palgrave pivot

SOCIO-CULTURAL INTEGRATION IN MERGERS AND ACQUISITIONS

The Nordic Approach

Edited by
Johanna Raitis,
Riikka Harikkala-Laihinen,
Mélanie E. Hassett
and Niina Nummela

Socio-Cultural Integration in Mergers and Acquisitions

Johanna Raitis • Riikka Harikkala-Laihinen
Mélanie E. Hassett • Niina Nummela
Editors

Socio-Cultural Integration in Mergers and Acquisitions

The Nordic Approach

palgrave
macmillan

Editors
Johanna Raitis
University of Turku
Turku, Finland

Riikka Harikkala-Laihinen
University of Turku
Turku, Finland

Mélanie E. Hassett
University of Sheffield
Sheffield, UK

Niina Nummela
University of Turku
Turku, Finland

ISBN 978-3-319-74340-0 ISBN 978-3-319-74341-7 (eBook)
https://doi.org/10.1007/978-3-319-74341-7

Library of Congress Control Number: 2018936516

Printed on acid-free paper

This Palgrave Pivot imprint is published by the registered company Springer International Publishing AG part of Springer Nature
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Foreword: Making Mergers and Acquisitions Work—The Socio-cultural Perspective

Mergers and acquisitions (M&As) represent a hugely important financial investment and affect the working lives of large numbers of employees. During this, the seventh wave of merger activity, recently published statistics show a record level of global activity in 2015, when the total value of deals reached 4.8 trillion US dollars (Statista 2017). In terms of regional spend on M&As, Europe came second to the United States, and was dominated by activity in five specific sectors—financial services, telecoms, pharmaceuticals, computer manufacturing and oil and gas.

For employees, it is widely accepted that M&As are major and disruptive change events commonly associated with job losses, changes in structure, working practices, cultures and values and generalised feelings of uncertainty and anxiety (Cartwright and Cooper 1996; Stahl et al. 2013). In recent decades, research has sought to emphasise the importance of the human aspects of M&As and their management as playing a critical role in retaining talent, maintaining morale and motivation and achieving the anticipated synergies that make for a successful outcome when integrating two (or more) organizations. To date, the research evidence documenting the negative employee response to M&As and the things that go wrong has far outweighed any alternative research effort to answer the question posed by Walker and Price (2000): "why do mergers go right ?" This book focuses on the challenging issue of socio-cultural integration defined (Stahl and Mendenhall 2005) as "the combination of groups of people possessing established (and potentially conflicting) norms and beliefs and values". By taking a closer look at the role of values and emotions utilising a predominantly qualitative methodological approach, the contributors to this book make some positive progress in answering Walker and Price's question and setting a new and somewhat different research agenda.

The Role of Emotions in Mergers and Acquisitions

As Keifer (2002) observes, emotions are "part and parcel" of the individual and social experience of change. Yet, emotions are considered difficult to research because they are transient and have been shown to change over the course of the change experience. Various change models have been proposed to capture the stages of emotional adjustment that individuals encounter not only within the context of M&As (e.g. Hunsaker and Coombes 1988) but in terms of other major change events such as career transitions (Nicholson 1984), retirement (Braithwaite and Gibson 1987) and bereavement (Kubler 1969). Generally, such models tend to show a differentiation between voluntary and involuntary change events, with initial positive emotions like excitement and happiness associated with changes within the personal control of the individual.

As involuntary change events, therefore it is not surprising that M&As trigger negative emotions from the outset. However, as Ivancevitch et al. (1987) pointed out some years ago, while most individual employees will appraise the likely impact of an M&A as negative in terms of personal outcomes, for example, job uncertainty, some may make a positive appraisal of the event as being likely to lead to greater job opportunities and career advancement, whereas others may appraise the event as likely to be irrelevant in terms of their personal circumstances. Subsequent communication from M&A leadership may serve to reinforce or change these initial appraisals.

Also of relevance to M&As, there is a body of literature centred around emotional contagion theory. This has demonstrated how the sharing of emotions amongst groups influences group attitudes and behaviours, team dynamics and organizational outcomes (Barsade 2002). According to Hatfield et al. (1993), emotional contagion involves an automatic and unconscious transfer of emotions between individuals. Leaders as highly salient group members are considered to be well placed to influence and reframe negative emotions (Gooty et al. 2010) and create positivity towards organizational change (Avey et al. 2008).

According to Ashforth and Humphrey (1995), the traditional emphasis on rationality in the workplace "has led to a pervasive neglect of emotionality in organizational life". Although this may be changing, it is still the case that the justification for organizational change is based upon a dialogue centred on institutional rationality. A strong theme of this book is the need to acknowledge and understand employee emotions and that by doing so leaders can infuse some positivity into organizational change. However, the positive emotional messages that leaders seek to convey must be experienced as being authentic for this to be effective.

The Role of Values in Mergers and Acquisitions

Values are considered to be part of the social glue that binds organizational members together (Schein 2004) and so are difficult to abandon or change. Values are the cornerstone of both culture and identity. However, values tend to be decided by senior management and communicated down to employees, as passive recipients, to be learned like a mantra. One of the case studies in this book provides evidence that by involving employees in the process of developing shared values and participating in value workshops, a new unifying value system can be created. However, this cannot be achieved without a significant investment in time. In addition, the genuine commitment of leaders to develop a collaborative set of values from the outset is critical.

Throughout the book, the case studies demonstrate a distinct and deliberate strategy to adopt a positive approach to socio-cultural integration and the management of M&As, with an emphasis on collaboration. This is presented as “The Nordic Approach” which would seem to uphold collaboration as an important cultural value of this geographic region and contrasts with the dominant approach to M&As adopted by other countries, particularly the United Kingdom and United States.

Future Challenges

M&As will remain a common feature of organizational development and business activity in the future and continue to present a challenge for M&A management. Changes in work and work organization in terms of the growth in remote working arrangements and global team working, whereby individuals are no longer confined by the traditional boundaries of time and space, would seem to indicate that integration and communication strategies will need to become better co-ordinated and more innovative. However, perhaps an even bigger challenge for M&A integration and management relates to the changing demographics of the workforce and the extent to which their response and attitudes towards M&As may differ from earlier generations, on which past and current M&A research has been based. By 2020, "millennials" (those born between 1980 and 2000) will form 50% of the global workforce. Work-related attitudes of millennials have become an emergent research topic internationally (Constanza et al. 2013). These studies suggest that millennials are loyalty lite, more mobile, place more emphasis on their personal needs than on those of their employing organization, value flexibility, and, having grown up with technology, need/expect to receive constant feedback. Taken overall, this suggests that retention may be a bigger issue than in previous waves of M&A activity.

Furthermore, a recent study by PWC (2011) found that 41% of millennials prefer to communicate electronically than face to face, which is likely to make it more difficult for M&A leaders and managers to read and engage their emotions. As part of the future agenda for M&A research, we need to learn more about the intergenerational differences in the human aspects of the phenomenon.

University of Lancaster, Lancaster, UK Susan Cartwright
University of Manchester, Manchester, UK Cary L. Cooper

References

Ashforth, B. E., & Humprey, R. H. (1995). Emotion in the Workplace: A Re-appraisal. *Human Relations, 48*(2), 97–123.

Avey, J. B., Wernsing, T. S., & Luthans, F. (2008). Can Positive Employees Help Positive Organizational Change? *Journal of Applied Behavioural Science, 44*(1), 48–70.

Barsade, S. G. (2002). The Ripple Effect: Emotional Contagion and Its Influence on Groups. *Administrative Science Quarterly, 47*(4), 644–675.

Braithwaite, V. A., & Gibson, D. M. (1987). Adjustment to Retirement: What We Know and What We Need to Know. *Ageing and Society, 7*(1), 1–18.

Cartwright, S., & Cooper, C. L. (1996). *Managing Mergers, Acquisitions and Strategic Alliances: Integrating People and Cultures.* Oxford: Butterworth-Heinemann.

Constanza, D. P., Badger, J. M., Fraser, R. L., Severt, J. B., & Gade, P. A. (2013). Generational Differences in Work Related Attitudes: A Meta-analysis. *Journal of Business and Psychology, 27*(4), 375–394.

Gooty, J., Connelly, S., Griffith, J., & Gupta, A. (2010). Leadership, Affect and Emotions: A State of the Science Review. *The Leadership Quarterly, 21*(6), 979–1004.

Hatfield, E., Cacioppo, J. T., & Rapson, R. L. (1993). Emotional Contagion. *Current Directions in Psychological Science, 2*(3), 96–100.

Hunsaker, P. L., & Coombes, M. W. (1988). Mergers and Acquisitions: Managing the Emotional Issues. *Personnel Journal, 65*(3), 56–63.

Ivancevitch, J. M., Schweiger, D. M., & Power, F. R. (1987). Strategies for Managing Human Resource Issues During Mergers and Acquisitions. *Human Resource Planning, 12*(1), 19–35.

Keifer, T. (2002). Analysing Emotions for a Better Understanding of Organizational Change: Fear, Joy and Anger During a Merger. In N. M. Ashkanasy, W. J. Zerbe, & C. E. J. Härtel (Eds.), *Managing Emotions in the Workplace* (pp. 45–69). Armonk, NY: M.E. Sharpe.

Kubler, R. E. (1969). *On Death and Dying*. New York: Macmillan.

Nicholson, N. (1984). A Theory of Work Role Transitions. *Administrative Science Quarterly, 29*(2), 172–191.

PWC. (2011). Millennials at Work: Reshaping Workplace. Retrieved from www.pwc.com

Roberts, L. M., Dutton, J. E., & Bednar, J. (2009). Forging Ahead: Positive Identities and Organizations as a Research Frontier. In L. M. Roberts & J. E. Dutton (Eds.), *Exploring Positive Identities and Organizations: Building a Theoretical and Research Foundation* (pp. 497–515). New York: Psychology Press.

Roe, R. A., & Ester, P. (1999). Values and Work: Empirical Findings and Theoretical Perspective. *Applied Psychology: An International Review, 48*(1), 1–21.

Schein, E. H. (2004). *Organizational Culture and Leadership* (3rd ed.). San Francisco: Jossey Bass.

Sinkovics, R. R., Zagelmeyer, S., & Kusstatscher, V. (2011). Between Merger and Syndrome: The Intermediary Role of Emotions in Four Cross-border M&As. *International Business Review, 20*(1), 27–47.

Stahl, G. K., Angwin, D. N., Very, P., Gomes, E., Weber, Y., Tarba, S. Y., et al. (2013). Sociocultural Integration in Mergers and Acquisitions: Unresolved Paradoxes and Directions for Future Research. *Thunderbird International Business Review, 55*(4), 333–356.

Stahl, G. K., & Mendenhall, M. E. (2005). *Mergers and Acquisitions: Managing Culture and Human Resources*. Stanford, CA: Stanford Business Books.

Statista. 2017. Mergers and Acquisitions—Statistics and Facts. Retrieved from www.statista.com/topics/1146/mergers-and-acquisitions/

Sullivan, W., Sullivan, R., & Buffton, B. (2001). Aligning Individual and Organisational Values to Support Change. *Journal of Change Management, 2*(3), 247–254.

Sveningsson, S., & Alvesson, M. (2003). Managing Managerial Identities: Organizational Fragmentation, Discourse and Identity Struggle. *Human Relations, 56*(10), 1163–1193.

Walker, J. W., & Price, K. F. (2000). Why Do Mergers Go Right? *Human Resource Planning, 23*(2), 6–8.

Preface

Cross-border mergers and acquisitions (M&As) have been of interest for researchers worldwide. This book looks at M&As as a process, and focuses on the integration phase, particularly putting weight on the human factor, that is, in particular emotions of individuals and values in the acquired and acquiring organisation. As such, it can be considered as a logical continuum of research conducted among the active Nordic community of M&A researchers. All the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) are small open economies which share a cultural heritage. This is also somewhat reflected in how business and management research is conducted in these countries. Close collaboration with companies and trusting relationships between university and industry are standard practice and they have allowed a thorough investigation of even strategic and sensitive issues, such as M&As. Consequently, Nordic researchers have had a unique access to business cases and both quantitative and qualitative data, resulting in interpretive sense-making and even interventionist research.

In this respect, the Turku School of Economics (TSE) at the University of Turku—the home institution of the core of the research team—is no exception. At TSE, cross-border M&As have been a research focus area for more than a decade, particularly among international business scholars, and the team has experience of several extensive research projects. In the two-year MANMAP project the focus was on managing the M&A process in the case organisations, particularly in situations when the aim of the M&A was to create complete new business opportunities. This project was funded by the Finnish Funding Agency for Innovation

(TEKES). On the other hand, in a four-year research project funded by the Academy of Finland (VCIG), researchers from the University of Turku and the University of Vaasa studied value creation in international growth from the viewpoint of joint ventures and M&As. In that project, the strategic role of M&As in the growth process of the case companies and the need for acquisition capabilities were highlighted. However, during these projects we also learned that successful integration was required more than a streamlined process and focus on value creation—the people were at the heart of the process.

This book brings in the people in the process and emphasises how they can be successfully involved in the M&A process through socio-cultural integration. We want to bring forward not only the emotions the process evokes but also how these emotions can be managed with carefully chosen organisational values and identity-building. The book provides an overview of prior knowledge on the topic and links it with empirical findings from our research. The case studies give a glimpse of what happens "behind the scene", that is, real-life socio-cultural integration in cross-border M&As. All these insights are of interest to multiple audiences: scholars can build their future research on our work, students benefit from a summary of existing knowledge and managers may be inspired of the real-life examples and practices.

Turku, Finland — Johanna Raitis
Turku, Finland — Riikka Harikkala-Laihinen
Stockport, UK — Mélanie E. Hassett
Turku, Finland — Niina Nummela

Acknowledgements

The authors thank the Finnish Funding Agency for Innovation (TEKES) for financial support. A significant part of the research presented in this book was collected in a research project "Emotions in M&As—Managing emotions in global virtual world" (grant number 40324/14). Related to Chap. 4, Satu Teerikangas expresses her thanks to Finnish Ministry of Education and Foundation for Economic Education and Gustavo Birollo to Fonds de Recherche du Québec: Société et Culture de Québec (FQRSC) for financial support. Additionally, Johanna Raitis acknowledges the support from Jenny and Antti Wihuri Foundation and Foundation for Economic Education for Chap. 5.

Contents

Notes on Contributors

Gustavo Birollo is a professor in the Department of Management at the Faculty of Business Administration at Laval University. He received a PhD from HEC Montréal. His research focuses on strategy implementation, strategy-as-practice and middle managers, which he explores in the context of mergers and acquisitions. Prior to joining the academia, he worked as a project manager in the agro-industry in South America, North America and Europe. Particularly, he has managed integration projects in cross-border acquisitions in the dairy sector.

Susan Cartwright is Professor of Organizational Psychology and Well Being and Director of the Centre for Organizational Health and Well Being at Lancaster University, UK. She was previously Professor of Organizational Psychology at Alliance Manchester Business School, UK. Cartwright is a past Chair and President of the British Academy of Management, a Fellow of the British Academy of Management, a Fellow of the British Psychological Society and a Fellow of the Academy of Social Sciences. She is known internationally for her work in the area of Mergers and Acquisitions.

Cary Cooper CBE, is the 50th Anniversary Professor of Organizational Psychology and Health at the Alliance Manchester Business School at the University of Manchester. He is also President of the CIPD, President of the British Academy of Management and President of the Institute of Welfare. In 2014 he was knighted by the queen for his contribution to the social sciences.

Riikka Harikkala-Laihinen is a doctoral candidate in international business at the Turku School of Economics at the University of Turku, Finland. Her areas of expertise include emotions in organizations, cross-border acquisitions and intercultural communication. In her doctoral research, she focuses on the influence of employee experiences on socio-cultural integration. She has previously published in the Research on Emotion in Organizations book series as well as in *Cross Cultural and Strategic Management*.

Mélanie E. Hassett is a lecturer in international business at Sheffield University Management School in the United Kingdom (and a senior fellow at the Turku School of Economics, University of Turku). Her area of expertise includes internationalisation strategies, cross-border acquisitions and research methods. Her current research focuses on emotions and the socio-cultural dynamics in cross-border M&A. Her work features in the *Management International Review*, *Baltic Journal of Management* and *Advances in Mergers and Acquisitions*. She has also co-edited a book titled *Handbook on Longitudinal Research Methods in Organization and Business Studies* (2013).

Niina Nummela is Professor of International Business at the Turku School of Economics at the University of Turku, Finland, and a visiting professor at the University of Tartu, Estonia. Her areas of expertise include international entrepreneurship, cross-border acquisitions and research methods. Her works have been published widely in academic journals, including the *International Business Review*, the *Journal of World Business*, the *Management International Review*, the *Industrial Marketing Management*, the *European Journal of Marketing* and the *International Small Business Journal*, among others. She has also contributed to several internationally published books, and edited several books for international publishers, such as Edward Elgar Publishing, Palgrave Macmillan and Routledge.

Johanna Raitis is a postdoctoral researcher in international business at the School of Economics at the University of Turku, Finland. Her research interests focus on culture, identity, values and local embeddedness. Johanna has an extensive experience in conducting cross-cultural studies and working with multinational corporations in various research projects. Her latest project "Roots" focuses on firms' sustainable growth, spatial and temporal logics and local embeddedness of a multinational corporation. Recently, her works have been published in the Research on Emotion in Organizations book series as well as in Cross Cultural and Strategic Management.

Satu Teerikangas is Professor of Management and Organization at the School of Economics, the University of Turku, and Honorary Senior Lecturer in Management at the Bartlett Faculty of the Built Environment, University College London. Her research centres on the dynamics of strategic change, a topic she explores particularly in the context of large-scale radical change as in mergers and acquisitions (M&A). Her work on the cultural, human and managerial challenges in M&As has been published in leading academic outlets such as *Journal of Management*, *British Journal of Management* and *Human Resource Management*. She is co-editor of the *Handbook of Mergers and Acquisitions* (2012), a first to combine financial, strategic and sociocultural perspectives to the study and practice of M&A. Prior to an academic career, Teerikangas worked in the oil and gas industry in the Netherlands and the United Kingdom.

List of Figures

List of Tables

CHAPTER 1

A New Research Agenda for Managing Socio-Cultural Integration

Mélanie E. Hassett and Niina Nummela

Abstract Post-acquisition socio-cultural integration has received increasing attention from both scholars and practitioners since the early 1990s. During the past decade, research has increasingly focused on emotions and identity in mergers and acquisitions. This chapter introduces the reader to the vibrant research field and its relevance. This section sets the scene for the book, which provides a deeper understanding of how emotions—both positive and negative—as well as values and identity enable a deeper socio-cultural integration after a merger or acquisition, and how leadership plays a crucial role in making it all happen. This chapter also highlights how the Nordic approach to post-acquisition socio-cultural integration refers to a large community of Nordic academics focusing on the softer social and human side of acquisition, often relying on a huge variety of qualitative methods, and to Nordic companies that are not afraid of adopting a more collaborative approach to post-acquisition integration.

M. E. Hassett (✉)
University of Sheffield, Sheffield, UK

School of Economics, University of Turku, Turku, Finland

N. Nummela
School of Economics, University of Turku, Turku, Finland

J. Raitis et al. (eds.), *Socio-Cultural Integration in Mergers and Acquisitions*, https://doi.org/10.1007/978-3-319-74341-7_1

Keywords Merger and acquisition • Post-acquisition • Socio-Cultural integration • Emotions • Identity • Management • Values

Setting the Scene

Since the late 1980s there has been a surge in academics focusing on the post-deal phase of acquisitions, and particularly on the human side of post-acquisition integration (Teerikangas and Joseph 2012). This stream of research has argued that merger and acquisition (M&A) failure is often due to the poor management of post-acquisition integration and emerging challenges such as change resistance, a lack of organisational and cultural fit, acculturation stress, low job satisfaction, loss of identity etc. (e.g. Buono and Bowditch 1989; Cartwright and Cooper 1993; Gomes et al. 2013; Kusstatscher and Cooper 2005; Stahl and Voigt 2008; Very et al. 1996). It is evident that an M&A is not just an investment or a transaction. M&As are organisational encounters, where socialisation and interaction are critical to the success of post-acquisition integration (Teerikangas and Joseph 2012). Prior research has emphasised the role of mutual interaction in promoting learning, sharing knowledge and the success of an M&A (e.g. Larsson and Lubatkin 2001; see also Teerikangas and Joseph 2012). From the 1980s onwards, the focus has also been on cultural integration and cultural differences in M&As. This stream of research has focused on the role of culture, national and/or organisational culture, in M&A performance (Teerikangas and Very 2012), as well as on cultural convergence or acculturation (Larsson and Lubatkin 2001; Nahavandi and Malekzadeh 1988; Thanos and Papadakis 2012). This book contributes to these streams of literature by introducing research cases where acquirers have adopted a softer approach based on mutual interaction to foster cultural convergence and identity-building.

This book provides a deeper understanding of how emotions—both positive and negative—as well as values and identity enable a deeper socio-cultural integration after a merger or acquisition, and how middle managers often juggle between their own emotions and change experience while driving integration as change agents. The contribution of this book is two-fold. First, it adds to our understanding of socio-cultural integration in cross-border M&As by focusing on how emotions, values and identity evolve and enhance socio-cultural integration, and on middle managers, who drive and experience the change during socio-cultural integration. Second, this book is based on case studies and large qualitative and quantitative data sets. The unique empirical data provides detailed, rich accounts of the less tangible aspects of socio-cultural integration.

Defining Socio-Cultural Integration

Post-acquisition integration refers to the combining of the acquiring and acquired companies following an M&A. This post-acquisition phase has been referred to in a number of ways, for example, the post-acquisition integration phase, the post-merger integration (PMI) phase or the post-M&A phase (see e.g. Teerikangas and Joseph 2012). It can be defined as 'the multifaceted, dynamic process through which the acquirer and acquired firm on their components are combined to form a new organisation' (Graebner et al. 2017, p. 2). Post-acquisition integration has been described as multidimensional (c.f. Graebner et al. 2017), comprising of the combination of various activities and assets, material or immaterial, and it can be divided between procedural, physical and managerial integration (Shrivastava 1986) or simply between the task and human resource integration (Birkinshaw et al. 2000). Cultural integration has traditionally been viewed as separate from human resource integration (cf. Angwin 2012), but since the twenty-first century, the term 'socio-cultural integration' has combined these two interlinked dimensions (e.g. Stahl and Voigt 2008). In this book, we refer to socio-cultural integration as a specific dimension focusing on the human, social and cultural aspects of the post-acquisition integration process, including issues of identity and values (c.f. Graebner et al. 2017).

Research on the socio-cultural integration in M&As has largely focused on negative emotions and attitudes such as acculturative stress, change resistance, loss of job satisfaction and commitment, and ways to overcome these (e.g. Cartwright and Cooper 1993; Kusstatscher and Cooper 2005; Sinkovics et al. 2011; Very et al. 1996). The focus has been on the *merger*[1] *syndrome* as a typical post-M&A integration phenomenon (e.g. Kusstatscher and Cooper 2005; Sinkovics et al. 2011). Merger syndrome refers to a defensive, fear-the-worst response to the acquisition (Kusstatscher and Cooper 2005). It is characterised by stress and a crisis mentality among executives in both the acquiring and acquired companies. Merger syndrome occurs across various M&As—friendly or hostile, domestic or international, and with deals involving companies of similar or different sizes. The first signs usually include heightened self-interest as employees and managers become uncertain about their work, careers and futures (Marks and Mirvis 1997).

The cultural aspects of socio-cultural integration have often been analysed from an organisational and/or national cultural perspective. Typically, organisational culture has been defined through the values and beliefs of the organisation. Organisational cultures and national cultures have been of central interest in cross-border M&A research. Research on culture in M&As has largely focused on the effects of organisational and national cultural differences on M&A performance (Graebner et al. 2017; Teerikangas and Joseph 2012). However, research results have been mixed (e.g. Teerikangas and Very 2006, 2012), and while culture matters in M&As, it can be described as a 'mixed blessing' or 'double-edged sword', meaning that sometimes cultural differences have a positive impact and sometimes they have a negative impact on M&As (Stahl and Voigt 2008).

From a socio-cultural perspective, the lack of organisational and cultural fit has often been reported as the main cause for post-acquisition integration problems and poor acquisition performance (e.g. Cartwright and Schoenberg 2006; Gomes et al. 2013). The metaphor of organisational marriages (e.g. Cartwright and Cooper 1993) describes well the challenges related to post-M&A integration and the acculturation process taking place after the acquisition. Acculturation refers to the process of contact, conflict and adaptation when two cultures come together. Depending on the perception of the attractiveness of 'the other' culture and the willingness of employees to abandon their old culture, the acculturation model can lead to assimilation, deculturation, integration or separation (cf. Nahavandi and Malekzadeh 1988; Cartwright and Cooper 1993).

It has been widely agreed that the post-M&A integration phase plays a critical role in the success of M&As (e.g. Graebner et al. 2017). There has been overwhelming research focusing on the desired outcome in terms of performance and value creation, but less in terms of a shared culture and identity. Few studies focus on the softer side of M&A success resulting from socio-cultural integration, that is, two becoming one, with a joint, shared organisational culture based on shared values and identity. It is clear that a new joint culture can be achieved in various ways. Prior research has focused on various integration strategies, including the level and speed of integration (cf. Haspeslagh and Jemison 1991; Angwin and Meadows

2015; Bauer et al. 2016; Meglio et al. 2017). Moreover, the underlying assumption is often that the acquirer imposes its knowledge and culture on the target. Acquirers seem to seldom consider what the acquired target company has to offer. In this book, we introduce a unique case study where the acquirer wanted to create a new shared culture and identity together with the acquired organisation (see Chaps. 2 and 3). Socio-cultural integration can be an ongoing goal in those companies that constantly grow and internationalise through multiple M&As (see Chap. 5). We still know very little about how to promote new values, new culture and new identity, and what the role of emotions is in both organisations and in middle managers in the post-M&A integration process (see Chaps. 2 and 4).

Emotions[2] in M&As

M&As are emotional not only in the acquired organisation, but also in the acquiring company. In fact, M&As have been described as major life events, either for the organisation or for the individual, or for both (e.g. Ager 2011; Gunkel et al. 2015; Kusstatscher and Cooper 2005; Risberg 2001; Sinkovics et al. 2011; Stahl et al. 2013), and they elicit emotions among large groups of people (Huy 2012). Emotions arise on all hierarchical levels of the organisation. Former shareholders in the acquired firm may feel sad and nostalgic about losing their life's work, while top management in the acquiring company may feel stressed and overwhelmed by the amount of work related to the integration process. Employees on both sides experience a range of emotions. Uncertainty, fears about job losses, loss of identity and a general feeling of sadness and loss, mixed with excitement about future opportunities are common reactions following an M&A announcement (e.g. Buono and Bowditch 1989; Kiefer 2002; Kusstatscher and Cooper 2005; Stahl et al. 2013). Research on the socio-cultural issues during post-M&A integration has, in general, a strong focus on negative emotions (e.g. Kiefer 2002), with a few exceptions (e.g. Kusstatscher 2006; Raitis et al. 2017).

Our literature review on emotions in M&As revealed that the field is still in a very nascent stage. The number of studies focusing on this theme is limited, and the findings are scattered and inconsistent due to the different contexts, theoretical frameworks and research strategies applied. Additionally, existing studies do not really differentiate whose emotions are under scrutiny: employees or managers, the acquirer or acquired. To our surprise, there are not many studies which account for the cultural differences and their role in emotions (Gunkel et al. 2015 and Reus 2012 being notable exceptions). Therefore, prior studies do not offer us a solid base to build on.

Nonetheless, there are a few issues on which researchers seem to agree and a couple of themes also seem to be emerging. Kiefer (2002) argued nearly two decades ago that research on M&As focused on the negative emotions and that their positive consequences were not fully recognised. This still seems to be the case. There are a few researchers who have pointed out the interplay between positive and negative emotions, and even stress the role of emotions in helping employees to understand what is happening in the organisation (Kusstatscher and Cooper 2005; Raitis et al. 2017). Nevertheless, these studies remain exceptions to the rule.

Although scholars have started to show a growing interest in emotions in M&As, our understanding remains inconsistent and under-theorised (e.g. Sarala et al. forthcoming; Zagelmeyer et al. forthcoming). In particular, studies that focus on leadership in M&As (Junni and Sarala 2014) and are based on a longitudinal research design (Cartwright et al. 2012; Meglio and Risberg 2011; Stahl et al. 2013) have been called for. Managing multiple, sometimes conflicting emotions simultaneously is one of the challenges related to socio-cultural integration.

Managing Post-M&A Socio-Cultural Integration Through Shared Values and Identity: Why Does Socio-cultural Integration Matter?

M&As often represent significant changes in the organisational culture, organisational identity and identification. Ideally, post-M&A socio-cultural integration should result in a united organisational culture based on shared values, whether it is the culture imposed from the acquirer or a new culture built on new, shared values. However, during M&As, the accustomed values and, consequently, the identity of an organisation may be threatened. It is understandable that such a process takes time and can be very emotional.

In this book, we introduce how values can have a powerful role in enabling the building of a new, shared organisational culture and identity post-M&A integration. The attempts by an organisation to implant organisational values into employees are referred to here as value socialisation. Values are an integral part of an organisation's identity and organisational culture. Value differences distinguish cultures from each other (e.g. Elizur et al. 1991; Rosenblatt 2011). However, organisations may be very heterogeneous in terms of the cultural background of their employees, and many researchers have questioned the possibility of individuals ever developing and sharing values in an organisational context (e.g. Alvesson and Sandkull 1988; Forsgren et al. 2005). A way to cross boundaries set by, for example, time, circumstances, culture or religion, can be to ground the organisational culture of a geographically multicultural company in core human values such as fairness or honesty. Core values are values which resonate with employees across different cultures (e.g. Donaldson 1996; Williams 2011).

Why is culture so important? Organisational culture largely represents 'who we are' in the organisation. Acculturation studies have focused on how attractive the acquired employees view the acquirer's culture as and how willing they are to give up on their own culture (e.g. Cartwright and Cooper 1993; Nahavandi and Malekzadeh 1988). Finding the organisational culture attractive is a prerequisite for organisational identity-building. Studies have focused on identification in post-M&A integration and how pre-M&A identification influences post-M&A identity-building (e.g. Rouzies 2011; Rouzies and Colman 2012; van Dick et al. 2006; van Knippenberg and Sleebos 2006). Other researchers have focused on the roles of symbolism, stereotypes, metaphors, metonymies, gender and narratives in post-M&A identity-building (Ailon-Souday and Kunda 2003; Riad and Vaara 2011; Tienari et al. 2005; Vaara et al. 2003; Vaara and Tienari 2011). Research indicates that post-M&A organisational identification is higher when acquired employees perceive a continuity in their pre-M&A identities. The post-M&A organisational identification is lower when acquired employees perceive differences between the acquirer and their organisation, and thus feel dominated by the acquirer (Graebner et al. 2017). However, little is known about the emotional and affective dimensions of organisational identity-building or about the role of managers in identity-building, which is the focus of this book.

Value socialisation and identity-building are significant aspects of any socio-cultural integration. Both take time and can be emotional processes. Top managers and middle managers are in a critical position in managing employees' emotions during the M&A process (e.g. Gunkel et al. 2015; Kusstatscher and Cooper 2005; Sinkovics et al. 2011). Their challenges during the post-M&A phase include identifying and managing negative emotions, while they themselves might also be experiencing various emotions (cf. Ashkanasy and Daus 2002). From an 'emotional contagion' perspective, their emotions may ultimately impact the performance of their group (cf. Barsade 2002; Gooty et al. 2010; Kaplan et al. 2014; Sy et al. 2005). Additionally, due to their senior position and potential retention contracts, managers are generally more restricted in terms of acting/reacting to their true emotions, and experience more emotional labour, which may require faking an unfelt emotion or supressing an inappropriately felt emotion (cf. Diefendorff and Gosserand 2003; Hassett et al. 2018).

In sum, socio-cultural integration is important in terms of fostering a new, shared identity based on the values of the newly integrated organisation. Top and middle managers, not only integration managers (cf. Teerikangas et al. 2011), play an integral role in the implementation of the socio-cultural integration and in building the post-M&A culture and identity while managing emotions. The role of leadership in post-M&A integration has largely been ignored in M&A research (e.g. Junni and Sarala 2014). This book will highlight the role of middle managers in socio-cultural integration (Chap. 4). In the next section, we briefly introduce the content of each chapter.

What is This Book About? The Nordic Approach to Socio-Cultural Integration Following M&As

This book offers a Nordic approach to post-M&A socio-cultural integration. The Nordic approach refers here to (a) the Nordic M&A research tradition and (b) the Nordic firms' approach to acquisition and integration. Consequently, on the one hand, this book builds on the extensive Nordic academic M&A research tradition focusing on the human side of M&As and cultural differences. Nordic M&A research has traditionally focused on several socio-cultural topics such as cultural differences (e.g. Sarala 2010; Sarala and Vaara 2010; Teerikangas and Very 2006, 2012; Vaara et al. 2012, 2014), identity-building (e.g. Tienari et al. 2005; Vaara et al. 2003), legitimation, language and power (e.g. Vaara et al. 2005, 2006; Vaara and Tienari 2011), knowledge transfer from a socio-cultural perspective (e.g. Junni and Sarala 2014; Sarala et al. 2016), the role of integration managers (e.g. Teerikangas et al. 2011) and the network effect of M&As (e.g. Andersson et al. 2001; Degbey 2015; Havila and Salmi 2000; Öberg 2014), employee reactions (e.g. Raukko 2009; Risberg 2001; Teerikangas 2012) and emotions (e.g. Raitis et al. 2017; Harikkala-Laihinen et al. 2018; Hassett et al. 2018).

On the other hand, the Nordic approach also highlights the collaborative approach of parent companies to post-M&A integration—an approach which has received very little attention in the mainstream M&A research. A collaborative approach (cf. Napier 1989; Larsson and Lubatkin 2001) refers to acculturation, which is the outcome of a cooperative process whereby the beliefs, assumptions and values of two previously independent work forces form a jointly determined culture (Larsson and Lubatkin 2001). Moreover, this book builds on the long tradition of collaboration between companies and business scholars in the Nordic countries. This book has benefited from close and trusting relationships between the researchers and the key persons in the case organisations. Each of the cases is unique in its own way, but many of the findings are also transferable across contexts.

The book contains four chapters, each based on different qualitative case studies and a rich data set (see Table 1.1 for a summary). Chapter 2, 'The Triggers and Types of Emotions Emerging in M&As', by Riikka Harikkala-Laihinen, offers a very detailed analysis of emotions during M&As by focusing on the different types of emotions, both positive and negative, and on what triggers these emotions. This study analyses emotions from the psychology perspective and it is based on a single case study. The empirical evidence consists of three open-ended questions in an employee satisfaction survey with nearly 700 respondents (from the entire organisation, both the acquirer and acquired target organisations). The data was analysed both quantitatively and qualitatively using a mixed-method approach (e.g. Hurmerinta-Peltomäki and Nummela 2006).

Chapter 3, 'Relational Identity Construction in the Merger of Equals', by Johanna Raitis and Riikka Harikkala-Laihinen, looks into the relational approach to identity construction, arguing that through values, organisations can attempt to harmonise members' identity work during post-acquisition integration. The study focuses on how organisations can help and guide the identity construction of organisation members following an M&A. The chapter is based on a single case study, where data was collected from multiple sources, resulting from 14 interviews and 2 employee satisfaction surveys conducted in 2015 and 2016. Similar to the previous study, the data was analysed using a mixed-method approach (quantitative and qualitative methods).

Chapter 4, 'Leading M&As in a Middle Managerial Role: A Balancing Act', by Satu Teerikangas and Gustavo Birollo, explores the very important, yet often neglected role of middle managers involved in M&As. The chapter analyses the double-hatted role of middle managers during the socio-

Table 1.1 Description of companies, M&As and their geographical spread and the research methodology

	Company	*M&A type*	*Home country acquirer*	*Host country acquired firm*	*Methodology*	*Data*
Chapter 2	Family-owned company	Friendly acquisition	Finnish	German	mixed method	3 open-end questions in a survey, $n = 682$
Chapter 3	(same as Chap. 2)	Friendly acquisition	Finnish	German	mixed method	14 face-to-face interviews, participant observation, two surveys (2015 and 2016), textual secondary data
Chapter 4	*Study 1*: Four multinationals *Study 2*: Three universities *Study 3*: Numerous (20+) multinationals	*Study 1*: Friendly, related acquisitions, seven cross-border acquisitions, one domestic acquisition *Study 2*: Friendly, domestic merger *Study 3*: 24 friendly, related cross-border acquisitions	*Study 1*: Finnish *Study 2*: Finnish *Study 3*: North American, South American, European	*Study 1*: United Kingdom, Denmark, France, Germany, United States *Study 2*: Finland *Study 3*: North and South-America, Europe	qualitative	*Study 1*: 166 interviews *Study 2*: interviews, ethnography and auto-ethnography *Study 3*: 52 interviews
Chapter 5	Multinational corporation	several cross-border acquisitions	Swedish	(several cross-border)	qualitative	154 face-to-face interviews in 7 countries (Argentina, Brazil, Chile, Mexico, Peru, Canada, USA), textual secondary data

cultural integration phase, where middle managers simultaneously drive and deliver while personally living through change. This chapter is based on three extensive studies employing various qualitative research methods such as auto-ethnographic methods or an actor-based inductive approach, and is based on altogether hundreds of interviews.

Finally, Chap. 5, 'A Long-Term Perspective on Integration: The Case of a Serial Acquirer and Fundamental Human Values', by Johanna Raitis, analyses how a multinational corporation (MNC), which has grown through multiple acquisitions, aims to unify the organisational culture through a shared set of values. The purpose of this study is to understand the role of fairness in (long-term) integration processes. This study is based on a single case study on a Swedish MNC. The empirical evidence is overwhelming, drawn from over 200 qualitative interviews from ten different countries across four continents. The book ends with some concluding remarks by the editors.

Notes

1. Although M&As are commonly used interchangeably in the literature, mergers remain a minority of the deals. Additionally, in terms of culture, the basis for integration is completely different. A merger is also sometimes used to refer to the integration process. In this paper, following the convention in M&A literature, we use the more generic concept of M&A to refer to acquisitions. Merger syndrome is a specific condition explained in the text and is related to post-acquisition integration.
2. A common misconception is to use the concepts of emotions and moods interchangeably. The key difference between moods and emotions is that an emotion always has an object, a trigger. To clarify, the sentiment 'I am depressed due to the passing of a friend' refers to the emotion of sadness, whereas 'I am depressed because of the weather' refers to a depressed mood (Wong 2016).

References

Ager, D. L. (2011). The Emotional Impact and Behavioral Consequences of Post-M&A Integration: An Ethnographic Case Study in the Software Industry. *Journal of Contemporary Ethnography, 40*(2), 199–230.

Ailon-Souday, G., & Kunda, G. (2003). The Local Selves of Global Workers: The Social Construction of National Identity in the Face of Organizational Globalization. *Organization Studies, 24*(7), 1073–1096.

Alvesson, M., & Sandkull, B. (1988). The Organizational Melting-Pot: An Arena for Different Cultures. *Scandinavian Journal of Management, 4*(3–4), 135–145.

Andersson, H., Havila, V., & Salmi, A. (2001). Can You Buy a Business Relationship? On the Importance of Customer and Supplier Relationships in Acquisitions. *Industrial Marketing Management, 30*(7), 575–586.
Angwin, D. (2012). Merger and Acquisition Typologies: A Review. In D. Faulkner, S. Teerikangas, & R. J. Joseph (Eds.), *The Handbook of Mergers and Acquisitions* (pp. 40–70). Oxford University Press.
Angwin, D. N., & Meadows, M. (2015). New Integration Strategies for Post-acquisition Management. *Long Range Planning, 48*(4), 1–17.
Ashkanasy, N. M., & Daus, C. S. (2002). Emotion in the Workplace: The New Challenge for Managers. *Academy of Management Perspectives, 16*(1), 76–86.
Barsade, S. G. (2002). The Ripple Effect: Emotional Contagion and Its Influence on Group Behavior. *Administrative Science Quarterly, 47*(4), 644–675.
Bauer, F., King, D., & Matzler, K. (2016). Speed of Acquisition Integration: Separating the Role of Human and Task Integration. *Scandinavian Journal of Management, 32*(3), 150–165.
Birkinshaw, J., Bresman, H., & Håkanson, L. (2000). Managing the Post-acquisition Integration Process: How the Human Integration and Task Integration Processes Interact to Foster Value Creation. *Journal of Management Studies, 37*(3), 395–423.
Buono, A. F., & Bowditch, J. L. (1989). *The Human Side of Mergers and Acquisitions.* San Francisco: Jossey-Bass.
Cartwright, S., & Cooper, C. L. (1993). The Role of Culture Compatibility in Successful Organizational Marriage. *Academy of Management Executive, 7*(2), 57–70.
Cartwright, S., & Schoenberg, R. (2006). Thirty Years of Mergers and Acquisitions Research: Recent Advancement and Future Opportunities. *British Journal of Management, 17*(S1), S1–S5.
Cartwright, S., Teerikangas, S., Rouzies, A., & Wilson-Evered, E. (2012). Methods in M&A—A Look at the Past and the Future to Forge a Path Forward. *Scandinavian Journal of Management, 28*(2), 95–106.
Degbey, W. Y. (2015). Customer Retention. A Source of Value for Serial Acquirers. *Industrial Marketing Management, 46*(April), 11–23.
Diefendorff, J. M., & Gosserand, R. H. (2003). Understanding the Emotional Labor Process: A Control Theory Perspective. *Journal of Organizational Behavior, 24*(8), 945–959.
Donaldson, T. (1996, September–October). Values in Tension: Ethics Away from Home. *Harvard Business Review, 74*(5), 48–62.
Elizur, D., Borg, I., Hunt, R., & Magyari Beck, I. (1991). The Structure of Work Values: A Cross Cultural Comparison. *Journal of Organizational Behavior, 12*(1), 21–38.
Forsgren, M., Holm, U., & Johanson, J. (2005). *Managing the Embedded Multinational.* Cheltenham, UK: Edward Elgar.

Gomes, E., Angwin, D. N., Weber, Y., & Tarba, S. Y. (2013). Critical Success Factors Through the Mergers and Acquisition Process: Revealing Pre- and Post-M&A Connections for Improved Performance. *Thunderbird International Business Review, 55*(1), 13–35.

Gooty, J., Connelly, S., Griffith, J., & Gupta, A. (2010). Leadership, Affect, and Emotions: A State of the Science Review. *The Leadership Quarterly, 21*(6), 979–1004.

Graebner, M., Heimeriks, K., Huy, Q., & Vaara, E. (2017). The Process of Post-merger Integration: A Review and Agenda for Future Research. *Academy of Management Annals, 11*(1), 1–32.

Gunkel, M., Schlaegel, C., Rossteutscher, T., & Wolff, B. (2015). The Human Aspect of Cross-border Acquisition Outcomes: The Role of Management Practices, Employee Emotions, and National Culture. *International Business Review, 24*(3), 394–408.

Harikkala-Laihinen, R., Hassett, M., Nummela, N., & Raitis, J. (2018). Dialogue as a Source of Positive Emotions During Cross-Border Post-Acquisition Socio-Cultural Integration. *Cross Cultural and Strategic Management, 25*(1), 183–208.

Haspeslagh, P. C., & Jemison, D. B. (1991). *Managing Acquisitions—Creating Value Through Corporate Renewal*. New York: The Free Press.

Hassett, M., Reynolds, S.-N., & Sandberg, B. (2018). The Emotions of Top Managers and Key Persons in Cross-Border M&As: Evidence from a Longitudinal Case Study. *International Business Review*. In press.

Havila, V., & Salmi, A. (2000). Speed of Change in Business Networks: An Empirical Study of Mergers and Acquisitions in the Graphic Industry. *Journal of Strategic Marketing, 8*(2), 105–119.

Hurmerinta-Peltomäki, L., & Nummela, N. (2006). Mixed Methods in International Business: A Value-Added Perspective. *Management International Review, 46*(4), 1–21.

Huy, Q. N. (2012). Emotions in Strategic Organization: Opportunities for Impactful Research. *Strategic Organization, 10*(3), 240–247.

Junni, P., & Sarala, R. M. (2014). The Role of Leadership in Mergers and Acquisitions: A Review of Recent Empirical Studies. In S. Finkelstein & C. L. Cooper (Eds.), *Advances in Mergers and Acquisitions* (Vol. 13, pp. 181–200). Emerald Group Publishing Limited.

Kaplan, S., Cortina, J., Ruark, G., LaPort, K., & Nicolaides, V. (2014). The Role of Organizational Leaders in Employee Emotion Management: A Theoretical Model. *The Leadership Quarterly, 25*(3), 563–580.

Kiefer, T. (2002). Understanding the Emotional Experience of Organizational Change: Evidence from a Merger. *Advances in Developing Human Resources, 4*(1), 39–61.

Kusstatscher, V. (2006). Cultivating Positive Emotions in Mergers and Acquisitions. In C. L. Cooper & S. Finkelstein (Eds.), *Advances in Mergers and Acquisitions* (Vol. 5, pp. 91–103). Emerald Group Publishing Limited.

Kusstatscher, V., & Cooper, C. L. (2005). *Managing Emotions in Mergers and Acquisitions*. Cheltenham: Edward Elgar Publishing Ltd.

Larsson, R., & Lubatkin, M. (2001). Achieving Acculturation in Mergers and Acquisitions: An International Case Survey. *Human Relations, 54*(12), 1573–1607.

Marks, M. L., & Mirvis, P. H. (1997). Revisiting the Merger Syndrome: Dealing With Stress. *Mergers and Acquisitions, 31*(6), 21–27.

Meglio, O., King, D. R., & Risberg, A. (2017). Speed in Acquisitions: A Managerial Framework. *Business Horizons, 60*(3), 415–425.

Meglio, O., & Risberg, A. (2011). The (Mis)measurement of M&A Performance—A Systematic Narrative Literature Review. *Scandinavian Journal of Management, 27*(4), 418–433.

Nahavandi, A., & Malekzadeh, A. R. (1988). Acculturation in Mergers and Acquisitions. *Academy of Management Review, 13*(1), 79–90.

Napier, N. K. (1989). Mergers and Acquisitions, Human Resource Issues and Outcomes: A Review and Suggested Typology. *Journal of Management Studies, 26*(3), 271–289.

Öberg, C. (2014). Customer Relationship Challenges Following International Acquisitions. *International Marketing Review, 31*(3), 259–282.

Raitis, J., Harikkala-Laihinen, R., Hassett, M., & Nummela, N.. (2017). Finding Positivity During a Major Organizational Change—In Search of Triggers of Employees' Positive Perceptions and Feelings. In W. J. Zerbe, C. E. J. Härtel, N. M. Ashkanasy, & L. Petitta (Eds.), *Emotions and Identity* (*Research on Emotions in Organizations*, volume 13). Emerald Group Publishing Limited.

Raukko, M. (2009). Organizational Commitment During Organizational Changes: A Longitudinal Case Study on Acquired Key Employees. *Baltic Journal of Management, 4*(3), 331–352.

Reus, T. H. (2012). Culture's Consequences for Emotional Attending During Cross-border Acquisition Implementation. *Journal of World Business, 47*(3), 342–351.

Riad, S., & Vaara, E. (2011). Varieties of National Metonymy in Media Accounts of International Mergers and Acquisitions. *Journal of Management Studies, 48*(4), 737–771.

Risberg, A. (2001). Employee Experiences of Acquisition Processes. *Journal of World Business, 36*(1), 58–84.

Rosenblatt, V. (2011). The Impact of Institutional Processes, Social Networks, and Culture on Diffusion of Global Work Values in Multinational Organizations. *Cross Cultural Management: An International Journal, 18*(1), 105–121.

Rouzies, A. (2011). Antecedents of Employees' Identification with a Merger. A Three-Stage Empirical Study. *International Studies of Management and Organization, 41*(3), 25–41.

Rouzies, A., & Colman, H. L. (2012). Identification Processes in Post-acquisition Integration: The Role of Social Interactions. *Corporate Reputation Review, 15*(3), 143–157.

Sarala, R. M. (2010). The Impact of Cultural Differences and Acculturation Factors on Post-acquisition Conflict. *Scandinavian Journal of Management, 26*(1), 38–56.

Sarala, R. M., Junni, P., Cooper, C. L., & Tarba, S. Y. (2016). A Sociocultural Perspective on Knowledge Transfer in International Acquisitions. *Journal of International Business Studies, 41*(8), 1365–1390.

Sarala, R. M., & Vaara, E. (2010). Cultural Differences, Convergence, and Crossvergence as Explanations of Knowledge Transfer in International Acquisitions. *Journal of International Business Studies, 41*(8), 1365–1390.

Sarala, R. M., Vaara, E., & Junni, P. (forthcoming). Beyond Merger Syndrome and Cultural Differences: New Avenues for Research on the "Human Side" of Global Mergers and Acquisitions (M&As). *Journal of World Business*. Published electronically October 19, 2017. https://doi.org/10.1016/j.jwb.2017.10.001

Shrivastava, P. (1986). Post-Merger Integration. *The Journal of Business Strategy, 7*(1), 65–76.

Sinkovics, R. R., Zagelmeyer, S., & Kusstatscher, V. (2011). Between Merger and Syndrome: The Intermediary Role of Emotions in Four Cross-Border M&As. *International Business Review, 20*(1), 27–47.

Stahl, G. K., Angwin, D. N., Very, P., Gomes, E., Weber, Y., Tarba, S. Y., et al. (2013). Sociocultural integration in Mergers and Acquisitions: Unresolved Paradoxes and Directions for Future Research. *Thunderbird International Business Review, 55*(4), 333–356.

Stahl, G. K., & Voigt, A. (2008). Do Cultural Differences Matter in Mergers and Acquisitions? A Tentative Model and Examination. *Organization Science, 19*(1), 60–176.

Sy, T., Côté, S., & Saavedra, R. (2005). The Contagious Leader: Impact of the Leader's Mood on the Mood of Group Members, Group Affective Tone, and Group Processes. *Journal of Applied Psychology, 90*(2), 295–305.

Teerikangas, S. (2012). Dynamics of Acquired Firm Pre-acquisition Employee Reactions. *Journal of Management, 38*(2), 599–639.

Teerikangas, S., & Joseph, R. J. (2012). Post-deal Integration. An Overview. In D. Faulkner, S. Teerikangas, & R. J. Joseph (Eds.), *The Handbook of Mergers and Acquisitions* (pp. 339–371). Oxford University Press.

Teerikangas, S., & Very, P. (2006). The Culture-Performance Relationship in M&A: From Yes/No to How. *British Journal of Management, 17*(S1), S31–S48.

Teerikangas, S., & Very, P. (2012). Culture in Mergers and Acquisitions. A Critical Synthesis and Steps Forward. In D. Faulkner, S. Teerikangas, & R. J. Joseph (Eds.), *The Handbook of Mergers and Acquisitions* (pp. 392–430). Oxford University Press.

Teerikangas, S., Very, P., & Pisano, V. (2011). Integration Managers' Value-Capturing Roles and Acquisition Performance. *Human Resource Management, 50*(5), S31–S48.

Thanos, I., & Papadakis, V. (2012). Unbundling Acquisition Performance: How Do They Perform and How Can This Be Measured? In D. Faulkner, S. Teerikangas, & R. J. Joseph (Eds.), *The Handbook of Mergers and Acquisitions* (pp. 114–147). Oxford University Press.

Tienari, J., Søderberg, A.-M., Holgersson, C., & Vaara, E. (2005). Gender and National Identity Constructions in the Cross-Border Merger Context. *Gender, Work and Organization, 12*(3), 217–241.

Vaara, E., Junni, P., Sarala, R. M., Ehrnrooth, M., & Koveshnikov, A. (2014). Attributional Tendencies in Cultural Explanations of M&A Performance. *Strategic Management Journal, 35*(9), 1302–1317.

Vaara, E., Sarala, R., Stahl, G. K., & Björkman, I. (2012). The Impact of National and Organization Cultural Differences on Post-acquisition Integration Outcomes. *Journal of Management Studies, 49*(1), 1–27.

Vaara, E., & Tienari, J. (2011). On the Narrative Construction of Multinational Corporations: An Antenarrative Analysis of Legitimation and Resistance in Cross-Border Merger. *Organization Science, 22*(2), 370–390.

Vaara, E., Tienari, J., & Laurila, J. (2006). Pulp and Paper Fiction: On the Discursive Legitimation of Global Industrial Restructuring. *Organization Studies, 27*(6), 789–810.

Vaara, E., Tienari, J., Piekkari, R., & Säntti, R. (2005). Language and the Circuits of Power in a Merging Multinational Corporation. *Journal of Management Studies, 42*(3), 595–623.

Vaara, E., Tienari, J., & Säntti, R. (2003). The International Match: Metaphors as Vehicles of Social Identity Building in Cross-Border Mergers. *Human Relations, 56*(4), 419–452.

van Dick, R., Ullrich, J., & Tissington, P. A. (2006). Working Under a Black Cloud: How to Sustain Organisational Identification After a Merger. *British Journal of Management, 17*(S1), S69–S79.

van Knippenberg, D., & Sleebos, E. (2006). Organizational Identification Versus Organizational Commitment: Self-Definition, Social Exchange, and Job Attitudes. *Journal of Organizational Behavior, 27*(5), 571–584.

Very, P., Lubatkin, M., & Calori, R. (1996). A Cross-National Assessment of Acculturative Stress in Recent European Mergers. *International Studies of Management and Organisation, 26*(1), 59–86.

Williams, S. L. (2011). Engaging Values in International Business Practice. *Business Horizons, 54*(4), 315–324.

Wong, M. Y. (2016). Towards a Theory of Mood Function. *Philosophical Psychology, 29*(2), 179–197.

Zagelmeyer, S., Sinkovics, R. R., Sinkovics, N., & Kusstatscher, V. (forthcoming). Exploring the Link Between Management Communication and Emotions in Mergers and Acquisitions. *Canadian Journal of Administrative Sciences.* Published online June 2, 2016. https://doi.org/10.1002/cjas.1382

CHAPTER 2

The Triggers and Types of Emotions Emerging in M&As

Riikka Harikkala-Laihinen

Abstract This chapter digs deeper into the theory and practice of why and how emotions emerge during mergers and acquisitions. 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

R. Harikkala-Laihinen (✉)
School of Economics, University of Turku, Turku, Finland

J. Raitis et al. (eds.), *Socio-Cultural Integration in Mergers and Acquisitions*, https://doi.org/10.1007/978-3-319-74341-7_2

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 and that an individual can automatically react emotionally to an unknown stimulus for example 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 and 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 mergers and acquisitions (M&As) as potential emotion *triggers*. This approach is also common in M&A research focusing on emotion (e.g. Kusstatscher and 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, and that judgements 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 and 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

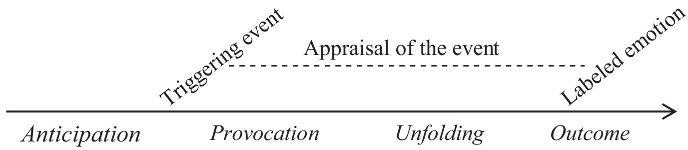


Fig. 2.1 The dynamic process of emotion

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 Fig. 2.1).

Valence and Arousal

Often, emotions are thought to include two dimensions: valence (positive–negative) and arousal (activation) (e.g. Warr 1990; Warr and Inceoglu 2012; Watson and 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 and 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.

Group Emotions

As mentioned above, here the focus is 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 and 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

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

(*continued*)

Table 2.1 (continued)

Author	*Original purpose*	*Emotion categories*	*Emotions*	*Emotion descriptors/Relational themes*
		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

(*continued*)

Table 2.1 (continued)

Author	*Original purpose*	*Emotion categories*	*Emotions*	*Emotion descriptors/Relational themes*
			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

on a national independence day is an example of group-based emotions (Menges and 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 and 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 and 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 and 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 a 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 and Jemison 1991) or collaborative (Cartwright and 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

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.

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.

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 falls under relief. Interestingly, pride was often mentioned quite explicitly by the respondents. In the following section, 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-owned 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 reallocated 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 '[u]nfortunately 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 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 offence 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 were 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.

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

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. 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.	Ensuring the continuity of one's employment.
	Relief	Employees feel more secure when the company shows that it cares about and appreciates its employees. The acquisition created confidence in the future.	Relieving distress about the future of the company.

(*continued*)

Table 2.3 (continued)

Valence	*Emotion*	*Triggers*	*Core appraisal theme at the case company*
		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.	

(*continued*)

Table 2.3 (continued)

Valence	*Emotion*	*Triggers*	*Core appraisal theme at the case company*
		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.	

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 trigger for 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, when it was perceived that management thought the employees were not already acting 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 and Steenkamp 2005). Similarly, anxiety could be labelled as nervousness or fear; anger as hostility, irritableness, scorn, or disgust (Watson and Clark 1999). In addition, sadness might otherwise be worded as depression, misery, or helplessness (Laros and 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 and 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).

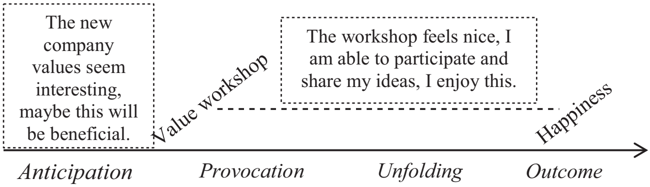


Fig. 2.2 Value workshops as triggers of happiness

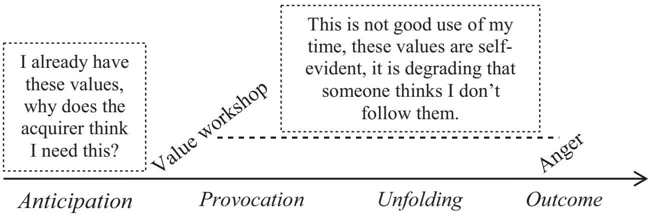


Fig. 2.3 Value workshops as triggers of anger

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 Fig. 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.

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 and 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 and 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, Fig. 2.4 offers managers suggestions on how to foster positive emotions at each of the organisational levels described by Ashkanasy (2003).

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.

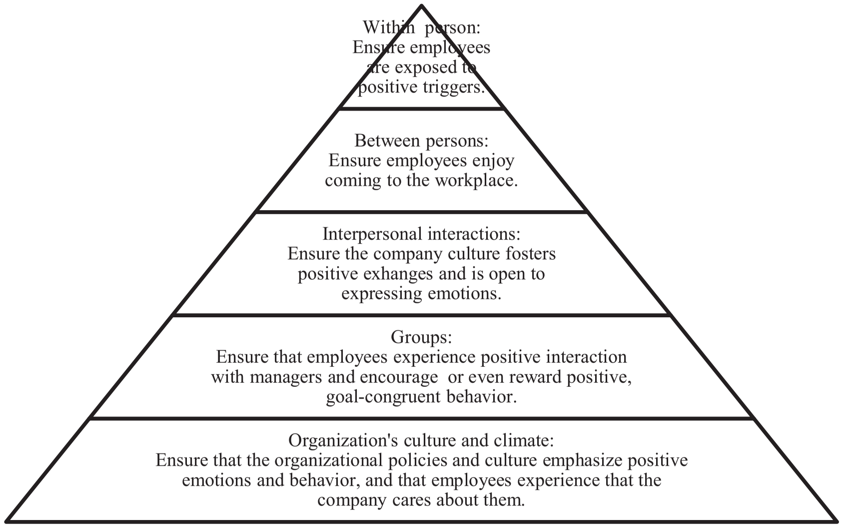


Fig. 2.4 Pyramid of creating positive organisational emotions

References

Arnold, M. B. (1960). *Emotion and Personality Volume II: Neurological and Physiological Aspects*. New York: Columbia University Press.

Ashkanasy, N. M. (2003). Emotions in Organizations: A Multi-level Perspective. In F. J. Yammarino & F. Dansereau (Eds.), *Multi-level Issues in Organizational Behavior and Strategy* (pp. 9–54). Emerald Group Publishing Limited.

Cannon, W. B. (1927). The James-Lange Theory of Emotions: A Critical Examination and an Alternative Theory. *The American Journal of Psychology, 39*(1/4), 106–124.

Cartwright, S., & Cooper, C. L. (1993). The Role of Culture Compatibility in Successful Organizational Marriage. *The Academy of Management Executive, 7*(2), 57–70.

Fredrickson, B. L. (2001). The Role of Positive Emotions in Positive Psychology. *American Psychologist, 56*(3), 218–226.

Fredrickson, B. L. (2002). How Does Religion Benefit Health and Well-being? Are Positive Emotions Active Ingredients? *Psychological Inquiry, 13*(3), 209–213.

Fredrickson, B. L. (2013). Positive Emotions Broaden and Build. In P. Devine & A. Plant (Eds.), *Advances in Experimental Social Psychology* (Vol. 47, pp. 1–53). Academic Press.

George, J. M. (1992). The Role of Personality in Organizational Life: Issues and Evidence. *Journal of Management, 18*(2), 185–213.

Goldenberg, A., Saguy, T., & Halperin, E. (2014). How Group-Based Emotions are Shaped by Collective Emotions: Evidence for Emotional Transfer and Emotional Burden. *Journal of Personality and Social Psychology, 107*(4), 581.

Graebner, M., Heimeriks, K., Huy, Q., & Vaara, E. (2017). The Process of Postmerger Integration: A Review and Agenda for Future Research. *Academy of Management Annals, 11*(1), 1–32.

Harikkala-Laihinen, R., Hassett, M., Raitis, J., & Nummela, N. (2018). Dialogue as a Source of Positive Emotions During Cross-Border Post-acquisition Socio-cultural Integration. *Cross Cultural and Strategic Management, 25*(1), 183–208.

Haspeslagh, P. C., & Jemison, D. B. (1991). *Managing Acquisitions: Creating Value Through Corporate Renewal*. New York: Free Press.

Huy, Q. N. (2002). Emotional Balancing of Organizational Continuity and Radical Change: The Contribution of Middle Managers. *Administrative Science Quarterly, 47*(1), 31–69.

Kemper, T. D. (2002). Predicting Emotions in Groups: Some Lessons from September 11. *The Sociological Review, 50*(S2), 53–68.

Kusstatscher, V., & Cooper, C. L. (2005). *Managing Emotions in Mergers and Acquisitions*. Cheltenham: Edward Elgar.

Lang, P. J. (1994). The Varieties of Emotional Experience: A Meditation on James-Lange Theory. *Psychological Review, 101*(2), 211.

Laros, F. J. M., & Steenkamp, J.-B. E. M. (2005). Emotions in Consumer Behavior: A Hierarchical Approach. *Journal of Business Research, 58*(10), 1437–1445.

Lazarus, R. S. (1991). *Emotion and Adaptation*. New York: Oxford University Press.

Lazarus, R. S. (1993). From Psychological Stress to the Emotions: A History of Changing Outlooks. *Annual Review of Psychology, 44*, 1–21.

Menges, J. I., & Kilduff, M. (2015). Group Emotions: Cutting the Gordian Knots Concerning Terms, Levels of Analysis, and Processes. *Academy of Management Annals, 9*(1), 845–928.

Rafaeli, A., & Worline, M. (2001). Individual Emotion in Work Organizations. *Social Science Information, 40*(1), 95–123.

Raitis, J., Harikkala-Laihinen, R., Hassett, M., & Nummela, N. (2017). Finding Positivity During a Major Organizational Change: In Search of Triggers of Employees' Positive Perceptions and Feelings. In W. J. Zerbe, C. E. J. Härtel, N. M. Ashkanasy, & L. Petitta (Eds.), *Emotions and Identity* (Research on Emotions in Organizations, Vol. 13) (pp. 3–16). Emerald Publishing Limited.

Schachter, S., & Singer, J. (1962). Cognitive, Social, and Physiological Determinants of Emotional State. *Psychological Review, 69*(5), 379.

Scherer, K. R. (2009). The Dynamic Architecture of Emotion: Evidence for the Component Process Model. *Cognition and Emotion, 23*(7), 1307–1351.

Sinkovics, R. R., Zagelmeyer, S., & Kusstatscher, V. (2011). Between Merger and Syndrome: The Intermediary Role of Emotions in Four Cross-border M&As. *International Business Review, 20*(1), 27–47.

Smith, C. A., & Ellsworth, P. C. (1985). Patterns of Cognitive Appraisal in Emotion. *Journal of Personality and Social Psychology, 48*(4), 813.

Solomon, R. C. (2003). *What is an Emotion? Classic and Contemporary Readings*. Oxford: Oxford University Press.

Stahl, G. K., Tung, R. L., Kostova, T., & Zellmer-Bruhn, M. (2016). Widening the Lens: Rethinking Distance, Diversity, and Foreignness in International Business Research Through Positive Organizational Scholarship. *Journal of International Business Studies, 47*(6), 621–630.

Warr, P. (1990). The Measurement of Well-being and Other Aspects of Mental Health. *Journal of Occupational and Organizational Psychology, 63*(3), 193–210.

Warr, P., & Inceoglu, I. (2012). Job Engagement, Job Satisfaction, and Contrasting Associations with Person–Job Fit. *Journal of Occupational Health Psychology, 17*(2), 129.

Watson, D., & Clark, L. A. (1999). *The PANAS-X: Manual for the Positive and Negative Affect Schedule-Expanded Form*. Cedar Rapids: University of Iowa.

Watson, D., & Tellegen, A. (1985). Toward a Consensual Structure of Mood. *Psychological Bulletin, 98*(2), 219–235.

Zajonc, R. B. (1980). Feeling and Thinking: Preferences Need no Inferences. *American Psychologist, 35*(2), 151.

CHAPTER 3

Relational Identity Construction in the Merger of Equals

Johanna Raitis and Riikka Harikkala-Laihinen

Abstract Values are an integral part of an organisation's identity. However, during mergers and acquisitions, the accustomed values and, consequently, the identity of an organisation may be threatened. This can cause defensive behaviour that can be detrimental to organisational change efforts. In this chapter, we suggest a joint identity construction as a way to overcome such threats. We look into the relational approach to identity construction, arguing that through values, organisations can attempt to harmonise members' identity work during post-acquisition integration. Such attempts are well illustrated in our empirical case.

Keywords Values • Identity construction • Identity work • Post-acquisition integration

Background

A key challenge in post-acquisition integration processes is that employees often perceive mergers and acquisitions (M&As) as a threat to their identities. Indeed, the greatest integration challenges arise when competing

J. Raitis (✉) • R. Harikkala-Laihinen
School of Economics, University of Turku, Turku, Finland

J. Raitis et al. (eds.), *Socio-Cultural Integration in Mergers and Acquisitions*, https://doi.org/10.1007/978-3-319-74341-7_3

aspects of identities emerge (Denison et al. 2012). Acquisitions may threaten role-based professional identities and group-based identities, and even cause insecurities related to nationality-based social identities in case of cross-border deals. Resistance and negative emotions may be caused by changes to existing group values, structures or other essential manifestations of the group (Bartels et al. 2006; Sinkovics et al. 2011).

During major changes, such as M&As, paying attention to identity is crucial, as unmanaged identities can result in multiple, divergent beliefs and aspirations that may ultimately undermine the overall change process (Ravasi and Phillips 2011). The fact that perceived threats cause negative consequences to both individuals and organisations is well acknowledged in the literature (Petriglieri 2011), but scant research has focused on how to deal with them. Some recent studies propose that instead of focusing on attempts to minimise or eliminate the harm, we should aim to understand how the negative threats and tensions may be turned into something positive (Roberts et al. 2009). Consequently, the question of how organisational members can be helped to do so more efficiently is suggested to be an important area of investigation (Petriglieri 2011). Therefore, in this chapter, we address the following question: *How can organisations manage identity construction following an M&A?*

Following the notion that resistance to organisational identity change is in part created by a failure to align the values of the involved individuals (Branson 2006), we suggest that one potential way of facilitating post-acquisition integration processes could be through internalising values. Supposedly, incorporating values into the integration process could help organisations to overcome detrimental identity differences and discrepancies. Supporting this approach, the literature suggests that aligning employees' values and the values of the new, integrated company helps acquirers overcome socio-cultural challenges (van Marrewijk 2004). As a basis of organisational culture, shared values can thus facilitate the harmonious coexistence of the acquisition partners (Cartwright and Cooper 1993).

In this study, we focus on the value initiatives and activities that organisations may introduce in order to engage employees in dynamic, joint identity construction processes that lead to positive perceptions and aligned behaviour. The key here is the desired nature of the change. Although organisational identity change can also stem from unintentional sources, intentional identity change is a form of strategic thinking (Koskinen 2015). We propose that through values, an organisation can generate interaction that guides members' individual identity work towards accepting the desired organisational identity and creating harmonised instead of mismatched belief systems between the acquisition partners.

Literature Review

Identity Work

Identity work concerns individuals' endeavours to construct a sense of self (Sveningsson and Alvesson 2003) together with others (LeBaron et al. 2009). It emphasises individual agency that occurs in, and is influenced by, a particular context (Ibarra 1999; Pratt et al. 2006; Sveningsson and Alvesson 2003; Watson 2008). With the focus on becoming rather than on being (Alvesson et al. 2008), identity work refers to interpretive, mental activities that may be targeted towards forming, repairing, maintaining, strengthening or revising the constructions that members consider to be relevant for coherence, distinctiveness and positive value (Sveningsson and Alvesson 2003). Individuals doing identity work have a stake in directing organisational action in ways that are consistent with what they believe is the essence of their organisation (Dutton and Dukerich 1991). Thus, instead of merely categorising oneself or others, identity work is concerned with how different images and representations (physical, symbolic, verbal, textual and behavioural) become instilled with meaning and value in a particular social context (Beech 2008).

Although identity work by nature is ongoing and can occur at any instance in organisational life, scholars have mainly given emphasis to situations that imbue conscious or concentrated identity work in response to a threat. It seems that identity work is more necessary in situations where strains, tensions and surprises are prevalent, as these prompt feelings of confusion, contradiction and self-doubt, which in turn tend to lead to examination of the self (Brown 2015). Already the very word 'work' implies an attempted change from something into something else (Kreiner and Murphy 2016). During crises or major changes, identity work is targeted towards mending or matching skewed perceptions and desires, or solving ongoing identity struggles (Alvesson and Willmott 2002; Sveningsson and Alvesson 2003).

Events that threaten an organisation's identity might also threaten the identities of individual members and therefore demand concentrated identity work (Petriglieri 2011). Through actively dealing with and resolving inconsistencies and creating new meanings or enforcing old ones, the engaged individuals can relieve identity tensions and insecurities related to their membership. People can be seen to engage in identity work when the routinised reproduction of self-identity in a stable setting is discontinued, triggered by uncertainty, anxiety, questioning or self-doubt (Collinson 2003). Building on this work, Alvesson and Willmott (2002) linked identity work to specific events, encounters, experiences, as well as to more constant strains, which compel more concentrated identity work among individuals. Here, we focus on M&As as potential antecedent events for identity work.

Identity Regulation

Identity regulation, on the other hand, emphasises how identity is accomplished through the operations of managerial power (Alvesson et al. 2008). It is described as a pervasive and increasingly intentional modality of organisational control practised by managers or other elite forces in organisations (Alvesson and Willmott 2002; Willmott 1993). The concept challenges the idea of social constructionism and the assumptions that individuals freely undertake processes of self-categorisation and identification within their groups (Alvesson et al. 2008). The existence of identity regulation in contemporary organisations is highly perceptible. According to Kreiner et al., 'Today's society is replete with social groups (…) and vocations that ask their members to submit, surrender and succumb to the needs, values, or identities of the collective' (2006, p. 1031). Herein, the key questions and foci are how organisations may impose perceptions and behaviours on their members, as well as how individuals consent to or resist such efforts (Alvesson et al. 2008).

In terms of practices that managers may apply to regulate identity and invite members to embrace the notion of 'we', the literature suggests induction, training, promotion and corporate education (Alvesson et al. 2008; Alvesson and Willmott 2002). The media of regulation may be strategically employed, or it may be produced by actors in their everyday interactions (Alvesson and Willmott 2002). The modes of regulation may be targeted towards the employees, actions, social relations and the scene. As the different means may occur simultaneously, they may contradict as well as reinforce each other (Alvesson and Willmott 2002).

However, this one-sided approach faces some obvious challenges in organisational life. According to Collinson (2003), the asymmetrical power relations leave employees feeling powerless and subordinated to such an extent that they seem to become 'capitulated selves'. Similarly, Alvesson and Willmott (2002) have highlighted that regulation is not an effective means to increasing employee commitment, involvement or loyalty. Although it may assist in times of identity fluidity by reducing employees' anxiety and helping them cope with ambiguity by undertaking focused, productive work (Alvesson and Willmott 2002), the standardised constructions may also constrain rather than facilitate the work and interaction of organisational members (Willmott 1997). Although it may be experienced by subordinates as reassuring and helpful, the corporate regulation of self may also be interpreted to constitute a kind of invisible identity cage (Alvesson et al. 2008).

Relational Approach to Identity Construction

Following this controversy, the question of how individual and organisational identity work function together has been cast (Kreiner and Murphy 2016; Langley et al. 2012). This question is the starting point of a *relational approach to identity construction*, which rejects any unilateral standpoints of identity being either individually or managerially constructed. This approach implies that managerial control can be accomplished only through joining identity work and regulation, whereby identity work is perceived as a significant medium and outcome of organisational control (Alvesson and Willmott 2002). These reflections seem reasonable if we believe that organisations are socially constructed entities (e.g. Alvesson et al. 2008; Dutton and Dukerich 1991; Gioia et al. 2000; Ravasi and Schultz 2006). In such constellations, individuals are not passive units, or totally determined by external forces, but instead they are knowledgeable and creative agents who are able to shape the groups they belong to. They may thus be viewed simultaneously as both subjects and objects of their societies, organisations and relations (Collinson 2003).

In the relational identity literature, identity is regarded as something that people jointly do and become together (LeBaron et al. 2009; see also Sveningsson and Alvesson 2003). In their recent study, Langley et al. (2012) show how identity regulation and identity work manifest themselves in the merger of health-care organisations in three different domains: that is, language, practices and space. Interestingly, their study also showed that the regulation or attempt to influence is not only limited to managers. Thus, others may accept, contest or redefine their own and others' identities through ongoing interactions. According to Brown (2015), identities arise in a continuing dialectic of structure and agency crafted through identity work processes that are sometimes calculative and pragmatic, often emotionally charged, and generally social. In this chapter, our purpose is to enrich this discussion by further illustrating how organisations can actively promote a relational approach to identity construction.

Joint Identity Construction at the Case Company

The empirical study is built around a case of two merging firms. The acquirer is a Finnish family-owned firm operating in the manufacturing industry. The company was established in the 1950s and it has since grown into a significant European provider in its own field. In 2013, the company acquired a German company of almost equal size from the same industry. The acquisition was a friendly deal, and due to the relatively similar size, an integration approach that can be described as symbiotic (cf. Haspeslagh and Jemison 1991) or collaborative (cf. Cartwright and Cooper 1993) was adopted. The two companies were merged and the new joint identity was formed based on a set of new values. In the initial introduction after the acquisition, the leaders presented the new entity as 'a values-driven corporation'.

Identity Regulation: The Managerial Framework and Guidance

Labelling the Values

The values (i.e. fairness, openness, effectiveness and courage) were decided upon by the management team (see also Lencioni 2002 and Sullivan et al. 2001, for similar cases). In selecting the values, the managers emphasised their suitability to both organisations, relevance to the market as well as to the company's future vision. They were intentionally quite broad with a high level of abstraction so that the employees coming from different cultures and professions could adopt them as their own. To ensure their suitability, HR managers and some employee representatives were also consulted to make sure that the values would resonate in the different locations and in various professional groups.

As a next step, in order to create meaning and ownership of the values (Roe and Ester 1999), the company organised value workshops where all the employees from both organisations were invited to participate. The workshops were seen to be the starting point in the integration process.

Planning the Workshops and Training the Facilitators

The purpose of the workshops was to introduce the values and engage the employees in the value-work. In particular, through the workshops, the company wanted to highlight the importance of the values to the company and underline individuals' central role in implementing them. Principally, the value workshops were expected to increase members' understanding and encourage the practical application of the values. The schedule and structure of the workshops followed a similar pattern in all the units in order to ensure the high quality and cohesiveness of the occasion. The length of the workshops varied from a four-hour intensive session to a full day of training.

The role of the facilitators in the workshops was considered to be pivotal. Besides being required to possess a good understanding of the values, the facilitators were also expected to master different methods to encourage interaction and to create a positive ambience that would allow the participants to plunge into the value-work. Prior to the workshops, all the facilitators participated in a 'Train the trainer workshop' to learn the required skills and methods. One part of the training focused on controlling the group and schedule, where the facilitators were trained to follow the workshop structure and guide the group in order to perform the tasks in a given time. This requirement included keeping the conversation on topic and not dwelling on the problems but rather aiming to find solutions. The focus of the discussions was to be on the future potential and on the positive impacts that the values could imbue and lead to.

Moreover, the facilitators' duties included reminding the participants that everyone was responsible for taking part in the discussion and for their input to the group as a whole. A precept in the facilitators' guidebook supports this outlook: 'Discussions yield precisely as much as you are willing to get involved.' In order to assist the participation, the facilitators were encouraged to share their own personal experiences, give examples, pay attention to quiet participants, allow disagreement, pose open questions and even change seats or pairs to allow an equal voice for all. In addition, the facilitators were trained to build a positive atmosphere in the group. This was to be done by leading by example, sharing collective experiences to bring people together and taking an interest in members' thoughts. A positive atmosphere was considered to be a fertile foundation that would allow the feelings of trust, cohesiveness, mutual interest and respect to sprout and grow.

Identity Work at the Workshops: The Interpretative and Mental Activities

The workshops consisted of three parts: the start, working phase and wrap-up. The workshops started with a theme called 'teaming and feeling', where each participant introduced himself or herself and expressed his or her current feelings and expectations concerning the prevailing changes. This was followed by a video message from the CEO emphasising the top management's commitment to the values. After a general introduction to each value, the working phase started, where the employees' role was central.

Each value was discussed and worked on separately. The work was conducted individually, in pairs and in small groups using a variety of working methods (e.g. mind maps, flower graphs, scales, pictures, portfolios, incomplete sentences). The methods applied and the tasks given were expected to aid the participants to come up with deep and rich explanations and understanding. The tasks were guided by specific questions, which prompted the participants to move away from the abstract level of value labels into personal and collective levels of meaning. For example, the participants were asked to share a story about a situation at work involving these values and evaluate the company's and their own actions related to them.

In one workshop group, the value 'fairness' was perceived as keeping joint workspaces clean and efficient, being helpful and considerate to colleagues, giving constructive feedback, fostering equality, being flexible, committing to agreed plans, having objectivity in rewarding, being honest in communication, maintaining an open flow of information and interfering with any wrongdoing (see Table 3.1). The participants were also stimulated into thinking what the values meant for them personally and how they could be fairer, braver and so on. For example, drafted in the form of a flower, efficiency was defined in terms of exerting one's best effort at work, consistency and clear objectives (see Fig. 3.1). In the wrap-up phase, the participants were asked to evaluate their own learning and come up with concrete next steps.

Table 3.1 Value workshop consideration of fairness

What does the value fairness mean to you?
The neatness/functionality of the work station
Helpfulness
Giving feedback
Equality
Flexibility
Committing to agreed-upon things
Rewarding
Taking others into consideration
Honesty
Flow of information
Intervening in grievances

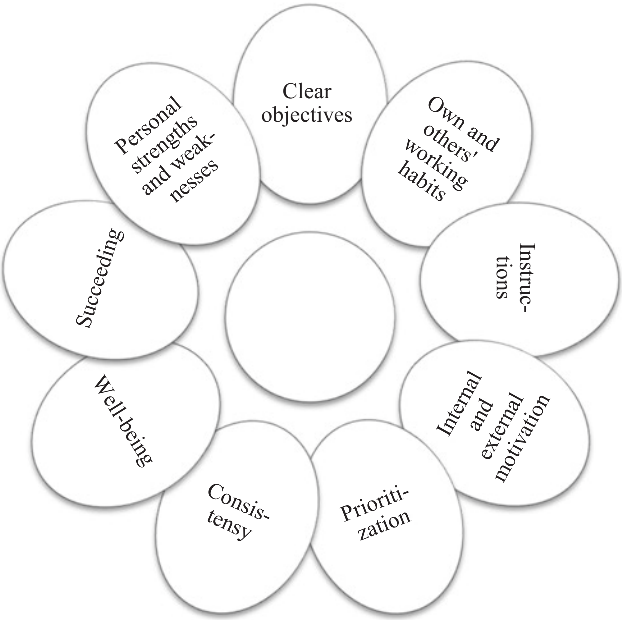


Fig. 3.1 Value workshop consideration of efficiency

Outcome: Employees' Perceptions of the Values and the Value Workshops

By and large, the employees were happy and proud to be members of an organisation to which values were of high importance. According to an informant: 'A company and its employees need values. I am also proud of the fact that I now work for a company which orients its actions on values.' This positive sensation was initially enforced by the CEO's messages and his perceived dedication. The members were impressed by the top management's value-driven approach. In the initial stages when the change was still fresh in the mind, the convincing messages from the CEO encouraged and motivated the employees to partake in the change: 'The launch and the message that has come with the values were so good that I wanted to see and develop the company and its values with an open mind' (Finnish employee, 2015 survey).

The employees' perceptions of the value workshops were also positive. Many informants commented that the value workshops created positive perceptions about the values but also about the company in general. The workshops and the employees' engagement in the value-work were found to abate the feelings of insecurity and fear. The employees felt more secure because by organising the workshops, the company showed that it really cared about and appreciated its employees. This was evident especially among the informants from the acquired side, who saw the workshops as evidence of interest towards them by the acquiring company. Among them, the workshops evoked feelings of appreciation and respect towards the company. The company gave them a voice and control by engaging them in the value discussion and construction, and the employees felt that they were being heard and that their opinion really mattered. As a result, their fears for the future were diminished and their faith in future progress increased, creating feelings of relief and happiness. Thus, although they still existed, the negative feelings commonly not abated through integration processes were pushed aside by the positive perceptions and feelings created by the workshops and interactive value-work. The future was believed to be positive: 'For the first time there is a strategy that I can experience, and it is one that I can actively help to shape. These goals have been jointly defined and are lived up to by the entire [company], leading to the visible progress' (German employee, 2015 survey).

The employees perceived the value workshops to be a good first step towards increased internal cooperation and unity in the new organisation.

The concrete values helped the members to orient their actions towards the integration process and they felt that the values could unite the company. It was generally believed that if everyone were to act accordingly, the different units could enforce each other rather than compete against each other. Ultimately, upon the joint appreciation and application of the values, the members expected that the merger would result in an even stronger company. The guided identity work in the workshops helped the members to understand their relevance to the new company and its success: ‘Good and important values. I think it was important to go through them well. The way the training was carried out was also very good. Now the maintaining of the vision, mission and values has to continue so that they are not entirely left in the background’ (Finnish employee, 2015 survey).

In the workshops, the employees were able to raise questions and openly discuss the values. They were also urged to bring up matters that they found confusing in the values. Even though the values were highly appreciated by the employees and many of them considered them as ‘normal values’, the workshops were helpful in increasing the members’ understanding of them in their work context. Evidently, the value labels as such are open to interpretation and the correct application is dependent on the type of work, position or role in the organisation. For instance, courage in sales and courage in factory work may have a different meaning in practice. Many informants commented on how the discussions and activities in the value workshop ‘crystallised’ and ‘encouraged’ the practical application of the values.

Continued Identity Construction: Enforcing the Values Through Everyday Interaction

‘The values workshop did not bring me anything. After all, I must already have certain values/ideas with which I can live and work; these cannot be communicated to someone in a one-day training session.’ (German employee, 2015 survey)

As the above citation highlights, one-time activities or events for implementing values or other central organisational elements are not sufficient. The formation of a culture requires ongoing social interaction and reinforcement (Murphy and Davey 2002). At the case company, the members’ identity work continued individually and collectively in the ongoing everyday activities, accelerating their learning. The CEO continued to be an important figurehead and authority. However, as he was physically distant from the day-to-day practices, the management also implemented other types of control and guidance mechanisms. One way of controlling and encouraging the identity work is frequent communication. For instance, they shared and published news, stories and even comics regularly about the values in the internal magazines. Special prizes and awards for value-aligned behaviour were also granted for individual employees who had successfully implemented the values in their work and could be seen as references for others.

As evidence of the learning and socialisation of the values, the employees started to control and monitor their peers', colleagues' and even their managers' value-aligned behaviour in normal day-to-day work encounters. Any wrongdoings were readily noted, reported and complained about. Thus, in addition to being personally important and focused on, the values were also collectively observed and controlled at the member level. On the basis of the data collected from the first survey after the workshops, many employees lamented that the values were good, but not all the employees were following them in their decision-making or with their behaviour. In particular, some of the managers were reported as not abiding by them, causing insecurity, frustration and even anger among their subordinates. These managers were considered to be jeopardising or at least weakening the values-driven approach (Murphy and Davey 2002). The lack of managerial example and dedication created negativity: 'Unfortunately, I have not been able to recognise that these values are also being lived up to by our superiors' (German employee, 2015 survey) and 'the superiors have to change—it seems as if everything has stayed as it was' (German employee, 2015 survey).

Over time, the members' understanding of the values deepened. At the time of the second survey, the members were able to report and indicate various instances and encounters where they had applied the values. Thus, over the course of time, the perceived utility and application of the values expanded and penetrated various areas involving tasks and responsibilities. According to the employees, the values emerged and were evident in working together, working efficiently, and when working with customers, decision-making, problem solving and creating an atmosphere: 'I am trying to work effectively without making mistakes, act honestly and openly, expect fair treatment, and I am just a little courageous' (Polish employee, 2016 survey) and 'I try to lead my staff with these values, since I always talk openly with them, discuss expectations and weaknesses, take their views seriously, and treat them as equals. This alleviates their fears, and they approach me without inhibitions' (Finnish manager, 2016 survey).

The employees had also discovered interlinkages between the values. Thus, the values became intertwined, where one was needed for another. The increase in understanding was thus cumulative, and the employees were found to be more coherent in terms of their thinking and actions at the time of the second survey. Their individual and collective understanding had deepened, awareness increased and their thinking and behaviour were more aligned, even across the units: 'Only if we treat each other openly and fairly, can our courage and effectiveness grow' (German employee, 2016 survey). The values and their application had become more automated in the day-to-day operations (Sullivan et al. 2001). That is, the socialisation of values and the formation of an organisational culture had begun.

Conclusion

Sullivan et al. (2001, p. 247) state that 'in embarking upon an organisational change program, the most powerful forces are the individual and organisational values. By aligning the values of the people in the organisation and those of the organisation itself, rapid change can be brought about.' This notion was very much at the core of the identity construction process at the case company.

We suggest that through creating a shared value system as a basis of organisational identity (van Marrewijk 2004), organisations can stimulate and guide members' identity work, ease change-related stress and turn the negative emotions into positive ones. Empirically, we have shown how the identity work at the individual level is enabled by the managerial identity regulation and how the reciprocity may be formed and advocated, leading to members' positive perceptions. In sum, we argue that integration may be facilitated by introducing new values as building blocks for employees' identity work. This necessitates an appreciation of the values, the possibility of familiarisation with the values and the enactment of the values. The ability to participate and form an individual understanding of the values is crucial, but a lack of managerial enactment of the values can greatly hinder the process.

Sullivan et al. (2001) suggested that there are five steps to successful organisational change through values. Our findings partly support these steps. In line with Sullivan et al. (2001), we also propose that the first step towards successful values-based change is that a small group identifies the core values. At the case company, the decisions regarding the new values were made by the top management team. In contrast to Sullivan et al. (2001), who suggest that the second step involves establishing what the employees' work values are, our findings suggest a different approach. Following the idea that values are of strategic importance, the employees do not need to be widely consulted. At the case company, the primary importance of the values was to strengthen the company's competitive advantage and support its long-term strategic goals. Thus, the employees' engagement in the process came only after the values had been decided upon. Following Sullivan et al. (2001), our findings also highlight the importance of both managerial and employee dedication and participation in the change process in order to bring the values to life. Extending the final step, which emphasises regular reinforcement of the values by the managers, we also see the process enfolding in a joint rather than regulatory manner in the later stages.

In addition, our study builds on the emerging field of relational identity work (Kreiner and Murphy 2016; Langley et al. 2012) by empirically showing how organisations can limit or guide members' identity sets during a change period and, at the same time, allow agency for their members by inviting them to actively engage in the identity construction process. At the case company, the relational work was started in pre-planned encounters (workshops), where all the members were engaged in concentrated identity work. In the encounters, the CEO's messages and the pre-set organisational values grounded the framework for members' meaning making with the help of facilitators. The influential sources (CEO, values, facilitators) raised positive feelings such as pride and happiness among the members. Thus, they were found to stimulate emotional attachment and feelings that we suggest further strengthen their identity work and identification (see also Kusstatscher and Cooper 2005). At the individual level, the findings may also provide further evidence relating to how individuals identify with organisations (Cardador and Pratt 2006; Ravasi and van Rekom 2003).

In the literature, there are debates on the extent to which identities are chosen by or ascribed to individuals. Related to this, Alvesson et al. (2008) ask who is actually constructing identity or influencing its construction. The division of work and responsibilities presented in this study are proposed to offer some insight into this discussion. We suggest that if the identity work is brought about by changes or threats, the larger forces (see also Alvesson et al. 2008), that is, managerial power and control, are needed to infuse confidence in the employees and to guide and motivate the members' identity work. It was found that a clear starting point, structure, framework and corporate aspiration were relevant for the agential work at the member level under the threatening situation. However, the practices through which identities become implemented and 'alive' were left for the members to decide upon and construct. In a way then, the rules and norms of behaviour were drafted by the employees on a more practical and detailed level. Thus, even if the process was manipulated by the top managers, the individual employees were and are central players in the identity construction. Working together with other members in rich encounters also allowed and initiated collective-level processes. Arguably, the collective encounters enriched and enforced the identity work by imbuing the identity labels (values) with equal individual- and collective-level meanings.

Finally, our findings provide some novel insights into identity-building processes during post-acquisition integration, mergers or other major organisational changes (Graebner et al. 2017). First, and also related to the organisational identity literature, although organisational identities (such as organisational values) have previously been considered relatively stable and unchanging, recent advances in research have proved that they can be dynamic and flexible—and therefore, at least to an extent, purposefully constructed (Dhalla 2007). Our findings lead us to propose relational identity work as a potential theoretical lens and framework through which to understand and manage effective human integration and identity change (see also Albert et al. 2000). Second, we suggest the means through which negative emotions may be turned into positive ones (see Birkinshaw et al. 2000). The tactics presented in this study may be useful in tackling members' protectionist behaviours (Menges and Kilduff 2015) as well as addressing their emotional reactions to major changes (Sinkovics et al. 2011).

Managerial Summary

Considering that in the modern business age, organisations need to be proactive, adaptive and even alter their identities in response to competition and environmental demands (Bouchikhi and Kimberly 2007; Kreiner et al. 2015), managing change is becoming an increasingly important skill. Related to M&As, a challenge that companies often face is how to make post-M&A integration more efficient and successful. Here we suggest one potential way of engaging employees in the change and in the new entity. The findings may be useful not only in cases of M&As, but in organisational changes in general. We further believe that the role of values in the process and their application will provide interesting insights for practitioners.

Checklist for Managers

1. The criteria for choosing the values. They should support the firm's long-term strategy and future vision, and should be appreciated by the market, customers and employees.
2. Listen to the key employees and personnel for the values' suitability across the units.
3. Show example and talk about values all the time. Provide training for managers and, if needed, change the management.
4. Create ownership and collective understanding by engaging all the employees. Allow time, space and support for identity work at the individual level.
5. Listen to feedback carefully and act upon it visibly.
6. Use variable means to show corporate-level dedication.
7. Appraise and reward for value-aligned behaviour.
8. Continue, never stop.

References

Albert, S., Ashforth, B. E., & Dutton, J. E. (2000). Organizational Identity and Identification: Charting New Waters and Building New Bridges. *Academy of Management Review, 25*(1), 13–17.

Alvesson, M., Ashcraft, K. L., & Thomas, R. (2008). Identity Matters: Reflections on the Construction of Identity Scholarship in Organization Studies. *Organization, 15*(1), 1350–5084.

Alvesson, M., & Willmott, H. (2002). Identity Regulation as Organizational Control: Producing Appropriate Individual. *Journal of Management Studies, 39*(5), 619–644.

Bartels, J., Douwes, R., de Jong, M., & Pruyn, A. (2006). Organizational Identification During a Merger: Determinants of Employees' Expected Identification with the New Organization. *British Journal of Management, 17*(S1), S49–S67.

Beech, N. (2008). On the Nature of Dialogic Identity Work. *Organization, 15*(1), 1350–5084.
Birkinshaw, J., Bresman, H., & Håkanson, L. (2000). Managing the Post-acquisition Process: How the Human Integration and Task Integration Processes Interact to Foster Value Creation. *Journal of Management Studies, 37*(3), 395–423.
Bouchikhi, H., & Kimberly, J. R. (2007). *The Soul of the Corporation: How to Manage the Identity of Your Company*. Upper Saddle River, NJ: Prentice Hall.
Branson, C. M. (2006). Achieving Organisational Change Through Values Alignment. *Journal of Educational Administration, 46*(3), 376–395.
Brown, A. D. (2015). Identities and Identity Work in Organizations. *International Journal of Management Reviews, 17*(1), 20–40.
Cardador, M. T., & Pratt, M. G. (2006). Identification Management and Its Bases: Bridging Management and Marketing Perspectives Through a Focus on Affiliation Dimensions. *Journal of the Academy of Marketing Science, 34*(2), 174–184.
Cartwright, S., & Cooper, C. L. (1993). The Role of Culture Compatibility in Successful Organizational Marriage. *The Academy of Management Executive, 7*(2), 57–70.
Collinson, D. L. (2003). Identities and Insecurities: Selves at Work. *Organization, 10*(3), 527–547.
Denison, D., Hooijberg, R., Lane, N., & Lief, C. (2012). *Leading Culture Change in Global Organizations: Aligning Culture and Strategy*. San Francisco, CA: Jossey-Bass.
Dhalla, R. (2007). The Construction of Organizational Identity: Key Contributing External and Intra-Organizational Factors. *Corporate Reputation Review, 10*(4), 245–260.
Dutton, J. E., & Dukerich, J. M. (1991). Keeping an Eye on the Mirror: Image and Identity in Organizational Adaptation. *Academy of Management Journal, 34*(3), 517–554.
Gioia, D. A., Schultz, M., & Corley, K. G. (2000). Organizational Identity, Image, and Adaptive Instability. *Academy of Management Review, 25*(1), 63–81.
Graebner, M., Heimeriks, K., Huy, Q. N., & Vaara, E. (2017). The Process of Postmerger Integration: A Review and Agenda for Future Research. *Academy of Management Annals, 11*(2), 1–32.
Haspeslagh, P. C., & Jemison, D. B. (1991). *Managing Acquisitions: Creating Value Through Corporate Renewal*. New York: The Free Press.
Ibarra, H. (1999). Provisional Selves: Experimenting with Image and Identity in Professional Adaptation. *Administrative Science Quarterly, 44*(4), 764–791.
Koskinen, K. U. (2015). Identity Change in Organizations: A Philosophical Exposition. *International Journal of Organizational Analysis, 23*(4), 621–636.

Kreiner, G. E., Hollensbe, E. C., & Sheep, M. L. (2006). Where is the "Me" Among the "We"? Identity Work and the Search for Optimal Balance. *Academy of Management Journal, 49*(5), 1031–1057.

Kreiner, G. E., Hollensbe, E. C., Sheep, M. L., Smith, B. R., & Kataria, N. (2015). Elasticity and the Dialectic Tensions of Organizational Identity: How Can We Hold Together While We are Pulling Apart? *Academy of Management Journal, 58*(4), 981–1011.

Kreiner, G. E., & Murphy, C. (2016). Organizational Identity Work. In M. G. Pratt, M. Schultz, B. E. Ashforth, & D. Ravasi (Eds.), *The Oxford Handbook of Organizational Identity* (pp. 276–293). Oxford: Oxford University Press.

Kusstatscher, V., & Cooper, C. L. (2005). *Managing Emotions in Mergers and Acquisitions*. Cheltenham: Edward Elgar.

Langley, A., Golden-Biddle, K., Reay, T., Denis, J.-L., Hébert, Y., Lamothe, L., & Gervais, J. (2012). Identity Struggles in Merging Organizations: Renegotiating the Sameness-Difference Dialectic. *The Journal of Applied Behavioral Science, 48*(2), 135–167.

LeBaron, C., Glenn, P., & Thompson, M. P. (2009). Identity Work During Boundary Moments: Managing Positive Identities Through Talk and Embodied Interaction. In L. M. Roberts & J. E. Dutton (Eds.), *Exploring Positive Identities and Organizations* (pp. 191–215). New York: Routledge.

Lencioni, P. M. (2002). Make Your Values Mean Something. *Harvard Business Review, 80*(7), 113–117.

Menges, J. I., & Kilduff, M. (2015). Group Emotions: Cutting the Gordian Knots Concerning Terms, Levels of Analysis, and Processes. *Academy of Management Annals, 9*(1), 845–928.

Murphy, M. G., & Davey, K. M. K. (2002). Ambiguity, Ambivalence and Indifference in Organisational Values. *Human Resource Management Journal, 12*(1), 17–32.

Petriglieri, J. L. (2011). Under Threat: Responses to and the Consequences of Threats to Individuals' Identities. *Academy of Management Review, 36*(4), 641–662.

Pratt, M. G., Rockmann, K. W., & Kaufmann, J. B. (2006). Constructing Professional Identity: The Role of Work and Identity Learning Cycles in the Customization of Identity Among Medical Residents. *Academy of Management Journal, 49*(2), 235–262.

Ravasi, D., & Phillips, N. (2011). Strategies of Alignment: Organizational Identity Management and Strategic Change at Bang & Olufsen. *Strategic Organization, 9*(2), 103–135.

Ravasi, D., & Schultz, M. (2006). Responding to Organizational Identity Threats: Exploring the Role of Organizational Culture. *Academy of Management Journal, 49*(3), 433–458.

Ravasi, D., & Van Rekom, J. (2003). Key Issues in Organizational Identity and Identification Theory. *Corporate Reputation Review, 6*(2), 118–132.

Roberts, L. M., Dutton, J. E., & Bednar, J. (2009). Forging Ahead: Positive Identities and Organizations as a Research Frontier. In L. M. Roberts & J. E. Dutton (Eds.), *Exploring Positive Identities and Organizations: Building a Theoretical and Research Foundation* (pp. 497–515). New York: Psychology Press.

Roe, R. A., & Ester, P. (1999). Values and Work: Empirical Findings and Theoretical Perspective. *Applied Psychology: An International Review, 48*(1), 1–21.

Sinkovics, R. R., Zagelmeyer, S., & Kusstatscher, V. (2011). Between Merger and Syndrome: The Intermediary Role of Emotions in Four Cross-border M&As. *International Business Review, 20*(1), 27–47.

Sullivan, W., Sullivan, R., & Buffton, B. (2001). Aligning Individual and Organisational Values to Support Change. *Journal of Change Management, 2*(3), 247–254.

Sveningsson, S., & Alvesson, M. (2003). Managing Managerial Identities: Organizational Fragmentation, Discourse and Identity Struggle. *Human Relations, 56*(10), 1163–1193.

van Marrewijk, A. (2004). Crisis in the Transition of Telecom Alliance Unisource. *Journal of Managerial Psychology, 19*(3), 235–251.

Watson, T. J. (2008). Managing Identity: Identity Work, Personal Predicaments and Structural Circumstances. *Organization, 15*(1), 121–143.

Willmott, H. (1993). Strength is Ignorance; Slavery is Freedom: Managing Culture in Modern Organizations. *Journal of Management Studies, 30*(4), 515–552.

Willmott, H. (1997). Making Learning Critical: Identity, Emotion, and Power in Processes of Management Development. *Systemic Practice and Action Research, 10*(6), 749–771.

CHAPTER 4

Leading M&As in a Middle Managerial Role: A Balancing Act

Satu Teerikangas and Gustavo Birollo

Abstract This chapter explores middle managers as agents and recipients of change when involved in mergers and acquisitions. We capture the characteristics of middle managers, who, when faced with such radical organisational change, not only have to personally thrive amidst this change, but, moreover, must act as the driving force of this change. The middle managerial challenge is embedded in this double-hatting—simultaneously delivering, while personally living through the same change. We argue that middle managers' development towards leadership positions depends on their ability to personally undergo and lead such changes when and where they arise. This requires learning to both implement change and personally make sense of change. Going forward, we call for more attention to be given to the 'inner world' of change agents.

Keywords Middle manager • Integration manager • Integration team • Change agent • Leadership

S. Teerikangas (✉)
School of Economics, University of Turku, Turku, Finland

G. Birollo
University of Laval, Quebec City, QC, Canada

J. Raitis et al. (eds.), *Socio-Cultural Integration in Mergers and Acquisitions*, https://doi.org/10.1007/978-3-319-74341-7_4

Introduction

In this chapter, we explore the role of middle managers involved in mergers and acquisitions (M&As). The M&A literature recognises the lone figure of the integration manager as the 'lead' character for change implementation (Ashkenas et al. 1998; Ashkenas and Francis 2000; Teerikangas et al. 2011) whose role is to facilitate and manage integration activities. Integration managers are project managers appointed by the acquiring firm who are responsible for the coordination of all the activities required to integrate the acquired firm (Teerikangas et al. 2011).

We argue that there is a need to expand the current view of acquisitions as being the sole responsibility of the integration manager, to viewing their success as dependent on the way both/all involved organisations support the acquisition process. In particular, there is a need to recognise the role of middle managers who operate at the interface between both organisations; they are the ones that bear the burden of the integration work, whether in formal or informal integration roles.

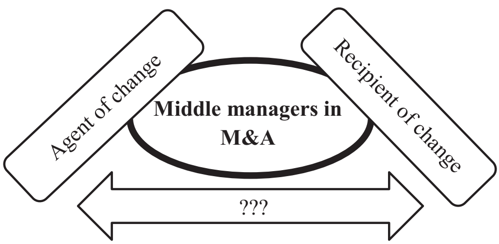
Middle managers involved in post-acquisition integration tasks tend to be hierarchically placed two to four levels below the acquiring CEO, depending on the size and structure of the buyer. These managers are in charge of the integration of individual functions or divisions of the acquired organisation (e.g. operations, engineering, finance, purchase, sales, quality control). As noted, they may or may not be coordinated by an integration manager supervising the entire integration project. Nonetheless, these functional managers bear the responsibility of the integration tasks; this is why we refer to them as *integration team members*. In the context of acquisitions, they represent at least the acquiring firm, and depending on the integration strategy, potentially also the acquired firm. In mergers, integration team members represent all involved organisations. These managers can also be expatriates working full time at the other organisation's premises, or managers that retain their responsibilities at the head office and nevertheless work on the integration of the new organisation. In this role, they might be involved in acquisition integration in a full- or part-time role and in a formal or informal integration team role.

The aim of this chapter is to capture the characteristics of these middle managers in charge of implementing M&As. On the basis of our research, we argue that they not only drive this change, but, moreover, they need to personally thrive amidst this change. Their middle managerial challenge is thus embedded in double-hatting—simultaneously delivering, while personally living through change (Balogun 2003; Harding et al. 2014). In so doing, the main contribution of this chapter to extant theorising is in extending theorising on middle managerial agency amidst M&As to appreciating not only change agency, but also recipient agency.

We start the chapter with a review of extant theorising on middle managerial agency in times of M&As. This theoretical review is followed by an overview of our main findings, which are on three fronts (see Fig. 4.1). First, from the perspective of what middle managers 'do' as change agents amidst M&As. This refers to their change agent role. Second, we focus on these middle managers' experience of living through M&As while implementing this form of radical change. This refers to their change recipient role. Based on this analysis, the third empirical section discusses the mental mindset required of middle managers in times of change in order to combine change and recipient agency. The chapter's findings are based on three large-scale qualitative studies of domestic and cross-border combinations:

1. The first study (Study I) concerns a large-scale interview-based study of cross-border acquisitions. The focus was on post-acquisition integration dynamics following eight cross-border acquisitions, conducted by four Finnish, industrial, globally operating firms. A total of 166 interviews were conducted. The study is reported in Teerikangas (2006, 2012b).
2. The second study (Study II) concerns a large-scale domestic Nordic merger. This study combines interviews with ethnographic and auto-ethnographic data in the context of a tripartite, interdisciplinary university merger (see Reynolds and Teerikangas 2015; Teerikangas and Tienari 2012). In this study, the first author was engaged in the merger in employee, researcher and change agent

Fig. 4.1 Middle managers as agents and recipients of change in times of M&A



roles. This multiplicity of roles allowed her to observe the varying faces that change agency bears amidst radical change.

3. The third study (Study III) confirms the findings in a non-Nordic and international context. Here, the focus was on middle managers' interaction dynamics during acquisition processes (Birollo 2016). The study followed an actor-based inductive approach (Gioia et al. 2013). It is based on 52 interviews with middle managers from acquired and acquiring firms, from 24 cross-border transactions performed in North and South America and in Europe.

Middle Managerial Agency in Times of Strategic Change

Research on change management (Rajagopalan and Spreitzer 1997; Sonenshein and Dholakia 2012) and on M&As (Marks and Mirvis 2011; Vasilaki and O'Regan 2008) has emphasised the role of top management team members and senior executives. This raises the question of what the role is of middle managers.

The tradition in research on strategic change is to consider middle managers as resisting major change initiatives (Biggart 1977; Guth and Macmillan 1986). Their active, strategic role in supporting the implementation of radical change initiatives (Kotter 1995) and corporate strategy (Mantere 2008) has gained recognition. For example, in his influential work on strategic alliances, Doz (1996, p. 78) underlines middle managers' ability to 'make things happen'. In turn, Nonaka (1988), in his article about project development and implementation, attributes the following roles to middle managers: to provide information to upper management, to interpret and give meaning to the views of upper management, to provide context for strategy implementation, and to manage and circumscribe the chaos of the projects' activities. However, as they cannot rely on the formal power of top managers, they need to deploy diverse resources and skills to exert these roles (Rouleau et al. 2015). Critically oriented research brings forward the characteristic of middle managers as one of 'being in the middle', with a position that oscillates between controller and controlled, or resister and resisted (Harding et al. 2014). Strategy-as-practice scholars identify middle managers as 'change intermediaries', interpreting and leading the implementation of organisational change (Balogun 2003; Balogun and Johnson 2005; Bryant and Stensaker 2011; Rouleau 2005).

Their in-between position of being both drivers and recipients of change forces middle managers to engage in emotional balancing as they need to deal with their own emotionality as well as the emotions of employees (Huy 2002).

The literature on M&As recognises middle managers' role in change implementation. In this literature, middle managers are mainly portrayed as acquiring-firm integration managers (Ashkenas et al. 1998; Ashkenas and Francis 2000; Dagnino and Pisano 2008; Haspeslagh and Jemison 1991; Shelton et al. 2003; Teerikangas et al. 2011; Véry 2004) or acquired-firm managers (Graebner 2004; Meyer 2006; Monin et al. 2013; Teerikangas 2012a; Vickers and Fox 2010). However, the role of (acquiring and acquired) managers working at the interface of both organisations, responsible for the day-to-day integration work, tends to be disguised under the overall term of 'integration manager' or not acknowledged at all. For example, in the context of acquisitions, the image of acquiring managers as the 'conquering army' (Datta 1991) or SWAT team (Jemison and Sitkin 1986) reflects their power relation vis-à-vis the acquired organisation. In the same vein, Chreim and Tafaghod (2012, p. 48) describe detached acquiring middle managers amidst a serial acquirer's context of acquisitions: 'that's part of our acquisition strategy. Not all of them are going to work … And that's why we do a number of them.' On the other hand, Balogun et al. (2005) portray acquiring middle managers without formal power, yet committed to their integration tasks, trying to persuade rather than to dictate in order to accomplish their projects (see also Gerstsen et al. 1998; Risberg 2001). In sum, despite the existence of an integration manager or not, acquiring middle managers have to drive the change in an organisation that is not theirs, where they are alien to its internal and external environment. This makes it more difficult for them to convey to their counterparts ideas that are 'meaningful, engaging, and compelling' (Rouleau and Balogun 2011, p. 971). This restrains their success in terms of selling their projects. In summary, acquiring middle managers seem to be trapped in the dichotomy of driving change while simultaneously facing the change in an organisation that is largely alien to them. In mergers, middle managers involved in merger activities from all across the merging organisations are caught in this limbo. At present, we know little about this agency trap. This is the theoretical gap and lack of understanding against which this chapter is positioned.

Middle Manager's Change Agent Roles in M&As

On the basis of our empirical findings, we observed middle managers withholding various roles as drivers of post-acquisition change (see Fig. 4.2).

Implementing Change

On the basis of Studies I and III, we found that as change agents, the main task of integration team members is to initiate, guide and coordinate the implementation of post-deal changes, particularly with respect to introducing new ways of working, new operation processes, office layout changes, new reporting systems and changes to organisation structures. Through this active role, these middle managers are considered as representing a visible sign of support from the buying firm. In parallel, they support post-deal change by easing the acquired firm's access to the acquiring firm's top management attention. These managers help to capture value from these acquisitions by furthering the progress of integration and securing the motivation and retention of staff (Teerikangas et al. 2011). Not surprisingly, in comparing acquisitions against one another in both studies, successfully integrated acquisitions tend to be ones that have received more implementation support, as the following quote illustrates:

> There are differences in the degree of integration across the businesses in this unit. Those that had an expatriate Finnish manager have changed more in comparison to those that have remained being managed locally. If you do not guide the change, it cannot happen (Manager from a Finnish industrial global acquirer in Study I).

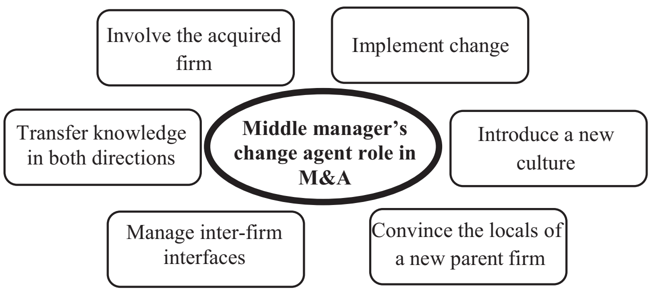


Fig. 4.2 Middle manager's change agent roles in M&As

Introducing the Acquiring Culture

Recent studies suggest that all post-acquisition changes (i.e. ones resulting from integration activity) induce cultural change (Teerikangas and Irrmann 2016). In other words, structural and cultural changes following M&As are related (Teerikangas and Laamanen 2014). We observe that integration team members bear a cultural carrier role through their day-to-day interactions with their counterparts. This role enables capturing value sought from the transaction, as the target firm's ways of working and culture gradually become aligned with the acquirer's. This role can be undertaken either purposefully or implicitly as, by their active contribution to the acquired firm, integration team members promote cultural exchange:

> As expatriate Finns onsite, we helped the integration a lot: to understand our firm's organisational culture, its background, and ways of working. People that carry the corporate culture within them should be the ones that are moved to the new location, i.e. the opinion creators, the talkative and political ones. They should be able to ensure buy-in to the new parent's way of working in all situations. This is one way of breaking barriers. (Manager from a Finnish industrial global acquirer in Study I)

Convincing the Locals of the New Era

In order to capture value from the deal, Teerikangas et al. (2011) find that integration managers need to secure the acquired firm's commitment towards the new parent firm. Acquired-firm inclusion in post-acquisition activities has been identified among M&A success factors (Graebner 2004; Schweiger and Goulet 2000). Therefore, depending on the target firm employees' degrees of engagement towards the deal, greater degrees of individual-level effectiveness and work performance can be expected (Kahn 1990; Salanova et al. 2005). This brings up the significance of integration team members working together with their local counterparts in the implementation of the integration projects. In so doing, they not only supervise the work, but also model with the acquired managers the content of those projects to the acquired context:

> Basically, it is hard work explaining, showing and convincing. Because we wanted to work with the same people that were already there. That is why one manager from each area went there: marketing, administration, sales,

> human resources and operations. We had to work with the acquired people … trying to bring them to see the business differently, closer to our vision. (Manager from an Argentinean acquiring firm in Study III)

Moreover, we found that in successful transactions, integration team members build relationships not only with their acquired colleagues, but also with their subordinates. In so doing, the connections between acquired and acquiring organisations are established and gradually cemented:

> I think [the buy-in work] came from the initial group, during the takeover, going to the floor, talking to the people, talking at their level. (…) They went out to the floor, they talk with the hourly operators, they talk to the supervisors, talk to the management, and they built those relationships (Manager from an American acquired firm in Study III).

Managing the Inter-Firm Interface

Beyond formal and informal communications, the role of the daily interactions between the two organisations is critical. In their seminal study on acquisition management, Haspeslagh and Jemison (1991) identified the role of the acquiring managers at the interface of both organisations in the early post-deal aftermath as essentially a bridge-building role. Haspeslagh and Farquhar (1994) concur that interface management or 'gate-keeping' between the buying and acquired firms is critical. In acquisitions where exchange and integration are expected, 'interface management' becomes important, to the extent that 'the quality of interface management becomes a key to unlocking acquisition value' (Haspeslagh and Jemison 1991, p. 156). Integration team members consider the introduction of the acquired staff to their internal network as part of their integration-related role. At first, they act as intermediaries solving problems, but over time, they also spread the virtues of the acquired firm towards their own within-firm network. The development of strong social networks facilitates the transfer of internal knowledge between units and fosters cooperation (Kostova and Roth 2003). Notwithstanding, these managers also act as gate-keepers from corporate demands that can jeopardise the integration process in the acquired firm, as is evidenced next:

> Everybody at [the acquirer] has a blueprint basically describing your role and responsibility and also we have [an index] indicating what your status level is and that kind of stuff. But, in the very beginning, the global HR

> wanted to implement that [at the acquired firm], and during that time [the plant manager] went to me and told me: we cannot do this right now because people wouldn't understand it and we will kill ourselves with all our projects. (…) So actually, we made some kind of agreement that we had to postpone that a year or two. (Manager from a Swedish acquiring firm in Study III)

Transferring Knowledge

Integration team members further support integration by enabling the transfer of knowledge between the firms. On the one hand, as they understand the acquirer's ways of working, organisation structure, technology and products, they can help acquired-firm members learn how to effectively function in the new parent firm's organisation. Thus, these managers can help in steering others towards what knowledge exists and where to find it. On the other hand, they need to sell the acquiring knowledge to their counterparts. At the same time, they need to be open to identifying and rescuing relevant acquired knowledge. Therefore, these managers need to become champions with two hats: On the one hand, they focus on transferring knowledge towards the acquired firm, and on the other hand, they need to ensure the transfer of knowledge towards the acquiring firm. Moreover, it is up to them to select what kind of knowledge is used in a given acquired context. The quote below illustrates the importance of mutual learning:

> You've got some plants where you have good people, then the nice thing about acquisitions is that you get those people working for you, so you can also learn from them, learn from their business and make us better. And you learn from their business and make us better. You learn how to deal with different issues, because you have never been in that kind of market or in that part of the world. (Manager from a Canadian acquiring firm in Study III)

Involving the Acquiring Firm

Post-acquisition integration tends to be portrayed as a managerial concern, the remit of executives and internal or external change agents. Yet, the goal is for the newly acquired organisation to mould its ways to the buying firm's ways of working. To reach this aim, we find that the support of the entire parent firm is needed (Teerikangas 2006, 2012b).

While the goals and benefits of an acquisition might be clear to the integration team members, they rarely are as clear to the other managers and employees across the buying firm. This is why integration team members need to engage in active internal marketing within the buying firm. Such internal marketing can relate to the strategic rationale behind the acquisition, integration goals and the role of everyday interactions in making the acquisition succeed. Such transparency in expectations allows the rest of the organisation to recognise their role in making the acquisition succeed. They can be expected, in turn, to support the achievement of the acquisition's goals in their daily work. In practice, though, this rarely occurs. As the following quote illustrates, many acquirers omit the significance of daily support towards the target firm in the weeks, months and years following the acquisition:

> As time passes since the acquisition, it becomes less easy to get help, as people are busy. As they are not dedicated towards the integration, it is an additional task for them (Managerial interviewee—Danish acquired unit in Study I).

Middle Managers Experiencing M&As

Beyond the role of integration team members delivering change during M&As, these managers are simultaneously caught in the midst of experiencing this radical change (see Fig. 4.3). The change that they are implementing is not an abstract object that they are implementing as neutral change agents, but one that affects also those in charge of implementation. In the case of acquisitions, integration team members drive changes in an organisation that is largely unfamiliar to them, and more often than not, without formal power (Balogun et al. 2005). In the case of mergers,

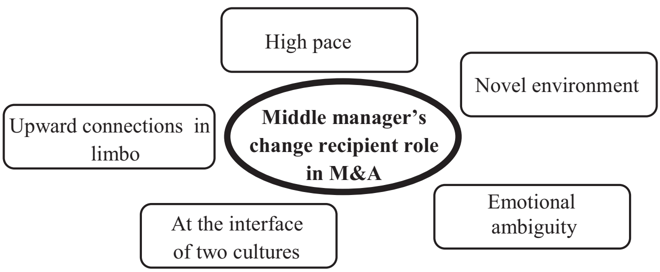


Fig. 4.3 Middle managers' change recipient roles in M&As

a new organisation is being crafted based on the merging organisations. The future is thus, by definition, unknown. Thus, the experience of implementing change is paved by struggles. This explains why these middle managers need to make sense of both facets of change: implementing the change (see the previous section on middle managerial roles), while simultaneously experiencing it (see this section).

An Experience at High Pace

Pace and timing are critical for M&A implementations. The question is whether post-acquisition changes ought to be implemented immediately upon completion of the transaction, or whether a gradual approach is more effective (see Teerikangas and Joseph 2012). If the former approach is adopted, the experience of implementing a merger or acquisition occurs at high pace and is hectic.

As opportunities to purchase firms are prompted by market opportunities, integration projects land on managers' desks with a seeming suddenness. Deals are closed amidst high degrees of confidentiality. Formal integration managers are, at best, involved prior to the closing of the deal, or alternatively, hear of their new mandate close to or following the transaction. In either case, a high pace and a hectic element characterise the post-acquisition integration effort. Instead of post-acquisition implementation being planned minutiously over time, planning and implementation tend to start abruptly and proceed at a high pace thereafter. This adds an element of serendipity (Merton and Barber 1910) to integration work. Instead of a planned change approach (Lewin 1951), an element of emergence is involved (Tsoukas and Chia 2002).

What are the implications for integration work? The sudden nature of M&A transactions explains why those engaged in M&A integration teams might have to double-hat with their ongoing roles. This leads to these individuals working amidst a high workload. Under such circumstances, integration team members are unable to attend to the amount and quality of time that the integration tasks ideally require. Consequently, decisions are made hurriedly, materials are browsed at high speed and sought individuals are not available for working groups. In sum, instead of M&A implementations being carried out under conditions of neatness or linearity, the experience of implementing such change initiatives is one of working amidst seemingly temporal chaos, ambiguity and a high pace, as described in Teerikangas and Tienari (2012). This raises the interesting question regarding what the implications are on outcome quality. Is a high pace amidst a high workload conductive to high performance, or alternatively, does the change implementation lose its edge via lost focus? This is a concern in research on creativity (see Sonenshein 2014, for a review).

An Experience in a New Organisation and Environment

Integration team members drive change in a context that is (largely, if not fully) alien to them. In cross-border acquisitions, this also means a different country and often a different language. Middle managers are recognised for their role as change agents because of their deep knowledge of the acquiring organisation's rules and context (Rouleau and Balogun 2011). However, this knowledge in the case of integration team members working with a new, acquired or merging organisation is largely absent. To palliate this lack of knowledge, acquiring managers need to be curious about the target firm, open to the new culture and eager to learn (Hébert et al. 2005). Nevertheless, the first contact with the new organisation can be cumbersome and frustrating, as the following quote illustrates:

> They are really disorganised in their way of working. You can have four people working on the same task, from different areas but doing the same. We as managers try to have all the people informed. When we are in a meeting everyone knows what we are speaking about. But in this firm, they do not share the information and it seems that they do not want to know further than their task. (Manager from a Brazilian acquiring firm in Study III)

Therefore, these managers have the difficult task of implementation at a high pace under the pressure of top management's expectations, while, in parallel, making sense of the new context where the implementation is taking place. Integration team members who succeed in this task are those who work closely with the acquired organisation, becoming as close as possible to their daily operations:

> It was very much hands on; I mean getting into the business. First of all, following the daily operations and business operations, trying to understand how they were working or the strong and weak points, trying to build a picture of the company, so I could learn from it. I also have 20 years of experience, so I have quite good knowledge of the business as such. So, it is more about seeing where all the things are that we should be doing and starting to focus on them. (Manager from a Swedish acquiring firm in Study III)

An Experience Pervaded with Emotional Ambiguity

While the emotional outcries that M&As bring to bear on the employees concerned have been amply documented, be it with respect to the uncertainty and stress provoked (Cartwright and Cooper 1990), the positive reactions (Teerikangas 2012a), the ambiguities involved (Risberg 2001), or the phases that employee emotions undergo following change (Ashkanasy and Holmes 1995; Buono and Bowditch 1989), this work has implicitly assumed that only employees, that is, those subjected to the change, react to the news. Paralleling Huy's (2002) findings on middle managers engaged in emotional balancing amidst radical change, in our ethnographic observations in a domestic merger during Study II (see Teerikangas and Tienari 2012) and also in the acquiring managers' interviews across cross-border acquisitions in Study III, we found that integration team members in charge of implementing change are also caught amidst emotional ambiguity. The experience of delivering change is an emotional experience for those involved. Change agents need to navigate a range of emotional realms as they engage in delivering change. For example, integration team members can be frustrated and invaded by a feeling of powerlessness when they are unable to succeed in their first projects because of their inability to pair their integration projects with the acquired context:

> I think that they were not on board to work with us. I think that there was a frustration for a while because we might not have supplied the appropriate support that we should have at the time of the integration for that particular area (Manager from a Swedish acquiring firm in Study III).

While implementing change, integration team members are personally caught up in an emotional limbo: they are, in parallel, recipients of the same change that they are implementing. Thus, they need to make sense of the change for themselves. This is characteristic of integration team members who keep a close tie to the acquired organisation (e.g. expatriates or managers frequently present in the acquired firm). In contrast, acquiring-firm managers who are not involved in the integration do not experience the change, unless the acquisition is conducted as a symbiotic acquisition or metaphoric merger, where both sides change.

Further, in the case of mergers, integration team members need to negotiate shifting emotions as they encounter members of the organisation not actively involved in change implementation. While encounters with other integration team members can be endowed with the palpability of making the change happen, this contrasts with meetings with those not actively involved. Depending on whom one is talking to, the discussion takes a different tone, and one might be considered in a different light. In the studied domestic merger (Study II), we observed the emergence of two sides: change agents on the one hand and the 'normal' organisation on the other hand.

Therefore, these points lead us to argue that instead of being a 'neat' and 'neutral' experience, implementing change is an experience during which numerous emotions are witnessed from one moment to the next, even amidst the integration organisation. Change agents are not exempt from emotional ambiguity. Emotional ambiguity not only characterises the organisation they are seeking to change, but further, it characterises integration agents and the integration organisation.

An Experience at the Interface of Two Cultures

We observed earlier how implementing post-acquisition change and cultural change are central to M&As when high degrees of organisational integration are sought. Integration team members in acquisitions have to navigate between two cultures; they are the carriers of the acquiring culture, but they are also the ones that have to face the acquired one. To ensure the success of their projects, they need to reconcile both cultures. This is not an easy task. They have to face and mould an array of practices, ranging from ways of working to national traits. The following quotation exemplifies how an acquiring manager handled a situation related to a national custom:

> When we bought the company, we had to set up a new central office. And there was a 'to do' list and one of the points that surprised me was the question of who was going to make coffee. Well, I answered, if you want a coffee, you go and you prepare yourself a coffee … The point was that before there was a person in charge of doing that or, if not, it was the secretary who prepared the coffee, for example, for the directors. (…) Even if I was managing by consensus, that was outside the limits … Therefore, if you stay inside the limits you can be open for trade-offs, but if not, you bring them inside those limits, and you have to explain why. (Manager from a Canadian acquiring firm in Study III)

In the case of mergers (Study II), integration team members lead the transformation to the new cultural regime. The organisations' cultural change is thus supported by these managers, who themselves are caught in the midst of a cultural-change journey. This means that they are not yet 'ideal' types representing the new cultural ethos. Perhaps this mismatch between seeking a new cultural regime and the lack of daily role models in the organisation explains in part why cultural change following mergers is a long-term endeavour. In the meantime, the official discourse on the new organisational culture is publicised as the 'sought' behaviour, while role models themselves have not yet internalised the new behaviour. It needs to be recognised that for many managers, the new cultural regime might represent a stretch—for example, how to comfortably transition from a hierarchical to a participative culture, how to learn to involve one's colleagues in decisions that one is used to taking authoritatively. While implementing change, middle managers are daily role models for the organisation—at times, of a behaviour that they themselves are learning to appreciate.

An Experience that Jeopardises Their Upward Connections

Due to the integration tasks, integration team members are less frequently at the corporate headquarters. This restrains their communication with the top management. Yet, this is an upward connection that is paramount for middle managers; it allows them to share their situational analysis (Raes et al. 2011) and exercise an upward influencing role (Westley 1990; Wooldridge et al. 2008). They regret being far from the corporate core. This does not help when they have to communicate their view of the acquired situation or to convince the top management of changes in plans. Moreover, integration team members often work on integration projects while maintaining their ongoing roles; thus, many of them see that the efforts deployed for the acquisition mitigate the development of their own departments:

> What I find problematic with an integration like this one is that it is so huge, it consumes the time of so many people that we have to leave aside the projects we already had. For example, in purchasing, all the development that was planned had to be put on hold to work on the integration. So, during this time, we are not necessarily improving our operation. (…) But as we are integrating, our competitors are continuously improving. I find that problematic. (Manager from a Canadian acquiring firm in Study III)

The Mindset of Middle Managers Amidst Change

Given the kinds of activities that integration team members need to undertake as change agents and change recipients, this section explores the types of mindsets that are conducive to value-creating outcomes in M&A contexts (see Fig. 4.4).

Domain Expertise

Findings in particular from both of our interview-based research projects on cross-border acquisitions (Studies I and III) confirmed that in order to win the professional respect of the staff and management of the acquired organisation, integration team members need to be experts in their respective professions. The domain experience required for an acquisition is company- and industry-specific, and hence, depending on the context at hand, domain expertise can refer to technical, professional (e.g. law, finance, engineering), business, or management-related expertise, or a mix of these.

A Cooperative Mindset

Extant theorising reflects on the importance of the buying firm's attitudes in enhancing mutual cooperation in the post-deal phase (e.g. Deiser 1994; Hébert et al. 2005; Olie 1990, 1994). The need to create an atmosphere supportive of capability transfer (Haspeslagh and Jemison 1991) and the

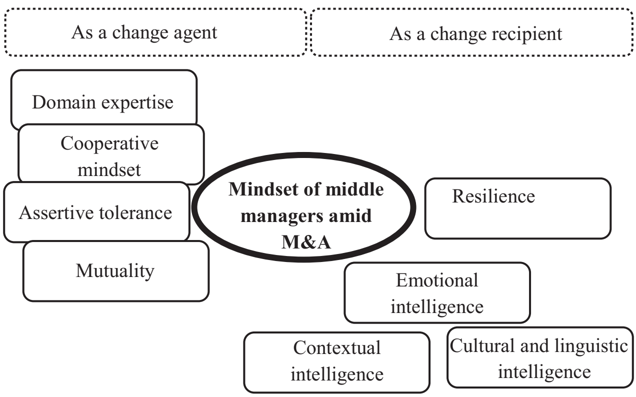


Fig. 4.4 Mindset of middle managers amid M&As

importance of fairness during post-acquisition integration (Hambrick and Cannella 1993) are emphasised. Why are such attitudes critical? As the acquisition context is one in which the acquired firm is easily considered as the 'underdog', by adopting attitudes enhancing cooperation, buying-firm managers can develop a relationship of trust with the acquired firm's staff. This is likely to enhance their willingness and enthusiasm to work for the new parent firm:

> In acquisitions, there is always an inferiority complex for the acquired company, or such a complex easily arises, unless the buying firm makes an effort, e.g. 'we will fly you over to Finland; we can discuss our differences; discuss the transition, let us find a solution.' The question is about how to get people into the same boat. You first need to have a common problem. Also, you need to make the acquired firm feel they are valued, you need to concentrate on *how* we will do it: we will do it together. (Manager from a Finnish industrial global acquirer in Study I)

Attitudes enhancing cooperation refer to keeping promises, humbleness, positive feedback, respect, involvement and listening, kindness and caring, sensitivity, openness and trust (see Fig. 4.5). These parallel the tenets of positive organisational scholarship (Cameron et al. 2003; Cameron and Spreitzer 2012), which advocates for viewing people and organisations from an opportunity and expansive perspective, instead of focusing on their weaknesses and limitations. Notwithstanding, displays of such cooperative attitudes are positively experienced in target firms

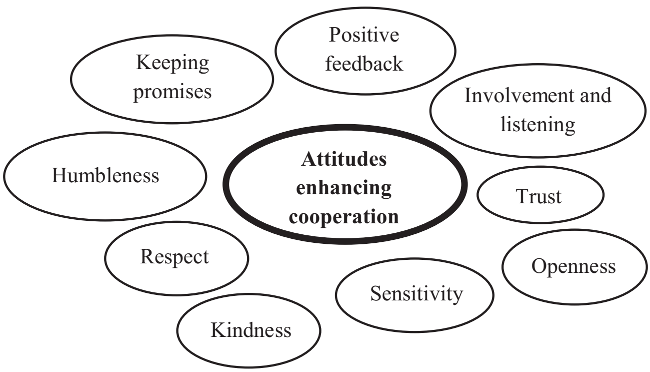


Fig. 4.5 Attitudes enhancing cooperation in times of M&A

(Teerikangas et al. 2011). We observe this to be a characteristic of Finnish, and potentially Nordic, acquirers. Instead of a takeover mentality, target firms are befriended by a symbiotic integration strategy and a mindset based on respect and mutuality (see Teerikangas 2006).

A lack of these attitudes, such as breaking promises, a disregard for the human element in the acquisition and signs of disrespect or distrust tend to be negatively perceived. We observed in both of our studies on cross-border acquisitions (Studies I and III) that interviewees from acquired companies with prior acquisitive experience traced back the differences between their former parent firms to the way in which each had treated them (e.g. Teerikangas 2006).

The notion of sincerity is critical, though. Unless integration team members are sincere with their cooperative attitudes, these are not likely to be well received in the acquired firm. Successful integration projects thus tend to be characterised by managers who genuinely seek to make the acquired-firm employees feel welcome, and hence hold cooperative attitudes towards them.

Assertive Tolerance

In addition to attitudes enhancing cooperation, attitudes spurring change are needed in the post-deal phase. The use of attitudes enhancing cooperation alone might lead to behaviour characterised as 'too nice' and 'too soft'. As acquisitions represent contexts of change, attitudes spurring change are also needed during post-deal integration. This is what Napier et al. (1993) termed 'assertive tolerance'. Attitudes spurring change ensure that the sought changes, be they operational, technical or cultural, are completed on time. In both of our studies on cross-border acquisitions (Studies I and III), we found such attitudes to relate to determinism, being demanding, realism, avoiding over-politeness and moving on vs. grieving for the past. The balance between attitudes supportive of cooperation and change parallels Losada and Heaphy's (2004) study on top management team performance; they found that high performance is reached when team members posit a balance between inquiry and advocacy.

Mutuality

The attitude that integration team members hold towards the acquired firm's know-how and skills matters. In both of our studies on cross-border acquisitions (Studies I and III), we observed that mutuality is important;

it is a concrete signal of trust and respect towards the acquired organisation. It helps to spur collaboration. Where mutuality is present, the acquired firm's employees point this out with enthusiasm, whereas its lack is noted with disappointment and considered a sign of disrespect.

Mutuality refers to (a) mutual learning and (b) mutual change (Teerikangas 2006). Mutual learning refers to situations in which not only the buying firm is transferring its know-how and ways of working to the acquired organisation, but knowledge transfer in the opposite direction also occurs, as shown in the following quote:

> We adopted their preventive and predictive scheme for maintenance that was much better than ours; the management tool, not the operation itself, because they were having some problems at the execution level. Then we made a mix, we took the management tool and we modified the execution (Manager from an Argentinean acquiring firm in Study III).

This is experienced as a motivational boost, as the target's skills and knowledge are appreciated, instead of being lost (Teerikangas et al. 2011). On the contrary, a lack of such behaviour is not conducive to establishing a relationship of trust and spurring motivation in the acquired firm. Ultimately, it can lead the acquired firm to function less efficiently than it used to prior to the acquisition (Teerikangas et al. 2011). Beyond mutual learning, mutual change is also appreciated by the acquired firm's employees. Mutual change is more likely in merger-type deals, but can be induced in acquisitions operating with a symbiotic integration strategy (Haspeslagh and Jemison 1991).

Cultural and Linguistic Intelligence

In cross-border deals and in domestic acquisitions undertaken by globally operating acquiring firms, intercultural and linguistic skills are critical. These acquisitions cut across cultural and linguistic boundaries. This resonates with the need for international managers to be culturally aware and to possess language skills (Shanahan 1996). In international settings, the notion of cultural intelligence is critical (Thomas and Inkson 2003). On the basis of a study on how cultural differences are managed in cross-border M&As, Morosini et al. (1998) observe that pragmatic cross-cultural skills are required, further claiming that national cultures provide a competitive advantage to the firm, as each national culture introduces particular organisational routines. In addition, Ashkenas and Francis

(2000) suggested the need for cultural intelligence when acquiring across borders. What does this mean in practice? Openness to differences and the ability to talk through conflicting viewpoints were brought up in both of our studies on cross-border acquisitions (Studies I and III). Interculturally sensitive managers adjusted to the best of both sides, instead of force-fitting their views onto the other party.

Beyond cultural skills, both of our studies on cross-border acquisitions (Studies I and III) highlighted how successful integration team members portray international experience and language skills beyond English. This enables them to more effectively develop relationships in cross-border contexts. For example, a Finnish engineer fluent in German manoeuvred a cross-border acquisition in Germany. A French Canadian learnt to communicate in Spanish 'just by being immersed in the language' when involved in a cross-border acquisition in South America. This reminds us that in cross-border contexts, managers involved in integration teams need to be culturally and linguistically competent chameleons, able to seamlessly navigate their way across varying cultural and linguistic landscapes.

Emotional Intelligence

The importance of emotional intelligence in the workplace has come to be recognised (Goleman 1996). Instead of a purely rational arena, the workplace is endowed with emotionality (Barsade and Gibson 2007). In M&A settings, this bears relevance in that managers need to appreciate and cater for a multiplicity of emotional reactions. This is a challenging managerial endeavour.

For one, reactions to change differ from one individual to the next, depending on personality type (Barger and Kirby 1995), individual circumstance and the individual's ability to cope with change (Green 2007). For another, emotional reactions proceed in phases, depending on what type of change is being implemented and how the change is managed (Buono and Bowditch 1989; Teerikangas 2012b). Further, there are contagion elements, in that rumouring (Marmenout 2011) occurs and positive/negative emotions spread in one's vicinity (Barsade 2002; Bartel and Saavedra 2000). Taking a postmodernist perspective, the merged organisation appears to be in ongoing emotional limbo. An appreciation of the emotional state of the change 'recipients' escapes purely rational reasoning. It calls for emotional intelligence. Integration team members need to collaborate with acquired managers to alleviate employees' fears and to keep them on board. Teerikangas (2012a) finds that acquired-firm managers can act as crucial connectors in this regard, shifting the locals' mindset from uncertainty towards trust and optimism. The following quote illustrates an acquiring manager who considers listening to be an important part of her job:

> I think ultimately managers have a role to understand the people who need to express their fears, and at the same time, it is to temper, to encourage people, minimise their fears, concerns and say: we will be in a period of discovery and perhaps you will discover things that will nicely surprise you (Manager from a Canadian acquired firm in Study III).

In parallel, they need to make sense of the effect of the merger or acquisition on their career and future prospects. Is this a workplace they believe in? Is the change moving in a desirable direction? What are the prospects following the merger or acquisition? These parallel emotional engagements explain why Huy (2002) observed that middle managers need to engage in emotional balancing in times of radical change.

An Inner Sense of Resilience

Working under ambiguous circumstances during radical change calls for the development of a capability to survive amidst ambivalent conditions: It calls for resilience (Buchanan 2003; Välikangas 2010). This is what we observed in Study II as we followed the progress of a post-merger integration ethnographically.

An integration team member needs to maintain a face of resilience in front of internal and external audiences. As long as one is in a formal integration-related role, one has to formally believe in and communicate the official change discourse. All the while, through one's involvement and access to information, one might have concerns, doubts or worries related to the progress or success of the change. Yet, as a member of the integration team, these cannot be openly voiced, lest cycles of fear and uncertainty are unleashed. Employees and customers will inquire about the progress of the merger. In an integration team role, one has to take a constructive and optimistic view, the official merger viewpoint, in one's answer:

> As long as I am in a formal role in a change process, I have to maintain the official and further, a positive, discourse towards internal and external stakeholders. I see this as my natural duty when engaged in such a role (Integration team member—Study II).

While maintaining such a discourse might be part of a change agent's role, this role entails the development of inner resilience, in that one has to decide to believe in the change, the process and its outcome, whether or not one's authentic and intuitive mind does. Further, in a change agent role, one needs to enthuse trust in the process and its outcome, even if one did not, throughout the many phases of the change initiative, always personally believe in its positive or constructive outcome.

Contextual Intelligence

To begin, integration team members lack a deep knowledge of the acquired or merger context, which is crucial for the success of their projects. Hébert et al. (2005) consider these managers serving as a bridge to the local contextual knowledge. However, they found that managers with acquisition experience were negatively related to acquisition success, arguing that this kind of experience generates overconfidence, a tendency to ignore the local context, thus leading to negative outcomes. Notwithstanding, they found that the combination of acquisition and host country experience was positively related to acquisition survival. This confirms that acquisition experience should go hand in hand with the knowledge of the local context. In turn, Reus, Lamont and Ellis (2016), in their study on non-location-specific knowledge transfer, also underline the importance of context even when transferring non-contextual knowledge. These examples highlight the importance of integration team members' possession of contextual intelligence. This allows them to seize the opportunities to succeed in their projects by coupling their knowledge of the change being implemented with the resources available locally without forgetting the environment where the acquired organisation is immersed. The nearest source of this contextual knowledge is the middle managers from the acquired organisation. This suggests the importance of working closely with these managers. Nevertheless, more than often in the hurriedness of the process, integration team members forget about the context and learn about its importance only after their initial struggles and mistakes. The following quote offers the reflection of an integration team manager (Study III) during the third year of integration in a cross-border acquisition:

> We would have gone in a reverse way, let's understand their business, they have assets, they have a business, let's see firstly what the value is in that and then try to see how our plan fits in or not and how we can integrate with it. But we would have taken quite a bit more time examining their business

> first, that is what we do know now. From a dictatorial perspective, we wouldn't be that dictatorial, we would have tried to explain a bit more but ultimately make them a bit more responsible from the beginning. When you are dictatorial, you execute but also you have to take responsibility. We would now try to explain a bit more, try to get them on board. (Manager from a Canadian acquiring firm in Study III)

Conclusion

Contribution of the Chapter

This chapter has sought to explore the role of middle managers as internal change agents in times of radical organisational change. While change agency is traditionally portrayed as the legacy of executive sponsors and external change agents, the role of middle managerial agency is being recognised (Huy 2002; Mantere 2008). In this chapter, we have sought to extend this line of inquiry by focusing on the role of middle managers as internal change agents when faced with a particular form of radical change: M&As.

Throughout the chapter, the argument has been that what makes middle managerial change agency intriguing is that beyond a role in 'implementing' change, middle managers are simultaneously engaged in 'experiencing' this change (Balogun 2003; Harding et al. 2014). Acquiring middle managers are generally portrayed by the literature of M&As as change agents endowed with the power of the acquirer (Chreim and Tafaghod 2012; Datta 1991; Jemison and Sitkin 1986). However, we evidence in this chapter that they are far from able to escape the double role of the driver *and* recipient of change. In M&A contexts, middle managers need to implement changes in an unfamiliar organisation; we observed this to further increase the difficulty of their task. Therefore, the potential of middle managers to make a difference in the implementation of such radical change initiatives depends on their ability to seamlessly combine these two roles: driver and experiencer of change. The main contribution of this chapter has been to bring forward this duality in the case of middle managers during acquisition processes.

Implications to Middle Managers' Leadership Development

The findings have a bearing in terms of three implications for leadership development. Global leaders are not born into their roles, though. Individuals develop their (global) leadership potential throughout their careers (Lane et al. 2004). If the organisational context is one of ongoing change, then one's ability to implement change and live amidst change would appear to be critical in terms of one's development towards global leadership. Involvement in change initiatives has been found to bear positively on one's personal development and future career prospects (Buchanan 2003). In the context of global leadership, middle managerial experience is what makes or breaks one's global leadership potential. In those years, the opportunity to engage in radical change not only tests one's ability to lead change, but also tests one's ability to navigate the inner world of change. While the former is well known to practitioners and theorising on change management, the significance of the latter is yet to be recognised in full. This is the second implication.

The learning to be gained through introspection, reflection and analysing the inner world of change is perhaps the key to making global leaders effective at managing change. Why is this? The experience of change is never a fully comfortable one. The kinds of skills that middle managers gain as they undergo and are engaged in implementing numerous change initiatives, if they maintain reflexivity, are likely to make them not only more capable, but further, more resilient and emotionally intelligent at dealing with uncomfortable circumstances. This resonates with Wills and Barham (1994), who argue that the skills required from an international manager consist in cognitive complexity, emotional energy and psychological maturity. In sum, if middle managers are able to philosophically solve the puzzle of change for themselves, they are likely to be able to solve it for others as well. If they learn to deal with the 'inner world' of change, they are likely to become better at also enabling change in others.

Managerial Implications

1. A change agent's role following M&As implies more than change implementation. It also involves cultural change, motivating the target, managing inter-firm interfaces, securing the transfer of mutually relevant knowledge and, importantly, involving the acquired firm.
2. Change agency is coupled with recipient agency. Managers involved in M&As need to consider and prepare for mental resilience amidst the change they are bringing forth. They themselves experience change while they are implementing change.

3. Change agents following M&As need to be multi-talented. They ideally combine domain expertise; cooperative, assertive and mutuality-focused mindsets; cultural, linguistic, emotional and contextual intelligence; as well as inner resilience.
4. Human resource managers need to consider how acquisition experiences can be used as a means of strategic career development for middle managers.
5. Top management needs to recognise that middle managers in times of M&As are in need of a helpful ear. Top management ought to pay special attention to parts of the organisation where change occurs, that is, merging or acquiring.

References

Ashkanasy, N. M., & Holmes, S. (1995). Perceptions of Organizational Ideology Following Merger: A Longitudinal Study of Merging Accounting Firms. *Accounting, Organizations and Society, 20*, 19–34.

Ashkenas, R. N., DeMonaco, L. J., & Francis, S. C. (1998). Making the Deal Real: How GE Capital Integrates Acquisitions. *Harvard Business Review, 76*(1), 165–178.

Ashkenas, R. N., & Francis, S. C. (2000). Integration Managers: Special Leaders for Special Times. *Harvard Business Review, 78*(6), 108–116.

Balogun, J. (2003). From Blaming the Middle to Harnessing Its Potential: Creating Change Intermediaries. *British Journal of Management, 14*(1), 69–83.

Balogun, J., Gleadle, P., Hailey, V. H., & Willmott, H. (2005). Managing Change Across Boundaries: Boundary-Shaking Practices. *British Journal of Management, 16*(4), 261–278.

Balogun, J., & Johnson, G. (2005). From Intended Strategies to Unintended Outcomes: The Impact of Change Recipient Sensemaking. *Organization Studies, 26*(11), 1573–1601.

Barger, N. J., & Kirby, L. K. (1995). *The Challenge of Change in Organizations*. Palo Alto, CA: Davies-Black.

Barsade, S. G. (2002). The Ripple Effect: Emotional Contagion and Its Influence on Group Behavior. *Administrative Science Quarterly, 47*(December), 644–675.

Barsade, S. G., & Gibson, D. E. (2007). Why Does Affect Matter in Organizations? *Academy of Management Perspectives, 21*(1), 36–59.

Bartel, C. A., & Saavedra, R. (2000). The Collective Construction of Work Group Moods. *Administrative Science Quarterly, 45*(June), 197–231.

Biggart, N. W. (1977). The Creative Destructive Process of Organizational Change: The Case of the Post Office. *Administrative Science Quarterly, 22*, 410–425.

Birollo, G. (2016). *Bridging Two Worlds: Middle Managers in the Context of Cross-Border Acquisitions.* Doctoral Dissertation, HEC Montréal.

Bryant, M., & Stensaker, I. (2011). The Competing Roles of Middle Management: Negotiated Order in the Context of Change. *Journal of Change Management, 11*(3), 353–373.

Buchanan, D. (2003). Demand, Instabilities, Manipulations, Careers: The Lived Experience of Driving Change. *Human Relations, 56*(6), 663–684.

Buono, A. F., & Bowditch, J. L. (1989). *The Human Side of M&A.* San Francisco: Jossey-Bass.

Cameron, K. S., Dutton, J. E., & Quinn, R. E. (2003). *Positive Organizational Scholarship.* San Francisco: Berrett-Koehler.

Cameron, K. S., & Spreitzer, G. (2012). *The Oxford Handbook of Positive Organizational Scholarship.* Oxford: Oxford University Press.

Cartwright, S., & Cooper, C. L. (1990). The Impact of Mergers and Acquisitions on People at Work: Existing Research and Issues. *British Journal of Management, 1*, 65–76.

Chreim, S., & Tafaghod, M. (2012). Contradiction and Sensemaking in Acquisition Integration. *The Journal of Applied Behavioral Science, 48*(1), 5–32.

Dagnino, G. B., & Pisano, V. (2008). Unpacking the Champion of Acquisitions: The Key Figure in the Execution of the Post-acquisition Integration Process. In C. L. Cooper & S. Finkelstein (Eds.), *Advances in Mergers & Acquisitions* (Vol. 7, pp. 51–69). Greenwich, CT: JAI Press.

Datta, D. K. (1991). Organizational Fit and Acquisition Performance: Effects of Post-acquisition Integration. *Strategic Management Journal, 12*(4), 281–297.

Deiser, R. (1994). Post-acquisition Management: A Process of Strategic and Organisational Learning. In G. Von Krogh, A. Siknatra, & H. Singh (Eds.), *The Management of Corporate Acquisitions* (pp. 359–390). London: The Macmillan Press.

Doz, Y. L. (1996). The Evolution of Cooperation in Strategic Alliances: Initial Conditions or Learning Processes? *Strategic Management Journal, 17*(S1), 55–83.

Gerstsen, M., Soderberg, A.-M., & Torp, J. (1998). *Cultural Dimensions of International Mergers and Acquisitions.* Walter de Gruyter.

Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking Qualitative Rigor in Inductive Research: Notes on the Gioia Methodology. *Organizational Research Methods, 16*(1), 15–31.

Goleman, D. (1996). *Emotional Intelligence: Why It Can Matter More Than IQ.* London: Bantam Books.

Graebner, M. E. (2004). Momentum and Serendipity: How Acquired Firm Leaders Create Value in the Integration of Technology Firms. *Strategic Management Journal, 25*(8–9), 751–777.

Green, M. (2007). *Change Management Masterclass.* London: Kogan page.

Guth, W. D., & Macmillan, I. C. (1986). Strategy Implementation Versus Middle Management Self-Interest. *Strategic Management Journal, 7*(4), 313–327.
Hambrick, D. C., & Cannella, A. A. (1993). Relative Standing: a Framework for Understanding Departures of Acquired Executives. *Academy of Management Journal, 36*(4), 733–762.
Harding, N., Lee, H., & Ford, J. (2014). Who is 'The Middle Manager'? *Human Relations, 67*(10), 1213–1237.
Haspeslagh, P., & Farquhar, A. B. (1994). The Acquisition Integration Process: A Contingent Framework. In G. von Krogh, A. Siknatra, & H. Singh (Eds.), *The Management of Corporate Acquisitions* (pp. 414–447). London: The Macmillan Press.
Haspeslagh, P. C., & Jemison, D. B. (1991). *Managing Acquisitions: Creating Value through Corporate Renewal*. New York: The Free Press.
Hébert, L., Very, P., & Beamish, P. W. (2005). Expatriation as a Bridge Over Troubled Water: A Knowledge-Based Perspective Applied to Cross-Border Acquisitions. *Organization Studies, 26*(10), 1455–1476.
Huy, Q. N. (2002). Emotional Balancing of Organizational Continuity and Radical Change: The Contribution of Middle Managers. *Administrative Science Quarterly, 47*(March), 31–69.
Jemison, D. B., & Sitkin, S. B. (1986). Corporate Acquisitions: A Process Perspective. *Academy of Management Review, 11*(1), 145–163.
Kahn, W. A. (1990). Psychological Conditions of Personal Engagement and Disengagement at Work. *Academy of Management Journal, 33*(4), 692–724.
Kostova, T., & Roth, K. (2003). Social Capital in Multinational Corporations and a Micro-Macro Model of Its Formation. *Academy of Management Review, 28*(2), 297–317.
Kotter, J. (1995). Leading Change: Why Transformation Efforts Fail. *Harvard Business Review, 73*(2), 1–8.
Lane, H. W., Maznevski, M. L., Mendenhall, M. E., & McNett, J. (2004). *Handbook of Global Management*. Oxford: Blackwell Publishing.
Lewin, K. (1951). *Field Theory in Social Science*. New York: Harper Row.
Losada, M., & Heaphy, E. (2004). The Role of Positivity and Connectivity in the Performance of Business Teams: A Nonlinear Dynamics Model. *American Behavioral Scientist, 47*(6), 740–765.
Mantere, S. (2008). Role Expectations and Middle Manager Strategic Agency. *Journal of Management Studies, 45*(2), 294–316.
Marks, M. L., & Mirvis, P. H. (2011). Merge Ahead: A Research Agenda to Increase Merger and Acquisition Success. *Journal of Business and Psychology, 26*(2), 161–168.
Marmenout, K. (2011). Peer Interaction in Mergers: Evidence of Collective Rumination. *Human Resource Management, 50*(6), 783–808.

Merton, R. K., & Barber, E. (1910/2004). *The Travels and Adventures of Serendipity*. Princeton: Princeton University Press.
Meyer, C. B. (2006). Destructive Dynamics of Middle Management Intervention in Postmerger Processes. *The Journal of Applied Behavioral Science, 42*(4), 397–419.
Monin, P., Noorderhaven, N., Vaara, E., & Kroon, D. (2013). Giving Sense to and Making Sense of Justice in Postmerger Integration. *Academy of Management Journal, 56*(1), 256–284.
Morosini, P., Shane, S., & Singh, H. (1998). National Cultural Distance and Cross-Border Acquisition Performance. *Journal of International Business Studies, 29*(1), 137–158.
Napier, N. K., Schweiger, D. M., & Kosglow, J. J. (1993). Managing Organisational Diversity: Observations from Cross-Border Acquisitions. *Human Resource Management, 32*(4), 505–523.
Nonaka, I. (1988). Toward Middle-Up-Down Management: Accelerating Information Creation. *MIT Sloan Management Review, 29*(3), 9.
Olie, R. (1990). Culture and Integration Problems in International Mergers and Acquisitions. *European Management Journal, 8*(2), 206–215.
Olie, R. (1994). Shades of Culture and Institutions in International Mergers. *Organisation Studies, 15*(3), 381–405.
Raes, A. M., Heijltjes, M. G., Glunk, U., & Roe, R. A. (2011). The Interface of the Top Management Team and Middle Managers: A Process Model. *Academy of Management Review, 36*(1), 102–126.
Rajagopalan, N., & Spreitzer, G. M. (1997). Toward a Theory of Strategic Change: A Multi-Lens Perspective and Integrative Framework. *Academy of Management Review, 22*(1), 48–79.
Reus, T. H., Lamont, B. T., & Ellis, K. M. (2016). A Darker Side of Knowledge Transfer Following International Acquisitions. *Strategic Management Journal, 37*(5), 932–944.
Reynolds, N. S., & Teerikangas, S. (2015). The International Experience in Domestic Mergers: Are Purely Domestic M&As a Myth? *International Business Review*. https://doi.org/10.1016/j.ibusrev.2015.07.002.
Risberg, A. (2001). Employee Experiences of Acquisition Processes. *Journal of World Business, 36*(1), 58–84.
Rouleau, L. (2005). Micro-Practices of Strategic Sensemaking and Sensegiving: How Middle Managers Interpret and Sell Change Every Day. *Journal of Management Studies, 42*(7), 1413–1441.
Rouleau, L., & Balogun, J. (2011). Middle Managers, Strategic Sensemaking, and Discursive Competence. *Journal of Management Studies, 48*(5), 953–983.
Rouleau, L., Balogun, J., & Floyd, S. (2015). *Strategy-as-Practice Research on Middle Managers' Strategy Work*. In D. Golsorkhi, L. Rouleau, D. Seidl, & E. Vaara (Eds.), *Cambridge Handbook of Strategy as Practice* (2nd ed., pp. 598–615). Cambridge, UK: Cambridge University Press.

Salanova, M., Agut, S., & Peiro, J. M. (2005). Linking Organizational Resources and Work Engagement to Employee Performance and Customer Loyalty: The Mediation of Service Climate. *Journal of Applied Psychology, 90*(6), 1217–1227.

Schweiger, D. M., & Goulet, P. K. (2000). Integrating Mergers and Acquisitions: An International Research Review. In C. Cooper & A. Gregory (Eds.), *Advances in Mergers and Acquisitions* (Vol. 1, pp. 61–91). Amsterdam: JAI Press.

Shanahan, D. (1996). From Language Learner to Multicultural Manager. *European Management Journal, 14*(3), 315–321.

Shelton, M. J., Fontilla, D., Huyett, B., & Sias, D. (2003). Managing Your Integration Manager. *McKinsey on Finance*, 12–15.

Sonenshein, S. (2014). How Organizations Foster the Creative Use of Resources. *Academy of Management Journal, 57*(3), 814–848.

Sonenshein, S., & Dholakia, U. (2012). Explaining Employee Engagement with Strategic Change Implementation: A Meaning-Making Approach. *Organization Science, 23*(1), 1–23.

Teerikangas, S. (2006). *Silent Forces in Cross-Border Acquisitions—An Integrative Perspective on Post-acquisition Integration*. Doctoral Dissertation Series, 1/2006, Institute of Strategy and International Business, Helsinki University of Technology.

Teerikangas, S. (2012a). Dynamics of Acquired Firm Pre-acquisition Employee Reactions. *Journal of Management, 38*(2), 599–639.

Teerikangas, S. (2012b). Silent Forces Shaping the Performance of Cross-Border Acquisitions. In D. Faulkner, S. Teerikangas, & R. Joseph (Eds.), *Handbook of Mergers and Acquisitions* (pp. 517–544). Oxford: Oxford University Press.

Teerikangas, S., & Irrmann, O. (2016). Post-acquisition Cultural Change: Co-Habiting the Tension Between Practiced & Espoused Values. *Management International Review, 56*(2), 195–226.

Teerikangas, S., & Joseph, R. (2012). Post-Deal Integration: An Overview. In D. Faulkner, S. Teerikangas, & R. Joseph (Eds.), *Handbook of Mergers & Acquisitions* (pp. 339–371). Oxford: Oxford University Press.

Teerikangas, S., & Laamanen, T. (2014). Structure First! Temporal Dynamics of Structural & Cultural Integration in Cross-Border Acquisitions. In C. Cooper & S. Finkelstein (Eds.), *Advances in Mergers and Acquisitions* (Vol. 12, pp. 109–152). Amsterdam: JAI Press.

Teerikangas, S., & Tienari, J. (2012). Ambiguities in Post-Merger Integration: A View from Within. Paper presented at the *Colloquium of the European Group of Organization Studies (EGOS)*, Helsinki, July 5–7.

Teerikangas, S., Very, P., & Pisano, V. (2011). Integration Manager's Value-Capturing Roles and Acquisition Performance. *Human Resource Management, 50*(5), 651–683.

Thomas, D. C., & Inkson, K. C. (2003). *Cultural Intelligence: Living and Working Globally.* San Francisco: Berrett-Koehler Publishers.

Tsoukas, H., & Chia, R. (2002). On Organizational Becoming. *Organization Science, 13*(5), 567–582.

Välikangas, L. (2010). *The Resilient Organization: How Adaptive Cultures Thrive even when Strategy Fails*. New York: McGraw-Hill.

Vasilaki, A., & O'Regan, N. (2008). Enhancing Post-acquisition Organisational Performance: The Role of the Top Management Team. *Team Performance Management: An International Journal, 14*(3/4), 134–145.

Véry, P. (2004). *The Management of M&A*. Chichester: Wiley.

Vickers, D., & Fox, S. (2010). Towards Practice-Based Studies of HRM: An Actor-Network and Communities of Practice Informed Approach. *The International Journal of Human Resource Management, 21*(6), 899–914.

Westley, F. R. (1990). Middle Managers and Strategy: Microdynamics of Inclusion. *Strategic Management Journal, 11*(5), 337–351.

Wills, S., & Barham, K. (1994). Being an International Manager. *European Management Journal, 12*(1), 49–59.

Wooldridge, B., Schmid, T., & Floyd, S. W. (2008). The Middle Management Perspective on Strategy Process: Contributions, Synthesis, and Future Research. *Journal of Management, 34*(6), 1190–1221.

CHAPTER 5

A Long-Term Perspective on Integration: The Case of a Serial Acquirer and Fundamental Human Values

Johanna Raitis

Abstract Speed in integration may not always deliver what it promises. If organisational unity is sought for, the integration should not be regarded as a one-time ad hoc event, but rather as a long-term socio-cultural process. By evaluating employees' perceptions of fairness in their organisation the chapter suggests how fairness may constitute the building of organisational unity in a multinational organisation after a merger and acquisition. From the data collected in seven different countries, cultural differences in interpreting fairness in an organisational context are also noted.

Keywords Long-term integration • Human values • Fairness • Serial acquirer • MNC

Background

The mantra among practitioners as well as academics has been that the first 100 days are critical to firms' post-acquisition integration. This argument is grounded in the belief that the volume of managerial actions and their

J. Raitis (✉)
School of Economics, University of Turku, Turku, Finland

J. Raitis et al. (eds.), *Socio-Cultural Integration in Mergers and Acquisitions*, https://doi.org/10.1007/978-3-319-74341-7_5

speedy implementation are the cornerstones of integration success. However, from research focusing on long-term integration, we know that speed may not always deliver what it promises, nor is the first 100 days a good indicator of post-acquisition success (Angwin 2004; Teerikangas and Joseph 2012; see also Lipponen et al. 2004).

According to Angwin (2004), the perceptions of success in mergers and acquisitions (M&As) tend to decline over time, even if the M&A is first perceived as positive. This could imply that after the initial attention and actions, the managerial focus on integration is diminished over time. In the worst case, the employees' negative perceptions in the later stages dilute the earlier managerial efforts and results. Consequently, Barkema and Schjiven (2008) suggest that integration should not be an isolated event. In order to enhance synergy realisation over time, the process needs to be incorporated into the acquiring firm's long-term acquisition strategy (Barkema and Schjiven 2008).

On the basis of their study of a serial acquirer in the automobile industry, Quah and Young (2005) propose adopting a gradual approach to integration, whereby the post-acquisition management process evolves through different phases of absorption. Each phase—slow, very active and totally absorbed—entails different activities and the interaction of cultures increasing the mutual understanding phase by phase. It takes, on average, five years for the acquired units to become fully absorbed (Quah and Young 2005).

The aim of this chapter is to build on this discussion through an illustrative case study of a long-term integration based on shared values. The case company, which has grown through multiple acquisitions over the years, has introduced fairness as one of its core values and building blocks of coherence across its units. By taking an empirical approach and focusing on the employee perspective, the chapter aims to answer the question regarding how fairness may be applied to and constitute the building of inter-organisational unity in a multinational organisation after an M&A. Before presenting the findings of the study, the topics of fairness as a value in a multinational corporation (MNC), the different types of fairness in organisations as well as fairness in the M&A context are briefly discussed.

Literature Review

Fairness as a Basis of Unity in an MNC

In organisations, values have a similar role as they do in larger societal contexts (Meglino and Ravlin 1998)—they function as unifying elements across the different business units, functions and employee groups (Paine

1994). In the organisational domain, much has been written on their benefits to organisations (Guth and Tagiuri 1965; Russell 2001; Abbott et al. 2005), but little attention has been paid to their content, mechanisms and relative significance. This is surprising considering that choosing and nourishing a suitable set of values is central for organisational success (Williams 2011). Moreover, there has been little effort to analyse values in multicultural contexts, where the culturally bound interpretation of them may vary greatly (Barchiesi and La Bella 2015; Forsgren 2008; Nohria and Ghoshal 1994).

When evaluating the suitability of values in a multicultural context, we need to consider at least two pertinent questions. First, what is a good organisational value? Evidently, selecting the 'right' values is fundamental in aligning employees' actions. Second and relatedly, what kinds of values may be accepted across the organisation? After all, for organisational values to be strong and pertinent, they need to be taken seriously and agreed upon by the entire organisation (Chatman and Cha 2003; Paine 1994; Wiener 1988; cf. Mead 1994). Consequently, the shared values will need to be relatively consistent with the underlying assumptions of the individual employees.

The composition of MNCs, that is, the diversity of people and cultures, attitudes and goals embedded in them (Chang and Taylor 1999), presents a patent challenge in defining values that can be disseminated across the organisation. Value differences distinguish cultures from each other (Elizur et al. 1991; Rosenblatt 2011), and therefore, many researchers have questioned the possibility of individuals ever sharing values in an organisational context (Alvesson and Sandkull 1988; Forsgren et al. 2005; Welch and Welch 2005). It is suggested that individual–organisational value congruency can occur only if the number of cultures represented in an organisation is low and the degree of uniformity within employees is high (Griseri 1998). Similarly, Humes (1993) has proposed that in order to alleviate any possible clashes between national cultures, organisational core values should always be adjusted to the distinctive values of its international parts.

Opposing viewpoints have, however, also been presented, as some scholars have accentuated the existence of core human values or imperatives that cross cultures (e.g. Donaldson 1996). According to Williams (2011), these fundamental values include honesty, fairness, achievement and concern for others (see also Asgary and Mitschow 2002, for their listing). Fairness, in particular, is postulated as one of the most distinguished moral imperatives, or values, able to resonate with employees across the organisation, having fundamental importance irrespective of time, circumstances, culture or religion (Donaldson 1996). Yet, even if fairness is important to all individuals, their sensitivity to it differs due to their differing social and cultural backgrounds (Schmitt and Dörfel 1999).

The Different Types of Fairness in Organisations

According to organisational justice literature, fairness deals with questions of right and wrong that relate directly to the work environment and employees' own perceptions and experiences within it (Cropanzano et al. 2007; Moorman 1991). Herein, fairness has generally been evaluated based on outcome, process and interpersonal interaction and treatment (Colquitt et al. 2001). Although the three types are strongly related (Cohen-Charash and Spector 2001), I will present them here separately for the sake of clarity.

Distributive fairness based on Adams' (1965) equity theory is determined by outcome distributions, that is, the perceived fairness of how rewards and costs are allocated (Colquitt 2001). Fairness is evaluated by comparing profits (e.g. pay rises, rewards and promotions) to input at work. Justice occurs when every employee's proportional rate of benefits compared to their contributions is perceived to be equal (Brockner 2006; Colquitt 2001; Folger 1977; Greenberg 1990), yielding fair states and feelings of satisfaction (Greenberg 1990; Lind and Van den Bos 2002). While distributive fairness has an established position in the literature, researchers are nowadays increasingly postulating fairness to derive mainly from relational instead of material factors (Blader and Tyler 2003; see also Barsky et al. 2011; Greenberg 1990). As a result, several studies currently focus on procedural fairness (Blader and Tyler 2003; Desai et al. 2011), that is, on the processes of how decisions are made as opposed to the content or outcome of those decisions (Greenberg 1990; Brebels et al. 2011).

Procedural fairness introduced by Thibaut and Walker (1975) originally referred to fair decision-making procedures or mechanisms designed for the fair allocation of resources. It referred to judgements about exchange relationships, leaving its conceptual status in relation to distributive fairness somewhat unclear (Folger 1977). Nowadays, however, procedural fairness follows a broader description and is generally seen to consist of two dimensions: (a) fairness in decision-making and (b) fairness in treating people, that is, interactional justice (Blader and Tyler 2003). While many studies consider interactional justice as a subset of procedural justice (Aquino 1995; Kazemi and Törnblom 2008; Moorman 1991), in this study, I will deal with the dimensions separately (where possible) and acknowledge them as related but distinct constructs (Colquitt et al. 2001; Cohen-Charash and Spector 2001).

The wide interest in procedural fairness can be explained by the importance and centrality of decision-making in organisational day-to-day life. Organisational decisions deal with a variety of organisational issues, and if important, their fairness is judged critically (Colquitt 2001). Furthermore, due to the pervasive nature of these processes, researchers have acknowledged the need for a multifocal approach and the existence of formal (e.g. CEO, formal systems, rules) and informal sources (e.g. managers, immediate supervisor) that individuals distinguish between (Li and Cropanzano 2009).

According to the literature, the main source of procedural fairness is the organisation and its formal systems and rules (Greenberg 1990; Yang et al. 2007). The formal rules set the minimum level of fairness, provided that they are interpreted and applied consistently within the entire organisation (Hooker 2005). The fairness of the formal sources (e.g. CEO, formal rules) is evaluated generally along four different aspects. These are rule clarity and transparency in decision-making and implementation (Brockner 2006; Tyler et al. 2008), neutrality and objectivity in the information and decision-making criteria, and consistency in applying the rules over time, situations and across people (Blader and Tyler 2003; Tyler et al. 2008; see also Folger and Bies 1989; Moorman 1991; Williams 2011). The opportunity to express one's opinion—and in that way influence the decision-making processes—is also related to procedural fairness judgements (Brockner 2006; De Cremer and Sedikides 2008; Tyler et al. 2008). Employees' control over outcomes is not often possible and therefore people instead opt for indirect means of exercising control over outcomes, for example, through voice (Folger 1977; see also process-control effect by Thibaut and Walker 1975). Allowing 'voice' to employees indicates the opportunity to express one's views and opinions before decisions are made.

The informal decision-making fairness is evaluated at the workgroup level. Herein, fairness is judged by decision-making processes and the implementation of the formal rules by managers or supervisors (Blader and Tyler 2003; Colquitt 2001; Tyler et al. 2008; Van Dijke et al. 2012). Thus, according to Blader and Tyler (2003), managers can influence decision-making fairness in at least two ways. First, they can control the quality of organisational decision-making with their interpretations and implementation of the formal rules. Second, in situations where no formal rules can be applied, managers may exercise 'discretionary decision-making', and hence, make decisions on their own (Blader and Tyler 2003). Folger and Bies (1989) have argued that making fair decisions is a managerial responsibility.

The third type, *interactional fairness*, with its focus on relational aspects, is evaluated based on the quality of employee treatment (Bies and Moag 1986). Herein, employees evaluate the way they are treated by others as a determinant of fairness, independent of the possible outcomes of that treatment (Greenberg 1990). Similarly, they may also be affected by the way others are treated (Turillo et al. 2002). Fairness refers to a respectful and sensitive treatment of employees by decision-makers or superiors (Aquino 1995; Brockner 2006; Mikula et al. 1990; Skarlicki and Folger 1997; Tyler et al. 2008). In general, employees expect to be treated equally and politely, with respect and dignity (Brockner 2006; Colquitt et al. 2001; Folger and Bies 1989; Moorman 1991; Tyler et al. 2008). At an organisational level, formal rules regarding fair treatment may include principles on sexual harassment or discrimination based on gender and race (Blader and Tyler 2003).

The Emerging Theme: Fairness Perceptions Across Cultures

Recently, studies in social psychology have started to explore the validity of the different fairness dimensions across cultures. For example, Yang et al. (2007) found that power distance, as a cultural variable, moderates the procedural justice climate. In a recent study in the Arab context, Suliman and Al Kathairi (2013) suggested procedural and interactional justice to be positively and significantly correlated with commitment and job performance. In their geographically extensive study, Fischer et al. (2011) found evidence of the applicability of the four-dimensional measure of justice (e.g. procedural, distributive, interpersonal and informational) across the working populations of 13 culturally variant nations. The key finding was that employees around the world made the same fairness distinctions, although the results were more highly inter-correlated in power distant and collectivistic samples. The similarity of justice perceptions in these countries was particularly strong in the procedural justice–informational justice dimensions (Fischer et al. 2011).

Already more than a decade ago, Greenberg (2001) elevated the question of cross-cultural differences as a priority in the field. The studies presented above serve as scarce but notable examples of the rising interest and awareness towards cultural issues in organisational justice research. However, more studies are needed to explore how the environmental stimuli can influence employees' judgements and information processing (see also Bazeman 2006). Above all, there is a need to enhance our understanding of ethical frameworks (Cropanzano et al. 2003) and the different sources or foci of justice perceptions (Li and Cropanzano 2009; Liao and Rupp 2005; Törnblom and Kazemi 2011). So far, little focus has been placed on fairness dimensions, for example, in non-Western societies (Fischer et al. 2011; see also Greenberg 1990).

Fairness in the Context of M&As

While the benefits of fairness in organisational life are evident, some pertinent challenges related to its application in M&A processes have been identified. One is the incongruity of the corporate intent and actions with the individual members' subjective perceptions of fairness. In their study, Graebner et al. (2017) have illustrated how the disparity of members' fairness perceptions and expectations may lead to disintegration and constrains in pursuing further integration. Similarly, Meyer and Altenborg (2006) found that the operationalisation of the equality principle in a merger had, in fact, a reverse effect on social integration due to fallacies related to members' perceptions and the established structures. The international setting of the merger was proposed to be one cause for the misfit, along with the fact that the merger took place in Scandinavian countries, implying a stronger (or 'unrealistic') expectation of equality on both sides (Meyer and Altenborg 2006).

According to Driori et al. (2011), the challenges related to fairness in integration processes can be explained by short-sightedness, empty rhetoric and a lack of understanding of how fairness may affect the success or the failure of the merger. In order to enrich the understanding of fairness in social integration processes, researchers are urged to look deeper into the constructs and dynamics involved. One way to do this would be to extend the focus to the different forms of justice (Monin et al. 2013). Further enrichment could also be attained by focusing on the affective, rather than merely on the cognitive side of integration processes (Graebner et al. 2017). Indeed, considering that socio-cultural integration is a process that does not have a clear end, a more thorough understanding of fairness in an organisational context is needed.

In the M&A literature, perceptions of fairness explain employees' motivation and acceptance of changes, while unfairness is believed to lead to conflicts and challenges in the integration processes (Graebner et al. 2017). In the organisational justice literature, where fairness has been studied more extensively, the fair treatment of employees or lack thereof has been implied to have serious implications for both organisations and individuals (Moorman 1991). A growing body of research has linked unfairness to the diminishing levels of trust and strength of relationships (Berry and Seiders 2008), retaliatory behaviour (Skarlicki and Folger 1997) and even problems in physical and mental health (Robbins et al. 2012), just to name a few. While the negative outcomes dominate the ongoing discussion, the positive impacts of fairness have also been recognised. Similarly, and with opposing results, fair treatment is suggested to positively influence employee attitudes (Li and Cropanzano 2009), cooperation (De Cremer and Tyler 2005) and post-merger identification (Lipponen et al. 2004) contributing to the creation and maintenance of a strong organisational culture.

Research Setting

The case company in this study is a large MNC, manufacturing, selling and maintaining equipment in B2B markets. The company is acknowledged as one of the leading suppliers of high-quality equipment and tools, service and technical solutions in the industry. Headquartered in Sweden and with operations in North America, South America, Europe, Australia, Africa and Asia, the company employs more than 14,000 people around the world.

Since the late 1990s, the company has grown rapidly via multiple acquisitions. While acquiring well-established companies and product brands around the world, the company was executing a strategy to gain market share and become one of the leading companies in the industry. In the early stages of growth, the synergies across the units were not a priority and the acquired companies were not integrated. However, due to the needs and consolidation requests of its large global customers, a new centralised market strategy was implemented. The 'single brand strategy' was to unify the operations across the units and create a sense of one company instead of multiple companies.

The corporate values (i.e. fairness, team work and openness) were central elements in building the company's cohesiveness across its geographically dispersed units. In order to reinforce the values, the company organised training and workshops for its managers and employees at all levels. Initially, a key part in creating the sensation of 'we' was a training program called 'fair play', where the focus was on fairness and it was targeted at all employees. At the time of the training, the values became a central part of the corporate messages, CEO's presentations, recruitment, new employees' orientation programs and post-acquisition integration processes.

The empirical data consist of 154 face-to-face employee interviews, which have been collected from seven different countries in Latin and North America. The informants represent different departments, organisational levels, professional groups and both sexes (for studies using similar approaches, see Cardinal et al. 2004; Jaeger 1983). The chapter's findings are based on a larger study of organisational unity within an MNC (Raitis 2015).

Perceptions of Fairness in an MNC Context

Doing the Right Thing: The Legality Rule and Ethicality

According to informants' reflections, one of the most prevailing concerns related to fairness links to the 'legality rule', a subrule of justice referring to fairness violations and inconsistencies with existing laws and regulations (see e.g. Berkowitz and Walker 1967). The interpretation of legality in the two continents, however, differed in terms of the content, source and accountability. For the Latin informants, to whom fairness was mainly associated with bribery, its judgement was based on existing laws. The informants were knowledgeable of the existence of the laws and were aware of the 'drastic consequences' that could follow if they were not complied with. Thus, fairness or 'doing the right thing' was linked to law-abiding decisions and behaviour that resulted in the company pulling out, resisting and/or avoiding certain types of business relations, operations and actions. The legitimate authority of fairness was perceived to be the national and international laws, as one informant explained:

> We have to do the right thing. We do not need to do anything on the dark side to be better. (…) We must do what is right under Mexican or international

> laws. More fair play because … sometimes they (customers) ask how much it is for this guy because they want to know if there are differences in prices. But we say that we cannot. We are protecting all our customers. We work under those values. (Mexico, Finance Assistant)

According to Folger and Bies (1989, p. 81), fair decisions and their implementation are a source of legitimacy and authority that managers need to earn by living more by 'the spirit of the law' than by 'the letter of the law' (Folger and Bies 1989, p. 81). While the perceptions in the Latin American region follow the latter perspective, the interpretation among the North American employees falls in line with the former statement. For the North American counterparts, 'doing the right thing' embeds the legal concerns, but also entails matters that go beyond the laws and regulations, relating to their personal and moral beliefs. For them, the main authority of morally just behaviour is the CEO of the North American region, 'the beacon of the ship', whose guidance and example in questions of right and wrong are closely followed. Nevertheless, even if the CEO represents the highest position of power and authority in the company, a lot of leverage is left to the individual employees. Employees are encouraged to 'always do the right thing', meaning that in the daily operations, the ultimate responsibility and interpretation of what is fair is made by the employees. This was consistently picked up in the responses:

> And fair play is just basically … I think [the CEO] said it once … Do the right thing. It's very simple. I have always been a very big believer in that. (Canada, Account Manager).

In a similar tone, the Vice-President of Marketing conceded:

> You know where you are going, and you know what the framework for your decisions is. I think it has a lot to do with the CEO. Dan's thing is that you should not do anything that you would not be proud of on the front page of the New York Times the next day. He believes in doing the right thing, and he believes in the values and spreading the values. When the CEO is behind it, supporting it makes it the right thing to do. (USA, VP of Marketing)

Likewise, as the sensitivity to concerns of fairness differs between individuals across the continents, so do perceptions of their accountability. Whereas in Latin America, fair actions were seen to protect the company from drastic consequences, in North America, the employees were concerned with their personal reputations. This was evident in the way in which the employees considered to whom the violations of the normative standards were most harmful. Emphasising individual accountability, unfair and unethical conduct was suggested to result in personal embarrassment and a loss of personal reputation and pride, as one informant pointed out:

> I feel good about working for a company that says: we need to think about both sides of this and think about the fair play practice. We all have our personal reputations. We may lose the deal, but at least we won't be associated with those companies that do things that are not ethical or whatever. We can still hold our head high at the end of the day. I think it does make a difference. (USA, Aftermarket Manager)

Interestingly, in both regions, the case company was thought to be fairer than its smaller competitors and customers. It was widely believed that its large size and multinational nature were a guarantee of fairer conduct. The 'dark side' of business, often referred to as something 'illegitimate' or 'wrong', existed in both continents to some extent, but unfair conduct was mainly linked to smaller companies. Although the laws and regulations bind every company, they were not respected by all in the industry. Whereas they, being a big company, abide by the rules, the smaller ones follow their own path, sometimes unconcerned about their legal obligations and restrictions. Being a member of an MNC gave the employees leverage to operate in a fair manner: 'This is how the biggest companies operate. All the companies, the biggest global Brazilian companies, are working the same processes. We have different names, but they use the same fair play. (…) For example, if you go to [visit a customer] you cannot enter with a gift. This is the policy that the global and biggest companies use' (Brazil, Customer Segment Manager).

The smaller companies were believed to be driven mainly by monetary incentives and big profits that led them towards occasionally suspicious actions. On the contrary, at the case company, the policy of fairness was implied and was implemented across the stakeholders. This meant that the outcome and processes also had to be fair to all parties, customers alike. As a result, the case company was referred to as a 'regarded authority', and the distinguished position aroused many positive feelings such as pride among its members in both continents. In general, people were extremely happy that their company was fair and followed this policy throughout its operations.

The Quest for Equality: Treating Everyone the Same

According to the informants, one of the most central components of fairness in the case company was the equal treatment of people. However, depending on the local society in which the unit was embedded, the perceptions and expectations of fairness varied greatly. In Latin America, a continent that the local informants often described as unfair, employees' fairness perceptions were related to rather basic concerns. For instance, in Peru, where the problem of racial discrimination of the indigenous people widely prevails, fairness was evaluated in terms of how the company treats its people in lower positions (see also Blader and Tyler 2003). A Peruvian supervisor observed:

> In fair play you have cultural acceptance; the colour of the skin. This is very difficult in Peru, but when you close the door you are at [the Case Company]. You are not in Peru. When I was Parts Manager, one of my normal speeches to the people was that outside this door you can be Jewish, Muslim, whatever you want, but inside here you are [a member of the Case Company]. I do not want to hear about problems of religion, politics … that is outside. Inside you are just [the Case Company]. (Peru, Supervisor)

The perception that the employer is not trying to take advantage of or exploit the employees in lower positions was regarded as something different in comparison to local companies. Indeed, the case company adhering to fairness as one of its core values had succeeded in developing a fairer environment in terms of respectful and equal treatment in comparison to the surrounding society. This raised positive feelings among the employees, as explained by a human resources manager: 'Fair play has made a huge impact on people because they were used to being treated as inferiors. Sometimes the supervisors didn't treat the employees well. That was before, but now they have fair play. And they live for fair play' (Peru, HR Manager).

Again, the size of the company was considered to be a significant factor in treating people fairly:

> The salary … no. It's the acknowledgment that I can have here. People are very different in a big and in a small company. Here … I can learn. A good team. If you know that the company is striving to be fair, you feel ok. You

> feel good knowing that the company is not taking advantage of you. It happens a lot in Mexico. It's a good company. (Mexico, Customer Representative)

Thus, the large size and multinational character of the company were seen to be an insurance of fairer treatment, also internally. However, regardless of the company's formal fairness policies and their wide acceptance and application, there were some exceptions in the provinces located far away from the main offices. The instances and cases of discriminatory treatment that occurred there were reported on other peoples' behalf, suggesting that they were motivated by a concern for and the care of others (Turillo et al. 2002). Thus, group members' perceptions can be thought of as being affected not only by perceptions of their own personal treatment, but also by perceptions of how other group members have been treated. As one observer reported: 'Sad to say that with all the years in the company, they (corporate values) are not complied with. Fair play lacks reinforcement especially. There are differences in Lima and in Providencias. (…) The differences in Lima and outside relate to how the company treats the people. The treatment of the people in the field is not good or fair' (Peru, Accountant).

The above citation and others like it show that even if the disrespectful and unequal treatment was due to individual managers' or chiefs' behaviour, the accountability is placed on the corporation as a whole for allowing it to happen. Thus, the data suggest that it is the closest manager that ultimately sets the ambience and is responsible for the fair atmosphere and employees' perceptions of the corporation per se.

Among the employees in North America, the respectful and sensitive treatment of people was seen to be congruent with the external societal norms. The informants felt that treating others fairly is everyone's responsibility, as one employee stated: 'People treat you with respect, I treat them with respect'. Thus, the responsibility for fair treatment was not solely down to managers or the organisation (e.g. Aquino 1995; Brockner 2006; Mikula et al. 1990; Skarlicki and Folger 1997; Tyler et al. 2008), but down to each individual. Likewise, the levels of actors and sources were also more distinctly distinguished in employees' evaluations. The perceptions of unfair treatment, which were few, were related to the high demand in the market and people working outside of hours to accommodate the demand. In these cases, the main responsibility was placed on the company, which wanted more from the employees without automatically compensating for that with pay. As the following citation shows, this was seen as a case of unfair treatment: 'Internally this place doesn't have it. Doesn't portray the fair play. The reason is that the demand now is higher. The business is tripled. They want more from us. And a lot of people are willing to do it. But it's about fair play, it's about being compensated, it's about being treated right' (Canada, Productline Manager).

More commonly, however, the company was seen to act in a fair way by allocating educational and professional opportunities in a consistent and equal manner to its employees. Basically, everyone had a chance, if they wished, to move 'up the ladder', take courses to develop their professional skills or even gain international experience by working abroad: 'I think the compensation programs that we come up with are fair and equitable for the employees. So those are important. I think going to work and enjoying what you are doing and who you are working with is huge too' (USA, Vice-President HR).

Thus, in North America, the central components of equality—set by the corporation—were related to the fair distribution of and access to opportunities, education, monetary compensation and other benefits.

The Social Construction of Fairness: Expansion of Control and Voice

Although the source of fairness was often seen to be the company, directly or indirectly, the employees also considered following and acting upon the rules and principles of fairness as their own responsibility in their daily tasks. The written and verbal guidelines, however, left a lot of room for interpretation, and the employees discussed and even debated about fairness on a constant basis among themselves. The employees in Latin America needed more guidance in understanding and interpreting fairness due to their different, often unfair surroundings, but in both continents, the meanings were socially constructed in a daily dialogue and interaction. The dialogue was very open and frequent in North America, as expressed by an informant: 'It's not uncommon when you are discussing an issue for somebody to bring them up. "We are forgetting fair play" … I hear it all the time. You hear it in meetings, in interactions and even in emails' (USA, Administrator).

In Latin America, the employees are in the process of learning about fairness. Many commented that they are trying to apply fairness, although it is occasionally difficult due to their social background and lack of experience. The Country Manager from Peru admitted that while they have done a lot about the values, and fairness in particular, they need to continue talking about them on a daily basis. According to him, it is important that the employees do something related to fairness or discuss it every day in order to learn. An employee admitted that it is a learning process: 'I prefer to be honest. I have learnt about that. Like if I do not have an answer for a customer, I do not pretend and would rather say that I don't have it now. No excuses, but try to be honest' (Mexico, Customer Service Representative).

In the literature, the 'voice' effect (Folger 1977; Lind et al. 1990; De Cremer and Tyler 2005; Kazemi and Törnblom 2008) is suggested to be a central component of fairness. The concept refers to individuals' possibilities in voicing their opinion or influencing decision-making and the related processes in some way. Based on the findings, control over fairness is equally distributed at the case company, meaning that individuals are given responsibility for their actions and day-to-day decisions (Fig. 5.1). However, across the regions, there existed great variation in how and at what levels the employees were able to influence, take part in and engage themselves in the processes. Although fairness was largely seen to be everyone's responsibility, the culturally embedded beliefs of the unit location strongly influenced individuals' participation. In the Latin American context, even the opportunity to express one's voice was sometimes perceived as challenging due to the prevailing hierarchies: 'We still don't share fair play in the right way because it's very difficult for a technician to talk to an account manager' (Mexico, Supervisor).

The control and power of the individuals in the decision-making processes were considerably higher in North America. There, the different understanding of fairness allowed individuals to make more varied and advanced interpretations and participate in the processes in a more unconstrained manner. Thus, in addition to expressing one's opinion and

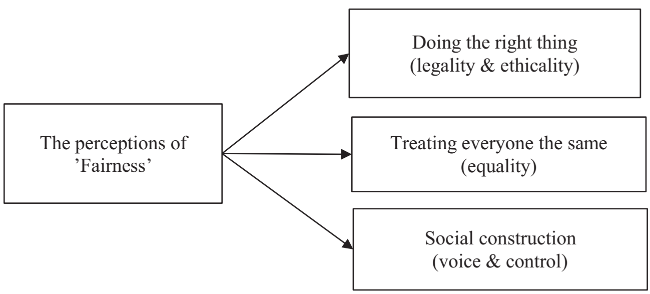


Fig. 5.1 What makes an organisation fair?

influencing processes and outcomes through their voice (Avery and Quiñones 2002; De Cremer and Sedikides 2008), the employees were not just observers or commenters, but actors in various processes: 'You hear that talked about in meetings, you'll hear this said time to time that: "is this fair play?" I felt honestly that this is more than a slogan. This is actually practice' (USA, Aftermarket Manager).

Moreover, in voicing their opinions, they used multiple tactics from debating, reflecting and justifying, to make their points heard internally and externally, as the following extract shows:

> I actually even see people using them as references when they come back and say: I don't think that goes with fair play. Where they may even say them jokingly sometimes but underline that they mean it. (…) It gives something for everyone to refer back to without just flatly saying: you are doing wrong! I think it's a good tool to fall back on any news, to make your point internally. (USA, Supervisor)

Through individual engagement, fairness penetrated into different levels, situations and interactions within and outside the company. For example, at the customer interface, the employees applied the principles of fairness in justifying their decisions, solving problems, handling their duties, communicating and also making sure that the outcome was fair for both parties.

Conclusions

This chapter illustrates how a 'slow' integration process allowing time for self-learning, self-reflexion and social construction of meanings may serve as a basis for organisational unity. Moreover, fairness—as a corporate value—is suggested to have substantial influence of firms' long-term sociocultural integration by aligning members' perceptions, emotions and actions. The case company being perceived as fair aroused a sense of positivity, motivation, distinctiveness and pride among its members. However, although fairness may be a universal value, its operationalisation is location bound, and in a multinational context the nuances of interpretation and behavioural consequences need to be taken into account (see also Greenberg 2001).

The study findings demonstrate how the context and members' sensitivity to societal norms may influence members' perceptions of fairness (see also Kouchaki et al. 2015) and their participation in the social construction of its meaning. The differences in the Latin American and North American regions were notable. In the Latin American context, fairness was highly appreciated, although it did not prevail in the surrounding societies as strongly as in the Western countries. Consequently, the company was generally perceived to be 'fairer' than the local companies. The exception here is Peru, where the societal normative constraints or injustices existing in the society also penetrated the organisational boundaries to some extent. However, they were critically judged. In North America, the fairness standards and expectations were found to be higher and resulted in the individual members actively and unrestrictedly participating in the building of a fair organisational environment.

Theoretically, the findings of this study are suggested to enrich the socio-cultural integration as well as the organisational justice literature. In terms of the latter, the study extends our current understanding of the sources and foci of organisational fairness. Based on the study results, it is proposed that the evaluations of fairness penetrate into all types and levels of relations, internal and external. Several sources and levels of decision-makers and actors responsible for individuals' perceptions of fairness were found. For instance, organisational fairness is not only judged by the behaviour of managers. Perceptions of fairness may be constructed in interactions between different stakeholders (employee, corporate, manager and customer) through different mechanisms (peer-control, self-analysis and reflectivity, decision-making, authority) and sources (employee, manager, corporation, laws and regulation, society). The perceptions and experiences collected illustrate the diversity of situations in which fairness is evaluated, as well as the multi-level sources and responsibilities given and taken. Furthermore, this study adds to the scarce but emergent discussion on culture's influence on organisational fairness judgements.

Managerial Summary

For practitioners, the message of this chapter is clear. If inter-organisational unity, collaboration and the permanence of positive perceptions are sought after in M&As, the integration should not be regarded as a one-time ad hoc event, but rather as an iterative ongoing process. Especially in the case of serial acquirers, setting in place a process or environment that is self-sustaining would be highly recommended. The study findings also show evidence regarding the viability of fairness as an organisational value in an MNC. Based on the results, it is suggested that fairness as a corporate value has the potential to attract, engage and drive members' behaviour. It may also allow for conformity and increase dedication to the change. In this era of increasingly expanding organisations and changes, a focus on unity might be more relevant than ever. Arguably, joining together distinct units around the world can be achieved with values that are universally meaningful. In certain contexts, a focus on basic human values may even be a competitive advantage. For example, in the Latin American context, a company abiding by the principles of fairness differentiates itself from the local ones, making it a more appealing employer and partner. On the other hand, since fairness might not be as familiar to the employees around the world, they may have difficulties—or at least very different perceptions of—applying it in practice. In such instances, extra training and internalisation of the values are required. Finally, why come up with unique, complex and hard-to-grasp values when just delivering the very basic principles of morality serves the purpose?

References

Abbott, G. N., White, F. A., & Charles, M. A. (2005). Linking Values and Organizational Commitment: A Correlational and Experimental Investigation in Two Organizations. *Journal of Occupational and Organizational Psychology, 78*(4), 531–551.

Adams, J. S. (1965). Inequity in Social Exchange. In L. Berkowitz (Ed.), *The Advances in Experimental Social Psychology* (Vol. 2, pp. 267–299).

Alvesson, M., & Sandkull, B. (1988). The Organizational Melting-Pot: An Arena for Different Cultures. *Scandinavian Journal of Management, 4*(3–4), 135–145.

Angwin, D. (2004). Speed in M&A Integration: The First 100 Days. *European Management Journal, 22*(4), 418–430.

Aquino, K. (1995). Relationships Among Pay Inequity, Perceptions of Procedural Justice, and Organizational Citizenship. *Employee Responsibility and Rights Journal, 8*(1), 21–33.

Asgary, N., & Mitschow, M. C. (2002). Toward a Model for International Business Ethics. *Journal of Business Ethics, 36*(3), 239–246.

Avery, D. R., & Quiñones, M. A. (2002). Disentangling the Effects of Voice: The Incremental Roles of Opportunity, Behavior, and Instrumentality in Predicting Procedural Fairness. *Journal of Applied Psychology, 87*(1), 81–86.

Barchiesi, M. A., & La Bella, A. (2015). An Analysis of the Organizational Core Values of the World's Most Admired Companies. *Knowledge and Process Management, 21*(3), 159–166.

Barkema, H. G., & Schjiven, M. (2008). Toward Unlocking the Full Potential of Acqusitions: The Role of Organizational Restructuring. *Academy of Management Journal, 51*(4), 696–722.

Barsky, A., Kaplan, S. A., & Beal, D. J. (2011). Just Feelings? The Role of Affect in the Formation of Organizational Fairness Judgments. *Journal of Management, 37*(1), 248–279.

Bazerman, M. H. (2006). *Judgement in Managerial Decision Making*. Hoboken, NJ: Wiley.

Berkowitz, L., & Walker, N. (1967). Laws and Moral Judgments. *Sociometry, 30*(4), 410–422.

Berry, L. L., & Seiders, K. (2008). Serving Unfair Customers. *Business Horizons, 51*(1), 29–37.

Bies, R. J., & Moag, J. F. (1986). Interactional Justice: Communication Criteria for Justice. In B. Sheppard (Ed.), *Research on Negotiating in Organizations* (Vol. 1, pp. 43–55). Greenwich, CT: JAI Press.

Blader, S. L., & Tyler, T. R. (2003). What Constitutes Fairness in Work Settings? A Four-component Model of Procedural Justice. *Human Resource Management Review, 13*(1), 107–126.

Brebels, L., De Cremer, D., Van Dijke, M., & Van Hiel, A. (2011). Fairness as Social Responsibility: A Moral Self-Regulation Account of Procedural Justice Enactment. *British Journal of Management, 22*(S1), S47–S58.

Brockner, J. (2006). Why It's So Hard to Be Fair. *Harvard Business Review, 84*(3), 122–129.

Cardinal, L. B., Sitkin, S. B., & Long, C. P. (2004). Balancing and Rebalancing in the Creation and Evolution of Organizational Control. *Organization Science, 15*(4), 411–431.

Chang, E., & Taylor, M. S. (1999). Control in Multinational Corporations (MNCs): The Case of Korean Manufacturing Subsidiaries. *Journal of Management, 25*(4), 541–565.

Chatman, J. A., & Cha, S. E. (2003). Leading by Leveraging Culture. *California Management Review, 45*(4), 19–34.

Cohen-Charash, Y., & Spector, P. E. (2001). The Role of Justice in Organizations: A Meta-Analysis. *Organizational Behavior and Human Decision Processes, 86*(2), 278–321.

Colquitt, J. A. (2001). On the Dimensionality of Organizational Justice: A Construct Validation of a Measure. *Journal of Applied Psychology, 86*(3), 386–400.

Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O. L. H., & Yee Ng, K. (2001). Justice at the Millennium: A Meta-analytic Review of 25 Years of Organizational Justice Research. *Journal of Applied Psychology, 86*(3), 425–445.

Cropanzano, R., Bowen, D. E., & Gilliland, S. W. (2007). The Management of Organizational Justice. *Academy of Management Perspectives, 21*(November), 34–48.

Cropanzano, R., Goldman, B., & Folger, R. (2003). Deontic Justice: The Role of Moral Principles in Workplace Fairness. *Journal of Organizational Behavior, 24*(8), 1019–1024.

De Cremer, D., & Sedikides, C. (2008). Reputational Implications of Procedural Fairness for Personal and Relational Self-Esteem. *Basic and Applied Social Psychology, 30*(1), 66–75.

De Cremer, D., & Tyler, T. R. (2005). Managing Group Behavior: The Interplay Between Procedural Justice, Sense of Self, and Cooperation. *Advances in Experimental Social Psychology, 37*, 151–218.

Desai, S. D., Sondak, H., & Diekmann, K. A. (2011). When Fairness Neither Satisfies Nor Motivates: The Role of Risk Aversion and Uncertainty Reduction in Attenuating and Reversing the Fair Process Effect. *Organizational Behavior and Human Decision Processes, 116*(1), 32–45.

Donaldson, T. (1996, September–October). Values in Tension: Ethics Away from Home. *Harvard Business Review*, 48–62.

Driori, I., Wrzesniewski, A., & Ellis, S. (2011). Cultural Clashes in a "Merger of Equals": The Case of High-Tech Start-Ups. *Human Resource Management, 50*(5), 625–649.

Elizur, D., Borg, I., Hunt, R., & Beck, I. M. (1991). The Structure of Work Values: A Cross Cultural Comparison. *Journal of Organizational Behavior, 12*(1), 21–38.

Fischer, R., Ferreira, M. C., Jiang, D.-Y., Cheng, B.-S., Achoui, M. M., Wong, C. C., et al. (2011). Are Perceptions of Organizational Justice Universal? An Exploration of Measurement Invariance Across Thirteen Cultures. *Social Justice Research, 24*(4), 297–313.

Folger, R. (1977). Distributive and Procedural Justice: Combined Impact of "Voice" and Improvement on Experienced Inequity. *Journal of Personality and Social Psychology, 35*(2), 108–119.

Folger, R., & Bies, R. J. (1989). Managerial Responsibilities and Procedural Justice. *Employee Responsibilities and Rights Journal, 2*(2), 79–90.

Forsgren, M. (2008). *Theories of the Multinational Firm*. Cheltenham, UK: Edward Elgar.

Forsgren, M., Holm, U., & Johanson, J. (2005). *Managing the Embedded Multinational*. Northampton, MA: Edward Elgar.

Graebner, M. E., Heimeriks, K. H., Huy, Q. N., & Vaara, E. (2017). The Process of Postmerger Integration: A Review and Agenda for Future Research. *Academy of Management Annals, 11*(1), 1–32.

Greenberg, J. (1990). Organizational Justice: Yesterday, Today, and Tomorrow. *Journal of Management, 16*(2), 399–432.

Greenberg, J. (2001). Studying Organizational Justice Cross-culturally: Fundamental Challenges. *The International Journal of Conflict Management, 12*(4), 365–375.

Griseri, P. (1998). *Managing Values*. London: Macmillan Business.

Guth, W. D., & Tagiuri, R. (1965). Personal Values and Corporate Strategy. *Harvard Business Review, 43*(5), 123–132.

Hooker, B. (2005). Fairness. *Ethical Theory and Moral Practice, 8*(4), 329–352.

Humes, S. (1993). *Managing the Multinational*. New York: Prentice Hall.

Jaeger, A. M. (1983). The Transfer of Organizational Culture Overseas: An Approach to Control in the Multinational Corporation. *Journal of International Business Studies, 14*(2), 91–114.

Kazemi, A., & Törnblom, K. (2008). Social Psychology of Justice: Origins, Central Issues, Recent Developments, and Future Directions. *Nordic Psychology, 60*(3), 209–234.

Kouchaki, M., Smith, I. H., & Netchaeva, E. (2015). Not All Fairness is Created Equal: Fairness Perceptions of Group vs. Individual Decision Makers. *Organization Science, 26*(5), 1301–1315.

Li, A., & Cropanzano, R. (2009). Fairness at the Group Level: Justice Climate and Intraunit Justice Climate. *Journal of Management, 35*(3), 564–599.

Liao, H., & Rupp, D. E. (2005). The Impact of Justice Climate and Justice Orientation on Work Outcomes: A Cross-level Multifoci Framework. *Journal of Applied Psychology, 90*(2), 242–256.

Lind, E. A., Kanfer, R., & Christopher Earley, P. (1990). Voice, Control, and Procedural Justice: Instrumental and Noninstrumental Concerns in Fairness Judgments. *Journal of Personality and Social Psychology, 59*(5), 952–959.

Lind, E. A., & Van Den Bos, K. (2002). When Fairness Works: Toward a General Theory of Uncertainty Management. *Organizational Behavior, 24*, 181–223.

Lipponen, J., Olkkonen, M.-E., & Moilanen, M. (2004). Perceived Procedural Justice and Employee Responses to an Organizational Merger. *European Journal of Work and Organizational Psychology, 13*(3), 391–413.

Mead, R. (1994). *International Management—Cross-cultural Dimensions*. Oxford: Blackwell Business.

Meglino, B. M., & Ravlin, E. C. (1998). Individual Values in Organizations: Concepts, Controversies, and Research. *Journal of Management, 24*(3), 351–389.

Meyer, C. B., & Altenborg, E. (2006). The Disintegrating Effects of Equality: A Study of a Failed International Merger. *British Journal of Management, 18*(3), 257–271.

Mikula, G., Petri, B., & Tanzer, N. (1990). What People Regard As Injust: Types and Structures of Everyday Experiences of Injustice. *European Journal of Social Psychology, 20*(2), 133–149.

Monin, P., Noorderhaven, N., Vaara, E., & Kroon, D. (2013). Giving Sense to and Making Sense of Justice in Postmerger Integration. *Academy of Management Journal, 56*(1), 256–284.

Moorman, R. H. (1991). Relationship Between Organizational Justice and Organizational Citizenship Behaviors: Do Fairness Perceptions Influence Employee Citizenship? *Journal of Applied Psychology, 76*(6), 845–855.

Nohria, N., & Ghoshal, S. (1994). Differentiated Fit and Shared Values: Alternatives for Managing Headquarters-subsidiary Relations. *Strategic Management Journal, 15*(6), 491–502.

Paine, L. S. (1994). Managing for Organizational Integrity. *Harvard Business Review, 72*(2), 106–117.

Quah, P., & Young, S. (2005). Post-acquisition Management: A Phases Approach for Cross-border M&As. *European Management Journal, 23*(1), 65–75.

Raitis, J. (2015). *Identity and Multinational Corporations: Building Unity within Diversity*. Publications of Turku School of Economics, Series A. Turku: Juvenes Print.

Robbins, J. M., Ford, M. T., & Tetick, L. E. (2012). Perceived Unfairness and Employee Health: A Meta-analytic Integration. *Journal of Applied Psychology, 97*(2), 235–272.

Rosenblatt, V. (2011). The Impact of Institutional Processes, Social Networks, and Culture on Diffusion of Global Work Values in Multinational Organizations. *Cross Cultural Management: An International Journal, 18*(1), 105–121.

Russell, R. F. (2001). The Role of Values in Servant Leadership. *Leadership & Organization Development Journal, 22*(2), 76–84.

Schmitt, M., & Dörfel, M. (1999). Procedural Injustice at Work, Justice Sensitivity, Job Satisfaction and Psychosomatic Well-being. *European Journal of Social Psychology, 29*(4), 443–453.

Skarlicki, D. P., & Folger, R. (1997). Retaliation in the Workplace: The Roles of Distributive, Procedural, and Interactional Justice. *Journal of Applied Psychology, 82*(3), 434–443.

Suliman, A., & Al Kathairi, M. (2013). Organizational Justice, Commitment and Performance in Developing Countries. The Case of the UAE. *Employee Relations, 35*(1), 98–115.

Teerikangas, S., & Joseph, R. J. (2012). Post-Deal Integration: An Overview. In D. Faulkner, S. Teerikangas, & R. Joseph (Eds.), *Handbook of Mergers and Acquisitions* (pp. 339–371). Oxford: Oxford University Press.

Thibaut, J., & Walker, L. (1975). *Procedural Justice: A Psychological Analysis*. Hillsdale, NJ: Lawrence Erlbaum Associates.

Törnblom, K. Y., & Kazemi, A. (2011). Social Justice Research: Mission, Some Prospects, and Challenges. *Social Justice Research, 24*(1), 1–5.

Turillo, C. J., Folger, R., Lavelle, J. J., Umphress, E. E., & Gee, J. O. (2002). Is Virtue Its Own Reward? Self-sacrificial Decisions for the Sake of Fairness. *Organizational Behavior and Human Decision Processes, 89*(1), 839–865.

Tyler, T., Dienhart, J., & Thomas, T. (2008). The Ethical Commitment to Compliance: Building Value-based Cultures. *California Management Review, 50*(2), 31–51.

Van Dijke, M., De Cremer, D., Mayer, D. M., & Van Quaquebeke, N. (2012). When Does Procedural Fairness Promote Organizational Citizenship Behavior? Integrating Empowering Leadership Types in Relational Justice Models. *Organizational Behavior and Human Decision Processes, 117*(2), 235–248.

Welch, D. E., & Welch, L. S. (2005). Commitment for Hire? The Viability of Corporate Culture as a MNC Control Mechanisms. *International Business Review, 15*(1), 14–28.

Wiener, Y. (1988). Forms of Value Systems: A Focus on Organizational Effectiveness and Cultural Change and Maintenance. *Academy of Management Review, 13*(4), 534–545.

Williams, S. L. (2011). Engaging Values in International Business Practice. *Business Horizons, 54*(4), 315–324.

Yang, J., Mossholder, K. W., & Peng, T. K. (2007). Procedural Justice Climate and Group Power Distance: An Examination of Cross-level Interaction Effects. *Journal of Applied Psychology, 92*(3), 681–692.

CHAPTER 6

Conclusions: How to Achieve Socio-Cultural Integration

Mélanie E. Hassett and Niina Nummela

Abstract This section provides an overview of the book and introduces future research avenues. Socio-cultural integration is a complex process involving many activities, events and, most importantly, human engagement. This book does not offer a comprehensive, holistic approach to socio-cultural integration, but instead it highlights the role of emotions and values in the identity-building process and formation of a joint culture.

Keywords Socio-Cultural integration • Emotions • Values • Identity • Mergers and acquisitions

Prior research has provided extensive evidence on the poor merger and acquisition (M&A) success rate and the challenges related to post-M&A socio-cultural integration. Change resistance, loss of commitment and identity, and acculturation stress have been, among others, commonly

M. E. Hassett (✉)
University of Sheffield, Sheffield, UK

School of Economics, University of Turku, Turku, Finland

N. Nummela
School of Economics, University of Turku, Turku, Finland

J. Raitis et al. (eds.), *Socio-Cultural Integration in Mergers and Acquisitions*, https://doi.org/10.1007/978-3-319-74341-7_6

reported attitudes and emotions following an M&A (e.g. Kusstatscher and Cooper 2005). From a managerial and leadership perspective, trying to steer the parent company and the acquired firm in the same direction and towards the same goals may seem like an impossible mission. However, this book focuses on the fundamental socio-cultural factors in the post-M&A integration phase, namely, people and culture.

This book differs from other books on socio-cultural integration post-M&As in three important ways. First, this book represents a myriad of research methods ranging from qualitative and mixed-method approaches to case studies and longitudinal research methods. The researchers have had unique access to Nordic companies during their research projects. Second, this book is based not merely on the challenges related to socio-cultural integration, but on how to foster socio-cultural integration through positive emotions and a collaborative approach. Third, this book not only describes socio-cultural integration, but goes further in analysing how to generate a new organisational culture by focusing on emotions, values, identity and leadership. This book is about how to integrate the parent and the acquired firm by managing the organisational change process through organisational culture. Whether it is a large multinational corporation (MNC) attempting to integrate a dozen acquired units to become truly part of the MNC or a family firm acquiring a larger firm, it is all about sharing the same values and identity.

As mentioned earlier, a significant body of literature focuses on negative post-M&A emotional experiences (e.g. Kiefer 2002). Uncertainty about the future fuelled by rumours about restructuring, job losses and perceived threats to social identity may lead to a range of negative emotions (Kusstatscher and Cooper 2005; Sinkovics et al. 2011). However, emotions help to make sense of this process and help individuals to adjust to the changes, and it is important to note that even negative emotions carry some adaptive significance, and sometimes these negative emotions can have positive outcomes (e.g. Ashkanasy et al. 2017; Fredrickson 2013). Chapter 2 focused on the various triggers and concluded that focusing on fostering positivity may yield more beneficial outcomes than merely alleviating negativity. It has been argued that emotions are essential determinants of organisational identification, and that emotions could provide the 'missing' socio-cultural mechanism to connect many of the key aspects discussed in the 'human side' literature (Sarala et al. in press). Future research avenues include understanding better the role of emotions in socio-cultural integration; the dynamic process and interlinkages between emotions and other variables; the role of collective or group emotions and their relationship with, for example, organisational identity; the role of media in the construction and diffusion of collective emotions; and the cultural differences in emotion experience and expression during cross-border M&As (see e.g. Sarala et al. in press).

In M&As, emotions range from positive to negative. Emotions are necessary to come to terms with the change, and negative emotions also help to make sense of change. Emotions are the 'missing' socio-cultural mechanism that connects the key aspects of the human side of M&As.

Values are a key building block of an organisation's identity and organisational culture. Value differences distinguish cultures from each other (e.g. Elizur et al. 1991; Rosenblatt 2011). Accordingly, sharing values is critical for the socio-cultural integration process. In this book, we argue that integration may be facilitated by introducing new values as building blocks for employees' identity work (see Chap. 3). Both managerial and employee dedication and participation in the change process are important in order to bring the values to life (cf. Sullivan et al. 2001). Shared values and identity are essentially socially constructed during the socio-cultural integration process, and ideally through an engaged process between employees and the organisation. Future research studies would benefit from further examining identity construction processes and the role of emotions during the socio-cultural integration phase, the interplay between managerial efforts to influence identity construction and individuals' responses, and the affective dimension of organisational identity construction (cf. Graebner et al. 2017).

In culturally diverse settings, values unify post-M&A organisation culture. Values help to build a joint culture which is easier to identify with. Shared values are an important foundation for organisational identification. Values and identity are socially constructed. An engaged identity-building process can enhance and strengthen socio-cultural integration.

Finally, socio-cultural integration demands strong and charismatic leadership. Leaders and managers at different levels make it all happen. For example, the ability to participate and form an individual understanding of the values is crucial, but a lack of managerial enactment of the values can greatly hinder the process. However, global leaders are not born into their roles (see Chap. 4). The ability to implement change and live amidst change can be critical for one's development towards global leadership. Involvement in change initiatives has been found to have a positive bearing on one's personal development and future career prospects (Buchanan 2003). In the context of global leadership, middle managerial experience and the opportunity to engage in radical change test both leadership capabilities and capabilities to adapt to a changing world. As Chap. 4 clearly highlights, the challenge for leaders and managers is in double-hatting—simultaneously delivering, while personally living through the same change (Balogun 2003; Harding et al. 2014). The role of leadership in M&A integration has been largely neglected in academic research (Junni and Sarala 2014). Future research avenues include topics such as emotional labour during the post-M&A phase, how leaders and managers manage their own emotions, how senior managers deal with the alignment between emotional displays and felt emotions, and how leaders manage collective emotions (cf. Graebner et al. 2017). Furthermore, future studies would benefit from examining the role that target-firm leaders play in post-M&A socio-cultural integration, leader behaviour in the pre-M&A phase and the power and politics involved in M&A leadership (cf. Junni and Sarala 2014).

The challenge for leaders and managers is in double-hatting—simultaneously delivering, while personally living through the same change. While integration managers' role is to act as facilitators and bridge the parent company with the new subsidiary, the indispensable role of middle managers and their specific qualities should not be dismissed or ignored.

In summary, this chapter provided a short overview of this book and its main conclusions, as well as some suggestions for future research. It is important to bear in mind that socio-cultural integration is a complex process involving many activities, events and, most importantly, human engagement. This book does not offer a comprehensive, holistic approach to socio-cultural integration, but instead it highlights the role of emotions and values in the identity-building process and formation of a joint culture. Hopefully, this book will inspire more academic research in this area and provide useful insights for practitioners.

References

Ashkanasy, N. M., Humphrey, R. H., & Huy, Q. N. (2017). Integrating Emotions and Affect in Theories of Management. *Academy of Management Review, 42*(2), 175–189.

Balogun, J. (2003). From Blaming the Middle to Harnessing Its Potential: Creating Change Intermediaries. *British Journal of Management, 14*(1), 69–83.

Buchanan, D. A. (2003). Demand, Instabilities, Manipulations, Careers: The Lived Experience of Driving Change. *Human Relations, 56*(6), 663–684.

Elizur, D., Borg, I., Hunt, R., & Magyari Beck, I. (1991). The Structure of Work Values: A Cross Cultural Comparison. *Journal of Organizational Behavior, 12*(1), 21–38.

Fredrickson, B. L. (2013). Positive Emotions Broaden and Build. In P. Devine & A. Plant (Eds.), *Advances in Experimental Social Psychology* (Vol. 47, pp. 1–53). Burlington: Academic Press.

Graebner, M., Heimeriks, K., Huy, Q., & Vaara, E. (2017). The Process of Post-Merger Integration: A Review and Agenda for Future Research. *Academy of Management Annals, 11*(1), 1–32.

Harding, N., Lee, H., & Ford, J. (2014). Who is 'The Middle Manager'? *Human Relations, 67*(10), 1213–1237.

Junni, P., & Sarala, R. M. (2014). The Role of Leadership in Mergers and Acquisitions: A Review of Recent Empirical Studies. In S. Finkelstein & C. L. Cooper (Eds.), *Advances in Mergers and Acquisitions* (Vol. 13, pp. 181–200). Bingley: Emerald Group Publishing Limited.

Kiefer, T. (2002). Understanding the Emotional Experience of Organizational Change: Evidence from a Merger. *Advances in Developing Human Resources, 4*(1), 39–61.

Kusstatscher, V., & Cooper, C. L. (2005). *Managing Emotions in Mergers and Acquisitions.* Cheltenham: Edward Elgar Publishing Ltd.

Rosenblatt, V. (2011). The Impact of Institutional Processes, Social Networks, and Culture on Diffusion of Global Work Values in Multinational Organizations. *Cross Cultural Management: An International Journal, 18*(1), 105–121.

Sarala, R. M., Vaara, E., & Junni, P. (2017). Beyond Merger Syndrome and Cultural Differences: New Avenues for Research on the "Human Side" of Global Mergers and Acquisitions (M&As). *Journal of World Business.* (in press)

Sinkovics, R. R., Zagelmeyer, S., & Kusstatscher, V. (2011). Between Merger and Syndrome: The Intermediary Role of Emotions in Four Cross-border M&As. *International Business Review, 20*(1), 27–47.

Sullivan, W., Sullivan, R., & Buffton, B. (2001). Aligning Individual and Organisational Values to Support Change. *Journal of Change Management, 2*(3), 247–254.

Index[1]

[1] Note: Page numbers followed by 'n' refer to notes.

J. Raitis et al. (eds.), *Socio-Cultural Integration in Mergers and Acquisitions*, https://doi.org/10.1007/978-3-319-74341-7