



# Emotional Awareness: Impact of Social and Technological Transformation on Group Dynamics

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**Abstract.** Social transformations can lead to complex changes with significant impacts on the effectiveness of work teams. Human resources departments are responsible for monitoring, understanding, supporting, and reassessing employees during organizational restructuring brought about by new cultural, social, and technological contexts. Based on semi-structured interviews with R&D employees, this qualitative case study examines emotional experiences during simultaneous social (M&A) and technological (AI integration) transformations. Key findings revealed initial fear, uncertainty, and later optimism, alongside challenges in emotional recognition. The article highlights the critical role of external HR consultants in fostering emotional resilience and adaptation within contexts of organizational change.

**Keywords:** AI, Artificial Intelligence, Emotional Awareness, Group Dynamics, M&A, Organizational Restructuring, Social Transformation, SME, Technological Impact.

## 1. INTRODUCTION

Transformations reshape companies as catalysts for social change within the workplace or as triggers for broader societal disruptions. Stibe (2020) emphasizes the need for successful transformations to foster happier societies and stronger organizations, while Vasylytsiv (2022) highlights the instability and vulnerability that labor market transformations can generate. These transformations are key drivers of organizational change and are often rooted in broader environmental and societal shifts, including economic crises, political unrest, technological revolutions, or even pandemics (Suarez & Oliva, 2005; Kharkheli & Gavardashvili, 2022; Amis & Greenwood, 2020). Such dynamics call for heightened attention and the implementation of effective management strategies (Kharkheli & Gavardashvili, 2022).

Leadership must take appropriate action and adapt the company and its internal life to new circumstances to preserve its existence and maintain competitive advantage in rapidly evolving environments (Uhl-Bien & Arena, 2018). Ideally, leadership should perceive transformation as a positive catalyst for change that infuses the organization with renewed vitality and enthusiasm while boldly revitalizing established work standards. Gonfa (2019) identifies key components of transformational leadership, such as idealized influence, intellectual stimulation, inspirational motivation, and individualized consideration, all of which contribute to achieving superior outcomes.

During periods of transformation, shifts in corporate culture can significantly disrupt the organizational environment, leading to anxiety and uncertainty among employees (Stefano, 2014). Rapid changes in business operations, organizational structures, financial capabilities, and other critical dimensions can create confusion and disorientation. Sudden and unwelcome organizational transformations can be deeply unsettling, regardless of their cause.

Employee support and understanding are essential to ensure a smooth transition during organizational transformations. Factors such as supervisory support, organizational readiness, trust in leadership, goal clarity, collaboration, autonomy, and feedback significantly influence employee responses. Human Resource Management (HRM) plays a pivotal role in training and development by helping employees adapt to and align with new business strategies (Weber & Weber, 2001; Jovanović & Arsenijević, 2020).

In our research, we conducted a case study of a medium-sized company undergoing a dual transformation: a merger and a technological overhaul. This high-tech company, which has been operating in Slovenia for over 25 years in the IT and electronics sector, has its brand with outsourced manufacturing and is recognized internationally. Amid technological expansion and strategic repositioning, the company experienced a majority acquisition by a competing entity. At the same time, the emergence of widely accessible artificial intelligence technologies prompted a rapid internal reorganization to remain competitive in the market.

The M&A process entailed a profound transformation of the internal operations of the acquired company. The parent organization recognized an opportunity to restructure itself into a high-tech hub focused on developing new products and related marketing activities, while phasing out other functions such as procurement and sales, which the parent company absorbed. Within this context, the acquired company's management identified the need to implement artificial intelligence across all internal operations. AI tools—particularly freely accessible systems such as ChatGPT (developed by OpenAI)—were introduced to support tasks such as

translation, preparation of technical and marketing documentation, and, crucially, as an assistive tool for computer programming.

Amid this organizational upheaval, we formulated our core research question: *»How do employees experience and associate emotions during social and technological transformations, and how are these emotions perceived by different stakeholders within the organization?«*

Through this article, we aimed to understand how individuals and leadership perceive and respond to this dual transformation, and to identify corrective measures that management could implement to preserve and strengthen the sense of community, communication, and competitiveness within the acquired company and its local workforce. The results will be presented and discussed with various managerial profiles, and a comparative table will be created.

It is evident that individuals now, more than ever, seek well-being and personal values within the work context. Our analysis reveals that employees often struggle to recognize their emotions, leading to differing perspectives and challenges. The findings underscore the importance of external consultants in SMEs (small and medium-sized enterprises) as key players in enhancing the effectiveness of internal HR departments—especially in the implementation of new values that promote the usefulness of personal emotional awareness among employees, facilitating their adaptation to social and technological changes both within and beyond the workplace.

## 2. THEORETICAL BACKGROUND

A transformational company can be understood as achieving a quantum leap, surpassing at least 50% of its previously projected timeline for attaining strategic goals. In this context, Allan (2020) advises against using market share and ultimate success as sole metrics. Instead, he advocates for alternative key growth indicators, such as revenue and customer base. Business transformation and transformational success should be measured using Metrics of Transformational Growth (MTG), which include: company-driven innovation for business expansion (MTG1), turnaround from loss to profitability (MTG2), digital growth and replication (MTG3), growth multipliers in new markets (MTG4), and realized customer impact (MTG5) (Allan, 2020).

Transformations are a fundamental component of the evolutionary process within companies (Paraschiv, Nițu & Savin, 2019), as they reshape the organization and its social sphere (Allan, 2020). A company that proactively anticipates change through a holistic and forward-thinking approach, rather than merely reacting to it, is more likely to maintain its competitive edge, the primary goal of any business (Allan, 2020). At the same time, it is crucial to reduce social disparities and improve the working environment for employees. Social governance and responsible business practices should contribute to the organization's adaptation to its environment, rather than causing harm to society or the ecosystem (Ilić et al., 2022; Grin et al., 2018).

The driving forces and critical information behind the change process emerge both from within the organization and from the external environment in which the company operates and evolves (Paraschiv, Nițu & Savin, 2019; Avdeeva, Golovina & Polyanin, 2021). Moreover, Complexity Leadership Theory (CLT) plays a foundational role during transformations, offering guidance for collaboration among all leaders and members of the business team to effectively create optimal conditions for addressing unforeseen challenges (Grin et al., 2018).

The merger and acquisition (M&A) process represents one of the most demanding periods for a company, often resulting in significant impacts and disruptions to its corporate culture (Perrault, 2013). Effective change management strategies, such as those proposed by Kang (2020), can help navigate and mitigate these challenges. This transition involves a shift from economic and organizational independence to dependence on a financially stronger entity.

Integrating artificial intelligence (AI) can trigger varied employee perceptions in technology-oriented companies. While some view AI as a positive tool that enhances their work, others may experience concerns related to job security and technostress (Malik et al., 2021). Negative perceptions can lead to career exploration behaviors, potentially resulting in turnover (Presbitero & Teng-Calleja, 2022). To mitigate these challenges, companies must prioritize upskilling and reskilling initiatives, especially in transversal skills, to bridge the skills gap and prepare the workforce for the evolving labor market (Morandini et al., 2023).

Social capital becomes a critical asset in SMEs (small and medium-sized enterprises), which often lack substantial economic, political, and financial power. Shared understanding and trust, the development of relational (quality of interpersonal relationships) and cognitive (collaboration and knowledge sharing) social capital, along with strategies for distributed responsibility among partners, enhance the exchange of knowledge and services (Fuller & Tian, 2006). All three components of social capital—relational, cognitive, and structural (network ties among people)—are essential for social cohesion and trust in transformational contexts. Implementing corporate social responsibility (CSR) in SMEs, particularly in developing countries, provides a tool for addressing challenges arising from limited financial capacities, time constraints, and gaps in knowledge and competencies (Turyakira, 2017). Some SMEs may lack a qualified CSR practitioner—a leader with solid theoretical foundations, capable of identifying present and future risks, and assessing economic impacts—who can guide the company with a timely and strategically aligned approach (Avdeeva, Golovina & Polyanin, 2021).

Leadership must take action to maintain competitive advantage and ensure that transformation does not lead

to the company's decline due to misalignment with current business realities (Paraschiv, Nițu & Savin, 2019). Business transformation should aim to unlock the organization's potential by ensuring its continued relevance and meeting stakeholder expectations (Allan, 2020).

While an externally motivated transformation philosophy focuses on customer service and value creation, an internally driven philosophy is crucial for a Strategic Human Resource Development (SHRD) approach, in which enhanced human capital and professional expertise enable effective team performance (Allan, 2020). It follows that optimal outcomes require a company to embrace both philosophies—external and internal holistically. Leaders must adopt a sensitive and open approach to environmental fluctuations, while considering the organizational context and market characteristics (Paraschiv, Nițu & Savin, 2019). The CEO, together with visionary leaders, will guide the business transformation. At the same time, the SHRD team will align the renewed organizational spirit with sustained performance, the achievement of business objectives, and the fulfillment of the organization's social mission (Allan, 2020). The responsibility of the SHRD team to adapt and implement the transformation is critical, as they must professionally manage relationships and master HR competencies (Paraschiv, Nițu & Savin, 2019). External experts can provide valuable oversight, suggest improvements, and support implementation within SMEs.

External consultants in human resource services play a critical role in enhancing organizational effectiveness by providing specialized expertise and perspectives essential for designing and implementing HR strategies and achieving key organizational success (Caldwell, 2003). Although the use of external HRM providers peaked before the global financial crisis of 2008, their engagement declined afterward, as some companies began to view HR management as a luxury (Poóru, 2018).

Alghamdi (2020) emphasizes that the core of organizational effectiveness lies in the strategic focus on human resources, underscoring its necessity for organizational success. HR departments can enhance organizational performance by leveraging social capital, empowering key employees, and shaping organizational design (Vanderpyl, 2018). The impact of collective HR initiatives depends on relational roles, trust, and organizational structures (Flinchbaugh, 2020). Strategic HR practices are fundamental to increasing employee efficiency and ensuring organizational sustainability (Goyal, 2018; Nirwana, 2023).

In the healthcare sector, HR functions are essential for delivering high-quality health services and improving workforce efficiency (Surji, 2020). Moreover, the HRM function is strategically positioned to foster corporate social responsibility and contribute to the development of sustainable organizations (Podgorodnichenko, 2020).

### **3. RESEARCH DESIGN AND METHODOLOGY**

Six months after the decision to undergo a dual transformation (a merger and acquisition, along with the introduction of artificial intelligence), we conducted semi-structured interviews with all employees at the selected small-to-medium-sized enterprise (SME). The entire analysis began in June 2023 and was completed within one month. During the first week, we interviewed employees, followed by interviews with team leaders and the external human resources consultant. We conducted 14 semi-structured interviews (10 R&D employees, 3 managers, 1 external HR consultant). The R&D department was selected due to its central role in technological innovation. Interviews lasted 45–60 minutes, based on an open-ended question guide. Interviews were transcribed verbatim. Data analysis involved manual open coding to identify initial themes, axial coding to develop connections, and selective coding to refine categories aligned with research objectives, following Williams & Moser (2019). No qualitative software was used.

The primary aim of the interviews was to identify, understand, and evaluate emotions and emotional dynamics within work teams during a period of social transformation. This objective was communicated to all participants, and the interviews were conducted to encourage open and authentic expression. All questions were open-ended in nature (see Appendix).

The article specifically targeted the company's research and development (R&D) department. We interviewed ten R&D employees, their department head, the person responsible for HR and human capital management, the company's director, and an external human resources development and management expert. The interviews with employees explored a wide range of topics: their experience of the acquisition process, changes in working conditions and interpersonal relationships with management, perceptions of stress related to the acquisition, shifts in company culture and identity, and their perspectives on the company's future.

We paid particular attention to how employees perceived the role of artificial intelligence (AI) in their workplace. We examined how employees and their families perceive AI technologies, whether they regard them as a threat or an opportunity, and what potential they attribute to AI for easing work processes. In addition, we explored employees' overall job satisfaction and personal values.

We carefully analyzed the interview content and extracted key statements. These were compiled in a table and marked with frequencies indicating how frequently each statement appeared across different interviews. In cases where an interviewee expressed a view that contradicted the prevailing statement, it was labeled as a divergent (negative) opinion and marked as a negative point in the table. We also noted instances of internal contradiction, where the same person first expressed one opinion and later contradicted it. In such cases, we documented both statements—assigning a point when the statement was affirmed, and deducting a point when it

was denied.

In analyzing the interviews, we applied the open, axial, and selective coding (Williams & Moser, 2019), without using qualitative analysis software. We identified various concepts and themes and organized them into categories. The process began with selecting broad thematic categories for data collection, such as positive reactions to mergers and acquisitions (M&A), adverse reactions to M&A, emotions during the M&A process, essential activities for team effectiveness, and key human resources (HR) department functions. Particular attention was paid to the emotions expressed.

Within these categories, we identified specific concepts aligned with the thematic groups using the concept-indicator model (Williams & Moser, 2019). These individual concepts were then condensed into concise descriptive summaries. This synthesized material was subsequently shared with the company's senior management, accompanied by a request to respond to a set of questions based on the document.

The questions posed to leadership were as follows:

- What is your overall impression after reading the document?
- What are the three most positive/negative responses to the dual transformation?
- What are the three most prominent emotions expressed?
- What are the three key specific activities for the company, particularly for the human resources (HR) department?

#### 4. RESEARCH RESULTS AND DISCUSSION

Employees expressed a generally positive attitude toward the company's dual transformation—namely, the merger and acquisition combined with the implementation of artificial intelligence (AI)—and believe it will contribute to increased creativity. Regarding human resource activities, they proposed a stronger focus on goal-oriented work and its encouragement, more team-building initiatives, enhancement of employees' technical skills, and improved interpersonal communication. Care for people and their emotions, and support for personal and technical development were also important aspects.

A deeper exploration of employee responses regarding the integration and implementation of AI revealed a range of mixed feelings. Most employees (21%) view AI as beneficial for work processes, while a nearly equal proportion (20%) emphasized the need for human oversight in AI use. Optimism about AI was expressed by 14% of interviewees, and 11% highlighted its importance for the company's future.

Smaller proportions of employees voiced concerns about the misuse of AI (7%), the loss of personal connection (5%), and the need for broader dialogue about AI (5%). Additionally, some employees mentioned the need for more significant investment in AI (5%), concerns about data security (2%), and the importance of learning how to use AI properly (2%).

##### 4.1. Leadership and Consultant Reactions to Employee Statements

Following a thorough analysis of the employee interviews, we focused on how the company's leadership, including the external human resources (HR) consultant, interpreted and made sense of the insights gathered. We posed a set of key questions to two senior members of the leadership team and one external HR consultant.

Our findings revealed that the internal leaders primarily focused on the technical aspects of the information obtained, while the external consultant emphasized methodological considerations and emotional responses. The leadership team underscored the value of involving an external expert and highlighted their role throughout the dual transformation process. They stressed the importance of an outside perspective in maintaining a sense of community among employees and supporting personal matters, including individual conversations.

Leadership acknowledged that technological and organizational changes inevitably bring emotional challenges, and they emphasized the consultant's role in managing these emotional dynamics within the team.

The combined insights of the leadership team and the external consultant contributed to a holistic understanding of employees' experiences, highlighting both the technical and emotional dimensions of the dual transformation. This integrated approach enabled leadership to navigate the change process more effectively while ensuring employee support and well-being throughout the transformational period.

Regardless of employee responses, the following key points were gathered from the leadership team:

##### 4.2. Positive Reactions

A prevailing sense of optimism reflected a newly found stability, security, and potential for growth. Many employees reported an increased sense of job security, which led to reduced stress and heightened motivation. Additionally, some employees welcomed the transformation with curiosity, eager for a fresh start and enthusiastic about engaging with diverse organizational cultures.

##### 4.3. Negative Reactions

Many expressed fear and uncertainty, feeling compelled to focus on survival rather than personal or professional development. Ambivalence and confusion emerged as prominent concerns, with employees

highlighting unclear working conditions, an undefined economic transformation, and a lack of clarity regarding the specifics of the merger and acquisition. Moreover, the perceived dependency on the parent company, a lack of autonomy, and the pressure to adapt internal processes contributed to an overall negative sentiment.

#### **4.4. Emotional Responses**

As employees navigated the dual transformation, a wide range of emotions surfaced. Fear was dominant, driven by uncertainty about the company's future and concerns about job security. This fear was intensified by the pace of change and unclear objectives, resulting in feelings of powerlessness and anxiety over organizational identity. In contrast, other employees expressed anticipation, curiosity, hope, and excitement about the unfolding changes, the perceived stability of their positions, and opportunities for professional growth.

#### **4.5. Urgent Activities to Improve Team Effectiveness**

In response to the pressure to enhance team performance, the identified priority actions include establishing clear goals and responsibilities and effective time management. Additionally, there is a strong emphasis on empowering and training departments, particularly Research and Development (R&D) and Marketing. Finally, providing employees with constructive feedback is regarded as a key priority.

#### **4.6. Urgent Human Resources Activities for Employees**

Regarding critical needs within the human resources department, priority actions include strengthening mentorship and coaching programs. There is also a clear focus on intensifying team-building efforts and improving employee communication. Furthermore, implementing a structured performance evaluation, reward, and recognition system—aligned with goal-oriented work—is considered essential.

#### **4.7. Empirical Insights for Research Contribution**

To comprehensively address the research question—how employees experience and associate emotions during social and technological transformations, and how different organizational stakeholders perceive these—we sought to analyze and deconstruct interview responses into macro-level indicators expressed by the employees. These indicators included: the course of the merger and acquisition (M&A) process, cultural differences between the two companies, operational effectiveness, and the role of artificial intelligence, perceived employee needs and values, as well as the reciprocal influence between the organization and its external environment. These thematic clusters of employee experiences, leadership interpretations, and external consultant insights were systematically analyzed to answer the research question on emotional experiences and stakeholder perceptions during social and technological transformations.

The key findings from all 14 interviews were systematically grouped into meaningful thematic clusters, highlighting the three to four most frequently recurring insights within each category as follows:

#### **4.8. Progress of the Merger**

1. Before the merger, fear, uncertainty, and stress were predominant.
2. Most employees felt they received sufficient information about the merger process, although some reported limited access to further updates due to restrictions.
3. Six months later, fear had diminished, and employees expressed optimism about the future.
4. Awareness of a shortage of technical personnel remains among the staff.

#### **4.9. Regarding Cultural Differences Between Companies**

1. Concerns were expressed about the potential loss of company identity and brand.
2. The merger is seen as offering more significant opportunities for career advancement.
3. The parent company recognizes and values the efficiency of the acquired organization.
4. Cultural differences continue to cause some apprehension.

#### **4.10. Operational Aspects**

1. Managers reported an increased workload due to a broader range of responsibilities.
2. The nature of the work itself has not changed significantly.
3. Employees appreciated experiencing less stress and greater autonomy through self-responsibility.
4. The company director demonstrated general satisfaction with the effective project leadership.

#### **4.11. Regarding Artificial Intelligence (AI)**

1. Employees believe AI will facilitate their work and consider it essential.
2. Personal contribution is still regarded as meaningful and important.
3. A generally positive attitude toward AI prevails.
4. There is a perception of insufficient investment in AI within the company.

#### 4.12. Perceptions of the Local Environment

1. Positive emotions were expressed about the acquisition, particularly in terms of stability.
2. Local residents view the implementation of AI as a necessary opportunity.
3. The merger brings a degree of uncertainty due to the unpredictable future.
4. Initial concerns arose from being acquired by a company from a less developed country.

We have summarized the main facts expressed by employees in the following tables with fundamental themes (Table , Table , Table , Table , Table ).

Table 1: M&A Process.

	<b>M&amp;A Process</b>	%
1	The future will be positive/optimistic/bright	100%
2	We have received enough information	71%
3	The reorganization has a calming effect, there is no more fear	71%
4	Initial fear/uncertainty/stress	53%
5	We need a larger workforce	41%
6	Things didn't look good with our company before the merger	24%
7	I believe the customers didn't know what and how	24%
8	Joy/satisfaction	24%
9	Perhaps they couldn't tell us more	24%
10	The work hasn't changed	24%

Table 2: Cultural differences.

	<b>Cultural differences</b>	%
1	A great opportunity for personal growth	71%
2	Concern about the loss of the company's identity and brand	65%
3	The bigger we are, the more opportunities for growth	53%
4	The parent company values us	35%
5	We work more efficiently and in an organized manner	35%
6	my company is the original one before merging	29%
7	We align well with the new parent structure	29%
8	Initial fear about communication, but not anymore	29%
9	They see that we're doing well	29%
10	In work style they are more Balkan enthusiasts	29%

Table 3: Operational efficiency and AI.

	<b>Operational efficiency and AI</b>	%
1	AI will ease/has eased my workload	100%
2	With AI is always a need for a person who knows and verifies things	100%
3	After M&A there are no major changes in the way of work	71%
4	I have a positive view of AI (I'm enthusiastic)	71%
5	My workload has increased; we are overwhelmed	59%
6	The parent company is like a start-up and needs to reorganize	53%
7	AI is important for the future	53%
8	I manage/I don't feel stress	41%
9	Freedom and personal responsibility are given priority	41%
10	Work tools are coordinated	35%

Table 4: Employee needs and Values.

	<b>Employee needs and Values</b>	%
1	There is a need for goal orientation and rewards/stimulation	71%
2	Significant attention to individuals and emotions	71%
3	Team building is important for getting to know each other	59%
4	Salary is important (not just that) and influence	59%
5	Well-being at the workplace is important	53%
6	It's important to continuously learn and grow personally	47%
7	Greater care for employees (team building, personal interviews)	47%
8	We need more technical knowledge	41%
9	Listening to employees and conversations are essential	41%
10	We still need to improve/keep an eye on communication among col	29%

Table 5: External Environment

	External Environment (parents, friends..)	%
1	positive feelings of company acquisition, bringing stability	53%
2	"I haven't talk to friends and family..."	29%
3	AI seems mora like an opportunity (a necessary), than a threat	24%
4	parents and friends are not interested	18%
5	M&A brings uncertainty due to an uncertain future	18%
6	Initial fear due to acquisition from a less developed country	18%

#### 4.13. M&A Transformation

In merger and acquisition (M&A) transformations, challenges are significantly amplified when the new parent company originates from a foreign country with different work and environmental cultures. In such cases, employees may experience a sense of identity loss and feel confused, isolated, or even threatened within a larger, unfamiliar, and foreign organizational structure. One of the leadership's primary concerns should be the well-being of employees from the acquired company. The critical role of the human resources department in advocating for the preservation, development, and reinforcement of a sense of community among the workforce becomes particularly evident.

Employees also emphasized the importance of cultural transitions that support and enrich communication and collaboration across the organization. The analysis indicates that, within acquired SMEs, it is essential to initiate early and thorough communication among all internal stakeholders, and subsequently extend this dialogue to new colleagues from the acquiring company. This is vital for strengthening the newly emerging social structure.

#### 4.14. Technological Transformation

In technological transformations, introducing minor changes or new technologies into the production process is generally not expected to significantly impact the workforce's radical psychosocial well-being, as such adaptations are standard practice in high-tech companies. In these cases, management can identify and address issues accordingly, effectively integrating them into the company's evolving cultural standards.

However, when transformation runs deeper, it may disrupt internal individual and social equilibria. A notable example is the implementation of artificial intelligence in a company where software development is one of the core activities. The company's productivity goals, the rapid technological change, and competitive pressures may collectively increase the urgency to develop new products.

#### 4.15. Artificial Intelligence integration

Our interviews found that when AI systems such as ChatGPT access key programming repositories like GitHub and GitLab, they can draw from these sources to acquire extensive knowledge. This knowledge potentially enables AI systems to significantly contribute to, or even replace, the work of programmers. This dual nature of AI, as both a valuable aid in code development and a possible substitute, presents a dilemma for programmers. While some may embrace and leverage AI support, others may perceive it as a threat, raising concerns about the future of their roles in the workforce.

Thus, employee reactions are mixed, ranging from optimism and anticipation of AI's positive effects on work processes to concerns over ethical implications, particularly the loss of human connection and the potential misuse of technology. This diversity of perspectives reflects the complexity of integrating AI into work environments. It underscores the need for a balanced approach involving employees in dialogue and decision-making processes to maximize benefits while minimizing potential negative impacts.

#### 4.16. Recognition of Emotions

Employees in the company faced a particular challenge in recognizing and articulating their own emotions. Before conducting the interviews, employees were encouraged to openly share their feelings, especially in contexts involving significant transformations, such as mergers and acquisitions, and the integration of artificial intelligence.

We found that many struggled to express their emotions, with responses often reduced to just two states: feeling either "good" or "bad." For a more nuanced understanding of their emotional experiences, it would be necessary to provide employees with prior training in recognizing at least basic emotions. Such training could foster personal development and ultimately support more accurate expression of emotional states in the workplace.

We believe it would be beneficial for this type of emotional awareness training to be facilitated by external professionals not formally affiliated with the company. This would likely create a safer and more open environment where employees could express their feelings freely and without fear.

#### 4.17. Leadership and Human Resources Consultants

We identified differing perspectives between company leadership and human resources (HR) consultants, with internal managers offering more practical, operational insights into the situations encountered. At the same time, our findings support theoretical claims that HR consultants are highly valuable in SMEs (Fuller & Tian, 2006). These diverse perspectives prove beneficial in addressing complex workplace challenges.

The article further confirms that the role of external HR consultants is crucial in medium-sized enterprises (Guerrero, Cayrat & Cossette, 2021), as their external and independent position brings valuable viewpoints and innovative solutions.

Our findings align with Gonfa's (2019) transformational leadership components, especially individualized consideration, where external consultants helped recognize employees' emotional states. However, the limited emotional literacy among employees indicates a gap in internal transformational capabilities, suggesting a need for structured emotional intelligence training, as Morandini et al. (2023) advocated. Furthermore, the involvement of external HR consultants supports Grin et al.'s (2018) Complexity Leadership Theory, by providing adaptive capacity to the organization during unpredictable transitions.

#### 4.18. External Environment

We observed that the response of family and friends to the challenge of the company's dual transformation was generally positive and optimistic. However, respondents at the selected company rarely discuss work-related matters outside the workplace. In this regard, whether employees consciously withhold such conversations from their loved ones or do not carry discussions from one environment into another remains unclear.

### 5. CONCLUSION

This article highlights the complexity of the interplay between emotions and leadership in the workplace. It emphasizes the need for a comprehensive approach to human resource management and the development of effective work environments. Dual transformations can pose significant challenges for companies, particularly when employees, as observed in our case, are not accustomed to recognizing their own emotions or those of their colleagues. Enhancing this ability could improve communication and support rebuilding an engaged organizational community. Our findings confirm that external HR consultants can be critical in supporting SMEs during periods of significant change (Fuller & Tian, 2006).

Based on the interviews and subsequent analysis, it can be concluded that employees find it challenging to identify and articulate their emotional experiences. The interpretation of conversations and transcripts suggests that fear was the dominant emotional response, followed by anticipation when facing uncertainty. While emotional experiences were relatively consistent among employees, significant differences emerged between employees and leadership. Technically oriented managers focused on operational aspects, viewing "emotion" more as a functional concept linked to activity and performance, rather than personal feeling. In contrast, the HR leader demonstrated greater openness and collaboration with external consultants. This led to new methods that allowed for a more personal and individualized approach to emotional issues, underscoring the importance of emotional understanding and management for effective leadership and creating a positive work environment.

In response to our research question, the findings confirm that employees experienced a predominant emotion of fear, gradually shifting towards optimism as transformation processes unfolded, while leadership and external consultants perceived emotional states differently based on their roles and experiences. The perception and expression of emotions vary among stakeholders, likely due to differences in individual sensitivity and the availability of soft skills and emotional intelligence. This finding underscores the need for a deeper understanding of the role of emotions in organizational change and the development of strategies to enhance emotional communication and intelligence within organizations.

Implementing emotional education programs within companies presents a promising strategy for strengthening employee social cohesion and synergy. Such programs facilitate interpretation and navigation through workplace challenges, improving emotional communication with leadership. This could foster greater alignment between organizational cultures, enhance employee well-being, and ultimately increase organizational performance and efficiency during transformation. In continuous organizational change, such as mergers, acquisitions, and technological innovation, developing emotional literacy may prove crucial for optimizing the work environment and achieving sustainable growth.

The article faces methodological limitations, primarily due to the variability of causes and consequences in mergers and acquisitions (M&A) at companies' technical and cultural levels. The uniqueness of each case complicates the generalization of results. Therefore, we recommend conducting further research on identifying and defining key variables for M&A scenarios to facilitate future studies and replication of similar research. Such an approach will likely reduce the risk of unjustified generalizations and provide researchers and managers with suitable tools for more in-depth case-specific analysis.

In light of this, we propose several avenues for future research. First, an in-depth investigation focused on employees' ability to recognize their own emotions and the emotions of others, both before and after targeted emotional intelligence (EI) training. The objective would be to assess whether EI education positively impacts

interpersonal relationships and team effectiveness. Additionally, examining how emotions are transmitted within and beyond the organization, from the external environment into the company, and vice versa, would be valuable.

In the same context, we recommend a detailed analysis and potential enhancement of emotional recognition systems that simultaneously educate and train employees in understanding and identifying emotions. This approach could be operationalized through daily emotional tracking, allowing for precise monitoring of emotional changes in the workplace and exploration of their potential effects on group dynamics.

Lastly, we recommend developing research focused on artificial intelligence's impact on leadership functions. The aim would be to understand better AI's effectiveness and influence on relationships between leaders, employees, owners, and the broader organizational environment. We also propose a comparative study using different AI tools with minimal human intervention. Such research could be extended to examine implications for the HR department and the broader human resources function.

In our view, these proposed areas of investigation remain underexplored. They could significantly contribute to a better understanding of the role of emotions in the workplace, to improving HR management practices, and to developing strategies that foster a positive work environment, stronger team dynamics, and enhanced productivity.

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