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**The Impact of Leadership on Organizational Ambidexterity and Employee
Psychological Safety in the Global Acquisitions of Emerging-Market Multinationals**

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Abstract

This paper examines the impact of leadership on organizational ambidexterity and employee psychological safety based on a sample of 105 global acquisitions of emerging market multinationals. The findings suggest that, compared to the transactional and laissez faire ones, the charismatic leadership style is more significantly related with organizational ambidexterity and employee psychological safety. The results also suggest that transactional leadership is more positively related to ambidexterity and employee psychological safety than

laissez faire leadership. In addition, organizational ambidexterity is directly and positively associated with employee psychological safety. The implications of these results for both research and practice are discussed in the paper.

Keywords: leadership, organizational ambidexterity, emerging-market multinationals, cross-border acquisitions, employee psychological safety.

Introduction

Over the last few decades, acquisitions by emerging-market multinationals' (EMMs) have seen a rapid increase (Bonaglia, Goldstein & Mathews, 2007; Demirbag, Glaister & Tatoglu, 2007; Luo & Tung, 2007; Gammeltoft, 2008; Aybar & Ficici, 2009; Gubbi, Aulakh, Ray, Sarkar & Chittoor, 2010; UNCTAD, 2011; Kohli & Mann, 2012); such growth kept gathering speed during the financial crisis years, despite the value of assets in developed economies becoming greatly depreciated (Rao-Nicholson & Salaber, 2015). In addition to their typical resource- and market-seeking motives, EMMs also undertook cross-border acquisitions to access high-technology and managerial practices and processes (Huang & Khanna, 2003; Purushothaman, 2004; Kumar, 2008; Gubbi et al., 2010; Hattari & Rajan, 2010). Although cross-border acquisitions are typically more complex (Aguilera & Dencker, 2004), the extant narrative on EMMs global acquisitions generally focuses on the performance of such acquisitions without critically examining the underlying processes that can explain the performance peculiarities (Rottig, 2013; Weber & Tarba, 2013; Rottig, Reus & Tarba, 2014). One of the key means for EMMs to succeed in foreign transactions is its organizational ambidexterity. Organizational ambidexterity is the organizational ability to engage in the dual aspects of exploration and exploitation (Benner & Tushman 2003, Jansen et al. 2008; Nemanich & Vera, 2009; Junni et al., 2013). In the acquisitions context, an ambidextrous organization is capable of creating synergies between acquirer and target to generate valuable future exploitative opportunities (Nemanich & Vera, 2009; Junni et al., 2013; Rao-Nicholson, Khan & Stokes, 2016).

One of the least examined factors related to acquisition performance is the human cost of cross-border acquisitions, and how acquisition failure can be driven by human factors, including the apathy of the target's employees towards the acquirer (Cartwright & Cooper, 1993; Larsson & Finkelstein, 1999; Larsson & Lubatkin, 2001; Halebian, Devers,

McNamara, Carpenter & Davison, 2009; Rees & Edwards, 2009; Gomes, Weber, Brown & Tarba, 2011; Stahl et al., 2013). These studies have examined the effect of human factors on the ideal performance from the perspective of company cultures, parallels between company management styles, organizational tolerance cultures, and of other factors such as individual, group, and organizational elements (Seo et al., 2012). The reaction of the target management and employees is crucial for the success of foreign acquisitions; yet, few studies have examined the impact of leadership on organizational ambidexterity and employee psychological safety (EPS) in EMMs global acquisitions (Rao-Nicholson et al., 2016). EPS refers to employee views on work-related risks in decision making; it is high when employees feel free to make decisions without concern about the future implications of such decisions (Edmondson, Kramer & Cook, 2004). EPS then enables employees to stay, engage, connect, adapt to change, and learn (Edmondson & Lei, 2014). In the context of cross-border deals, target company EPS is related to how employees perceive and experience their company being acquired by EMMs; this is due to the effect that new owners from foreign countries—especially emerging economies—can potentially have on risk behaviour and decision making (Weber & Tarba, 2010; Weber & Tarba, 2013).

In their study, Rao-Nicholson et al. (2016) examine leadership visibility and trust, while neglecting the impact of different types of leadership. Also, the acquirer's leadership style and ambidexterity can have an effect on the acquisition's performance. The acquirer's leadership style can either be charismatic (Bass, 1985; Pawar & Eastman, 1997; Conger & Kanungo, 1998; Waldman & Yammarino, 1999; Judge & Piccolo, 2004; Nemanich & Keller, 2007), transactional (Sosik & Dinger, 2007), or laissez faire (Sosik & Dinger, 2007); each of these styles has a different impact on target employee engagement with the acquiring EMMs. Similarly, leadership style will have an impact on the organizational ambidexterity (Hirak, Peng, Carmeli & Schaubroeck, 2012). Finally, the acquirer's organizational ambidexterity

will considerably influence the target's EPS (Nemanich & Vera, 2009; O'Reilly & Tushman, 2013; Meglio, King & Risberg, 2015). Yet, most extant studies have either looked at a single type of leadership in an organization and at its impact on employees emotions during acquisitions, or have studied acquisitions involving developed economy companies (Sinkovics et al., 2011; Gunkel et al., 2015).

The main objective of this paper is to examine the impact of acquirer leadership style on target company organizational ambidexterity and EPS. It aims at answering the following key questions:

- How does an acquiring EMM's leadership style impact target employee psychological safety after a cross-border acquisition?
- What impact does the acquirer's organizational ambidexterity have on EPS?

In examining the role played by leadership style and organizational ambidexterity on EPS in the EMM context, this study makes three key contributions to the literature.

First, whereas the extant research has either paid limited attention to the various leadership styles and their impact on organizational ambidexterity and EPS, or has focused upon the impact of either the transformational or transactional leadership style on performance, we study the various leadership styles and their impact on organizational ambidexterity and EPS.

Second, we link organizational ambidexterity with EPS and provide a more nuanced understanding of the impact of the former on the latter in the cross-border acquisitions context.

Third, we focus upon EMM global acquisitions and EPS, whereas most of the existing research has been conducted in the developed market context.

Theoretical Background and Hypotheses Development

Leadership style

The role of leadership has been noted to be important in determining the successful integration following M&As (Nemanich & Keller, 2007; Vasilaki, 2011a). In fact successful integration of mergers hinges on a competent leaderships style that facilitate expectations, cultural adjustment, talent retention and employees' psychological safety during M&As integration stage (Kavanagh & Ashkanash, 2006; Nemanich & Vera, 2009; Waldman & Javidan, 2009; Zhang et al., 2015; Rao-Nicholson et al., 2016). The leadership style alternatively referred to as charismatic (Conger & Kanungo, 1998; Waldman & Yammarino, 1999), transformational (Bass, 1985; Pawar & Eastman, 1997; Judge & Piccolo, 2004; Nemanich & Keller, 2007; Vasilaki, 2011a), visionary (Sashkin, 1988) or inspirational, will be examined along with the transactional and laissez faire ones for their impact on EMM cross-border acquisitions; for simplicity, we will refer to the main style under study as 'charismatic'.

A charismatic leadership style is one that encourages followers and inspires them to pursue self-development (Bass, Waldman, Avolio & Bebb, 1987). This style of leadership leads to the satisfaction of the followers' needs. Bass (1985) identified four dimensions of this style leadership; these include idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration towards individual followers. Charismatic leadership is closely associated with followers' personally identifying with their leaders and has a great impact on the followers' affective organizational commitment and turnover intentions (Zhu, Wang, Zheng, Liu & Miao, 2013). Also, charismatic leadership has been seen to impact team and organizational level performances (Gang Wang, Oh, Courtright & Colbert, 2011). In their meta-analysis review of research conducted over 25 years, Gang Wang et al. (2011) found that charismatic leadership has higher impact on contextual

performance than it has on task performance. Leadership style has been noted to play an important role in the retention of talent and improving post M&As integration in the context of China (e.g., Zhang et al., 2015). Thus, the adoption of a charismatic leadership style during an acquisition's post-integration stage can potentially reduce target company employee turnover rates. Also, charismatic leadership increases organizational resilience (Sommer, Howell & Hadley, 2015). Overall, charismatic leadership is linked to higher performance levels than transactional leadership (Gang Wang et al., 2011). However, both the transactional and laissez faire leadership styles also have their advantages. For example, transactional leadership can bring about predictable target employee performance levels and easily measurable milestones (Gang Wang et al., 2011). Leaders who opt for a laissez faire style will take a hands off approach to the management and decision-making process (Bass & Avolio, 1997; Sosik & Dinger, 2007); thus, in the cross-border acquisition context, the integration process may be delegated to the local or middle management. A laissez faire leadership style may either improve the target company's feeling of autonomy or increase its alienation from the acquirer. Compared to those linked to the transactional style, the outcomes of a laissez faire leadership in cross-border acquisitions are harder to manage and predict. Thus, the laissez faire leadership style is in complete contrast to the active one typically adopted by charismatic and transactional leaders.

EMMs will face challenges in terms of the organizational and managerial capabilities required for seamless post-acquisition cross-border integrations. In the Chinese context, for example, individuals are used to a paternalistic leadership style (Farh & Cheng, 2000; Pellegrini, Scandura & Jayaraman, 2010; Ho & Nesbit, 2014; Chou, Sibley, Liu, Lin & Cheng, 2015). Also, Chinese individuals are likely to respond to a paternalistic leadership style by adopting subordinate behaviours aimed at demonstrating their indebtedness towards their leaders' benevolence (Ho & Nesbit, 2014). In situations in which Chinese managers—

used to practices and policies suited for their home country employees—are required to manage developed economy employees, who are generally both more self-reliant and self-governing, they are likely to experience cultural challenges (Hofstede, 1980). Such challenges can manifest themselves as conflicts in a target organization during the post-acquisition stage and are mainly driven by the differences in management styles that exist between the acquirer and target companies (Rao-Nicholson et al., 2016).

Employee Psychological Safety (EPS)

The origins of EPS lie in the psychology literature, which refers to it as the employee views of the results of taking work-related risks (Edmondson et al., 2004; Edmondson & Li, 2014). In situations in which risks can be undertaken without the potential for incurring in penalties, employees feel free to make decisions without concern for job loss and reputational risks (e.g., Edmondson & Lei, 2014). This freedom from social stigmatization and organizational censure can greatly improve EPS. In this paper, the study of EPS is specifically related to the target company employees' perceptions of being acquired by an EMM. Each of the target's employees will experience the acquisition of their company by an EMM in different ways (Weber & Tarba, 2010; Weber & Tarba, 2013). Some of them may experience negative emotions whereas others may initially feel ambivalent. In any case, having being acquired by an EMM, the target's employees, as a group, may perceive an—albeit unsubstantiated—sense of loss of power and autonomy, as discussed in several extant media reports (An, 2011). Such sense of loss and (in some extreme cases) a refusal to accept any changes linked to the acquisition could greatly affect EPS. For example, the Indian company Apollo ran into difficulties when acquiring the American company Cooper tires due to US labour issues (Vance & Paik, 2015). The acquiring Indian company was forced to negotiate with the United Steel Workers union over its members' concerns regarding job security and benefits. Ultimately, these difficulties led Apollo to abort its merger with Cooper. EPS is also greatly

affected by leadership style (Nemanich & Keller, 2007) and employee perception of the leadership approaches adopted during the acquisition (Vasilaki, 2011). When an acquirer adopts a post-acquisition leadership style with regard to the target's employees that is nurturing and empowering, it will positively impact their EPS. Thus, a leadership style that demonstrates the acquirer's understanding and its willingness to engage with the target's employees' existing job expectations and maintain the same opportunities for their occupational growth is likely to positively affect EPS (Katinka, 2001).

Charismatic leadership is empowering and forgiving of risks and creates opportunities for employee growth and personal development (Edmondson et al., 2004; Carmeli, Sheaffer, Binyamin, Reiter-Palmon & Shimoni, 2014; Edmondson & Li, 2014). In the case of the EMM acquisitions, this can provide target employees with opportunities to continue with their prior activities and jobs without coming under pressure from the EMMs to change or adapt their way of working to their new owners' ethos. Thus, EPS is greatly influenced by the organizational willingness to accept the target employees' existing job expectations and maintain the same opportunities for their occupational growth (Katinka, 2001). Yet, this style of leadership may be in opposition to those prevalent in collective cultures like those found in India, African countries, and China, or in socialist Eastern European and former Soviet states (Walumbwa, Wang, Lawler & Shi, 2004). Thus, EMMs will have to proactively develop a charismatic leadership style within their organizations.

Transactional leadership will generate opportunities for employees to experience some degree of freedom as employment rules are clearly defined and adequate direction is provided by the acquirer company on tasks to be carried out in the target one. A leadership that supports employees in their current jobs will create EPS (Carmeli et al., 2014). Thus, EMMs that adopt a transactional leadership style will create an environment that is conducive to the promotion of EPS. Yet, the level of EPS will be lower than that generated by

charismatic leadership as the transactional style is neither empowering nor uplifting in terms of those factors that create EPS. Thus, charismatic leadership, which is both empowering and likely to engage actively with the target's employees, is likely to generate higher levels of EPS than transactional leadership, which is mostly engaged in developing clearer operational outcomes, rather than developing the human side of operations.

Lastly, laissez faire leadership avoids making decisions and provides limited directions to subordinates. In the case of EMMs, a limited engagement with cross-border targets can create either a feeling of relief in the minds of the target employees, thus improving EPS, or lead to the development of feelings of mistrust towards the EMM acquirers. The major issues emerging in the post-acquisition period stem from the fact that a limited engagement with the target will create limited opportunities for acculturation between it and the acquirer company. Thus, we argue that a laissez faire leadership style will be the one least related with EPS. A charismatic leadership style, which is motivating and visibly engages with employees, will have a higher impact on EPS than a laissez faire one, which takes an arm's-length approach to management. Similarly, a transactional leadership style, albeit being mainly of a procedural nature, still involves working with the target's employees to create processes or monitor them. Thus, a transactional leadership style is likely to have higher links with EPS than a laissez faire one.

Based on above discussion, we argue that:

H1: Charismatic leadership will have a higher relationship with EPS than the transactional and laissez faire varieties.

H2: Transactional leadership will have a higher relationship with EPS than the laissez faire variety.

Leadership and ambidexterity

The existing research indicates that ambidexterity is key to organizational success and survival (Tushman & O'Reilly, 1996; Benner & Tushman, 2003; Jansen et al., 2006; Junni et al., 2013). Ambidexterity is defined as the organizational ability to engage in the dual aspects of organizational growth—namely, exploration and exploitation (Jansen et al., 2008; Nemanich & Vera, 2009; Junni et al., 2013). It has also been linked with management paradox (Yoon & Chae, 2012). In the context of acquisitions, ambidextrous organizations will be capable of creating synergies between the acquirer and target to generate valuable future exploitative opportunities (Jansen et al., 2008; Nemanich & Vera, 2009; Rao-Nicholson et al., 2016). The role played by leadership is undeniably quite pertinent to organizational survival and essential to the development of an ambidextrous organization (Jansen, Tempelaar, Van den Bosch & Volberda, 2009; Cao, Simsek & Zhang, 2010; Rosing, Frese & Bausch, 2011; Tushman et al., 2011). Leader role is important for the development of systems, structures and cultures that support the assimilation of knowledge during mergers (Kavanagh & Ashkanasy, 2006), and successful integration following M&As (Vasilaki, 2011). Scholars indicate that contextual factors such as senior team integration helps in balanced resource allocation, forms cross-fertilization and synergies towards ambidextrous activities (e.g., Jansen et al. 2008), and the ambidexterity performance link is also suggested to be the outcome of contextual variables and it is positively related to performance (Junni et al., 2013). The ability of the senior leadership teams to adopt to conflicting demands between old and new activities is a key indicator of organization success (Tushman et al., 2011), and ambidexterity requires leaders with stock of behavioural skills (Raisch & Birkinshaw, 2008). It has also been noted that ambidexterity necessitates top leadership teams shared vision (Jansen et al., 2008), as well as coordination and information processing demands skills (Lubatkin et al., 2006). At the same time, different leadership styles will have different impacts on an organization's ambidexterity (Jansen et al., 2008; O'Reilly & Tushman, 2011).

O'Reilly & Tushman (2011: 76) note that a key leadership quality is “the ability of the senior leadership to tolerate and resolve the tensions arising from separate alignments”. Research also indicates that HR and organizational factors play a key enabling role in ambidexterity (e.g., Junni et al., 2015).

Transformational leadership will be positively related to organizational ambidexterity; similarly, it can be argued that transactional leadership can manage ambidexterity by means of a task oriented approach (Tushman & O'Reilly, 1996). These forms of leadership will tend to differ in their approach to the future development of their organizations. For instance, Jansen et al. (2008:22) suggest that "transformational leaders are necessary to force socially integrated teams to critically debate and openly discuss conflicting task issues". Compared with the transactional style, charismatic leadership will be characterised by a higher degree of flexibility in the generation and evolution of an ambidextrous organization (Jansen et al., 2009; Cao et al., 2010; Rosing et al., 2011). Under a charismatic leader, employees will enjoy more freedom and flexibility and will be able to manage resilience and innovation in face of uncertainty; conversely, transactional style led employees might not be able to effectively engage with uncertainty as they will be used to a task oriented approach to personnel management. Kang and Snell (2009) suggest that intellectual capital and its complementary alignment is helpful to ambidexterity. Finally, laissez faire leadership will be the least related to organizational ambidexterity as this style does not get involved in the decision-making process. In terms of EPS, ambidexterity will generate positive feelings in the target's employees in terms of the acquirer's ability to engage with uncertainty during the acquisition process. Kostopoulos and Bozionelos (2011) found that psychological safety supported both exploratory and exploitative learning activities and team performance, and this outcome was magnified by task conflict. Thus, acquirer ambidexterity will be positively related to EPS in the target organization.

Based on the above discussions, we hypothesize that:

H3: EMMs adopting a charismatic leadership style will have a higher relationship with organizational ambidexterity than those enacting the transactional and laissez faire varieties.

H4: EMMs adopting a transactional leadership will have a higher relationship with organizational ambidexterity than those enacting the laissez faire variety.

H5: Acquirer organizational ambidexterity is in a positive relationship with target EPS.

The conceptual model is shown in Figure 1.

[Insert Figure 1 here]

Methods and data collection

Methodology

We use the methodology and data collection process adopted by Larsson & Lubatkin (2001), Larsson & Finkelstein (1999), and Larsson (1993). Other scholars, including Cooper (1984), Yin (1981), and Yin & Heald (1975), have also adopted this method of integrative research review. Based on previously established research goals and criteria, cases are collected and classified according to their suitability for the research project. These cases are then used in a statistical analysis (Jauch, Osborn & Martin, 1980; Bullock & Tubbs, 1990; Larsson & Finkelstein, 1999). Case selection is carried out in a structured manner that reflects the research objectives and aims. Next, a coding technique is systematically developed to convert qualitative case data into quantitative ones. Finally, the collected data is statistically analysed to obtain results relevant to answer the research questions (Larsson, 1993).

This method is specifically useful in circumstances in which experimental designs are difficult and expensive to develop. The case survey method provides an interesting opportunity to analyse phenomena for which the data collection might otherwise prove

difficult or when limitations might creep into the statistical analysis due to small sample sizes. Further, the extant literature provides evidence that this method is systematically both rigorous and robust (Larsson & Finkelstein, 1999). We believe that this method is sufficiently robust and is an efficient way to collect the data needed to test our hypotheses. Case studies and newspaper articles provide a rich set of information which enables the coding of numerous elements; also, most of this information will be in the longitudinal format. The literature reiterates that rich data on the social, cultural, and human resources issues involved in acquisitions can be obtained from case studies and media materials (Larsson & Lubatkin, 2001). The major limitation of this method lies in the fact that the coding process is open to procedural issues and depends on the capability and experience of the coder (Larsson & Finkelstein, 1999). Another limitation stems from the fact that the case study selection is non-random and could potentially suffer from the researchers' selection bias (Larsson & Finkelstein, 1999).

Sample

This study focuses on the cross-border acquisitions made by Indian and Chinese EMMs like Tata, Haier, the Industrial and Commercial Bank of China (ICBC), Infosys, Mahindra and Mahindra, and Bharti Airtel, which have aggressively pursued internationalization strategies over last couple of decades. The extant literature has identified the motivations and means for the internationalization of these EMMs (Boateng, Qian & Tianle, 2008; Zhang, Zhou & Ebbers, 2011; Kohli & Mann, 2012; Wang, Hong, Kafouros & Boateng, 2012; Huang & Renyong, 2014; Ning, Kuo, Strange & Wang, 2014). We chose Indian and Chinese companies as they belong to two of the largest emerging economies in the world that are institutionally diverse. Also, the globalization trajectory and underlying reasons for internationalization in these two economies are qualitatively different (Nicholson & Salaber, 2013). These economies provide variations in terms of domestic institutional environments

(Nayak, 2011; Buckley, Forsans & Munjal, 2012; Kohli & Mann, 2012; Wang et al., 2012; Hemphill & White, 2013; Nicholson & Salaber, 2013). The two countries also demonstrate differences in terms of the industries that engage in outward investment (Nair, Demirbag & Mellahi, 2015), which is driven by the private sector in India and by state-owned companies in China. Also, the cultural and social differences that exist between these two large emerging markets make them ideal candidates for this study (Hofstede, 1984; Contractor, Lahiri, Elango & Kundu, 2014).

We used a careful and rigorous process to identify the cases for this study. We used the Thomson One database to obtain data on Indian and Chinese companies that had engaged in cross-border acquisitions. This database has been widely used in studies on the cross-border acquisitions of Indian and Chinese companies (Nicholson & Salaber, 2013). At this stage, we obtained information on more than 500 acquisitions; this was then used to collect the names of the Indian and Chinese acquirers, which were used to search multiple sources for the acquisition information related to these companies. We began by searching the Business Source Premier, JSTOR, and HBR databases, and then performed direct searches for cases using the Google search engine. We also used case materials based on Fortune articles, as it had been suggested that, in the past, even cases from such sources, which are not considered sufficiently robust, had been successfully used for research purposes (Larsson & Finkelstein, 1999). More than 200 cases were identified through this process, 105 of which were selected after having been screened for relevance. For inclusion in our research, each case study had to be a real-life one and include information on the post-integration period. Most case studies were of between one and 25 pages in length. The case material also had to provide information with regard to human practices and human resource management systems in the post-acquisition context, especially in the target company. It was mandatory for the case materials/articles/newspaper reports to also contain clearly defined information

on one of the following constructs in the post-acquisition context: leadership type, organizational ambidexterity, and EPS. We triangulated our coding with information obtained from interviews conducted with industry analysts and managers from a few of the case companies. The underlying reason for carrying out such triangulation was to ascertain that our data coding process was robust and rigorous.

The coding method discussed in Larsson & Lubatkin (2001), Larsson & Finkelstein (1999), and Larsson (1993) was used to code the case materials for our study. For our research, we used some of the items developed in these earlier works. The details of the various indicators are provided in Appendix A.

Data Reliability and Validity

Although the case survey methodology has some advantages, it also has its limitations. Primarily, this methodology depends on the subjective coding of all the variables in a study. Following Larsson & Finkelstein (1999), we use various methods to check the reliability and validity of our constructs and to reach a consensus on the coding. To maximize the amount of information captured by coding, each individual variable was measured by using six point scales. The quality constraint was provided by interrater reliability. To avoid any threat to the internal validity of the data collection (Cook & Campbell, 1976), it was decided that two independent raters not involved in this research project would code all the case information and, consistent with other studies of this nature, it was decided that Intraclass Correlation Coefficients of .70 would be considered satisfactory and those above .80 good (Larsson, 1993; Larsson & Finkelstein, 1999; Larsson & Lubatkin, 2001; Neuendorf, 2002; Stahl, Larsson, Kremershof & Sitkin, 2011). Also, a sample of the coding of our cases (20 cases) was provided along with the case materials to two industry analysts to obtain their expert review. The goal of this exercise was to determine whether they agreed

with the classification made by the other two independent raters. Differences were found in 10% of the cases (two cases). This was within the tolerance levels for result divergence, which were higher than what was observed in this exercise.

Using acquisition related material for coding variables

We used materials from case studies to identify any EPS changes occurring after an acquisition and examine the EMMs' activities. For example, a Xinhua News Agency article discusses the strategy adopted by the Chinese EMM Bluestar in its foreign acquisitions (Xinhua News Agency, 2007). The article stated that, *"Every time Bluestar acquired a foreign company, Ren would write letters to foreign senior managers and staff to introduce the history, development prospects, corporate value and other information about Bluestar, and announce the company's employment plans in a timely way, so as to increase the understanding and identity of the new staff."* Bluestar's CEO had been actively involved in the management of the company's foreign subsidiaries' activities and had proactively tried to assuage any issues that these subsidiaries may have had with their foreign acquirer. In the same article, the CEO further elaborated that, *"The key for fusing corporate cultures is to study and respect local cultures of the purchased companies," Ren said. "Every nation has its own unique culture, different cultures should complement each other to reach win-win results."* The CEO also engaged with local stakeholder fears of the Chinese company choosing to relocate manufacturing to China in the future and tried to address them by issuing several statements that highlighted the important role to be played by the target in the company's future strategy. For example, the CEO stated that, *"Overseas purchases have helped Bluestar to set up an international operating platform, on which Bluestar can develop with domestic advantages in low-cost raw materials and market potential, and overseas advantages in technologies."*

Similarly, in the case study of Tata's acquisition of British Brunner (Srivastava & Verma, 2012), the authors stated that, "*Soon after the acquisition in December 2005, senior Tata Chemicals executives held one-on-one meeting with key Brunner Mond ... managers. In the meeting they assured them that they would retain all senior executives and employees, and would not change the companies' name, identities, or reporting set up. The acquired firms' executives were also informed that Tata would seriously consider issues related to Brunner Mond's pension plan liabilities – then a major concern of the acquired company's employees.*" Thus, Tata's managers chose to directly address the contemporary pension issues that were being experienced by their British target's employees.

Similarly, the temporary embedding of target employees in acquirer companies could mollify some of their fears and apprehensions, which could reflect on their EPS. According to Srivastava and Verma (2012), when Mahindra and Mahindra acquired SsangYong, the acquirer's managers decided that the "*Korean staff will train in India, so that they know what M&M wants ... Instead of ramming any particular ethos down their throat, employees are exposed to the M&M way of work in India over time.*" This type of embedding also helps in developing cultural sensitivities between acquirer and target employees.

Also, acquirers can engage with multiple host country stakeholders to gain legitimacy for their actions regarding their targets' future management and the motivations behind the acquisitions. When Shuanghui International acquired Smithfield, the acquirer's CEO proactively engaged with the media and other local stakeholders to allay any US fears of Chinese acquisitions. For example, a newspaper article (Mattioli, Cimilluca & Kesmodel, 2013) stated that, "*... the purpose of the tie-up is to export more of Smithfield's output to feed rising demand in China, the world's biggest pork market, and not to import Chinese meat into the U.S ... bringing an American brand to China, where food safety concerns are high and consumers place high levels of trust in Western products.*" Much of this information was

constantly reflected in the media and local meetings. Also, the local CEO worked with the media to dispel any issues linked to the foreign acquisition of the American company. For example, the same Wall Street Journal article reported that *“Smithfield's Mr. Pope said the company will contact its customers in coming days to get their reaction to the deal.” I'm sure there will be concerns from some of our customers," he said. During a conference call with analysts, Mr. Pope stressed that the deal was about exporting more of Smithfield's meat—to China and elsewhere in Asia—and not importing Chinese pork. Currently, about 25% of Smithfield's exports are to China.*” Also, trade unions in the host country were actively courted by the acquirers to create an environment favourable to post-acquisition integration. Mattioli, Cimilluca & Kesmodel (2013) mentioned that *“The United Food and Commercial Workers International Union, which represents about 16,000 Smithfield employees, signaled its support for the deal, saying in a statement that it was "pleased" that current Smithfield management would stay in place and that all collective bargaining agreements would remain in place.*” Information of this nature being widely presented in the media and local communications can assuage any fears linked to the takeover and greatly improve EPS among target employees.

On the other hand, in some acquisitions the acquirers are unable to gain the trust and good will of the targets' local stakeholders, leading to severe lowering of EPS. For example, the Havells and Sylvania merger was riddled with several issues from the start, which were further augmented by the managers' lack of engagement with the local stakeholders. An article in Forbes stated that, *“the Guptas put Sylvania through massive restructuring in January 2009. The CEO and some key executives were replaced ... They laid off staff, shut plants and warehouses and restructured operations ... Havells had acquired an MNC bigger than itself, but 'did not have the management bandwidth to manage such a big company' ... The Guptas thought keeping the old Sylvania management onboard was their safest bet. The*

bankers and investors preferred this stability. Sylvania's leadership didn't make it any easy. "Their approach was, these guys from India don't understand Europe," says Anil. They would all sit down to thrash out strategies to fix things. But once they returned to India they would realize that nothing moved."

Also, information in the media can greatly affect employee morale and EPS. For example, Bharti Airtel's acquisition of Zain Telecom in Africa was affected by various issues, ranging from financial planning to personnel management. Yet, most media reports centred on what was touted as the replacement of local staff with expats from India. The newspapers ran articles on how staff changes would "*spark renewed rivalry between locals and expatriates*" and claimed that "*new managers, mainly Indian executives, would replace 80 per cent of Zain Africa's current employees*" (DailyNation, 2010). Most of Bharti Airtel's strategy material was channelized through official media and press releases and the ordinary employees of the African operation were left out of the decision-making process. Also, the top management team in the African operation was replaced with specialized experts from India. "*The company, in a statement, added that during an Africa leadership workshop held in Kampala last week in the presence of Mr Manoj Kohli, Bharti Airtel chief executive, it was agreed that a small core team of 40 Bharti Airtel employees with specialised expertise will be deployed across all 15 countries of Africa*" (DailyNation, 2010).

Dependent variable: Employee Psychological Safety (EPS)

We measured EPS along several different factors, including job and salary safety (Rottig, 2013) (Cronbach's $\alpha = 0.94$).

Explanatory and other variables

We measured leadership style along three different styles (*Charismatic, Transactional, and Laissez-faire*). We explored the possibility of using the Multifactor Leadership Questionnaire (MLQ) typically used in leadership studies (Bass & Avolio, 2000; Nemanich & Keller,

2007). Yet, studies have found that, typically, one or two factors explain the major variance observed (Nemanich & Keller, 2007). Thus, given the limitations linked to the collection of data at this level of disaggregation and the onerous nature of this activity, we decided to proceed with a much simpler process to classify EMM leadership for the purposes of this study. The chief argument for the method adopted is that we didn't need to capture the degree of the leadership styles (as in Bass & Avolio, 2000); rather, we were interested in understanding their effects. We also used an *organizational ambidexterity* variable, which measured the ambidexterity demonstrated by the acquirer company and took value 1 or 0. For the purposes of this study, we did not measure the degree or level of organizational ambidexterity demonstrated by the acquirer company; rather, we focused upon whether the firm had organizational ambidexterity or not. This categorical variable took value 1 when we found evidence of both exploratory and exploitative activities of the acquirer company in the target organization in the post-acquisition stage. Thus, for acquirers demonstrating only one of these organizational activities or none, this variable was coded as 0.

Takeover issues are highly related to a lack of information on acquisition outcomes in terms of process and policy changes, which is equally pertinent for EMMs (Appelbaum et al., 2007a; Rottig, 2013). The lack of understanding of and experience in emerging markets and organizations can create national stereotypes in the minds of the target employees (Appelbaum et al., 2007b; Rottig, 2013; Rottig et al., 2014). EPS will be greatly affected by the top down information and communication in an organization (Sinkovics et al., 2011; Stahl et al., 2011). The status of the acquirers, as viewed from the target employees' perspective, and any cultural similarities between the target and acquirer organizations can greatly impact post-acquisition EPS (Larsson & Finkelstein, 1999). Also, the target's home country will have some influence on EPS. To capture these three effects in our model, we introduce three control variables. The status of the acquirer, as measured in this study, will

have a negative impact on EPS; similarly, developed market targets will experience negative feeling when acquired by EMMs. Finally, cultural similarities between acquirers and targets will have the opposite effect on EPS. The *Status* variable consisted of four items and was measured by means of 6-point scales (low = 0, high = 5). This index measures the employee responsiveness to the deal based on its characteristics (Cronbach's $\alpha = 0.97$). *Cultural similarity* consisted of two items and was measured by means of 6-point scales (low = 0, high = 5). This index measures the degree of similarity in management style between the two organizations involved in the acquisitions (Cronbach's $\alpha = 0.98$). *Developed market* is a dummy variable that took value 1 if the target belonged to a developed country (as classified by the OECD), and 0 otherwise.

The dependent variable (EPS) and the two control variables (status, and leadership similarities) consisted of multiple items; thus, it was important to explore the quality of the variables and their measures. An exploratory factor analysis with varimax rotations, eigenvalues ≥ 1 , and scree plots helped to refine them. The outcomes are listed in Table 1 below. The correlation matrix of the variable/construct is presented in Table 2. As expected from the prior literature (Larsson & Lubatkin, 2001), we observe a high correlation between some of these variables.

[Insert Tables 1 and 2 here]

Results

We use structural equation modelling to test our hypotheses. The results of our analysis are presented in Table 3. Hypothesis H1 proposes that charismatic leadership (CL) will have a higher relationship with EPS than transactional (TL) and laissez faire leadership (LL). Based on the structural results, the hypothesis is supported (CL 0.49*** at $p < 0.01$ > TL 0.14** at $p < 0.05$ > LL 0.09 insignificant). Hypothesis H2 posits that TL will have a higher relationship with EPS than LL. This is also supported as the above equation is satisfied based on the

coefficients and significance levels. Hypothesis H3 states that CL will have a higher relationship with ambidexterity than both TL and LL, and is also supported (CL 0.40*** at $p < 0.01$ > TL 0.22** at $p < 0.05$ > LL 0.10 insignificant). H4, which posits that TL will have a higher relationship with ambidexterity than LL, is also supported. H7 (ambidexterity relationship with EPS) is also positive and significant. Figure 2 shows the hypotheses and their standardized results. The status of the EMMs will have a negative relationship with the target employees' EPS. The EMMs' status, which also includes relative company sizes and financial performance, can drive down the target employees' EPS. On the other hand, cultural similarities between the organizations can greatly improve the target employees' EPS. One argument that explains this observation could be that similarities in acquirer and target organizational processes and management styles can greatly moderate the negative emotional spillovers from cross-border acquisitions. The development market variable has a negative relationship with the target employees' EPS. Based on this result, it can be suggested that EMMs still face considerable legitimacy and country of origin bias when acquiring in developed markets.

[Insert Table 3 and Figure 2 here]

Discussion

In this paper, we investigated the effect of various leadership styles (i.e., charismatic, transactional, and laissez faire) on organizational ambidexterity and EPS in the context of cross-border acquisitions by emerging-market multinationals. Additionally, we examined the impact of ambidexterity on target employees' psychological safety. One of the least understood and examined issues in cross-border mergers and acquisitions are human related factors such as target employees' psychological safety, which have been suggested to drive the failure rates of such operations (Cartwright & Cooper, 1993; Larsson & Finkelstein,

1999; Larsson & Lubatkin, 2001; Haleblan et al., 2009; Gomes et al., 2011; Stahl et al., 2013). The existing studies have enhanced our understanding of the factors that drive high failure rates in cross-border M&As; however, there has been limited examination of the impact of a particular leadership style on EMMs' cross-border acquisitions, including organizational ambidexterity and EPS (Rao-Nicholson et al., 2016). EPS is important in such situations as it enables employees to stay engaged and connected, to adapt to change, and to learn in the aftermath of cross-border M&As. (Edmondson & Lei, 2014). The present paper examines these issues in this context by focusing on EMMs' cross-border acquisitions.

We find that a charismatic leadership style (Bass, 1985; Pawar & Eastman, 1997; Conger & Kanungo, 1998; Waldman & Yammarino, 1999; Judge & Piccolo, 2004; Nemanich & Keller, 2007) is the one most related to target EPS. EMMs in which leadership is charismatic and closely involved in target management are likely to have a positive impact on target EPS. This style of leadership has been observed in Lenovo's acquisition of IBM, where the acquirer management worked closely with IBM operations. Transactional leadership (Sosik & Dinger, 2007) performs somewhere in between charismatic and laissez faire styles (Sosik & Dinger, 2007). This suggests that the strategy, undertaken by some EMMs, to be silent partners in their foreign activities may actually, on average, be counterproductive and that organizational leadership needs to be better aligned with the integration and acquisition strategy.

Also, organizational ambidexterity has a positive impact on target EPS. One case in point is that of Bharti Airtel's African 2010 acquisition of Zain Telecom. Although Zain's business was spread across 15 countries with varying cultures and geographical area, Bharti Airtel's acquisition was not positioned to manage regulatory issues across multiple regions and countries. The owner of Zain Telecom, a Kuwaiti company, had not invested in African

assets; Bharti Airtel's strategy to continue with established processes and structures initially created issues in local organizations (Ghosh, 2015). Also, Bharti Airtel could not initially manage the Zain brand and acquisition well, and created disengagement with some of the minority shareholders in Zain Telecom. For example, Bharti Airtel's acquisition was marred by a dispute brought by the minority ownership of Zain's operations in Nigeria, Broad Communications Group, which was only resolved when the Broad Communications Group's CEO was made chairman of the Nigerian operations (Tripathy & Goma, 2010).

Theoretical implications

The article contributes to the understanding of the human factors linked to cross-border post acquisition integration, with a particular focus on the impact of different leadership styles on organizational ambidexterity and EPS. Research on acquisitions is plentiful; however, human factors have been underexplored and most focus has been placed upon developed market acquisitions (Cartwright & Cooper, 1993; Larsson & Finkelstein, 1999; Larsson & Lubatkin, 2001; Haleblan et al., 2009; Rees & Edwards, 2009; Gomes et al., 2011; Stahl et al., 2013). These studies have examined the effect of human factors on deal performance from the perspective of company cultures, parallels between company management styles, organizational cultures of tolerance, and other such individual, group, and organizational elements (Seo et al., 2012). We contribute to the existing research in three important ways:

(1) We studied the impact of different leadership styles on organizational ambidexterity and employees' psychological safety, which had been somewhat neglected by current research (Sinkovics et al., 2011; Gunkel et al., 2015).

(2) We found a direct link between organizational ambidexterity and EPS, and provided important insights into this issue. The existing literature on organizational

ambidexterity has not examined its links with employees' psychological safety particularly in the cross-border acquisitions context.

(3) We investigated EMM cross-border acquisitions, and leadership, whereas most of the existing research was carried out in the developed markets context, with a limited focus on leadership styles and their impact on organizational ambidexterity and employees' psychological safety in the wake of cross-border acquisitions.

Managerial and Practical Implications

The findings of this study have several important implications for both top and functional level managers responsible for the post-acquisition integration of activities. Acquisitions are on the rise, with EMMs also entering the race to gain access to key know-how and human capital. First, our findings suggest that companies need to carefully select leaders, as leadership directly contributes to the overall psychological safety of employees during the post-acquisition integration stage. Second, our study indicates that charismatic leaders play a significant role in organizational ambidexterity and EPS compared to transactional leadership styles; thus, companies seeking global acquisitions need to take great care in filling their top management positions with charismatic leaders in order to help target employees overcome any negative feelings about the acquisitions. Third, our findings suggest that different leadership styles affect organizational ambidexterity, leading to EPS; therefore, selecting leaders who pay attention to flexibility and speed will enhance organizational ambidexterity and EPS. Lastly, we found a direct link between organizational ambidexterity and EPS, thus indicating the need for managers to pay attention to the contributions of ambidexterity and do away with rigidity in order to promote EPS during the post-acquisition integration stage.

Limitations and Directions for Future Research

This paper examines charismatic leadership style; the extant literature has provided some evidence that alternative forms of charismatic leadership will have different effects on post-

acquisition performance (Waldman & Javidan, 2009). This study does not differentiate between socialized and personalized charisma. Waldman & Javidan (2009) suggested that social, rather than personalised, charisma will lead to better acquisition outcomes. One possible direction for future studies would be to look at alternative forms of charisma and their impact on EMM acquisitions. There is also a further scope to include shared and distributed leadership styles into such models, to examine their impact on organizational ambidexterity and EPS in the cross-border M&As context.

Also, for the purposes of this study, the dichotomous measurement of organisational ambidexterity is appropriate, but does not tell us whether and how acquirers of a more exploratory nature differ from those that are exploitative. Thus, there is a need to further extend this study in terms of acquirer organizational capabilities and provide a finer and granular measure of organizational ambidexterity.

Additionally this work focuses exclusively on acquisitions by Indian and Chinese companies; yet, we also see rapid internationalization enacted by companies from other countries such as Russia, Brazil, and South Africa. It would be interesting to examine whether our results would hold for other countries or whether we would observe country-level or regional-level differences in the impact of leadership style on target EPS. We focus on acquirer leadership style and ambidexterity in this study; however, it could also be argued that target leadership, management, and financial stability can impact the relationship between acquirers and targets. Hence, any further extensions of this study can focus on juxtaposing the role played by target leadership in the post-acquisition period and how this influences target EPS.

Also, we did not examine acquirer EPS levels and the ways in which it affects target EPS. Acquirer employees who risk losing their jobs due to organizational alignment and reallocation of resources to the target might either directly or indirectly exacerbate the

issues that exist at the latter organization; on the other hand, target EPS might actually improve should target employees feel that a reduction of acquirer EPS could actually imply higher target organization stability.

Conclusion

EMM acquisitions have attracted a lot of attention in the business press and academic literature. The extant research noted that most acquisitions fail to achieve their set objectives and it has been suggested that human factors play an important role in such failures. Lately, scholars have suggested paying closer attention to human factors in the post-acquisition integration stage. Responding to these calls, we studied the impact of leadership styles on organizational ambidexterity and EPS during the post-acquisition integration stage of EMM led M&As. Based on the findings of our study, we suggest that a charismatic leadership style, unlike a laissez faire one, plays an important role in organizational ambidexterity and EPS during the post-integration stage. We also found that, compared to a laissez faire leadership style, a transactional one positively contributes to organizational ambidexterity and EPS, but to a lesser degree than a charismatic leadership style.

In conclusion, in this paper, we have demonstrated the important role played by charismatic leadership on organizational ambidexterity and EPS during the post-acquisition integration stage of EMM led M&As. Most existing research on this topic took place in the developed economies context and its main focus was on employee emotions during acquisitions, using limited sample sizes. However, based on the findings of this study, that involves 105 EMM led cross-border acquisition deals, we have highlighted the important role played by leadership on EPS during the post-acquisition periods of such deals.

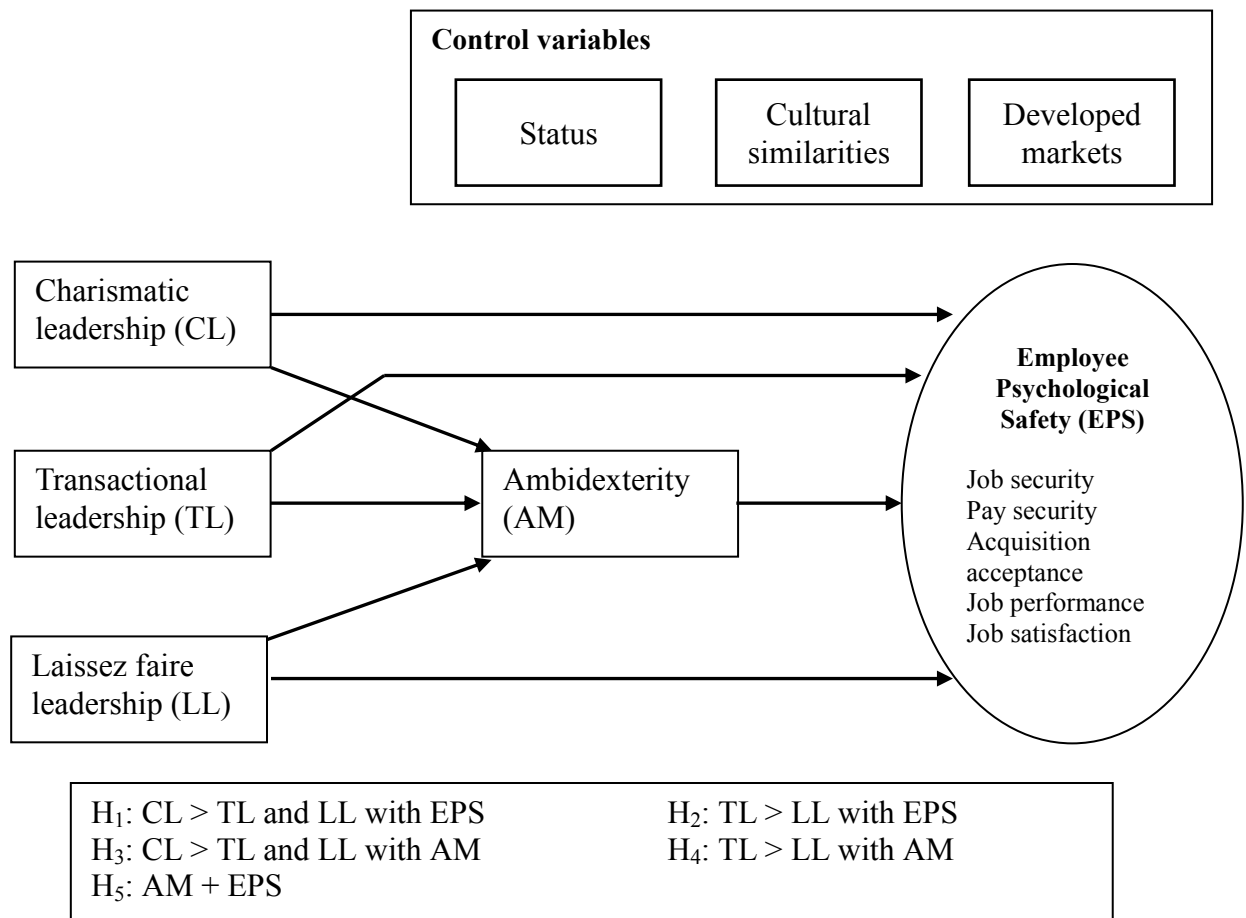
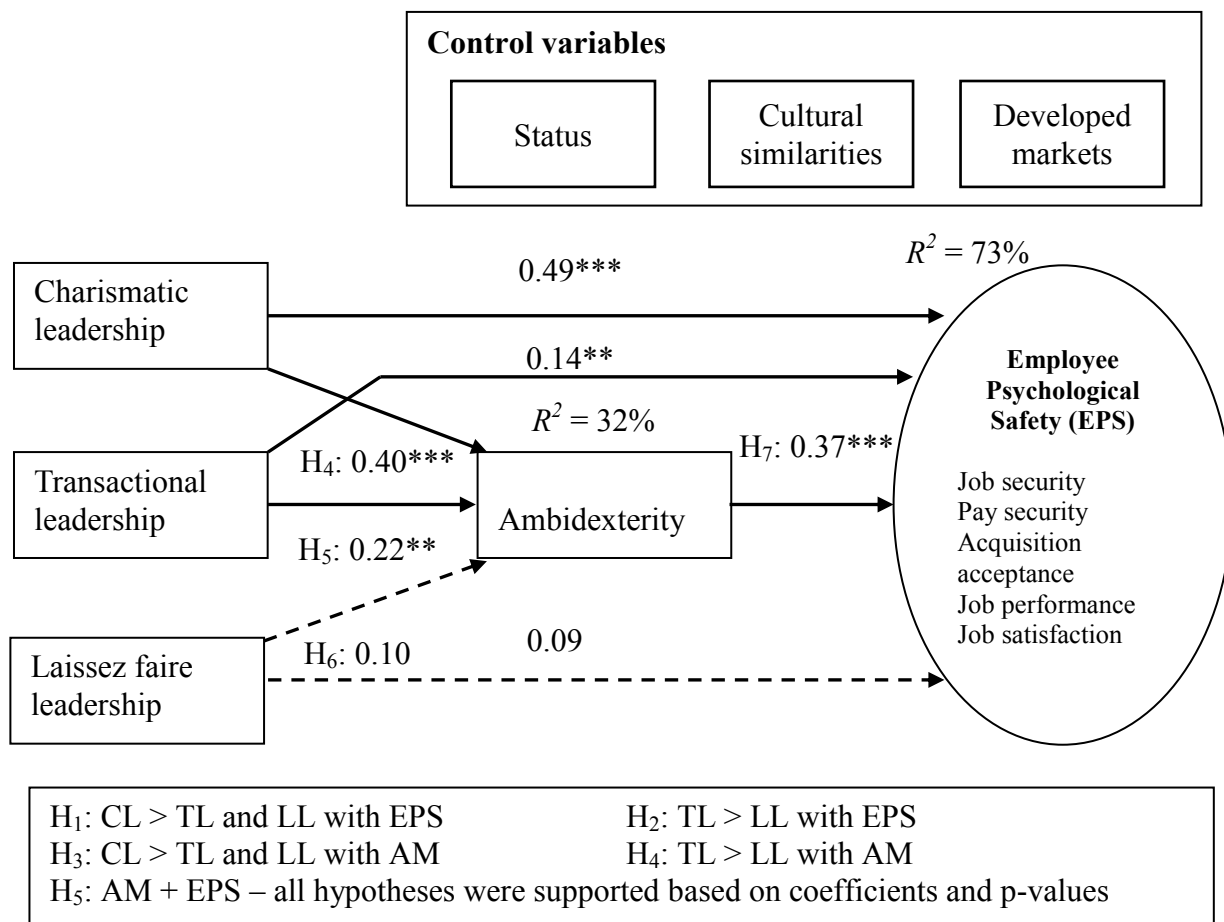


Figure 1. Conceptual model of leadership types and their relationship with ambidexterity and employee psychological safety during cross-border acquisitions led by emerging multinational firms



*** Statistically significant at $p < 0.01$

** Statistically significant at $p < 0.05$

Figure 2. SEM results for the interrelationships, based on model 5

Table 1
Exploratory factor analysis, reliability and validity

Constructs	Items*	α	λ	AVE	C.R
Employee psychological safety		0.94		0.68	0.91
(EPS):	EPS1		0.83		
	EPS2		0.80		
	EPS3		0.86		
	EPS4		0.80		
	EPS5		0.82		
Status**		0.97			
	ST1		0.88	0.86	0.99
	ST2		0.95		
	ST3		0.94		
	ST4		0.93		
		0.98		0.96	0.98
Cultural similarities**	CS1		0.98		
	CS2		0.98		

* α = items reliability; λ = component matrix; AVE = average variance explained; C.R = construct reliability; ** the control variables were later parcelled in the models;

Table 2 Descriptive statistics and Pearson correlations

Constructs/variables	Frequency (=1)	\bar{x}	σ	CL	TL	LEL	AM	EPS	ST	CS	DM
Charismatic leadership (CL)	32			1							
Transactional leadership (TL)	35			0.32	1						
Laissez faire leadership (LFL)	38			0.23	0.44	1					
Ambidexterity (AM)	53			0.50	0.40	0.28	1				
Employee psychological safety (EPS)		2.37	0.98	0.71	0.48	0.40	0.68	1			
Status (ST)		2.04	1.14	-0.46	-0.30	-0.16	-0.41	-0.71	1		
Cultural similarities (CS)		2.03	0.84	0.51	0.37	0.43	0.46	0.683	-0.47	1	
Developed market (DM)		0.39	0.49	-0.65	-0.46	-0.29	-0.59	-0.842	0.68	-0.59	1

\bar{x} (mean); σ (standard deviation); n=105; all correlations are significant at $p < 0.01$

Table 3 Hypotheses, control variables and fit indices

Hypotheses	Description of path	Model 1	Model 2	Model 3	Model 4
1	Charismatic leadership → EPS	0.23***	0.24***	0.25***	0.49***
1, 2	Transactional leadership → EPS		0.10**	0.06	0.14**
1, 2	Laissez faire leadership → EPS			0.05	0.09
3	Charismatic leadership → Ambidexterity				0.40***
3, 4	Transactional leadership → Ambidexterity				0.22**
3, 4	Laissez faire leadership → Ambidexterity				0.10
5	Ambidexterity → EPS				0.37***
Control variables					
	Status → EPS	-0.25***	-0.22***	-0.22***	
	Cultural similarity → EPS	0.32***	0.30***	0.28***	
	Developed markets → EPS	-0.38***	-0.36***	-0.36***	
Model fit indices					
	CMIN/D.F	1.05	1.50	1.04	1.46
	p	0.39	0.069	0.42	0.11
	CFI	0.99	0.99	0.99	0.99
	TLI	0.99	0.98	0.99	0.98
	NFI	0.96	0.99	0.99	0.99
	IFI	0.99	0.94	0.94	0.93
	RFI	0.97	0.97	0.98	0.99
	RMSEA	0.02	0.07	0.02	0.06

Statistically significant at $p < 0.01$ *** or 0.05**

Appendix A. Employee Psychological Safety Case Survey Coding

Dependent Variable

Employee Psychological Safety (EPS). Estimate the degree to which the merger or acquisition created the following benefits (coded as high value) or conflict (coded as low value) in EPS. These constructs were developed from combining various constructs mentioned in the extant literature (Nemanich & Keller, 2007; Rottig, 2013).

- *Job Safety* – estimate average acquired employee job safety expectations after merger or acquisition. This is defined as vocal discussion of job safety in the media, vocal opposition to restructuring, employee reactions in the form of protests to news of probable restructuring after merger or acquisition, symbolic discussion of job safety in the media with presentation of posters on company sites after merger or acquisition, talks of voluntary exits or talks of forced exits by employees in media, evidence of voluntary exits, union organized strikes, sabotages and absenteeism.
- *Remuneration Safety* – estimate average acquired employee pay safety (includes salary, pensions and other monetary perks in current jobs) expectations after merger or acquisition. This is defined as vocal discussion of pay safety in the media, vocal opposition to potential reduced hours or changes in salary structure following restructuring, employee reactions in the form of protests to news of probable offshoring and pay loss after merger or acquisition, symbolic discussion of pay safety in the media with presentation of posters on company sites after merger or acquisition, talks of voluntary exits or talks of forced exits by employees in the media due to potential pay cuts or changes in perks, evidence of voluntary exits, union organized strikes, sabotages and absenteeism to negotiate changes in salary or perks.

- *Acquisition acceptance* – estimate average acquired employee acceptance of acquisition. This is defined as vocal demonstration of acceptance of foreign company inclination to acquire in the pre-acquisition stage and vocal acceptance of acquisition in the post-acquisition stage. Media reports will provide information on employee acceptance of acquisition; either directly through employee interviews or indirectly by messages from target company union leaders.
- *Job Performance* – estimate average acquired employee job performance after acquisition. This is defined by overall efficiency gains observed either qualitatively or quantitatively through productivity gains in operations or manager perceptions of better engagement with acquired company employees and their degree of commitment to their jobs.
- *Job satisfaction* – estimate average acquired employee job satisfaction after acquisition. This is defined by the overall job satisfaction of individual employees perceived in the context of supervision, co-workers, work, pay and promotion in the post-acquisition period. The data on this is collected from employee feedback in media outlets and press reports of target companies. Also, information can be derived through ex-post reports and studies on employee engagement in the post-acquisition period.

Independent Variables

In this study, leadership relates to EMM CEO actions and activities in post-acquisition integration.

Charismatic Leadership – Charismatic leaders are engaged with the media, provide direction to the acquisitions and are actively engaged in the post-acquisition stage. The progressive approach of such leadership is demonstrated by clearly engaging with target management and employees. This type of leadership also has a compelling vision, unconventional behaviours, inspirational

rhetoric, dynamic speech and delivery (Conger & Kanungo, 1987). Information in press releases and the media is visibly directed to increase engagement with local stakeholders, including employees. This variable takes value 1 if the acquirer leadership demonstrates this style, 0 otherwise.

Transactional Leadership – Transactional leadership is engaged with the media and provides some direction to the acquisitions, most of which is driven by milestones and goals defined *a priori*. These goals and milestones are clearly discussed and presented in company press releases and meetings with the media. Information in press releases and the media is visibly directed to increase engagement with local stakeholders, including employees, but this is more transactional in nature and geared towards meeting certain established goals. This variable takes value 1 if the acquirer leadership demonstrates this style, 0 otherwise.

Laissez faire Leadership – Laissez faire leadership has limited engagement with the acquisition process and limited direct engagement with both the media and the target management and employees. The acquirer leadership is not engaged with the media and the local target stakeholders. The top management does not make direct statements in the press; rather, press releases are used to convey information through the media. Most engagement with the target is in a rather hands-off style. This variable takes value 1 if the acquirer leadership demonstrates this style, 0 otherwise.

Organizational ambidexterity – Organizational ambidexterity is demonstrated by the acquirer in managing the post-acquisition integration process. Organizational ambidexterity can be demonstrated by the acquirer's decision-making, with respect to its current activities in both the domestic and host markets. It can also be demonstrated by the acquirer's balance in managing the hard (discipline and stretch) and the soft elements (support and trust) in the target

organization during the post-integration process. This information is gathered from the case material from information in the media. This variable takes value 1 if the acquirer demonstrates organizational ambidexterity, 0 otherwise.

Control variables

Status. (four items, each in 6-point scales from low = 0 to high = 5)

- *Takeover friendliness.* Estimated takeover friendliness between target and acquirer; this information can be obtained from press releases.
- *Power differential* between target and acquirer. Estimated power imbalance between target and acquirer. Here, power relates to perceived target power as compared to the acquirer's; this information can be obtained from discussions in the media.
- *Relative firm size.* Estimated relative company size, measured as number of employees, this information is obtained from annual company reports issued in the year prior to the acquisition
- *Relative firm performance.* Estimated relative firm performance, measured as net income; this information is obtained from acquirer and target annual reports in the year prior to the acquisition.

Cultural similarity. (two items, each in 6-point scales from low = 0 to high = 5)

- *Shared meaning* of management and business processes. If both countries have similar business environments, the companies are likely to experience synergies from cultural commonness. Estimated degree of shared meaning between the firms.
- *Management style similarity.* Estimated degree of management style similarity between the two companies involved in the acquisition process. In this case, management style is

regarded in relation to degrees (low versus high) of formality, employee involvement, and any other factors underscored by the case author.

Developed market. (Developed market = 1 if OECD country, 0 otherwise),

- What was the nationality of the target firm? Was it an OECD country?

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