



SCHOOL OF  
ECONOMICS AND  
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# Can Resistance Transform the Villain?

A Case Study of the Impact of Resistance in a Hostile Takeover

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# Abstract

This thesis examines post-acquisition resistance and its implications for post-merger integration (PMI) following hostile takeovers as this presents distinctive and intricate challenges within organizational change dynamics. Through a qualitative case study approach, this research investigates the interactions between a leading private equity firm, "Alpha", and a major multinational manufacturer, referred to as "Beta". The study delves into the pre-acquisition strategies employed by Beta to resist the takeover and the post-acquisition challenges that emerge as Alpha assumes control. By conducting interviews the research identifies key factors that shape post-acquisition resistance and examines their impact on PMI.

The results suggest that the pre-acquisition resistance, fueled by strategic sensegiving efforts from Beta's management, significantly influences the post-acquisition integration process, fostering sustained resistance and adaptation challenges. The resistance can be attributed to the target company's defensive tactics, inadequate communication strategies by the acquirer, strong organizational identity within the target company, information asymmetry, and misalignment between sensemaking and sensegiving. The study contributes to the literature on resistance in hostile takeovers by highlighting the crucial role of sensemaking and sensegiving in the emergence of employee resistance during the acquisition. Additionally, it offers practical insights that can be taken into consideration for acquiring companies that wish to mitigate said resistance and enhance the success of PMI.

**Keywords:** *resistance, hostile takeover, post-merger integration (PMI), sensemaking, sensegiving*

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# 1. Introduction

The goal of the thesis is to contribute to the expanding body of research on organizational resistance, with an emphasis on its implications in acquisitions, specifically hostile takeovers. Subsequently, in the introduction, we describe the aims, objectives, and purpose of our study as well as delimitations. We conclude by outlining the thesis structure.

## 1.1 Background and Problematization

Mergers and acquisitions (M&A) have become frequent strategic efforts for businesses looking to increase shareholder value, extend their market presence, and create synergies in the business landscape (Calipha et al., 2010). However, not every M&A deal goes as planned, and hostile takeovers are one particularly tense situation in this field. Hostile takeover can be defined as “[a] proposed acquisition without the approval or consent of the target company” (Corporate Finance Institute, 2024). Contrary to friendly mergers, hostile takeovers are associated with unique problems due to their involuntary nature. Additionally, while hostile takeovers constitute a relatively small fraction of overall M&A activity (Armour et al., 2011; Nachemson-Ekwall, 2012), their impact can be significant.

Hostile takeovers consist of a fight between the acquirer and the target company resulting in tension and uncertainty for the company’s stakeholders. As noted by Burnes (2015), the emergence of resistance is a consequence of the environment the employees exist in. Peiperl (2005) reinforces this idea by defining resistance as a response to the change itself. This resistance, together with the already high failure rate of change implementations of approximately 75% (Burnes, 2004; Lauer, 2021), highlights a critical gap in our

understanding of what factors influence post-acquisition integration (PMI) in hostile takeovers.

Previous studies have mainly looked into how various defense tactics have impacted the acquisition outcome (Schoenberg & Thornton, 2006; Sudarsanam, 1995), as well as the economic effects post hostile takeovers (Cosh & Guest, 2001; Pearce & Robinson, 2004; Sudarsanam & Mahate, 2006). However, there has been limited research on the effect hostile takeovers have had on change implementation post-acquisitions, and the potential resistance that might occur due to the new leadership. Presently, available research has a heavy focus on the pre-merger behavior of the acquiring firm, whereas information about the post-merger behavior of the target firm is limited (Harrison et al., 2000).

Consequently, this study aims to investigate how target companies subject to hostile takeovers express resistance after the acquisition, and how it impacts PMI. Successful acquisition processes require an understanding of how these types of resistance appear and how they affect the PMI for the acquiring company.

Therefore the research question the study aims to investigate is:

*From the perspective of the target company, what shapes post-acquisition resistance and how does it impact post-merger integration (PMI) following a hostile takeover?*

## 1.2 Research Aim and Objectives

The aim of the research is to examine the phenomenon of resistance through the lens of the target company in a hostile takeover. Especially exploring what factors shape post-acquisition resistance and how it subsequently impacts PMI in hostile takeovers.



Relying on previous research of resistance (e.g., Errida & Lofti, 2021; Galli, 2018; Peiperl, 2005; Burnes, 2015) and applying theoretical frameworks for sensemaking and sensegiving (e.g., Weick, 1995; Gioia & Chittipeddi, 1991; Maitlis, 2005) and change implementation (e.g., Lauer, 2021; Dorling, 2017), the study aims to fill the knowledge gap of how post-acquisition resistance actualizes within the target company. Additionally, the study seeks to provide insights into the motivations and reasons for resistance prevailing in target companies during hostile takeovers as a reaction to the new ownership.

To achieve these objectives, this study will review research in well-established literature by scholars within the sector of resistance (e.g., Errida & Lofti, 2021; Galli, 2018; Peiperl, 2005; Burnes, 2015), sensemaking and sensegiving (e.g., Weick, 1995; Gioia & Chittipeddi, 1991; Maitlis, 2005), change implementation (e.g., Lauer, 2021; Dorling, 2017; Appelbaum et al., 2017) in the specific context of hostile takeovers (King et al., 2020; Lanke et al., 2022). By discussing existing scholars' research, and their empirical findings, the thesis will further elaborate on the theoretical frameworks to gain further insights into the phenomenon of resistance in acquisition contexts.

In order to answer the research question the thesis will focus on a case study of the hostile takeover of two companies by a leading private equity firm called "Alpha" of a top multinational manufacturer we will call "Beta". The actual company names have been anonymized. The qualitative data collection method used in the case study is semi-structured interviews with company representatives. The combination of a literature review and case study analysis is a promising method for providing a comprehensive and intricate comprehension of resistance dynamics in hostile takeover.

In the research, the main theoretical lens applied will be Weick (1995) and Gioia and Chittipeddi (1991) understanding of sensemaking and sensegiving. The concepts of

sensemaking and sensegiving will be applied in order to understand both *how* stakeholder's reacted and expressed resistance post-acquisition, i.e. how they made sense of the situation and subsequently *what* shaped the post-acquisition resistance. The sensegiving perspective will also be used as a framework to explore how these perceptions might have impacted PMI, and the consequences misalignment between sensemaking and sensegiving can have.

### 1.3 Research Purpose

The primary purpose of this thesis is to gain understanding and help fill the knowledge gap of resistance post-acquisition and the implications for PMI after a hostile takeover. Our curiosity stems from our understanding that there is extensive research on M&A and resistance, contrasted with the lack of literature specifically addressing hostile takeovers, which represent a unique and highly complex form of organizational change.

The study will, through a case study approach, look into a highly public hostile takeover as an empirical setting for analysis of the phenomena. The case study will help shed light on the emergence of resistance, its implications, and effects on the PMI process by acquiring companies. This approach could have significant implications for future research, practice, and theory related to organizational change and acquisition management.

### 1.4 Delimitations

In our paper, several delimitations were made primarily due to the time constraints of the thesis. The paper is delimited to a case study of the hostile takeover by Alpha of the company Beta and the subsequent resistance to change. Although a broader analysis involving multiple similar cases could have been beneficial, the project's time constraints and the uniqueness of these types of cases led us to focus on an in-depth analysis of a single case study. This

approach allows for a deeper investigation of the specific features of the takeover, particularly considering its high-profile nature and the public display of resistance articulated by management. Although the Alpha-Beta case study focuses on the rare insights of this specific hostile takeover, the findings may still be applicable to other comparable acquisitions and thus expand on hostile takeover research.

The study focuses specifically on hostile takeovers and their impact on resistance, excluding examination of how resistance might be embodied in “friendly” acquisitions. This delimitation is motivated as this type of acquisition has not been extensively explored compared to friendly acquisitions.

Additionally, other theoretical frameworks were considered in order to deepen and nuance the analysis. For example, the attribution theory, which is centered around how humans use information to arrive at conclusions about certain events (Kelley & Michela, 1980) and could have been applicable to examine the reactions and resistance to change in the takeover process. However, the application of attribution theory to change within organizations is limited within the field (e.g., Sanders & Rafferty, 2021). Although attribution theory provides valuable insights into human psychology, we found the sensegiving and sensemaking perspective to offer more useful insights for examining organizational change. Gioia and Chittipeddi’s (1991) framework is considered more appropriate for exploring the complexities of how people understand and adapt to changes within organizations and thus providing a better bedrock for this analysis.

## 1.5 Outline of the Thesis

The first chapter aimed to give you a broader introduction to what the paper will consist of. In Chapter 2, we will conduct a comprehensive review of relevant literature. This review will

establish the theoretical framework that will guide our exploration of the case study. Chapter 3 details the methodology of the thesis, outlining the research strategy and framework, alongside the methods of data collection and analysis. This chapter will also discuss the limitations, quality and ethics of the research. Chapter 4 will include the analysis where the case will be presented in three distinct phases and themes. Chapter 5 will consist of a discussion of the findings in relation to previous research as well as applied through the theoretical framework of sensemaking and sensegiving. Chapter 6 will present conclusions derived from the analysis, discussing their practical applications and suggesting avenues for future research.

## 2. Literature Review

### 2.1 Resistance

Resistance in organizations is a phenomenon stemming from the firm's individuals' response to change, whether it be internal restructuring, new leadership, or external factors such as shifts in the business and competitive landscape firms operate in (El-Taliawi, 2018). Kurt Lewin was among the earlier scholars to conduct investigations into resistance to change by employing various studies on the subject (Lauer, 2021) and his framework conceptualized future literature's definition of the term resistance. This research has led to the development of resistance literature (e.g Errida & Lofti, 2021; Galli, 2018). Resistance can be defined as "active or passive responses on the part of a person or group that militate against a particular change, a program of changes, or change in general" (Peiperl, 2005, p.348). The author continues to explain how organizational resistance can take form in various expressions, including reluctance to embrace new procedures, skepticism towards new leadership, or outright hostility to proposed changes. Peiperl (2005) explains how resistance often derives from an assortment of components, including fear of the unknown, concerns about job security, and perceived threats to established norms and routines. Burnes (2015) questions the emphasis that individuals would be the source of resistance and opposes this statement with findings supporting the notion that "[r]esistance does not arise from the individual, but from the context in which the change takes place" (Burnes, 2015, pp. 92). Defining the origin of resistance is particularly intriguing in the context of hostile takeovers, where both individual and contextual factors play significant roles.

A considerable amount of literature has been published on resistance to organizational change and many of these studies support both Burnes (2015) and Peiperl's (2005) standings on the origin of resistance. Pendleton (2016), for instance, justifies the widespread concerns by employees during hostile takeovers by pointing out how these events are particularly linked to layoffs because they are frequently followed by organizational restructuring.

Darmawan and Azizah (2020) summarize a substantial volume of scholarly articles with overlapping conclusions that motivations to resistance stems from both individual and situational justifications. They demonstrate that individual reasons such as the need for stability play as big a role as situational factors prevailing in hostile takeovers like information asymmetry between change-enforcers and the employees affected in their daily operations. Additionally, regardless of the origin of the individual's resistance, they can be expressed in different forms. Lauer (2010) elaborates on the term resistance by extending past definition and motivation to include different forms of the concept. He divides the variations into the dimensions of active vs. passive and verbal vs. non-verbal.

- *Opposition* entails verbal resistance taking form in factual counter-arguments to the more emotive basis; accusations or threats.
- *Discomposure* addresses the more subtle and thus passive dissatisfaction noticeable to change-enforcers even if verbal disagreements are directed toward other issues rather than the true source of resistance.
- *Evasion* encompasses the resistance noticeable through general opposition to suggestions or unrelated matters to the object of dispute is ridiculed as a demonstration of disapproval instead of actively voicing concern to the issue at hand.

- *Listlessness* is the least directly visible form of resistance and can actualize through “[g]eneral inattentiveness, fatigue, inner emigration or actual absence from work [to] indicate that there are problems of acceptance” (Lauer, 2010, p.50).

*Table 1: Forms of Resistance*

<b>Forms of Resistance:</b>	Verbal (Speaking)	Nonverbal (Behavior)
Passive (Escape)	<i>Discomposure</i>	<i>Listlessness</i>
Active (Attack)	<i>Opposition</i>	<i>Evasion</i>

For example, employees might engage in open opposition through verbal arguments against the takeover or express passive resistance through decreased productivity or subtle forms of sabotage to the organization. These definitions broaden the understanding of resistance to include the more subtle and indirect actions and behaviors of individuals which increases the applicability of the term to less explicit nuances of resistance.

### 2.1.1 Change and Resistance in M&As

In this section, we will examine previous literature on change and the emergence of resistance in acquisitions as a reaction to inadequate change implementation strategies. We will explore previous literature of M&As in general and then apply these findings more specifically to hostile takeovers as there is a lack of research specifically focused on them, which we aim to address in the analysis section.

M&As constitute major changes in the corporate landscape and a very challenging situation for employees affected by this (Stahl and Voigt, 2008). As Risberg (1997) noted, managers and employees often anticipate change to occur in connection to M&As. Since they have an impact on several essential aspects of an organization, mergers are extremely complex events that pose a significant challenge to implement the changes successfully (Kavanagh & Askanasy, 2006). There is extensive literature that has tried to map out the failure rate of change implementations. Burns (2004) stated that failure rates of 60 % to 90 % are frequently cited in the majority of change literature, while Lauer (2021) narrowed it down to a 75 % failure rate as the rule of thumb. While failure rates often are measured from a financial perspective, there is much evidence to suggest that they are closely related with the degree of employee adaptation (Appelbaum et al., 2017a).

Traditionally, change implementation had a strategic corporate management focus, with an emphasis on decision-making to outlay and reach desired change goals (Lauer, 2021). While this certainly is an important aspect, it faces shortcomings related to how such changes will be achieved. Consequently, increasing attention has been put on how to manage change within organizations which, in contrast to strategic corporate management, has an internal organizational focus (Lauer, 2021). To determine the best ways to pursue the strategy, additional nuances are needed in order to fully comprehend the significance of the actors enacting the change, i.e. the employees.

The tense dynamic that prevails between the involved actors in organizational change, and the lack of a holistic approach can be highlighted by a McKinsey & Company (2015) report which found that 35 % of change management programs only involved top management, rather than including all parties involved and affected by the change. In the cases of hostile takeovers, it is rare that the process of the acquisition includes other employees than top



management due to information sensitivity during the bidding (Gencheva1 & Davidavičienė, 2016). The survey by McKinsey & Co (2015) found that the success rate increased by 8 percentage points in cases where a more diverse spectrum of actors were involved. Furthermore, Davy et al. (1988) stated that between one third to half of M&As fail due to employee problems. This assertion is supported by scholars such as Dorling (2017), who emphasize that the failure rates of change initiatives are often due to employee resistance. She states how “[e]mployee resistance is a well-recognised reason for high failure rates of post-merger integration (PMI)” (Dorling, 2017, p.936). Such findings align with conclusions that employee involvement is a crucial aspect when adopting change (Hussain et al., 2018). This emphasizes the significance of the individual employee’s reaction and highlights the importance of understanding and including the concept of resistance to scenarios of change such as a hostile takeover.

The conceptual framework of resistance allows one to consider how changes and resistance could specifically manifest and influence the outcome in high-stakes corporate situations such as hostile takeovers. This sets the stage for a deeper exploration into post-acquisition resistance formation by target companies that hinder the PMI.

## 2.2 Acquisitions: Hostile Takeover

M&As in the business world can range from mutually beneficial collaborations to aggressive maneuvers like hostile takeovers. While collaborative acquisitions often stem from strategic alliances or mergers aimed at improving the companies involved, hostile takeovers are characterized by aggressive attempts to shift leadership and control of a target company without management’s approval (Schnitzer, 1994). These takeovers can be motivated by financial or strategic reasoning (Grant, 2019).

### 2.2.1 Pre-Acquisition Defenses

In the face of a hostile takeover, target companies deploy various defense tactics to safeguard their interests and maintain independence (Sudarsanam, 1995). He explains how different tactics can be employed in diverse ways, depending on the conditions and sector the company is active in, the managerial competencies of the executive leaders and the risk they assume of a possible hostile takeover. Sudarsanam (1995) elaborates further on the subject of the target company management's resistance and how it takes form in different defense tactics. He delves into the strategies prevailing in bidding wars and how the target management can prevent, and stop, a hostile bid. By employing defense mechanisms, companies aim to protect their stakeholders' interests and maintain control over their future development. Wilson (2015) supports Sudarsanam's explanation and further categorizes the different tactics as the following: "Target defenses developed preemptively, or before an official takeover offer has been made, are often called 'preventive defenses,' while those created to combat a current, specified takeover attempt are dubbed 'active defenses'" (Wilson, 2015, p.3). The active defenses, also referred to as "counter-bids", include asset restructuring or divestment, where the target company reduces the attractiveness of the acquisition by selling the assets most sought after by the acquirer to create antitrust problems (Hanly, 1992).

Target businesses who are the subject of hostile takeovers frequently use a combination of the previously mentioned tactics (Sudarsanam, 1995). They also often rely on intensive stakeholder outreach to enhance their chances of success in the bidding-war (Nègre et al., 2018). For instance, the authors explain how it is common to resort to lobbying in order to gain the support for the target management's position against the acquisition bid by undermining the oppositions credibility. This highlights the possible dangers and unfavorable effects of the acquisition to important shareholders, authorities, and even the broader public.

These issues stem from hostile takeover bid's setting where the organizational friction may engage the target companies and the bidders in "verbal warfare" in public (Sudarsanam, 1995, p.228).

### 2.2.2 Deflecting Post-Acquisition Resistance

Determining the components for accomplishing a successful PMI can be many and diverse. Paul Shrivastava (1986) illustrates that as far back as the 1980s, it was apparent that the failure of acquisitions could largely be attributed to inadequate PMI. Research has shown that the mergers where human factors, such as employee resistance, have been taken into account are more prone to succeed in enhancing financial performance and long-term perseverance post-merger (Buono & Bowditch, 2003). The authors Buono and Bowditch (2003) continue by exemplifying these human factors to include psychological difficulties post-merger for employees, and other human-centric issues such as communication differences, reduced commitment, power struggles, and loss of key members.

In a three part series by Appelbaum et al. (2017) named *Resistance to change in the case of mergers and acquisitions* the authors identify four key pillars which consequently influence resistance post acquisition; communication at the time of change, leadership, employee involvement, and feeling of adherence to the firm (Appelbaum et al. 2017a,b,c).

Across literature, communication has been charted as a key area of research in mitigating resistance (e.g., Schweiger & Denisi, 1991). Appelbaum et al. (2017a) explains how communication plays a role post-acquisition in reducing resistance, stating how it must be honest, credible and accurate to be effectful. For example Rubin et al. (2013) and Bernerth et al. (2007) discuss that effective communication from senior management is crucial for PMI, as it helps employees understand the changes, reduces uncertainty, and minimizes resistance.

Additionally, communication must be “two-way” in order to mitigate resistance post-acquisition, with research showing that a key success factor for PMI is participation (Appelbaum et al. 2017a). Participation is essential to change because it empowers employees and gives them a sense of ownership in the process (Amiot et al., 2006). Additionally, if the change is communicated in a positive manner by management it is more likely to be met with less resistance. Therefore, the contrary is to be expected if the change is communicated ambiguously, and thus more likely to be met with resistance (Hensmans, 2015). Hence, to mitigate resistance management must carefully consider their communication methods.

Research has shown that employees who feel a sense of belonging are less likely to resist change and more likely to embrace the new organization (Appelbaum et al. 2017b). To exemplify; when the target company’s employees do not agree or adhere to the new means of operating, stress and resistance is likely to occur (Seo & Hill, 2005). Additionally, post-acquisition resistance risks increasing if there is role ambiguity and role conflict in the new organization (Seo & Hill, 2005; Marks & Mirvis, 1992). Consequently, it is crucial to foster a sense of belonging to mitigate post-acquisition resistance and create a smoother integration process.

Thus, research has shown several distinct strategies both to mitigate resistance post-acquisition and what can cause resistance post-acquisition. However, the research on how post-acquisition resistance has played out in hostile takeover remains relatively uncharted. The previous literature’s focus has been on M&As in general, and mostly on friendly acquisitions, thus leaving a research gap of post-acquisition resistance of hostile takeovers.

## 2.3 Sensemaking & Sensegiving

This section delves into the theoretical framework of sensemaking and sensegiving, essential tools for analyzing the psychological and social dynamics within organizations undergoing dramatic changes, such as hostile takeovers. Originating from the work of Karl Weick and further developed by scholars like Gioia and Chittipeddi, these theories offer frameworks for understanding how individuals and groups construct meaning and influence perceptions during uncertain times.

### 2.3.1 Sensemaking

A field of research which has had great influence on the field of organizational studies is the sensemaking perspective, originally developed by Karl Weick (Sandberg & Tsoukas, 2015). In essence, sensemaking is a theory that explains how people in organizations make sense of complex situations (Holt & Cornelissen, 2014). When a change of events occurs in the workplace, sensemaking helps enhance individuals' understanding of what is happening by making connections with their experience. The individual draws upon what they have learned before and based on their understanding, they decide how to act and interpret the event (Weick, 1995; Holt & Cornelissen, 2014; Sandberg & Tsoukas, 2015). The concept of sensemaking has been applied to the study of strategic change in many cases (e.g. Maitlis & Sonenshein, 2010; Ericson, 2001; Balogun et al., 2015), notably in the seminal paper by Gioia & Chittipeddi (1991). Gioia & Chittipeddi (1991) define sensemaking as the ongoing process where people involved in a strategic change make sense of the event. They actively create and reshape meaning to build a clear understanding of the new direction. Based on their definition of sensemaking, which is in line with Weick's (1995) explanation, the "sensemaking processes [is] aimed at understanding the why, what, and how of change are triggered among

all individuals who know about and are affected by the change” (Stensaker, Falkenberg & Grønhaug, 2008, p.166).

As stated by Lauer (2010), recognizing the significance of employee resistance within big changes, such as hostile takeovers, is crucial. In these times of changes, the existing mental framework of the employees are altered and it forces the creation of new frameworks through sensemaking processes (Lanke et al., 2022). Their unique experiences shape how they interpret the situations, potentially leading to a sense of loss, mistrust, or uncertainty, which can manifest into resistant behaviors. This highlights the critical link between sensemaking and resistance. By understanding how employees make sense of the takeover, we can develop strategies to address their concerns and facilitate a smoother post-merger integration.

### 2.3.2 Sensegiving

In contrast to sensemaking, sensegiving can be defined as influencing others' understanding and interpretation of organizational reality, aiming to shape their perceptions in alignment with a desired vision or direction (Gioia & Chittipeddi, 1991). Therefore, sensegiving is about guiding the narratives and perceptions within a group to align with organizational goals or to manage change effectively (Gioia & Chittipeddi, 1991; Stensaker et al., 2018; King et al., 2020). Sensegiving can therefore play a part in explaining the motives by management taking certain actions in order to influence the sensemaking of the influential stakeholders in a hostile takeover. Examples of such actions could be the defensive tactics from both the acquiring and target firm towards the shareholders both during and before the bidding process (Nègre et al. 2018).

Hence, building on the foundational concepts of sensemaking and sensegiving, the next section will delve into how this perspective enhances our understanding of resistance within

organizations. Specifically, we will examine how sensemaking processes influence individuals and groups when they confront and react to changes and challenges.

### 2.3.3 Resistance through Sensemaking and Sensegiving

Researchers have delved into the relationship between diverse sensemaking and sensegiving methods and the resulting variations in how individuals make sense of their experiences (Kezar, 2012; Maitlis, 2005). These diverse sensemaking styles, as explored by Maitlis (2005), can significantly influence reactions to major changes like hostile takeovers. Maitlis (2005) introduced the concept of *minimal*, *restricted*, *fragmented*, and *guided* organizational sensemaking dependent on whether the sensemaking and sensegiving efforts are low or high as presented in table 2. For example, *restricted* sensemaking with low stakeholder engagement and strong leadership control can create a sense of distrust and powerlessness, potentially leading to resistance among employees.

Table 2: Types of Organizational Sensemaking

<b>Types of Organizational Sensemaking</b>	<i>Weak Leadership Control</i>	<i>Strong Leadership Control</i>
<i>Low Stakeholder Engagement</i>	Minimal	Restricted
<i>High Stakeholder Engagement</i>	Fragmented	Guided

More specifically, the field of resistance in acquisitions through a sensemaking and sensegiving perspective has been relatively uncharted. However, there is previous literature which can form a foundation for understanding how a sensemaking perspective can be

applied to resistance by King et al. (2020). They conducted their study through “applying sensemaking research to acquisition integration, outlin[ing] factors that influence employee resistance to acquisitions” (King et al., 2020, p. 63)

King et al.'s (2020) goal was to explore *what* changes occur, *when* it changes, and *who* manages the integrations of the changes. This was done to create a better understanding of acquisition outcomes. The study relies on the relationship between sensemaking and sensegiving processes, and focuses on how the sensemaking of managers, in regards to organizational changes in acquisitions, and how their sensegiving efforts influence the employees' understanding about the changes (King et al., 2020). The findings of the research show that both top and middle managers need to engage in sensemaking to understand how best to lead their teams through changes (King et al., 2020). Hence, managers, especially middle managers, are key to effective sensegiving in ensuring that employees understand these changes (King et al., 2020). Essentially, the research showed that who is involved in the changes affect how strongly employees resist (King et al., 2020).

A study conducted by Lanke et al. (2022) analyzed the area of hostile takeovers specifically, through a sensemaking and sensegiving perspective. The authors thematically categorized dimensions that are instrumental in the takeover process and through their qualitative analysis, they saw resistance manifesting in the hostile takeover as “lack of compatibility between the two firms” and “anticipated loss of business” (Lanke et al., 2022, p.436). Furthermore, they use the concepts of both sensegiving and sensemaking to break down the process of employee reaction to a hostile takeover. They comprise a framework by dividing the elements and themes between the acquiring and target firms to illustrate how the processes of sensemaking and sensegiving interact within the context of a hostile takeover (Lanke et al., 2022). The authors argue that successful alignment between the new leadership’s sensegiving



and the target firms' employees' sensemaking is critical in managing the transitions and integration of a hostile takeover effectively (Lanke et al. 2022).

To conclude, although research in this area is quite limited, previous studies suggest that employing a sensemaking and sensegiving lens when analyzing organizational change is beneficial as managers affect employee reactions to change. While research highlights the importance of sensemaking and sensegiving in managing employee reactions to change, significant gaps remain in the understanding of this dynamic, particularly in the context of hostile takeovers. For example, analyzing what specifically influences post-acquisition resistance and its subsequent effect on PMI.

## 3. Methodology

Firstly this section aims to explain how the research in the study has been conducted. The goal of the section is to justify the choices made in our research design, data collection, and analysis. Furthermore the intent of the section is to explain why certain methods have been chosen, as well as assessing their appropriability for the research being conducted.

### 3.1 Research Approach

A qualitative study is implemented, through an exploratory case study, to investigate the factors shaping post-acquisition resistance from the target company's perspective and their impact on PMI.

The chosen research approach is abductive which was deemed fit as we are conducting a qualitative research paper. The nature of abductive reasoning allows for generation of new ideas and explanations based on emerging data, fostering a flexible and iterative approach (Bell et al., 2019). As the research is employing an abductive approach, employing a qualitative research strategy allows us to delve into uncharted territory, and grasp the complex phenomena that is resistance in hostile takeovers. Our research focuses on human emotions, perceptions, and behaviors that emerge during hostile takeovers. Qualitative research is preferable for dissecting these complexities, offering insights into the nuanced experiences of employees. This approach allows us to go beyond merely describing post-acquisition resistance, enabling us to explore the underlying factors shaping resistance and its impact on the PMI process.

Our philosophical assumptions shaped our research process and thus our chosen methodology and research strategy (Bell et al., 2019). Our paper adopted a constructivist and interpretivist

approach, reflecting on our underlying philosophical assumptions regarding ontology and epistemology. The assumption that our individuals interviewed in the event helped shape the occurrence gave foundation for a constructionist perspective being reasonable. Additionally, if the individuals' perception of events is seen as fluid phenomena, or a constructed reality, respondents will each construct their own meanings and interpretation of the takeover based on their experiences and background. Therefore, a constructivist approach allows us to explore these multiple realities. Likewise, an interpretivism approach was deemed fit considering the assumption that human actions and the process of creating meaning of the event is individualistic and socially constructed (Bell et al., 2019). An interpretivist stance is particularly helpful in understanding resistance because it focuses on the subjective meanings people attach to events and how those meanings shape their actions. An interpretivist stance can better help us to understand the "why" of certain actions in terms of resistance, as well as to help understand the meaning behind these actions.

## 3.2 Research Design

The goal of this study is to explore how employees' in a target company may exert resistance in reaction to a hostile takeover and how these interpretations influence their behaviors, ultimately impacting the success of the PMI process. Therefore, the chosen research design of an exploratory case study was deemed fit. Yin (2003) highlights that case studies are preferred when "how" questions are being posted, in line with the research question of this study. Additionally, the author suggests that the case study method is particularly relevant when examining a contemporary phenomenon. This is very much related to our study of resistance in hostile takeovers, which has a direct connection to real-life context.

The case study design was also in line with the chosen abductive research approach. Eisenhardt (1989, p.546) concluded that the case study design is a “strikingly iterative one”. Her description of the case study design mirrors the abductive research approach, where hypotheses evolve through a cycle of observation and theory refinement. This reflects the flexible and explorative nature of the case study design, allowing for ongoing adjustment based on new data. In the context of our case study, this iterative approach allows us to explore the nuances of resistance potentially refining our understanding during the process.

However, the case study design is sometimes to be critiqued for the validity of its findings, and therefore of the generalizability (Bell et al., 2019). This poses the question of how one particular case can generate sufficient representative material that is generalizable to other cases (Bell et al., 2019). However, the authors acknowledge that the case study's quality depends heavily on the researcher's judgment of the chosen evaluation criteria (Bell et al., 2019). Stake (1995) distinguishes 3 types of case studies; intrinsic, instrumental and multiple or collective case studies. In this case we would argue the feature of elements from both the intrinsic and instrumental types. It is intrinsic in the sense that the aim of our research is to gain insights into the idiosyncrasies that make our case unique. This is partly explained by the fact that hostile takeovers are a rare occurrence, only constituting a few percent of total deals (Armour et al., 2011; Nachemson-Ekwall, 2012). The selection of a single company for the case study is justified by the rarity of hostile takeovers, as a more comprehensive process would be unfeasible. However, our type of case study could also be seen as instrumental as it could offer insights that help comprehend comparable scenarios since the characteristics observed in the Alpha-Beta takeover could also be found in other cases. Consequently, examining the Alpha-Beta acquisition may enhance our grasp of the research issue, potentially extending its relevance to additional cases.

### 3.3 Data Generation Method

Before collecting data it's essential to choose a suitable sampling strategy that aligns with the selected research design. This strategy will guide the types of data to gather and analyze (Bell et al., 2019). Some argue that within qualitative research data is not merely waiting on being collected, but has to be generated (Mason, 2002). Therefore, the method is stated as *Data Generation* due to it being a more apt explanation to the process of generating suitable data to answer the research question at hand. Consequently, the following chapter will be presented as data generation to harmonize to the qualitative nature of our paper.

#### 3.3.1 Case Selection

The selection process of the case stemmed from an interest in examining the process of hostile takeovers and its subsequent effect on resistance in the acquired company. Through personal connections we got in contact with a company representative who had been involved in a well known hostile takeover process. Through exploration of the particular case it was chosen due to accessibility and as it met the criterias necessary to address our research question on hostile takeovers. This case presents an intriguing exploration into the dynamics of change and stakeholder resistance in the context of involuntary acquisitions. In order to adhere to the principles of confidentiality, the firms and participants have been anonymized. The company being acquired will go under the pseudonymised name of Beta, and the acquirer will go under the name Alpha. The case was deemed to be particularly well suited for the research topic as the case was fairly unique, in the sense that it dealt with a very publicized takeover of a large corporation which enabled easier access to information about the case. Additionally, as the research was centered around the topic of resistance, the case was deemed well suited as the acquired company was very open in the media, with several stakeholders

expressing their concerns. The target company's experience enables an in depth analysis of the difficulties of both pre-acquisition defense tactics and post-acquisition integration and resistance.

### 3.3.2 Sampling and Interview Selection

The sampling method conducted in the study was purposeful sampling. Purposive sampling involves selecting participants based on specific characteristics or insights that help address the research question (Marshall, 1996). The core principle of qualitative research is naturalism, i.e. studying people in their everyday environments. Consequently, sampling must not only consider individual traits but also temporal, spatial, and situational influences, i.e. the overall context of the study (Marshall, 1996). Consequently, in our takeover case study, we purposefully selected participants who were immersed in the context of the acquisition. This included employees from various departments and managers at different levels, allowing us to capture multifaceted influences on their perceptions and reactions to the takeover.

Bougie & Sekaran (2020) proposes two different types of purposive sampling; *judgment sampling* and *quota sampling*. The selected method for our research was judgment sampling, which can be defined as “the choice of subjects who are most advantageously placed or in the best position to provide the information required” (Bougie & Sekaran, 2020, p.233). Firstly, the selected sampling method is suitable as there is a limited number of members in the company who worked at the company at time of the acquisition, and therefore have first hand experience of what occurred during the acquisition. Additionally, because acquisitions are complex, we purposefully selected respondents who were knowledgeable and capable of providing valuable insights on these intricate issues, ensuring that our study maintained a focused scope and consistent quality. Lastly, due to the examination of resistance within the organization, purposeful sampling was also deemed more suited as it granted us to select

respondents which experienced the changes first-hand enhancing their ability to speak on the subject.

The first interview was conducted through a so-called pilot interview. The pilot interview served not only to gather information relevant to the research topic, but also to evaluate the design of the interview guide itself (Majid et al., 2017). The pilot interview also allowed us access to other respondents who fulfilled the interviewee criteria we set.

From the selected case company eight different interviews were held. The interview respondents all had experience from the time of the acquisition through different levels of involvement. Some were directly involved in the defense team for the acquisition whilst others were lower-level employees affected by the changes post-takeover. Interviews were held over Microsoft Teams during April and May 2024.

### 3.3.3 Interviewee Design

Our research question focuses on understanding the experiences of employees and managers at Beta. Interviews allowed us to explore personal experiences with pre-acquisition anxieties and post-acquisition changes, as well as perceptions of resistant behaviors they observed or participated in. During a research interview, the goal is for the interviewer to gather a wide range of information from the interviewee such as personal behavior as well as their attitudes, beliefs, and values (Bell et al., 2019). Hence, in order to examine the research topic at hand, the interviews sought to explore specific feelings of anxiety among the employees during the process, concrete examples of how they perceived the takeover, and primarily the reactions and attitude towards these changes.

The thesis uses semi-structured interviews which is a blend between the unstructured and the structured interview, meaning that it employs both closed- and open-ended questions (Adams,

2015). In the Alpha-Beta case study, we employed topic guides for semi-structured interviews with employees and managers at various levels. Semi-structured interviews are well-suited for this case as it serves a variety of important purposes, especially when numerous open-ended questions necessitate subsequent follow up questions (Adams, 2015). The semi-structured interview often unfolds in a “conversational manner” and this approach permits the researcher to set the topics and overall direction of the discussion, while still preserving the essential flexibility for in-depth exploration (Mason, 2002).

During the interview process, we paid close attention to several aspects. We focused on capturing personal experiences related to the takeover, perceptions of resistance, and attitudes surrounding the situation. We also encouraged interviewees to provide concrete examples to illustrate their points. Through a face-to-face semi-structured interview, it facilitates analysis of the participants' body language and tone of voice to also analyze how they convey their statements.

The questions used in the semi-structured interviews can be found in Appendix A. However, it should be noted that the questions attached in the appendix acted merely as an interview guide to provide us with a foundation for the topics we wanted to explore.

### 3.4 Data Analysis

Qualitative research methods, often involving data collection through interviews and observations, can result in voluminous and intricate datasets because the data is unstructured and requires nuanced interpretation (Bell et al. 2019). What makes qualitative studies' data analysis unique is that there are few widely accepted rules for analysis (Bell et al. 2019). One particular challenge is untangling the impact of events that unfold over time.



To address this challenge, our study employed a temporal bracketing strategy which involves dividing the data into discrete, consecutive periods or phases, which are treated as separate units of analysis (Langley, 1999). Temporal bracketing is suited for analyzing organizational changes as it allows us to break down a process into manageable phases (Langley, 1999). Consequently, we could more effectively trace the evolution of events and their impacts over time. The choice of analysis method is especially suited for us as it allowed us to examine how events before hostile takeover shaped employee sensemaking and resistance after the acquisition.

Given that temporal bracketing is about dividing the data into distinct phases and how these develop and affect one and another; the first part in the data analysis process was to review the transcripts from the interviews in order to understand the information in the data and develop appropriate themes. This process can be compared to the initial steps of thematic analysis, which based on Opler's (1945) findings in essence is about identifying the themes, examining their level of obviousness and exploring their level of connectedness. Analyzing the interview data allowed us to identify key themes related to employee perceptions, concerns, and potential sources of resistance. In this process, the themes were divided into two initial phases, pre-merger and post-merger. However, as the process progressed a third phase in the post merger phase was identified. While the second phase covers the more immediate reactions and events following the completion of the acquisition, the third phase includes reactions and opinions which emerged with some distance to the new ownership. Consequently, the collected data was divided into three distinct phases, Phase 1: *Villainization & Fear of the Unknown*, Phase 2: *The Villain's Entry into the Organization*, Phase 3: *The Defeat of the Villain*. Within these phases, we identified themes related to the phenomena under study and further organized the interview data into subheadings, allowing for a more detailed categorization beyond the initial phase division. These include for example *Defense*

*and Sensegiving by Alpha and Beta, Immediate Response and Resistance and Alteration due to Resistance.*

### 3.5 Research Quality

We maintained a high research quality by adhering to established academic research principles. When assessing the quality of business research, important criterias to evaluate are the reliability, validity and generalizability of the findings (Bell et al., 2019). However, these definitions of research quality differ in applicability between qualitative and quantitative studies (Bougie & Sekaran, 2020; Mason, 2002). To exemplify, Bell et al. (2019) discusses how the concept of validity often implies precise measurement, which isn't a central concern for qualitative research. Further, Mason (2002) proposes that the inherent nature of qualitative research could not adhere to specific philosophical approaches that are "... explicitly anti-positict, anti-realist or anti-modernist..." (Mason, 2002, p.38). Nevertheless, findings must be evaluated against some criterias, even if it may differ in its nature between qualitative and quantitative.

In the case of qualitative studies it is rarely the goal to derive findings that are generalizable for the whole population, but rather consider deriving cross-contextual generalizations from the focused local studies. This allows one to make claims with wider theoretical resonance, potentially impacting the broader understanding of the phenomenon (Mason, 2002). The goal with the case study is not to establish a universal generalization for all hostile takeovers. Recognizing their unique and complex nature, and that one case cannot represent all; the aim of the study is to explore the elements that make our case unique. We aimed to create generalizable insights through local, contextual studies, aligning with Mason's (2002) definition of qualitative generalizability. To ensure research validity, interview questions

remained focused on the research topic. Participants validation was enhanced by carefully selecting interviewees based on their proximity to the acquisition process to strengthen the connection between the data collected and the phenomenon studied. Moreover, basing the analysis on insights from multiple different perspectives reduces the risk of relying on an individual's bias that might not be representative for the case's multifaceted progression. Additionally, pilot testing was conducted to refine questions, ensure clarity, and identify potential biases, addressing reliability considerations.

### 3.6 Research Limitations

The research design employed in this study has some inherent weaknesses and limitations. Firstly, considering how the research is centered around a case study with company representatives, these representatives might have been reluctant to answer honestly due to fear of reactions from colleagues or managers. Additionally, certain respondents may have been hesitant to fully share their story and experience, as the company is a publicly traded company and by expressing occurrences that might affect the company's reputation and stock value negatively. To mitigate this issue, anonymizing the participants and the companies being studied should reduce reluctance, although some signs of hesitation and vagueness were occasionally still apparent. This was visible when some respondents provided unclear answers or used indirect language, especially the senior managers when discussing sensitive topics.

Another possible limitation of the study is how the interviews were conducted using semi-structured interviews. Unlike structured interviews with standardized questions and answer choices, semi-structured interviews can vary depending on the interviewer's approach and the participant's responses. Therefore, it can sometimes be difficult to compare interview data if different questions are posed in each interview. Moreover, whilst conducting

interviews there is a risk of interviewer bias where our own experiences can influence the way we pose questions and henceforth the data generated from the interviews. Likewise, our relative inexperience in conducting interviews for academic research could result in insufficient and misinterpreted results. However, conducting a pilot interview and creating an interview guide helped us mitigate this issue.

### 3.7 Research Ethics

Whilst conducting our research all of us authors underscored the importance of bearing in mind ethical considerations throughout the writing process. Importantly since the case was tackling a hostile takeover we never sought to delve into the ethical factors of said takeover. In line with this we never sought to evaluate whether the implications of the hostile takeover were positive or negative, merely the resistance to change that might have occurred due to the takeover.

Bell et al. (2019) presents a framework of four ethical principles which researchers must bear in mind. These are; avoidance of harm, informed consent, privacy and preventing deception (Bell et al., 2019). In order to avoid any type of harm, lack of informed consent, lack of privacy and deception to the participants we made sure that the participants were made well aware of the circumstances to why the interview and research were being conducted, and informed that their participation in our study was entirely voluntary. They were also asked if they were okay with the interview being recorded and made aware that no personal or invasive information would be requested from them. None of the interviewees declined and following the transcription, the interview recordings were deleted.

## 4. Result & Analysis

In this section, we will perform a process-oriented analysis through temporal bracketing of the semi-structured interviews conducted. We have established phases in the acquisition process that will be used as a framework for the analysis of the resistance and PMI process of the case study. Within these phases there have been themes emerging through the consistency in responses from the participants. Our objective is to analyze these themes and examine their connectedness to address the research question.

### 4.1 Phase 1: Villainization & Fear of the Unknown

#### Defense and Sensegiving by Alpha and Beta

In the pre-acquisition phase there was a clear theme of “villainization” of Alpha through a sensegiving effort by Beta as they initiated preventative defense tactics to stop the takeover. This tactic to influence shareholders to reject the bid placed by Alpha acts as the catalyst for stakeholder resistance.

*“Essentially the arguments being made in the press and very publicly by [Beta] in the takeover was that [Alpha] is all about profit maximization, not really thinking about the long term and therefore not in the long term interest of the business”. - Participant*

2

Following the rejection of the bid from the executive board at Beta, a team consisting of 20-30 senior executives at Beta begins spreading information to shareholders, customers, media and other important stakeholders. This team’s purpose was to convince the stakeholders, and more importantly the shareholders, that Beta’s performance would

deteriorate under the leadership of Alpha's management which can be viewed as the starting point for Beta's resistance.

*The [Beta] management traveled around the world to almost all shareholders, trying to convince them that: "No, but the best thing for you as shareholders is to let the management stay in place and to pursue our strategies, and we have a fantastic future." - Participant 1*

Through sensegiving, the Beta management team responsible for guarding their current organization tried to instill a distrust in Alpha's capabilities to run the company. Beta focused on communicating its own deep understanding of the industry and its successful operational model, contrasting it with Alpha's perceived shortcomings. This strategy aimed to rally public support and prevent the takeover.

*"And at the exact same time, [Alpha] is traveling around to all the shareholders trying to convince them that "No, this [Beta] management, they have no clue what they're doing. We have a much better plan. You should sell to us instead, and we will create a lot of value for you in the long term ahead." - Participant 1*

Such particular public rivalry between the two companies is a typical characteristic unique to hostile takeovers. Conflicting narratives combat each other, and where the end goal essentially is to reach a majority of shareholder votes in the bidding war. Although shareholders ultimately have the final decision-making authority, numerous stakeholders such as customers and politicians, are involved in, and capable of, influencing their choices especially during defensive actions taken by the target company.

*“We’ve had major customers who, during the defense, we got to say we actively cannot work with [Alpha] if they win because of their short-term strategy. We’ve talked them into saying it to help out our defense...” - Participant 3*

*“... that involved getting stories into the press about [Alpha], it involved getting politicians to be concerned about things, it involved talking to shareholders to say that the company was being undervalued.” - Participant 6*

Because of the size of the companies involved, this particular case is quite unique in its public aspect. Due to this, Beta was able to strengthen their position in the bidding war with the support of prominent public institutes and global industry leaders which were customers to Beta. These tactics allowed Beta to enhance their sensegiving narrative by increasing their reach and trustworthiness through third-party involvement. Consequently, Beta was able to effectively coordinate their efforts to increase collective resistance towards Alpha by including external stakeholders.

*“I was the person who was responsible for making their lives very difficult. I was the person putting stories in the press and it wasn’t all business related. I was the person who was putting stories about the size of their houses and their holiday homes and what they were doing with their crazy amounts of money. It was invasive. It was like an election campaign.” - Participant 2*

With the help of these adverse sensegiving tactics such as scrutinizing the Alpha management in the press about their money-centered attitude. Beta also included customers and other important public figures and thus used the public opinion to win support, and establish their position in the hostile takeover battle.

## Lack of Employee Involvement and Future Uncertainty

During the strategy formulation by the defense team of Beta to prevent the acquisition, a gap between employees and top management became apparent. Part of the reasons why this gap existed was due to insider regulation which restricted the access of information outside of the defense team of Beta. Consequently, the small group of people involved in formulating tactics were very distant from the rest of the organization, showcasing the lack of influence of a “regular” employee.

*At that point, [Beta] was a company which probably had 20 to 30 thousand employees and 99.9% of us had no involvement at all. - Participant 4*

*[The employees] felt a bit like an assault on their pride. I guess a company they were very proud of, but they had no way of influencing it ... Relationships and internal brand reputation were certainly tarnished and evolved throughout. - Participant 3*

During the bidding process, there is evident uncertainty for particularly employees distanced from the decision-making discussions. Participant 4 notes how strategies and discussions about the company's future involve only a small fraction of the total workforce. Participant 3 delves into the ramifications of these actions by Beta's top management, citing them as a factor contributing to employee dissatisfaction in the ongoing negotiations. The internal reputation and relationships were harmed, but not by the strategies employed by Beta but instead by the employees internal sensemaking of the situation.

There was frustration with the process and a heightened sense of hesitance among lower-level employees. These pre-acquisition emotions could be attributed to humans' natural fear of the unknown and resistance to change, regardless of whether the takeover would occur or not. Concerns of personal interest, such as uncertainty about job security, were apparent and



shaped their attitude towards a possible acquisition. This frustration likely stems from the common expectation that the new management team will seek to restructure the organization.

*“But obviously when you get new management, it tends to lead to restructuring.*

*“What's that gonna be for my job?” So I think there was a general bit of nervousness among all of us.” - Participant 6*

## 4.2 Phase 2: The Villain's Entry into the Organization

### Immediate Response and Resistance

Once the final bid was accepted by the majority of shareholders at Beta there was clear anticipation for change, but fear of what scale these implementations would entail. The reason for the acquisition by Alpha was to make Beta more profitable and then subsequently sell Beta with profit. With this motive, it was inevitable that Alpha would implement changes to the organization. The data from the interviews showed how the new leadership were not received well, which can partly be explained by the general negative attitude of Alpha due to “villainization” of them pre-acquisition.

*When [Alpha] actually took over, it was even more of an uphill struggle because the management had really sold the idea that "it's a disaster, it won't be good at all, and [Alpha] will just break up the company.". So there was just a nervousness within the company among the employees when [Alpha] came in that: "F\*\*\*, we're all going to get fired or they will break up and sell off the company in pieces." - Participant 8*

*“Among the employees there was a factor of uncertainty. There always is this aspect to change because you know what you have, but you don't know what you'll get”. - Participant 1*

Employees in organizations commonly experience a strong fear of the unknown during times of change. However, what makes hostile takeovers notable in general, and this specific case in particular, is that the antagonistic portrayal of Alpha's leadership became the reality for the employees, intensifying skepticism about the future which fosters the emergence of resistance. This altered viewpoint significantly influences employees' attitudes and willingness to collaborate within the new ownership structure. Prevailing traits of uncertainty shape the preconditions of PMI for Alpha even before they initiated any changes at all.

### Communication and Sensegiving

Following the completion of the acquisition, the narrative expressed by the Beta defense team had to take a drastic turn in favor of the new leadership to convince the same stakeholders that the new management will carry Beta to profitability and excellence. This is an interesting issue of sensegiving unique to hostile takeovers compared to friendly acquisitions as the shift of narrative comes from the same communication team at Beta.

*“We've had major customers who, during the defense, we got to say: ‘We actively cannot work with [Alpha] if they win because of their short-term strategy’. We had talked to them into saying that to help out our defense and effectively we needed to unpick that because we still had a business to run.” - Participant 2*

*“Six weeks after the takeover, the very first thing we did was get our 150 top leaders together in their sort of snapped leadership summit. Get everyone in a room and say: “Right, how do we make this work? ... [W]e actively got people together to recognise that this was a complete change in our approach and we had to think about it and recognise it. It certainly was no sense of ignoring it”. - Participant 3*

The participants from the defense team describe this time as very challenging due to their trustworthiness being questioned when they all of the sudden had to change the narrative regarding Alpha and contradict their previous statements. As stated by Participant 3, the issue required to be addressed in order to effectively change the sensemaking of their stakeholders.

## Change Implementation Despite Beta's Resistance

### Information Asymmetry and Beta's Resistance

Once the takeover was finalized it became notable that Alpha did not have access to the necessary information to effectively commence their initial restructuring of Beta which weakened their ability to initiate a successful PMI process.

*It took quite a long time for [Alpha] to get to know the company and understand what it... It's quite funny when you think back because they hardly knew what they were buying. They didn't even do any due diligence at all. They bought a company for [X] billion pounds that they didn't know much about. - Participant 8*

The information asymmetry between the acquirer and target firm can contribute to magnifying the expected employee resistance post-takeover. In comparison to friendly takeovers, hostile takeovers are characterized by the withholding of information to minimize the risk of being acquired. Throughout the interviews a disappointment was articulated regarding Alpha's limited understanding of Beta's operations, particularly in the initial phase post-acquisition, something which can be attributed to the information asymmetry.

## The Changes and Resistance

Despite the given information asymmetry prior to the embarkment of Beta's operations, Alpha introduced several major changes to the organizational structure as well as the operational structure of Beta. As a consequence to these changes, a substantial number of senior executives from Beta were fired.

*“The very first thing that happened on day one is that almost all the [Beta Corporate] people were fired. 200 people instantly lost their roles. So that influenced, for absolutely certain, for anyone who interacted with those people, the relationship with the new owners, no doubt.” - Participant 7*

As can be seen from the statement of Participant 7, the layoffs not only had an impact on the people who were laid off, but also influenced the relationship between the new leadership and the rest of the employees. While clearly signaling a new power dynamic within the firm, it also raises reasonable concerns of job security for the remaining employees in the company. These concerns are common under change initiatives, and underscores the management's promise of future restructuring and big changes ahead within the organization. This can be attributed to an effort of sensegiving by Alpha to set the tone about clear expectations and the new way of which they will be operating business moving forward. Shortly after the layoffs, a major restructuring divided Beta's branches into separate entities, significantly affecting operations and hierarchies.

*“It was a huge change. From having their own sites with their own profit & loss, own business development and their own strategy plans to suddenly becoming a joint operations management. It was a very big change and also changed roles in the*

*organization and how roles are valued. A site manager who was previously a mini-CEO with full responsibility for profit & loss, suddenly became just an operations manager. 'You should only focus on producing stuff. Everything else that has to do with business development or customers or programs or finance is not your responsibility anymore'.*” - Participant 6

Such changes naturally caused reactions where several employees had their roles changed, especially the site leaders which went from having the overarching responsibility of their site and independent operational power to being stripped of large parts of their role. This caused friction between the site leaders and the new management, prompting multiple employees to quit due to disagreements with the new structure at Beta whilst others showed resistance that falls under the definition of *opposition* to the new tasks.

*“They were completely disempowered. And I think they felt that their job was essentially being cut in half and to a large degree it was. They went from being mini-CEOs to really basically being an operational site leader.”* - Participant 2

*"It was incredibly frustrating in the beginning because suddenly, every investment had to be approved by [Alpha]."* - Participant 6

Alpha's management style was described as command-and-control, with minimal employee involvement and a notable tendency towards micromanagement in the first years following the acquisition. This shift in hierarchies and feeling of disempowerment works as a catalyst to foster the resistance and negative attitude of employees regarding the new ownership which increases the feeling of detachment to the new owners. Participant 4 talks about the new changes by Alpha as follows:

*“I mean of course [Alpha’s] actions were intended to involve the shop floor too. But it's minimal organizational implementations by [Alpha] that actually succeeded. We have functioning routines as is ... we like the way it has always been.” - Participant 4*

Despite the management's efforts to introduce new policies and procedures, employees were skeptical and uncooperative. This resistance stemmed from a lack of engagement and communication, leading to mistrust and a sense of alienation among employees. This *opposition* undermined the effectiveness of the changes, preventing the intended improvements and leading to overall failure.

In addition to this, some participants’ resistance towards the new ownership was partly due to Alpha's business model not aligning with Beta’s operations and industry. Being a private equity firm with the intent to sell Beta once the desired financial performance had been reached, Alpha acts through a short-term profit maximization strategy.

*“I think the attitude of employees was like “We need to improve our stats and then presume we're gonna get sold. So we'll get sold and that would be that”. - Participant 4*

Described as the complete opposite of Beta's approach, their strategy and model clashed with the long-term, slower-paced business model typically adopted in Beta's industry. Alpha imposed strict targets and insinuated severe implications if these targets were not met through statements to their teams. This can clearly be viewed to induce a heightened uncertainty and job insecurity for the employees.

*“That sets a certain tone that everyone else who deals with them is very well aware that these owners are really clear about what they expect. And you either hit it or you don't. And if you don't, you won't be there that long - Participant 3*

*I think quite a few people in the business thought that the targets were unrealistic. Either you're not gonna hit it or if you do hit it, it's actually going to have a long term negative impact. - Participant 5*

The strict targets were met by the employees showing signs of resistance that can be defined as *discomposure*. As Participant 3 noted, the targets created a tense atmosphere, as employees felt pressured to meet demands they believed were unattainable. Signs of *listlessness* seem to have colored the participants where the new rules left them in a situation where they felt like their ability to affect the outcome was minimal.

*“[Alpha] had the mentality of “We don't care. If you don't like us, you don't like us, but we still own you”. - Participant 5*

The attitude and management approach of Alpha poses a larger risk of counteraction due to the resistance established pre-takeover. There are also clear complications with Alpha's chosen approach given their lack of information entering the firm. These factors combined lay the groundwork for their managerial approach of PMI to fail as the employees already were reluctant to their leadership.

### 4.3 Phase 3: The Defeat of the Villain

#### Alteration due to Resistance

Following the reactions and negative sentiments of Beta employees towards the changes implemented by Alpha, a change in attitude related to their strict leadership started to emerge. The challenges related to major restructuring of Beta, the information asymmetry combined with their attempts to micromanage the operations of a multi-billion dollar business,

generated a difficult environment for an effective PMI and reaching the ambitious targets set by Alpha.

*“The starting point of [Alpha] was ‘This is what we’ve said and this must happen’ and it was then you’re trying to sort of turn around an oil tank and get people to go ‘Oh, actually, I see your point.’” - Participant 7*

Interestingly, the first statement indicates how the participant saw it as an objective, not to be changed by Alpha, but rather to make them change in accordance with Beta’s way of conducting business. Such interpretation could illustrate how Alpha’s sensegiving efforts faced difficulties in overcoming the prevailing narrative pushed forward by Beta pre-acquisition. Starting with minor pushbacks, Alpha increasingly seemed to understand the shortcoming of several of the changes initiated by them following the acquisition. This eventually spilled over to reaching not only minor decisions, such as a shift in attitude towards lobbying, but actually redefining their whole business strategy.

*“The resistance operated in two ways: 1) people left but 2) is shown as the [major project initiated post-acquisition] has been unwound quietly over the last couple of years and kind of gone not completely back but a lot to how it was before.” - Participant 6*

Highlighted by the statement above by Participant 6, resisting forces generated an obstacle which Alpha was unable to beat. The consequences were probably more far-reaching than anyone involved could expect. Considering the initial presence of resistance and information asymmetry during the early stages of the takeover, it raises questions about the acquiring company's ability to effectively implement a PMI process to address these challenges. Our findings suggest that Alpha represents a case where employee resistance exerts such strong



influence that the acquiring company must adapt its operations, and in this case, its business model, to align with the needs of Beta.

*“They wanted to dictate but in the end they had to compromise on several occasions ... And then of course, ultimately what's actually happened is [Beta] has broken the [Alpha] model because they no longer do short-term profit maximization as a company. - Participant 7*

*“I think their eyes were bigger than their stomach. They took on more than they really could, and it ended up not changing [Beta] but changing [Alpha].” - Participant 5*

Considering the initial presence of resistance and information asymmetry during the early stages of the takeover, it raises questions about the acquiring company's ability to effectively implement a PMI process to address these challenges. Our findings suggest that Alpha represents a case where employee resistance exerts such strong influence that the acquiring company must adapt its operations, and in this case, its business model, to align with the needs of Beta. Research about the firms Alpha and Beta prior to the interviews, along with data gathered from the interviews, revealed interesting insights. Despite Beta's financial success post-takeover, the negative attitude among employees towards Alpha's management style and business model was so strong that it compelled Alpha to alter their 20-year-old business model to integrate Beta's core competencies.

Alpha went from being a private equity firm with acquisition turnover periods of 3 to 5 years between purchase and sale, to selling all other previous acquisitions to solely focusing on the industry Beta are operating in. They shifted their corporate strategy to become more long-term oriented and an “shell-company” to an industry-giant.

## Resistance due to Organizational Identity

Throughout the interviews we could see a clear detachment between the Beta employees and the Alpha leadership. The participants used a language distancing themselves from Alpha which underscores the failed PMI and resistance towards the acquisition despite happening several years ago. From a discussion with Participant 2 about Alpha's efforts of post-merger integration and if management tried to counteract resistance among employees we got the following answer:

*I think up until very recently they just didn't care. ... and the very fact I'm saying "they" speaks volumes. - Participant 2*

The interviewee's language choice, using "they" to refer to Alpha, highlights a lack of alignment and engagement between the two entities and enforces the signs of *discomposure* of the participant. Alpha's failure to prioritize these factors has most likely contributed to the persistence of resistance and the continued detachment between employees and leadership.

*Why is the whole company now not [Alpha] or why is the company now not just [Beta]? So that's why I think it's quite clumsy. They are trying to integrate it but like why are you talking about two companies when it is the same thing? - Participant 1*

Another aspect contributing to the detachment of employees at Beta and the leadership at Alpha is the trivial component that is the division of company names, despite the merger being finalized years ago. This provokes further separation and fuels the resistance by further segregating employees from one another, hindering integration.

*"There is this one sort of giant elephant in the room with terms of it. Which is; What's the point of [Alpha] as a brand or as a name now, because if the only thing [Alpha] owns is [Beta] aerospace and they're not gonna sell it anytime soon". - Participant 5*

## 5. Discussion

The following section will discuss the findings from our research in relation to those of similar studies. It will also discuss how the theoretical framework of sensemaking and sensegiving can be applied to the empirics. Additionally, the section will also discuss how our findings differ and expand on previous research. This chapter will be divided into five segments: the first focusing on pre-acquisition resistance, the second exploring the role of communication, the third addressing organizational identity, the fourth information asymmetry, and the last discussing the consequences of misalignment of sensemaking and sensegiving. These five topics aim to collectively answer the research question at hand.

### 5.1 The Impact of Defense Tactics

Previous research on hostile takeovers and pre-acquisition defense tactics has put forward different measures target companies can undergo in order to prevent takeovers to occur (Schoenberg & Thornton, 2006; Sudarsanam, 1995). The observations from the case study are broadly consistent with the major trends in the literature, particularly asset restructuring, to reduce the attractiveness of the acquisition although the tactics taken by Beta ultimately did not stop Alpha's acquisition. More prominently, coherence to Nègre et al.'s (2018) discussion on how the target company can rely on intensive stakeholder outreach through for example lobbying was visible in the case of Beta. Interestingly these tactics were driven in several distinct ways by Beta to place distrust in Alpha's capabilities as new possible owners. Furthermore, this case study presents an interesting viewpoint about the consequences that this defense can have on post-acquisition resistance if the acquiring company succeeds with the takeover. Throughout the interviews a very visible skepticism amongst Beta employees

could be observed. Given that these sentiments emerged immediately after the acquisition was finalized, there is strong evidence that they originated from the intense resistance and defense tactics employed prior to the acquisition. While the attitude of the employees from the target company had little impact on the outcome of the acquisition, there is much evidence to suggest that it played a major role hindering the PMI process. This aspect is something which has been overlooked in previous research and thus presents an interesting area for future research.

## 5.2 Communication

Communication has been seen as a crucial aspect in mitigating resistance in the post-acquisition process (Appelbaum et al. 2017; Rubin et al. 2013; Hensmans, 2015). Such research highlighted the importance of clear two-way communication, and promoting change in a positive manner. Our findings from the case study expands on the role of communication in post-acquisition resistance and subsequent effect on PMI. Especially interesting, contrary to Hensmans (2015) research which highlighted the importance of friendly communication to mitigate resistance, our study discusses more in depth the role of negative communication about the new management. A circumstance especially unique to hostile takeover, where the acquiring management often have been “villainized” pre-acquisition. Our findings from the case study is that the negative communication is one of the main reasons why the initial resistance at Beta is so strong. We can also see a clear connection between this imperative and the success rate of the PMI of the acquiring company.

Another perspective on communication is with whom the decisions are discussed. From a change management perspective, the low involvement of employees in change initiatives tends to lead to lower success rates (Hussain et al., 2018; Dorling, 2017). Drawing from their

research, it becomes evident that the lack of adherence to the employees' feelings of disengagement led to increased resistance. The prevailing absence of participation, a key factor highlighted by Appelbaum et al. (2017a,b,c) as vital in mitigating resistance, can be clearly identified as one of the main reasons for Alpha's unsuccessful PMI. In this aspect, hostile takeovers serves as a particularly complex setting since the process itself is pre-arranged by an external party which naturally can not include employee's of the target company before the acquisition is finalized. In the presented case study, Alpha had already communicated a strategic vision to the shareholders which they acted upon after the acquisition. As the literature has suggested, these are not beneficial prerequisites when implementing change in an organization. In light of this, if Alpha had included Beta employees in the immediate phase post-takeover they might have generated a more positive outcome and their lack of involvement can thus be doomed as a great attribution to the resistance impacting the PMI process.

### 5.3 Organizational Identity

An important aspect of our research that has been less explored in previous literature is the villainization of the acquiring company and individuals' need for organizational identity. This contributing factor to post-acquisition resistance is shown through this study to be a catalyst for the resistance birthed due to intense sensegiving by the target company pre-takeover.

Previous literature on resistance in hostile takeovers have placed a substantial focus on the fear of the unknown as explained by Pendleton (2016). Through our case, we observed how the employees' opposition to a hostile takeover's PMI could be significantly influenced by the strong attachment of Beta employees to the company. During the interviews, a palpable sense of attachment to Beta as a company and loyalty to its name was evident among employees. As

stated by Appelbaum et al. (2017), research has shown how employees who feel a sense of belonging are less likely to resist change and more likely to embrace the new organization. Drawing from the sensegiving concept explained by Gioia and Chittipeddi (1991) when looking at the success of Beta management's sensegiving efforts it becomes evident that Beta has succeeded in enforcing a strong organizational identity with their employees which improves their prospect of inducing resistance among their stakeholders against Alpha. In a complex situation as this case is; for Alpha to instill a sensegiving process that effectively manage the perception and attitude of the stakeholders, they would need to actively steer the narrative to influence their stakeholders' understanding and interpretation of the new organizational reality to drive a favorable PMI in alignment with their desired vision and direction. The possibility for this is deemed diminished by the organizational identity prevailing at Beta due to their strong sensegiving efforts pre-acquisition.

## 5.4 Resistance due to Information Asymmetry

One factor contributing to the observed resistance in the case can be attributed to the unique dynamics of hostile takeovers, particularly the information asymmetry associated with the target company's efforts to fend off an acquisition. In a friendly acquisition, the data and insights provided to the acquiring company beforehand acts as a crucial success factor for PMI with the new leadership (Wangerin, 2019). As perceived by the participants in the case study, the absence of such an exchange of information appears to have hindered the ability of the new leadership to make informed decisions. This effect was likely exacerbated by the substantial number of layoffs which occurred immediately after the acquisition was finalized, further diminishing the transition of information. There were numerous occasions where the participants' perspective aligned with the notion that the new owners lacked an understanding of Beta's operations, fostering skepticism towards the changes introduced by Alpha. This

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aspect of heightened resistance and reduced possibilities of a successful PMI is not a subject heavily researched.

When there is prevailing information asymmetry combined with the established negative sensegiving pushed forward by the Beta defense team, the acquiring company fails to understand the target company's operational intricacies and employee motivations. Moreover, when leadership drives these changes without engaging employees, it breeds a sense of alienation and mistrust as explained by Hussain et al. (2018). Maitlis (2005) argued that a restricted organizational sensemaking process, where leadership control is strong and stakeholder engagement is low, leads to a top-down leadership situation, something which was explicitly expressed by several participants in the case study. Consequently, our findings expand on previous conclusions regarding the importance of employee involvement through application of these findings to the context of hostile takeovers.

## 5.5 Misalignment in Sensemaking and Sensegiving

An interesting aspect of the case, highlighting the origin of post-acquisition resistance, is the need for alignment between sensemaking and sensegiving, as emphasized by Lanke et al.'s (2022) research on hostile takeovers. King et al. (2020) note that sensemaking is not a passive process, and therefore managers affect employees' reaction to change, in line with Gioia and Chittipeddi's (1991) reasoning. Critically, our research on Alpha and Beta expands on Lanke et al.'s (2022) findings by demonstrating the concrete consequences of misalignment in sensegiving pre-acquisition and sensemaking post-acquisition which resulted in employee resistance post-acquisition. We observed how Beta's initial sensegiving backfired on Alpha's PMI efforts, which led to increased resistance. Consequently, our study highlights the importance of considering the pre-existing context of a hostile takeover. Beta's negative

perception of Alpha, shaped by the pre-acquisition defense tactics, played a significant role in their interpretation of Alpha's post-acquisition narrative.

Using the concept presented by Maitlis (2005) to understand how this can explain the prevalence of resistance one can view how Alpha opted for implementing a *restricted* organizational sensemaking approach. They seemed to have the perception that their managerial strategy of a top-down approach would be best for Beta with a low stakeholder involvement and strong leadership control (Maitlis, 2005). However, it seems that a *guided* sensemaking approach would have been more effective in mitigating resistance and enhancing the PMI process. Elements of dissatisfaction with Alpha's managerial style were explicitly expressed by several participants in the case study, as well as being observable through anger with their strong-handed management tactics like micromanagement. These tactics taken by Alpha might have caused employees to feel marginalized or ignored, which can be seen to increase resistance of employees in the hostile takeover. Overall, the findings highlight the importance of aligning both organizational and employee sensemaking with the sensegiving process of the management post-acquisition, as demonstrated by the consequences of misalignment observed in the Alpha-Beta case.



## 6. Conclusion

This chapter's aim is to conclude the thesis by discussing our findings and how they addressed the research question. The first section will dissect the research aim and objective as well as directly addressing the research question. The second part will summarize the key findings. Thirdly we will delve into theoretical and practical implications that can be contributed to the thesis. Lastly we will propose future research directions based on this study's limitations.

### 6.1 Research Aim and Objectives

The research was aimed at exploring the phenomenon of target company resistance in hostile takeovers. More specifically, we seek to find the main elements that shape post-acquisition resistance, and how it subsequently impacts the firm's PMI in a hostile takeover. To address the research question, the thesis employed a case study. The case examined the hostile takeover of a top multinational manufacturer, Beta, by the acquiring private equity firm, Alpha. The primary theoretical framework applied was the concepts of sensemaking and sensegiving.

The research largely accomplished its intended aim and objectives. The findings found that factors of pre-acquisition defenses formed by the target company's sensegiving efforts largely impact the resistance of employees post-acquisition which subsequently worsened the ability of the acquiring firm to employ an effective PMI.

## 6.1.2 Addressing the Research Question

The paper aimed at answering and exploring the following research question:

*From the perspective of the target company, what shapes post-acquisition resistance and how does it impact post-merger integration (PMI) following a hostile takeover?*

Overall, the findings suggest that post-acquisition resistance in hostile takeovers is shaped by the target's defense tactics, communication strategies, and organizational identity pre-acquisition. Additionally, the initial information asymmetry escalates conflicts and misaligns the sensemaking processes of the acquiring and target companies further.

These factors collectively contribute to a challenging PMI, characterized by distrust, disengagement, operational inefficiencies, and heightened resistance. Effective management of these elements is crucial for mitigating resistance and ensuring a smoother transition post-acquisition.

## 6.2 Summary of Findings

The empirics, as presented in the results and analysis chapter, can be summarized into three main phases. Phase 1, named *Villainization & Fear of the Unknown*, is characterized by Beta using defensive tactics to prevent Alpha from taking over. Phase 2, named *The Villain's Entry into the Organization*, documents the attitude and actions by Beta's employees post-acquisition. Lastly, Phase 3, named *The Defeat of the Villain*, explores how Alpha had to adapt to the resistance.

The misalignment between Alpha's restricted organizational sensemaking approach post-acquisition and Beta's sensegiving efforts pre-acquisition was a key factor in the resistance observed among the employees' sensemaking process. Alpha's top-down

management style, with low stakeholder involvement, was ineffective in mitigating resistance and enhancing the PMI process.

We found three main contributing factors to the misalignment issue. Firstly, ineffective communication emerged as a critical factor for the increased resistance. Contrary to Hensmans' (2015) emphasis on the importance of positive communication, our study focused and highlighted the detrimental effects of negative communication about the new management, which intensified resistance.

Secondly organizational identity emerged as a strong influence of the resistance within Beta. Beta's successful sensegiving efforts pre-acquisition fostered a strong organizational identity, making it challenging for Alpha to implement its sensegiving process post-acquisition to counteract the resistance.

Lastly, a factor quite unique to hostile takeovers is the information asymmetry during the acquisition process. This lack of information reduced Alpha's ability to make informed decisions and effectively manage the transition, resulting in operational implementations that did not align well with Beta's expectations and fostering increased skepticism among the employees.

Overall, the findings suggest that the target company's defense tactics, along with their influential communication strategies and strong organizational identity, combined with the information asymmetry typical of hostile takeovers, create the groundwork for misaligned sensemaking and sensegiving. This misalignment is a key factor contributing to post-acquisition resistance and hindering the success of the acquiring company's PMI.

## 6.3 Theoretical and Practical Contributions

The main theoretical contribution of the thesis is that it offers a new application of sensemaking and sensegiving theory by examining the interplay between target company and acquirer during post-acquisition resistance in the context of a hostile takeover. In a broad sense, the application of sensemaking and sensegiving can grant a better understanding of resistance in organizational changes like hostile takeovers. For instance, the research highlights how established sensemaking shapes resistance. The study shows how the target company employees' understanding of events, i.e. their perception of the hostile takeover, significantly impacts their reactions to the acquirer's integration efforts. Specifically, the sensegiving made by Betas management pre-acquisition significantly impacted employees' sensemaking post-acquisition which can be applied to other cases of hostile takeovers. Furthermore, this research highlights the importance of alignment between sensemaking and sensegiving. While Alpha attempted to impose their vision through sensegiving activities, Beta employees' established sensemaking made it difficult to overcome their resistance. This misalignment between the new owners' intended meaning and the employees' established interpretations highlights the difficulties of managing resistance in such contexts. Essentially, the thesis deepens the understanding of resistance in organizational change by demonstrating how sensemaking processes within the target company can become a barrier to successful integration for the acquirer.

Apart from theoretical contributions, practical insights can be derived from the findings. As the study had a primary focus on hostile takeovers through the lens of the target company, it can grant management of the acquirer a better understanding of what to do, and not do, in order to minimize resistance. Firstly, it is crucial for management to have a clear communication method. Especially allowing for two-way communication that involves

employees in the change process in order to mitigate resistance. Additionally, the research suggests that a guided sensemaking approach, which involves higher stakeholder engagement and less strict control, could be more effective in managing the transition and reducing resistance. Involving middle management in the change implementation processes can improve the alignment of employee perceptions with the new organizational goals as the discussion comes closer to the “regular” employee. Along with a guided sensegiving approach, the study highlights the critical role of effective and positive communication post-acquisition. This approach can help mitigate resistance and foster a smoother transition. Lastly, the findings emphasize the need for acquiring companies to anticipate and counteract the negative sensegiving efforts of the target company. By understanding the tactics used by the target to "villainize" the acquirer, management can develop strategies to mitigate these effects early in the PMI process.

## 6.4 Limitations and Suggestions for Future Research

The limitations of the thesis can serve as guidance in suggestions for future research on the topic. Examining the empirics and the way it was collected it inherently has some limitations. Firstly, as the study is a one case study the generalizability of the findings could benefit greatly from conducting a multiple case study. In conducting a multiple case study one could possibly get a broader understanding on what causes resistance and how it shapes post-acquisition integration in hostile takeovers. Therefore future researchers could benefit to draw wider and more generalizable conclusions by conducting a multiple case study.

Additionally, the study could benefit from examining a currently occurring hostile takeover. By examining a current takeover process instead of a past one, one could potentially leverage

even greater emotive responses to changes, e.g. resistance, as it is currently happening instead of relying on memories and possible reconstructions of what happened in the past.

In the research, the sensemaking and sensegiving approach was used to interpret the occurrence of resistance in hostile takeovers. However, the approach could be applied more extensively in further research to better grasp the phenomenon. For example, investigating external narratives and public opinion through media coverage and how it could influence the target company's sensemaking and sensegiving process. Additionally, sensemaking and sensegiving are cognitive responses, essentially focused on people's emotional responses to change. A greater focus on these emotional responses, e.g. anger and betrayal, instead of actions and verbalization against change could possibly deepen the research and create a better understanding of how these emotional responses play a role in resistance and subsequent PMI.

As highlighted in the empirics and discussion, the roles of employee involvement and organizational identity are intriguing aspects we saw play a bigger role than initially expected in the case. These aspects warrant further research, as they offer a compelling perspective on post-acquisition resistance in hostile takeovers and is a relatively underexplored area in the literature.

Lastly, the case study found interesting results in relation to the information asymmetry present in hostile takeovers. Since layoffs are common when new leadership enters into an organization, it could be an area of future research to more closely examine how these layoffs impact the PMI process and resistance post-acquisition.

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# Appendix A - Interview Guideline

1. What is your role at [Beta]?
2. Was your role the same during 2018 when the acquisition took place?
3. How involved were you in the discussions regarding the acquisition during the initial bid from Alpha?
4. In what ways were employees involved in the resistance exhibited by [Beta] prior to the acquisition?
5. What was the general attitude among employees regarding the takeover?
6. Could you see any similarities between the narrative pushed forward by [Beta] prior to the acquisition and the outcome of the acquisition holding any truth to what the [Beta] management claimed would happen?
7. Did you experience any kind of friction among employees after the acquisition was finalized in relation to any of the changes?
  - a. How was such friction managed?
  - b. Can you still today see any trace of such friction?
8. Could you see any connection between the opposition [Beta] expressed pre-acquisition and the subsequent working environment post-acquisition?
9. According to what we have been informed, much of the board at [Beta] was relieved from their duties after the acquisition was finalized. To what extent do you think that influenced the integration process?

10. How do you perceive the differences in how you/your team operate compared to before the acquisition?
  - a. How has your perspective on the changes evolved since the acquisition?
11. Would you say you were more hesitant/concerned in the beginning of the new organizational structure?
12. From your perspective, what are the long-term implications of resistance from [Beta] ?

## Appendix B - Authorship Statement

We, Hedda Grubb, Jonatan Larsen, and Hugo Norrbohm, hereby confirm the authorship of this thesis titled “**Can Resistance Transform the Villain?**” Each author contributed to the development of this work.

All three authors contributed equally to all parts of the thesis, including the literature review, methodology, empirical research and analysis, conclusion, discussion sections, and editing and formatting throughout. Despite the initial draft of each segment being divided among the three authors, extensive revisions have been conducted throughout the development of the thesis thus engaging all three throughout the paper making the authorship division inseparable.

# Appendix C - AI Usage Statement

The thesis has used generative AI in certain aspects of the writing process. The primary AI tool that has been used is Open AI's ChatGPT. Apart from OpenAI tools like Google's Gemini and the paraphrasing tool Quillbot AI has been used.

AI has been used as a paraphrasing tool, both in order to correct potential grammatical mistakes but also to improve clarity. AI was not used to write entire parts of the thesis. This research relies solely on human analysis and interpretation of the source materials. No artificial intelligence was used to draw conclusions or generate data.

As AI has been used as a tool to improve coherence and to rewrite and edit sentences, it is thus therefore hard to delimit the usage to a specific section, but it has rather continuously throughout the thesis.

Example prompts that have been used is:

- *Please rewrite this portion of text: [Insert text]*
- *Do you have suggestions to improve the clarity of the following section: [Insert text]*
- *Do you find any obvious grammatical errors in the following section: [Insert text]*