

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

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Abstract

Purpose

The purpose of this paper is to advance 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: Post-merger integration, Emotion, Cognition, Sensemaking

Article classification: Conceptual Paper

Introduction

An important problem in international business (IB) research on sociocultural post-merger integration (PMI) – the ‘human side’ of mergers and acquisitions – is that the mainstream perspectives on PMI tend to treat sociocultural factors as an accumulation of relatively isolated ideas but miss to acknowledge their interconnectedness and processual character. Mainstream perspectives tend to take either a strategic, culturalist or institutionalist approaches when studying PMI strategies related to tools for value creation (e.g., Aybar and Ficici, 2009), cultural differences (e.g., Chakrabarti et al., 2009) or the impact of institutions on integration (e.g., Schneider et al., 2010). These approaches tend to either emphasise the cognitive dimension of PMI, which comprises the sets of thinking practices and mental states that shape individual behaviour in the context of a PMI, or the affective dimension of PMI, which relates to the emotional experiences of individuals and their effects on PMI outcomes (Graebner et al., 2017; Sarala et al., 2017; Sinkovics et al., 2011). With this tendency to treat sociocultural factors as an accumulation of relatively isolated ideas, mainstream approaches fail to capture the interconnected cognitive and affective processes underlying the human experience of PMI, that is how managers and employees affected by PMI feel about, interpret and react to events (Ashkanasy et al., 2017).

This paper seeks to begin to combine the cognitive and affective dimensions of PMI in order to capture the processes underlying the dynamics of sociocultural PMI that shape individual behaviour and sensemaking (Ashkanasy et al., 2017). Research on the cognitive dimension of PMI has focused on how people formulate interpretations of PMI situations that precede their decision-making and behaviour. 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 focuses on how these responses emerge and affect integration outcomes (Sinkovics et al., 2011).

When combining the affective and cognitive dimensions of PMI, this paper focuses in particular on the roles of emotions and sensemaking in PMI and how they interact in PMI. Emotions are intense and short-lived experiences that shape behaviour (Elfenbein, 2007). Emotions represent an appropriate starting point in terms of the affective dimension because they combine short-term physiological responses with specific action tendencies, which other affective terms, such as mood, do not (Frijda, 1986; Kusstatscher, 2006). Sensemaking is the process of making something sensible by reconstructing plausibility in an uncertain or ambiguous situation (Weick, 1995). Sensemaking represents an appropriate starting point in terms of the cognitive dimension because it 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). Therefore, emotions and sensemaking are well suited to capture those elements of the affective and cognitive dimensions that drive the behaviour of people involved in PMI. Most importantly, the relationship between emotions and sensemaking represents a promising route to overcoming the tendency in PMI research to treat sociocultural factors as an accumulation of relatively isolated ideas. By developing a framework which shows how emotions and sensemaking in PMI complement and shape each other, this paper offers a conceptual starting point to a more integrated study of how these partial ideas can come together.

The purpose of this paper is to advance 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. Methodologically, it follows a narrative approach in reviewing these emerging perspectives to develop a process model of emotional

sensemaking in PMI (Post et al., 2020). The publications in the two streams of literature on cognitive and affective dimensions of PMI were identified based on cited reference and keyword searches in the Web of Science database. For publications on the cognitive dimension of PMI, this involved cited reference searches of seminal pieces on sensemaking (Weick, 1988, 1993, 1995) and a keyword search within this set of references (merger*, acquisition*). Publications were selected if they focused on the integration phases of a merger or acquisition (M&A) and excluded if they concentrated on the pre-deal phase of M&As. For publications on the affective dimension of PMI, the selection of publications involved a cited reference search of Jemison and Sitkin (1986) and a search within those results for keywords of emotion (emoti*, affect*, feel*). Publications were excluded if they did not explicitly mention any specific emotions (such as fear or anger), emotions in general or emotion synonyms (feeling, affect*) in their analysis. Furthermore, the samples of publications on cognitive and affective dimensions of PMI were complemented through snowball sampling, which resulted in adding articles mentioned in reviews on PMI by Graebner et al. (2017), Steigenberger (2016), Sarala et al. (2017), Sinkovics et al. (2011), or work published in the book series *Advances in Mergers and Acquisitions* and references within this book series.

This paper contributes to research on sociocultural influences on PMI in two ways. First, it provides a 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 research through an emotional sensemaking lens and responds to recent calls in PMI research (Graebner et al., 2017; Sarala et al., 2017;

Steigenberger, 2016) by promoting 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. First, it examines established studies on sociocultural influences on PMI and especially how they relate to its affective and cognitive dimensions. Then, it 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. The third section 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. Last, it identifies avenues for future studies in international business of PMI based on the proposed conceptual framework.

Sociocultural PMI

In the M&A literature, PMI has been recognised as most crucial and relevant phase because M&As' widespread failure to deliver the intended operational and strategic synergies is due less to pre-deal conditions, such as firm dissimilarities, than to problems in the integration phase after a deal is closed (Haleblian et al., 2009; Jemison and Sitkin, 1986; King et al., 2004). This paper draws on the conceptualisation by Graebner et al. (2017) who define PMI as the “multifaceted, dynamic process through which the acquirer and acquired firm or their perspectives are combined to form a new organisation” (ibid, p. 2).

The increased focus on studying the human side of PMI has delivered some insights into how and why M&As often fail to deliver the intended outcome by accounting for the ambiguity and unanticipated problems that make integration so complex and dynamic (for reviews of sociocultural PMI, see: Sarala et al., 2017; Stahl et al., 2013). For example, research on the narratives around a merger has shown how the integration progress can revert

when the legitimacy of a merger cannot be discursively upheld despite a favourable strategic fit on paper (Vaara, 2002; Vaara and Monin, 2010).

However, reviews of the literature on sociocultural PMI continue to diagnose a fragmentation into relatively isolated subthemes (Graebner et al., 2017; Sarala et al., 2017). On the one hand, fragmentation has resulted in a failure of research to connect key factors of sociocultural integration (Stahl et al., 2013). For instance, the analysis of top management change (Angwin and Meadows, 2009; Lubatkin et al., 1999) has remained separate from organisational identification and employees' commitment or resistance to change (Cartwright and Cooper, 1996; Colman and Lunnan, 2011). On the other hand, such fragmentation has led to isolated and potentially inconsistent findings that provide practitioners, managers and employees, with rather confusing knowledge about how to handle the cognitive and emotional challenges of often also highly political integration processes (Clark and Geppert, 2011).

Some have argued that fragmentation in the conceptual development of sociocultural PMI stems to some extent from treating the human side of PMI as an accumulation of relatively unconnected partial ideas that are concerned with how people process their PMI-experience, but miss to see their interconnectedness and processual character (Graebner et al., 2017; Steigenberger, 2016). This paper particularly builds on the point raised by Kiefer (2002) who argues that the individual human experience 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. This paper argues that especially critical IB scholars can profit from the here proposed approach which links the affective and cognitive dimensions of PMI, because they can use it to address the rationalistic bias in mainstream IB studies of PMI (Dörrenbächer and Geppert, 2017). This rationalistic bias means that mainstream IB approaches to PMI mostly study the phenomenon in functionalist terms, focusing on whether

particular strategic tools hinder or support the effectiveness and success of PMI. That is why this paper offers an approach to the study of the human side of PMI which brings in both sensemaking and emotions – to open up the study of sociocultural PMI to account for both the rational and non-rational elements of PMI processes, move beyond the functionalist understanding and reflect the ‘human’ character of PMI.

Affective and cognitive dimensions of sociocultural PMI

Sociocultural PMI contains factors concerning emotion and cognition as the phenomena guiding human behaviour (Ashkanasy et al. 2017). The affective dimension depicts emotional processes of PMI, which have been attributed great influence by shaping people’s attitudes and behaviour (Kusstatscher and Cooper, 2005). For example, negative emotions such as fear have 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 programs, form their diagnosis of these situations by formulating action-outcome linkages as precursors of their decisions (Daft and Weick, 1984).

Building on recent calls to develop a more comprehensive perspective of PMI (Gomes et al., 2013; Teerikangas and Thanos, 2018), this paper proposes an approach that combines the affective and cognitive dimensions of PMI which are hardly conceptualised as interconnected so far. Accordingly, this paper answers 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.

Emotions in PMI

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.

Triggers of emotions in PMI

In PMI, triggers on the individual and collective level can elicit specific positive emotions (affection, happiness, pride) and negative emotions (anger, fear, shame) (Harikkala-Laihin, 2018a). On the individual level, negative emotions tend to be triggered by rumours about restructuring and job losses, and threats to social identity (Kusstatscher 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-Laihin, 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 new opportunities. 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 these triggers connect to particular PMI outcomes, and why the same triggers might result in different behavioural outcomes in the PMI context.

Characteristics of emotional processes in PMI

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-Laihinén, 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 (Kusstatscher 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-Laihinén, 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 don't know

much about the implications of the different levels of intensity of emotional experiences on behavioural outcomes in PMI (Graebner et al., 2017). This limited knowledge points to the need to investigate the difference in the effects of positive and negative emotions felt at low, medium or high intensity on PMI outcomes.

Outcomes of emotions in PMI

Research on the outcomes of emotions in PMI has mainly observed negative emotional experiences in 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).

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 the process of how these triggers connect to particular behavioural outcomes in PMI. Whereas 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. Lastly, 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.

Sensemaking in PMI

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.

Triggers of sensemaking in PMI

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.”

Characteristics of sensemaking processes in PMI

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, as well as when and why a sensemaking cycle concludes or restarts again in PMI.

Outcomes of sensemaking in PMI

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 program 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 program 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. Whereas 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.

Towards an emotional sensemaking approach to PMI

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, which are those that connect to the sensemaker’s “sense of self” (Maitlis et al., 2013, p. 12; Tracy et al., 2007). 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.

A process model of emotional sensemaking in PMI

Based on the above insights on the link between emotions and sensemaking, this section presents a process model of emotional sensemaking in PMI below (see 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.

————— Insert Figure 1 about here —————

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 program 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.

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 since 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 since 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 program 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, shapes 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 (Maitlis et al., 2013). Self-conscious emotions are emotions that contain some form of self-reflection and self-evaluation as a central feature; therefore, common examples of these types of emotions are shame, pride, and guilt (Lewis, 2000; Tangney, 1999). *Specific* self-conscious emotions refer to those whose trigger is attributed to

the evaluation of a specific action of the individual while *global* self-conscious emotions refer to those whose trigger is attributed to a (stable) trait of the individual (Tracy et al., 2007). The sensemaking process is more social when felt emotions are specifically self-conscious (guilt, pride) and more solitary when felt emotions globally self-conscious (shame, 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 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.

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 program 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 focuses 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 is related to emotional sensemaking cycles, and how much felt emotions are consistent or inconsistent with individual experiences in emotional sensemaking processes.

Discussion and conclusions

This paper aims to address the tendency of IB research on sociocultural PMI to study sociocultural factors in a rather fragmented manner instead of focusing on their interconnectedness. It builds on previous research to argue 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 2002a).

Therefore, it develops a model that integrates emotions and sensemaking as representative concepts of these dimensions. The model illustrates how emotions and sensemaking jointly shape PMI outcomes. It shows how triggers in PMI situations are interpreted in particular emotional sensemaking patterns and generate different types of plausibility accounts as outcomes of emotional sensemaking. In this section, this paper shows how these types of plausibility accounts map onto PMI scenarios, and it discusses how an emotional sensemaking approach can be used in future IB research.

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 versus them' attitude towards greater mutual understanding (Sarala and Vaara, 2009), thus creating a more cohesive organisational culture (Harikkala-Laihinien 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 (Junni, 2011) or interorganisational learning (Björkman et al., 2007). Novel interpretations can help in the

generating ideas about how to share them and thus facilitating 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).

Overall, this paper answers recent calls for theory development in sociocultural PMI in three ways. First, it responds to calls to promote a processual view of PMI (Graebner et al., 2017; Steigenberger, 2016). Past theory developments have mostly followed an event-based view of PMI, understanding it as a set of single or independent actions (e.g., Pablo et al., 1996; Cording et al., 2008) or as an end state in which two formerly separate firms exhibit a shared set of standardised organisational practices (Heimeriks et al., 2012; Vaara et al., 2012). The processual character of an emotional sensemaking approach allows future research to move beyond analyses of sets of actions and to shift the focus on understanding PMI as the complex and ambiguous process it has been recognised as (Clark et al., 2011). For critical IB scholars, especially, it might be interesting to link emotional sensemaking to issues around justice, to investigate how much emotional sensemaking processes drive individual actors to interpret a PMI as fair or not.

Second, this paper attends to the call for a focus away from organisational to individual actors (Sarala et al., 2017). While previous theory development has focused on the merging organisations as the analytical entities with agency (e.g., Reus and Lamont, 2009; Sarala, 2010), recent works emphasise the role of individuals, their sensemaking and practices in explaining why and how PMI efforts succeed or fail (e.g., Moore, 2016; Reus, 2012). As an emotional sensemaking approach is situated on the individual level it shows how individuals arrive at the interpretations that precede their practices. Future research can apply it as a useful tool to produce novel insights e.g. on the role of non-rational and ex-post

rationalised decisions of key individuals in the context of PMI, an approach which is, because of the rationalistic heritage, underdeveloped in mainstream IB studies on PMI.

Third, this approach responds to calls for an emphasis on multifaceted dynamics and outcomes of PMI (Sarala et al., 2017; Sinkovics et al., 2011). It counteracts the tendency in previous research in IB to over-emphasise negative dynamics and outcomes of PMI, e.g., in studies of employee resistance (Dorling, 2017; Vaara and Tienari, 2011). An emotional sensemaking approach, however, sheds light on the mechanisms that result in counterintuitive outcomes of emotions for PMI success. For instance, it shows how positive emotions can keep individuals from actively engaging in integration efforts as they hinder the initiation of sensemaking. It also shows how negative emotions can promote individuals' active engagement in integration efforts by energising sensemaking. Thus, applying emotional sensemaking to examine the outcomes of individual organizational members can show how and why positive emotions do not promote integration success and how and why negative emotions can be beneficial for integration progress. It might be of particular interest to critical IB scholars to examine the question of how emotional sensemaking processes of individual actors (employees and managers) are related to changes in their power position or role in the PMI process.

Therefore, in sum, an emotional sensemaking approach advances the research agenda on sociocultural PMI as it shifts the research focus to explore the richness of the human experience of PMI with a processual view of PMI, a focus on individual actors and an emphasis on multifaceted dynamics and outcomes of PMI.

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