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The dynamics of union-management collaboration during postmerger integration

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ABSTRACT

Collaboration between unions and management may facilitate postmerger integration, however collaboration can also be time-consuming and challenging. Using a qualitative case study, we examined union–management collaboration in the integration of two Norwegian firms. The integration was split into two processes, involving different business units. While both processes were designed according to similar principles of collaboration, we observed the emergence of two diverging integration trajectories. Whereas the first process was characterized by a virtuous cycle of trust and constructive collaboration that facilitated integration, the second process turned into a vicious cycle of mistrust and conflict, causing disruption, and impeding integration. Based on our inductive analysis, we identify four distinctive features characterizing the emerging mode of collaboration. We develop a model to illustrate the dynamics of union-management collaboration in postmerger integration. These findings expand the current understanding of merger and acquisition (M&A) dynamics to include a broader set of actors and potential conflict factors in the integration process. Furthermore, our study suggests that collaborative integration processes require careful management while also potentially posing challenges for unions, particularly in the context of historical conflicts.

1. Introduction

The integration of mergers and acquisitions (M&As) often leads to complex and unpredictable change processes. Postmerger integration involves making changes in the organizational structures, processes, and activities of merging firms (Graebner et al., 2017; Haspeslagh and Jemison, 1991); thus, it inevitably has substantial ramifications for both managers and employees. Existing research has documented that M&As may trigger emotional reactions from employees (Vuori et al., 2018) and lead to cultural and identity tensions (Sarala et al., 2019) The M&A literature taking the managerial perspective has focused on the complexities and challenges of integration, emphasizing the role of managers in deciding the level and mode of integration (Bauer and Matzler, 2014; Pablo, 1994; Wei and Clegg, 2020), implementing the required changes (Colman, 2020; Teerikangas et al., 2011), and dealing with employee reactions (King et al., 2020; Larsson and Finkelstein, 1999). Although scholars have stressed the importance of broad engagement and employee participation in postmerger integration (Sarala et al., 2019), they have mostly considered employees as passive recipients of M&A integration decisions (Brueller et al., 2018) who are informed and sometimes invited to offer their opinions on important integration decisions.

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Nevertheless, the success of a postmerger integration process ultimately depends on collaboration between the managers and employees of both firms (Weber and Fried, 2011). The M&A literature has emphasized the importance of developing collaborative intentions and inviting the proactive involvement of both firms' employees to ensure successful postmerger integration (Kroon et al., 2022; Teerikangas, 2012). Collaboration refers to working together to produce or achieve something. A way for employees to be actively and collectively involved is through formal processes based on union membership. In some parts of the world, managers are expected to collaborate with trade unions during large-scale changes, such as those following M&As, and may be required by law to do so. However, the role of union–management collaboration has largely been ignored in the M&A literature. To our knowledge, only a few studies have explored the role of unions in M&As and emphasized the importance of union–management collaboration in integration processes (Colman and Rouzies, 2019; Davy and Scheck, 1991). This has provided limited insight into the process dynamics of such collaboration and their influence on postmerger integration. Therefore, we asked: How does union–management collaboration in postmerger integration unfold?

Our research question emerged from an empirical observation of differential union–management dynamics during the integration of two Norwegian-based firms. Despite vast differences in firm size, the merger was announced as a merger of equals, which influenced the expectations of both firms' organizational members. In contrast to Anglo-Saxon countries, where managers have "a relatively free hand to make changes following an acquisition" (Edwards and Edwards, 2015: 135) and where small groups of senior executives are typically involved in postmerger integration decision-making (Graebner and Eisenhardt, 2004), employees in Norway have a legal right to participate in the organizational change decisions that affect them (Hvid et al., 2019). Hence, the case was revelatory regarding the unusually extensive collaboration between unions (representing the employees) and management in the merging firms.

The postmerger integration we investigated was split into two consecutive processes targeting different parts of the organization. This was done to ensure sufficient resources, maintain operational safety, and provide learning opportunities. Both processes were designed according to similar principles of union-management collaboration, but two distinct modes of collaboration emerged. The first process was characterized by increasing trust and collaboration that facilitated integration. In contrast, the second turned into a vicious cycle of mistrust and conflict, causing disruption and impeding integration. The emerging mode of union–management collaboration thus appeared critical for understanding how the post-merger integration unfolded.

Upon further investigation, we found that a virtuous cycle of collaboration involved a contained process, mutually respectful and trusting relationships, transparent information flows, and a future-orientated attitude. We developed a model illustrating how these factors reinforced each other. The vicious cycle of conflict was characterized by a leaky process, increasing opportunistic behavior and mistrust, limited information flows, and a focus on the short term and the past rather than the future. Our model further shows how these factors were amplified by deeply embedded contextual and historical factors.

These findings contribute to the postmerger integration literature by providing novel theoretical insights into the dynamics of integration processes (Graebner et al., 2017). First, we show that a smooth and timely integration process depends (at least partly) on constructive collaboration between management and employees (in our case, represented by the unions). We theorize the dynamics of union–management collaboration by identifying the key characteristics of constructive collaboration. We thus provide a deeper and more nuanced understanding of the benefits of collaborative processes while also illustrating fundamental challenges in union–management collaboration during postmerger integration. Second, by extending agency beyond the managerial ranks, we show that employees—through their unions—can exert influence far beyond voicing their concerns during decision-making processes. Our study illustrates how unions can actively use their power and influence during decision-making and implementation, including by mobilizing external agents, such as the media, to either support or resist postmerger changes. Overall, we respond to the call for an examination of interrelated actors and their agency post-M&A to extend our knowledge of postmerger integration dynamics (Sarala et al., 2019). Third, we conceptualize the emerging features of integration processes, such as an increasingly leaky process, that can be amplified by historical union–management collaboration, thereby reducing the robustness of a collaborative framework and impeding integration. These findings augment M&A studies focusing on how existing and historical relationships between union members and management can influence the postmerger integration process (Colman and Rouzies, 2019).

2. Theoretical foundation

There is broad agreement that employees play an important role in securing and realizing the benefits of a smooth integration process. According to Edwards and Edwards (2015: 132), "it clearly matters whether employees in firms that are undertaking major change such as M&A are given a voice or not." Employee voice refers to the ability of employees to make meaningful inputs into decisions (Budd, 2004; Wilkinson and Fay, 2011). When employees are consulted in decision-making processes, they are likely to respond favorably to changes following M&As (Kavanagh and Ashkanasy, 2006). Scholars have shown that involving employees in integration decisions builds trust in management (Nikolaou et al., 2011), reducing employee resistance to integration processes (King et al., 2020; Marks and Mirvis, 1998, 2011). However, existing M&A studies have predominantly focused on the extent to which employees are given a voice, thus depicting employees as rather passive. Furthermore, voice is typically studied at the individual level, and while a number of benefits have been documented, it is not clear how such benefits can be secured. Thus, we need to examine closely how employees can play a more active role in integration (Sarala et al., 2019) as collaborative partners rather than simply by having a voice.

2.1. Collaboration between unions and management during postmerger integration

One way in which employees can collectively engage in postmerger integration is through their unions. Trade unions are underresearched within the existing M&A literature; hence, we have limited knowledge of union–management collaboration. However, a few studies have examined the role of union representatives in integration processes. Davy and Scheck (1991) examined the effectiveness of union representatives in communicating integration-related changes to their members. They emphasized the importance of union representatives as significant participants in the postmerger integration process. Furthermore, Colman and Rouzies (2019) showed that union representatives facilitated coordination and mitigated conflicts by leveraging their existing embedded relationships and legitimate organizational roles. Although their study showed that existing union–management relationships can benefit integration efforts if the parties have a history of constructive collaboration, it provided little insight into contingencies for collaborative processes. These previous studies clearly suggest that collaboration between unions and management can be beneficial for the outcomes of integration processes, yet they have not provided details of how collaboration emerges and unfolds, particularly in more contested union–management relationships.

To provide a theoretical foundation for our study of collaboration between unions and management, we turn to the broader organizational change literature on employee participation. Although this literature (like the M&A literature) primarily focuses on the individual employee level rather than collectives, such as unions, it provides important insights into some of the mechanisms that can support a constructive collaborative climate between managers and employees.

2.2. Research on employee participation in organizational change

Postmerger integration tends to involve substantial changes in merging organizations, yet the previous literature has paid minimal attention to broader and more mature organizational change research (Kroon et al., 2022; Steigenberger, 2017). Meanwhile, the change literature has a long tradition of studying participatory change processes, particularly those involving employee participation. Employee participation goes beyond giving employees a voice, since it refers to the mechanisms, structures, and practices that enable *joint* decision-making. It involves a power-sharing arrangement in which workplace influence is shared across hierarchical levels (Budd et al., 2010) and thus corresponds more closely to the collaboration that interested us.

The organizational change literature has highlighted several important mechanisms that facilitate collaboration across hierarchical levels (Bartunek et al., 1999). When employees feel that they are heard and provided with opportunities to engage with change, strong cooperation with management can emerge (Ford and Ford, 2009). Other mechanisms for employee participation during change include group decision-making and goal setting (Locke and Schweiger, 1979), joint consultation, collective bargaining (Budd et al., 2010), and a representative voice (Torre, 2019).

Employee participation can be a powerful way to involve and energize the “rank and file” during organizational change (Pasmore and Fagans, 1992). Participation creates ownership and a deeper understanding of change and the rationale behind it (Ashmos et al., 2002), provides a sense of agency and control in a situation characterized by uncertainty and ambiguity (Armenakis et al., 1993), increases acceptance and commitment to change (Bartunek et al., 1999; Lines, 2004), and helps employees adjust better to change (Amiot et al., 2006; Marks and Mirvis, 1998). Participation can also improve the quality of decisions (Black and Gregersen, 1997).

Although the change literature has documented the benefits of active employee participation, it has also recognized that they are not easily realized (Bartunek et al., 1999). Participation can be time-consuming and messy for organizations (Dunphy and Stace, 1993; Pasmore and Fagans, 1992), since managers do not have full control of the actions of involved employees (Latusek and Vlaar, 2018; Spreitzer and Mishra, 1999) and therefore face vulnerability and potential unintended behavior (Wohlgemuth et al., 2019). Furthermore, studies have shown that simply inviting employees to voice their opinions provides no guarantee of positive benefits for those involved or for the organization (Pasmore and Fagans, 1992). This is because individuals tend to respond positively if and when their voices result in action (Corgnet and Hernán-González, 2014), but this may be a tall order in large organizations comprising many stakeholders.

Active participation may also appear risky from the employees’ perspective. Neumann (1989) found that even when given a choice, employees sometimes chose *not* to participate because they believed that the real decisions were made elsewhere, that participation was managed unprofessionally, or that it involved disloyalty to deeply held values. Employees may take part in discussions but experience limited influence over final decisions (Locke and Schweiger, 1979).

Insights from the organizational change literature on employee participation further suggest that effective collaboration between managers and employees requires professionally designed and carefully managed processes. Rather than focusing simply on establishing participatory mechanisms, management (and researchers) should consider how employees experience participation and the extent to which they perceive that they actually have influence (Bartunek et al., 2006; Edwards and Edwards, 2015; Farndale et al., 2011; Nurick, 1985). Effective collaboration may also require employees to have relevant content knowledge and process skills (Pasmore and Fagans, 1992). In particular, they may require training if they represent a broader group of employees because:

> [They] represent their peers in an important endeavor with significant implications for the future of the organization. … They are expected to challenge the status quo and the views of their superiors; they are asked to communicate what they are thinking and doing in public to their peers as well as those above and below them in the organization (Pasmore and Fagans, 1992: 392).

In summary, to better understand collaboration between unions and management during postmerger integration, we combined the M&A literature with insights into participatory processes gained from organizational change research. Although the change literature has acknowledged that employees’ experiences of influence may differ from managerial experiences, it has not sufficiently unpacked the collective-level dynamics of union–management collaboration. Hence, we sought to identify the benefits as well as the challenges and dilemmas of union–management collaboration during a postmerger integration.

3. Methodology

Studies focusing on complex phenomena, such as postmerger integration, need to incorporate temporal factors and be sensitive to the specific internal and external contexts in which the organization operates (Pettigrew, 1990). We embarked on a three-year field study in a Norwegian oil and gas company shortly after it had announced a merger. Using a case study approach, we obtained context-sensitive data, such as emerging conflicts. Our data covered different time points, enabling us to build a process theory (Eisenhardt and Graebner, 2007; Langley, 1999). Postmerger integration processes are complex phenomena involving the redistribution of resources and decision-making authority, making them contested terrain and thus requiring at least some level of collaboration between people at different levels in merging organizations.

Our research question required an in-depth examination of the interactions between managers and unions and the nature of their collaboration in the integration. Union-management collaboration is transparently observable in Norway (Pettigrew, 1990), because any large-scale organizational change that may alter work, task design, or working conditions legally requires employee participation, which typically occurs through negotiations with union representatives (Edwards and Edwards, 2015). In Scandinavian countries, employee participation takes place at the collective level through union representation (Hvid et al., 2019). Union–management collaboration is thereby tied to the legislative framework at the national level based on the rationale of workplace democracy. Union collaboration is also dominant in Australia and New Zealand, but non-union forms of collaboration (at both the individual and collective levels) are typical in countries such as the UK and the US (Gollan and Xu, 2015). Hence, this case was revelatory, allowing us to examine union–management collaboration in the context of postmerger organizational change.

The company allowed us unique access to organizational members in various positions and at different hierarchical levels in both

Table 1
Research context and the collaboration model.

	Onshore Integration	Offshore Integration
Contextual features:		
Number of employees and type of work	Approximately 10,000 employees (including Level 2, 3, and 4 managers) located onshore in an office environment, providing administrative and operational support.	Approximately 5000 employees ✓ 10 oil platforms from Energy ✓ 18 oil platforms from Oil Located offshore on oil rigs doing high-reliability work, such as oil and gas exploration and production.
Union membership	Many employees organized by unions. Several unions in each company, some with members from both merging firms.	Most employees organized by unions. Several unions in each company, some with members from both merging firms.
Institutional context	Institutional context requires that unions negotiate on behalf of employees regarding any large-scale changes.	Institutional context requires that unions negotiate on behalf of employees regarding any large-scale changes.
Historical aspects	The merging firms were previously competitors.	The unions in Oil have a somewhat strained historical relation with management, and the unions are known to be strong, often resisting top-down organizational changes in offshore work. A delicate power balance between management and employees.
Organization of the integration process, labeled "the collaboration model"	Project organization consisting of the *Integration Planning Team (IPT)* led by senior manager from Energy. Mandate to plan and oversee integration. 23 members: ✓ 9 senior managers from Oil ✓ 9 senior managers from Energy (including the IPT leader) ✓ 5 union representatives *The Union Collaboration Group was* established so that unions could align their input and demands. 19 members: ✓ 10 union representatives (one representative from each union in the two companies) ✓ 4 senior managers ✓ 4 health and safety people (two from each company) ✓ IPT leader (from Energy)	*Integration Planning Team (IPT)* oversees the entire integration but establishes a subproject within the offshore organization. *Offshore Integration Project (OIP)* established to secure more extensive collaboration and account for the more challenging context of high-reliability work and strong (historically resistant) unions. Mandate to develop a new/harmonized operational model. 16 members from both firms: ✓ 8 senior managers ✓ 8 union representatives Senior manager from Oil with extensive offshore experience leading the offshore project.
IPT integration principles	✓ Transparency ✓ Collaboration ✓ Equal opportunities (building on the best of both)	
Other demands/rules for the process	✓ Unions demand that all employees retain their jobs and have the right to positions comparable to their previous roles ✓ Establishment of an "indicate interest" process for staffing ✓ 58+ incentives for downsizing ✓ No competing processes—integration is top priority ✓ Timely delivery	

merging firms at a time when the change processes were fraught with sensitive and politically loaded issues. The case company sought to learn from an external, academic perspective on the postmerger integration process.

3.1. Research setting

The merger between "Oil" and "Energy" (pseudonyms) represented a horizontal merger of two previous competitors (both based in Norway) who joined forces to become "Oil–Energy." The deal was announced as a merger of equals, despite a substantial size difference between the two firms, as Oil employed five times as many people as Energy. The merged company has operations in 42 countries across five continents and postmerger sales and assets totaling EUR 84 billion (USD 116 billion) and EUR 75 billion (USD 103 billion), respectively. The stated rationales for the merger were international growth, efficiency maximization, and technology development.

The integration strategy involved extensive integration of premerger units, the development of new and harmonized organizational and operational models, the relocation of employees from both firms, and the selection of a new company name. Management communicated that the new entity would be developed based on "the best of both firms." The importance of a balanced process with equal opportunities for all was partly based on previous merger experience by the CEO and other senior managers in Oil. Employees in both firms would have equal opportunities in the merged firm, and the new entity would build on the positive attributes of both firms. Employee participation and equality were deeply rooted values within the merging organizations and nationally. Employees would have a collective voice through union representatives who would participate in decisions regarding the design of the postmerger integration process, how tasks would be organized in the merged entity, the choice of operating model, staffing procedures, etc.

Several unions with strong positions coexisted in both firms at the time of the merger. The unions had a formal participatory role in both the onshore and offshore integration projects as representatives of broader groups of employees. Nevertheless, management expected that integrating the offshore parts of the organization would be more challenging than integrating the onshore parts due to the specific work environment and the strong union influence and status.

Previous research on organizational change in Oil provided evidence of a power balance between employees (through the unions) and management, and historical conflicts between unions and management, particularly in the offshore units of Oil (Stensaker and Langley, 2010). During fieldwork, the conflicts between unions and management, and also disagreements between the various unions, became apparent in our informants' accounts. Although the unions in the merging firms had historical differences in how they collaborated with management, the conflicts that emerged among unions during the offshore integration process were not specifically tied to premerger entities.

The core activities of the merged firm consisted of offshore operational work (i.e., oil exploration and production), with onshore administrative and operational support functions. Organizations doing offshore work are high-reliability operations (Roberts and Bea, 2001) because this work entails considerable danger (e.g., blowouts and gas leaks). Furthermore, the work takes place in isolated locations on platforms located far out at sea. Managers recognized the challenges of the offshore context and argued that splitting the integration into two consecutive processes would allow them to maximize their resources and learn from their onshore experiences before embarking on offshore integration. Both integration processes were organized as projects: the Integration Planning Team (IPT) and the Offshore Integration Project (OIP). The IPT oversaw the entire integration, while the OIP handled the more challenging

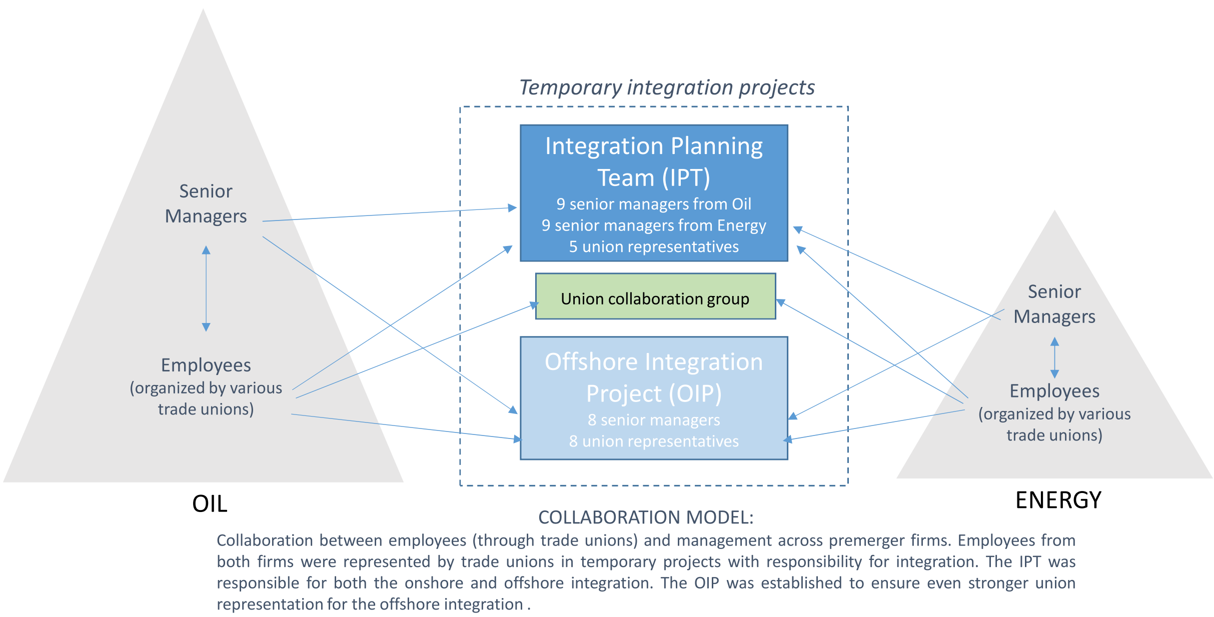

Fig. 1. Key actors in the collaboration model.

offshore integration. Table 1 provides an overview of the integration projects and their mandates, while Fig. 1 provides an overview of the key actors. There were three types of actors: senior managers from both merging firms, employees from both merging firms (organized in unions), and integration team members. As Fig. 1 shows, both integration projects included representatives of senior management and unions from the merging firms. Together, through the IPT, they established an integration framework they labeled *the collaborative model* and laid down a set of principles for the onshore and offshore integration processes.

The onshore process lasted nine months and integrated all the onshore activities and employees. The subsequent offshore process included all the high-reliability, high-risk offshore operational activities. Although it was expected to last nine months, this integration took over two years. Fig. 2 illustrates the timelines of the two processes. Both processes involved large-scale, potentially controversial changes, such as designing an integrated organization, allocating management positions, deploying and relocating human resources, and integrating specific activities.

3.2. Data collection

We followed the integration process over three years and collected data as the processes unfolded. We also collected retrospective data to capture important events prior to the start of our research. Our main data source regarding the union–management collaboration consisted of 53 semi-structured interviews with managers and union representatives in both premerger firms. We selected informants based on their access to relevant information, their positions in the merged organization, or their specific integration responsibilities.

We conducted the interviews during two intensive periods. Our research project began shortly after the onshore integration was finalized; hence, immediately following the implementation of postmerger changes (in 2008), we conducted 15 interviews, which yielded retrospective accounts of the process. The informants included 10 managers and 5 union representatives. One year later (in 2009), we conducted 38 interviews regarding the offshore integration, which yielded real-time and retrospective accounts of the process. The informants included 28 managers and 10 union representatives. Each interview lasted 60–90 min and was electronically recorded and transcribed verbatim. We used an interview guide with open-ended questions focusing on the respondents' accounts of

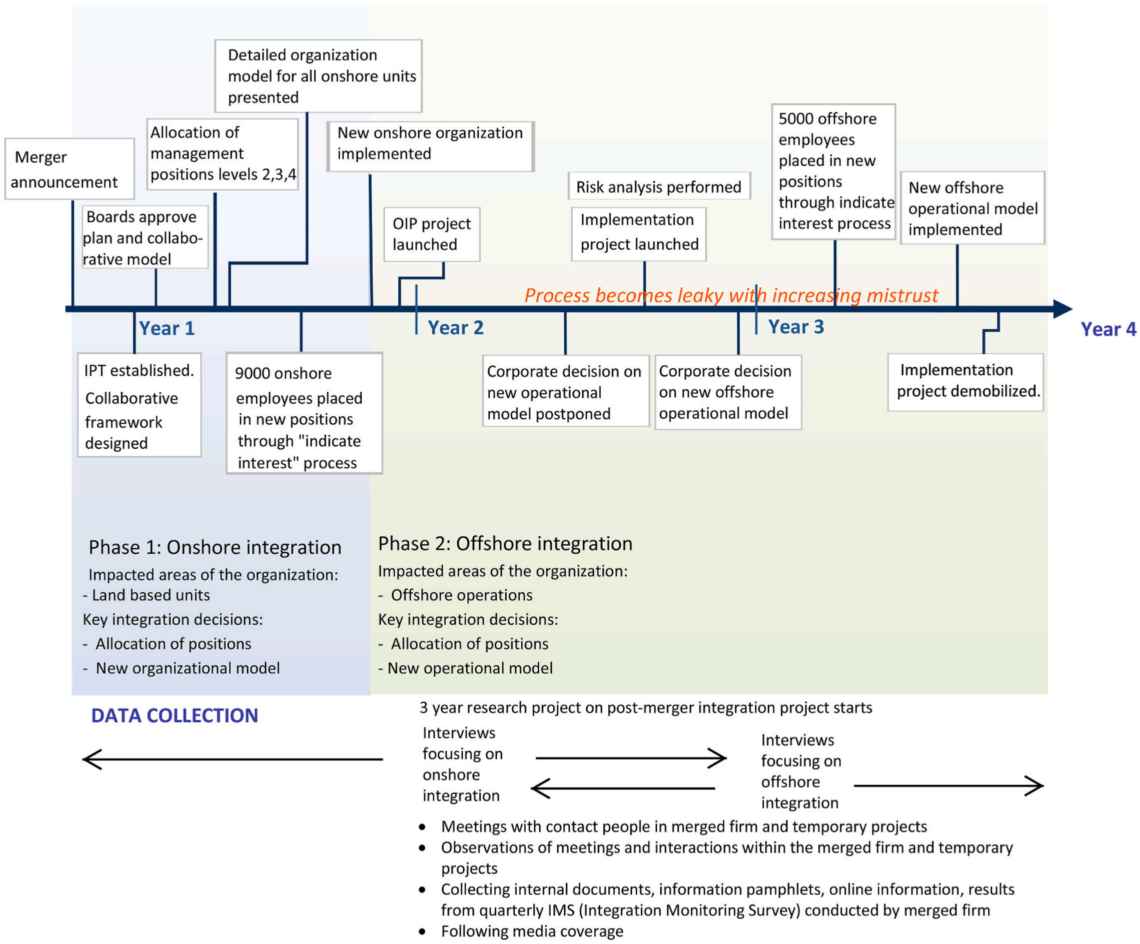

Fig. 2. Timeline of the integration processes.

and reflections on the key decisions and events in the postmerger integration.

Other data collected over the three-year period included documents, company website content, material provided to us by our informants and contact people, survey data generated by the company, and media coverage. Table 2 presents an overview of the data sources and how the data informed the study.

The company conducted quarterly employee surveys to monitor employee satisfaction during the integration process. We had access to survey results showing a marked decrease in employee satisfaction and trust in senior management during the offshore integration, and we also observed increasingly hostile meetings. We followed media coverage during and after our three-year research project, wherein employees (often, but not always through their unions) increasingly criticized senior management's handling of the offshore integration.

During the three-year overall research project, we spent a substantial amount of time in the organization, participating in and observing meetings and workshops, collecting data on various topics, and engaging in informal conversations with managers and employees. This prolonged researcher engagement with the company provided us with insights into various perspectives and emerging issues (Langley et al., 2013). For instance, during the offshore integration, access to key informants was delayed due to the increasing conflict between the collaborating partners. In the workshops, we were advised to avoid any language that could trigger further conflict or, in any way, further undermine collaboration. The researchers were aware that some of the unions in Oil historically had

Table 2
Overview of data sources and how the data informed the study.

Onshore Integration	
Documents and internal information (e.g., websites, newsletters) 2008–2010	Descriptions of the process plan and the information provided to the organization
15 Interviews conducted January–March 2008 • 6 10 senior managers: from Oil + 4 from Energy • 5 union/employee representatives: 4 from Oil + 1 from Energy	Retrospective data from key informants on the onshore integration process, the thinking behind it, and the emerging interactions that played out.
Quarterly survey data from the Integration Monitoring Survey March 2008–October 2009	Real-time longitudinal survey data (designed and collected by the company) on employee perceptions of the integration, measuring employee satisfaction, trust in management, task integration, etc. The results showed high levels of satisfaction, trust, and integration.
Media coverage January 2008–January 2011	Media coverage immediately following the merger emphasized successful integration and showed other merging firms wanting to learn from the collaborative post-merger integration process, thus yielding real-time, retrospective accounts.
Meetings with Oil–Energy representatives during fieldwork 2008–2010	Reports by the research team on observations and findings, presented on a regular basis to allow for mutual learning and to provide a basis for discussing interpretations and implications with representatives of senior management and employees.
Offshore Integration	
Documents and internal information (e.g., websites, newsletters) 2008–2010	Descriptions of the process plan and the information provided to the organization.
38 interviews conducted January–March 2009 • 28 senior managers 22 from Oil +6 from Energy 3 of these were also interviewed regarding the onshore integration • 10 union/employee representatives: 9 from Oil +1 from Energy	Real-time and retrospective data from key informants on the offshore integration process, the thinking behind it, and the emerging interactions. Often accompanied by references and comparisons to the onshore integration.
Quarterly survey data from the Integration Monitoring Survey March 2008–October 2009	Real-time longitudinal survey data (designed and collected by the company) on employee perceptions of the integration, measuring employee satisfaction, trust in management, task integration, etc. Results showed decreasing levels of satisfaction, trust, and integration in the offshore units of the merged company.
Media coverage January 2008–January 2011	Media coverage peaked from April–December 2009 featuring dissatisfied employees expressing their lack of trust in senior management, thus yielding primarily real-time accounts, but also historical reflections.
Meetings with Oil–Energy representatives during fieldwork 2008–2010	Reports by the research team on observations and findings, presented on a regular basis to allow for mutual learning but became increasingly challenging when senior managers and employees (who jointly attended all meetings) engaged in conflict.
Retrospectives/Aftermath	
Informal conversations with managers and employees during fieldwork 2008–2010. Some of these personnel had been interviewed previously, either in the same or different positions.	Assessments of outcomes, reflections on the integration process in general, and key learning from the collaborative process.
Media coverage January 2008–January 2011	Media coverage continued from time to time to display conflicts between employees and management, thus yielding both real-time and retrospective accounts of the process.
Meetings with Oil–Energy representatives during fieldwork 2008–2010	Reports by the research team on observations and findings. In the final reporting (at a public event), the learning and results from the onshore integration predominated, as the conflict between employee representatives and senior management was still ongoing, making any findings and interpretations from this phase highly sensitive.

mobilized resistance in the formal negotiation processes and also through leakages of confidential information to the media.

3.3. Data analysis

We sought to capture and understand our respondents' views and to stay close to their accounts; hence, we initially approached data analysis in an inductive manner. First, we created rich descriptions of the two integration processes and identified and documented several key integration decisions and principles established for these processes. Second, consistent with Langley's (1999) visual mapping strategy, we constructed a process chart (Fig. 2) to plot a timeline of the various decisions and events. Third, we drew on interview data, quarterly survey results, media articles, and first-hand observations to provide a detailed narrative of the integration trajectory and the emerging modes of collaboration. Although retrospective accounts, like those collected for the onshore process, can involve post rationalization and skewed memory, the various sources of data (interviews with management and union representatives from both firms, observations, survey data) corroborated the smooth process. Our initial analysis also corroborated our fieldwork experience: a smoothly evolving onshore integration based on extensive and constructive collaboration and an offshore integration fraught with conflict. We then probed our data to determine why the carefully designed process became so negative.

We compared the modes of collaboration in the two integration processes to examine potential differences in the process design or organizational contexts, as idiosyncrasies may have rendered the integration design less appropriate for the offshore context. However, neither the process design nor the specific context could explain the contrasting trajectories, as the shift from a mode of collaboration to conflict occurred in the midst of offshore integration. We searched our data for indications of any explanations related to timing or sequencing but found none. Instead, our data pointed to an emerging process problem during the offshore integration that involved the actors in the collaboration and how they attended to the principles designed to enhance collaboration. We proceeded to analyze variations in the collaboration over time, returning to our interview data to probe our informants' stories, reasoning, and rationales. At this time, we consulted the literature on employee participation and union-management collaboration. To further focus our analysis, we selected two of the most salient integration decisions referenced by many of the informants: 1) the development of a new and integrated organization model and 2) the allocation of positions within the new organization. For each of these integration decisions, we examined how the union-management collaboration proceeded, first in the onshore organization and then in the offshore organization.

Working inductively, we conducted first-order coding, staying very close to our data and including aspects of the collaborative design (e.g., establishing principles of openness and involvement, avoiding competing processes), the emerging mode of collaboration (e.g., "we trusted management," "we felt that we were taken seriously"), and integration outcomes (e.g., "others can learn from our successful integration", "it became like a war with intense power struggles"). We then grouped our first-order codes on the emerging modes of collaboration into second-order categories, such as contained versus leaky processes, limited interference versus external interference, information transparency versus information withheld, mutual trust versus mistrust, respectful behavior versus opportunistic behavior, and future/new opportunities versus historical conflicts. We then probed who was doing what to account for both parties' (management's and the unions') involvement. In the final step, we developed a process model illustrating how our key concepts were related.

4. Findings

Our findings are organized into two main sections. We first show the careful planning of the overall postmerger integration according to a collaborative design that underpinned both the onshore and offshore integration processes. We then show the unfolding of the two integration processes: a smooth and timely onshore integration process and an offshore one fraught with disruptions and delays. Our data revealed how emerging process features that breached the principles of collaboration suddenly shifted the mode of collaboration between unions and management from a virtuous to a vicious cycle.

4.1. Designing a collaborative postmerger integration process

Senior managers and human resource experts initially set up a collaborative process in which employees, organized by various unions, played an important role. The level of participation exceeded both legal requirements and institutionalized norms. At the corporate level, the IPT was given overall responsibility for organizational integration. Initially, one manager from each of the merging firms was appointed as joint heads of the IPT, but the leader from the smaller firm (Energy) soon became the sole head. In addition to the 5 union representatives in the IPT, over 70 union representatives from both merging companies were involved in the planning. Management worked closely with the unions to design the process and laid down key principles for integration, clearly aiming for a transparent and participatory process involving openness, involvement, and equal opportunities. The framework and principles became known as *the collaborative model*. Collaboration referred to union-management collaboration across the two merging firms. Employees had a collective voice and influence through the unions.

The IPT members described their initial work in terms of a desire to avoid well-known cultural clashes and perceptions of dominance. A union representative explained, "Energy was afraid of being dominated, and Oil was very conscientious about not making Energy feel dominated." The CEO from Oil, who had previous merger experience, was concerned that the integration process would hamper daily operations. To mitigate this risk, all other change projects were either integrated into the IPT or suspended.

Because the merger involved several unions, management supported the establishment of a Union Collaboration Group (to coordinate their input) and provided legal resources for it. The group submitted requests for integration practices and financial incentives. For instance, unions demanded that all employees retain their jobs and have the right to positions comparable to their previous roles. Management agreed to follow these principles in both the onshore and offshore integrations.

One important means of providing equal opportunities to employees from both firms was the design of a new, integrated organization. Once the new onshore organization was designed, the process for allocating positions began, guided by the principles of openness, involvement, and equal opportunities. Top management positions (Level 1) were established in the merger agreement, whereas Level 2 positions were advertised and allocated based on capabilities and equality (relative to firm size). The general staffing process guaranteed all employees jobs, as requested by the unions. Employees could indicate their interest in two positions within the newly integrated firm, and each employee was asked to select their first and second choices.

Generous financial incentives (compared to industry standards) were offered to those willing to relocate, early retirement packages were offered to anyone over the age of 58, and the latter would receive 70% of their wage until retirement (age 67), regardless of whether they accepted a new job elsewhere. These benefits (called the 58+ initiative) received extensive media coverage. On the one hand, they were viewed as extremely generous; on the other hand, they were criticized as age discriminatory. The CEO of the merged company argued that this would benefit the economy as a whole due to the shortage of highly-qualified and experienced engineers. Indeed, most employees who chose early retirement accepted new employment elsewhere. The 58+ initiative was also controversial among the unions because there was no tradition of layoffs, and valuable competencies would be lost. Nevertheless, Oil–Energy employees generally viewed the incentives as favorable. Senior management acknowledged the uncertainties regarding the staffing process and praised the unions, stating, "We emphasized communication about the process. Union representatives were incredible. … This created a sense of security in the organization."

In summary, the integration process was designed to ensure extensive employee participation (through union representatives), openness, and equal opportunities across the merging firms. Union representatives played a central role in establishing key principles for the overall process and integration decisions. Ample resources (e.g., legal) were provided to ensure that union representatives had the necessary knowledge of legal aspects during the integration.

4.2. A virtuous cycle of collaboration in the onshore integration

The managers responsible for the onshore integration process described how the principles they had established in collaboration with the union representatives guided their actions: "The principles for the integration process were like a Bible, creating a sense of security. [The principles] have been consistent over time" (senior manager).

These principles guided subsequent decisions and actions, although not always straightforwardly. Some principles at the inception of the integration process, such as openness, were challenging to achieve, as there were legal restrictions surrounding the sharing of information. Nevertheless, the collaboration principles that the union representatives had established with management functioned as guidelines that created a sense of security and control for employees during the integration process. Maintaining a sense of influence and control among the involved parties required tight control of the process.

Contained process with limited interference. The work within the IPT remained quite contained, partly due to legal restrictions that barred the members from sharing information externally but also to ensure that the union representatives were heard. Discussions within the IPT could be lengthy, and the leader expressed a strong belief in "grinding" and working through challenging issues together. The contained process emphasizing collaboration within the IPT engendered a receptive environment:

> The strong union participation made it very clear that there were no ready-made solutions. Nothing was decided beforehand. We were able to grind the challenging issues within the IPT. When decisions came up, the discussions were over and done. We had facilitators, and we used a lot of resources on that. (IPT leader)

Mutual trust and respectful behavior. The IPT leader was conscious of the need to build trust, both among premerger affiliations and across unions and hierarchical levels. She soon became known for her respectful behavior toward others, regardless of their positions or affiliations. The employees appreciated the demands she made of both union representatives and managers. Her actions came to be viewed as representative of the senior management team; union representatives felt safe about leaving certain issues related to management to her and the rest of the management team:

> [The IPT leader] came in as a new leader, and she invited us to collaborate, establishing a formal collaboration arena. We have been able to discuss things, and the impression is that she does not hide things. We have to sort out what we should focus on as union representatives and leave the rest to the company. (union representative)

The union representatives felt that they were being listened to and that they had real influence, enabling them to develop trust in the new management. They explicitly stated that they saw no signs of a hidden management agenda: "The project leader [heading the IPT] had extensive trust among the union representatives" (union representative).

Transparent information flow. Despite the legal restrictions on sharing information, the IPT found ways to model and enact openness, seeking to keep all employees informed about what they were working on: "[The placement teams] were extremely conscientious about abiding by the principles we had decided upon. We also sent out weekly newsletters providing information about the progress so far and the process ahead" (senior manager).

The IPT deemed this information sharing important for keeping directly affected employees, such as those onshore, and people in other parts of the organization, such as offshore workers, informed. In this way, the IPT provided coherent information to the rest of the organization, which contributed to a sense of transparency and openness, generating trust both within and beyond the integration project groups.

Focus on the future and new opportunities The members of the IPT set historical differences aside and collaborated on a future vision:

> There were historical differences between how the unions worked in Oil and Energy. With the integration, the cards were dealt with in a new way. We [union representatives] had to collaborate with new people. The collaboration among all the unions improved, and unions with a conflictual past were able to put this behind them. (union representative)

Many of the managers and union representatives had extensive experience in collaborative change processes and were trained in the responsibilities and potential challenges involved. This allowed them to maintain their focus on future opportunities.

> The company and employees had a unified goal: to integrate two competing organizations. … Everyone wanted a good merger with a minimum of negative consequences for employees. This was not a downsizing process. Therefore, fear and uncertainty were reduced. (union representative)

The common goal of ensuring a good merger for the employees, along with the additional resources (e.g., legal support) supplied to the union representatives, also smoothed any potential disagreements between the unions and fostered a future orientation.

Result: Smooth and timely integration Although the collaborative process led to an increased demand for resources (extra time and financial resources to support the Union Collaboration Group), it also contributed to a healthy collaborative climate and perceptions among both union representatives and managers that the integration process had been successful:

> "Collaboration between management and union representatives has been crucial for the merger. The IPT leader was the right person, excellent at clarifying and communicating" (union representative).

Union representatives from both Oil and Energy perceived the process as smooth and efficient, which they ascribed to the collaboration among the unions and the interaction with senior management, particularly personified by the IPT leader. Management also communicated the first phase as successful and pointed to constructive collaboration with union representatives as a key explanation: "The way we worked with the unions is a future-oriented model for collaborative processes" (senior manager).

In summary, the onshore integration was based on a collaborative approach which helped managers and union representatives work together across premerger firms to define the principles for the process. Subsequent decisions and actions adhered to these principles. The emerging mode of collaboration was characterized by a contained process with limited interference, fostering mutual trust and respectful behavior, transparent information, and a shared orientation toward the future.

4.3. A vicious cycle of conflicts in the offshore integration

When the offshore units were merged, the idea was to build on the success of and experiences from onshore integration. The managers and union representatives were proud of the results they had achieved onshore, and they adopted a similar process design for offshore integration, adapting it slightly to the more challenging context:

> We will work on integration from the same basic foundation. … We will not copy 100%, but we will capitalize on the structure. (senior manager)

> The difference is that we are moving into the "sharp end" with offshore operations. … Business units are much more involved this time. (senior manager)

Management's reference to the offshore units as the "sharp end" underscores the demanding operational work conditions and the associated safety and high-reliability concerns. The union representatives recognized the contextual differences between the onshore and offshore integrations and recalled some historical battles and tensions:

> Some aspects will be easier offshore. We are now one legal entity rather than two [the onshore integration was planned while the merging firms were maintained as separate legal entities pending approval of the competition authority] … There will be different issues offshore. Many employees have long tenures, and the unions are very protective of employee interests. There will be fights. The unions in Oil have historically mobilized the media, which has resulted in a rather formalized relationship between management and the unions. There are examples of senior managers who have lost their jobs due to media coverage and the unions clearly feeding the press information. (union representative from Energy)

The IPT still had overall responsibility for the integration. However, to account for the challenging context of the offshore units, management intensified employee participation by setting up the OIP and reporting to the IPT, which now had a new leader from the offshore organization: "Mid-December [2008], we established a workgroup of eight people from the employee side and eight people from the employer side" (senior manager, regarding the OIP).

The OIP's mandate was to develop a new organizational model for offshore units that would allow for social and task integration while maintaining safe operations. Hence, while the IPT laid the ground rules for collaboration early on in the integration process, the OIP members possessed specific offshore expertise, and the IPT now assumed an overarching coordinating role.

The collaborative process began on a positive note. The union representatives praised the collaborative tone and trusting relationships between themselves and management. They stated that they felt privileged and believed that their input was valued. The leaders of the central project groups (the OIP and the IPT) had extensive and legitimate offshore experience. In particular, the OIP leader was highly regarded among the union representatives. They trusted him based on his operational knowledge and previous leadership. He was known as someone who listened to the employees:

> In the beginning … we felt equal because we [employees] had as many members in the project group [as management]; we were taken seriously. … We had idea generation sessions and developed long-term and short-term visions; we discussed how the process should be organized and the future of the organization. … We were going to build on the best from both companies and design a new operational model for the future, and we trusted the leader of the OIP project. (union representative)

As the above excerpt suggests, the unions initially felt that they could influence the process through their participation in the OIP and IPT. The OIP team sought input from all 28 offshore divisions in the company across the merging firms and aimed to develop a new postmerger organizational model based on "best of both" (Oil and Energy) principles. The "indicate interest" process and 58+ initiatives were also repeated for the offshore employees: "58+ was decided in the onshore process. … The unions demanded that the [requirements] also apply offshore. Management agreed" (union representative).

Approximately four months into the process, the collaboration between unions and management deteriorated. In contrast to the onshore process, which had been contained, this process became leaky. Powerful organizational members *outside* the established OIP group began interfering. Despite members of the OIP remaining faithful to the mandate and principles of collaboration, the actions of a few powerful people—both senior managers and union members outside the OIP—breached the established principles of collaboration. These actions were perceived as opportunistic, causing increased mistrust. The opportunistic behavior was attributed not to specific people but to the entire group of senior managers and unions. The conflicts cut across premerger affiliations; thus, disagreements were not tied to typical cultural clashes or different ways of doing things within Oil and Energy, nor to their history as competitors. Instead, conflicts emerged between unions and senior management. Both parties described a leaky process over which they lost control. It was no longer clear how decisions were made or by whom. Below, we detail the characteristics of the conflictual mode of collaboration that emerged between the unions and management.

Leaky process with external interference. As the deadline approached for deciding on a new operational model, a few members of the organization (external to the OIP) mobilized on behalf of management on the one hand and offshore employees on the other. Although few in number, they were powerful, and their actions contravened the established rules and principles of collaboration. While the unions and management agreed on the actual events, their narratives of what triggered the conflicts diverged, and each party blamed the other.

Managers described how union members external to the integration projects became concerned with potential downsizing and threatened to mobilize the media and share confidential information about the staffing process: "The rules of the game changed … union members external to the OIP threatened to go to the media" (senior manager).

Senior management viewed the interference by union members outside the formal project groups as opportunistic behavior that breached the agreed-upon norms of collaboration. Some of the union representatives within the OIP corroborated this perspective:

> Some (of the unions) have deliberately used the media to show the company in a bad light and to create negativity around the process. This has backfired because the company has withdrawn and said that they won't share information. (union representative)

Disagreements among the various unions complicated the task for the union representatives within the integration team, as they were no longer speaking with a unified voice. The broader employee accounts outside the integration team also varied. Despite some employees acknowledging management's view of the unfortunate leakages to the media by union members, others implied that senior management had treated union representatives disrespectfully. Union representatives who initially felt honored and privileged to be part of the decision-making body now increasingly expressed feelings of domination by senior management:

> All of a sudden, there was information about a model that had been decided, and then there was confrontation … Since then, the union representatives … have not been able to trust [senior management] and work within the project group [the OIP]. (union representative)

During this time, as the above excerpt indicates, an alternative organizational model was launched by a senior manager outside the OIP group. According to the unions, this manager suddenly proposed a different organizational model for the offshore platforms, although the process plan indicated that the deadline for this decision was not due until two months later. Several union representatives felt deceived by management during this sudden shift in tempo in the decision-making process:

> We [the OIP members] were working … examining different alternatives [for organizational models], and in the middle of that … [the senior manager] presented how he pictured the organizational model in the future, and it was more extreme than all the three alternatives we were working on at that particular time. (union representative)

The unions viewed the interference by the senior manager as an attempt to hasten the decision-making process and prevent the project team from reaching a unified solution. The initial collaboration turned into negotiation: "We entered into a different phase. It came to be all about negotiation and power struggles … [The senior manager] then threatened to pull the plug on all the incentives, like 58+" (union representative).

Consequently, the carefully crafted collaboration principles were overturned, and the emerging process came to be characterized by a few powerful individuals' breaching agreed-upon rules. The leaky process fostered opportunistic behavior and mistrust among many.

Mistrust and opportunistic behavior. As mentioned previously, the escalating conflict involved opportunistic behavior in, for instance, the staffing process. In line with the "indicate interest" process and the goal of mobility, offshore employees were encouraged to apply for transfers to other locations. Similar to the onshore process, those who were willing to transfer could indicate their interest in two positions in the new organization. Financial incentives were offered to offshore workers, and voluntary mobility across platforms was rewarded with a bonus of approximately EUR 8000 (USD 9000). Some union representatives confessed that employees acted opportunistically to ensure that they received their bonuses without having to actually switch offshore platforms: "We just apply for a transfer to a platform we know we won't be sent to" (union representative).

Thus, the "indicate interest" process, which had been effective in the onshore divisions, played out differently in the offshore integration. People no longer trusted each other and acted opportunistically. Thus, managers had to make follow-up phone calls to 1,000+ employees to handle the staffing process, and several employees were relocated against their will. A union representative reflected on the consequences of employees' opportunistic behavior: "Being moved against your will, well … it is the consequence of having carried out an action, right? You have signed up for the 8000 [euros], and you don't get them for free" (union representative).

Information withheld. Senior managers no longer trusted union representatives with confidential information; instead of transparently sharing information, they began to withhold it. Management also sought to communicate the gravity of opportunistic behavior by confronting union representatives with accusations of media leakages and threats. Widely different perceptions of the process emerged. The unions had their version depicting the senior managers as villains, while the senior management viewed the unions as opportunistic breachers of the principles of collaboration. Limited contact and information sharing between the parties exacerbated the conflict.

Historical conflicts and a focus on the past. A number of union representatives began questioning senior management's respect for the OIP's work, and there were allegations of hidden agendas. Actions and events were increasingly interpreted through a historical lens influenced by previous mistrust between some of the unions and senior management. Conflicts between the various unions escalated. While some unions favored a more collaborative climate, others nurtured conflict. In the end, three unions supported the organizational model presented by senior management, but one union opposed it, leading to allegations of disloyal behavior among the unions.

Result: Disruptions and delayed integration. The offshore integration process was delayed several times due to internal conflicts. The unions demanded a risk analysis prior to the final decision-making, which management agreed to. Six months overdue, a corporate decision on a new organizational model for offshore units was reached. Although the decision lacked full union support, management maintained that the final incorporated input was gathered from union representatives prior to the conflict: "There was escalation of conflict through media leakages and threats. Separate groups then emerged—one employee group and another management group—and there were confrontations and discussions" (senior manager).

Frequent media coverage of employees' mistrust of senior management persisted. Senior management implemented a process under a designated team charged with reestablishing a collaborative approach between the unions and management, and they further established a separate implementation project to keep the integration process moving forward. Efforts to rebuild trust were high on senior management's agenda, but the actual results would not materialize until many years later.

5. An emergent model of union–management collaboration during M&A integration

Our findings show that an integration that was carefully planned to ensure union–management collaboration evolved along diverging trajectories. In this section, we propose a model (see Fig. 3) to illustrate and explains the unfolding process and the dynamics

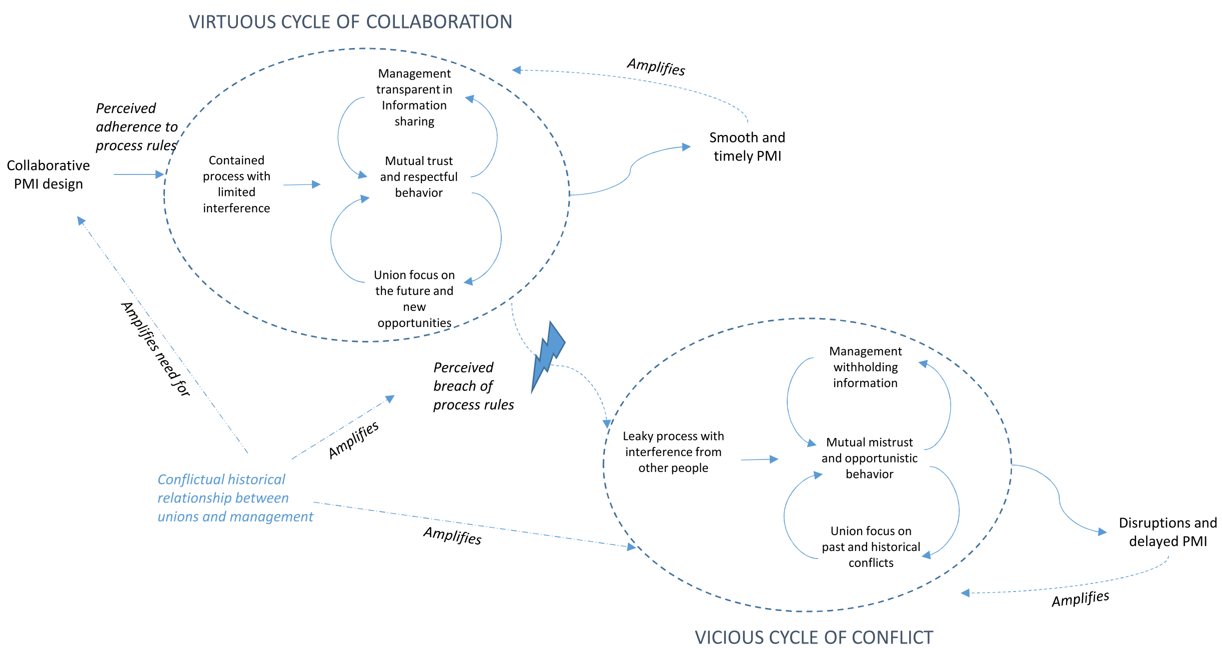

Fig. 3. Virtuous versus vicious cycles of union-management collaboration in postmerger integration.

involved.

The *collaborative postmerger integration design* for integration processes (illustrated to the left of the model) allows unions and management to jointly establish rules and principles as a foundation for building trustful and respectful relationships. However, the design itself will not guarantee a smooth process with effective union–management collaboration. The same design can evolve into either a virtuous cycle of collaboration or a vicious cycle of conflict. Below, we elaborate on four key features that distinguish the virtuous cycle (illustrated first in our model) from the vicious cycle (illustrated later): contained versus leaky process, mutual trust versus mistrust, transparent information flows versus information withheld, and focus on future/new opportunities versus past/historical conflicts. As mentioned, the collaborative design does not guarantee a virtuous cycle, which depends on the nature of these four key features. In our case, we observed that an initial virtuous cycle turned vicious. In addition to identifying key features of each cycle, we also explain how a perceived breach of a designed framework can shift a virtuous cycle into a vicious one and discuss how historical relationships between unions and management can influence collaboration.

Virtuous cycle of collaboration. The first feature defining this cycle of collaboration relates to the process. A contained process, as in the onshore integration, adheres closely to the process design, emphasizing participation among those with designated roles. When the process is contained, union representatives are likely to feel that their input is valued and that they have genuine influence (Armenakis et al., 1993).

A second key feature defining the nature of collaboration is the degree of trust between key stakeholders and whether their behavior is opportunistic or based on mutual respect. Trust is developed based on experience (Lewicki et al., 2006). The ongoing interactions and behavior during implementation become important sources of experience that can build trust (Lines, 2004; Lines et al., 2005). Our analysis of the onshore process revealed that initial trust can develop based on 1) the experience of collaborating to design the integration process and 2) experiences of consistent adherence to the process design. Positive experiences in previous interactions benefit future interactions (Kroon et al., 2022).

A third feature characterizing the unfolding collaboration dynamics are transparent information flows, which refer to the degrees to which parties share information openly and freely. In our study, we observed that managers in the onshore process kept discussions strictly *within* the integration teams, and these intense discussions were combined with frequent information sharing and communication with broader stakeholder groups. Transparent information flows generate a shared sense of purpose and control among collaborating partners and, more broadly, among organization members.

The fourth defining characteristic involves temporal orientation among the collaborating parties. In the onshore integration, both unions and management were oriented toward a common goal for the future. Our results suggest that collaborating to design a future organizational model engenders feelings of inclusion and belonging among employees, motivating them to contribute to integration. An emphasis on future possibilities and a shared vision can bring people—even fierce competitors—together across hierarchies and premerger affiliations to provide direction for change-related work (Kotter, 1995). A collaborative process in which employees and managers from merging firms work together to design a new integrated firm also allows for knowledge sharing, social integration, and the development of trust.

While conceptually distinct, the four characteristics defining emerging collaboration function together to reinforce each other. When the process adheres to the agreed-upon principles for collaboration and remains contained, with limited interference, information is transparently shared, which, in turn, strengthens the trustful relationship. Employees perceive that they have a real influence through their union representatives, thus allowing them to maintain a future orientation rather than getting caught up in potential differences. Taken together, these four characteristics foster a virtuous collaboration cycle, resulting in smooth and timely integration.

Vicious cycle of conflict. Our model also shows that collaboration, despite good intentions and a carefully designed collaborative postmerger integration process, can shift toward a vicious trajectory. Although the contained process described herein led to mutual trust and feelings of genuine influence, a leaky process, as we observed four months into the offshore integration, involved the participation of others who had not been assigned formal responsibility. When others (beyond assigned representatives) intervene and are perceived as interfering with an integration process, the assigned representatives may experience a loss of control and feel that their input is no longer valued (Locke and Schweiger, 1979). Others appear to have more impact on decisions and the process than those assigned to the task.

The vicious cycle is further characterized by mistrust and opportunistic behavior. In our study, the leaky process was perceived as breaching the agreed-upon collaboration principles, and this triggered opportunistic behavior. The collective nature of collaboration means that opportunistic behavior—even of a few individuals—can be ascribed to the larger group. Erratic behavior by a few individuals is then interpreted as being on behalf of the entire group. Although trust or mistrust at the individual level develops through personal experiences, it develops at the collective level through shared interpretations of the process and the behavior of others (Bartunek et al., 2006). Furthermore, collective-level experiences can be subject to emotional contagion, with emotions quickly spreading among a larger group (Barsade, 2002; Bartunek et al., 2006). Hence, the representative and collective nature of collaboration implies that the behavior of a few can escalate to mistrust at the collective level.

The third feature characterizing the vicious cycle is the lack of transparent information flows. In the offshore integration, management began to withhold information when leakages to the media occurred. Limited information and experiences of withheld information can lead to rumors and allegations of hidden agendas. This corroborates Marmenout's (2011) finding of emerging rumors among employees following an M&A. While a transparent information flow fosters a shared purpose, a lack of information sharing among collaborating partners can cause widely different perceptions of reality.

Once the collaborative climate turns from mutual trust and respect to mistrust, the fourth defining feature—temporal orientation—may also shift, leading collaborating parties to become short-term-oriented and territorial rather than focused on a mutual long-term agenda for the future. If current or historical conflicts dominate and crowd out future opportunities, collaboration turns into negotiation for interests, power, and resources.

Similar to the virtuous cycle, the four defining features of the vicious cycle reinforce each other. When the initial collaboration principles are perceived as breached and the process becomes leaky, the parties lose control. Increasing uncertainty around the collaboration engenders mistrust, a lack of information transparency, and a battle of (past) interests, creating a vicious cycle resulting in disruptions and delayed postmerger integration.

Historical relationships matter. Our model shows that historical factors can influence union–management collaboration in three important ways. While existing M&A research has shown that positive union–management relationships can foster collaboration across merging parties (Colman and Rouzies, 2019), our study shows that a conflictual shared past between management and unions may pose challenges for collaborative postmerger integration. For instance, in the offshore integration we studied, the conflictual past relationship between the unions and management led management to increase the level of employee participation and set up an offshore project with union representation to account for the more demanding context. Hence, previous relationships may influence collaborative design. Second, historical relationships influence how emerging interactions are interpreted. Actions and events that might otherwise be brushed off may be interpreted in the light of previous experiences and conflicts. When the collaborating parties have a tarnished history of collaboration, behavior and interactions are scrutinized, and any signs of breaches of collaboration principles risk invoking historical fault lines. Third, a tarnished historical relationship can amplify a vicious cycle of conflict, as previous conflicts are brought to the surface, fueling further mistrust.

6. Discussion and conclusions

This study has illustrated the complex dynamics of union–management collaborative postmerger integration processes, shedding new light on their emerging and unpredictable nature (Brueller et al., 2018; Ellis et al., 2009; Graebner et al., 2017). First, our findings provide empirical evidence to support the notion that integration success depends (at least partly) on collaboration between managers and employees and their ability to resolve conflicts (Weber and Fried, 2011). Our study specifically shows that collaboration with employees at the collective level, through union representation, can influence emerging dynamics. The premise of extant M&A research is that conflict lines and political struggles in postmerger integration play out through confrontations among the cultures and interests of premerger partners (Vaara, 2003). Thus, previous research has focused on managing the interfaces between premerger units, noting the importance of facilitating collaboration between merger partners (Birkinshaw et al., 2000). Our findings revealed few signs of dissention due to cultural misalignments or struggles for positions and resources across premerger boundaries, despite a previous history of competition. Instead, our findings point to the emergence of other group affiliations as the locus of conflict. This has important implications for our understanding of postmerger integration because it broadens the view of the relevant actors and conflict lines in the integration process. By recasting the integration process as a collaborative process between unions (representing the employees at a collective level) and management, we shed novel light on the precursors and dynamics of evolving integration trajectories (Brueller et al., 2018). Thus, we provide a deeper and more nuanced understanding of the complexities of actors beyond the traditional premerger parties involved in postmerger integrations (Sarala et al., 2019). This has important implications for explaining the unexpected turns, challenges, and conflicts of postmerger integrations.

Second, we extend the literature on agency in integration, which has primarily emphasized managerial agency (Graebner, 2004; Teerikangas, 2012), by empirically documenting how employees, through their unions, may actively influence postmerger integration processes. Although previous research has tended to depict employees as rather passive (Brueller et al., 2018), our findings extend the notion of employees' roles and influence in postmerger integration processes and show that employees activity at a collective level need not be limited to merely providing input on decision-making. We show that employees (e.g., through union representation) can actively contribute to the design of postmerger integration processes and ensure adherence to collaboration principles during implementation. Our findings from the onshore integration support research illustrating the important role of managers' exemplary behavior in postmerger integration (Monin et al., 2013), since employee agency partly depends on their judgments about change based on managers' behavior (Huy et al., 2014). The offshore case revealed that both individual managers and employees can turn the integration process sour. The offshore case further highlights that employees not only respond to managerial decisions and agency, but also take actions (e.g., leaking information to the media) that, in turn, trigger reactions from management. Thus, our findings shed important light on the dynamics between management and employees (in our case represented through the unions), empirically documenting that neither managerial agency nor employee resistance emerges in a vacuum. Third-party actors, such as the media, also featured in our study, indicating that various parties can use the media to bolster their positions in M&A integrations. Previous M&A research has shown how organizational members can influence the postmerger integration by conveying their stories and accounts in the media to legitimate or resist change (Vaara and Tienari, 2011). These researchers found that the stories conveyed in media often articulate a groups' identity and interests and can explain and potentially legitimate specific actions. Vaara and Tienari, 2011 further argue that while managers have access to official communication channels, others holding less legitimate stories (e.g., employees or unions in our case) may revert to unofficial communication channels. This has important implications for approaches to postmerger integrations by providing a deeper understanding of the evolving interactions between managers, employees, and potential third-party actors, rather than focusing on the isolated agency of senior managers.

Third, our findings suggest that the collaboration experiences of union representatives and managers may impact integration trajectories. Thus, we move beyond the dominant focus on the M&A dyad and the previous experience of merging firms, such as their history of competition, and instead emphasize the importance of the broader relational context within which integration processes are embedded. More specifically, although union–management relationships characterized by trust and a history of collaboration facilitate postmerger integration (Colman and Rouzies, 2019), our study, in contrast, conceptualizes "the dark side" of history by showing that previous negative experiences can resurface to stymie integration processes. Even the most carefully designed collaborative process can become fragile in the context of historical conflicts. The collaborating partners' actions in the integration process may assume symbolic value, invoking previous experiences as references for the interpretation of integration decisions and actions. Thus, we extend existing research by empirically documenting the potentially amplifying effect of existing relationships and collaboration history and by theorizing the precursors of diverging integration trajectories.

These findings also extend the broader organizational change literature, which has documented the benefits of employee participation and power sharing while also pointing to the challenges involved, such as differential experiences of influence (Bartunek et al., 2006; Neumann, 1989). By focusing on collaboration rather than participation, our study highlights both sides of the story and uncovers the dynamics and interactions among managers and employees. The collective power of employees was, in this case, voiced via the unions, but at times, the union–management collaboration was disrupted by individual managers' or employees' opportunistic behavior, which in turn undermined the work of the integration teams and soured the collaboration. We thus capture employee experiences of influence (or lack thereof) and show that even the best managerial intentions for collaboration can evolve into conflicts and feelings of limited influence (Locke and Schweiger, 1979), particularly if the collaborative process becomes leaky. Indeed, our findings suggest that constructive collaboration based on extensive participation may require a certain level of containment to limit interference from others. While this may seem paradoxical, it can help to ensure that those with designated roles actually have an influence on the integration process and can develop trustful relationships. Furthermore, while the extant literature has assumed that managerial actions foster change and has tended to put the postmerger integration responsibility on managerial agency, we show that active employee agency also influences emerging modes of collaboration, emphasizing that employees are not merely passive recipients of change. Furthermore, our findings highlight dynamics at the collective rather than the individual level, extending existing research on emotional contagion (Barsade, 2002; Bartunek et al., 2006) by showing that feelings of inclusion (or deception) can quickly spread at the collective level.

Finally, the findings have methodological implications, as an in-depth understanding of cooperation and conflict between management and employees requires both groups' perspectives and experiences to be investigated rather than privileging the managerial perspective. In particular, uncovering distinct and competing interpretations and accounts among different stakeholder groups can shed important light on subsequent interactions.

6.1. *Practical implications*

Our study provides a reference for managers by illustrating that union–management collaboration can facilitate change processes or engender the opposite outcome: protracted negotiation and conflicts. The onshore integration process exemplified how union–management collaboration can enable effective power sharing and facilitate a smooth integration process. When unions and management work together to design and adhere to a collaborative process with guiding principles, mutual trust and respect develop. The offshore case shows how opportunistic behavior and surprising consequences can emerge during M&As. If carefully designed principles are breached, allowing for extensive and leaky participation in integration processes, the parties will experience a loss of control, leading to mistrust and opportunistic behavior. Management should consider the extent to which other stakeholders and processes beyond those with designated roles should be allowed to interfere. Although collaborative processes foster participation, they may also require careful steering and a certain level of containment, as extensive inclusion risks alienating those with specific and formal responsibilities. Contextual and historical factors (such as past conflicts among unions and management) can render a collaborative framework increasingly fragile. Management should therefore pay attention to behavior that can trigger historical fault lines, particularly behavior that is deemed to breach agreed-upon principles, which can trigger a vicious cycle of conflict. Finally, establishing effective channels to handle conflict if the collaboration becomes challenging can further benefit the process, which is particularly important when conflicts involve senior management.

In addition to managerial implications, our study offers insights for employees and unions. While effective collaboration is challenging for managers (Corgnet and Hernán-González, 2014), it also places demand on employees and unions who, through their active participation, have the power to mobilize either support for change or resistance to it, with the latter elevating conflict. Such power-sharing arrangements involve a significant amount of responsibility; therefore, clarifying a shared understanding of roles and responsibilities in postmerger integration processes is important, as is establishing principles or rules for collaboration and abiding by those principles.

6.2. *Limitations of the findings and suggestions for future research*

The limitations of this work stem from the nature of case research, which poses the risk of idiosyncratic findings. Our study was conducted in an institutional setting with long traditions of collective employee participation through unions. Although this made the phenomenon transparently observable (Pettigrew, 1990), it may also have influenced the observed processes and the corresponding results. Previous studies have suggested that employees in such contexts have high expectations about involvement, making it challenging to deliver on those expectations (Edwards and Edwards, 2015). Furthermore, the conflicts experienced in the offshore case involved a conflictual past that influenced the process. In other contexts, employees may experience a similar collaborative process differently. M&As involving the integration of culturally distant locations may trigger different dynamics. Nevertheless, the four key features defining emerging collaboration appear to have some general features, suggesting that our theorizing on the dynamics of union–management collaboration may apply more broadly. Future studies could benefit from examining whether our theorizing also applies to different types of collaboration (e.g., non-union-based) in other national, institutional, and organizational contexts. The role of third parties, such as the media, also deserves attention in future research; both traditional media and social media can influence modes of collaboration and processes of integration.

Author statement

The work described in this paper has not been published previously. It is not under consideration for publication elsewhere.

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Declaration of competing interest

None.

Data availability

The data that has been used is confidential.

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