

# 2. Finding positivity in a merger of equals

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## ABSTRACT

This chapter highlights how, through management interventions, positive emotions can be generated and fostered during post-acquisition integration. The findings are based on a Finnish–German acquisition completed in late 2013. Data collection via interviews and employee satisfaction surveys conducted in both involved organizations centred on exploring the emotions that arise when two organizations come together to set up a new entity. The integration setting represents a merger of equals, making this case unique and particularly interesting. The findings suggest that positive emotions, such as happiness and pride, have an engaging effect, motivating employees to work towards change. To cultivate post-acquisition positivity, organizations can offer employees positive emotion triggers, such as experiences of ownership and a compelling vision of the future of the company.

**Keywords:** Positive organizational scholarship, Change management, Merger of equals

## 1 INTRODUCTION

Over the past three decades or so, the human side of acquisitions has received increasing attention (e.g. Cartwright and Cooper 1993; Sarala et al. 2019). The focus of this research stream has been on understanding acquisitions as softer human processes instead of just as hard cold facts (Cartwright and Cooper 1995). This growing body of literature argues that acquisition failure is often caused by sociocultural challenges during integration (e.g. Birkinshaw et al. 2000; Marks and Mirvis 2011; Raitis et al. 2018). These challenges often emerge from an in-group–out-group bias: *us* versus *them* thinking triggered by uncertainty during change and causing protectionist attitudes (Menges and Kilduff 2015). Consequently, defensive actions can culminate in a polarization of perceived differences between the acquisition partners, hence complicating integration (Marks and Mirvis 2011). Thus, collaboration and inclusion are key elements of successful integration (Harikkala-Laihinen et al. 2018).

Unfortunately, the previous literature concludes that emotions following acquisitions are mainly negative, emerge predominantly in the acquired company and are prompted by personal circumstances. Thus, emotions are assumed to cause poor organizational outcomes following acquisitions (Graebner et al. 2017). However, acquisitions can also raise positive emotions, such as happiness or pride (Kusstatscher 2006), and can have positive outcomes, such as identification with the new post-acquisition company (Raitis et al. 2017). Accordingly, the purpose of this chapter is to explore the emergence of positive emotions during post-acquisition integration. More particularly, this chapter asks 1) *What constitutes positive change management following a cross-border acquisition?* and 2) *How can positive change management ease post-acquisition integration?* To answer these questions, this chapter adopts a positive organizational scholarship (POS) lens. POS highlights positive human potential through an emphasis on the enablers, motivations and effects of

positive organizational phenomena. In the organizational context, POS illustrates how positive contexts and dynamics are connected to positive states in individuals, groups and organizations (Cameron et al. 2003).

Through the POS lens, this chapter offers novel insights into how to manage a major organizational change in a positive way. The findings show that when positive emotions emerge and are harnessed to engage employees in post-acquisition change, the integration will be swifter and smoother. In addition, generating positive emotions eases alleviating the negative emotions that are an inherent part of the uncertainty following acquisitions. Thus, generating positivity following acquisitions can be a key means towards more successful integration.

## **2 POSITIVE ORGANIZATIONAL CHANGE**

### **2.1 Positive organizational scholarship**

POS encourages scholars to highlight unexpectedly positive contexts (Cameron et al. 2003). POS focuses on organizational success under the influence of positive leadership, positive relationships, positive communication and a positive climate (Cameron 2012). Generating positive emotions is a central concern in POS because positive emotions may improve organizational outcomes (Cameron et al. 2003). Emphasizing the positive over the negative has the capacity to increase human thriving (Cameron 2017). This is because positive emotions broaden through patterns and enhance creativity, widening our information-processing ability. Such positive experiences build over time, and start outlasting the experienced emotion, turning into a personal reserve of resources we can tap into when faced with threats. Similarly, accumulated positive resources help us regulate negative experiences, thus increasing our overall emotional well-being and psychological resilience (Fredrickson 2001b, 2013).

Apart from building a positive personal reserve, positivity can enhance organizational success. Organizational positivity is essential in creating a work climate which generates and encourages positive behaviour (Luthans and Youssef 2007). Similarly, positivity can increase employee engagement and thereby ease organizational change (Avey et al. 2008). Nevertheless, it must be noted that POS does not claim that organizations can or should achieve perfect happiness and harmony. Instead, POS postulates that simply seeking to neutralize negative outcomes is less beneficial than actively striving towards positive outcomes. A positive outcome in POS terms can be anything from improved organizational performance to positive actions or attitudes (Roberts 2006).

A key argument of POS is that positive organizational states are not achieved by merely reversing negativity (Roberts 2006). This notion has led international business and management scholars to note the negative bias in existing discussions on diversity, distance and foreignness. The existing literature largely emphasizes the negative aspects, which can direct attention away from understanding the potential benefits (Stahl et al. 2016). However, focusing on positivity can enable overcoming the liability of foreignness and can encourage particularly beneficial outcomes, beyond solving immediate problems (Cameron 2017). In order to overcome the pejorative nature of existing cross-cultural research, emphasize possible positive outcomes and explore experiences in depth in their natural context (cf. Stahl and Tung 2015), this chapter adopts a POS lens to post-acquisition change.

### **2.2 Positive change**

Although traditionally considered a practice of rationality, management includes an emotional element. This emotional element can be particularly relevant in change management because

employees are more disposed to change when it triggers positive emotions (Karp 2004). This highlights management as commitment-building rather than controlling and emphasizes the managers' role in promoting change receptiveness (Caldwell 2003).

Deriving from seeing positive as goal-congruent and therefore pleasing, positive organizational change refers to change which is affirmative in terms of employee responses and organizational outcomes (Avey et al. 2008). Human beings possess an innate tendency towards positive change. However, as we grow older, we become more receptive to negative triggers (situations or events that trigger negative emotions), which overpowers the positivity trait. Consequently, emphasizing positive emotion triggers during change may be essential (Cameron 2008). Whereas negative emotions can activate instinctive fight-or-flight reactions, positive emotions broaden thought patterns, thereby encouraging more positive attitudes also towards change (Fredrickson 2001b).

Nevertheless, employees often have distinctively negative reactions towards change. Such change resistance is caused by an aversion to the unknown and is thus an emotional reaction towards an unclear future (Dhingra and Punia 2016). Change resistance often generates negative attitudes or detrimental behaviour towards change (e.g. Waddell and Sohal 1998), but creating positive emotions regarding change can help overcome such resistance (Dhingra and Punia 2016). Thus, if companies are able to establish a positive climate surrounding change, they can help their employees overcome change-related anxiety (Birkinshaw et al. 2000; cf. Bar-tal et al. 2007; Fredrickson 2013).

An organizational climate means "the collective mood of organizational members toward their jobs, the organization, and management" (Ashkanasy 2003, p. 38). It connotes the visible part of the organization's culture (Momeni 2009) and includes the organization's emotional climate – a felt working atmosphere. An emotional climate is visible in the overarching collective emotional states that emerge through social interaction within an organization (DeRivera and Páez 2007). A positive climate is highly beneficial for change (Vacharkulksemsuk et al. 2010) as it enhances organizational identification and promotes collaboration (Fischer and Manstead 2008). An organization's emotional climate is considered positive when managers are able to take employees' personal growth and emotional needs into consideration and encourage employees to share positive emotions (Ozcelik et al. 2008). Thus, a positive climate does not indicate a lack of negative sentiments, but the greater power of positive features such as security and trust (Bar-tal et al. 2007).

## **2.3 Managing positive change**

One of the most popular frameworks of organizational change was established by Kotter (1995), who emphasizes the necessity of a sense of urgency, a group to lead change, creating and communicating a vision to drive change efforts, empowering others to reach the vision, setting up interim objectives, reinvigorating the project continuously and institutionalizing new behaviours. Whetten and Cameron (2011) simplify these eight steps into five key management activities to create positive change: establishing a climate of positivity, creating readiness for change, articulating a vision of abundance, generating commitment to that vision and institutionalizing the change.

In order to create a positive change climate, managers should focus on employee contentment, efficient physical work environments and encouraging leadership (Maimone and Sinclair 2010). This can include being sensitive to employees' emotional needs, offering positive encouragement, or building active initiatives to encourage the emergence of a pleasant working atmosphere (Ozcelik et al. 2008). Building a positive change climate is important because a positive climate is likely to increase employees' positive emotions and thereby encourage positive organizational behaviour (Bar-tal et al. 2007). Companies often only focus on alleviating negativity, but because emotions are contagious, an

increase in positivity leads to even more positivity (Hatfield et al. 1994; cf. Fredrickson 2013). Furthermore, studies have shown that a healthy happy employee is an effective employee (e.g. Russell 2008). This is why it is better to boost positivity rather than just alleviate negativity during change (cf. Dhir and Punia 2016).

In creating readiness, communicating the importance and urgency of the change is the key to engaging employees. However, for change to be successful, a vision of abundance – or a positive future – must be established, and commitment to that vision generated (Whetten and Cameron 2011; cf. Kotter 1995). In motivating employees' engagement through these actions, managers need to reflect on their own actions. Employees tend to mirror their managers' emotions, meaning that the simplest way for managers to increase positivity is to express positive emotions towards change. Indeed, managers' emotional displays when communicating with employees may be crucial (Hatfield et al. 1994; cf. Ashkanasy and Daus 2002). Managers' positive emotions can generate further positive emotions in employees, encouraging behaviour which is congruent with organizational change objectives (Newcombe and Ashkanasy 2002; Bono and Ilies 2006; Johnson 2008; Gooty et al. 2010).

In addition to portraying positive emotions, managers can take an active role in facilitating change-related discussions, promoting agreement, encouraging thinking, as well as persuading and engaging employees regarding change-congruent behaviour. In order to succeed in promoting positivity towards change, managers can allow their passion towards the change objectives to show in their communications, portray a clear target and delegate tasks to ensure sufficient change resources. Moreover, managers should walk the talk, evaluate ongoing change processes objectively and promptly reward success (Cameron and Green 2012). Indeed, an inability to communicate the vision driving the change successfully and not removing potential obstacles for that vision are key failure factors in change management (Kotter 1995). In institutionalizing the change, creating momentum is key. This is when ownership of the change should, ideally, switch from the managers to the engaged employees (Whetten and Cameron 2011). Institutionalization principally reflects the durability of the change; a commitment to the current state (Armenakis et al. 1999). Interim objectives that create feelings of success are an important driver towards overall change. Such objectives should, in time, turn into the new daily routine, thus institutionalizing the change (Kotter 1995).

To cope with managing positive change, the most successful leaders appear to have high emotional intelligence (e.g. Goleman 1998; Gardner and Stough 2002; Ovens 2015). Emotional intelligence means the "ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions" (Salovey and Mayer 1990, p. 189). An emotionally intelligent individual can thus understand and explain their own and others' emotions as well as recognize the influence of emotions on thought (Mayer and Caruso 2002). Emotional intelligence particularly helpful for change management (Mayer and Caruso 2002) because managers with high emotional intelligence can recognize and understand employee emotions as well as react to or even modify these emotions in order to facilitate change (George 2000). High emotional intelligence can help with detecting and managing employees' emotions better, creating and maintaining optimism and excitement, managing employee reactions, honing decision-making, maintaining a strong organizational identity and culture, and guiding in forming compelling goals (George 2000).

## **2.4 Positive post-acquisition change**

Positive emotions in particular have been found to be crucial for successful integration (Birkinshaw et al. 2000; Kusstatscher and Cooper 2005). Whereas negative emotions can strengthen employee identification with the pre-acquisition organization, positive emotions may generate a stronger

identity and unity in the post-acquisition organization (Kusstascher and Cooper 2005; Raitis et al. 2017). In addition, following a friendly acquisition, the change climate is more likely to give rise to feelings of security. However, a hostile takeover is more likely to lead to a climate of fear (Fink and Yolles 2015). Table 2.1 links the notions of positive change and emotionally intelligent leadership to integration management.

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Based on the notions of emotionally intelligent leadership and positive change, this chapter suggests that managing positive post-acquisition change centres on employee emotions. The focus on positivity emphasizes its importance in furthering post-acquisition integration (Birkinshaw et al. 2000). In this context, adopting the positive change management steps and portraying emotional intelligence help managers facilitate change. This implies identifying and responding to employee emotions, encouraging positivity, increasing engagement and excitement, endorsing an advantageous future vision of the joint organization and increasing employee commitment to the integrated rather than to the pre-acquisition organization.

## 3 METHOD

### 3.1 A merger of equals<sup>1</sup>

Established in the mid-1900s, Alpha had become known as a Finnish family-owned company with international industrial operations to develop, manufacture and market technologically advanced user-friendly products. Alpha was considered a reliable supplier both in Finland and abroad – particularly in the Nordic countries. In late 2013, Alpha acquired Beta, a German competitor, which had formerly also been family-owned but had since been bought by a capital investor. At the time of the deal, Alpha employed some 800 workers, whereas Beta employed approximately 600. The deal was friendly, and because the two companies had complementary product lines, were similar in size, and were balanced in terms of market power, Alpha chose to pursue a best-of-both-worlds approach to integration, in effect resembling a merger of equals (cf. Haspeslagh and Jemison 1991; Cartwright and Cooper 1993). The new name of the joint company would be Alpha Group, highlighting Alpha's ownership but, at the same time, emphasizing equality across functions and locations.

Alpha Group's integration strategy was based on several projects, of which "Cultural integration and HR" is the focus of this chapter. The objectives of this integration project were to establish common values in the joint organization as well as to introduce a single Alpha Group company structure while maintaining the two brand names of Alpha and Beta. Work on the cultural issues only started in late 2014 when a cooperation agreement for data collection was reached. The goal was to form new organizational values to act as the foundation for a strong joint culture. The project started with identifying the existing work-related values at Alpha Group, which yielded four core values for the new company: courage, fairness, effectiveness and openness.

Each value was described in terms of internal and external relations, but the description remained abstract, so that employees could adopt them more easily. In order to encourage the practical

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<sup>1</sup> The data for this chapter has previously been discussed in Harikkala-Laihininen, R. (2019) *The power of positivity: How employee emotions and interaction can benefit cross-border acquisitions*. Turku: University of Turku.

application of the values, in early 2015, Alpha Group invited all employees to specific value workshops where the values were introduced and discussed based on the employees' perspectives. The workshops gathered a small (maximum 20) local group of people across organizational departments to interact with each other and breathe life into the values. The purpose of the workshops was to give employees examples of how the values could be incorporated in daily work.

### **3.2 Data collection and analysis**

The Alpha Group case represents a single significant case (cf. Patton 2015), reflecting the strategic selection of a case, which is particularly helpful in increasing understanding but at the same time allowing for naturalistic generalizations to be made (cf. Flyvbjerg 2001; Ruddin 2006). Although the case is statistically atypical as it represents a merger of equals, it is particularly informative (cf. Fletcher and Plakoyiannaki 2011) and thus ensures the best illumination of the phenomenon of interest (cf. Stake 1995).

The main data for this chapter consists of three employee satisfaction surveys conducted in spring 2015, 2016 and 2018. The first survey explored employee opinions and emotions regarding the value workshops, the acquisition in general, as well as the integration that followed through open-ended questions. The response rate was approximately 50%, with 681 informants. In 2016, the employees were asked to describe their emotions regarding the deal again through an open-ended question. The response rate was 82%, with 1082 responses given. In 2018, the employees were asked both statistical and open-ended questions. First, the employees were asked to evaluate how well the objective of unification had been achieved. Second, the employees were asked to identify, on a five-point scale from *not at all* to *extremely*, which emotions they were experiencing, with options based on the previous surveys. In addition, the respondents could elaborate on their answers. The quantitative sections had 1069 respondents, of whom 400 made clarifying comments. This represents a response rate of 74% and 28%, respectively.

The 2015 and 2016 surveys were analysed both quantitatively and qualitatively. First, the responses were categorized numerically into 0 (no emotional content or missing response), 1 (negative emotional content), 2 (both negative and positive emotional content) and 3 (positive emotional content). The numeric codes were transferred to SPSS20 for descriptive statistical analysis. The responses containing emotional content (i.e. codes other than 0) were transferred to NVivo for an in-depth qualitative understanding regarding the exact emotions and their triggers. The analysis followed the emotion categories of Lazarus (1993), which allows for the separation between the trigger and the emotion. Thus, a three-order structure was born; valence (positive or negative), emotion label and emotion trigger. The statistical responses for the 2018 survey were analysed again using the SPSS analysis process, whereas the elaborative qualitative responses were categorized into themes emerging from the responses in QSR NVivo.

In addition to the surveys, 13 interviews (Table 2.2) were conducted between late 2015 and mid-2016 in order to gain more in-depth accounts regarding the context and individual perceptions. The interviewees were the top-management team members (10), HR representatives (2) and the integration manager. Six interviews were conducted in Finland in Finnish, and seven in Germany in English. Due to distance, two interviews used Skype. All interviews were audio-recorded (altogether 830 minutes) and transcribed for analysis. The analysis was undertaken in QSR NVivo, where the data was categorized according to themes arising from theory (such as integration, the deal, emotions) as well as from the data (such as describing Alpha/Beta, challenges in the deal).

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Finally, participant observation occurred in one of the value workshops organized in Finland in February 2015. During the workshop, the new values were introduced to the participants, engaging them in giving meaning to the values and helping them to adopt the values in their daily work. The observations were recorded as field notes. These field notes were used to inform the analysis of other datasets.

## 4 FINDING POSITIVITY AT ALPHA GROUP

### 4.1 Emotions at Alpha Group

At Alpha Group, employees were distinctly more disposed to change when it triggered positive emotions (cf. Karp 2004). Based on the categorization of Lazarus (1993), three positive emotions, four negative emotions and one mixed emotion arose. As emotions are dynamic, and bound in time and space, they also varied between individuals and the different data-collection time points (see Table 2.3 for an overview of the data).

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In the following, the positive and mixed emotions are explored first, and employees' negative experiences are considered afterwards. The following reflects the emotions and triggers found in the 2015 and 2016 employee satisfaction surveys when integration was still ongoing.

#### 4.1.1 *Positive emotions*

*Happiness* was among the most significant of the emotions experienced by the employees throughout the datasets. Happiness refers to making progress towards a personal goal or objective (Lazarus 1993). At Alpha Group, the value workshops triggered happiness in many ways; they created positive perceptions about the company and the value renewal process, they increased unity and cooperation, and they encouraged the practical application of the values. Similarly, the values themselves triggered happiness, as they coincided with the employees' personal values and gave the company direction and motivation. The integration period triggered happiness due to the similarities perceived between Alpha and Beta, and the acquisition itself was experienced as a sign of strength and development. The atmosphere in the integrated company was considered positive.

*The observation that we all, sometimes even unwittingly, have similar principles and values, was very constructive. In such a community it is easier to head in one direction – towards our common goal.*

*(Survey respondent, 2015)*

*Very positive! Remains a work in progress and all parties are continuing to communicate in order to form a harmonious entirety.*

*(Survey respondent, 2016)*

*Relief* was felt when Alpha Group showed it cared for the employees, for example through inviting them to the workshops. Relief refers to perceived difficulties changing for the better (Lazarus 1993). The acquisition created confidence in the future and the integration restored feelings of job security. Some Alpha employees also felt relieved that they were employed by the acquiring organization during the deal, whereas some Beta members felt relieved to be out of the capital investor's hands.

*Relief: It had been known for quite some time that [Beta] was up for sale. For a company like [Alpha], this takeover would only have made sense if one would intensively continue to use the products, know-how, and, above all, the market importance of [Beta] for oneself, which would include the continued existence of the production facilities and the brand name.*  
(Survey respondent, 2015)

*Pride* was triggered by the perceived good values and of belonging to a company with good values. Pride is born through taking credit for perceived accomplishments (Lazarus 1993). Alpha employees also took pride in being the buyer. In addition, the integration was seen as an accomplishment in terms of building a stronger company.

*Makes me proud to work at a company that values honesty and fairness! It's good that we have outspoken values in the company.*  
(Survey respondent, 2015)

*Hope*, the fear of the worst but hoping for better (Lazarus 1993), also emerged very strongly and was the only mixed emotional state found at Alpha Group. Hope was triggered by seeing the potential the deal and the new values created, but at the same time observing that a long road would have to be travelled to achieve these. Employees were expectant and optimistic regarding the future, despite ongoing problems.

*If the very top of the executive level gives an example of living up to these values, then the values and their claims become valid. In the interests of the [Alpha Group] and for the future of the company, I hope that these workshops will be carried out regularly in the future.*  
(Survey respondent, 2015)

*There are differences between the German regions, and also with Finland. A different mindset and mentality. The merging process will continue to be a slow process. [- -] There is still a lot of potential. I hope we will get more support, including staff, in Germany, and have our proposals taken into consideration.*  
(Survey respondent, 2016)

#### **4.1.2 Negative emotions**

*Anxiety* was the most common negative emotion and it reflects facing an uncertain threat (Lazarus 1993). A key trigger was the integration with an unknown partner, where the possibility of resource reallocations created job insecurity. The employees also felt uncertainty when the integration process seemed slow and clouded the future of the company. Employees felt like their concerns had not been adequately heard and perceived the two companies as still separate; cooperation problems and quality issues persisted, and work overload increased stress.

*I am afraid that due to control and the fear of failure, we will go years back in time, as responsibilities and decision-making, which were supposed to be brought closer to the field, have been taken further away.*  
(Survey respondent, 2015)

*Confused – we are now in a situation where the honeymoon is over, and the daily toil has begun. I feel that pigeonholes and bunkers are now starting to appear as people are trying to determine their positions in the new organization.*  
(Survey respondent, 2016)

Anger also arose, reflecting perceived demeaning offences (Lazarus 1993). Some employees felt that the value workshops were badly organized as they took place immediately following layoffs and they did not offer any practical benefit. These employees perceived the value workshops as the company claiming the employees did not currently have such values. In addition, the lack of progress, particularly in working according to the values, created anger. Particularly the experience of inequality created anger. Similarly, employees saw consistent issues that were not solved by the integration.

*It is an insult to the employees since it is subliminally being suggested that no “values” exist with the employees at [Beta]. The communicated values are self-evident “virtues” in daily working life and have therefore always been in existence!*  
(Survey respondent, 2015)

In addition, some sadness and jealousy emerged, reflecting perceived losses and favouritism, respectively (Lazarus 1993). *Sadness* was triggered by the loss of some colleagues due to layoffs and due to a perceived loss of pre-acquisition identity. Alpha members who perceived that Beta was gaining more control over the company, which was considered unfair, felt *jealous*.

#### **4.1.3 Variation over time**

Overall, in 2015 (2016) 46% (38%) of all emotional comments reflected happiness, 11% (5%) relief, and 3% (2%) pride, the total of all positive emotion-laden comments being 60% (45%). Hope, the mixed emotion, represented 6% (19%) of the comments. In contrast, 24% (20%) represented anxiety, 8% (16%) anger, 1% (0%) sadness and 1% (0%) jealousy, the negative emotions thus totalling 34% (36%). In 2018, employees were asked if they felt happiness, relief, pride, anxiety, anger, or hope *not at all, slightly, somewhat, significantly, or extremely*. Overall, 90% (40%) of the respondents felt slightly, somewhat, significantly, or extremely (significantly or extremely) happy, 76% (29%) felt relieved, 90% (45%) proud, 54% (11%) anxious, 35% (6%) angry, and 92% (51%) felt hopeful. Altogether, 85% of the respondents reported to have experienced at least some positive emotions, 45% negative emotions and 92% mixed emotions. Figures 2.1, 2.2 and 2.3 illustrate the key findings from the different datasets.

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Insert Figure 2.1 about here

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Because the data-collection methods varied between each time point, it is impossible to make trustworthy cross-analyses. Particularly the framing of the question in 2018 increased the ease and therefore likely increased the occurrence of reporting emotions. However, the findings indicate changes in both emotion triggers and emotion intensity at different times following acquisition. Moreover, the 2018 data was collected shortly after four years had passed since the deal, meaning that this dataset reflects a return to business as usual rather than the integration period.

Between 2015 and 2016, when the change was fastest, the relative amount of anger compared to other emotions rose slightly. Similarly, negative emotion triggers rose in number between 2015 and 2016, while the number of positive emotion triggers decreased. At the same time, the focus of hope shifted from wishing for the enactment of the new values towards hoping for increased clarity in daily work. Also, in 2018, many more negative emotions were reported. However, it must be noted that in 2018 many more emotions in general were reported, likely due to the ease of responding to the statistical rather than to the open-ended questions. Nevertheless, positive emotions remained the most commonly reported throughout the datasets.

## 4.2 Positive change at Alpha Group

The merger integration approach at Alpha Group was designed to avoid the all too common *us* versus *them* attitude known in the acquisition literature through increasing employee engagement and commitment. Arguably, Alpha Group was able to strengthen employee identification with the joint company and thus create unity. Illustrating the Alpha Group integration through the steps defined in Table 2.1, it becomes clear that positive change was central (Table 2.4).

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Through engaging in research cooperation centring on employee emotions, Alpha Group showed interest in understanding how employees experience post-acquisition change. Understanding the current situation is a crucial step in finding applicable ways of promoting positive emotions. For this purpose, the employee satisfaction surveys asking employees to detail their emotions and concerns helped Alpha Group to identify both the negative aspects to correct and the positive ones to highlight. Similarly, the value workshops showed employees that the company was willing to engage everyone from the CEO to the line workers in the integration, creating a sense of appreciation. Based on employee perceptions and Alpha Group's reasoning for the deal, the benefits of continuity, growth and internationalization became the central message to emphasize the positive aspects of integration. This allowed employees to become excited about a new brighter future that the companies could build together. Readiness and excitement about change were boosted in the value workshops, where each employee could engage with the change effort on a very personal level, discussing how they could help unification through adopting the new values in their daily work.

The new values acted as the base for a compelling new vision; a joint unified company acting upon mutually agreed principles of good work. The new values, thanks to the value workshops, were seen as guiding work. The workshops also responded to employee concerns in encouraging commitment and engagement. Alpha Group also responded to employee concerns through increasing communication based on the feedback from the surveys and through adopting more varied communication channels in order to reach employees on a daily basis. For example, the new values

were brought up in every employee meeting, appeared on notice boards and became the topic of recurrent comic strips in the company magazine. Finally, the value workshops were an endeavour at strengthening the new joint identity of Alpha Group. Similarly, Alpha Group eagerly promoted the use of the new company name, wishing to end the use of the old Alpha and Beta company names. Furthermore, the new company values were not forgotten once integration was over, but lived on as the basis of Alpha Group's identity, solidifying change.

*The most important thing is to understand the people and speak with them, and to be open. It is communication – I cannot think of anything that would be more important.*  
(Integration Manager, interview)

These steps that were taken seem to prove that management today, and particularly successful change management, includes an emotional element (cf. Karp 2004). If positive is understood as goal-congruent and pleasing, creating a mutual goal (i.e. a future vision) is crucial in creating positivity regarding change. Only through establishing a mutually accepted goal can employees experience change as affirmative and, therefore, as positive (cf. Avey et al. 2008).

*When you don't have one hundred per cent trust and things are not talked about with their proper names, our greatest risk is that we will make completely wrong decisions, when we believe what they say, and cannot read between the lines regarding what they actually meant.*  
(Vice President, Product Management, interview)

Even at work, we tend to see the negative more often than the positive. This highlights the necessity of boosting positive triggers so that employees can perceive the positive aspects of change, even if change creates some uncertainty (cf. Cameron 2008). Creating positivity through offering employees positive triggers such as a mutual goal is important due to the broadening effect of positive emotions compared to the fight-or-flight reactions caused by many negative emotions (cf. Fredrickson 2001b).

*I think this must, you must wait. I think I feel like Alpha Group but I'm ... I think, what I say is, wait two or three years. Then, we will knit together. I think it's the same in Alpha. The people are thinking we are the best. And Beta thinks we are the best. [- -] And they must learn to speak together. Look for the mistakes and then ... do away with them.*  
(Internal Services Manager, Union Representative, interview)

Positive emotions also feed into a positive climate (Bar-tal et al. 2007), which eases post-acquisition change (cf. Fischer and Manstead 2008; Vacharkulksemsuk et al. 2010). At Alpha Group, a positive climate was supported through taking employees' emotional needs into consideration and encouraging positive emotions (cf. Ozcelik et al. 2008).

*People appreciate that they are now much more involved than before.*  
(Vice President, Sales in German-Speaking Areas, interview)

Although Alpha Group employees experienced both positive and negative emotions – as is expected –, the change climate remained positive due to the willingness to consider emotions and place an

emphasis on joint trust and security (cf. Bar-tal et al. 2007). The positive climate, in turn, had the expected result of increasing positive emotions, such as happiness and pride, as well as encouraging positive organizational behaviour, such as adopting the new values in daily work (cf. Bar-tal et al. 2007). In addition, it seemed that employees experiencing positive emotions were more receptive to and engaged in change, highlighting the importance of creating positivity rather than simply alleviating negativity.

### 4.3 Managing positive change at Alpha Group

At Alpha Group, it seems that managing successful change indeed highlights commitment-building and change receptiveness (cf. Caldwell 2003). Through interactive communication means, particularly the value workshops, Alpha Group managers were able to increase employee contentment and show encouragement, boosting the emergent positive climate (cf. Maimone and Sinclair 2010). The value workshops were an example of an active initiative to encourage the emergence of a positive work climate, whereas the extensive employee satisfaction surveys showed an interest in employees' emotional needs (cf. Ozcelik et al. 2008).

*By presence. I was practically, I would say, six days a week for several months out of house. Just being present in the countries, discussing things with people, explaining the strategy, explaining Alpha Group.  
(Vice President, Sales Central and Eastern Europe, interview)*

Alpha Group managers were also able to engage employees in change through communicating its importance. The future success of the joint company was a powerful image to which the employees were able to commit (cf. Whetten and Cameron 2011). The managers were aware that the emotions and attitudes they portrayed had an influence on the employees (cf. Hatfield et al. 1994).

*Yeah it's, well takeovers are emotional. [- -] And then if you cannot express your emotions, they might come over the wrong way. And the recipients get it the wrong way. And then, it leads to misunderstandings. And I had a couple of these run-ins.  
(Vice President, Purchasing and Logistics, interview)*

In some cases, this increased the managers' emotional toll when they experienced the need to mask their true emotions for the benefit of the employees. While the wish to do so shows emotional intelligence, in effect, managers were engaging in emotion work (cf. Hochschild 2012).

*That is my problem with this, that I know just as well as my subordinates do that our resources and competences that we have in the organization are not sufficient. And the conflict here is that I am never allowed to admit that. [- -] It is especially difficult not to be able to say to your subordinate that you are absolutely right.  
(CFO, interview)*

Nevertheless, managerial example proved a powerful emotion trigger, somewhat surprisingly particularly in terms of negative emotions. Employees highlighted that when managers were seen to violate the new values, it undermined the entire change process.

*Only, the department managers should also observe this! Because some department managers are only busy with embracing coffee machines, or with getting orders for their second or third company!!!! And that is at our expense, and without any counteroffers etc.!!!*  
(Survey respondent, 2015)

The clearest example of facilitation (Cameron and Green 2012) was in organizing and moderating the value workshops. In these workshops, designated facilitators promoted discussion and mutual understanding in an effort to encourage change-congruent behaviour.

*The value workshops were important for the integration of Alpha and Beta. They influence the daily work, in our interaction with customers, colleagues and superiors.*  
(Survey respondent, 2015)

*The value workshop was a very rewarding experience. It produced a lot of discussion about values and provided many tools for the future.*  
(Survey respondent, 2015)

As the workshops had the clearly defined objective of introducing the values to the employees and helping them to adopt the values in their daily work, the employees were able to easily engage in the change. The values also embodied the vision for the company's future, solidifying the change effort and, in effect, switching ownership to the employees (cf. Whetten and Cameron 2011). Adopting the new values as part of daily work enabled employees to commit to the change and thereby increase its durability (cf. Armenakis et al. 1999). As value-congruent work practices became routine, they institutionalized the change (cf. Kotter 1995).

## 5 CONCLUSION

This chapter set out to explore 1) *What constitutes positive change management following a cross-border acquisition?* and 2) *How can positive change management ease post-acquisition integration?* To answer these questions, this chapter adopted a POS lens, highlighting the positive emotional aspects of acquisitions. In the literature, positive emotions were discovered to be of crucial importance following acquisitions (e.g. Birkinshaw et al. 2000; Kusstatscher and Cooper 2005; Raitis et al. 2017). Such positivity stems from pleasant sensations (Gordon 1987) linked to personal objectives (Lazarus 1991). In harnessing such positivity during change, it is therefore necessary to ensure the affirmative nature of the change process (cf. Avey et al. 2008). Based on the literature, five steps of positive change management following acquisitions were identified: detecting and understanding employee emotions, creating a sense of excitement and readiness, forming a compelling vision of the future, responding to employees' emotions and encouraging employees to identify with the new organization.

The illustrative case showed how – possibly unconsciously – managers had followed these steps during the post-acquisition integration at Alpha Group. Positive change management eased post-acquisition change by engaging employees to take ownership of the change. This reveals that the influence of emotions on change processes can be great. Emotions arise in change situations that employees consider to be personally relevant. Such emotions can be positive or negative, depending on how goal-congruent or pleasing employees evaluate the change to be. Through active emotion management,

companies can offer employees a myriad of positive emotion triggers and thereby encourage the emergence of positive emotions. Because positive emotions are particularly beneficial for change (e.g. Birkinshaw et al. 2000; Fredrickson 2001a; Fischer and Manstead 2008; Vacharkulksemsuk et al. 2010), boosting positivity is likely to ease change much more than through merely addressing negative emotions. Boosting positive emotions also creates a positive change climate where change will occur more swiftly and more smoothly. A positive change climate, in turn, can act as a further positive emotion trigger.

Based on the findings, managers should not only seek to address employee concerns, but they should also actively promote the emergence of positive emotions during post-acquisition change. Furthermore, positive emotions triggered through engaging employees in the change, for example through interactive workshops, seems most beneficial in terms of creating change ownership and motivating employees to drive and institutionalize the change. To achieve these objectives, it seems beneficial to employ change management with high emotional intelligence, as this will ease the task of detecting and responding to employee emotions. Change management should also be able to clearly and convincingly communicate the positive aspects of the change to the employees in order to create excitement. Forming a compelling vision of the future of the integrated company is therefore essential. In addition, change management must be able to respond to employee emotions in ways that encourage commitment to the integrated company and motivate employees to work towards the vision. Finally, being able to engage employees in carrying out and maintaining the change will ease the institutionalization of the change and, at the same time, encourage identification with the post-acquisition organization.

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