

Dialog as a learning and sensemaking process during a merger

Frédéric Leroy

Audencia Nantes.Ecole de Management

Strategy and Management Department

8 route de la Jonelière, BP 31222

44312 Nantes Cedex 3

France

fleroy@audencia.com

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Merger processes can be seen as the transfer or sharing of organizational competencies between two firms. They can also be viewed as a conversation or a dialog process (Issacs, 1993; Nonaka, 1994; Senge, 1990). The dialogic or conversation approach to merger processes leads to the elaboration of a common organizational discourse. Though such terms as dialog or conversation may sound out of place in a management research, works on discursive processes and communicational systems are not new. Weick (1979, 1995) proposed to analyze organizations as a conversation. Ford and Ford (1995), Giroux (1996), and Giroux and Taylor (1995) proposed as well a conversational model of organizations.

Building on organizational learning stream of research, and notions of dialog and conversation, this research intends to explore the scope and interest of the notion of dialog to the understanding of organizational processes, such as sensemaking or learning processes. More specifically, we delineate here some new insights on merger processes as gained through dialog and conversation lenses. A merger processes between two firms can be conceptualized as learning and dialog (Leroy, Ramanantsoa, 1997). This conceptualization, however, raises several important questions: (1) Is merger activity rather a haggling or negotiation process along which each side tries to defend its own interests than an open conversation which supposes to examine the underlying assumptions of thinking as well as to create a shared perspective for facilitating organizational change? (2) Is merger activity rather a political change and recombination than a learning process? (3) Is merger activity rather a strategic act than a communicational act (Habermas, 1987) or dialog process. Put differently, can we legitimately speak of dialog when firms are ruled by power phenomena? Is there any room left for learning and dialog within the machiavelean paradigm of stratagem, *i.e.*, the analysis of organizational actors' actions in terms of self-interest and power?

The purpose of this article is to show, through an in-depth case study of the merger process between two French companies, what insights from notions such as dialog and conversation can be brought to the description of organizational phenomena and how they contribute to our understanding of sensemaking processes. These notions also enable us to better define what dialog means in an organizational settings and how it distinguishes from haggling and negotiation through a theoretical and empirically-based comparison between the dialogic approach of organizational change and the more traditional approach of organizational change in terms of bargaining power and self-interest seeking. We also propose a conceptual framework, inferred from the case analysis, presenting the main initial conditions, inputs and steps of the dialog process we observed.

This article is threefold. The first part of the article offers a brief review of the literature on merger and acquisition processes from an organizational learning and a dialog perspective. The second part of the article provides an in-depth analysis of the merger process we observed. Finally, the third part of the article furnishes a conceptualization of the dialog process in the merger that we studied, as well as some preliminary conclusions and managerial implications.

LITERATURE REVIEW

This section is organized in two parts. First, we briefly review the organizational learning point of view on mergers and acquisitions (M/A). In this part, we particularly emphasize the possible gateways that this stream of research offers to a dialogic approach of M/As. Second, we shortly present the main aspects of the dialogic approach as delineated from Habermas' theory of communication and, among others, from Isaacs' (1993) paper on dialog. Here, we draw attention on the potential conflict between the dialogic approach and what we called the 'machievalean' paradigm of M/As.

Organizational Learning in Mergers and Acquisitions

Organizational learning is usually associated with the repertoire of organizational responses to past errors and diminishing profits (Argyris, Schön, 1978), which refers to an error detection and correction process. Linking organizational learning to M/A activities might well seem rather unnatural at first glance. In fact, many researches on M/A activities take an analytical stand of strategic motivations for M/As. Mainstream researches focus on the degree of relatedness between the acquirer and the acquired firm, and on performance impacts of a M/A for the acquirer. Other works center on organizational integration phenomena and the exploitation of potential synergies gained through a M/A (Haspeslagh, Jemison, 1991; Napier, 1989; Pritchett, 1985; Shrivastava, 1986; Bastien, Van de Ven, 1986). Some articles also deal with mutual acculturation processes, management of cultural shocks and stakeholders' stress (Buono, Bowditch, 1989; Cartwright, Cooper, 1994; Elsass, Veiga, 1994; Nahavandi, Malekzadeh, 1988; Marks, Mirvis, 1985). Organizational learning is thus indirectly treated through such notions as synergy or socialization. Apparently, M/As might possibly constitute organizational learning occasions, but they are infrequently motivated by learning.

Prichtett (1985), however, mentions some cases of collaborative M/As based on mutual understanding and respect. In the same vein, Napier (1989) also signals collaborative M/As where assets, operational competencies, and cultural values sharing are important. Hence, he explicitly suggests that an organizational learning process engages between the acquirer and the acquired firm, both becoming teacher and learner one for another. Synergistic M/As also result in competence sharing and/or transfer. Each part of the deal can benefit from one another strengths. Similarly, Haspelagh and Jemison (1991) clearly identify, when studying preservative and symbiotic M/A, learning processes that lead to the acquisition of new competencies or new managerial logic. Napier (1989) and Vicari (1994) even mention some cases of M/As whose main motivation to was learning. According to them, M/A activities are an important to firms' organizational learning as they allow to acquire new knowledge. These authors further make a distinction between R-type acquisitions (restructuring acquisitions) and L-type acquisitions (learning acquisitions), the latter consisting of experimentation fields for new projects, new markets, and new technologies.

However, these above-mentioned studies, though explicitly or implicitly referring to organizational learning, do not provide any description of the organizational learning processes at stake in M/A activities. They only specify the prevailing conditions to organizational learning (Jemison, Sitkin, 1986), but they do not give any in-depth account for the processes of competence sharing and transfer. According to Haspelagh and Jemison (1991), and Vicari (1994), this lack of account for learning processes may stem from that organizational learning effectiveness is inversely related to strategic independence between both firms, and directly related to the preservation of their own organizational autonomy. Merging operational activities and culture on a large-scale basis is generally considered as complex and risky. Haspelagh and Jemison (1991) also caution against risks of value destruction during the integration process. As well, Vicari's (1994) point of view about merging activities is that they lead to competence atrophy and culture deterioration. This stance originate from the belief that arms-length sharing rarely occur and that mergers are merely disguised absorptions leading to the destroy of operational competence and cultural richness.

Studies of integration processes and acculturation phenomena in M/As seem to prove they are right. Most of these works emphasize the problems stemming from cultural incompatibility

between merging firms (Buono, Bowditch, 1989; Cartwright, Cooper, 1994). They show that M/As are generating important organizational uncertainty, give rise to stress for the stakeholders, and cause demotivation and top-managers' dismissal (Schweiger, Walsh, 1990). Even when friendly merging, Buono and Bowditch (1989) prove that cultural shock is important. Matters of position, responsibility, and compensation are prevailing upon organizational learning. Though acknowledging for some inter-cultural learning, Navahandi and Malekzadeh (1988) also stress risks of losing one's own identity and risks of social texture disintegration.

But, other studies have dealt with processes of competence transfer and sharing as well as socialization phenomena. Villinger (1996) analyzes, from a learning point of view, processes of competence combination and transfer in M/A activities. Leroy and Ramanantsoa (1997) also treat the phenomena of socialization and the processes of knowledge explicitation and internalization in M/A activities. Deiser (1994) draws attention on difficulties of organizational adjustment during M/As, but he also emphasizes their potential for organizational enrichment. In his opinion, provided that sharing is well managed, it is not destructive. Organizational discrepancies should not be protected but confronted to one another in order to build mutual enrichment.

This review suggests that merger processes between two firms can lead to qualitative synergies based on inter-comprehension phenomena. Merger processes can then be viewed in terms of learning and dialog (Von Krogh, 1988). Merger is a conversation during which each firm exposes its arguments. This conversation can reveal to be a conflict but it also can be fruitful and give rise to an intercomprehension process and to a gradual elaboration of a common meaning for both organizations, *i.e.*, what we call an organizational dialog process.

The Dialog and Conversation Perspective

We give here a short definition of what is meant by dialog in this research. This definition will be further integrated into the theoretical framework developed by Habermas (1987) on communication processes. Habermas' framework constitutes, in our opinion, a reference model when one tackles with the conditions enabling dialog in our societies.

Dialog is generally understood as a "discourse between" (*dia* and *logos* in Greek). It is an open and constructive conversation during which the respective positions of both interlocutors

are not fixed. Both positions evolve through interlocutors' interaction and finally join one another. Dialog is the sharing and cross-fertilization of arguments rather than an argumentative conflict. As emphasized by Schein (1993), dialog distinguishes from consensus which is only a reconciliation or a compromise between two differing logics. Through consensus, interlocutors do not substantially modify their respective positions. Consensus results in an agreement which basically remains superficial. In opposition, dialog is a process during which both interlocutors learn one from another and modify their own thoughts. The value of dialog lies in the interaction between several individuals. To that extent, dialog can also be thought of as a form of collective thinking.

As dialog aims at building mutual understanding and a common environment to action, dialogic interaction enables true attention to one's partner discourse. Dialog enables to adopt a reflexive stance against one's own discourse and practices. It also allows to confront one's own assumptions against others' assumptions, thus revealing hidden meanings and overcoming defensive routines which are underlying our behaviors. This conception of dialog can be considered as close to Ford and Ford's (1995) notion of 'conversation for understanding' by which they mean that people examine the assumptions underlying their thinking, think over the implications of their thinking and eventually develop a shared language and common ground for action. In the same vein, Schein (1993) asserts that, through dialog, a group can gradually build a shared set of meaning which allows much higher levels of mutual understanding and creative thinking.

The notion of dialog could correspond to what Habermas (1987) calls 'communicative rationality'. Habermas stresses the importance of distinguishing between instrumental and communicative rationality. According to Habermas (1987), interactions in societies are not ruled only by power and influence phenomena, they also depend on mutual understanding. He makes the following points: if all processes for genuinely reaching understanding were banished from the interior of organizations, formally regulated social relations could not be sustained nor could organizational goals be realized. The points then is to determine what are the fundamental conditions for communicative rationality and dialog to set up. Habermas (1987) defines an ideal speech situation which consists of four communicative actions: (1) truthfulness (are statements well-grounded in facts?); (2) legitimacy (do these statements express acceptable and valuable norms); (3) sincerity (are these statements referred to in a sincere or manipulative way?); and (4) clarity (are these statements confusing and could they

be clarified?). If, for example, the truth or the sincerity of communication is radically or continuously doubted, then it is impossible for real communication to proceed. As recognized by Habermas himself, such an ideal situation remains unrealized in practice. It could be considered as an ideal regulating conversation and public action. Habermas is probably under no illusion that in everyday life and especially in organizational life, communications are distorted by social roles or political games for instance. Bearing Habermas' conception of communicative rationality in mind, we now turn to the differences between dialog and negotiation processes and to the differences between dialog and power phenomena.

Dialog and negotiation. Negotiation comes out of a balance of power between diverging interests. Each party tries to impose its own domination. Negotiation, as a process of conflict settlement, implies a pragmatic and empirical approach and requires no background consensus. Demands, offers, hardening, and concessions succeed one another in order to achieve an agreement. This agreement, however, is only an equilibrium which interlocutors are arrived at. There is always a winner and a loser in negotiations. Negotiation processes thus preclude sincerity and the search for common conviction which characterizes dialog.

Dialog and power. As opposed to an approach that precludes dialog, namely the negotiation approach, seeking how dialog might develop in organizational settings can be seen as an innocent approach. Such a dialog negation is based on systematic distrust and suspicion: what is said is not what is really going on; discourses, like magic boxes, always have a false bottom; behind appearances are lying tricks. To the extent that power and knowledge are tightly linked, the omnipresence of power relationships seems to impede true dialog and creates asymmetrical inter-individual relationships, while dialog precisely requires a symmetry of the relationship between the interlocutors and precludes any dissimulative or manipulative tactics. In a more radical perspective, Foucault (1975) has shown that power, far from being but one aspect of the relationships to others, is an integral part of these relationships. Thus, power is not a matter of institutional relationship or a matter of actors' position within an organization, or a noise perturbing an authentic relationship, but it is embedded in inter-individual relationships.

In these conditions, how might a dialog, in Habermas' (1987), Senge and Kofman's (1993), or Isaacs' (1993) sense, be possible? Habermas (1987) clearly states that no intercomprehension process can happen under an influence process. Communicational acts can only take place

without instrumental or manipulative strategies and without power games, which seems rather illusory. Similarly, dialog conditions, as stated by Senge and Kofman (1993), and Isaacs (1993), require that we ignore our own *a priori* and that we consider others as allies. Again, this seems rather unrealistic. As commented by Giroux (1996), a dialogic approach of organizational changes rests upon a humanistic perspective while the power approach assumes a more realistic view and supposes that actors are seeking to maximize their own interests. But, in that stance, interindividual interactions are seen only through the lens of haggling or strategy, which implies hostility and competition. Communication reduces to a struggle between discourses and is based on the command of the antagonist interlocutor. Conversation would eventually boil down to conflicts and a war between social actors' selves. In this perspective, the individual and his/her behavior, his/her thinking would be determined only by his/her position within the organization, his/her own interests, and his/her relationships with other people in the organization. Nevertheless, as suggested by the case study, setting up rules of interaction between individuals can enable to overcome power phenomena and can lead to a dialog process.

CASE STUDY:

THE MERGER OF TOTAL AND ELF OIL EXPLORATION & PRODUCTION DIVISIONS AS A SOURCE OF SENSEMAKING THROUGH A DIALOG PROCESS

This section presents the methodology and describes the case I observed. I studied the merger between two French oil firms TotalFina and Elf. I focus here my analysis on the merger in the oil-exploration departments because, contrasting with the integration in the oil-refining division, top managers attempted to facilitate dialog between the merging teams. This doesn't mean that the integration process in the oil-refining department did not involve mutual understanding and collective sense-making. But the integration process in the exploration-production department followed a bottom-up and decentralized approach whereas the integration process in the oil-refining division was more centralized and was closely monitored by the top management.

We interviewed middle and operational managers who were involved in the merger workgroups. The task of these groups was to analyze and to compare the technical systems of each firm and to select the most efficient ones. Cooperation and free expression of opinions were the guiding principles to merger groups' functioning. Participants also benefited from

equal discursive rights whatever their role or status in their own firm. This favoured the emergence of a dialog process in spite of time constraints, fixed agenda and problem-solving approach. Moreover, in spite of the differences between the corporate cultures of the two firms, this dialog process was facilitated by the same technical background of the engineers who were involved in the integration teams.

Methodology

The study was based on direct on-site observation over an eight-month period. It allowed me to immerse myself in the merger process and to explore various integration issues in their organizational context.

Total top management enabled me to follow the integration process as an observer conducting academic research (Burgess, 1984). Various sources of data were utilized: documents, interviews, observation, attendance at meetings and merger workshops and committees. I conducted 17 semi-open interviews with 28 Total and Elf managers or engineers belonging to the oil exploration production division. Some of the people were interviewed several times in order to clarify certain issues, study certain problems and validate certain propositions. I tried to interview a wide set of informants and to interview people with different views or explanations of particular events or incidents. The interviews lasted around one hour each. I made detailed notes during the interviews and transcribed them the same or the following day. None of the interviews were taped. They were conducted privately with only the researcher and the informant present.

The primary focus of the empirical data were of interview data collection were middle-and operational level managers and engineers who were involved in the integration process and, more particularly, in the merger workshops. Some senior managers and departmental managers were also interviewed. Some interviews were also conducted with people who were not involved in any merger workshop, and with other people who were referred to frequently in interviews or were recommended by their colleagues.

I first obtained a general overview of the strategy and functioning of each organization but each interview was conducted around a set of questions and themes identified in the literature. Discussions were directed towards (1) the strategic and organizational differences between the merging firms and the potential complementarities, (2) the recommendations of merger workshops and their effective implementation, (3) the exchange of expertise and the merger of operational teams (4) the benefits and problems of working together.

During the interviews respondents were asked to relate their comments to those of their colleagues on a particular event or analysis. It allowed us to follow-up crucial and controversial points raised in several interviews. Some informants were low in confidence, suspicious or hostile towards the research, perhaps regarding it as manipulative or controlled by the top management. However I tried to maintain a non-threatening image, and the trust which developed during the on-site period between the researcher and many organization members also allowed us to have access to a richer information than in one-off interviews.

I also witnessed, sometimes as a pure observer, sometimes as a participant, the performance of the merger workshops and some of the executive committees. This gave me precious data on the concrete dialog process and how ideas were discussed and exchanged.

I also relied on a range of secondary information. I had access to several types of archival data. One type included pre-acquisition analysis and general background documents on both firms. The second was post-acquisition analyses and merger workshop reports that studied operational differences and how to bring parts of the two firms together. Finally managers provided us with the final recommendations of merger workshops and with memos focused on the difficulties of implementing merger workshops' decisions.

The overall strategy of data analysis was inductive rather than deductive but we used a theoretical framework provided by the literature on individual and organizational learning and on dialog process. Data collection and data analysis were then developed together in an iterative process allowing us to describe the changing nature of the processes. As the interviews progressed, preliminary ideas were developed or repudiated and emergent properties of the implementation process were captured. Data were dissembled into components and were then analyzed in connection with ideas derived from the literature. They were organized around certain topics and key themes in order to provide an interpretation of particular events. This can be compared to the 'editing approach' described by Miller and Crabtree (1992). The field of research emphasizes the importance of human meanings and interpretation but the interviews were systematically compared in order to point out the different explanations of similar events. We used a principle of 'triangulation' (Denzin, 1978) by using more than one source of information. Moreover the data collection and interpretation were enhanced by having one researcher back in the university and two

consultants in the field. These interactive sessions allowed us to discuss and to evaluate the findings.

Reasons for the merger. The aim of this horizontal merger was to create a larger oil company in order to fill some of the gap between the Majors and the two French companies.. This decision was taken in the light of the concentration of the sector with the mergers between Amocco and BP or between Exxon and Mobil. The respective sizes of TotalFina and a Elf were very close: Thanks to its acquisition of Fina several months before, Total was bigger in the oil refining activity whereas Elf was slightly bigger than TotalFina in exploration-production.

Beyond size arguments, the aim was also to take benefit from geographical complementarity. Total expansion followed an East-West axis with strong positions in Asia and middle East whereas Elf development followed a North-South axis with strong positions in Africa.

The name of the company was Total FinaElf but Total was considered as the leading firm in the new entity. But the deal was presented as a merger, not as an acquisition or an absorption. For Total top managers it was crucial to build up a new entity combining the technological and managerial strengths of both companies. All these elements were strong factors easing the integration process (Elsass, Veiga, 1994).

Merger implementation at par. Th. Desmaret, former Total chief executive and new top executive strove to prevent a winner-looser attitude and to promote a sense of equality between the two companies. The aim was to make the most of each company's skill and to construct a new organization integrating the strengths of both firms.

In the oil exploration-production department, it was thus decided to set up merger workshops in order to define the profile of the new division. These workshops comprised an equal number of middle-managers: their task was to decide on the shape of the new entity and to take benefit from the competences and best practices of each firm. This specific merger context enabled me to analyze the difference between the workshops' work understood as the dialogic process and what Giroux (1996) calls the "planned communication of change" or what Bouwen and Fry (1991) subsume under the vocable "change through power and authority" which took place in the oil refining division. The top-management of the exploration-production division did not intend to enforce a new entity in an authoritarian way and merger workshops were thus created in order to favor interactive communication (Giroux,

1996) and to generate comprehension conversations (Ford, Ford, 1995) that we discuss and analyze hereafter.

Merger workshops: mission, composition, and functioning rules. The task of the merger workshops was that of comparing the systems, skills and practices of the two companies and of selecting the most efficient systems, procedures and tools which should be transferred to the new entity. 17 workshops were set up to facilitate the implementation of the merger at each stage of the value chain. For example, some workshops were dealing with purchases or exploration techniques or extraction processes: they had to analyze for each firm the functioning and the tools used, the methods in use for optimising oil extraction products or the productivity and quality management systems. Each workshop comprised five to ten managers from each company. The members were drawn from different departments so as to represent a diversity of views (Kofman, Senge, 1993). Workshop teams were expected to present their final recommendations to the top-management during the merger committee sessions. Cooperation and free expression of opinions were the guiding principles to workshop teams' functioning. The top-management had clearly stated that workshops were devoted to open and free discussion. All members pertaining to a workshop were allowed to put their own opinions regardless of the possible differences in hierarchical levels between team members¹.

Case Analysis

The case analysis comprises three parts. In the first part, I briefly present the pros and cons of the working rules of the merger workshops from a dialogic point of view. The second part deals with the 'machievalean' approach to merger workshop activity. It exposes the empirical contradictions to the machievalean approach that we could pick out in the case study. The third part presents the dialogic approach and the empirical confirmations we could establish from the case study.

Pros and cons of a regulated interactive communication process. Workshops objectives were set up by the top-management, who is an external authority. Workshops' recommendations were limited to the selection of an already existing system. Reflection time was relatively short. All these factors might have reduced opportunities for a true interactive

¹ In many cases, members of a merger workshop were from a relatively similar hierarchical level in order not to inhibit expression of themselves.

communication process to set up. As stated by Isaacs (1993) and Nonaka (1994), dialog must be a free and continuous process without time constraints, fixed agenda, or externally imposed objectives of any kind. Objectives must be internally chosen and built in common. Defining dialog objectives and constraining it should have transformed dialog into a problem-solving approach and would have led to the elusion of the “why” questions, which should have had to preclude the building of new conceptions of the organization (Isaacs, 1993; McGill, Slocum, 1993)². Similarly, Kofman and Senge (1993) consider that a problem-solving approach inherently limits learning and creativity potential. However, contrary to these predictions, we noticed in our case study that these constraints appeared to be rather effective in creating dialog. By setting up the guiding principles of cooperation and free expression of one’s opinion, the workshops functioning rules favored the emergence of a dialog process. Workshops were thus regulated rather than open to struggles for power. Struggles were channeled, possibly making them more insidious but, in a way, they also became less destructive. In addition, we observed that creativity eventually emerged too. The careful scrutiny of the existing systems effectuated by the workshops’ teams evidenced actual systems shortcomings and led to call for new systems configurations.

Thus, workshops’ work consisted of what Giroux calls a “meta-conversation”, that is to say a reflexive strategic conversation about organizational ways of working. Learning focused first on “canonical practices” (Brown, Duguid, 1991), *i.e.*, the procedures and methods of the partner. Each partner presented the way its own activities were working, the tools it used, and its own procedures, thus becoming the ‘teacher’. Meanwhile their interlocutors asked questions and requested explanations. This learning can be qualified as a “learning what” and a “learning how” (Kim, 1993; Kogut, Zander, 1992; Moingeon, Edmonson, 1996). These question-answer sessions also allowed to reach a “learning why” phase aiming at understanding why such specific procedure or management tool had been developed and what were the tacit underlying principles that ruled organizational practices (Schein, 1993). This process led to the rethinking of some organizational systems on a more global scale. This common work also enabled, through processes of socialization (Nonaka, 1994) and shared narration (Schwenk, 1988; Weick, Roberts, 1993), to share experiences and frames of interpretation.

² Schein (1993) is not so pessimistic about the problem-solving approach. To the contrary, he considers that it is a fundamental aspect of dialog. Similarly, Ford and Ford (1995) also consider that formulating and solving problems is a critical aspect of conversations for understanding.

Machiavelean approach to the merger workshops: Empirical contradictions. This paradigm examines the workshops functioning along the three different points of view that we already mentioned in the review the literature: (1) merger workshops considered as an instrument by the top-management; (2) merger workshops considered as a fight between organizations; and (3) merger workshops considered as an arena for lying and manipulating. However, as we develop it below, observed facts seem to contradict these three points of view.

Merger workshops as an instrument of the top-management. One could conceive of the workshops as merely an instrument aiming at facilitating the merger process. The content of the recommendations formulated during the workshops' sessions would have been of lesser importance than the concertation and communication processes they had to create. Merger workshops main use would thus have been as a cathartical place for channeling major oppositions and reassuring the employees by giving them an illusion of command on the changes in process. The top-management could well later modify the content of workshops' recommendations and/or delay their implementation. The apparently conscious and consensual process of selection of the recommendations that the workshops' members formulated would thus have been canceled by a more discrete process.

Exemplars of such an interventionist behavior by the top-management of the division were not observed and most of the time, workshops' decisions have been implemented with minor adjustments at the request of the users themselves. The concrete implementation of these decisions called however for some modifications of the cognitive work effectuated during the workshops' sessions. Further experimentations have then been carried out that led to the revision of workshops' recommendations at the request of the systems users, *i.e.*, the former members of the workshops themselves.

In sum, the workshops overall process facilitated the close coming of teams and helped to overcome oppositions. This comforts Ford and Ford's (1985) emphasis on the crucial role of conversations for understanding in removing resistance to change as they allow everyone to formulate its own objections and to further find common ground for organizational transformation.

Merger workshops as a fight between organizations. As we mentioned above, the objective assigned to workshops was to learn and select. They were not supposed to rebuild procedures

but to choose among the existing procedures the ones that were expected to better perform in the new entity. In this perspective, workshops could well have been the battle field for power in which the representatives of each entity would have struggled in favor of their own systems, tools and techniques. Thus, contradicting with the above-mentioned formal rules of the workshops, the actual individual behaviors would have been complying with a logic of defense of their personal and organizational interests. The workshops could thus have been interpreted within a warlike stance as some verbatim had suggested it (“destroy opponent’s arguments, attack his/her weaknesses, win the discussion contest...”).

Direct confrontation, however, was in contradiction with the formal working principles ruling the overall workshop process. In practice, confrontation was mediated by a third-party to the merger process that was in charge of conflicts regulation and served as a switching-off device to argumentation escalation. In the case of our merger process, the role of switching-off device was played rather by the merger committee. This committee functioned as a judge, listening to both parties, rejecting irrelevant arguments, qualifying the facts and passing its sentence. As shown by Jacques (1985), resorting to an arbitrating third party is against dialog. In a dialog process, each party must internalize this judicial function and not give it up to an external authority. In fact, most of the time, this precept of not resorting to an external authority was respected since the merger committee intervened mainly as a technical and especially financial advisor.

Merger workshops as an arena for lying and manipulating. Since open confrontation was forbidden, conflicts could have been turned into more insidious manipulation and intimidation strategies, or into lies and cheating. For example, the shop window of the organization could have been offered as an explanation of its functioning instead of the real one. According to the terminology of Argyris and Schön (1978), the “espoused theories” would have been presented instead of the “theories in use”. Dysfunctions would have remained hidden. Information might have been biased, overloaded or unneededly complexified to confound the interlocutor, making thus himself or herself feeling incompetent.

In sum, learning and dialog would then merely reduce to negotiation, haggling and manipulation, that all suppose the use of non-dialogic devices such as overbid, bluff, or threat. In which case, interlocution might look like dialog but would eventually end up in a simulacra of confidence in order to manipulate the opponent and to maximize one’s self-interests.

Ulterior motive, duplicity, and hidden agenda would become the rule. One could use the perlocutive effects evidenced by Austin's (1962) research, in order to induce, through argumentative technique, a specific behavior into one's interlocutor. As Austin's work shows it, it is possible to act on others through discursive practices. To the extent that assertions do contain a performative dimension, the interlocutive relationship is an action relationship as well. However, thanks to the rule of discursive equity that governed workshops' working, directive performative and conative assertions (Searle, 1979) were forbidden.

A dialogic approach to the merger workshops: Empirical confirmations. Obviously, following Gioia and Chittipedi (1990) or Thomas and Al Maskati (1997), we acknowledge the existence and importance of power games in learning processes. Gioia and Chittipedi (1990) evidence the political aspects of learning processes. Thomas and Al Maskati (1997) present learning processes as crippled with seductive and persuasive strategies. Interactive communication, which generates dialog processes, is replete with power differentials, informational asymmetries, and unbalanced communication skills between the individuals.

However, I had the opportunity, during the case study, to notice that, notwithstanding some level of inter-individual power influence, members of the merger workshops did not necessarily behaved as representatives of their own organization or department. They were not seeking for their own interests nor they then reported the content of workshops' sessions to their hierarchical superiors. I rather observed that a kind of dialog was emerging. Not a full-scale dialog as theoretically delineated in our dialogic approach, which seems utopic (especially in an organizational settings), but a "softened" form of dialog. Individuals participating to merger workshops were ready to relativize their statements and did not show extreme behaviors.

Thus, as I show it in this section, several elements contributed to the emergence of a soft form of dialog, thus enabling cognitive and relational learning to appear.

- First, time allowed oppositions between individuals to gradually phase out (workshops dynamics).
- Second, dialog within workshops has been notably enhanced thanks to the discursive equity rule that banished, at least formally, any hierarchical relationship within workshops (insulating workshops from the influence of power relationships).

- Third, the overall procedures ruling the working of workshops revealed that workshops can have at least three different functions which succeed one another in time and contributes to the unfolding of a dialog process. The working rules governing the workshops functioning enabled a dialog to appear
 - o (1) by validating discourses contents (referential function of workshops)
 - o (2) by forcing to coherence in discourses (back-referential function of workshops)
 - o (3) by enabling a socialization process to set up, which in turn led to the gradual elaboration of a shared vision (co-referential function of workshops).

As we see below, these elements were all important to the appearance of a dialog process.

Merger workshop dynamics. Attitudes and behaviors of workshops' members evolved in time. At the beginning of the merger process, participants stucked to their conviction of organizational excellence. Interlocutors were rather seen as enemies than partners. The rule that imposed to select systems from already existing ones participated in this attitude. An all or none dichotomy encourages discourse hardening. Structured explanations of existing practices lead participants to simply justify existing systems. Due to this rule of explanation, participants only rebuild an *a posteriori* rationality that justifies their overall practices. In a way, however, this explanation process both enhances and limits learning, since knowledge presentation dominates in comparison with sharing and the elaboration of common solutions. Throughout the merger process, participants gradually gave up their fixed positions, however. A communication acting, reversed arguments, and softened positions emerged. Mutual trust relationship initiated. According to Ericson, Hellquist, and Melin (1995), or Nonaka (1988), trust is one of the basic conditions to dialog. Thanks to this emerging trust, a dialog process was almost unconsciously phasing in. Then relational learning and socialization phenomena could in turn intervene into the dialog process. Although the affective dimension negatively impacted on dialog at the beginning, it eventually contributed later to the dialog process.

Insulating merger workshops from the influence of power relationships. As already mentioned, participants benefited from equal discursive rights whatever their role or status in their own firm. This meta-rule strongly impacted on the workshops functioning. For example, no question asked could remain unanswered and no unilateral assumption could be stated

without further clarification. Workshops were insulated, at least formally, from power relationships originating in one's respective organizational roles and status.

Merger workshops referential function. Participants to workshops were forced to make concrete testable statements referring to an extra-linguistic reality. As Ford and Ford (1995) emphasize, in conversations for understanding evidence and testimony are given, hypotheses examined and tested. In fact, each statement was submitted to a referencing process which aimed at assessing its truthfulness. Each interlocutor had to be able to check the veracity of a statement and had to commit himself or herself to provide others with the needed documents testifying his or her own assertions. Visits on reference sites were also organized (R&D laboratories or production facilities). So, workshop functioning was based on a proof /counter-proof device. Hage (1980) shows that, in case of controversy, competition can improve the nature of information. Huff (1988) also suggests that debates better progress when cheating against reality is tough. Information exchanges were thus ruled by what Grice (1975) calls "maxims", *i.e.*, principles guiding action where actions are speech acts. These maxims were of four types: (1) quality maxims impose that assertions are true (one cannot assert false propositions otherwise one will be expelled from the conversational process); (2) quantity maxims (one cannot give too much information in order to avoid the interlocutor's informational overload, nor can one give too few information); (3) reporting maxims (one have to make his/her assertions clear and accurate in order to make them testable); and (4) modality maxims (one have to avoid confusing and/or ambiguous assertions).

Merger workshops back-referential function. Besides their semantical aspects, assertions were also supposed to be coherent and consistent. Discourses were supposed to be continuous and non-contradictory. Entering into discussion meant to the participants that they had to answer questions, produce a logical argumentation avoid anacoluthon and the jumping from one subject to another. Again, in Grice's (1975) terminology, assertions had to respect the reporting and modality maxims that impose reporting relevance: the conversational contribution had not to be off-subject, confusing, or ambiguous. The conversation unfolding was framed by a network of constraints that limited lies and forced interlocutors to be coherent with their former assertions. As suggested by Grice (1975), each further step during the conversation process precludes any other inappropriate conversational possible. Thus, logical as well as pragmatic contradictions were limited. Pragmatic contradictions refer to lies and manipulation attempts. Such a form of contradiction is against dialog since dialog

supposes cooperation. Cooperation in conversation forbids illocutory speech acts in contradiction with the locutory meaning of the corresponding assertion. According to Habermas (1987) as soon as we accept to discuss, we tacitly agree with a normative principle that enjoins us to argument for finding consensus. It might be criticized that this normative principle is but theoretical in that it only qualifies the conditions for the existence of a dialog, without actually considering its effectuation. But, we could notice in our case study that Grice's (1975) maxims on conversational processes were globally respected. Notably, workshops respected the cooperation principle (Grice, 1975) according to which the interlocutors acknowledge that they have something in common. The interactive communication process was not only focused on content and context but it also corresponded to the Jacobson's phatic function aiming at setting up or maintaining social relationships. Similarly, Ford and Ford (1995) also notice that conversations for understanding are characterized by expressivity. In other words, speech acts do not reduce to information exchanges but they also build an intersubjective relationship. Assertions enunciate facts and, at the same time, convey some of its interlocutive value. Intersubjectivity supposes that we cannot access "dictum" (what is said) independently from "modus" (the way we say it); we cannot understand without understanding one another.

Merger workshops co-referential function. In workshops, conversational exchanges were produced at the beginning of the merger process, by people having their own codes and references. Then, along with the installation of a dialog process, respective assumptions were altered and exchanged, and own codes were transgressed to build a common discourse. At the beginning, we can consider that workshops consisted mainly of a succession of monological assertions between interlocutors speaking each in turn, switching from an emitter's role to a receiver's one. Then, the configuration of conversational exchanges modified: inter-reference became co-reference. Discourses of two interlocutors merged into a unique discourse. Weick (1995) shows that this process goes beyond a mere exchange of opinions. It also contains a co-significance and a conjoint referenciation activity. During dialog process, significations are not only to be exchanged but to be built up too. Both participants are active. Conversational focus is no longer the individual but a co-enunciation. It corresponds to what Bouwen and Frye (1991) call "consensus". It is no longer a matter of compromise and reduction to the lowest common denominator but it leads to the building of a "common meaning". In that sense, a dialog process allows and encourages the evolution of identities and clearly distinguishes from negotiation processes.

Synthesis and conclusion

This case study needs further formalization. It proposes an attemptive conceptualization of the organizational dialog process. Basically, three different aspects of the dialog process appeared to be of great importance in building a common inter-organizational vision. First, some initial conditions had to be matched for a dialog process to exist in a specific organizational settings. These initial conditions can be likened to Habermas' ideal speech situation. Second, the case study revealed that the here-reviewed organizational dialog process could not autonomously develop. A set of constraints framing the workshops functioning was needed in order to properly manage the dynamics of the dialog process. This network of rules was also helpful in avoiding some drifts towards haggling or struggle for power. Third, the dialog process, when adequately designed and monitored, revealed, in our case study, to be a powerful tool for building a common inter-organizational sensemaking.

Conditions for a dialog process to exist in an organizational settings. As proposed by Habermas (1987), an ideal speech situation requires *a priori* four initial conditions for a dialog to install: (1) truthfulness, (2) legitimacy, (3) sincerity, and (4) clarity. However, these existence conditions rarely emerge spontaneously in organizations. Thus devices have to be found in order to ensure, at least formally, that similar initial conditions pre-exist in an organization. As shown throughout the case analysis, the top-management set up different rules and principles for governing the merger workshops functioning. These resulted in an operational form of the initial conditions listed by Habermas (see table 1).

Insert Table 1 about here

Dialog process management. Installing a true dialog process in an organizational settings, where power relationships and influence games are rather the rule than the exception, is not an easy task. Contrary to what the literature suggests, organizational dialog process perhaps requires formal rules, precisely to avoid that it transformed into haggling or negotiation. The main role of the network of rules that governed the workshops functioning was to create the above-mentioned initial conditions of a dialog process. But, it also was important in maintaining these initial conditions in time. Content of conversational exchanges cannot be separated from process and context. The rules that formally regulated the content of conversations had also process consequences and a dynamic impact on the building of the organizational dialog process. Thus, externally setting the objectives and working rules of the merger workshops contributed to the emergence in time of an organizational dialog. Though

direct confrontation was generally avoided thanks to the network of rules, a third-party judicial device was sometimes needed as well to limit argumentation escalation and hardening of positions.

Building common interorganizational sensemaking. A careful and critical analysis of the work sessions of the forty-seven merger workshops allowed us to infer a conceptual framework for describing the organizational dialog process that occurred (figure 1). Truly integrating the procedures and systems of both merging firms needed to set up a dialog between members of both firms so that they could share and develop a common vision. The workshops' sessions constituted a powerful tool that contributed to building up common vision. Once insulated from the influence of power relationships, they seem to have played three distinct functions that contributed to the appearance of an organizational dialog and a common vision: (1) the *referential function*; (2) the *back-referential function*; and (3) the *co-referential function*. Workshops' sessions allowed to share knowledge and experience, as well as to understand one another. Each firm explicitated and communicated his or her own frame of reference and made clear its implicit assumptions (referential function). Mutual trust could thus be raised and a socialization process initiated. As the participants progressed into the conversational exchanges they got more and more involved in a network of intersubjective relationships. They were also locked in by all the former exchanges, which obliged them to become more and more coherent, consistent, and collaborative (back-referential function). The inter-twin in time of exchanges and lock-in has led the participants to gradually abandon their initial own frames and to build together common meaning (co-referential function). Thus, the evolution of the dialog process led to the emergence of a common inter-organizational sensemaking, based on mutual understanding and shared meaning, that further enabled the participants to formulate commonly elaborated recommendations.

Insert Figure 1 about here

In conclusion, the case study of the merger process shows how an inter-organizational dialog process can be set up in order to facilitate the coming close of both teams and to enhance learning processes. Thanks to the procedures that ruled workshops functioning, a mutual understanding and a common horizon have been gradually built up. Notwithstanding the importance of power phenomena and influence game, we clearly establish the difference between dialog and negotiation. A power-based analysis assumes that actors will adopt a

strategic behavior which is *a priori* foreseeable. Contrary to that narrow view of the merger process, the case study shows that merger workshops' recommendations differed from what could have been inferred from a framework only based on power balance or manipulation strategies, in which opportunist actors act and speak with their own interests in mind. Of course, the form of dialog process evidenced here does not match the ideal criteria of a communication process as delineated by Habermas (1987). It does not match either the "hard" conception of dialog that assumes that power games and performative aspects of action and speech acts are put asides. The "soft" and pragmatic version of dialog, more conform to an organizational settings, is constrained by functioning rules. These rules however were precisely the key facilitators for a dialog process to install. The main benefit of a dialog process, in this merger process case, consists of a renewal of the organizational perspectives by shedding light on the implicit assumptions hidden in organizational systems, procedures and routines. Comforting the results of the Beckhard and Pritchard's (1992) study, I suggest that the more people engage themselves in understanding, the more easy will be organizational change and renewal. These results are also in agreement with Ford and Ford's assumption that conversation for understanding must precede "conversations for performance". Thus, managerial effectiveness in implementing mergers might be greatly improved by appropriately training them to foster a constrained dialog process between members of both merging firms. As we could also observe, conversations for understanding or an effective dialog process are a necessary but not sufficient condition for successfully implementing merger workshops' recommendations. Mutual understanding alone is not enough. "Performance conversations" (Ford, Ford, 1995) that commit people to action are also needed. As stated by Beer, Eisenstat and Spector (1990), from another point of view, an approach to organizational change focused only on cognitive change cannot succeed. This is the reason why a dialog process and its accompanying emergence of common ground for action are necessary. But it also requires an organizational configuration that allows change to be effectively implemented. As I noticed in the case study, implementation of workshops' recommendations was sometimes confronted with real organizational hinderings.

Schein (1993) emphasizes that 'dialog becomes a central element of any model of organizational transformation'. However, much remains to be done in order to completely state the conditions of existence as well as the practical modes of dialog processes, and to unfold the many potential functions of a dialog process in an organizational settings.

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<i>Habermas' initial conditions for a dialog to exist</i>	<i>Operational form of Habermas' initial conditions (as observed in the organizational settings)</i>
- <i>Truthfulness and clarity</i> (statements are well-grounded in facts, not confuse or ambiguous)	- <i>Explanation rule</i> (workshop members' statements must be coherent, consistent and testable)
- <i>Legitimacy</i> (statements express acceptable and valuable norms)	- <i>Discursive equity rule and implementation principle</i> (whatever their role or status in their respective organization, workshops' members are free to speak and ask questions. Workshops' recommendations are supposed to be implemented later)
- <i>Sincerity</i> (statements are referred to in a non-manipulative way)	- <i>Cooperation principle</i> (workshops' members are supposed to actively collaborate at the elaboration of recommendations and to establish open and communicative relationships one with another)

TABLE 1
Initial conditions for a dialog to install.

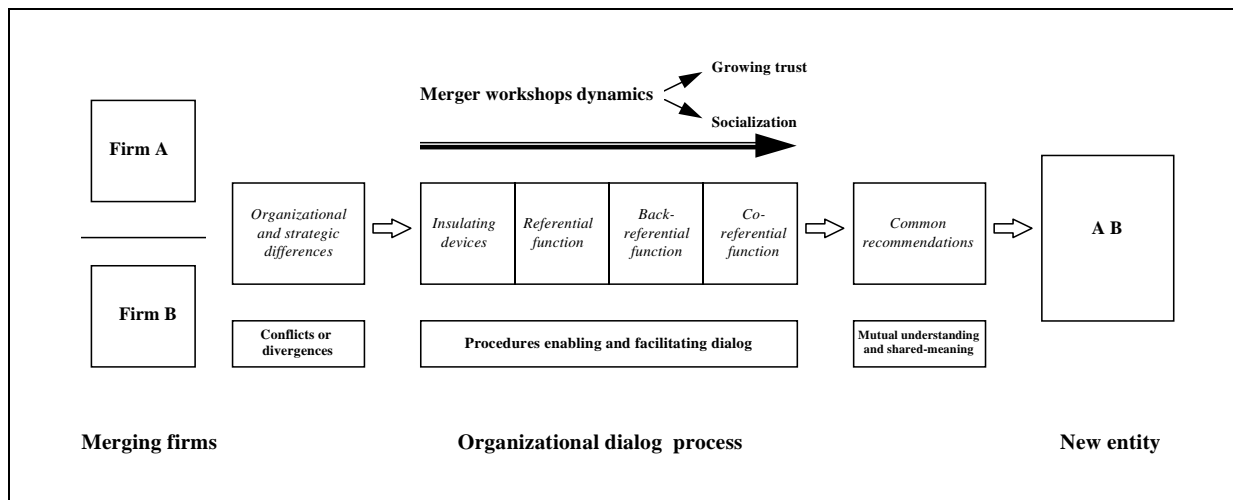


FIGURE 1
Dynamic evolution of the organizational dialog process.