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The Dynamics of Organizational Autonomy: Oscillations at Automobili Lamborghini

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Abstract:	Through a 21-year longitudinal study of the relationship between Italian super-car manufacturer Automobili Lamborghini and its parent, German carmaker Audi AG, we examine how a unit's degree of organizational autonomy can change over time. Using detailed empirical data, we develop a process model of the dynamics of organizational autonomy in a unit-parent relationship. This process model shows an ongoing dialectical tension between parent managers' autonomy-reduction efforts and unit managers' autonomy-extension efforts, and reveals oscillations in the unit managers' discretion over resource-orchestration decisions. Driving this dialectic are parent managers' appraisal respect for the unit and their search for firm-wide strategic integration and unit managers' organizational identity and concern for distinctiveness. Our process model captures concurrent feedback loops that endogenously produce these oscillations between lower and higher autonomy. We then conceptualize a harmonic domain in the unit-parent relationship within which these oscillations occur and persist without bifurcating toward amalgamation or separation. Finally, we develop a theory of change in autonomy by identifying a theoretical link between resource orchestration and specific dimensions of organizational identity. Our study highlights the dialectical, dynamic, and ongoing nature of organizational autonomy.

Organizational autonomy is a pivotal concept and concern in the management and organization literature (Brunsson and Sahlin-Andersson, 2000). Across levels of analysis (i.e., teams, departments, divisions, subsidiaries) within the ultimate owning unit or parent organization (Pugh, Hickson, Hinings, and Turner, 1969), a key question of organizational design is the degree of autonomy a unit should have over its resource-orchestration decisions (Pennings, 1976; Puranam, Singh, and Zollo, 2006). Since Chandler (1962) extended the notion of autonomy to businesses within a corporation, the literature has studied the strategic implications of the degree of organizational autonomy in unit-parent relationships.

The degree of organizational autonomy becomes salient as soon as organizational units are defined within a broader organization or a firm is integrated into a new parent organization. This process involves strategic tension that can arise between parent managers, who are eager to achieve firm-wide economies of scope, transfers, and integration across units (i.e., reducing a unit's organizational autonomy), and unit managers, who, in contrast, may expect to protect their idiosyncracies and managerial discretion over resource-orchestration decisions (i.e., preserving or extending their organizational autonomy). Scholars recognize that resolving this tension by determining the appropriate degree of a unit's organizational autonomy is a fundamental yet challenging dilemma (e.g., Raisch and Birkinshaw, 2008). Thus, organizational theorists have explored conditions that drive choices between low and high autonomy (e.g., Astley and Zajac, 1991; Birkinshaw, Hood, and Jonsson, 1998; Ambos and Schlegelmilch, 2007). While different studies adopt broad and sometimes inconsistent definitions of organizational autonomy (Wiedner and Mantere, 2019), most studies are rather static and overlook the dynamics of organizational autonomy. They show that organizations address this tension by finding, at one point in time, an appropriate degree of organizational autonomy for units, depending on contingent variables. They do not examine the process dynamics generated by evolving tension over organizational autonomy or the resulting

autonomy evolution or trajectory over time (Ambos, Asakawa and Ambos, 2011). These studies ignore potential fluctuations in the trajectory of autonomy that the unit and parent managers' change initiatives co-create. Hence, we have limited understanding of the process through which managers, especially the subsidiary unit's managers, can extend their discretion over the orchestration of their unit's resources. This assessment applies particularly when a unit does not possess resources sufficiently scarce and valuable to establish bargaining power within the organization and, thus, gain autonomy from the parent's managers. The trajectory of a unit's organizational autonomy over time and its underlying dynamics remain to be examined.

This gap is important as both unit and parent evolve over time, creating a managerial challenge regarding the required change in degree of organizational autonomy. The key role of organizational autonomy makes its dynamics significant for a firm's strategic evolution. However, ignoring this dynamic view constrains research and leads to recommendations based on partial understanding of the processes by which a unit's organizational autonomy changes. It also neglects the role of unit and parent managers' agency in these processes, thereby limiting potential recommendations for both types of managers. Hence, we address this gap by studying the following research question: how can a unit's degree of organizational autonomy change over time?

To examine this question, we theorize the dynamics of organizational autonomy by conducting a longitudinal qualitative analysis of Italian super-car manufacturer Automobili Lamborghini since its 100% acquisition by German carmaker Audi AG, in 1998. Over the 21 years that Lamborgini has been a subsidiary unit of Audi, this initially small, distressed company has experienced significant variations in its degree of organizational autonomy. The evolution of its organizational autonomy presents several peculiar reversals that current theories cannot fully explain. Our main research objectives are to capture the trajectory of this

unit's degree of organizational autonomy over time and to explain how the decisions of both unit and parent managers can drive and co-create this process. Our process theorizing relies on fine-grained empirical data to reveal dialectical, recursive relationships among specific dimensions of strategic integration, resource orchestration, and organizational identity. These recursive relationships reveal how managerial decisions and actions on both sides of the relationship can generate oscillations in a unit's degree of organizational autonomy over time. We then define a harmonic domain of organizational autonomy in which a unit's resource-orchestration decisions may oscillate without diverging to either complete amalgamation[1] with or complete separation from the parent organization. These findings move the conversation on organizational autonomy, currently polarized between the benefits of low and high autonomy, toward understanding the importance of dynamic fluctuations and reversals initiated by managerial agency.

ORGANIZATIONAL AUTONOMY

A unit's organizational autonomy is a fundamental design choice whose importance precedes other organizational design decisions, such as those on organizational processes (Thompson, 1967; Galbraith, 1977). As a key cross-level characteristic of the relationship between a unit and the broader organization to which it belongs, this choice is strategically important because it reflects the nature and intensity of coupling within an organization (Weick, 1976). Organizational autonomy is a scale-free concept (Andriani and McKelvey, 2009): a unit-parent relationship can exist at the multiple levels of analysis that define a unit and include it within organizational boundaries at the next level up (i.e., parent); examples include teams within a functional department, functional departments within a division, and divisions or subsidiaries within a firm. However, as Wiedner and Mantere (2019:3) summarize, despite

[1] Amalgamation in this context, as the end state of strategic integration, means that no discernible distinction remains and that unit managers have no discretion over resource-orchestration decisions. Separation can take different forms as a de-merger, spinoff, or an autonomous profit center with no or marginal synergies.

being a foundational construct, "organizational autonomy is rarely explicitly defined in management and organization theory." Scholars commonly associate it with other organization design concepts, such as independence, control, participativeness, communication, influence, and decentralization, even though they are different constructs (see Aiken and Hage, 1968; Pennings, 1976; Oliver, 1990; Wiedner and Mantere, 2019). In fact, scholars have often viewed the notion of organizational autonomy "as a broad, all-encompassing concept" (Cavanagh et al., 2017:173). This lack of clarity limits our theorizing.

Organizational Autonomy as Managerial Discretion in Resource Orchestration

To overcome this issue, Wiedner and Mantere (2019:4), focusing on organizational practices, define organizational autonomy as "performing organizational practices without explicit direction or approval from others." This requires a unit's managers to exercise discretion in their decisions and actions, specifically vis-à-vis the parent organization (Pugh et al., 1969), which has formal and legal power to grant this autonomy. Pennings (1976:690) defined organizational autonomy as "the discretionary power of an organization with respect to elements of its environment, such as, the parent organization." Brunsson and Sahlin-Andersson (2000:723) and Oliver (1990) similarly emphasized this discretion in their definitions, especially related to a unit's freedom to make its own decisions about managing its resources. Therefore, granting or reducing autonomy to an organizational unit means that the parent managers promote or restrain unit managers' capacity to exercise discretion over strategic activities, i.e., discretion over the management of their unit's resource orchestration.

Resource orchestration refers to managers' resource-focused, configurational decisions and actions to create and maintain competitive advantage and customer value (Helfat and Peteraf, 2003; Sirmon, Hitt, and Ireland, 2007; Sirmon et al., 2011; Helfat and Martin, 2015; Fainshmidt, Smith, and Guldiken, 2017). As part of the dynamic managerial capabilities literature (Helfat and Martin, 2015; Schilke, Hu, and Helfat, 2018), resource orchestration

provides a conceptual framework that emphasizes managerial discretion and specifies decisions and actions related to a firm's resources (Sirmon et al., 2011; Helfat and Peteraf, 2015). These managerial actions involve structuring the resources portfolio through acquiring, accumulating, and divesting resources; bundling and integrating resources to form capabilities; and leveraging resources to take advantage of market opportunities (Helfat and Martin, 2015). Hence, a unit's degree of organizational autonomy is the extent of its managerial discretion over these strategic dimensions of resource orchestration.

The Organizational Autonomy Dilemma

Research on organizational autonomy emphasizes the strategic dilemma of finding an appropriate level of autonomy between the two extremes of no autonomy and complete autonomy. Scholars have explored this dilemma from three conceptual angles: strategic imperatives, intraorganizational power, or organizational bargaining between unit and parent managers. However, static analyses have dominated these studies, creating a dearth of dynamic research on the organizational autonomy dilemma.

Three perspectives on the organizational autonomy dilemma. The strategic imperatives perspective of organizational autonomy builds on the contingency theory of organizational structure (Astley and Zajac, 1991; Donaldson, 1996). Since all units are related to achieve a specified goal, a unit's degree of organizational autonomy depends on the organizational alignment of a firm's operations system (Astley and Zajac, 1991) with the firm's strategy to maximize organizational performance (Govindarajan, 1988; Birkinshaw and Morrison, 1996; Donaldson, 1996). The degree of organizational autonomy must allow the necessary degree of exploitation and exploration of strategic resources across the firm. Low autonomy undermines a unit's exploration but favors exploitation and synergies, whereas high autonomy does the opposite (Puranam, Singh, and Zollo, 2006; Raisch and Birkinshaw, 2008). Ideally, firms should aim to achieve both exploitation and exploration for their long-term survival, and

should reconcile the polar benefits of low or high autonomy through the concept of ambidexterity (O'Reilly and Tushman, 2013). One way to address this duality is to achieve sequential ambidexterity, or organizational vacillation (Boumgarden, Nickerson, and Zenger, 2012), by shifting the structure and organizational autonomy of a firm's units between exploitation and exploration over time (Duncan, 1976; Tushman and O'Reilly, 1996). However, it is not clear how these processes of change occur and "what the transitions look like… the research being not fine-grained enough to provide much insight" (O'Reilly and Tushman, 2013:327).

The intraorganizational power perspective sees decisions on organizational autonomy, and more broadly organizational design, as an intraorganizational power play (Astley and Zajac, 1991). Structural conditions determine whether a unit has more or less power, and accordingly autonomy, in the organization's system of interdependent units (Hickson, Hinings, Lee, Schnek and Pennings, 1971). A unit's intraorganizational power (and autonomy) increases with its ability to deal with uncertainty, lower substitutability of its activities, and higher centrality in the organization's system (Hickson et al., 1971; Pennings, Hinings, Hickson, and Schneck, 1974). Resource dependency theory (Pfeffer and Salancik, 1978) emphasizes a similar view: an organizational unit derives heightened power from its control of strategic resources and its network centrality within the corporation (Astley and Zajac, 1991; Medcof, 2001; Ambos and Schlegelmilch, 2007). Hence, the parent may grant organizational autonomy to accommodate the intraorganizational power balance.

The organizational bargaining perspective focuses on the bargaining relationship for managerial discretion between the parent's and unit's managers. Two types of analysis exist. First, some analyses consider that a unit's managers are linked in an agency relationship with the parent organization's managers (Scharfstein and Stein, 2000). For instance, Hoenen and Kostova (2015) argue that agency characterizes subsidiary-headquarter relationships, in which

the subsidiary's managers act as agents on behalf of headquarters, mainly to prioritize the unit's self-interests. However, in addition to the need to adapt some of agency theory's key assumptions in order to work in this intraorganizational context, i.e., goal conflicts, risk preferences, and agency problems (Saam, 2007; Hoenen and Kostova, 2015), these analyses do not clearly explain how the unit managers develop autonomy initiatives and how the parent managers receive them (Cavanagh et al., 2017).

Second, another recent perspective emphasizes the role of organizational respect between unit and parent managers, i.e., the respect that interdependent actors mutually have for one another (Rogers, Corley, and Ashforth, 2017). Theorizing organizational separation, Wiedner and Mantere (2019) found that mutual respect between organizational actors in the forms of positive recognition and appraisal contributes to organizational autonomy and its changes. Recognition respect refers to actors' beliefs that another organization's actors, when exercising discretion, will recognize the interests of all interdependent parties. Appraisal respect refers to some actors' positive appreciation of other actors' behaviors that signal their competent performance of activities or their efforts to achieve competence (Wiedner and Mantere, 2019).

Hence, organizational bargaining approaches highlight the roles and agencies of unit and parent managers (Birkinshaw, Hood, and Jonsson, 1998). These approaches emphasize the presence of scope within which organization members can negotiate autonomy as well as shape strategic and structural conditions. They also present the dilemma of how to address tension between headquarters' efforts to limit unit autonomy and unit managers' efforts to negotiate an increase of their unit's organizational autonomy (Ambos, Asakawa, and Ambos, 2011). Hence, diverging goals create tension characterized by unit and parent managers' continuous negotiations over autonomy (Mudambi and Navarra, 2004).

Shifting to dynamic studies. Scholars have used these three theoretical perspectives to

study largely in static terms the autonomy dilemma and units' degree of organizational autonomy (Ambos, Asakawa, and Ambos, 2011). These perspectives examine the extent of a unit's autonomy that an organization adopts at a point in time, depending on contingencies. This static approach assumes that once an organization finds an appropriate level, an equilibrium regarding autonomy continues. For instance, intraorganizational power explains a unit's degree of organizational autonomy according to the unit's strategic resources but ignores how this degree of autonomy might evolve. Changes in autonomy would require corresponding changes in strategic resources, but according to this perspective, these changes in strategic resources are only possible if the unit's managers first obtain additional autonomy. How can a unit's managers gain organizational autonomy if their unit does not have strategic resources from which to derive bargaining power? Would organizational autonomy be a prerequisite for building such resources? Even studies using agency theory have not explained how unit managers develop autonomy initiatives and how parent managers receive them. A dynamic perspective on organizational autonomy remains to be carefully developed.[2]

Understanding this dynamic requires studying longitudinal processes that explain how the tension over autonomy plays out and changes over time to create a trajectory. This research question echoes a few recent process studies exploring different dynamics related to organizational structures or strategic dualities, emphasizing the need to move away from cross-sectional research and pay more attention to change, time, and process (Birkinshaw, Crilly, Bouquet, and Lee, 2016; Mees-Buss, Welch, and Westney, 2019). These studies highlight that a firm can experience temporary organizational forms with cycles of disruption and reinforcement over time (Mees-Buss, Welch, and Westney, 2019) or a sequence of changes in the firm's prevalent logics through stages (Birkinshaw, Crilly, Bouquet, and Lee,

[2] Wiedner and Mantere's (2019) study on organizational separation processes is an exception. They study how changes in organizational autonomy, leading to independence between two entities, are generated by mutual respect in the case of an organizational separation.

2016). However, because these studies focus on different organizational phenomena and levels of analysis, they cannot usefully illuminate how the specific dynamics of organizational autonomy unfold. Moreover, these studies do not investigate the antecedents of an organizational form (e.g., causal model generating it) or the processes of internal bargaining that precede a decision to move from one form to the next; rather, they highlight these points for future research (Mees-Buss, Welch, and Westney, 2019; Ambos, Fuchs, and Zimmermann, 2020). Yet, as the organizational bargaining perspective suggests, internal bargaining processes are probably central for understanding an organizational autonomy dynamic. Therefore, exploring this dynamic requires specific longitudinal process research to understand how the tension over organizational autonomy between unit and parent managers can evolve depending on their respective initiatives that co-create a trajectory.

What could explain such dynamics? As organizational autonomy is about managerial discretion in resource-orchestration decisions, tensions could evolve depending on changing resources or strategic objectives. However, as Boumgarden, Nickerson, and Zenger (2012) demonstrate, exogenous changes in the environment cannot solely induce these changes, but managerial strategic intentions must drive them. A key task of managers is to identify when such changes must occur. Yet, many factors may influence these strategic intentions, which are enacted through changes in organizational autonomy. For example, organizational identity may have an influence, as strategy and organizational identity are deeply entangled (Ravasi, Tripsas, Langley, 2020), and organizational identity can act as a filter for managers' strategic decisions (Tripsas, 2009). The bargaining perspective of organizational autonomy can suggest other tensions related to managerial incentives, risk attitudes, self-interest, or organizational respect. Additionally, unit or parent managers' emotional and defensive responses to these tensions (Wiedner and Mantere, 2019) or cognitive coping tactics (Wenzel, Cornelissen, Koch, Hartmann, and Rauch, 2020) could influence this dynamic. It is unclear in theoretical

terms which factors or processes could jointly influence the tensions and dynamics of organizational autonomy. Thus, a detailed empirical process study of these tensions, their underlying mechanisms, and how they interact and evolve is needed to advance theories of organizational autonomy.

The Dynamics of Organizational Autonomy: Process Theorizing

Our aim is to better explain the temporal dynamics of organizational autonomy by conducting a long-term, detailed process study of the trajectory of a unit's organizational autonomy. We base our process theorizing on a longitudinal, single case of an acquired unit and its parent, to capture both unit and parent managers' agency in their ongoing relationship.

The context of an acquired unit is especially relevant as it involves two organizations that were initially independent, and captures the organizational autonomy dynamic between both entities from the start. However, we theorize the dynamics of organizational autonomy both during and after the post-acquisition integration period, thereby extending the theory's relevance beyond merger and acquisition (M&A) contexts to broader multi-unit settings.

The organizational autonomy dilemma is particularly important in the context of an acquisition because success depends on establishing, during post-acquisition integration, the requisite degree of a target's organizational autonomy (Graebner, 2004) to enable the successful reconfiguration of resources between the acquiring and acquired firms (Haspeslagh and Jemison, 1991; Capron, Mitchell, and Swaminathan, 2001; Sears and Hoetker, 2014). Contrary to the two extreme types of preservation or absorption M&A deals[3] (Haspeslagh and Jemison, 1991), the autonomy dilemma is salient in a symbiotic acquisition because its strategic purpose is the exploitation of resources in the target's organization (Birkinshaw,

[3] The M&A literature considers three main types of deals: preservation, absorption, and symbiotic (Haspeslagh and Jemison, 1991). Preservation M&A deals focus on preserving the target through low emphasis on resource sharing and capability transfers, leading to high autonomy. In absorption deals, the end state is amalgamation: no elements ultimately remain that could make the target firm distinguishable from the parent, implying no autonomy.

Bresman, and Håkanson, 2000). After the acquisition, low unit autonomy improves coordination and firm-wide synergies but has adverse effects on resource exploration or innovation (Puranam, Singh, and Zollo, 2006), whereas a high level of autonomy does the opposite. Hence, symbiotic deals epitomize the complexity and challenge of managing the organizational autonomy dilemma.

The normative advice of post-acquisition integration studies for a symbiotic acquisition is a unidirectional sequential approach: temporarily allow a high degree of target autonomy as an opportunity for mutual learning and trust between both organizations, before reducing the target's autonomy (Graebner, 2004) until full integration, because "the whole process must lead to true amalgamation" of the target (Haspeslagh and Jemison, 1991:231; Graebner et al., 2017:5). Similarly, a few process studies (e.g., Haspeslagh and Jemison, 1991; Birkinshaw, Bresman, and Håkanson, 2000) perceive this process as both a unidirectional progression toward less autonomy through two increasingly integrated stages, and as unilaterally dependent on the acquirer's actions (Graebner et al., 2017); these studies thereby overlook the role of target managers. Previous post-acquisition integration studies ignore potential fluctuations in the autonomy trajectory created by change initiatives from acquirer and acquired companies to influence resource reconfiguration (Rouzies, Colman, and Angwin, 2018). Despite having a particularly suitable context for exploring the dynamics of organizational autonomy, M&A studies share this limitation with broader organizational autonomy research.

We ground our process theorizing in our longitudinal analysis of Automobili Lamborghini, whose 'raging bulls'[4] were on the brink of extinction before the company's acquisition by Audi AG in 1998. We study Lamborghini's degree of organizational autonomy vis-à-vis its

[4] Ferruccio Lamborghini was fascinated with Spanish fighting bulls and chose an image of a raging bull as the logo for the Automobili Lamborghini company, which he founded in 1963.

parent from the beginning of Audi's acquisition of this distressed company. The symbiotic post-acquisition integration phase saw Lamborghini's degree of autonomy decrease gradually and significantly over eight years until 2007, when it regained significant autonomy over its resource orchestration. Instead of decreasing inevitably toward complete amalgamation, Lamborghini's organizational autonomy trajectory has been much more dynamic, with reversals that current theories cannot adequately explain. This case is therefore an extreme exemplar (Eisenhardt and Graebner, 2007) of a distressed company that regained autonomy and did not amalgamate after a symbiotic acquisition.

We next briefly discuss conceptual elements that are central components of the process model we developed from our longitudinal analyses. Building on the organizational bargaining perspective, our analyses focus on managerial agency and the mechanisms that the unit and parent managers use during their ongoing bargaining over autonomy. Their opposite initiatives create a dialectic over resource-orchestration decisions, and our findings show that a unit's organizational identity can play a crucial role in this dialectic. Hence, we briefly present these theoretical dimensions (i.e., resource orchestration, organizational identity, and dialectics) to fully convey our grounded process model.

Resource-orchestration perspective. Defined as managerial discretion over resource decisions (e.g., Oliver, 1990; Brunsson and Sahlin-Andersson, 2000), the concept of organizational autonomy can nest within the resource-orchestration perspective. This perspective emphasizes managerial discretion in the selection, configuration, and modification of resources and brings a relevant conceptual angle to structure and analyze managerial decisions and actions regarding resources (Helfat and Peteraf, 2003; Sirmon, Hitt, and Ireland, 2007; Sirmon et al., 2011; Helfat and Martin, 2015). What is important for value creation is not the mere presence of strategic resources but how managers decide and act on them (Sirmon, Hitt, and Ireland, 2007; Sirmon et al., 2011; Helfat and Peteraf, 2015). Finally, the

resource-orchestration perspective is inherently dynamic because it emphasizes how these managerial decisions and actions change a firm's resources through decisions related to resource reconfiguration, creation, and retrenchment (Sirmon et al., 2011; Helfat and Martin, 2015); thus, it belongs to the dynamic capabilities literature (Schilke, Hu, and Helfat, 2018).

Organizational identity. Resource decisions enact strategic intentions that are deeply intertwined with organizational identity (Ravasi, Tripsas, and Langley, 2020). Organizational identity is organization members' collective understanding of the features that are central, relatively permanent, and distinctive about their organization. It distinguishes the organization from other organizations (Albert and Whetten, 1985). Yet, an organizational identity has some fluidity (Gioia, Schultz, and Corley, 2000) as members often reinterpret the past to align with the way they see themselves in the present and the future (Gioia, Corley, and Fabbri, 2002; Kaplan and Orlikowski, 2013). Ravasi, Rindova, and Stigliani (2019) emphasize that organization members leverage the past to make sense of who they are in the present (Ravasi and Schultz, 2006) and make claims about who they are becoming and want to be as an organization in the future (Schultz and Hernes, 2013).

The notion of organizational image, which accounts for the perspective of outsiders, plays a key role in this process and has two important dimensions for our theorizing. The construed external image corresponds to organization members' perception of how outsiders perceive the organization. The desired future image corresponds to the perception that managers would like both internal members and outsiders to have of the organization in the future (Gioia, Schultz, and Corley, 2000). By leveraging their cumulative achievements (Rindova et al., 2005; Scott and Walsham, 2005; Rindova, Petkova, and Kotha, 2007), managers project a desired future image that communicates a strategic vision (Gioia and Thomas, 1996). Organization members receive information from outsiders and take actions to resolve discrepancies between this construed external image and their identity perception (Gioia,

Schultz, and Corley, 2000). These initiatives are an essential part of the identity formation process (Gioia et al., 2010).

Several studies focus on changes in organizational identity (e.g. Corley and Gioia, 2004; Gioia et al., 2010; Pant and Ramachandran, 2017; Fortwengel, 2021), even in M&A (e.g. Ullrich, Wieseke, and Dick, 2005; Clark et al., 2010), but overlook or underemphasize strategy research on firms' resources. Other studies explain the role of managerial intent in guiding resource orchestration (Helfat and Martin, 2015) but ignore or only marginally consider organizational identity. These studies have advanced our understanding of each topic but separately (Ravasi, Tripsas, and Langley, 2020). Our process model accounts for how the interplay between resources and identity can influence the ongoing dialectic over organizational autonomy.

Dialectics. Our framing of the dynamics of a unit's autonomy as an ongoing organizational phenomenon (Tsoukas and Chia, 2002) requires a process approach that captures the intentions and actions of unit and parent managers (Birkinshaw et al., 2016). Dialectics offer an interesting view of the management of tensions between contradictory elements (Hargrave and Van de Ven, 2017). For example, in their study of organizational control, Lourenco and Glidewell (1975) adopted a dialectical perspective to capture the conflict between the interests of an organization and the interests of a "component" in achieving their respective goals. Studying the context of M&A, Monin et al. (2013) focused on the contradictory pressures between value creation and sociopolitical concerns during a post-merger integration phase.

A dialectic exists when at least two entities, each with its own identity (Van de Ven and Poole, 1995), engage in a confrontation over a conflicting thesis and antithesis. This confrontation eventually leads to a synthesis with new interaction patterns between the entities (Benson, 1977). Then, this new set of arrangements becomes the thesis for the next dialectical cycle (Lourenco and Glidewell, 1975; Benson, 1977), during which an entity's new

action will again trigger a counterweight logic (Birkinshaw et al., 2016) and breed counter-resistance (Hargrave and Van de Ven, 2017). Thus, the dialectical perspective is essentially processual and recursive as it focuses on the ongoing mechanisms that actors with competing views enact to continuously shape a sequence of organizational arrangements.

During each cycle after a synthesis, the dialectical tension generated by contradictions starts small and builds gradually until cumulative changes lead to sudden qualitative changes (Ford and Ford, 1994). The subordinate actors and, reciprocally, the superordinate actors both establish the conditions of openness for a synthesis (Hargrave and Van de Ven, 2017). When the dominant actors have developed sufficient respect for and understanding of the position advocated by others, an interpersonal juncture (Salvato and Rerup, 2018) emerges that allows them to negotiate their conflicting organizational goals and find common ground.

We next present our research methods and then develop our findings by building recursive relationships. These relationships focus on the themes of strategic integration, resource orchestration, and organizational identity, as we found these elements can drive the dialectical tension over organizational autonomy. We conclude with a discussion of our theoretical contributions and future research.

METHODS

Research Context

Lamborghini's Miura, Countach, and Diablo are iconic super sports cars, but these bulls were hardly cash cows. During the 35 years from the company's founding in 1963 to 1998, the company went bankrupt once, was briefly turned around twice, and ended up being sold five times. At the end of the 1990s, Lamborghini, lacking the funds to develop a completely new car, approached Audi to request access to its Audi A8 platform. Audi agreed, on the condition that they buy the Lamborghini company. Audi acquired Lamborghini in 1998, at which time Ferdinand Piëch, CEO of Volkswagen Group (VW), which owns Audi AG, decided to also

purchase the Bugatti and Bentley trademarks. Since then, sales have grown by a factor of 35.[5] Figure 1 shows the turnaround of Lamborghini over the period 1999–2019 in terms of sales, number of R&D employees, total headcount, and coverage in the worldwide press.

Figure 1

The post-acquisition integration of the ailing Lamborghini started with a cash injection of €100 million for a five-year plan and the 2001 launch of the Murciélago model, an updated version of the old Diablo. Lamborghini accessed the resources of Audi and VW group. The parent company's autonomy-reduction efforts were clear regarding new product development processes, procurement, manufacturing, and quality control. Lamborghini had to follow a platform approach by drawing on the distinctive capability in aluminum frames that Audi had pioneered in the mid-1990s and by sharing components from the VW group's suppliers. Launched in 2003, the Gallardo was the first car developed as a platform with Audi, and its success induced a strong response from competitors. By 2007, it was time to renew Lamborghini's aging V12 product. However, instead of Audi managers pursuing the successful integration recipe of the Gallardo (a platform with aluminum frame and shared subsystems), Lamborghini regained organizational autonomy. Lamborghini became the only brand in the VW group allowed to step out of a group platform, and it developed a radically new car with a carbon-fiber structural chassis (called a monocoque): the Aventador. This reversal in autonomy, following a symbiotic post-acquisition trajectory and the organizational autonomy dynamics it initiated, is peculiar and constitutes the central focus of our analysis.

Research Design and Case Selection

To achieve methodological fit (Edmondson and McManus, 2007; Gehman et al., 2017), we base our process theorizing of organizational autonomy dynamics on our qualitative analysis

[5] Many carmakers, including Audi, were impacted by the financial crisis of 2008–2010. Lamborghini saw its sales crash by 40% in 2009–2010 but maintained a high level of R&D investment to renew its product portfolio.

of a fine-grained, longitudinal, single case study over a period of 21 years (Langley, 1999; Siggelkow, 2007; Kouamé and Langley, 2018). However, it would not have been possible prior to data collection to anticipate fluctuations in the degree of organizational autonomy, especially after a post-acquisition integration phase. Our initial research focused on how technology-based luxury firms establish sources of competitive advantage while depending extensively on innovation ecosystems outside their organizational boundaries. Among the firms we contacted, Automobili Lamborghini granted extensive, unconditional access.

During data collection, it became apparent that the Aventador's development represented a departure from a classical symbiotic post-acquisition trajectory. We realized that Lamborghini was an unusual empirical setting (Eisenhardt and Graebner, 2007): the acquisition of a small, distressed company that is turned around through strategic integration yet manages to regain autonomy and does not amalgamate with the parent. There was significant variation in the unit's degree of autonomy that did not fit with what the literature on organizational autonomy or symbiotic acquisitions represented. We refocused our research question on the dynamics of organizational autonomy between a unit and its parent. Given the need for in-depth longitudinal data for such process theorizing, we realigned our design around this single case study (Yin, 2014), which we could follow in real time.

Data Sources and Collection

We first visited Automobili Lamborghini in Sant'Agata Bolognese, Italy, in November 2010, before the unveiling and production of the Aventador (2011), to explore the recent development (2007–2010) of the new V12 model. After meetings in 2011, an earthquake struck the Bologna region in 2012, which absorbed much of the Lamborghini managers' time and delayed our engagement. In February 2013, we conducted a research workshop with three Lamborghini managers to learn about their approach to innovation. They introduced us to their partners, and we completed a research design based on Lamborghini-partner dyads until

the end of 2014. In 2015, we clarified the interesting breakdown between our empirical data and available theories (Alvesson and Kärreman, 2007). Beginning in 2016, we used our redefined research question on autonomy dynamics to interview Lamborghini directors; former directors; the first, second, and third CEOs; and Audi managers and executives in Ingolstadt, Germany, to capture their perception of the relationship since 1999.

Figure 2

Our process theorizing results from retrospective (1999–2010) and real-time (2010–2020) data, collected at multiple levels and across functions, on the Lamborghini-Audi and Lamborghini-partners dyadic relationships. We generated our primary data through 77 semi-structured interviews with 50 informants, conducted in English in two waves (2010–2014 and 2016–2020), as Table 1 shows. We organized 49 interviews with 27 informants from Lamborghini across functions (manufacturing, quality, purchasing, finance, marketing, sales, R&D, HR, design) and across levels: Level 3 (engineers and project managers), Level 2 (managers of functional areas), and Level 1 (board of directors), as well as the three CEOs, who served from 1999–2004, 2005–2016, and 2016–2020. Several informants had tenure at Lamborghini since the mid-1990s, and most of them had joined around 2001. We interviewed 17 informants (one over the phone) from eight partner companies across four European countries and the USA. We also interviewed six Audi executives: four managers who had followed the acquisition since 2006 (three of whom had seats on the board of Lamborghini), the head of corporate strategy acting as general secretary, and a CEO and chairman of the board of Audi AG, who was also a member of the board of the VW group.

Table 1

At least two of the authors, sometimes three, always conducted the interviews, which allowed us to continually probe multiple perspectives. One author was present at 74 of the 77 interviews. All interviews, except one, were audio recorded, resulting in a total of 4,144

minutes, and transcribed, which yielded a total of 1,203 pages of single-spaced verbatim transcripts. We took extensive notes to record insights, additional questions, comments, and our broad nonparticipant observations, including descriptions of the environments (buildings, offices, machines, and factory floors), our interactions with the informants, and our general feelings and thoughts (Eisenhardt, 1989). Our notes also captured the verbatim quotes that informants shared with us during lunches, coffee breaks, and factory walks, when we did not use the audio recorder. Two authors visited Lamborghini in Sant'Agata Bolognese, Italy more than 20 times each. In addition to three dedicated notebooks, these digital field notes amount to 130 single-spaced pages.

The data collected also include Lamborghini documents such as company presentations, organizational charts, number of dealerships, sales volumes, and confidential data ranging from internal task forces, process charts, and financial data, to future technological innovations. Our secondary data include 22 annual reports, press releases, videos and social media posts since 2012, magazine articles, newspaper interviews, website pages, and extracts from Factiva or patent databases. The diversity and extent of our data ensure the triangulation of our evidence (Jick, 1979). By verifying statements across interviews and informants and against secondary data, we mitigated the risk of retrospective bias.

Data Analysis

Our process theorizing results from a combination of coding, temporal bracketing, and causal loop diagrams. As is common practice for qualitative inquiry, our data collection and preliminary analysis proceeded concurrently. In 2015, after we had reached saturation in the data collection for our initial research question, we wrote a 400-page case narrative on the Aventador's development and shared it with our main informants. From 2016, as the research question had evolved through our preliminary analysis, we launched a second wave of interviews to better capture the organizational autonomy dynamics between Lamborghini and

Audi since the acquisition. One of the authors joined the research project in late 2017, after most of the empirical data had been collected, which ensured the high-level outsider perspective required for informed theorizing (Mantere and Ketokivi, 2013).

We began in-depth process analysis by open coding our entire data set (Strauss and Corbin, 1998). Following an abductive comparison process between our first-order codes and several bodies of literature (Strauss and Corbin, 1998; Corley and Gioia, 2011; Mantere and Ketokivi, 2013; Sætre and Van de Ven, 2021), we drew from the literatures on organizational autonomy, post-acquisition integration, organizational identity, and resource orchestration to identify the prior theoretical, second-order constructs in our data.

A process theorizing approach must "focus on the arrows" that capture the "dynamic relationships among the emergent concepts that describe or explain the phenomenon of interest," while making "clear all relevant data-to-theory connections" (Gioia, Corley, and Hamilton, 2013:22). Our analyses of the dialectical tension between the parent managers' thesis of autonomy reduction and the unit managers' antithesis of autonomy extension highlighted three clear turning points. In 2007, the development of the Aventador represented a first synthesis at the end of the post-acquisition integration phase and a turning point in the amalgamation trajectory which marked a reversal toward more autonomy. In 2015, the development of the Urus represented a second synthesis with renewed emphasis on VW group's corporate synergies and a turning point in the autonomy trajectory which marked a reversal toward amalgamation. We thus identified three dialectical cycles over three temporal brackets (1999–2007, 2008–2015, 2016–2020) (Langley, 1999) covering a 21-year period, which we describe by using our informants' own words as a "cleaning-up," a "stepping-out," and a "triple-jump" phase. A third turning point emerged in December 2019, as Lamborghini again regained more autonomy to ensure its distinctiveness, especially in its product strategy after 2020. This third reversal is consistent with our proposed process model.

For a process model to be internally valid and robust, the structure of relationships must endogenously explain and replicate the longitudinal dynamics of the phenomenon, including such reversals. Causal loop diagrams can powerfully model a structure of recursive relationships capable of explaining process dynamics across different temporal phases (see also Weick, 1979; Repenning and Sterman, 2002; Azoulay, Repenning, and Zuckerman, 2010; Dattée and Barlow, 2017). Best practice recommends starting such an analysis with the more tangible aspects of the empirical phenomenon. In the drafting phase, we initially used our detailed longitudinal data to identify the relationships among some of the first-order codes grounded in the empirical setting. For example, the use of "carry-over parts from the VW group" reduces "development costs." When building a causal loop diagram, it is crucial to confirm the polarity of these relationships. In a positive relationship, the direction of change in the effect is the same as the direction of change in the cause; in a negative relationship, the opposite occurs (Sterman, 2000). The polarity indicates the general direction of relative change but not the strength (e.g., slope) or shape (e.g., linear, logarithmic) of the relationship. We then conducted numerous iterations to abstract and simplify these relationships at the level of second-order theoretical concepts, while emphasizing managerial agency in the emerging model, to avoid determinism. For instance, we started with the relationship whereby parent managers' autonomy-reduction efforts led the unit to increasingly rely on access to the parent's resources: a classic search for synergies. As some of the relationships are recursive, the process model captures concurrent feedback loops. A reinforcing (coded R) feedback loop amplifies change and generates its own growth. A balancing (coded B) feedback loop is self-correcting and counteracts change.

We identified a structure of relationships, among prior theoretical constructs in the literature, which is tightly grounded in our data and internally consistent (see Figure 6). We used a replication strategy to verify the process model's internal validity, and our data

demonstrated that all the feedback loops among second-order constructs were present at each phase (Kouamé and Langley, 2018), albeit with different strengths over time. Nonetheless, to ensure clarity, we present our findings by building our model incrementally and adding the dominant recursive relationships in each temporal phase. In May 2019, we presented our findings to Lamborghini's directors (#8, #17, #19, #25), who confirmed the ongoing dialectic over organizational autonomy between themselves and the Audi managers. In March 2020, we conducted a final round of interviews with the third CEO (#48), three directors, and a manager (#16, #17, #19, #25) to refine our understanding of their initiatives vis-à-vis the parent managers in terms of products, processes, and resources. In December 2020 and February 2021, we interviewed a former general secretary and a former chairman and CEO of Audi AG, who both had extensive knowledge of the relationship from the parent company's perspective. Our process theorizing captures the recursive feedback loops among the dynamics of strategic integration, resource orchestration, and organizational identity and provides a cogent explanation for the longitudinal trajectory of Lamborghini's organizational autonomy (Tsang and Williams, 2012; Tsang, 2013).

FINDINGS

In this section, we present how the level of Lamborghini's organizational autonomy changed throughout the following phases: 1999–2007 ("cleaning-up"), 2008–2015 ("stepping-out"), and 2016–2020 ("triple-jump"). We demonstrate how the dialectical tension created by Audi managers' efforts to reduce Lamborghini's autonomy and the Lamborghini managers' efforts to extend their autonomy evolved and led to reversals in the autonomy trajectory. For each phase, Figures 3, 4, and 5 present the dominant relationships,[6] grounded in our empirical data, that drove those managerial efforts and created continuous feedback loops.

[6] All the relationships are present in the three phases, albeit possibly weakly, but we present the complete model incrementally by introducing the relationships that dominated during each phase. This stepwise approach is a

Phase 1: 1999–2007 ("Cleaning-up")

Audi managers push toward strategic integration. A search for synergies dominated the initial phase of Lamborghini's acquisition by Audi. By 1998, Lamborghini had reached a dire financial situation, as some directors (informants #13, #17) explained, with "always red figures, so it was a very difficult time."[7] Appointed in June 1999, the first CEO (#24) felt that the acquisition had probably resulted from a spending spree by the then-VW group chairman, Ferdinand Piëch. Nonetheless, Audi was impressed by the distinctive R&D capabilities of Lamborghini and followed a symbiotic post-acquisition approach to initially protect them.

A Lamborghini director (#7) described Audi's initial approach as a phase in which "first of all, they cleaned up […] by restoring some clear processes and rules" with clear responsibilities in different departments. Audi initially focused its integration efforts on the procurement and quality processes, both of which were at the core of its industrial logic, by appointing managers to Lamborghini with direct functional reporting:

> I was sent [2006] with the clear words: 'You are not going there to adapt to Lamborghini. You are going there to adapt Lamborghini to Audi'. (#27 Audi manager)

Audi introduced clear processes such as planning the product range, maintaining milestones in project development, and calculating the expected profitability of projects. For three years, Lamborghini employees were sent to Germany to acquire skills in the VW group databases and procedures. Given Lamborghini's prior poor performance, Audi managers had a low appraisal respect for the "weak structure" (#9) of Lamborghini's processes and drove intense efforts (#24) to reduce autonomy in these areas:

> In the beginning, it was just: 'You did this wrong. This is wrong. Do it in a different way. So, you have a problem, I'll send you somebody'; like a child. We were treated like a child! We went to the committees and they said 'No, you must do it like this, so go do it', 'Yeah, but...', 'No, don't speak,

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presentation choice to achieve clarity for the reader. In Figures 3, 4, and 5, we also separate each side of the dialectic during a temporal phase: the drivers of the thesis and the drivers of the antithesis.

[7] To emphasize the empirical grounding of our process theorizing, we integrate into the text verbatim phrases from our informants in quotations marks and indicate the informants' identification numbers from Table 1.

just do what I say'. (#23 former Lamborghini Director - 2000–2010)

To leverage the VW group's corporate synergies in procurement, Audi sent managers (a purchasing director, a commodity manager, and a lead buyer for electronics and interior parts) to ensure that Lamborghini began to use systems and components that Audi had already developed or that were available in the VW group, starting with the Gallardo's electrical infrastructure. As one of the R&D managers (#10) explained, Audi could really guide Lamborghini in accessing these "carry-over parts" without incurring development costs.

The first platform, Gallardo's development between 2001 and 2003, marked the beginning of significant integration by Audi. While the Murciélago used the steel chassis of the old Diablo, Audi relied on its core competence in aluminum to develop and produce the chassis of the Gallardo platform at its plant in Neckarsulm, Germany. As a Lamborghini director (#19) explained, Audi used the power of the VW group to provide Lamborghini access to large suppliers that had been out of reach:

> [Before] that time, we sold about 200-300 cars per year: you only created disturbance with the big suppliers. So, every time it was: 'Sorry Lamborghini we cannot.' After, with the arrival of the VW group [1998], it was clear that Audi was able to steer the big suppliers in order to say: 'If you want to have a new project for the VW Golf you must take Lamborghini into consideration, even if Lamborghini is not a positive business case [for you]'. This allowed us to reach suppliers that in the past were only a dream. (#19 Director)

As another director (#21) summarized, these efforts to reduce autonomy by forcing Lamborghini to access parent resources aimed to further exploit the VW group's corporate synergies because "if Lamborghini starts to do this alone, it's much more cost intensive." Through this access to Audi and VW group's resources, Lamborghini obtained lower costs, better technologies (#12), and improved quality (#26, #27). Market success reflected these outcomes, as Lamborghini sold more Gallardos (16,200) between 2003 and 2011 than all the cars they had sold in the previous 40 years (about 10,000 since 1963). As several directors explained, this strengthening performance eventually improved Lamborghini's standing within the VW group from "an almost dying company to a real jewel" (#23).

Hence, as Figure 3 (upper part) indicates, we posit that the parent managers' low appraisal respect for the unit's poor performance and weak organizational processes can induce high autonomy-reduction efforts. The unit must rely on its parent's resources, including shared components and group suppliers. Through strategic integration, these synergies can lead to a turnaround of the unit's performance, which, in turn, improves the parent managers' appraisal respect.

Figure 3

Lamborghini managers pull back. From 2005, the second CEO (#26) began to capitalize on the success of the Gallardo, to rebuild, practically from scratch, Lamborghini's distinctive image, which had seriously declined:

> When in the 90s, the company was taken over, the brand was in bits and pieces. It was all over the place and it had a pretty negative image or no image at all in the best cases. For us [in 2005] it was important to reset, and the reset was done in a very extreme way because we were hammering on the idea that we had nothing else and that we are the most extreme and uncompromising super-sports-car company. The values of the brand were expressed in three words: Italian, uncompromising, extreme... It's like reseting the computer, from 0 to 1. (#26 CEO)

To test the vision for their company, Lamborghini directors decided to develop a limited-series model, the Reventón, for the "monster price of one-million [euro] round figure" (#22). The second CEO (#26) explained that the signaling power and market success of this one-off strategy contributed to the brand image and generated incredible media coverage:

> The 'one-off' was our idea of trying to see how much the brand was consistent with our idea of the brand. At the beginning of 2007, we decided to go for the Reventón, which was based on the platform of the Murciélago […] for very few customers, but which contributes to the brand, and helps us really to have a big media feedback also. We discovered in this way that to launch a 'one-off' in terms of media value was the same as launching a completely new car, which for us was incredible! It was a gamble at the beginning to attempt but we were very successful. (#26 CEO)

The success of the Reventón reinforced the distinctiveness of the desired future image that Lamborghini managers projected to "keep the core aspects of Lamborghini" (#1):

> This is the clear vision we had since the beginning: unique product but based on a philosophy that is different from all the others. We have to demonstrate these in a clear way. It is really creating a separation in the mind-set of customers, between us and the others. (#25 Director)

However, as a result of Audi managers' autonomy-reduction efforts in the "cleaning-up" phase, Lamborghini had replicated some of Audi's processes across its departments, including

R&D, quality, purchasing, IT, and human resources. In addition to joining a product platform strategy with the Audi R8, Lamborghini had to gradually align its organizational structure with that of Audi. In order for Lamborghini staff to implement "exactly the same system as they have in Audi" (#25), they were sent to Germany to learn to use standardized documents and to follow the VW group methodology. As the synergies with the VW group became important (e.g., shared resources, carry-over-parts, replication of processes and capabilities), some informants felt that Lamborghini's external image was losing its distinctiveness:

> A lot of carry-over-parts [in the Gallardo] were modified for us, but the perception which I experienced personally was to be in an Audi, not in a Lamborghini. (#3 Buyer L3)

> The first step was the acquisition. It means to build a frame. We have to stay in the same frame; we have to develop the same language; we have to have a minimum standard in common. We were creating this ground zero. But then, the point is that if we continue in this way after the first phase, we are killing the diversity; and then even killing the potential. (#25 Director)

By 2007, when it was time to develop the next V12 model, Audi wanted to replicate the successful approach of the Murciélago and the Gallardo. Following its autonomy-reduction logic, Audi had planned to develop with Lamborghini a V12 platform based on Audi's aluminum space frame capability, use a powertrain with strong synergies with the VW group, and leave Lamborghini with only a few degrees of freedom in their car's development. The M&A literature would view this as the traditional end point of a symbiotic post-acquisition integration process: a critical point beyond which Lamborghini's trajectory after this first phase would naturally continue toward full amalgamation, with no organizational autonomy. However, at that moment, a crucial reversal in the autonomy dynamics occurred.

With Audi's proposal to develop the new V12 model based on a VW group platform, Lamborghini managers felt they should protect the company's distinctive external image:

> There still was a big group of guys who had been in Lamborghini for twenty years; they were the historical memory; the owners of how a Lamborghini should have been done. (#16 Manager L2)

The improvements in unit performance, especially in 2007 with the immediate market success of the one-off Reventón, encouraged Lamborghini managers to push their antithesis, counteracting the thesis of VW group's strategic integration, and attempt to regain

organizational autonomy. They needed to regain the discretion to achieve their "drastic vision" for the future (#19) and to "demonstrate again what [they] could do on the V12" (#6).

> In [2007], Lamborghini was about to develop probably the most important car, not for the volumes, but for the image, […] the Aventador; the flagship to replace the Murciélago. […] Because Lamborghini wanted to show Audi that they were capable of developing a complete car by themselves. Whereas the Gallardo was largely shared with the Audi R8, the Aventador is a very unique car in many respects. (#37 partner's VP)

Lamborghini managers wanted "to establish a visible mark in the market" (#38). The desired future image was thus translated into specifications for the product attributes to "bring the vision into the car" (#6). Their vision was to achieve the ultimate super-car that would establish industry benchmarks for the long term. The R&D department opened a blank page and "dreamt" (#19) up ideas, including sometimes "interesting but crazy ideas" (#7, #11).

> Our big challenge was to say if we really want to have a freshening up of the company to be at the top of the super sports car, it's time [2007] to do something really special, to define a product profile able to surprise, to do more compared to expectations. Aventador was exactly this: we had our vision which was really drastic. (#19 Director)

Lamborghini's higher performance during the first phase had enabled the accumulation of internal resources solely through sequenced investments of earnings from sales (#20). Because the company could not do everything at once or achieve "a quantum leap" (#24 CEO), resource orchestration was a core strategic issue, as a director (#20) explained:

> What I am proud of is that we succeeded in making a complete turnaround and bringing the company to a different level by using our resources, growing with our own forces, not knocking on the door of [Audi]. It was absolutely essential to have a return from what we did before in order to have the strength to keep the pace and even increase the pace in future years. It's all the company, all the people – we used what we had in a very wise way, looking at the mid-term perspective what was feasible or not; what we could afford or not. (#23 former Director 2000–2010)

At this turning point in 2007, Lamborghini managers leveraged their strengthening unit performance to regain some autonomy in their product definition. These managers presented their vision to Audi managers by saying "we will produce the best car you have ever seen" (#12) and requested additional autonomy by stepping out of the VW group's V12 platform.

> The difficulty was that during those years [2007-2008] Lamborghini wanted to protect the heritage to build very special cars for very special customers. They tried to avoid building a derivative of [Audi] cars. For Lamborghini, it was very important to protect their heritage, their DNA, their genes and that they're not being overruled by Audi in each and every topic. (#30 Audi Manager)

All the company-wide improvements during this first "cleaning-up" phase and the resulting operating profits increased Audi managers' appraisal respect for Lamborghini's resources and capabilities. This higher appraisal respect positively influenced their perception of Lamborghini's request to step out of the VW group's V12 platform. The approval of this request marked a first turning point and the synthesis of the first phase:

> With Gallardo we were able to create the right trust from our shareholders [Audi] that allowed them to take a decision to give much more freedom in the building of the Aventador (#19 Director)

Hence, as Figure 3 (lower part) indicates, we posit that the unit performance fuels the distinctiveness of the desired future image that unit managers project. However, by relying on and replicating the parent's resources, the unit managers may perceive that their unit's external image risks losing its distinctiveness. The discrepancy between the distinctiveness of their construed external image and the distinctiveness of their desired future image drives their autonomy-extension efforts to regain discretion in resource orchestration.

Phase 2: 2008–2015 ("Stepping-out")

For Lamborghini managers, the second phase of regaining autonomy, following the synthesis of the first phase, started by convincing Audi managers of their strategic vision's credibility. Greater discretion over their resource orchestration meant they could renew their distinctive resources either through direct internal investments or by learning from co-developments with external suppliers.

Regaining organizational autonomy to build distinctive resources internally. Lamborghini managers undertook resource-related actions to influence the ongoing development of their firm's sources of competitive advantage. They wanted more autonomy to tackle their resource weaknesses, i.e., missing resources, in order to realize their desired future image. The case of the carbon-fiber monocoque offers a cogent demonstration.

In 1983, Lamborghini developed its first carbon monocoque prototype based on the Countach. The first competitors to commercialize a carbon monocoque in limited editions

were Ferrari in 1993 with the F50 and McLaren in 1996 with their F1. As one Lamborghini director (#13) explained, the regulatory certification of a monocoque (a process called homologation) is extremely difficult, and the induced costs normally change the economics of these rare cars, often priced at several million euro. In the mid-2000s, Lamborghini failed again to obtain this regulatory approval for a monocoque for the Murciélago. Despite its high competency in carbon manufacturing, Lamborghini did not have the engineering competency:

> The problem is not to build a monocoque; the problem is to homologate a monocoque. It means that you can spend a hell of a lot of money to homologate a car. The story changed in 2006. I understood that we missed the competency in engineering simulation; to be cheap in development but reliable. We had a clear picture of what we were missing at the time in terms of competencies, what we didn't have in-house, in order to arrive at that level. But we didn't have a clear picture of what we should put in place in order to arrive at the final target. (#13 Manager L2)

Nonetheless, in 2007, Lamborghini directors had "made a strategic decision that carbon fiber was the future of [their] super sports car" (#17) and would give "Lamborghini a big unique selling point" (#23). Lamborghini managers now had to find a way to access and build this engineering competency as it would have been too risky to depend on external suppliers. Audi and the VW group had never had a case like this before (#3). Audi had strong capability in aluminum frames and was reluctant to allow Lamborghini to invest in these new distinctive resources. Lamborghini's CEO (#26) was convinced that this was a big jump into the future but realized that they were "risking the company." The CEO and another director (#19) had to "convince everybody that this [was] the right choice for Lamborghini." Yet, Audi managers had doubts that Lamborghini could simulate the crashworthiness of a carbon monocoque.

However, Lamborghini managers had been pursuing a parallel development to achieve this engineering competence. Scott Carson, Boeing's CEO at the time, had agreed to teach Lamborghini an approach to build a reliable simulation model of crashworthiness. Lamborghini gained access to Boeing Phantom Works and, between 2007 and 2011, sent several engineers to Seattle to learn from aeronautics:

> In 2005, we were convinced that we were the masters of carbon fiber. Then [in 2007] we went to Boeing and learned that, like Socrates, you don't know anything; you really are the poor guy.

> When we arrived there, we were really impressed by the level of competence in developing, validating, homologating and then manufacturing. They were really open and explained to us how to develop, engineer, and simulate components. And we learned a lot. We said, 'okay, guys we did it completely wrong.' (#13 Manager L2)

When Lamborghini brought Boeing's director of crashworthiness (the leader for Boeing 787's homologation by the Federal Aviation Authority) to the table, Audi perceived the credibility of the vision. The CEO of Lamborghini (#26) officially asked both the Audi and VW boards to allow them to step out of the group platform with a carbon-fiber monocoque, and presented a business plan to build their own plant in house. Martin Winterkorn, CEO of Volkswagen AG, who had been Audi's chairman of the board during the post-acquisition integration of Lamborghini, made the final decision to approve. Lamborghini directors and managers have acknowledged that this decision sent a very strong signal of Audi's support. Lamborghini financed all the necessary investments, converted a former storage area into their new composite center, and registered 11 patents to protect this distinctive capability. Until 2018, Lamborghini was the only car manufacturer with the resources to produce a carbon monocoque fully in house on a large scale. Lamborghini's engineers also learned Boeing's method of repairing carbon composite, which allowed Lamborghini to be the first car company to repair carbon fiber (#46) by providing a team of "flying doctors" (#18) in its after-sales support to customers worldwide.

Several factors facilitated this increase in organizational autonomy that Audi managers granted. Some Lamborghini people who had worked temporarily at Audi had gained credibility and were "Audi-proofed" (#16). Some Audi managers, sent to Lamborghini as members of the board, had helped other Lamborghini directors to change their "all-or-nothing approach" (#28) in order to "have a feeling for how decisions are made in the group" (#29). The gradual accumulation of appraisal respect led Audi managers, who had focused on standardizing processes and achieving platform synergies, to grant higher autonomy on the

V12 segment. Lamborghini was allowed to develop the Aventador with a carbon monocoque on their own, based on "mutual confidence on both sides" (#19, #25):

> This was the time [2007-2008] of the company growing up, to gain also the respect of the group. Lamborghini was always mentioned: "Yes, we have been in Lamborghini and these guys are doing a good job; they are managing the turnaround." And this changed [AUDI's] perspective and attitude. (#27 Audi manager)

> On the Audi board, we were convinced that you need, in order to enable the brand, something very special on the technological side. And I think it was also the main driver for the Aventador because the shelf was empty; there was nothing comparable to put forward. (#49 Audi executive)

As part of its resource orchestration to achieve a distinctive future image and do more by itself, Lamborghini continuously adjusted its level of vertical integration (#1). These choices allowed Lamborghini to retain control over strategic activities, such as engine management, design, body-in-white, engine assembly, painting, saddlery, and after-sales. While Audi developed and produced the aluminum chassis for the Gallardo and R8 in the Neckarsulm plant, Lamborghini developed and produced the carbon monocoque of the Aventador at the composite manufacturing center, which it built in Sant'Agata. Lamborghini also increased its design capabilities by recruiting designers for its Centrostile center. After an initial trial with a virtual design process for the Reventón, which a director (#22) felt had been "a huge achievement," Lamborghini became less dependent on the VW group's design capabilities.

Regaining organizational autonomy to access external suppliers' distinctive resources. However, in 2008, despite having regained organizational autonomy, Lamborghini still had limited resources for many of the radical innovations required to achieve their vision for the Aventador. Lamborghini engineers had a sense of what would be possible for the components (#11) but had to rely on external partners outside of the VW group's suppliers. One of the CEOs (#26) explained that these "strategic suppliers help you a lot if you do it in the right way." External suppliers are a source of new technologies (#14), and several managers emphasized the dual role of their R&D, whereby Lamborghini needed to have both "the know-how in-house and the management capacity to steer the suppliers in the right direction"

(#12). From their drastic vision, Lamborghini derived radical specifications for the Aventador's sub-systems and, because the required resources were not readily accessible via Audi or the VW group, had to convince external suppliers to develop them together. For example, the specifications for the Aventador's suspension, or gearbox, were "bordering on Formula One" (#38). Several suppliers replied that they needed more money or time or simply that Lamborghini were "crazy" (#10, #12). Many of these co-developed innovations were first-time applications for a series-production car and were really at the cutting edge (#8, #19).

> If we are just stepping into the supplier base of Audi, we will fail. If we were going on using just our small Italian suppliers, we would fail. We have to find the right compromise between the right processes, the right quality, the right prices, but also the right time to market, the right mind-set, and the right innovations. Now [2013], we have a good mix, I think, between Italian and smart suppliers, together with very big and stable suppliers with outstanding quality. (#6 Manager L2)

Engineers from the external suppliers often worked as residents in Lamborghini and "constantly had the chance to share knowledge" (#33) with Lamborghini people, who learned much from these co-developments (#12). Through these relationships and new ones they established, Lamborghini managers accessed novel ideas to develop their capabilities (#13).

The Aventador benefited from both economies of scope, by accessing Audi's resources, and a differentiation advantage, through its external suppliers' and its own distinctive resources:

> Our Aventador compared to competitors is cheap in terms of price, because if you want a mid-engine car, V12, naturally aspirated, with such performances, there are not so many cars at that price. We worked on Aventador in this segment to provide a car that, we can demonstrate, has performances quite close to the small-series production at one million [euro]. But we're offering it at one third of the price, having for sure more standard equipment in terms of safety. The Aventador has zero compromise for the safety of the driver or the passenger, all the airbags, the ESP, such things are not so often offered by competitors that are pricing their car at one million [euro] because they are doing 20, 30 cars per year. (#7 Director – 2013)

Hence, as Figure 4 (lower part) indicates, we posit that, as the unit performance improves, the parent managers raise their appraisal respect and loosen their autonomy-reduction efforts. With this regained autonomy, the unit's managers have the discretion to rely less on the parent's resources and to renew the distinctiveness of their unit's resources through direct investment and learning from co-developments with external partners. Distinctive resources

lead to improved performance, and by reinvesting, the unit can do more by itself and relies less on accessing external partners' resources.

Figure 4

Audi managers push back to cope with scale and complexity. Yet, with the substantial growth in the number of models, people, dealerships, resources, volumes, and revenues, Lamborghini's corresponding expansion in operations scale and complexity became a critical managerial challenge. This expansion reinforced the Audi managers' antithesis regarding the need to apply VW group processes. Lamborghini relied on the VW group to address the growing complexity of its global operations in terms of access to international markets, cultures, regulatory approvals, and legislation that would otherwise be difficult for a small brand like Lamborghini without the VW group's structure. Such growth and complexity (#20) eventually increased the Audi managers' autonomy-reduction efforts:

> The company has changed a lot since then [2011]. It has become a lot more process driven. Because of the success, Audi has become more involved; things really started changing with the Aventador's success. (#46 CEO – Partner – 2015)

> To be honest today [2016] it is not possible anymore to look inside each sub-program. This is too complex overall. In the future, we have to follow the approach of the group. […] We have to focus much more on processes – but without losing our flexibility. (#21 Director – Audi manager)

Given the larger volumes in the V10 segment, the Huracán was to be launched in 2016 as a common platform with the future Audi R8 but with specific characteristics. With plans for a third product line (Urus) that would double the size of the company, Audi managers started counteracting the thesis of Lamborghini's increasing autonomy. They pushed their antithesis regarding the VW group's corporate synergies, which implied reducing Lamborghini's organizational autonomy again. The decision to develop the Urus as a group platform marked a turning point and the synthesis of this second phase.

Hence, as Figure 4 (upper part) indicates, we posit that when the unit's performance substantially increases, its associated growth in scale, complexity, and strategic importance may raise concerns for the parent managers about the unit managers' ability to successfully

orchestrate their unit's resources at the next level of operations. These concerns can supersede gains in autonomy from previously accrued appraisal respect and lead to parent managers' renewed autonomy-reduction efforts through strategic integration.

Phase 3: 2016—2020 ("Triple jump")

The Lamborghini managers had always sought a third model, targeted at a broader market, to provide stability in volumes compared to the V12 and V10 segments. The Audi board decided to allow Lamborghini to develop a V8 "super" sports-utility vehicule (SUV), the Urus, but as a platform with the future Audi Q8. The Lamborghini managers perceived this decision as a clear sign of the parent company's appraisal of their higher capabilities. Yet, the introduction of the Urus was a "triple jump" (#19) for the company, given the three consecutive and challenging leaps forward created by the new V12, V10, and V8 models:

> Urus is something where we really need to respect the decision of our shareholder [Audi] because it's a moment when they say, 'we are trusting you and you can make a huge investment': doubling the company to 1500 people, doubling the volumes, really important investments, and a really dramatic challenge for the future. This for us was really a triple jump in a short time. But they trust in our brand, in our capability. (#19 Director)

Already in 2016, the Lamborghini managers recognized that such a triple jump would be possible only through the synergies realized by accessing the parent company's resources:

> We very much value the synergies with the [VW] group when, ideally, we choose to use them. Urus is the perfect example because we would never have been able to develop such a platform alone. The technology, the complexity under this platform is unbelievable. Nobody else, not even [a competitor], is able to develop a [super] SUV. (#17 Director)

As a member of Audi's board (#49) during that time explained, while Audi clearly recognized Lamborghini's organizational improvements since the Gallardo, the growth in scale and complexity expected from the Urus would require renewed strategic integration:

> I think especially at the Urus time [2016], you could sense that Lamborghini got itself stronger and the self-confidence also was there. It's now an adult company: we do not have to look after it like a child because they have stability in their processes. So, this was not like "are they able to develop a car again?" But still everybody was kind of careful because the path of growth for the company, coming from Aventador and Huracán, and then going with the Urus: this is another level of production! Different challenges were arising; the business challenges increased. We had intense discussions. That was my opinion from the Audi side: 'are you well prepared two or three years in advance? (#49 Audi executive)

Another Audi manager felt that Lamborghini was becoming "more and more a diamond in the group" (#28). Yet, as a result, the Lamborghini managers also felt that, as their unit's size and performance increased, Lamborghini gained strategic importance for their parent company and that this was reducing their own discretion over certain resource-orchestration decisions. A feedback loop began to dominate, whereby above a certain scale and complexity and in anticipation of important additional growth from the third model, the parent managers reinvigorated their autonomy-reduction efforts:

> Now [2020], we have more visibility in the group, more attention. Because the bigger you are the more relevant you become for the group, the more the group starts looking at you. And sometimes this also means, on specific topics that are relevant to [VW's CEO], more control. (#17 Director)

Upward transfers. Corporate strategic integration by accessing the parent's resources, specifically relying on shared product platforms and strictly applying group processes, again became the dominant thesis of this "triple-jump" phase. Another mechanism also eroded the distinctiveness of Lamborghini's resources over the long term, however. If a parent firm adopts ideas or capabilities developed autonomously by the unit, these upward transfers reduce the unit's distinctiveness. Over the years, the Audi managers started to transfer some of Lamborghini's innovations upward into their own models or processes. For example, Audi introduced an approach to customization that was influenced by Lamborghini's know-how (#28). Audi also started working directly with some of Lamborghini's external suppliers, thereby rendering them suppliers at the VW group level. Moreover, Audi started to develop its own capabilities in carbon composite. The body of the Huracán, a platform with the Audi R8, is partially carbon composite and produced by Audi in its new composite center in Neckarsulm, the historical heart of its competencies in aluminum. In 2016, Audi was in deep discussions (#30) with Lamborghini to ensure the upward transfer of its carbon composite know-how, thereby temporarily reducing the distinctiveness of Lamborghini's resources.

> Audi said: "Lamborghini has an excellence in composite. Now, we want to also be a leader in composite. So, we'll invest and build our own competence internally in Neckarsulm. But it's not only to hire people; it is also to know what is behind the process. What is happening now [2016] is

> that when Audi has a problem, they call us, and we go there. We did the training here for the auto, the press, the new technology. There is now a process to transfer know-how. (#13 Manager L2)

Hence, as Figure 5 (upper part) indicates, we posit that the unit's growth in scale, complexity, and strategic importance resulting from increased performance can remain a concern for parent managers. These complexity concerns may begin to dominate their perspective and lead to further autonomy-reduction efforts on their part. Furthermore, they may recognize and want to replicate some of the unit's sources of competitive advantage. Over the long term, these upward transfers of resources erode the distinctiveness of the unit's resources.

Figure 5

Lamborghini managers pull back again. In a process similar to the first phase, the dialectical tension grew over this third phase because the Lamborghini managers increasingly felt that given the VW group's focus on minimizing the number of product platforms, Lamborghini could again risk losing its distinctiveness. As one director (#25) explained, "if we go too much in this direction, tending to zero in terms of differences, then we are killing the potential." Lamborghini's managers thus gradually counteracted the thesis of VW group's corporate synergies, through their antithesis of a Lamborghini way across functions and products, specifically by requesting to "tailor-make some processes to [their] reality" (#20):

> The [VW] group is trying to minimize the number of platforms and components that can be offered to the different brands; it's complexity reduction. Now [2020], we, as Lamborghini, cannot fit in this project. We are moving in the other direction. Lamborghini said, "we cannot have the same engine as [other VW brands]." We need to have different sound, different stroke, different performance. Otherwise, if this is the feeling of a Lamborghini client: game over! (#48 CEO)

Lamborghini managers perceived that their success with Huracán and Urus gave them more credibility (#17): they had successfully risen to the managerial challenges of a larger scale. They started leveraging their improvement in profitability and their understanding of the competitive dynamics in the super-sports car segments to extend their autonomy:

> We believe that, compared to the [VW] group, we know much better the customer of a super-sports car. What we are asking is to be free to decide what to use from the [VW] group and what to develop internally, not only in terms of products but also in terms of procedures. We can design

> and produce a better product, more fitting to the needs of our customers. Whereas if we have to follow all the guidelines from the [VW] group, maybe this is not fitting so much. (#17 Director)

Audi executives recognized that it was "not necessary anymore to have supervisors everywhere" (#28) and that Lamborghini could benefit from adapting some of the processes:

> Now, we have the contrary effect: maybe we [Audi] have Lamborghini "too tight" within [VW] group processes and sometimes we lose maybe velocity, flexibility. Whereas [competitors], which are not that tight within [corporate] group structures, maybe have more flexibility. So, over the last years there was always a discussion: 'hey, give me more freedom now again at Lamborghini because if we have to fulfil all the requirements that you ask from the headquarters we are dead, we are ineffective.' (#49 Audi executive)

In December 2019, Lamborghini managers advocated their "own point of view on strategic topics" (#17) and convinced the Audi managers and the VW board to accept their proposed product strategy after the Urus and their plan for renewing Lamborghini's distinctive resources. It was another turning point. The growth in dialectical tension between the thesis of strategic integration and upward transfers and the antithesis of protecting the unit's distinctiveness led to a synthesis and a third reversal toward regained autonomy:

> Today [2020], if the group has allowed us to have autonomy, it's because we proved with Aventador, and with Huracán, and with Urus that we are able to choose the right specifications for the products. This is really something that has happened also in the last months at the [VW] group level, not only Audi level, but Volkswagen level. Based on the credibility over a long time period, we have the freedom to decide where we want to have an engagement of the [VW] group or where we want to do things alone, because it's cheaper and faster. (#19 Director)

> In the future portfolio that we now want [2020], it's clear that in terms of products we're going to have totally different models and totally different engines compared to the [VW] group. That's why last year [2019] we were pushing so much to keep the [technology] in our portfolio. Because I'm paid, by them, to protect this brand. We fight to make sure they [Audi / VW] understand what are the distinctive characteristics of the portfolio that we want to have for our customers. (#48 CEO)

After regaining organizational autonomy, the Lamborghini directors again initiated discussions at their board level to consider their future core competencies (#17) based on their accumulated experience in certain technologies, such as special electrical energy storage systems called supercapacitors:

> For the moment [2020], we are probably the only brand in the VW group to have ten years of experience in the use of supercapacitors. We had them in the Aventador. We know how to do that. The concept of the [Sián] supercapacitor was developed basically in-house. We already had all the specifications for the [hybrid] traction system, then we defined and developed all the components. We were driving the supplier because we had the competence in-house. (#16 Manager L2)

Hence, as Figure 5 (lower part) indicates, we posit that strategic integration and upward

transfers can erode the distinctiveness of the unit's resources. When the unit managers perceive a discrepancy between the distinctiveness of their construed external image and the distinctiveveness of their desired future image, they increase their autonomy-extension efforts to regain discretion in resource-orchestration decisions and to renew their distinctive resources.

Process Model of the Dynamics of Organizational Autonomy

As Figure 6 shows, our complete process model highlights the dialectic over resource orchestration between the parent managers' efforts to reduce the unit's autonomy and the unit managers' efforts to extend it. These relationships among prior theoretical constructs are firmly grounded in our empirical data and create a structure of recursive feedback loops that endogenously explain the complex, longitudinal trajectory of Lamborghini's degree of organizational autonomy over 21 years and across three temporal brackets.

Figure 6

The process model captures recursive feedback underlying the dynamics of organizational autonomy but is not deterministic. Indeed, our data demonstrate that managerial agency plays a key role and can generate oscillations in a unit's degree of organizational autonomy.

Managerial agency. The turning points that heralded dialectical syntheses and autonomy reversals depended on the agency and ability to deal with dualities of both the parent and unit managers. As a chairman and CEO of Audi AG emphasized (#50), the dynamics of organizational autonomy are "not a law of nature; it's about management principles." All three Lamborghini CEOs emphasized that the organizational autonomy dialectic required unit managers to engage with parent managers who are from "a big planet against a small satellite" (#26), but also to accept the "risk of autonomy":

> The degree of autonomy you can have is the one you want. Because if you go along with the stream your autonomy level is very small. If you feel that your job is not going along with the stream but trying to lead it in some way, then you have to accept the risk of major autonomy [laugh]. (#24 CEO 1999–2004)

> This is a constant, open dialogue. You need the openness of both parts. On our side, to understand why a big group works and does things in a way. On the other side, the managers of the bigger company to understand and be open to listen to the other people. This is one of the merits of the [VW] group that they were always open minded to changes and adaptation. (#26 CEO 2005–2016)

> You can have two kinds of managers. The ones who are much happier to stay within the comfort of being protected or the ones accepting risk, a lot of risk. [With the first kind], you are in a boat, but the rowing oars are inside the boat. There is potentially a very big problem of finding yourself in a very comfortable zone because the decisions are always taken by the [corporate] group, not by yourself. It could be very easy. But it's for sure not me. I don't want to go in that direction. I want to challenge the other way around to show that we are strong enough, to make sure that they rely on and trust us on what is best for our brand. (#48 CEO 2016–2020)

Oscillations. Our case empirically demonstrates oscillations in Lamborghini's degree of organizational autonomy, with three reversals between 1999 and 2020, which the structure of relationships in Figure 6 can endogenously explain. Figure 7 presents the evolution of Lamborghini's organizational autonomy from 1999 to 2020 as a longitudinal trajectory, beginning with the acquisition and with the three reversals (r) that mark the temporal phases.

Figure 7

DISCUSSION

We set out to analyze how organizational autonomy can evolve in a unit-parent relationship. Our process theorizing provides an internally consistent, empirically grounded explanation of the dynamics of organizational autonomy, defined as managerial discretion over resource-orchestration decisions, in a unit-parent relationship. Having conducted a detailed longitudinal case study, we propose a process model whose relationship structure captures the ongoing dialectic between the parent managers' thesis of firm-level integration through autonomy reduction and the unit manager's antithesis of unit distinctiveness through autonomy extension. The concurrent, recursive feedback loops can explain how a unit may regain organizational autonomy, despite an initial symbiotic post-acquisition integration process, a reversal that current theories in the literature cannot explain. Current frameworks mainly explore conditions for different degrees of organizational autonomy but say little about identifying and explaining the dynamics of autonomy. This limitation obscures the importance of recursive effects, potential reversals, or oscillations that could play out on

longer time scales. Consequently, these studies impede understanding of how firms deal with the autonomy dilemma and understanding of autonomy trajectories in a unit-parent relationship. Our theorizing captures processes that can generate fluctuations in resource-orchestration decisions within and beyond a post-acquisition integration phase. Hence, our longitudinal study allows us to make two main theoretical contributions that advance the organizational autonomy literature.

First, we provide a process model, in Figure 6, that explains the dynamics of organizational autonomy and can endogenously generate the oscillations demonstrated in our empirical data, as Figure 7 illustrates. Second, our process theorizing reveals a strong theoretical link between resource-orchestration decisions and dimensions of organizational identity (Gioia, Schultz, and Corley, 2000), and this link can drive organizational autonomy dynamics.

The Dynamics of Organizational Autonomy: A Dialectical Process

Our dialectical model offers a process theory of the dynamics of organizational autonomy and its trajectories. In the Lamborghini case, an acquisition triggered the unit-parent relationship, which starts from the top in Figure 7, but other unit-parent cases could start from any position on the vertical axis. Our empirical data demonstrate that the unit managers' degree of discretion over resource orchestration could oscillate, with reversals toward more or less organizational autonomy. As mentioned, these reversals in the autonomy trajectory are a counterintuitive finding. We refer to the domain in a unit-parent relationship in which oscillations in organizational autonomy are possible as a harmonic domain. The term "harmonic" conveys the idea in physical science of coupled oscillations over time; from a dialectical perspective, the term conveys synthesis based on mutual openness and respect—a kind of harmony—between both entities (i.e., without destroying or superseding each other, even if disagreements and conflicts exist).

However, several studies have demonstrated that a unit may move toward the extremes of

either complete amalgamation within its parent (e.g., Graebner et al., 2017) or, beyond corporate portfolio decisions, of complete organizational separation (Wiedner and Mantere, 2019). Since our data demonstrate the empirical possibility of oscillations, we deduce that the harmonic domain may likely be bounded so that beyond this domain, the dynamic of the process model would make the trajectory of the unit's organizational autonomy bifurcate toward these extremes, as Figure 8 illustrates.

Figure 8

With regard to the post-acquisition literature, our dialectical model goes beyond the dominant approach, which assumes that the parent's resources are excessively favored in a unidirectional (decreasing autonomy) and parent-driven reconfiguration of resources (Graebner et al., 2017); thus, this approach has overlooked fluctuations in change initiatives and implementations over time (Rouzies, Colman, and Angwin, 2018). Our findings further develop evidence that target managers may play an important role in this integration process (Meyer and Lieb-Dóczy, 2003; Graebner, 2004; Colman and Lunnan, 2011). Moreover, we demonstrate the potential limitation of recommendations that a symbiotic acquisition be a transient state prior to the achievement of amalgamation. Finally, while the M&A literature has investigated whether increasing target autonomy leads to improved performance (Datta and Grant, 1990; Puranam, Singh, and Zollo, 2006), we demonstrate the possibility of reverse causality whereby increased performance leads to additional autonomy, a finding coherent with recent studies (Wiedner and Mantere, 2019).

The reversals have three important implications for a theory of unit-parent organizational autonomy. First, they show the possibility, and the importance, of oscillations that act as a renewal mechanism in resource orchestration. During movements toward more autonomy, the unit can renew its distinctive resources internally or through absorptive capacity. During movements toward less autonomy, those distinctive resources can be transferred upward to

the parent company alongside the downward transfers, due to increased scale, complexity, and need for coordination and replication. By releasing their autonomy-reduction efforts at a point in time, the parent managers can later benefit from new upward transfers of resources.

Additionally, these oscillations can also benefit the unit. The value of the unit's relative organizational autonomy relates to the notion that a unit owns some strategic (i.e., valuable, rare, nonsubstitutable, and inimitable) resources, which either must be preserved for the firm's strategic imperatives or enable the unit's intraorganizational power. However, such strategic resources are temporary and will eventually disappear due to asset erosion (see Dierickx and Cool, 1989), competitors' imitations and innovations, rapid technological evolution, or other environmental changes, as several authors have demonstrated (Wiggins and Ruefli, 2002; D'Aveni, Dagnino, and Smith, 2010; Sirmon et al., 2010; McGrath, 2013). For example, a close competitor of Lamborghini has recently developed similar capabilities in carbon monocoque for a series production. A unit's distinctiveness will also disappear through integration efforts and upward transfers of its resources to the parent. Hence, without strategic resources left, the notion of a unit's organizational autonomy becomes less relevant and eventually withers away. Efforts to decrease autonomy will prevail and pull the unit toward amalgamation. Hence, the unit may also benefit from renewals in resource orchestration that occur during the oscillations.

Second, this harmonic domain and the underlying feedback loops presented in Figure 6 contribute to the study of managerial agency in organizational autonomy. By explaining the central roles of organizational identity and of appraisal respect, our process model contributes to literature that has explained organizational autonomy by considering the relationship between unit and parent managers to be an agency relationship (e.g., Hoenen and Kostova, 2015; Cavanagh et al., 2017) but that has overlooked its dynamics. The dialectical perspective explains how unit managers can develop initiatives and why parent managers may support

these initiatives, both missing dimensions in current literature (Cavanagh et al., 2017).

Third, our overall process model identifies maintaining managerial discretion over resource orchestration within the harmonic domain as a possible, but certainly not universal, solution to the organizational autonomy dilemma in a parent-unit relationship. Our findings avoid a static understanding of the degree of organizational autonomy and, instead, focus on organizational autonomy dynamics with fluctuations and reversals that both parent and unit managers initiate. Extending or reducing autonomy is only a transient objective, depending on where a unit is in the oscillation cycle shown in Figure 8. Our results provide opportunities to better understand the timing and pace of oscillations as well as the amplitude and preservation of the harmonic domain.

Resource Orchestration and Organizational Identity

Our process theorizing and case data offer strong evidence that a desired future image can provide a strategic vision that guides resource orchestration. Moreover, the data and theory detail how the stocks and flows of resources resulting from this resource orchestration can directly and indirectly influence the desired future image. Hence, they uniquely illustrate how, as Ravasi, Tripsas, and Langley (2020:5) summarized, the "concepts of strategy (what we do or plan to do) and organizational identity (who we think we are) are deeply intertwined and mutually influence one another." Consistent with the work of Schultz and Hernes (2020), our long-term longitudinal empirical research originally captures a sustained reciprocal interplay between strategy (i.e., resource orchestration) and identity. Moreover, our dialectical approach is particularly suited to empirically capture the role of discrepancies and misalignments as drivers of managerial agency, thereby addressing the limitations of literature that has mainly emphasized alignment and coherence in both concepts (Farjoun, 2019).

Previous research on discrepancies in temporal identity has been mostly past-oriented, i.e., representing misalignment between "who we are" and "who we used to be" (Ravasi, Tripsas,

and Langley, 2020). Our findings, in contrast, demonstrate that the future-oriented temporality of a dimension of organizational identity can drive "configuring" decisions in resource orchestration, providing a vision for future resource configuration. If a desired future image builds from the past, it also builds on recent resource-orchestration achievements to project new aspirations for the future, being different than "who we used to be." We find that misalignments between a construed external image and desired future image can drive managerial agency, i.e., misalignment between "how we think others currently perceive us" and "how we want others to perceive us in the future." Our process model thus offers a more diverse view of organizational identity and responds to recent calls (e.g., Wenzel et al., 2020) to better capture the dimensions of identity associated with strategy-related tasks. These findings extend recent work arguing that through the temporal projection of key characteristics of organizational identity (Venus, Stam, and Knippenberg, 2019), a strategic vision of change includes a vision of continuity. Our dialectical approach also demonstrates how agents can perform identity-consistent resource orchestration in response to a degraded image or unfulfilled desired future image, rather than searching for cognitive tactics to cope in order to reduce agents' discomfort and preserve the integrity of their collective self-perceptions (see, Wenzel et al., 2020).

In addition, while previous studies have focused on identity claims related to decisions about crafting and reinforcing a distinctive position vis-à-vis competitors (Ravasi, Tripsas, and Langley, 2020), our results show that this recursive interplay between identity and strategy may also occur for a unit vis-à-vis its parent. Asynchrony and discrepancy are ongoing drivers of organizational autonomy dynamics in our process model: a unit's organizational identity creates aspirations for the future and meaningfully frames the search for resource-orchestration autonomy. Resource-orchestration decisions both enact and change an organization's identity. Hence, by focusing on the strategy-identity nexus at the unit level

within a unit-parent relationship, our dialectical study extends the strategy-identity research.

Recent studies on the strategy-identity nexus have focused on the concepts of alignment and fit, as both are central to the organizational identity and strategy literatures. However, we find in our process model that the concept of distinctiveness is also important. Organizational identity is defined as the central, enduring, and distinctive attributes that position an organization and make it *different* from other organizations in a social space. Strategy is concerned with distinctive resources that make it difficult for other firms to imitate a firm's strategy. This distinctiveness enables the firm's competitive advantage. Hence, distinctiveness defines organizational identity, is teleological in strategy and resource-orchestration choices, and, as such, plays a central role in two parts of our process model: the distinctiveness of the resources and the distinctiveness of the organizational image. Both play an important role in the dynamics and trajectories of organizational autonomy.

Finally, the important roles of organizational identity (i.e., construed external image and desired future image) and of appraisal respect in our process model complement studies on resource orchestration or dynamic capabilities (Helfat and Martin, 2015; Huy and Zott, 2019). Our process model shows that resource orchestration and organizational identity are interrelated and must be considered equally. Moreover, we address the understudied question of how a firm's resource portfolio influences future resource-orchestration actions or changes (Helfat and Martin, 2015), and we offer insights into the underlying mechanisms of what actors do to renew their sources of competitive advantage (Vaara and Whittington, 2012).

Boundary Conditions and Future Research

Our process theorizing provides a conceptual model, shown in Figure 6, that identifies generative mechanisms leading to the empirical oscillations shown in Figure 7. This, in turn, allows us to infer an insightful general case and to introduce the notion of a harmonic domain in Figure 8. However, our process model and the harmonic domain of oscillations have

boundary conditions, which offer exciting avenues for further research.

The process model in Figure 6 is relevant to the broad issue of a unit-parent organizational autonomy dynamic in multi-unit settings (i.e., between a subordinate unit and its superordinate parent). It could even provide insights into organizational restructuring, when an organization makes a major reconfiguration of its administrative structure, which implies the reconfiguration of organizational autonomy over resource decisions. However, the dialectic between a unit's organizational identity and a parent's integration logic drives the dynamics in our model. Thus, our process model would not provide new insights for conglomerates pursuing unrelated diversification, in which an organization adopts a purely financial perspective to manage their portfolio units and avoids unit-parent sharing of non-financial resources. An absorption acquisition is also a special case of our process model, whereby brutal autonomy-reduction efforts constantly dominate the dynamics and bring the acquired unit's organizational autonomy toward amalgamation. Furthermore, if a unit has a weak or rapidly transient organizational identity, the unit managers' autonomy-extension efforts would probably dissipate, and the dynamic of the process model would stall.

Moreover, as Langley et al. (2013) note, the diagrammatical representation of processes "clearly presents researchers with challenges and trade-offs" in accurately but concisely projecting ongoing dynamics onto a "static two-dimensional page." While a causal loop diagram unambiguously captures the polarity of each relationship, the arrows abstract the causal complexity of the process theorization. The direction of change in each causal relationship is clear, but its strength and shape are a function of managerial agency and are idiosyncratic to each organization. For a given unit-parent relationship, each causal arrow may present nonlinear effects, dissipation, or hysteresis, which would affect its strength and effectiveness. Hence, autonomy efforts may fail either because they are superseded by other feedback loops at a point in time or because of weak managerial capabilities to enact certain

feedback loops. Moreover, other factors and tensions not captured by our data may influence these relationships. Thus, Figure 6 captures a structure of relationships leading to many possible organizational autonomy dynamics, and the idiosyncratic characteristics of a unit-parent relationship will determine which trajectory occurs. Future research must further identify those characteristics.

Strategy scholars would also need to characterize the boundary conditions of a harmonic domain, i.e., find the ranges of parameters in which oscillations in the trajectory emerge and persist. This was not possible in our study given its research design, but future comparative studies could examine the limits by which a harmonic domain is bounded, that is, when the ongoing dialectical process driving oscillations stops, and the organizational autonomy trajectory bifurcates outside the harmonic domain toward the extremes of amalgamation or separation. The tension between the unit managers' autonomy-extension efforts and parent managers' autonomy-reduction efforts drives the dialectic. Both must be present and likely match each other's strength, albeit with a time delay (Boumgarden, Nickerson and Zenger, 2012), for autonomy oscillations to exist. Yet, is there a maximum extent of autonomy oscillations beyond which a harmonic domain becomes unsustainable?

The harmonic domain also invites other research questions about its outcomes, management, and the shape of an organizational autonomy trajectory. One question would be to determine the conditions under which both organizations benefit from maintaining the unit-parent relationship within its harmonic domain, to ensure either the success of an acquisition or the renewal of a unit's and parent's resources. It would then be important to know how to enable or nurture oscillations in organizational autonomy and resource orchestration. Which types of management and control are better adapted to each oscillation phase and allow timely autonomy reversals within the harmonic domain? Which frequencies of these oscillations are most productive according to a firm's environment or objectives, such as achieving

ambidexterity? For instance, should this rhythm be synchronized with "the industry clock speed" (Fine, 1998), which determines the time available to absorb, accumulate, and transfer new distinctive resources?

CONCLUSION

Using our case study of Automobili Lamborghini's relationship with its parent company, Audi AG, over a 21-year period, we present a novel process model of organizational autonomy dynamics. Our process theorizing accounts for the central role of ongoing dialectical tension between the parent managers' autonomy-reduction efforts, based on their appraisal of the unit's managers and search for firm-wide strategic integration, and the unit managers' autonomy-extension efforts, informed by the unit's organizational identity and search for distinctiveness. Our theory also shows how a desired future image of organizational identity may provide the strategic vision that guides managers' resource orchestration to renew these distinctive resources and capabilities. Instead of focusing on identifying an appropriate, but necessarily temporary, degree of organizational autonomy, our findings demonstrate that managing this dynamic is important for the unit and parent. The presence of oscillations in organizational autonomy and of a harmonic domain indicates an avenue for strategic management and organization research that is exciting and relevant for managerial practice. Overall, by offering a process model that can inform future research, these findings move the conversation on organizational autonomy toward examination of its dynamics and trajectories.

FIGURES AND TABLE

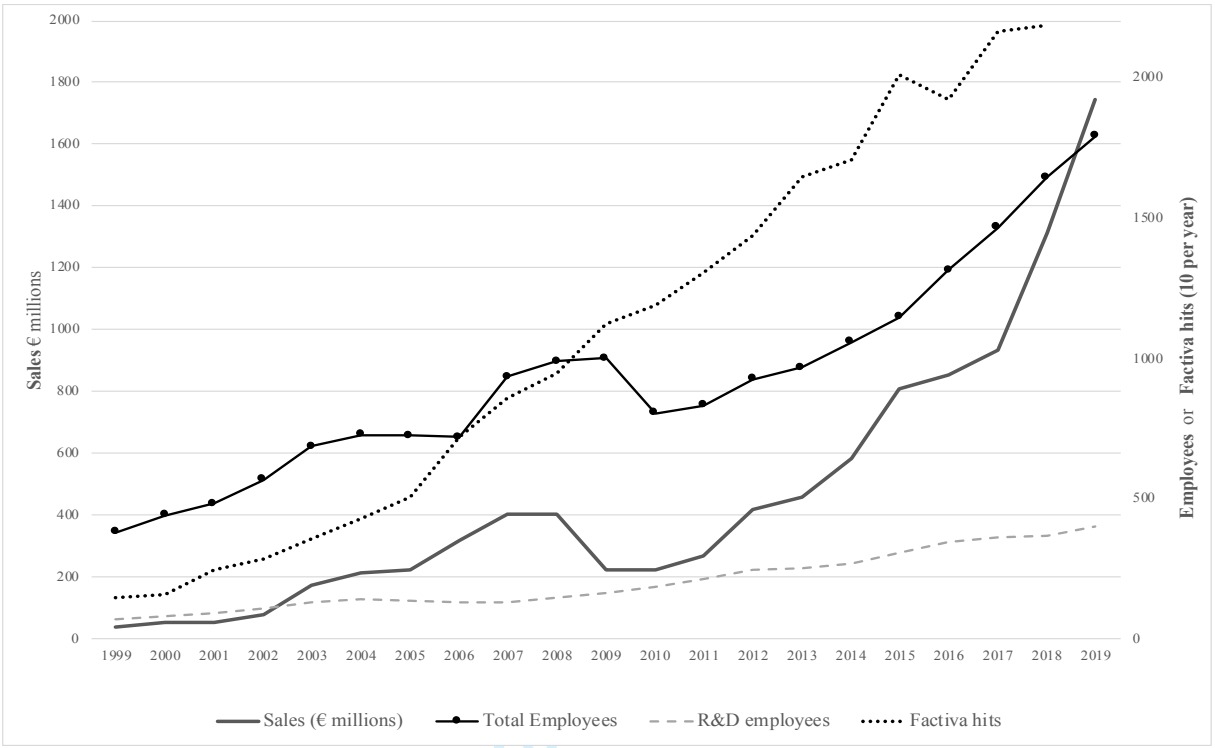


Figure 1: Lamborghini 1999–2019: Sales, headcount, R&D employees, and press coverage

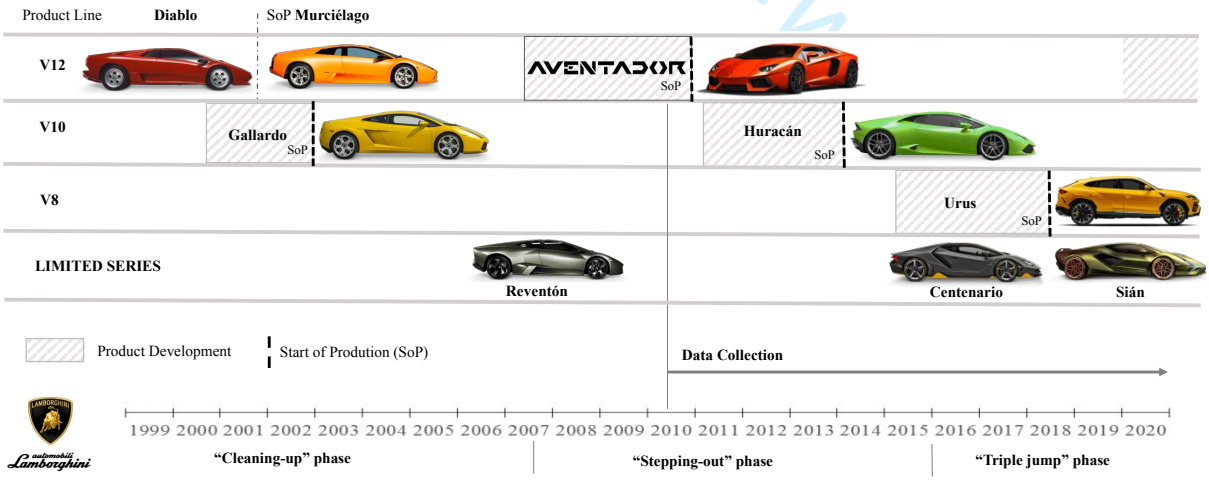


Figure 2 : Products timeline, data collection, and temporal brackets

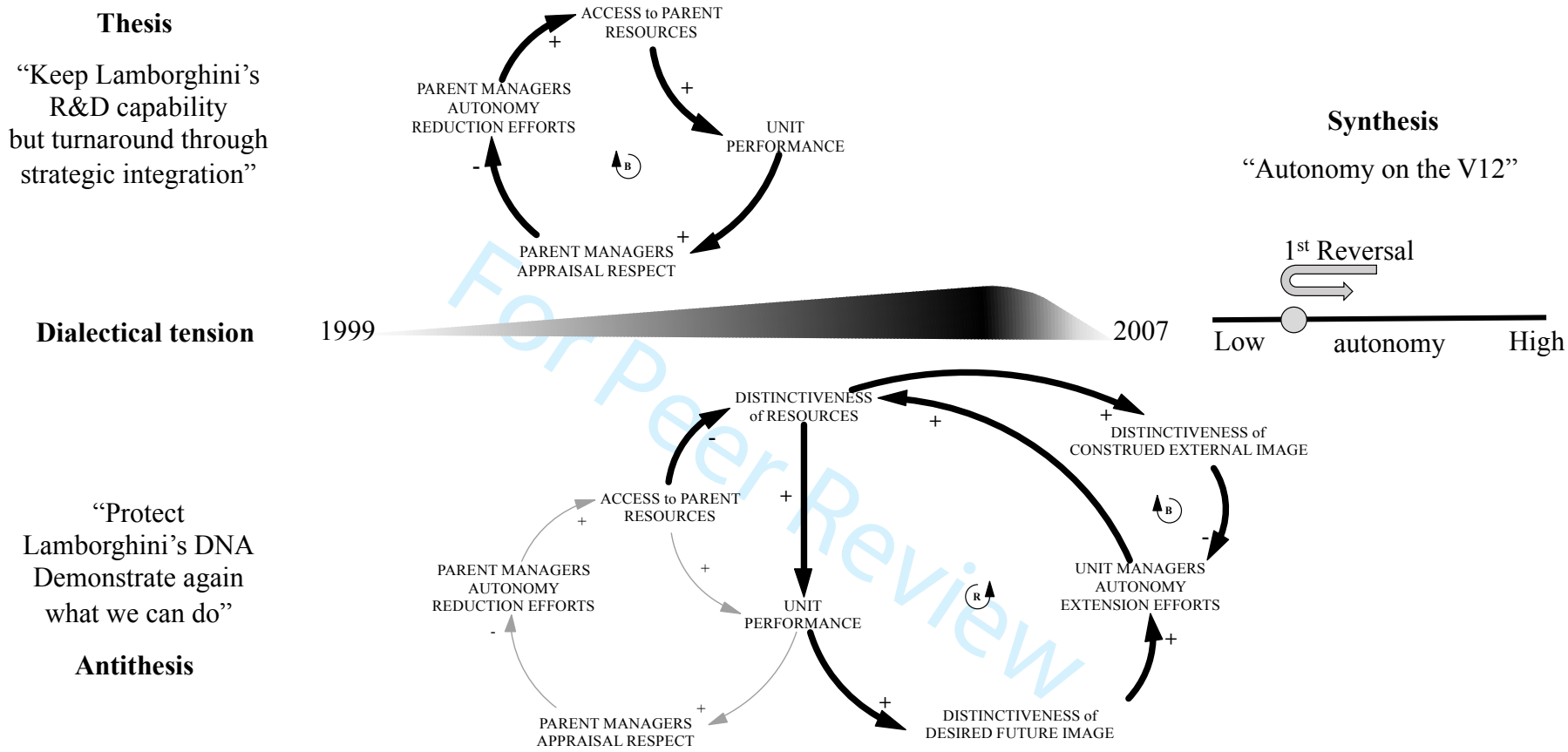
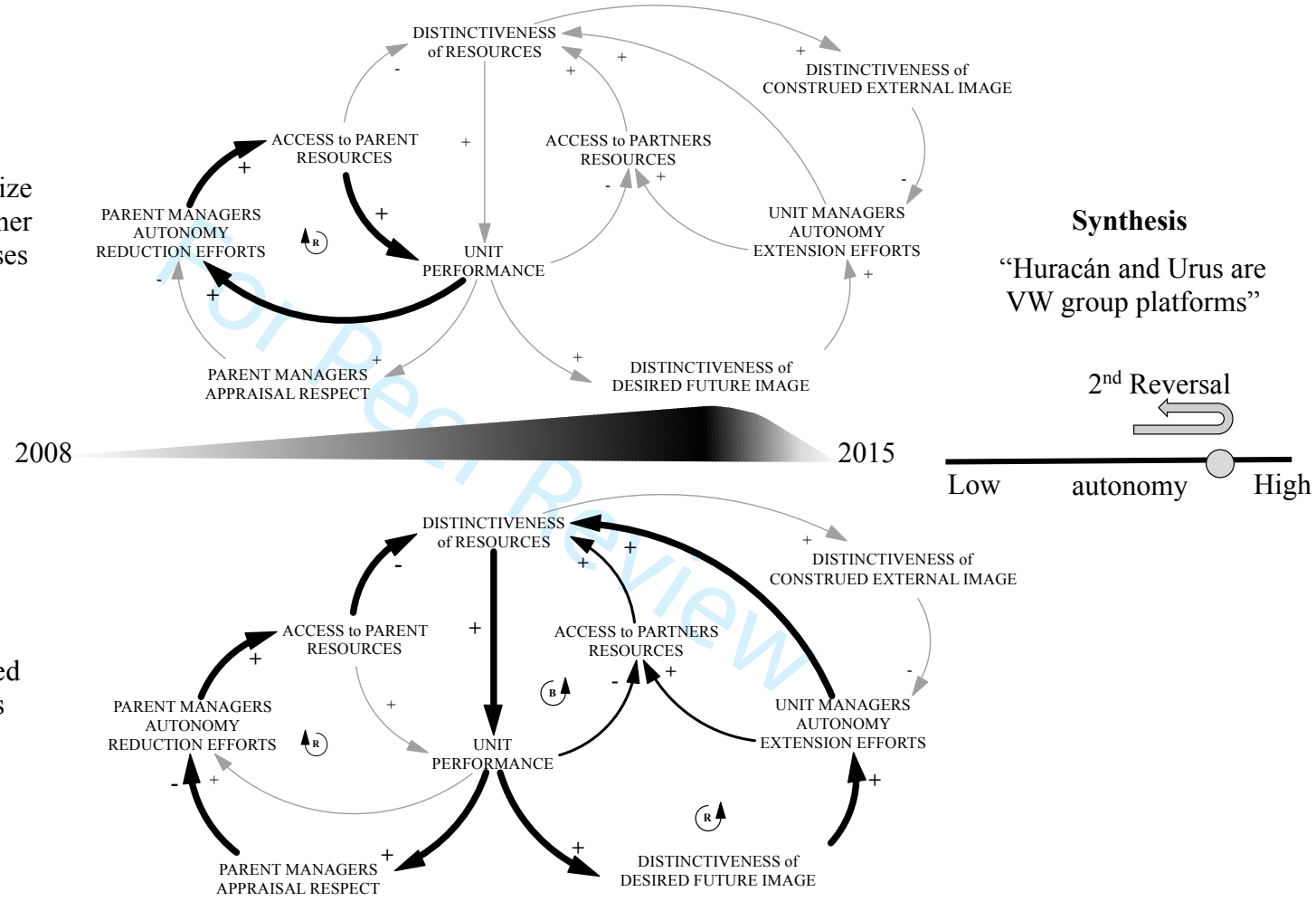


Figure 3: Dialectical tension during the post-acquisition integration "cleaning-up" phase, 1999–2007

Antithesis

"Lamborghini, due to its size and importance, must further use the VW group processes and platforms to keep growing"



Synthesis

"Huracán and Urus are VW group platforms"

2nd Reversal

Low autonomy High

Dialectical tension

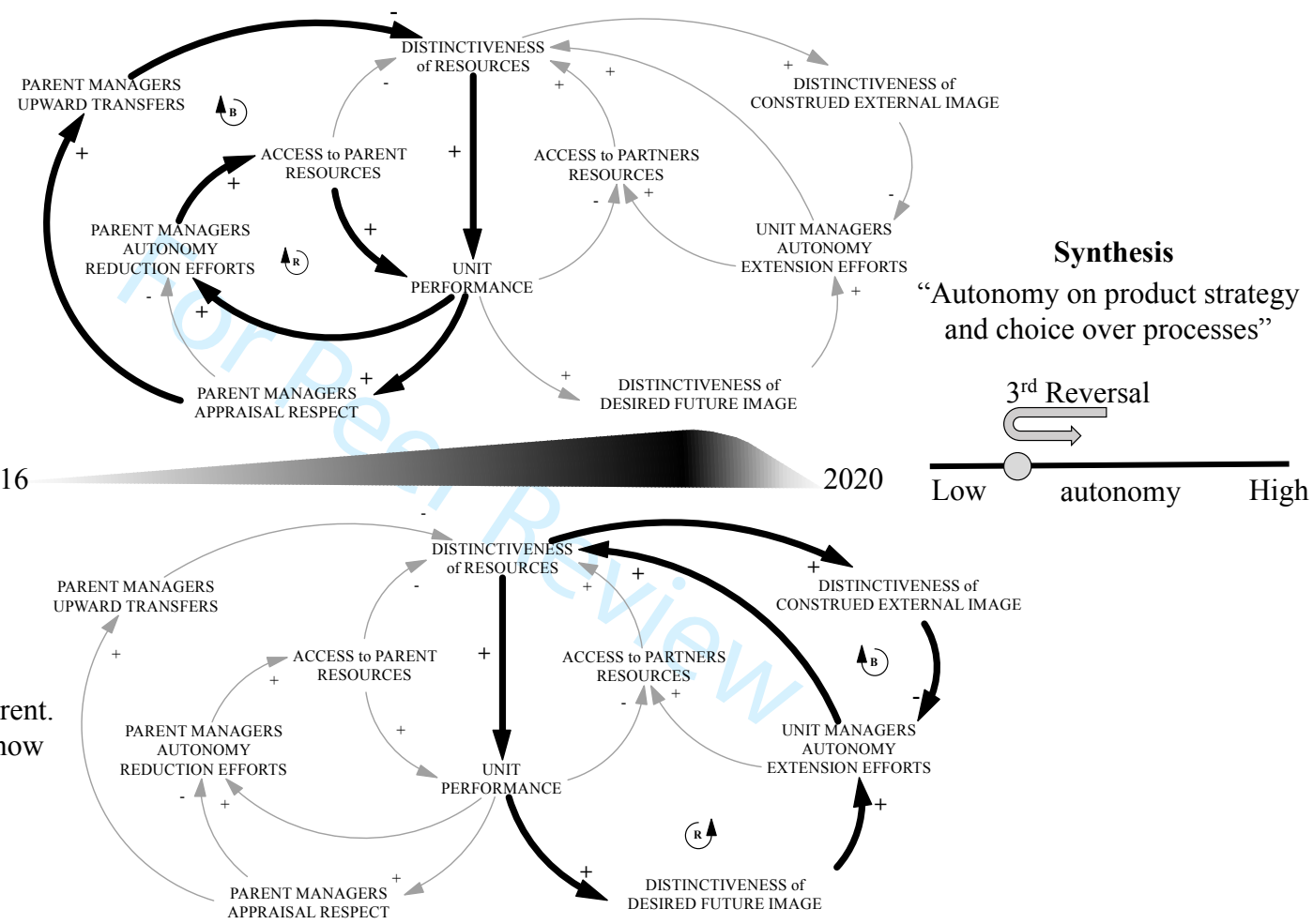
"Lamborghini must be granted more autonomy to renew its distinctive resources"

Thesis

Figure 4: Dialectical tension during the "stepping-out" phase, 2008–2015

Thesis

"Upward transfers and minimizing the number of VW group platforms"



Synthesis

"Autonomy on product strategy and choice over processes"

"The 'Lamborghini way' is different. Look at our performance: we know what's best for the brand"

Antithesis

Figure 5: Dialectical tension during the "triple jump" phase, 2016–2020

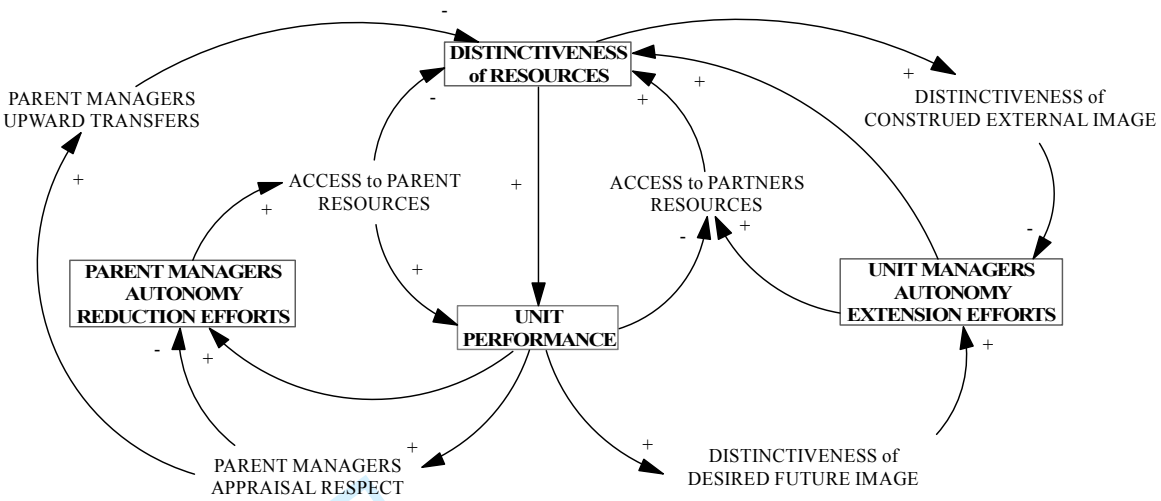


Figure 6: A process model of organizational autonomy dynamics

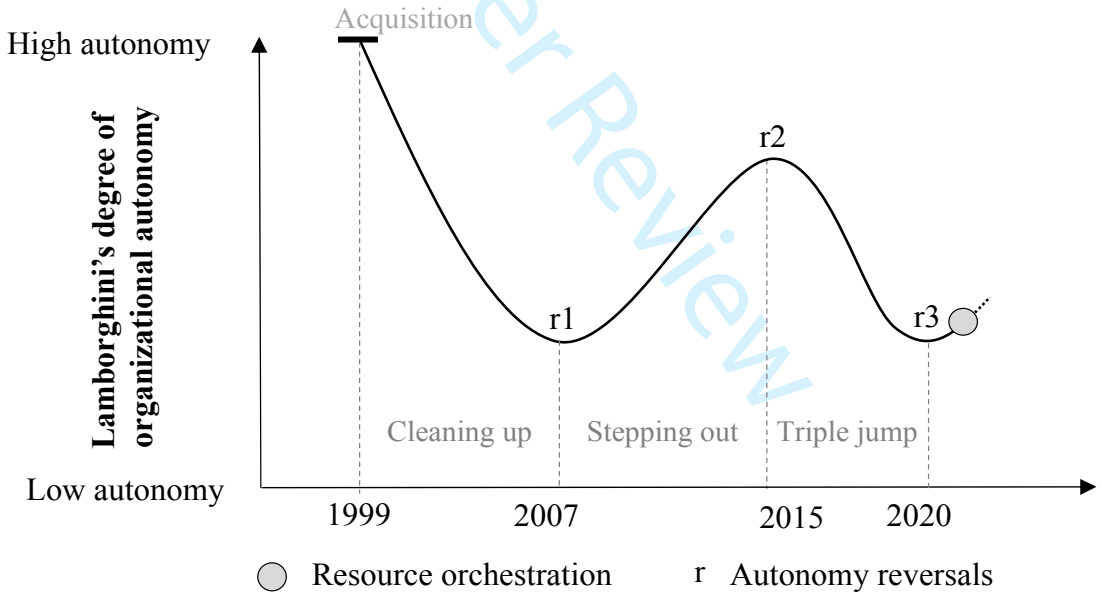


Figure 7: Lamborghini's organizational autonomy oscillations

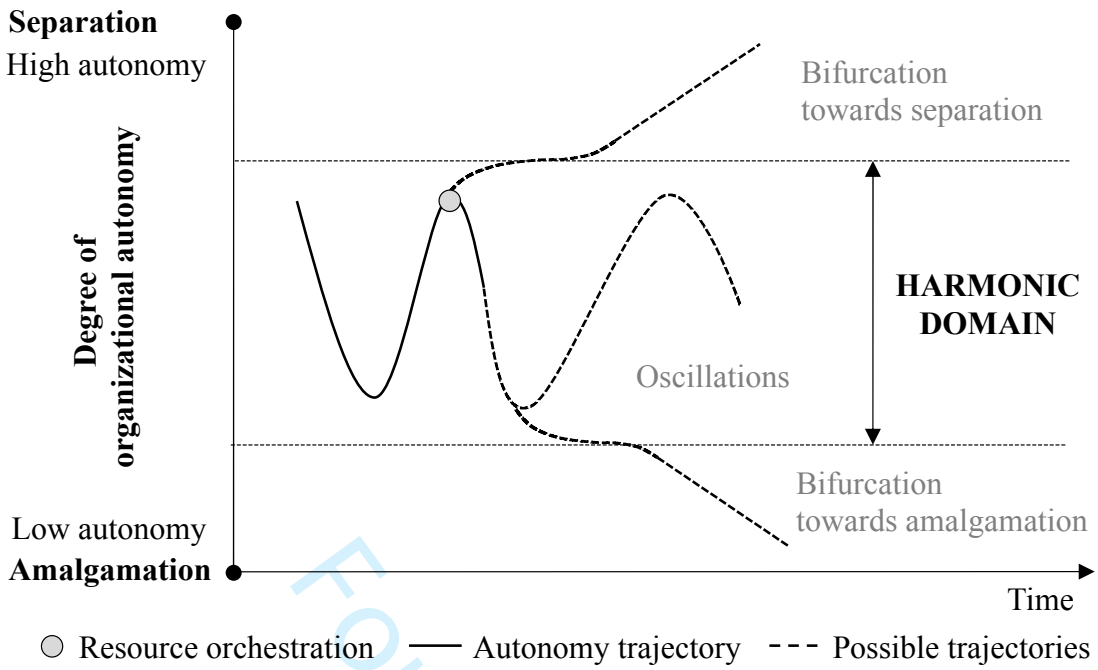


Figure 8: Harmonic domain and bifurcations of organizational autonomy

Table 1: Interviews Lamborghini, Audi, Partners

Informant #	Hierarchical Level	Position	LAMBORGHINI Functions	Tenure since	# of interviews 49 Interviews (2592 min)	Dates of Interviews	Dates of Meetings
24	L0	CEO	CEO	1999 - 2004	1	Nov-17	
26	L0	CEO	CEO	2005 - 2016	1	Feb-16	
48	L0	CEO	CEO	2016 - 2020	1	Mar-20	
22	L1	Director	Design	2003-2016	1	Apr-16	
7	L1	Director	Finance	2004	1	May-13	
23	L1	Director	Finance	2000-2010	1	Apr-16	
25	L1	Director	Human Resources	2006	2	Nov-17 Mar-20	May-19
18	L1	Director	Marketing	2006	1	Jan-16	
2	L1	Director	Production	2002	1	Nov-10	
21	L1	Director	Quality	2015	1	Apr-16	
19	L1	Director	Research and Development	1995	3	Feb-16 Jun-17 Mar-20	May-19
20	L1	Director	Sales / Project Management	1998	1	Mar-16	
17	L1	Director	Strategy	2014	4	Jan-16 Feb-16 Mar-20	May-19
6	L2	Manager	Finance	2010	1	May-13	
1	L2	Manager	Purchasing	2001	3	Sep-12 Feb-13 Feb-16	May-11
8	L2	Manager	Research and Development	2001	2	Sep-12 Feb-13	Feb-15 May-19
11	L2	Manager	Research and Development	2003	1	Sep-13	
12	L2	Manager	Research and Development	2001	3	Nov-13 Nov-13 Nov-13	
13	L2	Manager	Research and Development	2001	2	Nov-13 Apr-16	
16	L2	Manager	Research and Development	2000	3	Mar-16 Apr-16 Mar-20	
3	L3	Buyer	Purchasing	2010	6	Sep-12 Feb-13 May-13	
4	L3	Buyer	Purchasing	2010-2016	3	May-13 May-13 Nov-13	
5	L3	Buyer	Purchasing	2003	2	May-13 Sep-13	
9	L3	Engineer	Research and Development	1998	1	Sep-13	
10	L3	Engineer	Research and Development	1994	1	Sep-13	
14	L3	Engineer	Research and Development	1985-1994 / 2000 -	1	Nov-13	
15	L3	Engineer	Research and Development	2001	1	Nov-13	
Informant #		**Position**	**AUDI Functions**		**6 Interviews (303 min)**	**Dates of interviews**	
27		Director	Quality		1	Apr-16	
28		Director	Quality		1	Apr-16	
29		Director	Purchasing		1	May-16	
30		Director	Research and Development		1	May-16	
49		Director	General Secretary / Head of Corporate Strategy		1	Dec-20	
50		CEO	CEO and Chairman of Board AUDI AG		1	Feb-21	
Informant #	**Embedded Cases**	**Position**	**PARTNERS Functions**		**22 Interviews (1249 min)**	**Dates of interviews**	
31	Supercapacitor	Director	Sales		2	May-14 May-14	
32	Supercapacitor	Manager	Research and Development		1	May-14	
33	Supercapacitor	Engineer	Research and Development		1	May-13	
34	Supercapacitor	Director	Research and Development		1	May-13	
35	Supercapacitor	CEO	CEO		1	May-13	
36	Gearbox	Manager	Sales		1	May-14	
37	Gearbox	Director	Vice President		1	May-14	
38	Gearbox	Director	Head of BU		1	May-14	
39	Gearbox	Engineer	Research and Development		1	May-14	
40	Lifting system	Manager	Sales		1	Jun-14	
41	Lifting system	Engineer	Research and Development		2	Jun-14 Jun-14	
42	Suspension	Manager	Research and Development		1	Jun-14	
43	Suspension	Manager	Sales		2	Sep-14 Sep-14	
44	Suspension	Director	Head of BU		2	Sep-14 Sep-14	
45	Suspension	Engineer	Research and Development		1	Sep-14	
46	Monocoque	CEO	CEO		1	Sep-15	
47	Tailpipe	CEO	CEO		2	Sep-14 Sep-14	
				TOTAL	**77**		
					4144 min		

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