

# THE POWER OF POSITIVITY: AN ABDUCTIVE EXPLORATION INTO IMPROVING CROSS-BORDER ACQUISITION INTEGRATION

## ABSTRACT

This paper takes a Positive Organizational Scholarship lens to post-acquisition integration, seeking to find the means for supporting positivity during post-acquisition integration in order to ease the integration process and thereby improve acquisition outcomes. Through a moderate constructionist abductive study, this paper proposes a framework of positive post-acquisition integration that centers on interactive communication, the generation of positive emotions, and the maintenance of a positive emotional climate during change. The framework is built based on a Finnish–German merger completed in late 2013, and I examine the analytical power of this framework through a German–Finnish acquisition completed in early 2017. The findings suggest that positive emotions following acquisitions can enhance employee identification with the post-acquisition organization as well as increase motivation and engagement in acquisition-related change. Conversely, negative emotions are likely to cause protectionist, change-resistant behaviors. This paper extends knowledge through a more balanced view of emotions following acquisitions, considering how and why emotions emerge and how they are dynamic in nature. The findings help practitioners improve their understanding and planning of post-acquisition changes.

**Keywords.** Emotion, interaction, emotional climate, integration, abductive research

## INTRODUCTION

For approximately three decades now, the mergers and acquisitions<sup>1</sup> literature has paid increasing attention to the human side of acquisitions (e.g., Sarala, Vaara, & Junni, 2017). This stream of literature has encouraged researchers and practitioners alike to consider acquisitions as softer, human processes rather than merely as cold, hard facts (Cartwright & Cooper, 1995). Indeed, a typology of post-acquisition integration as the combination of task and human aspects (Birkinshaw, Bresman, & Håkanson, 2000) has become increasingly influential. Based on research on the human side, acquisition scholars have identified problems in sociocultural integration as a key cause for acquisition failures (e.g., Datta, 1991; Marks & Mirvis, 2011; Raitis et al., 2018). Within this body of literature, employee emotions have arisen as a topic of interest. For example, acquisition scholars have looked into how emotions play a role in regard to managers' emotional reactions, collective emotion regulation, employee behavior, organizational culture, and attitudes toward change (Clarke & Salleh, 2011; Durand, 2016; Fink & Yolles, 2015; Gunkel et al., 2015; Reus, 2012).

However, despite the growing body of literature, acquisition results remain unsatisfactory, indicating that there is still work to be done in understanding post-acquisition integration dynamics (e.g., Graebner et al., 2017). In particular, the discussion on emotions following acquisitions remains relatively inconsistent and undertheorized (Reus, 2012; Zagelmeyer et al., 2016). Unfortunately, previous research largely considered emotions to be a negative factor, causing poor organizational outcomes (Graebner et al., 2017). In contrast, a focus on positivity could greatly

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<sup>1</sup> The words “merger” and “acquisition” are often used interchangeably. However, as acquisitions are more common in practice (e.g., Raitis et al., 2017), this paper mainly refers to “acquisitions.”

enrich understanding (Stahl et al., 2013), because positivity can help strengthen employee identification with the post-acquisition organization (Kusstascher & Cooper, 2005; Raitis et al., 2017). Indeed, in contrast to a majority of the acquisition literature, the data I collected for this study were mind-blowingly positive, leading me to adopt an abductive research strategy.

The purpose of this paper is to find the means for supporting positivity during a post-acquisition integration in order to ease the integration process and improve acquisition outcomes. More particularly, I will explore how employee emotions influence cross-border acquisition integration. In this paper, I adopt a Positive Organizational Scholarship (POS) lens, highlighting a positive climate, relationships, and communication as drivers for organizational success (Cameron, 2012). A key concern in POS literature is the generation of positive emotions (Cameron, Dutton, & Quinn, 2003), as they can lead to increased thought spectrums, enhanced creativity, and improved information-processing ability (Fredrickson, 2001, 2013). In addition, positivity can ease organizational change by increasing employee engagement (Avey, Wernsing, & Luthans, 2008) and positive behavior (Luthans & Youssef, 2007). Thus, a POS lens is a valuable addition to the international management literature, which has traditionally emphasized the negative aspects of diversity, distance, or foreignness (Stahl et al., 2016).

## **METHOD**

### **A Moderate Constructionist Perspective with Abductive Research**

Moderate constructionism is essentially a constructionist-oriented alternative to critical realism (Järvensivu & Törnroos, 2010). Through bridging epistemological relativism with ontological realism, moderate constructionism overcomes both the simplicity of realist assumptions and the impracticability of relativism when it comes to social sciences (Jones, 2002). Thus, although data convey meanings open to a variety of interpretations, those meanings reflect

an external reality (Höijer, 2008). This leads moderate constructionists to emphasize empiria and to often adopt an abductive research process carried out through four stages (Järvensivu & Törnroos, 2010).

The four stages of a moderate constructionist research process (Appendix A) combine elements from induction, abduction, and deduction to form an abductive whole (Järvensivu & Törnroos, 2010; cf. Annosi et al., 2016; Dubois & Gibbert, 2010). Deduction is strongest in stage one, where a pre-understanding is formed, and in stage three, when the results of abduction and induction are reflected on. Abduction is strongest in stage two, when empirical evidence and theory are engaged in a matching process. Induction is strongest in the third stage, where the findings from matching are used to build a practice-based theoretical framework. In this paper, the first three stages form a strongly abductive phase one (cf. Dubois & Gadde, 2002), and stage four comprises a deductive phase two, which acts in the context of justification (cf. Nenonen et al., 2017).

### **Phase One: Abductive Study**

Phase one utilizes systematic combining as a means to move between theory and empirical evidence (cf. Dubois & Gadde, 2002). In this abductive process, my objective is to find the best possible explanation for a curious practical incident (cf. Folger & Stein, 2017). The interplay between theory and empirical evidence highlights the evolving nature of abductive research (Salmi, 2011). In this study, I found three curious incidents that I subsequently used to organize the report on phase one: Why are they so happy? What is special about interaction? and What about the context?

### *Case description*

The case for phase one explores Finnish Alpha's acquisition of German Beta, completed in late 2013. Prior to the deal, Alpha was a family-owned, Nordic supplier of user-friendly, technologically advanced, energy-saving products. Beta was Alpha's competitor, yet stronger in Central European markets, providing an expansion opportunity for Alpha. Because both companies were similar in size and their product lines were somewhat complementary, Alpha chose a best of both worlds approach to integration (cf. Cartwright & Cooper, 1993; Haspeslagh & Jemison, 1991), resembling a merger of equals. Thus, Alpha Group was born. Although the deal was completed already in late 2013, the most intensive integration efforts began in late 2014, when we reached a research agreement for this study. The greatest integration effort at Alpha Group centered on creating new organizational values, and they introduced those values to all employees at specific value workshops. The Alpha Group case represents a single, significant case (cf. Patton, 2015) that is particularly informative (cf. Fletcher & Plakoyiannaki, 2011), making it suitable for abductive research.

### *Data collection and analysis*

I collected primary data at Alpha Group between 2015 and 2016 through employee satisfaction surveys, interviews, and participant observation. I also obtained secondary data in the form of written internal materials. (Appendix B)

In 2015, I asked Alpha Group employees to contemplate what emotions the value workshops, the deal itself, and the subsequent integration evoked in them. The response rate was approximately 50%, with wide participation across Alpha Group's largest locations in Finland, Germany, Poland, and the Czech Republic. In 2016, I again asked the employees to contemplate what emotions the deal evoked in them. The response rate was approximately 80%, again with

wide participation across Alpha Group's largest locations. For both surveys, the data were first coded numerically into neutral (0), negative (1), mixed (2), and positive (3) emotional content. The numeric data were then transferred to SPSS software for descriptive statistical analysis to gain an overview of the contents. The data containing emotional information (i.e., coded 1, 2, or 3) were then further analyzed with the help of NVivo software (QSR International, Melbourne, Australia) in order to find specific emotions and their triggers. The analysis was guided by Lazarus's (1993) categorization of emotions.

I also used interviews to enable the collection of more personal, in-depth data regarding the context and emotional experiences (Appendix C). Altogether, I conducted 13 semi-structured interviews between late 2015 and mid-2016, six in Finland in Finnish, and seven in Germany in English. I conducted two of the German interviews via Skype due to geographic distance. The interviews were audio-recorded and transcribed to ease analysis. I read the transcriptions carefully and organized them into themes arising from both theory and the data. I then re-examined each theme to increase understanding and consistency, and I kept categorization relatively loose in order to find meaningful themes.

Participant observation occurred in one value workshop in Finland, where I was invited to participate in February 2015. In the workshop, Alpha Group employees were asked to complete group tasks designed to familiarize them with the new company values and help them define and understand how those values showed in everyday work. I recorded my observations as field notes and later received employee-produced materials such as mind maps from all of the value workshops organized in Finland. I read these carefully and used them to describe the context as well as to inform the analysis of other data sets.

## **Phase Two: Deductive Study**

In its essence, deduction refers to the application of a rule to a case (cf. Peirce, 2014), or a theory testing process (cf. Hyde, 2000). In abductive research, deduction allows for the testing of emerging ideas (cf. Åsvoll, 2014). New knowledge is unlikely to emerge, but deduction is essential for determining the explanatory power of any emergent theory (cf. Reichertz, 2004). Recognizing that different sets of data are essential for generating and testing an emerging theory (cf. Hyde, 2000), I used a different case for phase two.

### ***Case description***

German Gamma bought Finnish Delta in January 2017. Prior to the deal, Delta was a small manufacturing company that had struggled with profitability for years. However, Delta's product range was competitive and of high quality, making it an interesting target for Gamma, a large group in the same business area that had formerly been a customer of Delta. Whereas Delta had sales across Europe, the Middle East, and India, Gamma's brand was global. Thus, the deal offered Gamma a wider product range and Delta broader networks and longevity. Gamma chose a rather slow and detached integration approach (cf. Cartwright & Cooper, 1993; Haspeslagh & Jemison, 1991), deciding to maintain the separate company and brand names. Nevertheless, unification occurred in, for example, company structures and reporting processes.

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

I collected primary data at Delta between the spring of 2017 and the spring of 2018, and phase two takes the acquired company's point of view. Primary data collection consisted of interviews, diaries, and an employee satisfaction survey, whereas secondary data included integration strategy outlines, internal communication materials, an employee magazine, and company facts and figures. (Appendix D)

At Delta, data collection began with 17 semi-structured interviews completed in the spring and summer of 2017, which I followed up with nine separate interviews conducted in the spring of 2018 (Appendix E). I based the interview questions on the key themes found in phase one. Most interviews took place face-to-face in the Finnish language, but due to overseas locations, two were conducted via Skype, and due to differences in mother tongues, two were conducted in English. The interviews were audio-recorded and transcribed for analysis, which occurred through themed categorization in NVivo software.

I also invited the interviewees to maintain a memo-like diary detailing their everyday experiences regarding the integration. In 2017, ten respondents made 44 entries. In 2018, the diary was open for all employees, and six respondents made 21 entries. The diary frame consisted of one A4 sheet asking the employees to rate their day, share any emotions they felt or detected, and consider how the emotional climate at work could be improved. Finnish was used for all of the diaries. I analyzed the diaries based on pre-understanding from theory and the interview analysis, focusing on issues that employees experienced as creating positivity or negativity within Delta.

I also asked all Delta employees to contemplate their opinions about the deal, communication during the deal, the working atmosphere, and management during the acquisition in an employee satisfaction survey in the fall of 2018. The questions reflected the key issues from phase one and from the interviews conducted at Delta. The response rate was approximately 59%. A majority of responses were in Finnish, with some written in English. I analyzed the survey data based on the themes of the questions as well as the themes from the interviews to inform the emerging findings.

## ABDUCTIVE STUDY

### **Why Are They So Happy?**

A majority of acquisition literature assumes that emotions are problematic and cause negative organizational outcomes (Graebner et al., 2017). However, acquisition-related emotions can also be positive and can have positive outcomes (e.g., Harikkala-Laihinen et al., 2018; Kusstatscher, 2006; Raitis et al., 2017, 2018). Indeed, the data show an abundance of positive emotions. For example, positivity was clearly dominant at Alpha Group at the time of integration as revealed by the 2015 employee satisfaction survey (Figure 1).

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Insert Figure 1 about here

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Thus, there is a mismatch between the previous acquisition literature and my empirical findings that is in need of explanation. In exploring explanatory literature, I found two key concepts that are pertinent to my study: cognitive appraisal and affective events.

### ***Cognitive appraisal theory***

In human evolution, emotions were fundamental for survival by prompting humans to seek nurturance and avoid harm (Izard, 1984). However, in research settings, emotions are often operationalized as componential experiences, which include a combination of appraisal, action readiness, physiological responses, behavioral outcomes, and subjective feelings (Scherer & Moors, 2019). This is a cognitive approach to emotion. Cognitive appraisal theory stems from the work of Magda Arnold (Cornelius, 2006), who claimed that emotion requires perception and appraisal (Arnold, 1960). Here, appraisal refers to a degree of personal relevance and is an evaluation of the importance of a certain situation or event to the well-being of the self (Lazarus,

1991). Thus, emotions are judgments (Solomon, 2003) and include a trigger, an evaluation, and a reaction (Fredrickson, 2001).

The emotion labels that arise from the cognitive process are varied, and because emotions are essentially subjective experiences, categorizing them is difficult (Mandler, 1999). Despite the difficulties, however, categorizations were made for this study based on the hedonic quality of the emotion, meaning whether it feels “good” or “bad” (Gordon, 1987). In addition to being positive (pleasing, or good) and negative (displeasing, or bad), different emotions have different appraisal patterns, distinguishing them from other emotional states. Lazarus (1991, 1993) has suggested a division between four positive, nine negative, and two mixed emotions. What separates these emotions from each other are the specific relationships they describe between the experiencing individual and the surrounding context (Table 1).

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Insert Table 1 about here

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Although other influential categorizations have been drawn, Lazarus’s categorization allows for in-depth consideration of the triggers for each emotion. This makes it especially suitable for exploring how emotions arise at work.

### ***Affective events theory***

Affective events theory (AET) suggests that work-related events can act as triggers of emotions. It counterbalances traditional judgment-based theories of work-related behavior, drawing a line between the work context itself and events in the environment that can cause emotional reactions. So AET proposes that work-related emotions have a direct link to behaviors and attitudes (Weiss & Cropanzano, 1996). Here, the term “event” refers to a discrete episode at

work (Morgeson, Mitchell, & Liu, 2015) that provokes an appraisal (Basch & Fisher, 1998) related to one's job tasks or relationships at work (Casper, Tremmel, & Sonnentag, 2019).

Change is a common trigger of emotions at work (e.g., Dhingra & Punia, 2016; Kiefer, 2002). When considering change acceptance, it is noteworthy that, apart from valence, emotions can have activating power. For example, the two negative emotions of anger and fear have rather opposite activation patterns. Whereas anger can aggravate and increase impulsiveness, fear often leads to withdrawal (Ashkanasy & Dorris, 2017). For optimal results in terms of acceptance of changes, the activation of positive emotions such as excitement seems most beneficial. Change acceptance signifies positive emotions without activation, such as calmness. Conversely, disengagement from change efforts occurs when emotional experiences are negative and deactivating, such as with helplessness or sadness. In turn, active negative emotions such as anger create change resistance (Oreg et al., 2018).

### ***Revisiting the emotions at Alpha Group***

At Alpha Group, employees expressed myriad emotions identifiable in the categorizations outlined by Lazarus (1993) (Appendix F). On the positive side, happiness emerged through the belief in continuity triggered by the extensive change efforts, most notably the value workshops. Similarly, relief signaled an increased sense of security as the acquisition improved prospects for the new company. The employees felt pride in the ability to carry out the acquisition and in working for a company that had expressed values to guide everyday work. On the negative side, anxiety was caused by the uncertainties of integration and the perceived lack of progress in some integration endeavors, whereas anger was triggered when employees saw actions as unjust. A sense of loss created sadness, and jealousy emerged from difficulties in understanding the new decision-

making structures. Nevertheless, hope was triggered by employees' seeing the synergy potential of uniting the two companies.

Notably, employees gave a wide range of labels to these experiences. Happiness, for example, can be described as joy, enthusiasm, or optimism (cf. Laros & Steenkamp, 2005), whereas anxiety can be described as nervousness (cf. Watson & Clark, 1999). In addition, employees experienced several emotions simultaneously, including contradictory emotions, signaling that the emotions are not mutually exclusive (cf. Carrera & Oceja, 2007; Watson & Clark, 1999) but are instead dynamic (cf. Lazarus, 1991; Scherer, 2009). Regardless, events at work undoubtedly triggered emotions (cf. Weiss & Cropanzano, 1996). Most positive were the employee emotions regarding the interactive and engaging value workshops. This highlights the next question in need of explanation.

### **What Is Special About Interaction?**

A key positivity trigger at Alpha Group was the designated value workshop that every employee was invited to in order to make sense of the new company values. These workshops were a massive communication effort on the part of Alpha Group, and in addition, other communication means were also used to further integration. For example, the values were a recurring topic in the in-house employee magazine, where they appeared in, for example, short comic strips showing how the values translated to everyday work. The values were also taken up during all company meetings and presentations, and even became a part of the recruitment. Yet on the whole, employees continued to experience communication as somewhat sub-optimal, claiming that cooperation between units was lacking. So what made interaction at the value workshops special?

### ***Communication and interaction***

Organizational communication is a means for employees to interpret work-related events, which in turn enables companies to influence employees' perceptions through communication (Roundy, 2010). However, following acquisitions, the increased stress of the change period can hinder effective communication (Lotz & Donald, 2006). However, open (Angwin et al., 2016) and frequent (Weber, Rachman-Moore, & Tarba, 2012) communication is essential during integration (Schweiger & DeNisi, 1991). Clear, reliable, considered information delivered through a variety of channels helps employees cope with uncertainty and thus increases productivity following acquisitions (Appelbaum et al., 2000). In fact, effective communication is essential for any type of organizational change. Communication is effective if it is simultaneously informative, educational, and motivational (Barrett, 2002).

Following an acquisition, most successful communication efforts form a dynamic, ongoing process. A stream of well-planned, coherent messages facilitate employee commitment to the acquisition and helps avoid information shortage or overload (Angwin et al., 2016). However, interaction—the ability to participate—seems most effective in terms of achieving social cohesion (Cooper-Thomas & Anderson, 2006; Morrison, 2002). Involvement can greatly increase employee willingness to commit to acquisition-related changes (Appelbaum et al., 2007). To achieve the benefit, employees must have the ability to get directly involved in the change effort (Abildgaard et al., 2018). Participation allows employees to form an understanding of the reasoning behind changes and creates a sense of ownership and control, motivating employees to work toward the change. Participation also increases awareness of the positive aspects of change, thus generating more positive emotions about the change (Rafferty & Jimmieson, 2018). A key means of building unity through interactive communication is dialogue.

## *Dialogue*

Dialogue means “a sustained collective inquiry into the processes, assumptions, and certainties that compose everyday experience” (Isaacs, 1993: p. 25). In essence, it signals a flow of meaning (Bohm, 2003; Senge, 1990) that embraces different viewpoints (Oliver & Jacobs, 2007). The goal of dialogue is to achieve understanding rather than agreement (Isaacs, 1999), enabling group members to move toward converging beliefs and values (Oliver & Jacobs, 2007), ultimately building a joint culture (Bohm, 2003; Schein, 1993).

In dialogue, each participant has the chance to voice their thoughts and emotions. At the same time, each participant is expected to actively listen and empathize with each speaker, respecting everyone’s entitlement to their own position and suspending all judgment (Isaacs, 1999). Authentic dialogue occurs when epistemic, social, and compassionate information-processing motivations converge (Choi, 2014). Epistemic information processing refers to the willingness to make an effort to achieve a thorough understanding (De Dreu, Nijstad, & van Knippenberg, 2008). Thus it connotes the rationality of group-based decision-making (Choi, 2014). Social information-processing motivation regards the information itself (Steinel, Utz, & Koning, 2010), determining what kinds of group outcomes are desirable (Choi, 2014). Pro-self motivation seeks to increase individual benefits, whereas pro-social motivation encourages the pursuit of group goals (Steinel et al., 2010). Compassionate information-processing motivation depicts empathic responses (Choi, 2014) that reflect compassion—being moved by perceived suffering (Lazarus, 1993).

## *Revisiting the interaction at Alpha Group*

An Alpha Group integration manager said, “The most important thing is to understand the people and speak with them and to be open. It is communication—I cannot say anything that would

be more important.” Alpha Group made a great effort at communication, starting with in-person announcements of the deal by the key people in the four largest locations all on the same day. Alpha Group attempted to maintain a positive image of the acquisition (cf. Roundy, 2010) through explicitly portraying the values in the value workshops as well as through other communication means. With these efforts, Alpha Group successfully informed as well as motivated employees (cf. Barrett, 2002). Alpha Group employees did respond particularly well to participative communication in the form of interaction (cf. Clayton, 2010; Cooper-Thomas & Anderson, 2006; Morrison, 2002).

The value workshops gave employees the chance to explore each others’ viewpoints and come to a joint understanding—in effect, it gave them the chance to engage in dialogue (Isaacs, 1999; cf. Oliver & Jacobs, 2007). During the value workshops, employees were invited to breathe life into the new organizational values. They had the chance to look for ways to use the values in everyday work throughout the company, reflecting an epistemic motivation (cf. De Dreu et al., 2008). They also had the chance to link the values in action to pro-social, group goals, reflecting social information processing (cf. Steinel et al., 2010). The employees were also encouraged to consider their colleagues, suppliers, and customers, reflecting a compassionate motivation (cf. Choi, 2014). This answers the question of why interaction is a special form of communication, yet does not account for all of the positive emotions found at Alpha Group. Thus, it remained to be discovered how the positive change context emerged.

### **What About the Context?**

Emotions are dynamic, as they are bound in time and space. Thus, we should expect that they vary both within and between individuals, particularly over time (Figure 2). Indeed, the overwhelming happiness triggered by the value workshops signaled a kind of honeymoon phase.

This happiness quickly faded when employees were away from the value workshops, and it returned to business as usual as everyday tasks became more important than initial plans and excitement.

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Insert Figure 2 about here

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Between 2015 and 2016, the relative levels of relief and anxiety lowered somewhat, whereas the level of anger rose. However, according to employee reports, change was not yet complete. This is in accordance with acquisition literature, which claims that cultural change may take years to complete (e.g., Kusstatscher & Cooper, 2005). Despite the slowness of cultural change, employee reactions were clearly different both within and between the data collection periods. Thus, it seemed that something was changing in the context much faster and more dynamically than the actual organizational culture. This consideration of the organizational context led to the discovery of the surrounding emotional climate as a key factor for employee emotions.

### ***Emotional climate***

An organizational climate is “the collective mood of organizational members toward their jobs, the organization, and management” (Ashkanasy, 2003, p. 38). A subsection of the organizational climate, the emotional climate, thus refers to how the working atmosphere feels (DeRivera & Páez, 2007). It is born of shared organizational values, goals, and beliefs, and thus regulates as well as represents employee emotions (Tran, 1998). It is a socially constructed and perceived element of the organization and most visible in the collective emotional states that arise during organizational social interaction (DeRivera & Páez, 2007). Thus, the emotional climate of an organization captures members’ emotional reactions as well as guides individual sense-making

(Ruiz, 2007). Although relatively stable, emotional climates are dynamic and are thus more susceptible to change than an organizational culture (DeRivera, 1992).

A healthy emotional climate is essential during organizational change (Ashkanasy & Daus, 2002). Particularly following an acquisition, positivity is crucial for successful human integration (Birkinshaw et al., 2000). A positive emotional climate supports organizational transformation when employees come together to work toward a mutual goal, triggering positive emotions that feed back into the positive climate (Sekerka & Fredrickson, 2008). In addition, positivity enhances organizational identification and promotes cooperation (Fischer & Manstead, 2008), suggesting that following an acquisition, building positivity can be extremely important.

### ***Building positivity***

A positive emotional climate means “an organizational environment where managers take into consideration the emotional needs and personal growth of employees and encourage the sharing of positive emotions” (Ozcelik et al., 2008, p. 187). Thus, positivity does not require the exclusion or absence of negative emotions but, rather, focuses on the greater influence of positive aspects (Bar-Tal, Halperin, & DeRivera, 2007). Positive emotions that feed into a positive emotional climate facilitate organizational change through increasing organizational identification, performance, and relational strength (Vacharkulksemsuk, Sekerka, & Fredrickson, 2010). A positive climate also encourages harmonious coexistence and peer encouragement (Geue, 2018).

Organizations can influence the emergence of a positive emotional climate by focusing on employee contentment, leadership style, and the functionality of the physical workspace (Maimone & Sinclair, 2010). Building a positive emotional climate requires sensitivity to the emotional needs of employees and can occur, for example, through positive encouragement or initiatives designed

to create a pleasant atmosphere at work (Ozcelik et al., 2008). From the viewpoint of AET, positive past experiences at work are likely to also predict more positive work events in the future, whereas negativity feeds into more negative experiences (Casper et al., 2019). Thus, a positive emotional climate is likely to increase positive behavior, whereas a negative climate is likely to do the opposite. However, as a human construct, the climate can include both positive and negative features simultaneously, correlating with the organization's beliefs and collective emotions (Bar-Tal et al., 2007).

### ***Revisiting the emotional climate at Alpha Group***

At Alpha Group, the norms of emotional expression seemed to vary, indicating changes in the emotional climate (cf. Tran, 1998). Whereas in Germany, employees communicated with caution, having been used to a very hierarchical culture, in Finland, employees felt justified in communicating openly and honestly, even aggressively. This caused emotional friction when the two groups were mixed. For example, one vice president of purchasing and logistics said, “Yeah, it’s . . . well, takeovers are emotional. And then if you cannot express your emotions, they might come over the wrong way. And the recipients get it the wrong way. And then, it leads to misunderstandings. And I had a couple of these run-ins.”

Still, managers were mindful of their subordinates' emotional experiences, indicating a wish to create a positive emotional climate (cf. Maimone & Sinclair, 2010; Ozcelik et al., 2008). Negative emotions still arose (cf. Bar-Tal et al., 2007), but trust and security in overcoming anxieties played a stronger role at Alpha Group. It seemed that positivity created more positivity, but negativity was difficult to tune out (cf. Bar-Tal et al., 2007; DeRivera & Páez, 2007). Still, the value workshops seemed successful in motivating employees despite their feelings of sadness, loss, and anxiety. Particularly in locations and functions where positivity prevailed, such as the

Alpha Group's Polish plant, change seemed more accepted and encouraged (cf. Vacharkulksemsuk et al., 2010).

### **A Framework for Positive Post-Acquisition Integration**

At Alpha Group, employees' emotions were connected with their personal perceptions of the congruency of goals with acquisition-related changes as well as the surrounding emotional climate. Yet the emotion triggers, experienced emotions, and the emotional climate seemed slightly different at different organizational levels (Table 2).

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Based on the findings from Alpha Group, boosting positivity following a cross-border acquisition necessitates an understanding of communication practices, employee emotions, and the surrounding emotional climate (Figure 3). To increase overall positivity, the emphasis needs to be on interactive communication (Table 3) that allows for the generation of positive emotions, which again get reflected in a positive emotional climate. Nevertheless, information sharing is important for creating a level playing field where interaction can occur. Similarly, negative emotions need to be allowed to maintain the positive balance of the emotional climate. At the same time, it is important to stay on top of possible negative emotions in order to discourage their spread.

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Following an acquisition, positive organizational change requires positivity toward the post-acquisition organization. If employees' positive emotions reflect the pre-acquisition organization, they are likely to cause protectionist behaviors, as any change is experienced as a threat to the social group (cf. Menges & Kilduff, 2015). For example, positive attitudes toward the new values encouraged employees to change their behavior. Conversely, negative emotions that were related to the values, such as seeing someone violate them, caused employees to disregard them. Thus, positivity in the change context, in effect in the emotional climate, does lead to more positivity, whereas negativity feeds more negative perceptions (Bar-Tal et al., 2007). In the following, these arguments are substantiated through the examination of a second case.

## **DEDUCTIVE STUDY**

### **Employee Emotions**

At Delta, many emotions also emerged (Appendix G). The core of these emotions largely resembled the experiences at Alpha Group. Increased faith in the future triggered happiness and relief, whereas pride was felt in the accustomed best practices at Delta. This, however, turned to anger when it appeared that Gamma was offending the best practices. Employees experienced Delta's future within Gamma as insecure and keenly felt a sense of loss over the old company. These emotions were clearly connected to certain events at work (cf. Weiss & Cropanzano, 1996) that triggered evaluation of whether those events seemed goal-congruent or incongruent, pleasing or displeasing (cf. Lazarus, 1993).

### **Communication and Interaction**

At Delta, the company was also able to influence employee perceptions through communication (cf. Roundy, 2010). Most notably, Delta employees appreciated company meetings that invited all the employees together once each quarter to hear the latest news. However, at Delta, employees did not experience that they had the ability to participate in the change, indicating that information sharing rather than interaction was the communication strategy they employed. Most notably, Delta employees experienced the future strategy of the company as foggy, discouraging them from extra effort toward change. This reflects the importance of having a mutual goal to work toward (cf. Sekerka & Fredrickson, 2008).

As a deputy managing director and integration manager put it in 2017, “I personally think that’s the key, because if we would just do this integration process from one side and say, ‘This is what we do, and you have to accept it, and you have to adapt to everything,’ that would probably not have worked. And I always try to understand what happened here so far and try to explain what we’ve done so far and where we can find the best way for both of us, to not dictate what we have to do but find a solution together.”

Nevertheless, top-down communication was dominant at Delta. The messages centered on day-to-day functional matters, and employees had a passive part by only listening. Although the aim was to keep everyone informed, this was not entirely successful as many employees experienced communication as lagging. Employees were not purposefully engaged in acquisition-related interaction, which would have been welcomed. This may be a key reason why the integration at Delta triggered significantly less positivity than was found at Alpha Group.

## **Emotional Climate**

At Delta, many employees explicitly reported that the positive climate that had always been a strength of the company helped them stay positive during the difficult change period and encouraged positive behavior at work (cf. Bar-Tal et al., 2007; Fredrickson, 2013). Managers at Delta reported that they were proactive in supporting and motivating their subordinates and always had their doors open to hear employee concerns. This is a clear indication of a positive emotional climate (cf. Ozcelik et al., 2008). However, at Delta, the dynamic of the emotional climate was felt (cf. DeRivera, 1992). When changes occurred, employees felt that positivity was draining out of the climate, increasing stress and frustration. As changes began to trigger negative emotions, employees experienced a lowering of morale and motivation and an increase in rumor-mongering. Even a few resignations occurred. Nevertheless, when positive communication and integration efforts were perceived, positive emotions encouraged positive behaviors, such as increased effort.

Still, employees were concerned about their future within Gamma, heightening the unwanted “us versus them” thinking that is common following acquisitions. Although managers were attentive and helped alleviate negative perceptions somewhat, they were not equally successful in creating positivity in the context of change. In particular, encouragement to identify with the post-acquisition organization was lacking. Thus, the suggested framework functions as an analytical tool also at Delta (Figure 4) and could be used as a guideline in future acquisitions.

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Insert Figure 4 about here

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The framework, based on existing literature (e.g., Angwin et al., 2016; Balle, 2008; Roundy, 2010), posits that consistent, frequent, rich communication is necessary for successful

integration. Moreover, it highlights the benefits of interaction in increasing employee engagement and motivation, encouraging positive behavior (cf. Appelbaum et al., 2007; Clayton, 2010; Cornett-DeVito & Friedman, 1995). Whereas Delta was somewhat successful with the former, the latter seemed lacking. At the same time, the emotional climate at Delta seemed to be deteriorating due to the acquisition, indicating that interaction may, indeed, be the key to positive post-acquisition integration.

## CONCLUSION

### **Discussion**

Positive organizational change refers to affirmative rather than harmful change experiences (Avey et al., 2008). A key way to encourage positive change is by offering employees positive emotion triggers (Cameron, 2008), which increase positive emotional experiences and lead to positive, change-congruent behaviors (Fredrickson, 2013). Positive triggers can include managers' positive emotion displays (Newcombe & Ashkanasy, 2002) or engaging, interactive change initiatives (Cameron & Green, 2012). Here, the emphasis was on the interconnections between communication, emotions, and the surrounding emotional climate.

Based on the findings, following an acquisition, employees are likely to experience myriad emotions that can at times be contradictory. Happiness, relief, pride, anxiety, anger, sadness, jealousy, and hope were all prominent in my findings. In other change contexts, it is possible that other emotions may emerge. Based on the cognitive appraisal theory (e.g., Fredrickson, 2013; Lazarus, 1991), it seems that negative experiences following acquisitions reflect the uncertainty of the period, perceptions of offense against the employees or the pre-acquisition organization, or experiences of resentment due to perceived favoritism or inequality. Positivity, in turn, reflects perceptions of continuity and opportunity, a relieving of stress, or perceived credit in advancement.

These findings extend the discussion on emotions following acquisitions with a more balanced viewpoint, considering both positive and negative experiences (cf. Graebner et al., 2017).

The relationship between communication and emotion seems somewhat complex. As predicted (e.g., Sinkovics, Zagelmeyer, & Kusstatscher, 2011), communication was a key trigger for emotions both at Alpha Group and Delta. Open (cf. Angwin et al., 2016), frequent (Weber et al., 2012) communication was valued and helped employees cope with uncertainty (cf. Appelbaum et al., 2000). Conversely, a lack of communication can trigger emotions as well, particularly increasing uncertainty and anxiety, possibly giving rise to rumor-mongering. Thus, communication can be used strategically to influence emotions by, for example, addressing the issues that are causing rumors (cf. Barrett, 2002). Still, the previous literature seems to best predict the effects and highlight the importance of traditional top-down communication. However, in terms of increasing positivity, it seems that interaction is more important. Notably, the example of dialogue (cf. Bohm, 2003; Isaacs, 1999; Senge, 1990) found at Alpha Group highlights the motivating effect of engagement.

Interaction and experienced emotions are also tightly connected to the surrounding emotional climate. Because the emotional climate reflects collective emotions (cf. DeRivera & Páez, 2007), any emotion-triggering event also influences the climate. Acknowledging both positive and negative emotions is essential in creating a positive post-acquisition climate, as this allows for taking employees' emotional needs into account (cf. Ozcelik et al., 2008). Although a positive climate does not mean the exclusion of negative emotions, it encourages the emergence of positive emotions (cf. Bar-Tal et al., 2007), which aids integration (cf. Birkinshaw et al., 2000).

### **Theoretical Contribution**

This paper takes a step toward a much-needed increased conceptual clarity and theorization in emotion research in the field of acquisitions (cf. Reus, 2012; Zagelmeyer et al., 2016). The suggested framework offers increased analytical power and can be a practical guideline in planning future integration efforts. These findings also increase the limited knowledge of emotions in management research (cf. Sinkovics et al., 2011), balancing the previous negative bias of research, particularly following acquisitions (cf. Graebner et al., 2017). The findings also clarify views on communication following acquisitions (Angwin et al., 2016; Graebner et al., 2017), indicating that interaction may be particularly beneficial for change efforts. Furthermore, this paper suggests the importance of the change context as an explanatory factor (cf. Ashkanasy & Dorris, 2017), allowing for a much-needed inclusion of context in theorization (cf. Pettigrew, 1990). The introduction of the emotional climate as an alternative to a focus on organizational culture offers a more agile consideration of the change process (cf. Fink & Yolles, 2015).

### **Managerial Implications**

Increased knowledge in how employees react to acquisition-related changes allows practitioners to prepare for emotional experiences during integration. With the help of the suggested framework, practitioners can better plan and analyze their change efforts, paying closer attention to the aspects likely to ease the process. An increased understanding of emotions and their triggers allows practitioners to have increased depth of perspective into their own change processes, encouraging them to help employees overcome change-related anxiety. This is important because employees are likely to have emotional reactions, even when little integration actually occurs (cf. Teerikangas & Irrmann, 2016). If practitioners are able to build a positive view of the future of the joint company, they can greatly enhance employee commitment and motivation

for making the deal a success. In doing so, understanding the necessity of different communication styles, including interaction, can be a great help. Furthermore, understanding that the emotional climate directly influences employee perceptions allows practitioners to better account for context in implementing acquisition-related changes.

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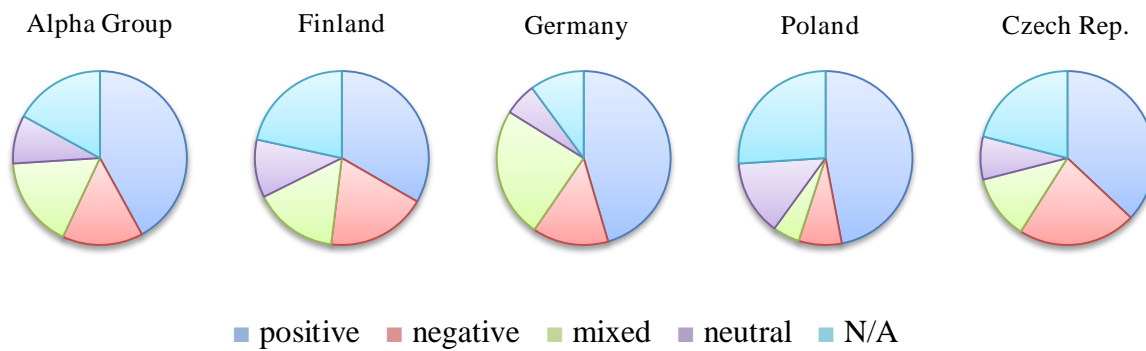
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**FIGURE 1****Emotions at Alpha Group in 2015**

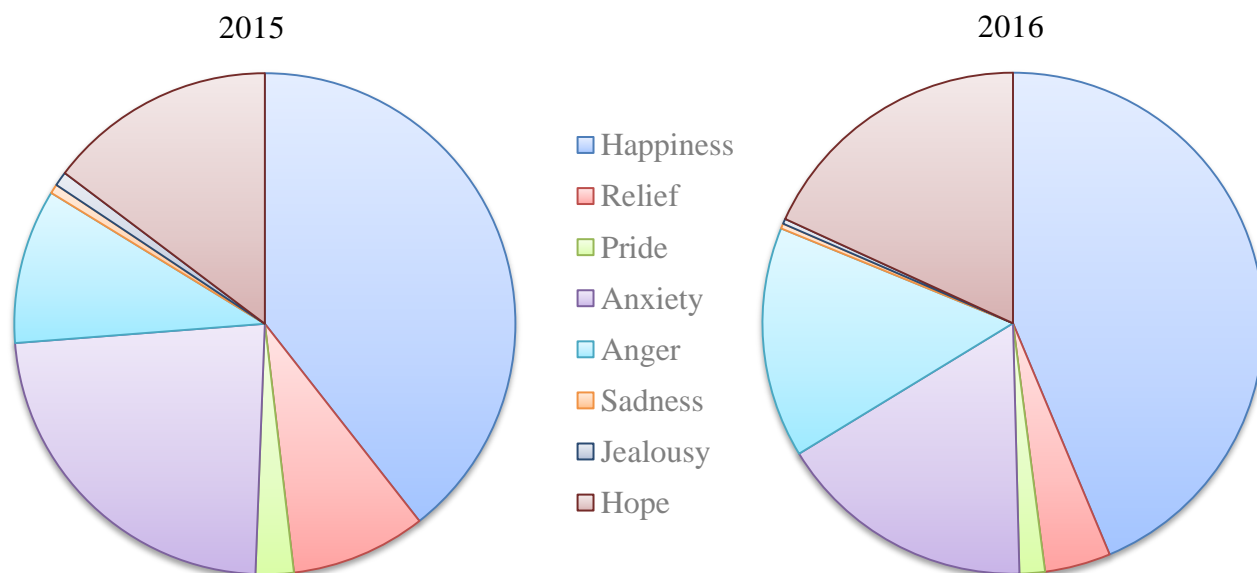
**FIGURE 2****Evolving emotions at Alpha Group**

FIGURE 3

## A framework for positive post-acquisition integration

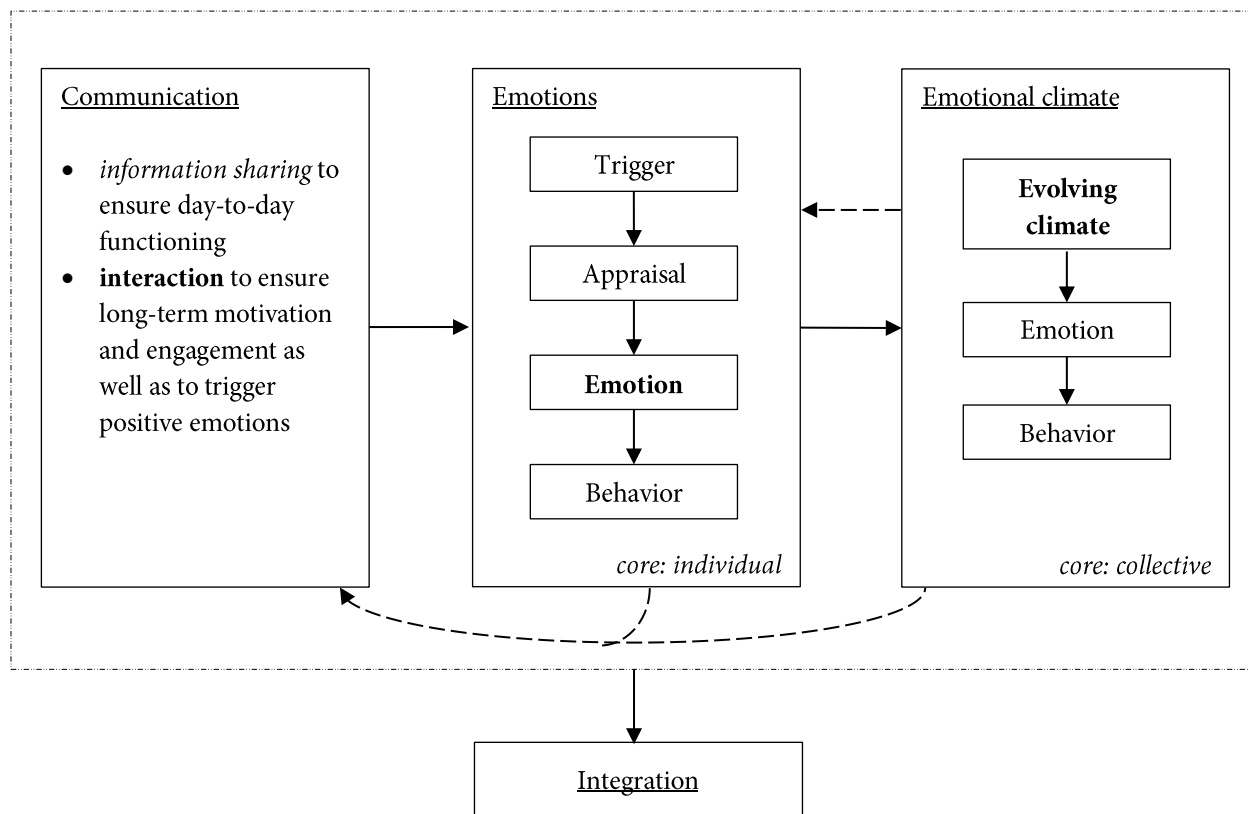
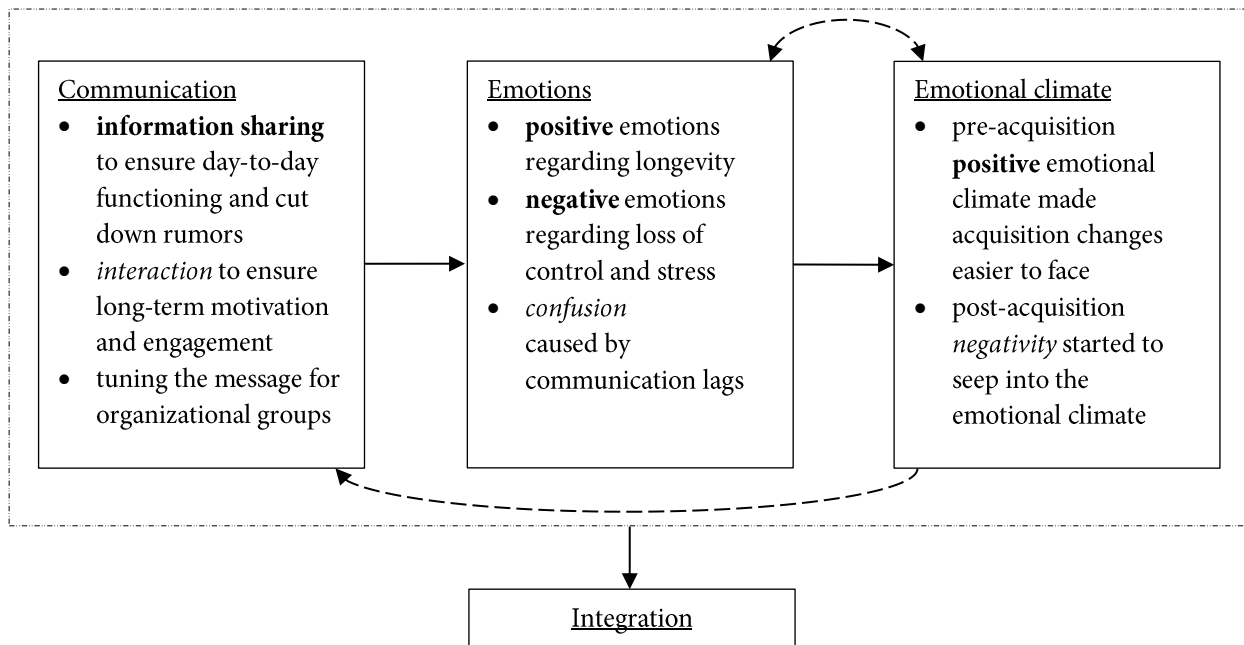


FIGURE 4

## Integration at Delta



**TABLE 1****Emotions and their core relational themes****(adapted from Lazarus 1993, p. 13, cf. 1991)**

<i>Emotion</i>	<i>Core relational theme</i>
<i>Positive</i>	
Happiness	Making reasonable progress toward the realization of a goal
Pride	Enhancement of one's ego-identity by taking credit for a valued object or achievement, either one's own or that of someone or a group with whom one identifies
Relief	A distressing goal-incongruent condition that has changed for the better or gone away
Love	Desiring or participating in affection, usually but not necessarily reciprocated
<i>Negative</i>	
Anger	A demeaning offense against me and mine
Anxiety	Facing an uncertain, existential threat
Fright	An immediate, concrete, and overwhelming physical danger
Guilt	Having transgressed a moral imperative
Shame	Failing to live up to an ego-ideal
Sadness	Having experienced an irrevocable loss
Envy	Wanting what someone else has
Jealousy	Resenting a third party for the loss of, or a threat to, another's affection or favor
Disgust	Taking in or being too close to an indigestible object or (metaphorically speaking) idea
<i>Mixed/Problematic</i>	
Hope	Fearing the worst but wanting better
Compassion	Being moved by another's suffering and wanting to help

TABLE 2

## Emotional experiences following acquisitions

	<i>Emotion triggers</i>	<i>Emotions</i>	<i>Emotional climate</i>
	<i>Emotions are born out of how goal-congruent or -incongruent events are perceived.</i>	<i>Emotions are experienced as positive or negative.</i>	<i>The emotional climate influences and is influenced by the emotions that arise.</i>
<i>Individual level</i>	Will I have a job? What will my job look like?	Positive and negative emotions related to the self.	A climate of security will ease anxieties, whereas a climate of fear will increase them. Individual emotions feed into the climate.
<i>Group level</i>	Will my colleagues have a job? How are my colleagues experiencing emotions?	Positive and negative emotions related to group membership or co-presence.	Group-shared emotions become the key factor in the group's emotional climate.
<i>Pre-acquisition organizational level</i>	Will we still remain 'us'? Will we be absorbed by 'them'?	Positive and negative emotions related to group membership or co-presence.	Individuals and groups are affected by the organizational emotional climate, and vice versa.
<i>Post-acquisition organizational level</i>	What does the future look like for the joint company?	Positive and negative emotions related to the self in new surroundings.	A joint organizational emotional climate is difficult to achieve in the short term, as emotions vary between pre-acquisition organizations, locations, groups, and individuals.

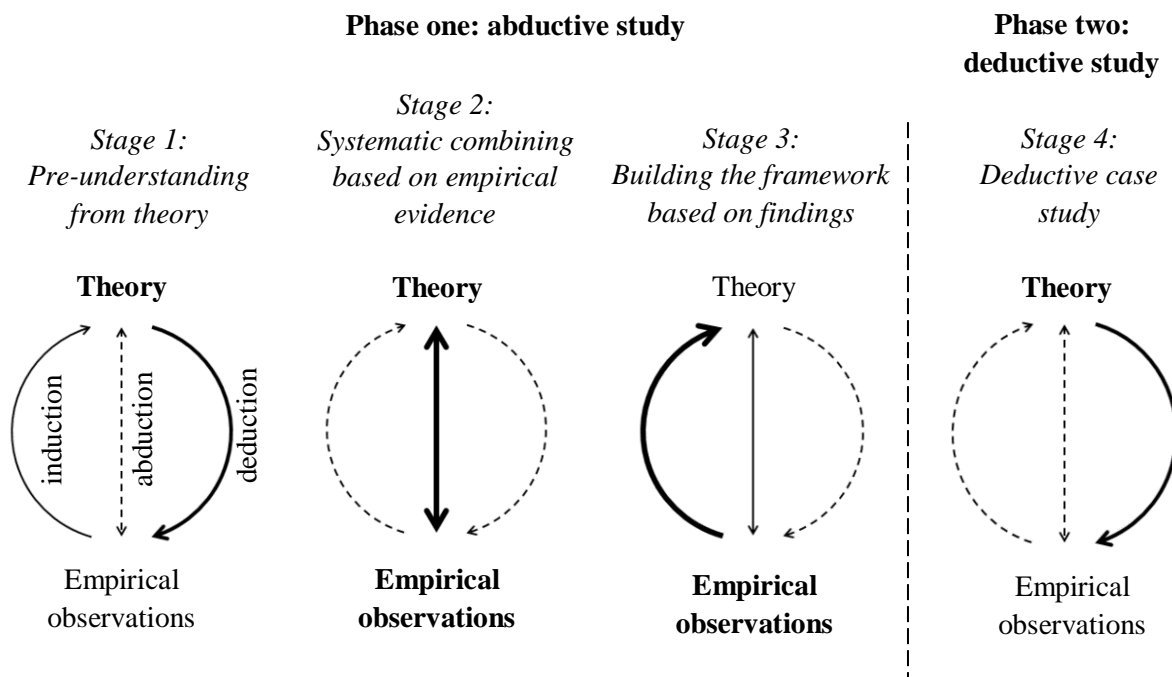
**TABLE 3****Communication following acquisitions**

	<i>Information sharing</i>	<i>Interaction</i>
<i>Key means</i>	Presentations, newsletters, bulletin boards	Workshops, team meetings, informal gatherings
<i>Voice</i>	Mainly top-down, organization-led	Often initiated top-down, but most successful when all employees are invited to participate
<i>Key purpose</i>	To ensure that employees are informed	To ensure that employees are engaged
<i>Language choice</i>	Aim for individual understanding	Aim for shared understanding
<i>Involvement</i>	Level of individual involvement is minimal	Level of individual involvement is higher
<i>Importance</i>	Ensures day-to-day functionality	Ensures long-term motivation

APPENDIX A

Moderate constructionist abductive research process

(adapted from Järvensivu & Törnroos, 2010, p. 103)



## APPENDIX B

### Data for phase one

<i>Data type</i>	<i>Collection</i>	<i>Analysis</i>	<i>Purpose</i>
<i>Primary data</i>			
Employee satisfaction survey	Spring 2015 and spring 2016, n=681 / n=1082	Numeric coding for descriptive statistics, qualitative analysis for emotional content	Getting an overall view of employee experiences regarding integration
Interviews	Fall 2016, n=13	Themed categorization to reflect both theoretical pre-understanding and emerging findings	Getting an in-depth understanding of managers' experiences regarding integration
Participant observation	Spring 2015	Themed categorization to reflect employee reactions	Getting a hands-on view to a key integration effort, namely value workshops
<i>Secondary data</i>			
Company newsletters, integration strategy presentations, internal information leaflets, issues of the in-house employee magazine	Mainly 2015	Themed categorization to inform analysis of other data-sets	Deepening insight into the context and communication regarding the deal

## APPENDIX C

### Interviews at Alpha Group

<i>Interviewee title</i>	<i>Duration</i>	<i>Language</i>	<i>Type</i>
CEO	99 min	Finnish	Face-to-face
Vice President, Sales	56 min	English	Face-to-face
Vice President, Product Management	74 min	Finnish	Face-to-face
Internal Services Manager, Union Representative	51 min	English	Face-to-face
Vice President, Sales in German Speaking Areas	60 min	English	Skype
Vice President, Brand Management	68 min	English	Face-to-face
Vice President, Purchasing and logistics	55 min	English	Face-to-face
Vice President, Manufacturing and IT	52 min	English	Face-to-face
CFO	50 min	Finnish	Skype
Employee Representative	55 min	Finnish	Face-to-face
HR Manager	56 min	Finnish	Face-to-face
Vice President, Business Development and HR	66 min	Finnish	Face-to-face
Integration Manager	90 min	Finnish	Face-to-face

## APPENDIX D

### Data for phase two

<i>Data type</i>	<i>Collection</i>	<i>Analysis</i>	<i>Purpose</i>
<i>Primary data</i>			
Interviews	Spring 2017 and spring 2018, n=17 / n=9		Getting an in-depth understanding of experiences regarding integration
Diary entries	Spring 2017 and spring 2018, n=44 / n=21		Getting a day-to-day account of experiences regarding integration
Employee satisfaction survey	Fall 2018, n=56		Getting an overall view of employee experiences regarding integration
<i>Secondary data</i>			
Organizational chart, list of organizational members and their responsibilities, materials from staff information sessions, strategy presentations, the personnel manual, an issue of the in-house magazine, and company facts and figures	Spring 2017	Themed categorization to inform analysis of other data-sets	Deepening insight into the context and communication regarding the deal

## APPENDIX E

### Interviews at Delta

<i>Interviewee title</i>	<i>Duration 2017</i>	<i>Duration 2018</i>	<i>Language</i>	<i>Type</i>
Managing Director	58 min	58 min	Finnish	Face-to-face
Deputy MD, Integration Manager	63 min	52 min	English	Face-to-face
Supply Chain Director	48 min	29 min	Finnish	Face-to-face
Chief Financial Officer, Personnel Director	62 min	57 min	Finnish	Face-to-face
Country Manager	53 min	51 min	Finnish	Face-to-face
Manager	41 min	-	Finnish	Skype
Customer Service Coordinator	50 min	57 min	Finnish	Face-to-face
Senior Purchaser	58 min	-	Finnish	Face-to-face
Purchaser	44 min	-	English	Skype
Logistics and Quality Manager	62 min	-	Finnish	Face-to-face
R&D and Training Manager	62 min	49 min	Finnish	Face-to-face
Manufacturing Supervisor	41 min	-	Finnish	Face-to-face
Assembly Supervisor	46 min	49 min	Finnish	Face-to-face
Employee	38 min	-	Finnish	Face-to-face
Employee	55 min	-	Finnish	Face-to-face
Employee	62 min	54 min	Finnish	Face-to-face
Employee	59 min	-	Finnish	Face-to-face

## APPENDIX F

## Emotions at Alpha Group

<i>Emotion</i>	<i>Core relational theme at Alpha Group</i>	<i>Quotes from employees</i>
<i>Positive</i>		
Happiness	Ensuring the continuity of one's employment and the company.	<p>"The takeover made it possible to combine our strengths, which strengthens the company for the future."</p> <p>"The establishments of joint objectives and values is positive as a matter of principle, and especially good for team building."</p> <p>"Personally I feel very good. For the first time there is a strategy (2015-2017) that I can experience, and it is one that I can actively help to shape. These goals have been jointly defined and are lived up to by the entire Alpha Group, leading to the visible progress."</p>
Relief	Relieving distress about the future of the company.	<p>"It will secure the company's future in the increasingly tougher market as well as ensure work."</p> <p>"The process itself evoked a feeling of trust."</p> <p>"At last we have a chance to reforge the huge potential that can make my environment into a real success."</p>
Pride	Taking credit of perceived organizational advancement.	<p>"I'm proud to be part of this group!"</p> <p>"Makes me proud to work at a company, which values honesty and fairness! It's good that we have out spoken values in the company."</p> <p>"My feelings are only positive. We are now really an international company and it's something to be proud of."</p>
<i>Negative</i>		
Anxiety	Facing an uncertain future for one's job and the company.	<p>"Acquisitions always make you nervous because you don't know what kind of changes will occur."</p> <p>"Uncertainty about the future. Some decisions and changes have caused concern."</p> <p>"Anxiety and sense of insecurity in the future."</p>

Anger	Experiencing a demeaning offence against employees.	<p>“Anger. People don't appreciate each other between different departments.”</p> <p>“Management must live up to these values as an example, otherwise they are senseless.”</p> <p>“Will the wolf eat Little Red Riding Hood?”</p>
Sadness	Loss of colleagues or pre-acquisition organizational identity.	<p>“Nowadays I am somewhat sad that personnel has been dismissed.”</p> <p>“The company can no longer be called a family company.”</p> <p>“Regret as it was clear that everything would change.”</p>
Jealousy	Resenting the acquisition partner for perceived favoritism.	<p>“Was Beta bought with the employees' operating profit bonus money?”</p> <p>“A feeling of inequality, Germany has a better position.”</p> <p>“Now it feels that too much "power" has been given to outsiders and people who have different cultures. So who bought who???”</p>
<i>Mixed/Problematic</i>		
Hope	Fearing future turmoil but seeing synergy potential.	<p>“Nevertheless, a small something called "hope" took hold of me. Slowly I am gaining confidence in the Alpha Group and I am praying that this will stay that way for a long time.”</p> <p>“I hope, and I will cooperate in that regard, that the expressed values will continue to be lived up to over a longer period.”</p> <p>“I am hoping for a much more networked cooperation, including development possibilities and integration in various areas.”</p>

## APPENDIX G

### Emotions at Delta

<i>Emotion</i>	<i>Core relational theme at Delta</i>	<i>Quotes from employees</i>
<i>Positive</i>		
Happiness	The increased opportunities for development at Delta	<p>“Investments are positive for the whole company, and the new recruitments. They build faith in continuity.”</p> <p>“I really feel like I’m part of this. And they make me feel very, welcome.”</p> <p>“The peace and happy feeling, they hopefully will carry us for a long time.”</p>
Relief	Relief over continuity	<p>“The times before the deal were... I often felt like something must happen.”</p> <p>“I was relieved. I saw it as positive for Delta and Delta’s employees.”</p> <p>“To get some new kick into this, for that reason I thought it was positive. I’ve been thinking that this can’t get much worse.”</p>
Pride	Pride over Delta’s best practices	<p>“In the end Delta is an old company, so being Finnish and where this all begun, somehow you want to hold onto that.”</p> <p>“They want to learn more about our products, and we can help them.”</p> <p>“Our way of doing things is definitely better.”</p>
<i>Negative</i>		
Anxiety	Uncertainty over Delta’s future within Gamma and one’s job	<p>“If you don’t know what is going on, you feel a little insecure about everything.”</p> <p>“People are quite irritated and tired; you can tell that the positivity that has always been a great resource for us has diminished significantly.”</p> <p>“There are things that aren’t under our control, and that seems difficult.”</p>

Anger	Gamma's attitude towards Delta's best practices	<p>"We try to think of all possible solutions, but feel a bit powerless."</p> <p>"There's a spirit that OK, this is how things are, we can't help it. Let's do it although it makes no sense."</p> <p>"Anger and frustration, and it leads to a bit of irony, it becomes a joke, when you are just trying to survive somehow."</p>
Sadness	Loss of Delta's best practices	<p>"Our voice is not heard about quality, and there is no interest in quality in-house."</p> <p>"When there are many changes going on simultaneously, at some point you just stop caring."</p> <p>"I do expect our company name will change."</p>
<i>Mixed</i>		
Hope	A wish that Delta will fall into place within Gamma	<p>"Of course there is a lot of change in the air and things going on, so no-one knows where this ends, but it is an interesting experience."</p> <p>"Very hopeful, I am hoping that we will have improved operational preconditions."</p> <p>"Sometimes it feels heavy, but another time better. You just have to think that it won't continue like this forever."</p>