit refers to issues of organizational performance (Zajac et al., 2000), such as compatibilities in economic success (Giessner, 2006) and resources (Larsson and Finkelstein, 1999; Zaheer et al., 2013; Bauer and Matzler, 2014). Organizational fit specifically concerns compatibility in terms of management style (Datta, 1991). In a merger, organizational misfit may be due to differences in organizational size (Fischer et al., 2007) or culture (Morosini, 1998; Weber and Shenkar, 1996; Very et al., 1997; Graebner and Eisenhardt, 2004; Teerikangas and Very, 2006). Yet, PMI has been described as a crucial stage in the whole process (Haspelagh and Jemison, 1987; Buono and Bowditch, 1989; Larsson and Finkelstein, 1999; Weber et al., 2011) or as a key stage in the ultimate success of the operation (Birkinshaw et al., 2000; Monin et al., 2013; Angwin and Meadows, 2015). The PMI stage can cause resistance from certain stakeholders (Buono and Bowditch, 1989; Larsson and Finkelstein, 1999), uncertainty (Cording et al., 2008), culture clashes (Stahl and Voigt, 2008), and increased employee turnover (Lubatkin et al., 1999; Hambrick and Cannella, 1993; Zollo and Singh, 2004; Siegel and Simmons, 2010; Ahammad et al., 2012). Nevertheless, this crucial stage can be characterized by (1) the need to create value (Haspeslagh and Jemison, 1991), (2) the need for synergy between the organizations (Larsson and Finkelstein, 1999; Monin et al., 2013) and (3) the search for cultural fit (Chatterjee et al., 1992; Nahavandi and Malekzadeh, 1993; Larsson and Lubatkin, 2001).
A growing number of studies have focused on the various challenges of the PMI process (Walsh, 1989; Datta, 1991; Bauer and Matzler, 2014), such as cultural differences (Chatterjee et al., 1992; Cartwright and Cooper, 1993; Stahl et al., 2005; Stahl and Voigt, 2008), the new organization's identity (Corley and Gioia, 2004; Maguire and Phillips, 2008; Vieru and Rivard, 2014), and value creation (Haspeslagh and Jemison, 1991; Vaara and Monin, 2010). Several authors have nevertheless observed that empirical research is lacking (Larsson and Finkelstein, 1999; Inkpen et al., 2000; Schweizer and Patzelt, 2012; Monin et al., 2013; Angwin and Meadows, 2015).

Haspelagh and Jemison (1991) identified three types of PMI: Absorption, Preservation and Symbiosis, which are dependent on the level of strategic interdependence and organizational autonomy of the merging organizations. Drawing on Haspeslagh and Jemison's seminal works, Angwin and Meadows (2015) refined the description of PMI strategies and identified five post-acquisition integration styles (Intensive care, Preservation, Absorption, Symbiosis and Re-orientation). They built on the seminal categories of knowledge transfer and the degree of autonomy of the acquired organization, and added three categories – pre-acquisition financial health and post-acquisition top management retention and dismissal. We mobilized their typology to explain the PMI process as an organization moves through the phases of a PMI.

M&As are particularly complex operations (Pablo, 1994; Larsson and Finkelstein, 1999; King et al., 2004) and dynamic processes (King et al., 2004). Many scholars have called for new approaches that can take into account this complexity (Kiel and Elliot, 1996; King et al., 2004; Meglio and Risberg, 2010; Stahl et al., 2013). This is particularly the case for the PMI, which is the most crucial stage of the M&A operation (Haspelagh and Jemison, 1987; Birkinshaw et al., 2000; Monin et al., 2013). In horizontal mergers, the management of the acquiring organization usually dominates the combined organization (Cording et al., 2014), which can increase the tension between autonomy and dependence in both organizations. However, the context and strategic output of the operation can sometimes counterbalance this relationship (Haspeslagh and Jemison, 1991), as in the case of Preservation acquisitions (Haspelagh and Jemison, 1991).

Autonomy and dependence as a paradoxical tension

The tension of autonomy and dependence (Hampden-Turner, 1981; Lewis, 2000; Graebner, 2004) in an inter-organizational context may ultimately enhance the balance of power between organizations (Cartwright and Cooper, 1996) as it is linked to the crucial need for knowledge transfer during the PMI (Capron et al., 1998; Ranft and Lord, 2002; Levin and Cross, 2004; Ambrosini et al., 2011; Lakshman, 2011). Knowledge transfer is a dynamic process involving two organizations and defined by Junni et al. (2015, p.3) as "*the use by the receiving firm of the sending firm's knowledge (Minbaeva et al., 2003), and consists of knowledge flows in different directions (Bresman, Birkinshaw and Nobel, 1999; Capron, 1999; Gupta and Govindarajan, 2000).*"

Autonomy is the ability or desire for independent thought and action (Sims et al., 1976). In the merger context, autonomy can be defined as "*the amount of day-to-day freedom that the acquired firm management is given to manage its business*" (Datta and Grant, 1990, p. 31). The concept of autonomy in terms of decision-making authority has been analyzed over the course of the merger process in several studies (Hayes and Hoag, 1974; Buono and Bowditch, 1989; Gomes et al., 2013).

Interdependence refers to "*the property [such] that the value to performing one activity depends on how another activity is performed*" (Puranam et al., 2009, p. 8).

The M&A literature offers several typologies of integration (Nahavandi and Malekzadeh, 1988; Napier, 1989; Cartwright and Cooper, 1992; Haspeslagh and Jemison, 1991), although the integration typology of Haspeslagh and Jemison (1991) is most often used. Haspeslagh and Jemison (1991) tried to identify the possible structures or "levels" of a relationship between two merged firms concerning the strategic outcome of the operation. For these authors, value is created after acquisition, and the way integration is conceived highly influences the final success. Haspeslagh and Jemison (1991) built a typology based on two variables: each entity's "need for organizational autonomy" and their "need for strategic interdependence." Three forms of possible integration result from these two types of needs: (1) rationalization, (2) preservation, and (3) symbiosis. Rationalization is marked by high interdependence and low autonomy. Preservation calls for low interdependence and strong autonomy is considered to be essential, with the two entities intending to conserve their own characteristics. Symbiosis assumes a strong need for interdependence and autonomy.

The literature proposes different views on the links between integration, synergy and performance. A higher level of integration is associated with a high degree of synergy and performance (Larsson and Finkelstein, 1999; Zollo and Singh, 2004; Meyer, 2008). Larsson and Finkelstein (1999) pointed out that high integration does not necessarily lead to high employee resistance. In accordance, Meyer (2008) reported that resistance from middle management is often due to low integration. Haspeslagh and Jeminson (1991) noted that high integration can destroy tacit knowledge and thus recommended that the acquirer avoid this risk by leaving a high degree of autonomy to the acquired firm (low integration).

This paper seeks to identify how the tension of autonomy and dependence evolves and fosters PMI success. Analyzing the tension at the organizational level is crucial to understanding the balance of power during the pre-merger stages and its impact on PMI. Analyzing the tension of autonomy and dependence also provides insight into how an organization's culture is maintained or dissolved throughout the operation (Buono and Bowditch, 1989).

Autonomy and dependence are two poles of the same process, meaning that their simultaneous presence is likely to cause tension. Smith and Lewis (2011, p. 386) define paradoxical tensions as *"contradictory yet interrelated elements that exist simultaneously and persist over time. Such elements seem logical when considered in isolation, but they seem irrational, inconsistent, and even absurd when they are juxtaposed (see Lewis, 2000)."*

Studies have highlighted how paradoxical tensions can be managed by *accepting*, *accommodating*, or *differentiating* then *integrating* the two poles (Smith, 2014; Papachroni et al., 2015). Accepting involves maintaining the two contradictory poles of the tension simultaneously (Lüscher et al., 2006; Lüscher and Smith, 2008). Accommodation implies that the paradox is built into new synergies (Eisenhardt and Westcott, 1988). Last, the two poles of the tension can be differentiated and then integrated to achieve balance.

Over the past few decades, scholars have generally recommended a renewal in strategic practices as a way to find the correct balance between opposing poles (Poole and Van de Ven, 1989; Smith and Lewis, 2011; Jarzabkowski et al., 2013; Dameron and Torset, 2014). Specifically, research in inter-organizational strategies has underlined several paradoxical tensions between partners: cooperation and competition, control and autonomy (Bouchikhi, 1998; Das and Teng, 2000), trust and control (Bouchikhi, 1998; Das and Teng, 2000; Lado et al., 2008), continuity and change, opening and closing (Bouchikhi, 1998), and convergence (strong harmonization between organizations) and divergence (pluralism and preservation of cultural specificities of partners) (Adler and Gundersen, 2008). Several scholars acknowledged that a paradoxical lens can help managers support mergers processes (Jay, 2013; Zhang et al., 2015).

Organizational integration processes can enhance knowledge transfer and coordination between the acquirer and the acquired firms (Capron et al., 1998; Puranam and Srikanth, 2007; Puranam et al., 2009), but it also may reduce the organizational autonomy of the acquired firm (Haspeslagh and Jemison, 1991), thereby shifting the balance of power.

Method

Research setting and sample

In an attempt to understand the impact of the tension of autonomy and dependence on PMI integration, scholars have relied on detailed qualitative data to trace the evolution of this paradoxical tension throughout the merger process (Angwin and Meadows, 2015). Several researchers have recommended using a process approach (Haspeslagh and Jemison, 1991; Jemison and Sitkin, 1986; Meglio and Risberg, 2010; Gomes et al., 2013; Stahl et al., 2013).

We performed an in-depth longitudinal analysis of a merger between two listed companies in the town planning sector: a medium-size enterprise called Alpha[1] and a large company called Perspective. The complexity of the merger process was taken into account through longitudinal analysis (Jemison and Sitkin, 1986; Pettigrew, 1990; Van de Ven, 1992; Bergh and Holbein, 1997; Ramaswamy, 1997; Stahl et al., 2013) and documentation of the operation over an extended period (Stahl et al., 2013). An ongoing longitudinal study helps to understand the evolution throughout the merger process and adds to the knowledge factors that promote a successful PMI (Gomes et al., 2013). Moreover, interactions over a long period create a better understanding of the organization and builds employee trust, while providing "*repeated trials for approximating and understanding a research question or topic*" (Van de Ven and Johnson, 2006, p. 813). The study was conducted in real time over eighteen months starting with the merger agreement. The choice of a single case has been justified in the literature (Yin, 2011) as a valid means for understanding a specific situation in order to enrich knowledge. Also, the opportunity for an in-depth real-time study, with free access to a substantial amount of information, is generally rare to research (Stahl et al., 2013) and this also influenced our decision.

We observed and analyzed the merger of two listed companies in the urban planning sector. We chose this field because we wanted to follow a merger in real time. The company had accepted our presence on the ground before the signing of the merger, and we were therefore able to integrate the field early in the integration phase. Our study concerned a horizontal merger, in which two firms operating in the same industry merged their resources and organization (Graebner, 2004; Zollo and Singh, 2004; Cording et al., 2014). In 2011, Perspective was able to strategically reposition itself through the absorption of Alpha, and it became a major actor in town planning across the country. As a result, the merged organization became the number-one urban planner for a project of national interest: the Capital Project. The French government had set up the Capital Project to unite the major strategic areas of the capital region and promote sustainable economic development. The project was expected to open up isolated areas by developing environmentally friendly facilities and creating employment in the region. Perspective was a listed subsidiary of a State-owned group (the Public Group). The Public Group received a mission from the State to

[1] For reasons of confidentiality, the names of the organizations and the project are modified and the date of the merger is changed. We nevertheless can reveal that the merger occurred between 2012 and 2014.

support major economic and societal developments in the country, including the creation of infrastructures to support the competitiveness of the Capital Project.

Alpha was a subsidiary of a European company and had strategic locations in the capital region. In January 2011, the European company, the Public Group and Perspective announced the signing of an agreement for the merger of Perspective (1700 employees) and Alpha (100 employees) after two years of negotiations and legal actions. The merger went into effect, and the Alpha team gradually joined Perspective over five months. The new organization resulting from the merger, Perspective Management, is a private company with the Public Group as a shareholder (less than 50%). As noted, Perspective Management is a major actor in the urban planning sector in France and Europe and the number-one urban planner for the Capital Project.

We sequenced the different stages of the merger process to get an easier understanding of the merger process. We differentiated three periods through the merger process: the pre-merger, the absorption and the symbiosis. The merger process was also divided into five stages to have a more fine-grained analysis of the PMI. First, the pre-merger period included the first stage of the merger process: the screening and due diligence (financial and strategic audit of the target company), the negotiation and legal remedies of the operation (stage 1). The PMI included the absorption period and symbiosis period. The absorption period included the start of integration (stage 2). The symbiosis period includes three stages of the PMI: the end of preservation (stage 3), the complete redesign of the organization (stage 4) and the new governance (stage 5). Table 1 details the sequencing of merger process.

Insert Table 1

Data collection

The case study was based on three main sources of information: (1) passive and participant observations (forty-six days of observation from the signing of the merger agreement and over eighteen months), (2) fifty-four semi-structured interviews, and (3) the analysis of seven hundred and seventy-eight internal and other documents: official merger records, internal videos from high representative from Public group, newspaper files, etc. The data collection is detailed in Table 2.

Insert Table 2

The collection of qualitative data was appropriate because our objective was to investigate context-specific phenomena (Yin, 2011). All interviews were conducted face-to-face and lasted from one hour to an hour and fifty minutes. Thirty-two interviews were conducted with employees of Perspective, and twenty interviews with former employees of Alpha. Eighteen of the interviews with Perspective employees were conducted with top managers (including ten as a second or third interview); and five interviews were conducted with former project coordinators (including two as a second interview). Fifteen of the interviews with former employees of Alpha were conducted with the top management team (including five as a second interview), and five interviews were conducted with project coordinators. Two interviews were conducted with high representatives of the Public Group in charge of the merger. Focusing on executives gave us the opportunity to examine the strategic issues of the merger. An internal mail address was given to the researcher with access to the contacts and positions of the whole organization. Respondents were contacted by a short mail explaining the research objectives and guaranteeing confidentiality. During the first round of interviews, interviewees were asked to choose the location of interview – in their office, in a meeting room or in the author's office. Even though our interviews were semi-structured, the respondents were given the opportunity to speak freely and to elaborate on their answers. The forty-four days of in-office observation included opportunities for spontaneous participant-observation (Jay, 2013), for example, during coffee or lunch breaks, and enabled informal interviews and conversations. As an additional validity mechanism (Heracleous, 2001), we shared our findings with top managers and members of the Executive Committee, who agreed with our findings and helped us refine them through further conversations. Finally, we presented our final results through three oral presentations held with members of the Executive Committee and an analytical written document presenting essential elements of this study was given to the general direction and members of the Executive Committee. All interviews were recorded and transcribed individually. Data were coded and categorized as suggested by Ghauri (2004) with the help of the qualitative data management software NVivo 10. We used NVivo 10 software to systematically categorize and analyze the data so that we could more easily spot patterns and draw conclusions (Elg et al., 2014).

Data analysis

A recurring criticism in qualitative analysis is that it is often not clear how researchers progress from raw data to final conclusions (Eisenhardt, 1989; Langley, 1999; Miles and Huberman, 1994; Malhotra and Hinings, 2015). NVivo software provides traceability and is useful for identifying emerging categories and themes (King, 1998). A systematic coding process was used for data interpretation. An iterative approach based on guidelines in the literature (Miles and Huberman, 1994) was used for data analysis. This method facilitates data coding and the emergence of themes. Our analysis was conducted in two major steps: (1) allocation of data to one of the five identified stages of the merger process and (2) assignment of the data related to the paradoxical tension of autonomy and dependence, depending on the level of analysis of the tension. Two levels were identified: the organizational level and the team level. Our study focus on the organizational level with an overview of the tension at the team level. Two researchers independently coded the same piece of data, compared the results and discussed the similarities and differences in their application of the codes in order to maximize intercoder reliability (Miles and Huberman, 1994).

Findings

The paradoxical tension of autonomy and dependence was analyzed throughout the process to enable us to understand the pre-merger influence on PMI. We gained insights on macro level - in construing how organizations experienced the tension throughout the process - and on micro level in analyzing team level.

Evolution of the tension through merger process

1. High level of dependence and low autonomy: pre-merger and absorption (December 2008 - February 2011)

   1.1 Pre-merger negotiations

During pre-merger period, low autonomy was given to the acquired firm (Alpha). A part of the top management thought that this operation was necessary because Alpha had reached the end of its model. The majority of the board of directors of Alpha is trying to save time so that the operation does not take place. There is retentions information from Alpha to keep power in the pilot committees and decision making process. The advantage is given to Perspective who runs the operation.

"We were like under guardianship so the CEO (of Alpha) was playing for time" (Former top manager 8 at Alpha).

"It was very complicated because the speech of our CEO to the staff was that the operation was not finished, that we were still independent, so it was quite the opposite, we were completely dependent on Perspective. He has been criticized later of having a denial" (Former top manager 2 at Alpha).

"There was an unbalance in the decision-making of the operation, we did not have all the cards in hand, Perspective had them" (Former employee 2 at Alpha).

"I had to position myself, I choose my sides somehow by giving timely relevant information and collaborating with them (Perspective). This choice has not been approved by some" (Former top manager 1 at Alpha).

"I think we were in a system that was somewhat eroded. But for all that, we were in a cocoon" (Former top manager 3 at Alpha).

"*At one point, Perspective wanted to make up for lost time. Since they (Perspective) in any case believed that Alpha's top management had not necessarily played the game, they said: 'they don't want to play the game, we'll play it our own way and they'll have to adapt'* " (Former top manager 2 at Alpha).

Strategically, a relationship of interdependence exists between the two companies as their strategic assets would enable the new organization to become leader on the national market and on the Capital Project. The project of merger between the organizations has been discussed for a long time - whatever the CEO of Perspective was.

"We needed them as they needed us to establish the major issues of the Capital Project" (Top manager 5 at Perspective).

"They have always been rumors of mergers between our two companies. I think our CEO (of Alpha) was considering this issue as very likely, it was thought that only the balance of power would be more equitable" (Former project coordinator 1 at Alpha).

"When he (the CEO of Perspective) arrived, he announced that a merger with Alpha would be one of his first objectives" (Top manager 12 at Perspective).

1.2 The absorption

The absorption started from the date of the operation (December 31, 2010) to February 2011. This period comprised *"highly directive integrations with widespread, far-reaching, change imposed on the acquired company"* (Angwin and Meadows, 2015, p. 248). Alpha had low autonomy and high strategic interdependence with the acquiring firm (Perspective). The strategic interdependence manifested through long-term projects. Both companies had strategic resources to share in order to accomplish the long-term project (i.e., the Capital Project).

> "*From the time the transaction was made, it made sense to me, it was a good idea. I thought it was a good thing for everyone*" (Top manager 5 at Perspective).

> *"Since the announcement of the national project: the Capital Project, it appeared to be necessary to merge our businesses. No other organization has this positioning except us"* (Middle manager 1 at Perspective).

Strategic positions were given to some of the former Alpha employees but the acquired firm lost its autonomy and the employees felt that they had to adapt to Perspective's culture, management style, working practices and key customer requirements.

> *"There are very large differences in terms of management between the two structures. This is very significant. We can see, for the people of Alpha that the acclimatization time is not problematic but requires real work on their part. That's for sure"* (Former top manager 4 at Alpha).

> *"One of the challenge was to work with people from different cultures, with a history and missions that were not the same, that is to say, the asset management function was identified at Perspective but not at Alpha. Unlike the sales manager identified at Alpha existed but did not exist in Perspective as such. In reality, these jobs have a lot of common things, so we had to go to the people of Alpha, which was not 'asset management' with this wording; we had to expand their mission in saying: 'you're doing the trade, but we will give you the opportunity to do so in the heritage development environment'"* (Top manager 13 at Perspective).

The fact that organizations did not have the same size and culture influenced the situation. Perspective is a large company with numerous administrative teams. Alpha is smaller with the majority of its employees are part of the operational teams. Perspective is a mechanistic structure with formalized rules and standards and highly developed tools in the management of its business. Alpha is an organic structure with more flexibility. Alpha has few advertising funds and fewer reporting tools on its performance.

> *"In internal communication, we (Perspective) had to take an inventory of the tools at their disposal, but they did not have a structure as such communication was a little bit dispatcher. We have something far more developed than what they did"* (Top manager 12 at Perspective).

> *"There was a somewhat archaic managerial model, rather centralized around the boss (of Alpha), while here we are in a much more participatory management style; at whatever level, everyone has the opportunity to defend their records. In ad hoc committees, management is decentralized enough to say that there are management committees where decisions are taken; it does not necessarily happening at the level of the CEO. Given the size of the company it will not be possible"* (Former top manager 3 at Alpha).

During the absorption period, "key people were safe" (Top management 14 Perspective); that is, people with good knowledge about Alpha's key assets were placed into strategic positions at Perspective in order to facilitate knowledge transfer. However, the CEO and several top managers chose not to join the acquiring company. The top management of the new organization was composed of former Alpha top managers who had helped in the process of transferring information during the pre-merger stage and Perspective employees.

> *"I wanted the operation to succeed because we had reached a point of saturation from strategic and organizational points of view. The top management of Perspective trusted me by giving me this job (e.g., land division director of the organization)"* (Former Top manager 3 at Alpha).

On the core business of the new organization, Alpha teams were numerically superior to those of Perspective. Alpha had a strong relationship with its suppliers, and its staff was more market-oriented than Perspective's.

> "*Alpha was absorbed with its heritage and a way of managing that was more technical than Perspective's, which had simpler management structures. There was a phase at the beginning where Perspective really didn't understand this. Perspective tried to*

manage the Alpha heritage the way it managed its own heritage, by extrapolating" (Former top manager 5 at Alpha).

"Today lot of things still have to be put into place by the operational and management committees, and this will require a bit more of coordination" (Former top management 8 at Alpha).

There was an adjustment period when Perspective's top managers realized that some projects had failed because the acquired company and the whole new organization lacked adaptation in its working practices.

"*Perspective will finally follow our model (...). Tomorrow it will be – so it's still ongoing – but there will be finally a similar type of structure in its way to do the job*" (Former top manager 7 at Alpha).

"The Alpha teams were less motivated because they lack the freedom and autonomy in carrying out their tasks. What mattered to us was not the result but how to get the result. We need to find that in the current management style" (Former top manager 6 at Alpha).

"We lost some projects because we have not been able to adapt our way of doing common way. There are actually working groups to draw up an inventory of proposals to very quickly remedy this situation. Big economic issues are at stake" (Top manager 2 at Perspective).

"*We have to recover the activity that has evaporated"* (Top manager 10 at Perspective).

"Since we are at Perspective - I will say shortly after the arrival of the teams - we know very well that there are reflections on the repositioning of the teams. These reflections are underway. Each company has its specificities. The important thing is to exchange. Try to keep the best of both and move forward like that" (Former top manager 2 at Alpha).

"*The time it took to realize that the operating modes adapted from Perspective weren't working very well, we had to take action and make plans to change: to have the best management. I don't think we're out of the woods yet"* (Former top manager 3 at Alpha).

2. High dependence and high autonomy: symbiosis (March 2011 – July 2012)

The PMI process moved to a symbiotic period, which enabled the co-existence of the two organizations through their management styles and cultures. The former Alpha managers had to prepare an overview of the best practices of Alpha and Perspective and propose areas for improvement. Drastic changes occurred with the new reorganization.

> *"I present this weekend a very important file to the CEO and board of directors. They must use my fresh look to the new organization to adapt and reorganized the structure. There are some misses, we will say, these few months (...) Some projects have failed even if the point is not reached"* (Former top manager 1 at Alpha).

> "*It's a temporary mission that has lasted between 12 and 18 months and it has meant looking at each organization's performance and at the economic performance of the consolidated group, Perspective +Alpha. We've aggregated the two structures and are looking for how to operate each one as efficiently as possible. This is a subject that is both very wide and very macro, and the goal is to use my lack of knowledge about Perspective, my curiosity and imagination, to try to improve the new organization"* (Former manager 2 at Alpha*).*

Operational teams were also implicated in this reflection to achieve a well-functioning organization.

> "*This is a field that has been worked on by transversal workshops with front-line employees that believe they have both the knowledge and the experience. They are able to point to past experiences that went well, and to others that were less. This has a lot to do with the current situation, but it's also looking to the future and projecting positive and constructive outcomes*" (Former manager 1 at Alpha).

> "*Even today, we're planning to harmonize our processes by rewriting the operating procedures for adaptation, and they're going to be implemented by everyone*" (Middle manager 2 at Perspective).

This reflection started in stage 3 of the PMI (End of preservation) and became concrete in stage 4 (Complete redesign of the organization) with the creation of an Economic Interest Grouping (EIG) that meant the complete redesign of the organization. New positions were given to Perspective and former Alpha staff and the new organization was renamed Perspective Management.

> "*As we wrote up the flowcharts, we paid particular attention to internal communication and how we defined missions because we saw that some people were quite sensitive. And it was in our interests to figure out how to sustain the future organization*" *(Top management 8 Perspective)*

> "*The most important thing was to reshuffle all the cards, it is no longer the same organization*" (Former top manager 9 at Alpha).

> *"We told people it was going to move for them, and they should be questioned. But it was the same thing starting for me, I was offered a new job. It was my job to evolve to the target configuration of the two merged entities. So, in the same way, I accepted to question myself, I told my team you must call yourself into question. Suddenly, it has facilitated the integration and it gave an additional strike force"* (Top manager 13 at Perspective).

It also engendered the gradual departure of about 15% of the former Alpha employees – this concerned essentially executive assistants who sometimes remained emotionally connected to their former company or boss (who had not wanted to follow) and did not want to continue within Perspective. Due to the new organization's identity, relations between employees had also changed and a *"feeling of unity"* (Former top manager 5 at Alpha) develops within Perspective Management.

> *"The fact that assistants of the President, or of the CEO (from Alpha), are within the new organization is negative because they can provide information to their former bosses who have not followed and this is sometimes sensitive information"* (Top manager 9 at Perspective).

> *"It's silly but we can see in the canteen that tables are no more of Alpha employees or Perspective employees" (*Top manager 10 at Perspective).

> *"The good health of the new organization is due to the fact that the two former companies are able to communicate together, we are interdependent in order to capitalize on the future"* (Former top manager 3 at Alpha).

From the end of preservation (stage 3) to the establishment of a new governance (stage 5), tandem operational teams were set up to ensure the transfer of information.

> "*The accounting teams operated in tandem*" (Top manager 15 at Perspective).

> *"We are in the same boat, so we might do not drift"* (Former project coordinator 1 at Alpha).

> "*The sales teams did not have the same culture; now that we're under the same roof, they are working in tandem to find the right methods. The ex-Alpha employees have better knowledge of the field, we have other assets*" (Top manager 11 at Perspective).

> *"This had the effect of expand my scope (the employee recover files of Perspective heritage), suddenly we exchange more because I have information they need and vice versa"* (Former project coordinator 2 at Alpha).

Some employees of Perspective and Alpha wanted to change function. For some Alpha employees, the designation of their former position meant a very different reality of the position taken in Perspective. Some perspective employees took advantage of these movements to evolve within the new organization by changing perimeter or service. During stage 5 (March 2013 – July 2013), a new governance was established to ensure that short-term and long-term projects were secured. The long-term projects were directly tied to the Capital Project and required the full transfer of information between employees as Alpha held strategic assets needed to engage projects related to the Capital Project. The CEO and four members of the board of directors from Perspective (among eleven persons historically from Perspective) leaved the new organization. The position of CEO was split into two jobs: a managing director in charge of the firm's stock market performance and a non-executive chairman refocusing the company on the Capital Project.

> *"With all these events, the merger seems far to us; we do not know who the shareholders are at the head of the new organization, or what strategy we will apply now. It is as if we set out again to zero"* (Top manager 4 at Perspective).

> *"Things go very fast but it's good to start on new and fresh bases. After, as they say, we know what we lost but not what is found"* (Former top manager 3 at Alpha).

In March 2012 (stage 3), the company had increased its engagement in long-term projects by more than 20%, while also increasing its market value (stock options had increased 6.46% a year after the agreement). In March 2012 (stage 5), the PMI was found successful because the combination of both short-term and long-term goals had been achieved. Table 3 summarizes the evolution of the tension through the different stages of the merger process.

Insert Table 3

Management of the tension through merger process

At the organizational level, the tension was differentiated in stage 1 (Screening, due diligence, negotiation and legal remedies of the operation) and stage 2 (Start of integration) as one pole of the tension was chosen. During pre-merger period (stage 1), dependence was high for Alpha, and Perspective combined autonomy and dependence facing Alpha. In stage 2, dependence was high for Alpha but Perspective turned to autonomy as the organization tried to impose its rules, culture and management. The tension was finally integrated from stage 3 (End of preservation) to stage 5 (New governance). The integration of the tension echoes to the notion of *acceptance* where the two contradictory poles are simultaneously present (Clegg, 2002; Lüscher et al., 2006; Lüscher and Smith, 2008). We refer to *integration* as the evolution of the tension is part of a process where poles where first differentiated and then integrated. In our case study, the tension was integrated with the complete redesign of the organization by changing the name of the organization, mixing teams, redistribute positions, and establishing a new governance. The new organization Perspective Management achieved a dynamic equilibrium while maintaining the tension as it enabled Perspective Management to integrate practices and elements of culture from the acquired company as the information circulated better within the firm. This allowed Perspective Management to secure the Capital Project and become leader on the national market. The integration of the paradox is an indication of the dynamism and flexibility of the organization (Smith and Lewis, 2011) and guarantee PMI process and the performance of the new organization. The tension was proactively managed (Smith, 2014) throughout the merger process to foster PMI success. We argue that integration and differentiation are complementary (Raisch et al., 2009) to manage the paradox. Figure 1 summarizes the management of the tension during the PMI process.

Insert Figure 1

Discussion and implications

The study is motivated by the following questions: (1) How does the paradoxical tension of autonomy and dependence evolve over the merger process? And (2) How does the deft management of this tension foster PMI success?

Our study shows that at the organizational level, the tension of autonomy and dependence evolved throughout the merger process differently according to the corporations. For the acquired company (Alpha), during pre-merger period (stage 1) and start of integration (stage2) dependence is high because it is the acquiring company (Perspective) who runs the operation. For the acquiring company (Perspective), the tension was during pre-merger period (stage 1) maintained between autonomy and dependence. Perspective is dependent towards Alpha has the corporation hold the strategic assets to made the new organization leader on the national market. At the start of the integration (stage 2), Perspective imposes its rules, management style and culture. As a consequence, autonomy prevails for Perspective at this stage. During these stages, the paradoxical tension was differentiated (i.e. one pole of the tension was chosen). However, at the team level, several projects failed because the new organization lacked adaptation in its working practices. Our study contributes to analyses how the tension interferes at different levels (i.e. team and organizational level). A general reflection on the organization's design took place and led to a total reorganization of the new organization, changing its identification and identity (i.e. name and logo), remixing teams (in stage 3) and leading to a new governance (in stage 5).The PMI moved from absorption to symbiosis (Angwin and Meadows, 2015). It echoes the PMI of *transformation* proposed by Vieru and Rivard (2014) where both organizations are finally integrated in a common organizational identity and developed and shared new work practices. During symbiosis period (stage 3 to stage 5), the paradox was integrated throughout the whole redesign of the new organization guaranteeing the PMI success - it facilitates the transfer of information between employees, it permit to secure major projects and made the new organization leader on the national market and on the Capital Project, that facilitate project ownership by employees of Alpha. As a consequence, the new organization’s market value increased (stock options had increased 6.46% a year after the agreement). The integration of the paradoxical tension ensured the dynamism and flexibility of the structure (O’Reilly and Tushman, 2008; Smith and Lewis, 2011). In our case, the “first hundred days” (Angwin, 2004) of a merger process were not favorable for synergy exploitation (Gates and Very, 2003) as the new organizations adapted after this period (i.e. in stage 3).

Theoretical implication

Our study contributes to both the PMI process and paradox literatures. Our study provides insight into organizational dynamism and change. It shows that the process of autonomy and dependence can be managed throughout the merger process to optimize each organization's performance. We emphases a longitudinal interrelationship between poles of the paradox. At the organizational level, the new organization responds by moving from absorption to symbiosis. We highlight that symbiotic integration is not chosen during the pre-merger period but becomes necessary as the merging organizations become increasingly interdependent during the PMI process. The study shows that integration is a multiple-stage process and that the tension of autonomy and dependence evolves throughout the merger process to finally reach equilibrium at the end of PMI. This article demonstrates how the tension evolved at the organizational and team levels through the merger process. Our study underlines how the oscillation between the two opposing extremes of the autonomy-dependence polarity was necessary to achieve an equilibrium, with both poles simultaneously expressed and favoring the new organization's performance. It also highlights that a dynamic decision making, involving addressing a paradox by differentiating and then integrating over time, is necessary to optimize the new organization's performance during the PMI. At the organizational level, the tension was first differentiated as one pole of the tension was strengthened (stage 1 and stage 2). Then, the tension was integrated (from stage 3 to stage 5). This approach involves making explicit choices in decision making (i.e., complete redesign of the organization during stage 4 of the PMI; change in the new organization's logo and name during stage 3 of the PMI). Our study demonstrates how organizational identification influenced employees's behavior during PMI (Lupina-Wegener et al., 2015). This can be linked to the observation made by several scholars as dynamic decision making is a response to complex challenges which enable *"simplicity amid complexity and supports inconsistencies through consistency (Follett, 1996; Klein, Ziegert, Knight, & Xiao, 2006; Weick, Sutcliffe, & Obstfeld, 1999)"* (Smith, 2014, p. 1616).

Managerial implication

There are calls for managers to embrace paradox through practitioner literature (Handy, 1995; Cronin and Genovese, 2012) and academic literature (Jay, 2013; Smith, 2014). We offer several useful insights for managers trying to manage this paradoxical tension through the merger process. First, our study shows that the paradox can be proactively managed through decision-making (Cameron, 1986; Lüscher and Lewis, 2008; Malhotra and Hinings, 2015). It highlights the importance of taking into account competing values to adapt and innovate. This study gives practical clues for managing paradoxes—specifically, differentiating and integrating. We stressed that differentiating and integrating paradoxes in framing decisions are part of dynamic and complex contexts (Smith, 2014) and ensure the organization's adaptability to them. Second, it highlights that the oscillation between the two opposing ends of the polarity (i.e., differentiation) is necessary to ultimately reach an equilibrium where the two poles are simultaneously expressed (i.e., integration). This study encourages managers to embrace inconsistencies in decisions and shift over through a dynamic decision-making to adapt to complex contexts (Smith, 2014). Managers need to accept paradoxical tensions to ensure long-term performance of the organization (i.e. integration) as choosing one side of the tensions (i.e. integrating) may improve short-term effectiveness (Smith and Lewis, 2011; Zhang et al., 2015). Our study enhances how paradoxical thinking allows facing the real issues of a situation (Peng and Nisbett, 1999). Channeling energy into building awareness of different outlooks opens the way to debate and enhances the possibility of discovering links and new perspectives between the poles of the tension (Malhotra and Hinings, 2015). This insight joins the research of others suggesting that sustaining strategic paradoxes within complex contexts can foster creativity (Abraham and Knight, 2001; Miron-Spektor et al., 2011) and enable sustainability (Cameron, 1986; Smith et al., 2011; Smith, 2014).

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Appendices

Table 1. Sequencing the merger process into stages

Period	**Stage**	**Starting date**	**Ending date**	**Features**
Pre-merger	Screening, due diligence, negotiation and legal remedies of the operation (1)	December 2008	31 December 2010	Pre-merger: screening and due diligence (financial and strategic audit of the target company), negotiation and legal remedies for the operation Announcement of the merger in December 2010 (press and network) Actual signing of the operation on December 31, 2010
Absorption	Start of integration (2)	1st January 2011	End of February 2011	Start of post-merger integration (PMI) Strategic positions given to some former Alpha employees Arrival of the teams in the premises
Symbosis	End of preservation (3)	March 2011	January 2012	End of preservation: reflection on the implementation of a new organization Enhancement of communication on the Capital Project Clarification on Perspective Management's identity: evolution of the image of the firm (smaller Public Group logo and increased size of Perspective name) Search for balance between adaptation and preservation Training in tandem of operational teams to ensure the transfer of information
	Complete redesign of the organization (4)	January 2012	February 2012	Creation of an Economic Interest Grouping (EIG) that engenders a complete redesign of the organization The new organization is named Perspective Management New posts given to Perspective and former Alpha staff Departure of 15% of former Alpha employees
	New governance (5)	March 2012	July 2012	New governance ensuring an "ambidextrous" strategy: exploitation and exploration, short-term projects and long-term projects End of post-merger integration, a new period is launched

Table 2. Data collection

	Sources	Number of interviews
Interviews	Members of the top management at Perspective	27
	Middle managers at Perspective	5
	Former members of the top management at Alpha	15
	Former project coordinators at Alpha	5
	High representatives of the Public Group in charge of the merger	2
	Total	**54**
		Number of documents
Archival records	Reports about organizational histories	41
	Internal working cases on the merger	2
	Financial reports	104
	Internal videos from CEO and members of the Executive Committee	27
	Internal videos about company histories and projects	25
	Internal videos from high representative from Public group	4
	Interview with former business partners of Alpha one year after the merger	2
	Interview with business partners Perspective one year after the merger	4
	Notes from the direction to stakeholders	32
	Press articles	164
	Press releases from the direction	366
	Internal letters to shareholders	5
	Total	**778**

Table 3. Evolution of the tension through the merger process

Period	**Stage**	**Organizational level**	
		Perspective	***Alpha***
Pre-merger	Screening, due diligence, negotiation and legal remedies of the operation (1)	Autonomy and dependence	Dependence
Absorption	Start of integration (2)	Autonomy	Dependence
Symbiosis	End of preservation (3)	Autonomy and dependence	
	Complete redesign of the organization (4)		
	New governance (5)		

Figure 1. Management of the tension of autonomy and dependence through merger process