

Towards a process model of emotional sensemaking in post-merger integration: linking cognitive and affective dimensions

Linking
cognitive and
affective
dimensions

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Abstract

Purpose – The purpose of this paper is to advance micro-level theorising of sociocultural post-merger integration (PMI) by merging insights from international business and management research on the cognitive and affective dimensions of PMI.

Design/methodology/approach – The paper follows a narrative approach to review the previously separate literatures on cognition and emotion in PMI situations. It draws on insights from management research beyond the PMI context to integrate these literatures and as a result, develops a process model of emotional sensemaking in PMI.

Findings – An emotional sensemaking approach to PMI helps to explain when and why events might or might not motivate individuals to revisit their interpretation of a PMI and illustrates how and why similar PMI events can lead to opposite individual reactions and, thus, obtain heterogeneous integration outcomes.

Research limitations/implications – The paper discusses how an emotional sensemaking approach can be applied to sociocultural PMI and points to new directions for future studies based on this application. As the model concentrates on the individual level, theoretical implications for sociocultural PMI at the meso- and macro-levels remain limited.

Originality/value – This paper brings forward the dynamics that underlie the processes and outcomes of individuals' behaviour and reactions to PMI events. The proposed process model of emotional sensemaking in PMI responds to recent calls by sociocultural PMI scholars to promote a processual rather than event-based view of PMI, with a focus on individual actors and an emphasis on the multifaceted dynamics and outcomes of PMI.

Keywords Cognition, Sensemaking, Emotion, Post-merger integration, Micro-level theorising

Paper type Conceptual paper

1. Introduction

Mergers and acquisitions (M&As) continue to engage the interest of both practitioners and international business (IB) scholars because despite their high failure rates, M&As remain a

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very prominent internationalisation strategy in multinational enterprises (MNEs) (EY, 2019; Marks and Mirvis, 2001). IB research on M&As has addressed the integration phase as a vital challenge to realise desired strategic growth and reorganisation and has focused on the way in which the processes and people involved in post-merger integration (PMI) are managed (Birkinshaw *et al.*, 2000; Buono and Bowditch, 1989; Haspeslagh and Jemison, 1991; Teerikangas and Joseph, 2012). While many approaches in IB to sociocultural PMI acknowledge the importance of individuals and micro-level processes (Graebner *et al.*, 2017; Sarala *et al.*, 2017; Sinkovics *et al.*, 2011), the underlying assumptions about the micro-foundations of theorising MNEs and their internationalisation tend to remain implicit (Kano and Verbeke, 2019).

To bring micro-foundations more explicitly to the fore in IB scholarship on sociocultural PMI, this paper conceptualises the micro-level processes on the cognitive and affective dimensions of PMI. Research on the cognitive dimension of PMI has focused on how people formulate interpretations of PMI situations that precede their decision-making and behaviour and has been captured with sensemaking, which focuses on how cognitive structures are integrated into a cognitive order through the development of retrospective meanings, which serve as “springboard[s] for action” (Weick, 1995, p. 99). These interpretations can take various forms, for instance, in organisational identities or the use of particular narratives and stories told surrounding a merger and thereby affect whether employees support or resist integration efforts (Clark *et al.*, 2011). Conversely, studies on the affective dimension of PMI examine it as a context that often triggers intense negative emotional responses such as anxiety, stress or feelings of loss (Kiefer, 2002; Marks and Mirvis, 2001) and focus on how these responses emerge and affect integration outcomes (Sinkovics *et al.*, 2011). Conceptualising micro-level processes on the cognitive and affective dimensions of PMI are especially useful to carve out relevant micro-foundations because cognition and emotion are key drivers of behaviour on the micro-level, and therefore, of integration outcomes.

This paper contributes to micro-level theorising of sociocultural PMI in IB in two ways. First, it provides a micro-level process model of emotional sensemaking in PMI as a tool to obtain a more nuanced, processual analysis of the human experience of PMI. This model can be applied to studies of sociocultural PMI to illustrate how and why similar PMI events can lead to opposite individual reactions, and thus heterogeneous PMI outcomes and to explain when and why events might or might not motivate individuals to revisit their interpretations of a PMI. Second, this paper gives directions for future micro-level PMI research through an emotional sensemaking lens by developing a set of research routes. Thus, it responds to recent calls in PMI research (Graebner *et al.*, 2017; Sarala *et al.*, 2017; Steigenberger, 2016) to promote a processual view of PMI with a focus on individual actors and an emphasis on the multifaceted dynamics and outcomes of PMI.

This paper is structured as follows. Sections 2 to 4 examine established studies on sociocultural PMI and especially how they relate to its affective and cognitive dimensions. Section 5 takes stock of the existing studies and points to areas in need of further conceptual development dealing with the triggers, characteristics and outcomes of emotional and sensemaking processes in PMI. Section 6 builds on the identified shortcomings of existing theorising of emotions and sensemaking in PMI as it develops a process model of emotional sensemaking in PMI by drawing on insights on their link from research beyond the PMI context. Sections 7 and 8 propose a set of research routes for future studies, which apply emotional sensemaking to issues around culture and emotion in PMI.

2. Micro-foundations of sociocultural post-merger integration in international business

The IB literature on PMI has acknowledged the importance of individuals, yet the assumptions underlying the micro-level theorising of PMI in IB tend to remain implicit, reflecting the same tendency in broader IB theory (Kano and Verbeke, 2019). While much work on sociocultural PMI emphasises the M&A experience of individuals (Monin *et al.*, 2013; Sarala *et al.*, 2017; Sinkovics *et al.*, 2011; Zagelmeyer *et al.*, 2018), micro-level theorising of the connection between their interpretation, emotional reaction and behaviour is still scarce (for exceptions, Vuori *et al.*, 2018; Vuori and Virtaharju, 2012). This paper particularly builds on the point raised by Kiefer (2002), who argues that the individual human experience of PMI is formed through the combination of the continuous experience of different emotions over time in the ongoing interpretation of critical events in the process of PMI. Thus, this paper aims to promote explicit micro-level theorising of the human experience of PMI by offering a model which links cognitive and affective individual-level processes in sociocultural PMI.

3. Methodology

The purpose of this paper is to advance micro-level theorising of sociocultural PMI by “exposing emerging perspectives” (Post *et al.*, 2020, p. 8) in IB and management research on the cognitive and affective dynamics of PMI. It takes a narrative approach in reviewing these emerging perspectives to develop a process model of emotional sensemaking in PMI (*ibid.*).

The sample for the literature review was developed in two steps. First, the authors conducted a keyword search for “PMI”, “post-acquisition integration” and “merger OR acquisition integration” in the web of science as well as in Google Scholar, covering a period between 1945 and 2019. As the database search method has been found to be insufficient for identifying a universal set of relevant publications, we applied snowball sampling to identify additional articles, e.g. by pursuing references of references and personal contacts in academic networks (Greenhalgh and Peacock, 2005; Tranfield *et al.*, 2003). This step resulted in a basic sample of 326 publications, which were collected using the citation management software Zotero. Second, from this basic sample, conference papers were excluded to ensure the publications’ quality through peer review, whereas empirical studies, conceptual papers and literature reviews from peer-reviewed journals, as well as books, were included. Publications were included in the final sample if the abstracts, keywords or introductions included keywords related to emotion or cognition and the M&A context. For emotions, publications were required to contain the keywords “emotion*”, “feeling” or discrete emotions such as “fear” or “anger”. Regarding cognition, the keywords included “cognitive”, “cognition”, “sensemaking”, “sensegiving”, “making sense” and “attention”. This resulted in a final sample of 66 publications, including 30 publications on emotion in M&A integration, 32 pieces on cognition in M&A integration and 4 publications addressing both emotion and cognition in M&A integration.

4. Affective and cognitive dimensions of sociocultural post-merger integration

Sociocultural PMI contains factors concerning emotion and cognition as the phenomena guiding human behaviour (Ashkanasy *et al.*, 2017). Emotional processes of PMI have been attributed great influence by shaping people’s attitudes and behaviour (Kusstatscher and Cooper, 2005). For example, fear has been found to lead to both a loss of identification with an organisation (Kiefer, 2005) or the preservation of group identity (Ager, 2011). The cognitive dimension of PMI derives from the notion of managerial cognition (Walsh, 1995), which views

behaviour as the result of analytical decision-making processes and organisations as interpretation systems (Narayanan *et al.*, 2011). For instance, research in this area has shown how managers in situations of uncertainty, such as in restructuring programmes, form their diagnosis of these situations by formulating action-outcome linkages as precursors of their decisions (Daft and Weick, 1984).

This paper proposes an approach that combines the affective and cognitive dimensions of PMI, which are hardly conceptualised as interconnected so far. Accordingly, it addresses on the following question: *How do affective and cognitive dimensions jointly shape the processes and outcomes of sociocultural PMI?* Based on literature in the field of sociocultural PMI and beyond, the next section develops a deeper understanding of how emotion and cognition are interrelated and identifies areas in need of theorising.

5. Emotions in post-merger integration

This paper understands emotion as “a mental state of (action) readiness that arises from cognitive appraisals of events, social interaction of thoughts” (Frijda, 1986; Sinkovics *et al.*, 2011, p. 28). Acknowledging emotions as a phenomenon with antecedents (PMI features and events) and outcomes (attitudes and behaviour) (Sinkovics *et al.*, 2011), it builds on a processual understanding of emotions in PMI.

This section takes stock of the current knowledge and critically points to areas of limited understanding in the literature on emotions in PMI. Reflecting the processual understanding of emotions, this section first examines triggers of emotions in PMI, second, the characteristics of emotional processes in PMI and finally, the outcomes of emotions in PMI.

5.1 Triggers of emotions in post-merger integration

In PMI, triggers on the individual and collective level can elicit specific positive emotions (affection, happiness, pride) and negative emotions (anger, fear, shame) (Harikkala-Laihinen, 2018a). On the individual level, negative emotions tend to be triggered by rumours about restructuring and job losses and threats to social identity (Kusstascher and Cooper, 2005; Sinkovics *et al.*, 2011) or conflicts due to cultural differences (Ellis *et al.*, 2012). Positive emotions can be triggered by opportunities for self-development such as new career prospects (Raitis *et al.*, 2017) or by particular communication styles (Cartwright *et al.*, 2007; Harikkala-Laihinen, 2018a; Zagelmeyer *et al.*, 2018). On the collective level, triggers can elicit collective emotions when individuals share similarities in terms of their interpretations, identities or organisational culture (Huy, 2012; Mackie *et al.*, 2000). For example, employees might experience fear in reaction to an announcement of layoffs, which some interpret as a threat to their job safety and others more positively as an event that opens up career opportunities in the newly merged organisation. However, while research in this area has offered much insight into the wide range of possible triggers of emotions in PMI, we know much less about the process of how and why the same triggers might result in different behavioural outcomes in the PMI context.

5.2 Characteristics of emotional processes in post-merger integration

Emotional processes in PMI are understood as dynamic, multilevel and ambivalent. The dynamic character of emotional processes reflects the variance of the intensity of emotional experiences over time. For example, over years, the intensity of emotions can remain high (Harikkala-Laihinen, 2018a) or low (Cartwright *et al.*, 2007) or emotions can be present at a lower intensity in the beginning and then gain in intensity (Fugate *et al.*, 2002). Further, throughout a merger, the weight of positive or negative emotions can change. For instance, positive emotions can dominate a phase of the merger before negative emotions emerge and

counterweigh them, preceding a phase in which negative emotions dominate (Vuori *et al.*, 2018). The multilevel character of emotional processes reflects that emotions can be experienced on individual and collective levels. Emotions in individual top managers, middle managers and employees can be triggered by how they experience PMI features and events in relation to their work (Kusstascher and Cooper, 2005). Collective emotions can emerge through the mechanisms of emotional contagion and collective rumination in which individual emotions are transferred from one individual to other members of the same group (Barsade, 2002; Marmenout, 2010). The ambivalent character of emotional processes means that both positive and negative emotions can be present at the same time (Harikkala-Laihininen, 2018b; Lawlor, 2013). For example, Hassett *et al.* (2018) find that contentment and anger can be equally strong in the first year after a merger deal. However, while these are helpful insights into the complex dynamic of emotional processes in PMI, we do not know much about the implications of emotions felt with low, medium or high intensity on behavioural outcomes in PMI (Graebner *et al.*, 2017).

5.3 Outcomes of emotions in post-merger integration

Research on the outcomes of emotions in PMI has mainly observed negative emotional experiences of acquired employees (Graebner *et al.*, 2017). Negative emotions such as fear and anxiety can lead to the dismissal of new strategies (Huy, 2011), undermine managers' ability to enact their authority (Vince, 2006) or loss of trust in the new organisation (Ford and Harding, 2003; Kiefer, 2005). At the same time, positive emotions can increase employee motivation (Kiefer, 2002; Kusstatscher and Cooper, 2005), commitment (Dorling, 2017; Kusstatscher, 2006) and organisational identification (Hassett *et al.*, 2018). These outcomes can be beneficial or harmful for the integration progress, although most studies have observed poor organisational outcomes in PMI (Graebner *et al.*, 2017). M&As have often been diagnosed with a "merger syndrome", in which acquired employees' negative emotions such as anxiety paralyse the whole organisation (Marks and Mirvis, 2011). When negative emotions are present in groups, collectives can become noncompliant in regard of preserving their identity, which can promote a "silo mentality" among these employees (Ager, 2011). Conversely, some studies have also discovered beneficial organisational outcomes of emotions in PMI. Organisations that acknowledge, recognise and attend to their members' emotional reactions have been found to increase organisational effectiveness (Huy, 1999; Reus, 2012). Although these studies have uncovered useful insights about the impact of emotions on PMI outcomes, the understanding of the ambivalent effects of emotions remains limited. Most studies focus on the harmful impact of unpleasant emotions on PMI, thus much less is known about when and how unpleasant emotions can promote beneficial PMI outcomes or vice versa, i.e. how pleasant emotions can drive harmful PMI outcomes (Sarala *et al.*, 2017). For example, research outside the M&A context has indicated the potential of negative emotions such as anxiety, which promoted the adoption of change (Vuori and Virtaharju, 2012). Vice versa, positive emotions such as hope have been identified as weak triggers of action, and thus as potential impellers of the adoption of change (Steigenberger, 2015).

In sum, this section has briefly summarised the key insights offered by previous research on emotions in PMI, but has also pointed to areas in need of further theorising. While scholars have identified a wide range of possible triggers of emotions in PMI, much less is known about how and why the same triggers might result in different PMI outcomes. While there is some knowledge about the varying intensity of pleasant and unpleasant emotions in PMI, very little is known about the difference in the effects of pleasant and unpleasant emotions experienced at low, medium or high intensity on PMI outcomes. Finally, research

has uncovered various implications of predominantly negative emotions on individuals and organisations, however it remains obscure when and how negative emotions show “positive” effects on PMI and vice versa.

6. Sensemaking in post-merger integration

Sensemaking involves the development of ongoing retrospective meanings of what individuals are doing in an organisational context (Weick, 1995). It is triggered by “events, developments and trends that an organisation’s members collectively recognise as having some consequence to the organisation” (Dutton and Dukerich, 1991, p. 51). This rationalising establishes a cognitive order by framing events as logically following each other through connecting “cues” to “frames” (Weick, 1995). Cues are “familiar structures from which people develop larger sense of what might be occurring” and frames represent a point of view that directs interpretations (Weick, 1995, p. 50; Weick *et al.*, 2005). The established cognitive order either yields a plausible account that helps the sensemaker to act and restore the interrupted activity or it establishes “nonsense” and activity cannot be restored (Sandberg and Tsoukas, 2015; Weick, 1993).

This section takes stock of the existing knowledge and critically points to areas of limited understanding in research on sensemaking in PMI. It first examines the triggers of sensemaking in PMI, then lays out the characteristics of sensemaking processes and finally presents the potential outcomes of sensemaking in a PMI context.

6.1 Triggers of sensemaking in post-merger integration

In the PMI context, sensemaking is triggered by “something unusual, unexpected or important, that is, any circumstance, that is not routine” (Vaara, 2003, p. 862). Research has identified external and internal triggers of sensemaking. External triggers are perceived threats from outside the organisation such as external pressures of value creation that arise from demands to increase efficiency and effectiveness or to improve financial performance (Yu *et al.*, 2005). Internal triggers can be top management integration initiatives such as changing the existing management approach (Monin *et al.*, 2013) or sensegiving acts by top management in the form of a particular narrative framing of the purpose or outcomes of the merger (Hellgren *et al.*, 2002; Vaara, 2002). Although scholars have uncovered various triggers of sensemaking in PMI, it remains unclear when and why some individuals fail to engage in sensemaking, i.e. when and why triggers “misfire”. Work outside the M&A context has shown that individuals fail to engage in sensemaking when events are normalised and interpreted as routine (Ashforth and Kreiner, 2002; Gephart, 1993; Weick, 1993).

6.2 Characteristics of sensemaking processes in post-merger integration

In the PMI context, sensemaking processes have been characterised as multilevel and cyclical. The multilevel character reflects that sensemaking processes in PMI can happen on individual and/or collective levels. On the individual level, individuals such as a top manager, middle manager or employee can engage in sensemaking (Chreim and Tafaghod, 2012; Lupina-Wegener *et al.*, 2014). On a collective level, groups of people such as employees in the acquired firm can develop shared plausibility accounts (Mantere *et al.*, 2012; Moilanen, 2016; Vaara and Monin, 2010). The cyclical character reflects that sensemaking processes in PMI take the shape of cycles. Rather than a linear input-output process with a definite end point, sensemaking can be initiated in process and circle back to restart again (Yu *et al.*, 2005). While these insights are helpful to understand who engages in sensemaking in PMI and how, it remains obscure when and why collective sensemaking emerges in PMI, i.e.

when individuals involve others in their construction of plausibility accounts and when and why a sensemaking cycle concludes or restarts again in PMI.

6.3 Outcomes of sensemaking in post-merger integration

Sensemaking has been found to precede PMI outcomes for the individual and the organisation. The outcomes of sensemaking processes for individuals reveal the drivers behind their reactions to PMI events, that is, whether they commit to, ignore or reject change and integration efforts. The starting point for the impact of sensemaking on individuals' reactions is that individual sensemaking produces particular interpretations of events in the PMI context. Individual sensemaking can result in diverging interpretations of the same event when individuals create contradicting frames (Moilanen, 2016; Risberg, 2001). For example, Chreim and Tafaghod (2012) find that the event of introducing a standardisation programme was quite differently perceived by managers of the acquiring company, who developed frames such as "need for control", than by the acquired managers, who created frames of such as "need for autonomy". Thus, opposite interpretations of the introduction of a standardisation programme preceded a commitment on the one side but a rejection of the effort on the other. The outcomes of sensemaking processes for the organisation inform us about whether the collective perception of events, actors and issues contributes to or harms PMI success. Collective sensemaking produces a collective perception of the PMI situation, which can contain a collection of aligned interpretations, and therefore a congruent understanding of the new organisation (Vlaar *et al.*, 2006). In such a scenario, employees and top management share a common understanding of issues such as justice or the choice of headquarter location (Hellgren *et al.*, 2002; Monin *et al.*, 2013). Similarly, organisational members can develop a shared account of the merger as illegitimate triggered by top management and the media stories, which frame the merger as problematic due to an absence of synergies (Vaara and Monin, 2010). While these insights are useful to uncover the variance in people's reactions to PMI events through their interpretations, there is still little theorisation of when and why individuals interpret an event differently.

In sum, this section has briefly reviewed key insights developed by previous research on sensemaking in PMI, but has also identified areas in need of further theory development. While scholars have uncovered various triggers of sensemaking in PMI, less is understood about when and why triggers "misfire" and individuals fail to engage in sensemaking in PMI. While the characteristics of sensemaking processes in PMI have been theorised on individual and collective levels and over multiple cycles, less is known about when and why collective sensemaking emerges in PMI. Although impactful knowledge about the effect of diverging interpretation of the same PMI events on the success of integration efforts has been produced, the process of when and why individuals interpret a PMI event differently remains less well theorised.

7. Towards an emotional sensemaking approach to post-merger integration

The above review of the literature revealed that although previous research on emotions and on sensemaking in PMI has produced useful insights, there are some areas in need of theorising, which can profit from linking emotions and sensemaking in the PMI context. Some, albeit very few, studies have indeed acknowledged that emotions are an important component of construction of meaning during PMI, arguing that negative emotions in particular accompany interruptions of usual events that trigger a search for meaning (Kiefer, 2002). For instance, Vince (2006) examines how managers make sense of their experience of an acquisition through a rationalisation of and detachment from negative emotions. He illustrates how pain can shake up the coherent interpretation of an integration

process as a joint effort into a dispute over whose interests are important after an acquisition. Thus, he argues, emotions can transform rational processes from a coherent interpretation into a disputed understanding. In another rare example, [Vuori et al. \(2018\)](#) connect sensemaking and emotions by showing how masking negative emotions can create false perceptions of satisfaction and promote antagonistic sentiments towards the partner, thereby letting the new organisation drift towards integration failure. Although there are some first but scattered interesting insights in how cognition and interpretations are intertwined with emotional states, what is still missing in the research on PMI though is a systematic conceptualisation of how emotions shape sensemaking of PMI events and vice versa.

This matter will be discussed next by drawing on research in organisational psychology to access a more differentiated understanding of the link between emotions and sensemaking to translate the insights from research beyond the PMI-context. From this line of research, one can learn about three ways in which emotions shape sensemaking of individual actors in its initiation, process characteristics and conclusion ([Dougherty and Drumheller, 2006](#); [Maitlis et al., 2013](#)).

First, emotions affect whether a sensemaking process is initiated. In particular, the initiation of sensemaking depends on the level of emotional arousal following a trigger. Emotional arousal of medium intensity has been found to most likely initiate sensemaking compared to that of low and high intensity ([Frijda, 1986](#); [Scherer, 1984](#)). When the trigger elicits emotions of high intensity, sensemaking is blocked because the emotion consumes so much cognitive capacity and the individual turns all her attention to the emotion rather than the triggering event ([Loewenstein and Lerner, 2003](#)). Thus, at the stage of initiation of sensemaking, it is the intensity of felt emotion rather than pleasantness that influence whether individuals engage in sensemaking. Therefore, both positive emotions such as excitement and negative emotions such as panic, can prevent sensemaking ([Weick, 1988](#)).

Second, emotions shape the features of the sensemaking process. In particular, two emotion characteristics influence two sets of sensemaking features. The first emotion characteristic consists of emotional valence and affects whether a sensemaking process is *generative*, that is, involving a focus on flexibility to create novel accounts of an event or issue or *integrative*, in other words, a focus on consistency to construct a precise account of a situation based on the critical evaluation of new information ([Maitlis et al., 2013](#); [Schulman, 1993](#)). Negative emotions tend to foster integrative sensemaking ([Kooij-de Bode et al., 2010](#)), whereas positive emotions are associated with generative sensemaking as people tend to approach the categorisation of cues more flexibly ([Murray et al., 1990](#)). The second emotion characteristic consists of the type of “self-conscious” emotions ([Maitlis et al., 2013](#), p. 12). The type of self-conscious emotions influences whether sensemaking is relatively *solitary* or *social*, that is, including others in the sensemaking process or remaining distant and isolated from one’s social context when developing plausibility accounts. Sensemaking is more social when self-conscious emotions are attributed to a particular action (guilt, pride) and more solitary when self-conscious emotions are attributed to the individual’s traits (shame, pride) ([Lewis, 2000](#); [Tangney, 1999](#)).

Third, emotions influence whether sensemaking concludes or begins again. When the emotion felt by the individual is consistent with her interpretation of the trigger and the developed plausibility account provides the individual with an answer that resolves equivocality and resonates, sensemaking concludes ([Weick, 1995](#)). However, when the plausibility account does not “capture both feeling and thought” ([Weick, 1995](#), p. 69), the sensemaking process circles back to the initiation stage.

7.1 *A process model of emotional sensemaking in post-merger integration*

Based on the above insights on the link between emotions and sensemaking, this section presents a process model of emotional sensemaking in PMI below (Figure 1). It contains example PMI triggers and outcomes based on the previous section as well as three stages in which emotions shape sensemaking based on the model by Maitlis *et al.* (2013). The model maps the links between emotions and sensemaking throughout the translation of triggers to the initiation of sensemaking, the features of the sensemaking process and the generated plausibility accounts as outcomes of sensemaking. This paper follows the conceptualisation of emotions in PMI by Sinkovics *et al.* (2011) who argue that it is the individual who experiences a certain emotion. Thus, the process model is situated on the individual level. The following section applies the process model to PMI by illustrating every stage of the emotional sensemaking process with example PMI situations. The large black arrows outside the boxes signify the process relationship between the different stages of emotional sensemaking while the small black arrows inside the boxes indicate the causal relationships between the emotion and sensemaking features in every stage.

7.2 *Emotional arousal and initiation of sensemaking*

At the first stage of emotional sensemaking, triggers elicit emotional arousal, which affects whether initiation of sensemaking follows. Triggers can consist of surprising, ambiguous or new events (Weick, 1995). The primary way in which emotion plays into sensemaking at this stage is in terms of the intensity of arousal, that is, whether the felt emotion is of low, medium or high intensity.

Emotions of low intensity fail to motivate the initiation of sensemaking because individuals tend not to engage in sensemaking when events are normalised and interpreted as routine (Ashforth and Kreiner, 2002; Dunbar and Garud, 2009; Gephart, 1993; Weick, 1993) or they perceive low-intensity positive emotions as indicators of safety, and therefore find no need for sensemaking (Frijda, 1986). In the PMI context, for example, emotions of low intensity such as contentment, can be elicited by triggers such as a company newsletter describing a merger as a success story or slight annoyance might be triggered with the introduction of a change of colours in the company logo as yet another marginal change to its design.

Contrastingly, moderately intense emotions are more likely than low-intensity emotions to trigger and fuel sensemaking. This effect especially applies to negative emotions because individuals interpret their negative feelings as problems that demand the processing of further information (Baumeister *et al.*, 2001; Rozin and Royzman, 2001). Therefore, in particular, negative emotions of medium intensity initiate sensemaking as they signal to the individual a need to process the new information and make sense of it. For example, medium-intense emotions such as moderate anxiety might be triggered by an announcement by top management of a restructuring programme as part of the merger and fuel sensemaking. Alternatively, but less likely, a positive emotion such as hope might be triggered by a redistribution of organisational roles and initiate sensemaking.

However, if negative emotions such as panic are highly intense, thoughts are interrupted and attention is directed at the emotion rather than making sense about the event (Loewenstein and Lerner, 2003). This effect explains why intensely experienced negative emotion has been shown to block sensemaking. For instance, highly intense emotions such as panic might be triggered by a large-scale lay-offs or thrilled feelings might be triggered by promotion and new responsibilities and rewards related to a new position in the new venture.

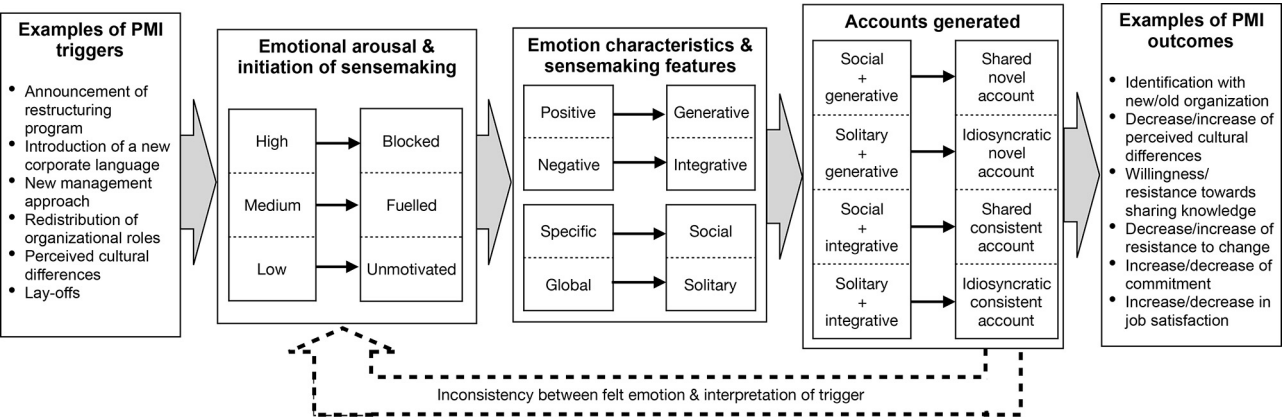


Figure 1.
A process model of
emotional
sensemaking in PMI

7.3 *Emotion characteristics and sensemaking features*

At the second stage of emotional sensemaking, emotions shape the features of the sensemaking process. During the sensemaking process, an individual seeks to make sense of the triggering event and re-establish a cognitive order by connecting it as a cue to a cognitive frame and developing a plausibility account of the situation that incorporates the trigger (Weick, 1995). In particular, two emotion characteristics shape two main features of the sensemaking process.

The first emotion characteristic, emotion valence, influences whether sensemaking is rather *generative*, that is, involving a focus on flexibility to create novel accounts of an event or issue or *integrative* or a focus on consistency to construct a precise account of a situation based on critical evaluation of new information (Maitlis *et al.*, 2013; drawing on Schulman, 1993). Negative emotions tend to foster integrative sensemaking, as it is associated with greater attention to new information, which improves information processing (Kooij-de Bode *et al.*, 2010), while positive emotions are associated with generative sensemaking, as people tend to approach the categorisation of cues more flexibly (Murray *et al.*, 1990). In an example scenario in PMI for a *negative* emotion promoting *integrative* sensemaking, an announcement by top management of a restructuring programme as part of the merger triggers moderate anxiety and an individual then connects the announcement as a cue with her existing frame of the merger as a threat to job safety. Conversely, an elicited *positive* emotion can drive generative sensemaking in a PMI context when, e.g. a change in the company's management approach triggers hope and an individual connects the change as a cue with a novel frame of the merger as an opportunity for innovation.

The second emotion characteristic, the type of self-conscious emotion (shame, pride, guilt), shapes whether sensemaking is relatively *solitary* or *social* (Maitlis *et al.*, 2013). The sensemaking process is more social when an individual feels guilt or pride and more solitary when an individual feels shame or hubris (Maitlis *et al.*, 2013). In PMI, perceived cultural differences between the merging organisations might trigger pride in an employee of one's own culture and she will discuss this perception with her colleagues in the department to include others in her sensemaking. In contrast, an event such as a decline in financial performance after the appointment of a new Chief Executive Officers (CEO) might trigger shame in the CEO and she might start to engage in developing a plausible account and new perspectives of the event as it was possible before in her solitary-oriented activities.

7.4 *Emotional residue and conclusion of sensemaking*

In the third stage of emotional sensemaking, patterns of the sensemaking features in the second stage generate plausibility accounts with different characteristics. These accounts generated can be provisional or final, depending on the consistency between the felt emotion and the interpretation of the trigger (Brown and Humphrey, 2003). Therefore, accounts generated are only final as sensemaking comes to a conclusion when the individual has created a story of the situation for herself, that is, not only plausible but also free of emotional residue (Maitlis *et al.*, 2013). For example, sensemaking in PMI concludes when the interpretation of the announcement by top management of a restructuring programme as a threat to job safety is consistent with a feeling of low anxiety. However, accounts remain provisional if there is an inconsistency between felt emotion and the interpretation of the trigger, which allows the individual to circle back to the first stage of emotional sensemaking to deal with the residue of emotional arousal and remain stuck with indecision (Denis *et al.*, 2011).

The four types of generated accounts can take the following forms. When the sensemaking process is more social and generative, the type of account generated will likely

be a *shared novel* account. This means that the individual builds on the accounts of others in her sensemaking process and flexibly connects cues and frames, thus allowing the creative development of a shared novel account. However, when the sensemaking process is more solitary and generative, the type of account generated will likely be an *idiosyncratic novel* account. This means that the individual constructs cues and frames flexibly but isolated from her social context, thus resulting in the development of an idiosyncratic novel account. When the sensemaking process is more social and integrative, the type of account generated will likely be a *shared incremental* account. This means that the individual includes others in her sensemaking process but with a heightened sensitivity to whether cues are consistent with existing frames, thus resulting in a shared incremental account. However, when sensemaking is more solitary and integrative, the type of account generated will likely be an *idiosyncratic incremental* account. This means that the individual focusses on whether the cues are consistent with existing frames in her sensemaking process, distanced from her social context, thus producing an idiosyncratic incremental account. Thus, this paper argues that PMI outcomes like high or low job satisfaction are related to emotional sensemaking cycles and how much felt emotions are consistent or inconsistent with individual experiences in emotional sensemaking processes.

8. Discussion and conclusions

This paper aims to advance micro-level theorising in IB research on sociocultural PMI. It builds on previous research, which argues that the individual human experience of PMI is formed through the combination of the continuous experience of different emotions over time with the interpretation of ongoing events (Kiefer, 2002). Accordingly, it develops a model, which illustrates how emotions and sensemaking jointly shape PMI outcomes. Our model displays how triggers in PMI situations are interpreted in particular emotional sensemaking patterns and generate different types of plausibility accounts as outcomes of emotional sensemaking. This section shows how these types of plausibility accounts map onto PMI scenarios and proposes future actions for researchers who are interested in process-focussed, micro-level theorising of sociocultural PMI in IB.

This paper argues that the two sets of characteristics of accounts generated as outcomes of emotional sensemaking processes can be beneficial for different PMI scenarios. First, with respect to the first set of characteristics – social or solitary sensemaking – it contends that shared accounts are beneficial when the goal is to *align* perceptions and interpretations, whereas idiosyncratic accounts are beneficial when the goal is to nourish *heterogeneous* perspectives and interpretations. Second, with respect to the second set of characteristics – generative or integrative sensemaking – this paper reasons that novel accounts are beneficial when the goal is to use the PMI as a new start and to give the organisation's practices and structures an extensive overhaul, whereas consistent accounts are beneficial when the goal is to preserve existing practices and structures. Aligned interpretations can be helpful for promoting cultural integration and identification with the new organisation (Park *et al.*, 2018). This can happen through a decrease in perceptions of cultural differences and a shift from a negative “us vs them” attitude towards greater mutual understanding (Sarala and Vaara, 2009), thus creating a more cohesive organisational culture (Harikkala-Laihinen *et al.*, 2018). Heterogeneous interpretations can also be beneficial by nurturing cultural differences to foster innovation and creativity, which are valued in terms of the knowledge transfer between merging organisations (Jummi, 2011) or interorganisational learning (Björkman *et al.*, 2007). Novel interpretations can help in the generating ideas about how to share them, and thus facilitate innovation and establishing novel best practices (Dao *et al.*, 2017). Consistent interpretations can be useful when the M&A strategy is to keep firms

separate and protect the core competencies of both companies such as technological know-how or market knowledge when they operate in different industries (Vaara, 2000).

Our study contributes to the IB literature on sociocultural PMI in two main ways. First, it promotes a processual view of PMI. Past theory developments have mostly followed an event-based view of PMI, understanding it as a set of single or independent actions (Pablo *et al.*, 1996; Cording *et al.*, 2008). The processual character of an emotional sensemaking approach allows future research that moves beyond analyses of sets of actions and shifts the focus on understanding PMI as the complex and it has been recognised as ambiguous process (Clark *et al.*, 2011). Second, this paper furthers micro-level theorising of sociocultural PMI in IB. While previous theory development has focussed on the merging organisations as the analytical entities with agency (Reus and Lamont, 2009; Sarala, 2010), recent works emphasise the micro-foundations of IB (Kano and Verbeke, 2019) and PMI research in particular highlights the role of individuals, their specific sensemaking approaches and behaviours when explaining why and how integration efforts succeed or fail (Moore, 2016; Reus, 2012).

To promote such process-focussed, micro-level theorising, this paper offers a set of research routes, which concentrate on the triggers, characteristics and outcomes of emotional sensemaking processes in two exemplary areas of IB scholarship on sociocultural PMI. First, this paper argues that future research needs to engage more in the examination of how the same M&A-related events might result in different behavioural outcomes in individuals. For example, IB research on the role of culture in PMI (Björkman *et al.*, 2007; Stahl and Tung, 2015) could apply an emotional sensemaking approach to study when and how the same actions (e.g. the introduction of a new corporate language) result in heterogeneous emotional reactions, and thus, interpretations because of different cultural contextual features. Research from such an angle could also focus on studying the evolution of cultural conflicts over time, which might arise because of diverging interpretations, which become resolved as individuals' interpretations become more aligned as they go through several cycles of emotional sensemaking. Second, our paper invites scholars get more engaged in investigations on the impact of differences in the effects of pleasant and unpleasant emotions experiences at low, medium or high intensity on specific outcomes of PMI. For instance, IB research on the role of emotions in PMI (Sinkovics *et al.*, 2011; Zagelmeyer *et al.*, 2018) could use an emotional sensemaking approach to look at when and how shifts in emotional valence (from pleasant to unpleasant and vice versa) lead to shifts in individual interpretations about the impact and outcomes of certain M&A related measures, which lead, for instance, to more or less commitment or identification at both the individual and organisational levels. Similarly, this area of research might explore when and how changes in emotional intensity (from low to high and vice versa) instigate shifts in individual interpretation, which influence certain stances and outcomes such as active and passive resistance to change or the willingness of certain individuals to participate and get actively engaged in M&A-related change efforts.

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