Socio-cultural integration in mergers and acquisitions – The Nordic approach
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Palgrave Macmillan

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The Triggers and Types of Emotions Emerging in M&As

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Abstract

This chapter digs deeper into the theory and practice of why and how emotions emerge during mergers and acquisitions (M&As). The chapter discusses emotions from a cognitive appraisal theory viewpoint, and examines them in practice through a case study of a Finnish–German acquisition where employees were invited to reflect on their emotions regarding integration. The findings suggest that acquisitions raise several emotions, both positive and negative, both in the acquiring and acquired companies. These emotions are triggered by events employees perceive as personally relevant in the workplace. The conclusions offer managers ideas on how to foster positive emotions at different organisational levels to enable smoother and swifter integration following an acquisition.

Keywords: emotion, emotion triggers, cognitive appraisal

Understanding emotions in theory

Emotion in the psychology literature

In the psychology literature, the study of emotions consists of many schools of thought. The James–Lange theory posits that emotional experiences are secondary phenomena to perceiving somatic and visceral changes due to external stimuli. In effect, this means that the experience of happiness is not the cause but the effect of smiling (Lang, 1994). The Cannon–Bard theory was born partly as a response to the James–Lange theory and defines emotion as a simultaneous physiological and psychological (emotional experience) response to stimuli; for example, fright increases the heart rate. According to this theory, a smile and the experience of happiness occur simultaneously (Cannon, 1927).

The Zajonc theory claims that affective reactions are primary and inescapable. Zajonc posits that affect can precede and be separate from cognition; that an individual can automatically react emotionally to an unknown

stimulus such as by being frightened by an unknown sound or animal. Smiling and the feeling of happiness could thus occur without recognition or an acknowledged reason (Zajonc, 1980). The two-factor theory, also known as the Schachter–Singer theory, suggests that the psychological experience (emotion) can be labelled through cognitive interpretation. Thus, interpreting the experience allows individuals to recognise and label happiness (Schachter & Singer, 1962). Similarly, the cognitive appraisal theory emphasises cognition, but as a necessary antecedent of emotion. This theory suggests that emotions arise as a response to stimuli based on an appraisal of the situation. Thus, happiness and smiling are triggered by an event that is interpreted as pleasing (Lazarus, 1991). Here, the cognitive appraisal theory viewpoint is adopted, as this chapter is based on considering M&As as potential emotion triggers. This approach is also common in M&A research focusing on emotion (e.g. Kusstatscher & Cooper, 2005; Sinkovics et al., 2011).

Cognitive appraisal theory

Cognitive appraisal theory has its roots in the 1960s, when it was argued that to experience emotions requires perception and appraisal; that judgments cannot be made of the unknown, so personal relevance is revealed only when a situation is judged based on previous experience (Arnold, 1960). Evaluation as it is meant here can be conscious or unconscious; it can happen so instantaneously that an individual does not recognise its occurrence in the moment. Based on the importance of appraisal, 'emotions are brief, multisystem responses to some change in the way people interpret – or appraise – their current circumstances' (Fredrickson, 2013, p. 3). Emotions then consist of an antecedent event, an appraisal of that event and a reaction to the outcome of that appraisal. The response tendencies include, but are not limited to, the subjective experience of an emotion, congruent facial expressions and other physiological signs such as blushing or an accelerated heart rate (Fredrickson, 2001). Here, emphasis is placed on the subjective experience, as the focus is on finding what emotional experiences employees have during the course of a cross-border M&A.

Due to their response nature, emotions are short-lived – as the triggering event passes, so does the emotion. However, at the same time, they are dynamic, changing and context-sensitive (Fredrickson, 2002). Emotions allow individuals to react flexibly and dynamically to changes in their environment (Scherer, 2009). Emotions vary over time and are often in a state of flux (Solomon, 2003). They change daily, or even momentarily (Ashkanasy, 2003). Individuals constantly interpret, evaluate and react to the environment, causing emotions to fluctuate. For

example, beginning a task enthusiastically may turn into frustration and anger if circumstances prevent wished-for progress (Smith & Ellsworth, 1985).

Emotion as a dynamic process

The dynamic nature of emotions can be described as a move along the stages of anticipation, provocation, unfolding and outcome. Anticipation refers to cues or warnings that an emotional experience is approaching. This allows individuals to prepare for the emotional experience; to engage in anticipatory coping. Sometimes, such anticipation allows us to not only prepare for but change the experience. However, because anticipation creates expectations, individuals are not neutral before the emotional encounter. These expectations and beliefs about what is to come in part cause us to react in certain ways. For example, very positive expectations increase the likelihood of disappointment because the expectations are not met (Lazarus, 1991).

Provocation refers to any event that an individual perceives as changing the relationship between the self and the environment, thus causing an emotional reaction. The change may be towards benefit or harm – or a lack of change from the harmful to the beneficial. Unfolding refers to the contents of the immediate emotional reaction; how the cognitive, motivational, emotional and coping processes occur. Finally, the outcome refers to the resulting emotional state that reflects how the event was appraised during the dynamic stages with regard to the well-being of the self. This reflection largely stems out of whether or not individuals' goals and expectations have been realised (Lazarus, 1991). It is the outcome of the dynamic process that individuals habitually label as emotions, whereas the stages of anticipation, provocation and unfolding can be considered as parts of the emotion trigger and appraisal (see Figure 2.1).

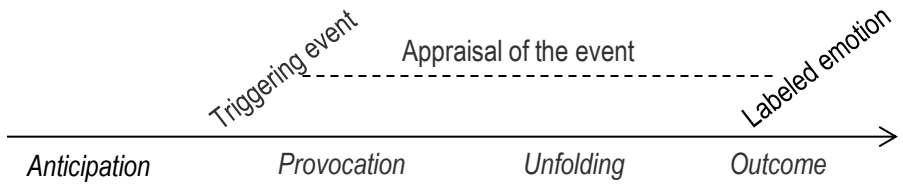

Figure 2.1 The dynamic process of emotion

Valence and arousal

Often, emotions are thought to include two dimensions: valence (positive–negative) and arousal (activation) (e.g. Warr, 1990; Warr & Inceoglu, 2012; Watson & Tellegen, 1985). However, an interesting dilemma in emotion research is the division between positive and negative. Whereas theoretically, emotions can be thought to include an element of pleasure or displeasure, it is the individual who will ultimately label the experience as good or bad. For example, interpretations may change depending on whether the individual labels the emotion as positive or negative from his own subjective viewpoint or in a contextual light – or based on the outcome (Lazarus, 1991). A person may experience love as a negative emotion if it is one-sided, or anger as positive if it leads to cleaning the house quickly and efficiently.

Similarly, positive and negative in terms of affect are not necessarily opposites. Instead, each can be considered to have a low or high state. This means that a highly positive experience is not the opposite of a highly negative experience, but of a low positive one. For example, the highly positive and activating state of excitement can be considered opposite to the low positive and inactive state of dullness, whereas the highly negative and activating fear can be considered opposite to the low negative and inactive relaxation (Watson & Tellegen, 1985).

Categorising emotions

Based on these characteristics – valence and arousal –, many categorisations have been made and found useful by subsequent research (see Table 2.1). However, here the focus is on Lazarus' (1993) established categorisation due to the clarity it provides in describing the connection between the cognitive process and subsequent emotional experience. This categorisation highlights the cognitive appraisal theory, depicting that emotions arise from an evaluation of the situation (i.e. are triggered). Lazarus (1993) suggests that each emotion has a core relational theme, a different appraisal pattern that distinguishes it from other emotions. Happiness, for example, is triggered when an individual perceives progress towards a goal. According to this categorisation, there are four positive (happiness, pride, relief, love), nine negative (anger, fright, anxiety, guilt, shame, sadness, envy, jealousy, disgust) and two mixed (hope, compassion) emotions. The core relational theme for each emotion allows looking for the appraisal patterns – or triggers – in the workplace.

Table 2.1 Emotion categorisations

Author	Original purpose	Emotion categories	Emotions	Emotion descriptors/Relational themes
Laros and Steenkamp 2005	To create a categorization of emotions for consumer research	Negative affect	Anger	angry, frustrated, irritated, unfulfilled, discontented, envious, jealous
			Fear	scared, afraid, panicky, nervous, worried, tense
			Sadness	depressed, sad, miserable, helpless, nostalgia, guilty
			Shame	embarrassed, ashamed, humiliated
		Positive affect	Contentment	contented, fulfilled, peaceful
			Happiness	optimistic, encouraged, hopeful, happy, pleased, joyful,, relieved, thrilled, enthusiastic
			Love	sexy, romantic, passionate, loving, sentimental, warm-hearted
			Pride	pride
Watson and Clark 1999	To arrive at trustworthy self-rated affect scales	General Dimension Scales	Negative Affect	afraid, scared, nervous, jittery, irritable, hostile, guilty, ashamed, upset, distressed
			Positive Affect	active, alert, attentive, determined, enthusiastic, excited, inspired, interested, proud, strong
		Basic Negative Emotion Scales	Fear	afraid, scared, frightened, nervous, jittery, shaky
			Hostility	angry, hostile, irritable, scornful, disgusted, loathing
			Guilt	guilty, ashamed, blameworthy, angry at self, disgusted with self, dissatisfied with self
			Sadness	sad, blue, downhearted, alone, lonely
		Basic Positive Emotion Scales	Joviality	happy, joyful, delighted, cheerful, excited, enthusiastic, lively, energetic
			Self-Assurance	proud, strong, confident, bold, daring, fearless
			Attentiveness	alert, attentive, concentrating, determined
		Other Affective States	Shyness	shy, bashful, sheepish, timid
			Fatigue	sleepy, tired, sluggish, drowsy
			Serenity	calm, relaxed, at ease
			Surprise	amazed, surprised, astonished

Lazarus 1993	To highlight the element of appraisal; the relationship between the individual and the situation from which emotions arise	Positive	Happiness	making reasonable progress toward the realization of a goal
			Pride	enhancement of one's ego-identity by tal~i.ng credit for a valued object or achievement, either one's own or that of someone or group with whom one identifies
			Relief	a distressing goal-incongruent condition that has changed for the better or gone away
			Love	desiring or participating in affection, usually but not necessarily reciprocated
		Negative	Anger	a demeaning offense against me and mine
			Fright	an immediate, concrete, and overwhelming physical danger
			Anxiety	facing uncertain, existential threat
			Guilt	having transgressed a moral imperative
			Shame	failing to live up to an ego-ideal
			Sadness	having experienced an irrevocable loss
			Envy	wanting what someone else has
			Jealousy	resenting a third party for the loss of, or a threat to, another's affection or favor
			Disgust	taking in or being too close to an indigestible object or (metaphorically speaking) idea
		Mixed	Hope	fearing the worst but wanting better
			Compassion	being moved by another's suffering and wanting to help
Warr and Inceoglu, 2012; Warr 1990	To create structure to the measurement of job-related affective well-being	High activation, low pleasure	Anxiety	aroused, alarmed, afraid, tense, anxious, uneasy, upset, dissatisfied, discouraged
		High activation, high pleasure	Enthusiasm	alert, surprised, excited, energetic, enthusiastic, delighted, cheerful, elated, happy, glad, pleased
		Low activation, high pleasure	Comfort	serene, contended, comfortable, satisfied, calm, relaxed, tranquil, drowsy, sluggish
		Low activation, low pleasure	Depression	fatigued, bored, lethargic, gloomy, sad, depressed, miserable, dejected

Group emotions

As mentioned above, here the focus in on the subjective experience of emotion. However, emotions can also be considered group phenomena. Group emotions are linked to membership in a particular social group. Members of a social group often react to emotion triggers similarly, thus creating similar responses to events that have perceived relevance to the social group (Goldenberg et al., 2014). Nevertheless, as emotion is a subjective experience, group emotions refer to a group of individuals experiencing a similar emotion (Kemper, 2002). Thus, there may also be divergence in group emotions. However, it is likely that belonging to the same group creates at least some level of synchrony and homogeneity in group members' emotional responses (Menges & Kilduff, 2015).

Group emotions are triggered either in or from groups. There is a distinction between group-shared emotions that necessitate the co-presence of other group members and group-based emotions that involve group membership but do not necessitate immediate interaction with the group. A crowd experiencing collective excitement at a concert is an example of group-shared emotions, whereas the shared experience of national pride on a national independence day is an example of group-based emotions (Menges & Kilduff, 2015). In an organisational setting, group-shared emotions are thus likely to arise during team meetings and other similar gatherings, whereas group-based emotions can occur, for example, as a response to internal communication or news pieces.

Emotions in organisations

Previous research has taken many stances on the relationship between emotions and organisations. When emotion studies in organisational contexts became more common, the first stream of literature focused on individual emotions as something that needed explanation. This research focuses on issues such as job satisfaction, stress or burnout, and leaders' emotion traits. However, a second stream of literature focuses on emotion as part of organisational culture; as a quality of the organisation as well as the individual. This stream of literature looks at organisational environments as triggers of emotion. Creating organisational cultures can thus be seen as generating and managing certain kinds of emotions (Rafaeli & Worline, 2001). Here, this second view is adopted.

Ashkanasy (2003) argues that emotions in organisations exist across five levels. At the within-person level, emotions are triggered by daily working-life events. At the between-persons level, the dispositional variables between individuals are considered. For example, individuals' affective dispositions – the tendency to notice and interpret positive or negative triggers (George, 1992; Watson & Tellegen, 1985) – impact how emotions influence organisations. At the interpersonal interactions level, emotion perception and communication are central. Here, for example, others' emotion expressions are considered. Therefore, this level acts as a link between the individual and the organisation. At the groups level, expressed emotions may converge. This level is affected and made more complex by an attempt at cohesiveness and the emergence of collective values. At the final level, organisations' culture and climate are considered with regard to the emergence of collective emotional states (Ashkanasy, 2003).

Group-shared emotions play an important role in the success of organisational change processes. Changes are more likely to succeed if managers not only acknowledge negative emotions, but enthusiastically commit to and thus create positivity regarding the change (Huy, 2002). Similarly, group-based emotions drive group members towards collective action with other group members. The fact that such collective action will arise as a response to perceived threats to group existence is especially noteworthy in the context of M&As. Group members, when faced with a fear that the group will lose its distinctiveness, seek to strengthen and protect the group. Thus, organisational groups afraid of losing their distinctiveness as a consequence of an M&A may take action against the deal and jeopardise its success (Menges & Kilduff, 2015). A potential loss of group identity can therefore act as a goal-incongruent (i.e. negative) emotion trigger during M&As.

Understanding emotions in practice

The case company

The case company was created in 2013 in a friendly deal between a Finnish acquirer and German target. Both the acquirer and the acquired companies had international operations to design, manufacture and market technologically advanced user-friendly energy-saving products that complemented each other well. Due to the complementary nature of their product lines and the relatively matched sizes of the companies, the acquirer chose an integration approach that can be described as symbiotic (Haspeslagh & Jemison, 1991) or

collaborative (Cartwright & Cooper, 1993). The acquirer decided that to achieve the intended synergy benefits from the deal, full integration was needed. The objective of integration was to build one company with the strong brands of the acquiring and the acquired companies remaining intact, and to harmonise the company values.

As a family-owned company, the acquirer had always based its organisational culture on values. Thus, values became the starting point for creating an integrated organisational culture for the new company. New values for the company were selected at the management level and introduced to every employee in specific value workshops. These workshops were guided by local facilitators in each company location and enabled every employee to discuss their perceptions of and opinions on the new values. The purpose was to create meaning in the values and encourage every employee at the company to accept and internalise the new values that were to guide work. This process was ongoing and the value workshops were in the employees' recent memory when data was collected for this chapter in the spring of 2015. Data was collected through a company-wide employee satisfaction survey and analysed to find specific emotions and their triggers (see Table 2.2). The data collection process is described in more detail in Harikkala-Laihinen et al. 2018. In the following discussion, we dig deeper into the different emotions and their triggers found at the case company.

Table 2.2 Examples of the qualitative analysis process

Original response	1st order category: valence	2nd order category: emotion	3rd order category: trigger
Uncertainty. The long-term impacts of the deal on the work situation are unclear.	Negative	Anxiety	The integration has somewhat clouded the current and future standing of the company and its employees.
More than ever before, I feel that I'm part of a fantastic company. An open and good cooperation exists between the departments that I know.	Positive	Happiness	The positive atmosphere in the integrated company supports work.

Positive emotions

At the integrated company, the emotions were overwhelmingly positive. Especially the value workshops – that is, participation – triggered mainly positive emotions. The deal as a whole, the working atmosphere in the new company and the integration process were also perceived as mainly positive. In the qualitative analysis, evidence was found of three different positive emotions: happiness, relief and pride. The employees naturally used many

more words to describe their positive emotions, but here the statements were categorised following Lazarus' (1993) emotions and core appraisal themes. Thus, labels such as excitement, comfort, or joy fall under happiness, whereas relaxation or improvement fall under relief. Interestingly, pride was often mentioned quite explicitly by the respondents. In the following, several triggers found for these positive emotions are described and discussed.

Happiness

Happiness refers to making reasonable progress towards the realisation of a goal (Lazarus, 1993). This was the most common emotion found at the integrated company. Happiness had several triggers, mainly referring to how the value workshops and values in general had created a positive perception of the company. Employees also experienced the working atmosphere at the integrated company to support work and the values as helpful in guiding everyday tasks. Building cooperation and unity through the values and value workshops was appreciated. As one employee noted: 'The possibility to learn new things and respect for certain supervisors/colleagues has increased further. Through their openness and inclusion, they have made the deal feel meaningful and encouraging. All in all, the deal is emotionally more positive than negative, thanks to the value workshops and listening colleagues in different countries.'

In addition, merging was seen as increasing the strength and market power of the company, which raised happiness in the employees. Altogether, employees mainly felt that the acquisition created a positive future with many personal and organisational development opportunities: '[It is] the first time in years that I have had a good feeling about the further existence of the company.'

All of these thoughts portray appraisal patterns that result in pleasure rather than displeasure. Similarly, they portray an event or development in the workplace that was goal-congruent rather than disruptive. As can be seen, the new values, the deal as a whole, as well as the integration process all triggered happy emotions in the employees. From a managerial perspective, it is interesting to note that employees especially seem to appreciate participation; the value workshops triggered happiness in several ways.

Relief

Relief refers to a situation where a distressing goal-incongruent condition has changed for the better or gone away (Lazarus, 1993). Relief was mainly felt in the acquired company, as the future before the acquisition had seemed bleak to the employees – especially having previously been acquired by an investment company. The acquisition was seen as restoring job security and creating confidence in the future: 'From a future-oriented point of view, I, in the meantime, am of the opinion that the takeover of [the acquired company] by [the acquirer] was the most optimal thing that could happen, because [the acquirer] is a family-run company.' The trustworthiness of the acquirer was deemed high, and employees on both sides of the integrated company reported the importance of the company showing that employees are cared for and appreciated: '[I feel] good. Since everything that was said and written up to now has also been fulfilled.'

The triggers for relief strengthen the notion that the employees – at least retrospectively – saw the acquisition as goal-congruent. After an acquisition, it is expected that employees experience anxiety, for example, fear of job losses (negative emotions will be discussed in more detail below). However, such anxieties can turn into relief if the fears subside. This is likely what happened at the integrated company. From a managerial viewpoint, it is especially interesting that keeping one's word is experienced as a relief rather than as a matter of course. Thus, it seems crucial that the communication between the acquisition partners is open and honest. Another interesting finding is that the acquired company employees – having previously been acquired by an industrial investor – were relieved that the acquirer was a family company. This highlights the importance of organisational values in creating positivity regarding an acquisition.

Pride

Pride refers to the enhancement of one's ego-identity by taking credit for a valued object or achievement, either one's own or that of an individual or a group with whom one identifies (Lazarus, 1993). Pride was mainly experienced by acquirer employees at being strong and successful enough to buy another company: 'I was excited about the deal and proud of my employer.' In addition, belonging to the integrated company where values guide everyday work made employees on both sides proud. They felt 'pride at being in a strong group that has an important market position'. Employees also took pride in the accomplishment of integration.

Interestingly, again the values were raised as a trigger for positive emotions; the values made the organisation itself seem more valuable and created pride in those belonging to the integrated company. Managerially, pride is an especially interesting emotion, as it refers to the employees' ego-identity. Thus, it would seem that creating ownership of the process can help motivation and trigger pride in employees.

Negative emotions

Despite the overall positivity at the integrated company, negative emotions were also expressed. Although the integrated company was successful in creating positivity in the employees, negative emotions cannot be disregarded as they can have equally negative consequences, for example, for work-related well-being or the working atmosphere. At the integrated company, four negative emotions were found: anxiety, anger, sadness and jealousy. Again, these emotions follow the categories of Lazarus (1993), but do not reflect the full extent of the emotion labels used by the respondents. For example, uncertainty was often used to describe anxiety.

Anxiety

Anxiety arises from facing an uncertain, existential threat (Lazarus, 1993). At the integrated company, merging with an unknown partner was experienced as worrisome. Employees felt anxious that resources would be re-allocated and jobs lost. As one employee put it, 'Each change relates to stress and uncertainty about what will happen to employees and products. How the future employment will look.' Some decisions made by top management were also seen as poor and the integration was experienced as clouding the future. Despite positive expectations regarding the future, many employees reported that 'Unfortunately this picture became strongly clouded in recent weeks. The events of the last week [referring to dismissals], the interaction with employees, product launches and goals that cannot be met, speak a different language.' In addition, employees felt that integration had not yet succeeded in uniting the two companies and that they were not adequately heard during the process.

Although happiness was the most common emotion found, anxiety had the most common trigger – uncertainty regarding the acquisition partner. This confirms the common notion that fears about the future are very common following acquisitions. Managerially, it is interesting to consider that anxiety mainly arises from uncertainty, and

an easy way to alleviate uncertainty is through factual, open and positive communication – as has also been suggested in previous literature.

Anger

Anger arises as a response to a demeaning offense against oneself or a group with whom one identifies (Lazarus, 1993). Anger was most visibly triggered by employee perceptions that the company and some of its managers did not clearly live up to the common values:

One could have skipped the workshops. On the one hand, one demands that the values are lived up to, and on the other hand, one sees every day how these values are trampled on, ignored and used, especially by upper management. As long as we do not all pull in the same direction, nothing will ever come of the values.

Employees also perceived a lack of progress, openness, honesty and cross-departmental appreciation, which caused friction. Due to the collaborative integration approach, acquirer employees perceived that the acquired company was gaining all control. In addition, some employees felt that the value workshops were not successful and that the topics of discussion in the workshops were too self-evident: 'It is an insult to the employees, since it is subliminally being suggested that no "values" exist with the employees at [the acquired company]. The communicated values are self-evident "virtues" in daily working life and have therefore always been in existence!'

The anger triggers raise one crucial managerial concern: walking the talk. Although from the positive triggers it can be concluded that the new values are seen as highly positive, the process can be ruined by observed disregard by managers. In addition, anger was caused by a perceived lack of progress on issues that were considered important. This indicates the significance of hearing employee concerns during the acquisition and communicating with them on progress and future plans.

Sadness and jealousy

Sadness occurs after having experienced an irrevocable loss, whereas jealousy refers to resenting a third party for the loss of, or a threat to, another's affection or favour (Lazarus, 1993). Only one trigger for each was found at the integrated company. The trigger for sadness was that perceived losses created a negative feeling, and the trigger for jealousy was that decision-making structures that were difficult to understand caused a feeling of

inequality. Sadness was experienced due to dismissals and a perceived loss of the pre-acquisition organisation: 'Today I'm thinking that it actually was clear from the beginning that this could not proceed without losses. [The acquired company] has lost a part of its identity.' Jealousy was experienced due to perceived favouritism between the acquirer and the acquired companies, comparable to the anger trigger above. Employees reported 'A feeling of inequality, [because] Germany has a better position'. These triggers highlight that employees experience membership in a group and therefore loyalty towards the in-group members. Managerially this is interesting, as it can help explain the common us vs. them attitudes during acquisitions.

Mixed emotions

At the integrated company, only one mixed-emotion trigger was found: hope. Hope refers to fearing the worst but wanting better (Lazarus, 1993). The employees felt that the integration efforts were well-meaning and had the opportunity to make the company a better place to work, but at the same time, they were afraid that progress would not be achieved: 'I still believe in success, as long as people believe in it and have a proper setting and tools.' Especially the values were seen as a good principle that still required practical implementation. Nevertheless, employees felt that the acquisition had created many positive future possibilities. Altogether, as one employee summed up: 'Now there is an anticipatory atmosphere as to what will happen and what you can talk about/do. Hopefully the confusion will gradually disappear, and we can openly together develop the company and discuss different matters (even the unpleasant ones) without excessive reserve and the old openness will return.'

These triggers again highlight the importance of walking the talk. As seen with the positive emotion triggers, employees found that the acquirer had a good approach to integration, but as seen with the negative emotion triggers, employees did not yet fully trust the more positive future, or see managers adhering to the common values. Thus, employees expressed hope that the more positive future scenario would be realised, but at the same time, feared that it would not.

Linking the emotions to triggers

Based on the found emotions and following Lazarus' (1993) suggestions for the core appraisal patterns, a typology of the emotions, triggers and appraisal themes that emerged in the case company is drawn up. Table

2.3 categorises the findings according to their valence, emotion, trigger and core appraisal theme. The core appraisal themes refer to the cognitive process that triggers an emotion experience in individuals.

Table 2.3 Emotions and their triggers at the case company

Valence	Emotion	Triggers	Core appraisal theme at the case company
Positive	Happiness	Good value workshops create positive perceptions about the value process and the company as a whole.	Ensuring the continuity of one's employment.
		Value workshops are a step towards increased co-operation and unity.	
		Value workshop discussions encourage practical application of the values.	
		Good, common values that coincide with personal values are the building blocks of good work.	
		Common values that give the company direction enhance employee motivation to make the company a success together.	
		Integrating with a similar company was a positive development.	
		The acquisition was a sign of combined strength and growth.	
		The acquisition created development opportunities both for the company and its employees.	
		Growth creates new and more international markets.	
		The integrated company is strong and has a good future.	
		The integration in general has created positive affect.	
		The positive atmosphere in the integrated company supports work.	
		The integration was handled in an appropriate way.	
		The integrated company is a stronger player in international markets.	
		A sense of direction and personal development opportunities has given the integration period security.	
	Relief	Employees feel more secure when the company shows that it cares about and appreciates its employees.	Relieving distress about the future of the company.
		The acquisition created confidence in the future.	
		Being employed in the acquiring company was perceived as good.	
		The acquirer has kept promises.	
		Fears about the future have diminished.	
		The integration has restored perceived job security.	
		The integration has restored faith in future progress.	
	Pride	Employees are proud to work for a company that has values.	Taking credit of perceived organizational advancement.
		The ability to acquire another company shows that the company is strong and successful.	
		Employees perceive the integrated company and belonging in the company as valuable.	
		Integration can be seen as an accomplishment towards building a stronger company.	

Negative	**Anxiety**	Integrating with an unknown partner creates uncertainty about the integrated company's future	Facing an uncertain future.
		Potential reallocation of resources causes insecurity.	
		How the process has been handled still creates uncertainty.	
		Employees do not feel secure that work will continue.	
		Hoped-for progress has not been achieved.	
		Some decisions during thee integration period are perceived as poor.	
		The integration has somewhat clouded the current and future standing of the company and its employees.	
		The integration has failed to completely unite the two companies.	
		Employee ideas and concerns have not been adequately heard during the integration.	
	Anger	The value workshop did not offer practical benefit.	Experiencing a demeaning offence against employees.
		The value workshop was not organized successfully.	
		That the integrated company and its managers do not clearly live up to the common values causes a negative atmosphere.	
		Lack of progress, openness, honesty and cross-departmental appreciation of colleagues causes friction.	
		Acquirer employees fear that the acquired company will gain all control.	
		The integration has not succeeded in resolving past and present problems.	
	Sadness	Perceived losses create a negative feeling.	Loss of colleagues or pre-M&A organizational identity.
	Jealousy	Decision-making structures that are difficult to understand cause a feeling of inequality.	Resenting the acquisition partner for perceived favoritism.
Mixed	**Hope**	The process must be continued and the values lived up to in order to achieve a better future.	Fearing future turmoil but seeing synergy potential.
		If the values are lived up to by everyone in the integrated company, they have the potential to make the company better.	
		The acquisition created the possibility of continuity and improvement.	
		The acquisition makes a brighter future possible for the company and its employees.	
		If integration is successfully carried out, the future looks brighter.	

Happiness, the most common emotion found at the case company, was mainly triggered by events the employees perceived as ensuring the continuity of their employment. This was appraised as goal-congruent, thus creating a positive emotion experience. Continuity here refers to the perceived better future standing of the company as well as the continuity of work. The perceived better future was also the key trigger for relief. Relief differed slightly between the acquisition partners in that relief was experienced due to a brighter future caused by the deal itself mainly in the acquired company, whereas acquirer employees were more likely to experience relief because the feared worst-case scenarios (i.e. job losses, factory closures etc.) had not been realised. The acquired company employees also felt relief regarding worst-case scenarios – over the acquirer keeping its word. Pride was again felt slightly differently between the acquisition partners. The acquirer employees felt pride in being the buyer, whereas the acquired company employees felt pride over the company values – perhaps even more so than the acquirer employees did. This may be because the acquirer employees were more used to the existence of company values in their daily working lives before the deal. Nevertheless, both triggers refer to an ego-boosting experience of organisational advancement, of which employees can take credit.

Despite the perceived improved future standing of the company, many employees still felt uncertainty. This was the key to anxiety, where uncertainty was perceived over the future strategy of the company as well as over the future employment situation. Anger, on the other hand, was felt when demeaning attitudes or events against the employees were experienced – for example, through not thinking the employees already acted according to values, or when seeing managers violate the values. Sadness was experienced over the loss of the pre-acquisition company's identity as well as over the loss of colleagues after dismissals. The key appraisal theme for sadness was therefore loss. Jealousy, however, culminated in resentment. The key appraisal theme centred on perceiving the acquisition partner as being somehow 'better off' – jealousy was mainly felt by the acquirer employees who felt that the acquired company was gaining all the control. Nevertheless, hope was triggered by the perceived future potential of the combined company. Employees could see that there was synergy potential between the acquirer and the acquired company and hoped that the synergies would actualise. At the same time, however, they feared that the problems they perceived at the time of data collection might prevent realising all of the potential.

Based on the case company, it thus seems that there are eight emotions that appear during M&As: happiness, relief, pride, anxiety, anger, sadness, jealousy and hope. However, these are not the only words that can be used to describe such emotions. Happiness, for example, can be considered somewhat synonymous with emotion labels such as optimism, encouragement, joy, or enthusiasm (Laros & Steenkamp, 2005). Similarly, anxiety could be labelled as nervousness or fear; anger as hostility, irritableness, scorn, or disgust (Watson & Clark, 1999). In addition, sadness might otherwise be worded as depression, misery, or helplessness (Laros & Steenkamp, 2005). Thus, a myriad of emotion labels can be used to describe the emotions that emerged at the case company. Nevertheless, according to the cognitive appraisal theory (Lazarus, 1993), as these emotion experiences seem to be triggered by similar appraisal patterns, they can be categorised under the eight presented emotions.

Dynamic emotions at the case company

As positive and negative are not necessarily opposites in the emotion context (Watson & Tellegen, 1985), and emotions in general are highly dynamic in nature (e.g. Fredrickson, 2002; Scherer, 2009), it is quite possible that a single employee may experience a myriad of possibly conflicting emotions such as happiness over the continuity of his own job, but sadness over the loss of colleagues. While the data is cross-sectional through its slightly retrospective nature, evidence supporting the dynamic nature of emotions in the case company can be found. Based on the findings, emotions are connected to triggers and patterns of appraisal, but at the same time, they vary not only between individuals but between different moments in time or different group contexts within the wider organisational context (Fredrickson, 2002; Scherer, 2009; Solomon, 2003).

For example, as predicted by Smith and Ellsworth (1985), enthusiasm about the acquisition turned into frustration when progress was not achieved. This also reflects the importance of anticipation: expectations that are not met easily turn into negative emotions (Lazarus, 1991). This is evident, for example, in the anger felt over some of the company managers not clearly living up to the common values. Similarly, sometimes the triggers for the same emotion differed between the acquisition partners – as in the case of pride over being the acquirer or pride over becoming a part of a values-led company. Furthermore, provocation can be seen in how certain triggers stemming from the same processes are appraised as positive or negative. For example, the integration at the

same time triggered relief (restored perceived job security) and anger (did not succeed in resolving past and present problems).

Based on this complexity, two examples of imagined appraisal patterns regarding the value workshops as the triggering events are drawn. Figure 2.2 portrays the value workshops as triggers for happiness, whereas Figure 2.3 portrays them as triggers for anger. Although appraisal need not be conscious, here some possible thought patterns that lead to different emotional outcomes are conjured. In addition, the possibly varying anticipation of the event is taken into consideration.

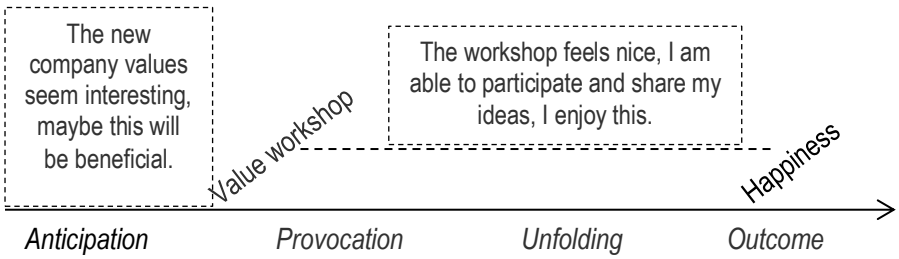

Figure 2.2 Value workshops as triggers of happiness

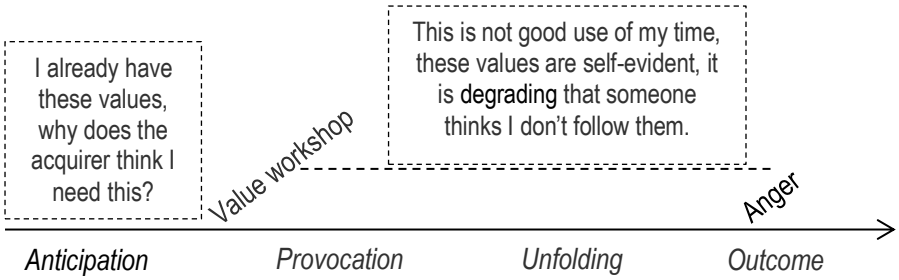

Figure 2.3 Value workshops as triggers of anger

Group emotions at the case company

The findings also point towards the group element of emotions. At the simplest level, the employees had similar emotional experiences that could be grouped and categorised (Goldenberg et al., 2014). Similarly, for certain emotions, it was possible to distinguish between the acquisition partners' reactions. For example, due to membership in the pre-acquisition employee group, a loss of in-group members or group identity created sadness. Similarly, due to group membership, acquirer employees felt pride at being the acquirer, or anger over

perceived favouritism towards the acquired company. This is congruent with group-based emotions, born out of group membership. However, enjoying the atmosphere at the value workshops is congruent with group-shared emotions, born within groups (Menges & Kilduff, 2015).

Furthermore, the data is congruent with the perspective of emotions as a part of organisational culture. Based on the findings, organisations can indeed trigger emotions. Therefore, emotions in part shape the organisational culture and climate (Rafaeli & Worline, 2001). Much of the analysis here is based on the within-person level of emotion in organisations. During M&As, employees perceive work events that are considered personally relevant, therefore triggering subjective emotion experiences. Nevertheless, the findings also suggest that the exchanges at the between-persons and interpersonal interactions levels trigger emotions. Although this chapter is unable to discuss the respondents' affective dispositions, it is likely that individuals prone to negative triggers and emotions are more likely to experience negative emotions, and vice versa. This influences the between-persons level. At the interpersonal interactions level, the individual is linked to the organisation. Here, communication and perceiving others' emotions are central. This level of emotion is visible, for example, in how the discussions during the value workshops were experienced (Ashkanasy, 2003).

Moreover, at the groups and teams level, it is found, for example, that the lack of managerial example is detrimental to the integration effort. This level is also reflected in the value workshops, where both individual and collective experiences and ownership of the values were created. At the organisation's culture and climate level, group membership was indeed found to create collective emotional experiences – for example, sadness over the loss of pre-acquisition organisational identity, or anger over the pre-acquisition organisation losing control (Ashkanasy, 2003). This also highlights the importance of managerial positivity with regard to organisational change (cf. Huy, 2002). Indeed, threats to continuity and managers' perceived disregard of the new rules of behaviour triggered negative emotions in the employees. As suggested by Menges and Kilduff (2015), such negativity may be catastrophic if the pre-acquisition organisational groups take action against change. Thus, it is important for practitioners not only to acknowledge but to understand and manage emotions during integration – both from an individual and collective viewpoint.

Conclusion

This chapter has presented a more detailed picture than previous literature of why and how emotions emerge during M&As. Through identifying the emotions that are likely to arise – as well as their triggers –, this chapter offers practitioners in-depth information on how employees react to changes such as M&As. Such information is crucial, especially during socio-cultural integration, where a functioning whole is built from two previously separate companies. This chapter also acknowledges the potentially detrimental power of negative emotions, and thus suggests that a focus on fostering positivity may yield more beneficial outcomes than merely alleviating negativity (cf. Raitis et al., 2017).

The positivity stance is especially appropriate as it coincides with the recent interest in positive organisational scholarship among international business scholars (e.g. Stahl et al., 2016). In addition, this research is timely, since despite increasing literature on and the continued popularity of M&As as a growth strategy, the success rates still leave room for improvement (e.g. Graebner et al., 2017). Through this chapter, we aim to enable practitioners to better take the employees into account when planning M&As – especially with regard to integration. Although managers are unable to change employees' experience per se, they can create an environment where positivity dominates, and thereby foster swifter and smoother socio-cultural integration. To conclude, based on the findings, Figure 2.4 offers managers suggestions on how to foster positive emotions at each of the organisational levels described by Ashkanasy (2003).

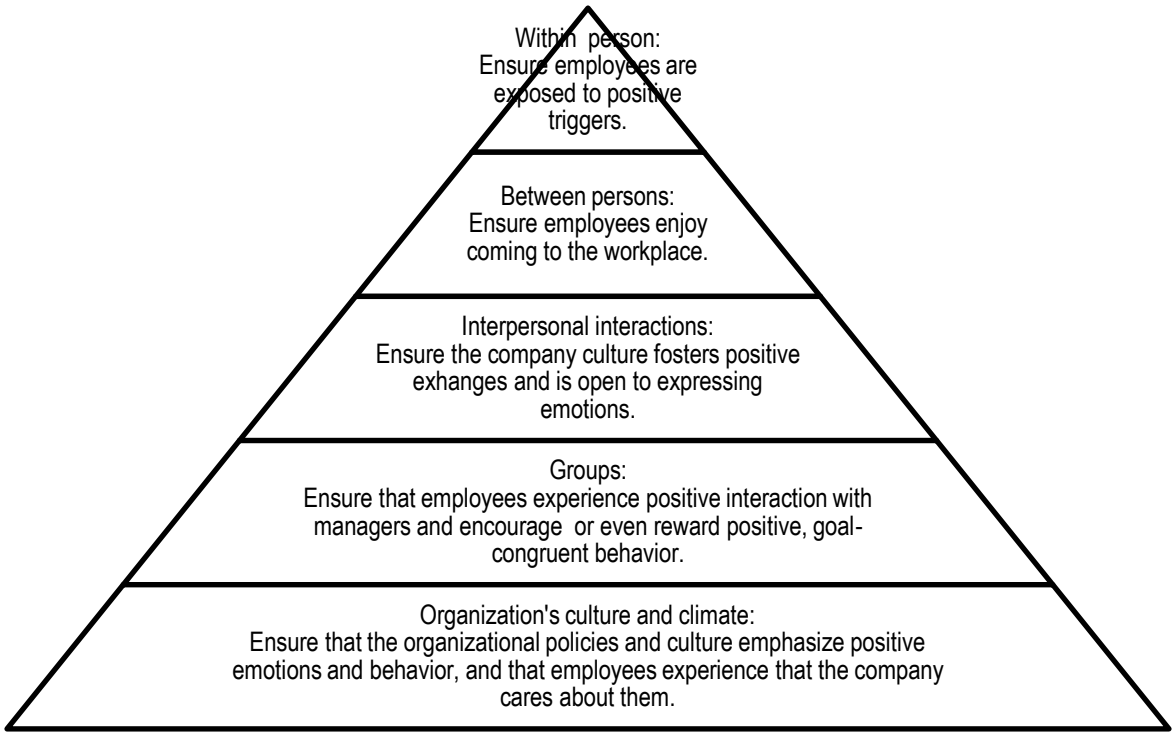

Figure 2.4 Pyramid of creating positive organisational emotions

However, even in their quest to foster positivity, managers cannot forget the existence and necessity of negative emotions. Rather than pretending that change is only easy and enjoyable, managers can aim to appreciate the dynamic, multifaceted role of emotions as a way for employees to understand and deal with change. Although negative emotions are a major part of this, and thus cannot be forgotten, managers can increase employees' acceptance of change by actively fostering positive emotions so that the emotional balance at the company remains positive despite the unavoidable negative experiences related to change.

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