Trust Following Acquisitions: A Three-Country Comparative Study of Employee Reactions to Takeovers

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Abstract

This study examined how characteristics of the takeover situation and the acquiring firm’s integration decisions and actions influence target firm members’ trust in the acquiring firm management. A policy-capturing approach was used to model individuals’ trust decisions following takeovers in a cross-national sample of German, Canadian and Singaporean employees. The findings revealed that the five factors hypothesized to influence trust, namely mode of takeover, cultural distance, extent of imposed control, perceived attractiveness of acquiring firm’s HR and reward system, and interaction history, were significant influences on respondents’ trust decisions, and the direction of effects was as hypothesized. However, respondents did not give equal weight to the five factors in their decisions to trust the acquiring firm management. Attractiveness of acquiring firm’s HR and reward system was found to be the most important determinant of trust, followed by mode of takeover, interaction history, imposed control, and cultural distance. A significant interaction effect between mode of takeover and cultural distance was found, suggesting that the negative effects of a hostile mode of takeover on target firm members’ trust are stronger in cross-border acquisitions compared to domestic ones. National cultural orientations and, to a lesser extent, demographic variables moderated the relationship between the characteristics of the takeover situation and the post-acquisition integration process, and respondents’ trust decisions. The implications for merger and acquisition research and practice are discussed.
Mergers and acquisitions [M&A] have become an increasingly popular strategy for achieving corporate growth and diversification. In spite of their popularity and strategic importance, the performance of most M&A has been disappointing. The failure rates reported in the M&A literature typically range between 50-70%, and are sometimes even higher (e.g., Hunt, 1990; KPMG, 1999; Porter, 1987). For example, a recent survey by KPMG of 107 of the largest cross-border M&A completed between 1996 and 1998 found that 83% were not successful in terms of shareholder value creation (KPMG, 1999).

There is a continuing controversy in the literature about the reasons why so many M&A fail. Theoretical frameworks for explaining M&A success and failure have traditionally focused on financial and strategic factors, such as the degree of “strategic fit” or industry relatedness between the acquiring and the target firm. It was only until recently that research endeavors have begun to analyze the “softer”, less tangible social, cultural, and psychological issues involved in integrating merging or acquired firms. Factors such as cultural fit, management style similarity, the pattern of dominance between merging firms, the social climate surrounding a M&A, and the combining firms’ preferred mode of acculturation have increasingly been recognized to be of critical importance to M&A success (see Cartwright & Cooper, 1996; Marks & Mirvis, 2001; Schweiger & Goulet, 2000 for reviews).

Another factor that may play a key role in the success or failure of M&A is the amount of trust between the members of the combining organizations (Stahl & Sitkin, 2001). Although few attempts have been made to examine the role that trust plays in the integration process following M&A, a large body of research on inter-organizational trust has shown that the development of trust is of critical importance to the success of strategic alliances (e.g., Das & Teng, 1998; Ring & Van de Ven, 1992; Zaheer et al., 1998). Since alliances and M&A share some characteristics, it seems reasonable to assume that trust also plays an important role in the M&A process. In fact, evidence from M&A case studies (Buono, Bowditch &
Lewis, 1985; Cartwright & Cooper, 1996; Olie, 1994) as well as interviews with managers and employees of acquired organizations (Krug & Nigh, 2001; Napier, Simmons & Stratton, 1989; Schweiger, Ivancevich & Power, 1987) consistently stress that trust is of critical importance to the success of M&A.

The purpose of this paper is twofold. First, we will examine the previously neglected, but potentially critical role that trust plays in the post-acquisition integration process. Second, since there is evidence that the bases and dynamics of trust within and between organizations vary depending on national culture (e.g., Doney, Cannon & Mullen, 1998; Harnett & Cummings, 1980; Whitener, Maznevski, Hua, Ekelund, & Saebo, 1999), we will examine whether employees’ trust decisions following takeovers differ across cultures. Specifically, we will discuss a number of hypotheses that link cultural and human resources related variables to the process of trust development following takeovers, and test these hypotheses in samples of German, Canadian and Singaporean employees. By using a cross-national sample of employees from Europe, North-America and Asia, it is possible to examine potential cross-cultural differences in individuals’ reactions to corporate takeovers.

**DETERMINANTS OF TARGET FIRM MEMBERS’ TRUST IN THE ACQUIRING FIRM**

In the literature on intra- and inter-organizational trust, there is a remarkable diversity in conceptualizations of trust. However, central to most definitions are the notions of risk and vulnerability. Risk means that a party could experience negative outcomes if the other party is untrustworthy. The risk of negative outcomes must be present for trust to operate, and the truster must be willing to be vulnerable. In the absence of risk, trust is irrelevant because there is no vulnerability (Ariño, de la Torre & Ring, 2001; Mayer, Davis & Schoorman, 1995; Rousseau, Sitkin, Burt & Camerer, 1998). Rousseau et al. (1998: 395) define trust as “a psychological state comprising the intention to accept vulnerability based upon positive
expectations of the intentions or behavior of another.” Conversely, distrust can be defined as negative expectations of another’s intentions or behavior (Lewicki et al., 1998: 439). This conceptualization of trust has been applied to inter-organizational relationships. In the context of joint ventures, for example, communication and information exchange, task coordination, informal agreements, and low levels of surveillance and monitoring are all manifestations of trust based on a willingness to rely on or be vulnerable to another party under a condition of risk (Currall & Inkpen, 2002; Inkpen & Currall, 1997).

Evidence about the critical role that trust may play in the post-acquisition integration process can be drawn from a large body of research on intra- and inter-organizational trust. This research suggests that trust is important in a number of ways: it can improve the quality of employee work performance, problem solving, and communication; enhance employee commitment and citizenship behavior; and improve manager-subordinate relationships, implementation of self-managed work groups, and the firm’s ability to adapt to complexity and change. Further, trust can decrease agency and transaction costs by limiting the need for monitoring and control and, ultimately provide firms with a competitive advantage (see Kramer, 1999; Mayer et al., 1995; Rousseau et al., 1998 for reviews). Further, research has shown that trust is crucial to the successful formation and implementation of cooperative alliances between firms, such as joint ventures, R&D collaborations, and marketing partnerships (Das & Teng, 1998; Ring & Van de Ven, 1992; Zaheer et al., 1998). This line of research seems particularly relevant to the study of M&A because the factors which are held responsible for the poor performance of alliances are in part those theorized to be associated with M&A failure (Cartwright & Cooper, 1996; Evans et al., 2002; Marks & Mirvis, 1998).

Recently, Stahl and Sitkin (2001) have suggested that trust between members of the target firm and the acquiring firm may play a key role in the post-acquisition integration process. Specifically, they proposed that certain characteristics of the initial takeover
situation, such as the nature of the relationship between the acquiring and the target firm, as well as the acquirer’s integration decisions and actions will affect target firm members’ trust in the acquiring firm management. The degree to which target firm members trust the acquirer, in turn, will affect target firm members’ post-acquisition attitudes, behavior and performance. Based on prior research on inter-organizational trust as well as M&A integration, the following factors seem particularly critical in influencing trust in the acquiring firm management: mode of takeover, cultural distance, extent of imposed control, attractiveness of acquiring firm’s HR and reward system, and interaction history between the acquiring and target firm.

**Mode of Takeover**

The most extreme and probably most devastating form of hostility in M&A is the unwanted takeover attempt, occurring when a company either overtly or covertly seeks acquisition of another firm against its will (Hogan & Overmyer-Day, 1994). In this case, the purchasing company, driven by financial interests, usually seeks domination of the acquired firm, rather than a cooperative mode of integration. Although prior research has not addressed the relationship between mode of takeover and trust, it has been argued that hostile takeover tactics can result in sharp inter-organizational conflict and major difficulties integrating the acquired company (Hambrick & Cannella, 1993; Larsson, 1990).

According to Hunt (1990), the tone of the negotiations – whether the tone is friendly or hostile – is an important influence on post-acquisition integration success because of its effect on the quality of the interpersonal relationships between the members of the two organizations. Friendliness will likely generate perceptions of goodwill and trust, and will enhance the quality of communication and collaboration between the acquiring and target firm. In contrast, target and acquiring firm executives in a hostile takeover often battle each other in a public forum, with each being suspicious of the other’s intentions, and claiming the
other party’s inadequacy and lack of trustworthiness (Hambrick & Cannella, 1993). The acquiring firm is also more likely to replace the management of the target firm and impose rigorous controls on the target in hostile takeovers than in friendly acquisitions (Buono & Bowditch, 1989; Hambrick & Cannella, 1993). Executives of acquired firms have often likened the unwanted takeover to a rape and described the acquiring firm’s managers as attackers or barbarians – people not to be trusted (Marks & Mirvis, 2001). Therefore,

Hypothesis 1: The friendlier the mode of takeover, the higher the level of target firm members’ trust in the acquiring firm management.

**Cultural Distance**

M&A researchers have argued that culture barriers can pose major obstacles to fully reaping envisaged integration benefits in M&A (Cartwright & Cooper, 1996; Nahavandi & Malekzadeh, 1988; Very & Schweiger, 2001). The “cultural distance hypothesis”, in its most general form, holds that the difficulties, costs, or risks associated with cross-cultural contact increase with growing cultural divergence between two individuals, groups, or organizations (Hofstede, 1980; Kogut & Singh, 1988). Cross-border acquisitions seem particularly difficult to integrate because they require “double layered acculturation” (Barkema, Bell & Pennings, 1996), meaning that not only different corporate cultures, but also different national cultures have to be combined.

Despite strong anecdotal and theoretical evidence, studies on the impact of cultural differences on M&A performance have yielded mixed results. While some studies found that cultural differences had the expected negative effect on acquisition performance (e.g., Chatterjee et al., 1992; Weber, 1996), others found a positive effect (e.g., Larsson & Risberg, 1998; Morosini et al., 1998). However, to date, no study has examined the impact of cultural differences on trust in M&A. Prior research on intra- and inter-organizational trust has shown that shared values or other sources of cultural similarity facilitate the development of trust
between organizational members (Sarkar et al., 1997; Sitkin & Roth, 1993). In contrast, culture barriers, stereotypes, and chauvinistic biases are frequently cited as a source of distrust between members of merging organizations (Elsass & Veiga, 1994; Olie, 1990).

Hypothesis 2: The greater the cultural distance between the two firms, the lower the level of target firm members’ trust in the acquiring firm management.

**Imposed Control**

Theoretically, although integration of an acquired company can result in a balanced merging of two organizations, cultures, and workforces (see the models of Haspeslagh & Jemison, 1991; Marks & Mirvis, 2001; Nahavandi & Malekzadeh, 1988), this balance rarely occurs in practice. Instead, the target firm is usually expected to conform to the acquiring firm’s culture (Cartwright & Cooper, 1996; Chatterjee et al., 1992), and where changes occur in policies and systems, they affect target firm members more strongly than those of the acquiring firm (Pablo, 1994; Schweiger & Walsh, 1990). Imposed control refers to a situation in which the acquiring firm removes autonomy from the target firm and imposes a rigorous or standardized set of rules, systems, and performance expectations upon it in order to gain quick control (Datta & Grant, 1990; Jemison & Sitkin, 1986).

Imposed control can be devastating from the perspective of target firm members (Buono & Bowditch, 1989; Schweiger & Walsh, 1990). Senior managers are likely to suffer most from a loss of autonomy and control following an acquisition because they were accustomed to doing things their own way and must now look to the acquiring firm management for approval (Hambrick & Cannella, 1993). Autonomy removal and being put under close monitoring will likely lead to feelings of helplessness, hostility, and distrust on the part of the target firm members (Jemison & Sitkin, 1986; Olie, 1990). Because controls tend to signal the absence of trust, their use typically hampers its emergence (Rousseau et al., 1998; Sitkin
Hypothesis 3: The greater the extent of imposed control by the acquiring firm, the lower the level of target firm members’ trust in the acquiring firm management.

**Attractiveness of Acquiring Firm’s HR and Reward System**

The perceived attractiveness of an acquirer, as manifested in its corporate culture, HR practices, and reward systems, is an important determinant of target firm members’ reactions to a takeover (Nahavandi & Malekzadeh, 1988). If members of the target firm do not feel attracted to the acquirer and are unwilling to adopt its systems and practices because they anticipate negative career implications, the acculturation process will likely be characterized by a high degree of conflict. On the other hand, if members of the target firm see the takeover as a chance for greater job satisfaction, more job security, and increased prospects for compensation and promotion, this will reduce the potential for conflict in the post-acquisition integration period.

Several authors have stressed the importance of the quality of post-acquisition reward and job security changes in determining target firm members’ reactions to a takeover. In a study of British takeovers conducted by Hunt (1990), the degree to which target firm members’ career opportunities were expanded in the post-acquisition implementation phase was directly related to acquisition success. Graves (1981), in a study on the effects of a merger involving two brokerage firms, found that employee reactions depended on the personal benefits and losses attributed to the merger. Larsson’s (1990) study of Swedish acquisitions revealed that increased job security, rewards, and opportunities for future career advancement reduced target firm members’ resistance to a takeover. The strategic alliance literature also addresses this issue. Prior research on alliance trust has shown that the perceived benefits derived from an alliance have a positive effect on the mutual trust and
commitment of the parties involved (Anderson & Weitz, 1989; Sarkar et al., 1997).

Hypothesis 4: The greater the attractiveness of the acquiring firm’s HR and reward system, the higher the level of target firm members’ trust in the acquiring firm management.

Interaction History

Few studies have explored the impact of the combining firms’ interaction history on M&A processes and outcomes. However, there is a large body of research on the role that trust plays in work groups, strategic alliances, and socially embedded partnerships which we can draw indirect evidence from. This research suggests that trust evolves over time through repeated interactions between partners (Gulati, 1995; Ring & Van de Ven, 1992; Zaheer et al., 1998). Not unlike romantic relationships, interfirm relationships mature with interaction frequency, duration, and the diversity of challenges that partners encounter and face together (Lewicki et al., 1998). As Rousseau et al. (1998: 399) have noted, “[r]epeated cycles of exchange, risk taking, and successful fulfillment of expectations strengthen the willingness of trusting parties to rely upon each other and expand the resources brought into the exchange”.

This evidence from the strategic alliance literature suggests that familiarity does indeed breed trust in inter-organizational relationships. In the context of corporate acquisitions, prior contact between the acquiring firm and the target firm can be considered a precondition for assessing the other firm’s trustworthiness, especially in the absence of other trustworthiness indicators such as a strong positive reputation. Therefore,

Hypothesis 5: The greater the extent of prior contact between the two firms, the higher the level of target firm members’ trust in the acquiring firm management.

Interaction Effects

We hypothesize several interaction effects between characteristics of the takeover situation
and integration process, and trust. First, the negative effects of a hostile mode of takeover on target firm members’ trust in the acquiring firm management are likely to be more pronounced in cross-border acquisitions. Feelings of helplessness and antagonism that often result from hostile takeover tactics are likely to be intensified by cultural and communication barriers. In the M&A literature, national cultural differences and their associated stereotypes, as well as chauvinistic biases and misconceptions are often cited as sources of hostility and conflict between members of merging organizations (Cartwright & Cooper, 1996; Olie, 1990). Angwin (2001), in explaining the emotionally charged atmosphere created by the takeover of Mannesmann by Vodafone, likened hostile cross-border takeovers to wars of business and cultural systems. Therefore,

Hypothesis 6: There is an interaction effect between cultural distance and mode of takeover. Negative effects of a hostile mode of takeover on target firm members’ trust will be stronger when there is a high degree of cultural distance between the target firm and the acquiring firm.

Second, a similar interaction effect may be observed in the relationship between cultural distance and imposed control. Compared to domestic M&A, cross-border combinations which involve the removal of autonomy and imposition of rules, systems, and performance expectations by the acquiring firm are likely to be more devastating for target firm members as they are expected to conform to the acquiring firm’s culture, rules, and systems that are significantly different from both their national and corporate ones (Buono & Bowditch, 1989; Cartwright & Cooper, 1996).

Hypothesis 7: There is an interaction effect between cultural distance and imposed control. Negative effects of imposed control on target firm members’ trust will be stronger when there is a high degree of cultural distance between the target firm and the acquiring firm.
Third, we expect an interaction effect between imposed control and attractiveness of the acquiring firm’s HR and reward system. The extent of control imposed by an acquirer depends primarily on the level of attempted integration, and this can range from total autonomy (the target firm maintains its corporate identity and organizational change is minimal) to total absorption (the corporate identity of the target firm is lost and control is exerted across all operations) (Datta & Grant, 1990; Larsson & Finkelstein, 1999). In the case of complete autonomy, the acquiring firm’s HR and reward system is irrelevant to target firm members because no change is required. The acquiring firm’s HR and reward system only becomes relevant to target firm members if there is at least a moderate level of control.

Hypothesis 8: There is an interaction effect between imposed control and attractiveness of the acquiring firm’s HR and reward system. The acquiring firm’s HR and reward system will only affect target firm members’ trust if there is at least a moderate extent of imposed control.

Figure 1 summarizes the hypothesized relationships between the characteristics of the takeover situation and post-acquisition integration process, and target firm members’ trust in the acquiring firm management.

Insert Figure 1 about here

Moderating Effects of Cultural Orientations and Demographic Variables

Prior research on trust suggests that the bases and dynamics of trust within and between organizations vary depending on national culture (e.g., Doney et al., 1998; Whitener et al., 1999). Individuals from different cultures vary in their assumptions about the nature of human beings, about how people should relate to each other, and other basic assumptions and values (Hofstede, 1980; Kluckhohn & Strodbeck, 1961; Trompenaars, 1993). Such cultural
orientations set up expectations about behavior and provide a frame for interpreting others’
trustworthiness. For example, perceptions of trustworthiness may be rooted in demonstration
of professional competence and open two-way communication for individualist cultures, and
in behavioral consistency and demonstration of integrity over a long period of time in
collectivist cultures (e.g., Doney et al., 1998; Whitener et al., 1999).

These findings suggest that, in the context of acquisitions, the relative importance of the
characteristics of the takeover situation and post-acquisition integration process in
determining individuals’ trust decisions may vary depending on national cultural orientations.
For example, the extent of prior contact between the two firms involved in an acquisition may
be of critical importance to individuals from cultures characterized by a strong relationship
orientation, but it may not be relevant to members of more individualistic cultures. Much in
the same way, the relative importance of other characteristics of the takeover situation and
post-acquisition integration process, such as mode of takeover, imposed control, cultural
distance, and attractiveness of the acquiring firm’s HR and reward system, may vary
depending on the cultural orientations of the target firm members.

Hypothesis 9: The relationship between the characteristics of the takeover
situation and integration process (mode of takeover, imposed control,
interaction history, cultural distance, and attractiveness of acquiring firm’s HR
system) and the level of target firm members’ trust in the acquiring firm
management will be moderated by target firm members’ cultural orientations.

Not only cultural orientations, but demographic characteristics as well, may play an
important role in the decision to trust the acquiring firm management. For example, it has
been argued that senior managers are likely to suffer most from the loss of autonomy and
control following an acquisition because they were accustomed to doing things their own way
and must now look to the acquiring firm management for approval (Datta & Grant, 1990;
Hambrick & Cannella, 1993). Thus, target firm member’s position level will likely influence their reactions to a takeover. Other demographic variables that may moderate the relationship between the characteristics of the takeover situation and post-acquisition integration process, and the level of target firm members’ trust in the acquiring firm management are gender, age, level of education, prior personal experience with M&A, and industry (Schweiger & Walsh, 1990; Cartwright & Cooper, 1996; Buono & Bowditch, 1989).

Hypothesis 10: The relationship between the characteristics of the takeover situation and integration process (mode of takeover, imposed control, interaction history, cultural distance, and attractiveness of acquiring firm’s HR system) and the level of target firm members’ trust in the acquiring firm management will be moderated by target firm members’ position level, gender, age, level of education, prior personal experience with M&A, and industry.

**METHODOLOGY**

To test the hypotheses, we used a policy-capturing approach to simulate individuals’ trust decisions following takeovers. Through the policy-capturing technique, individuals’ decisions in particular domains can be modeled by presenting them with a series of experimentally designed decision scenarios to manipulate the level of a number of theoretically determined decision criteria. Since the amount of trust that a given party has for another party can be conceived of as the result of a decision-making process (Mayer et al, 1995), a policy-capturing approach seemed particularly suited to test our hypotheses.

We simulated employees’ trust decisions following takeovers by constructing a set of hypothetical acquisition scenarios with the decision criteria based on the hypothesized antecedents of target firm members’ trust in the acquiring firm management. These
experimentally designed takeover scenarios were presented in the form of a questionnaire. After reviewing each takeover scenario, respondents indicated on a rating scale the extent to which they would trust the acquiring firm management. This research design allowed us to study individuals’ trust decisions in a variety of takeover scenarios.

Sample Characteristics

We tested the hypotheses on a sample of German, Canadian and Singaporean employees. By using a cross-national sample of employees from Europe, North-America and Asia, it was possible to examine potential cross-cultural differences in individuals’ reactions to takeovers. German, Canadian and Singaporean employees were selected because these countries are major economic players in their regions, and companies from these countries have been heavily involved in cross-border M&A over the past few years (M&A Almanac, 2001).

The questionnaires were distributed to 403 German employees, 820 Canadian employees and 600 Singaporean employees. German employees were defined as Germans by nationality who are working for German companies. Potential participants were identified mainly through HR managers who were willing to distribute the questionnaire to employees in their companies. Canadian employees were defined as Canadians by nationality who are working for companies based in Canada. Potential participants were identified by solicitation of employees in local corporations whose corporate officers were willing to distribute the questionnaire to employees in their companies. Other participants included members of the University of Calgary MBA alumni association and currently employed members of the Executive MBA class. Singaporean employees were defined as Singaporeans by nationality or permanent residents of Singapore who are working in companies based in Singapore. Given the strong presence of foreign multinational corporations in Singapore where they account for more than 50% of employment, we decided to include Singaporean employees of both homegrown Singaporean companies and Singaporean subsidiaries of foreign
multinational corporations. Potential participants were identified mainly through the National University of Singapore Alumni Online E-Mail Directory and through HR managers who were willing to distribute the questionnaire to employees in their companies.

An email or a letter requesting participation in the study with our survey questionnaire attached was sent to our target respondents. 206 German employees, 209 Canadian employees and 228 Singaporean employees completed and returned the survey questionnaires distributed. The response rates were 38% for the Singaporean sample, 26% for the Canadian sample and 51% for the German sample. Of the 643 returned questionnaires, 609 were usable (197 by German employees, 199 by Canadian employees, 213 by Singaporean employees). Table 1 summarizes the demographic characteristics of respondents.

Decision-Making Simulation

We used the hypothesized determinants of target firm members’ trust in the acquiring firm management as decision criteria around which we constructed a set of acquisition scenarios to simulate trust decisions. Two sets of scenarios were developed, each based on a one-half fractional replicate of a full factorial experimental design (Cochran & Cox, 1957), with each of the five criteria at two levels (e.g., friendly versus hostile mode of takeover). This resulted in each set consisting of 16 takeover scenarios (½ x 2 x 2 x 2 x 2 x 2). A one-half fractional design was used to limit the number of scenarios that had to be evaluated by each respondent, thus avoiding respondent overload. Each set of these 16 experimentally designed takeover scenarios became part of a standardized questionnaire, resulting in two different questionnaires. For each scenario, respondents were asked to indicate on 5-point rating scales the extent to which they would trust the acquiring firm management. To control for effects of
order on responses, we varied the sequencing of the 16 takeover scenarios in each questionnaire such that there were two versions of the questionnaire that contained the same set of scenarios, but using a different sequence.

Pretesting was done at several stages of the development of the original German language version of the questionnaire, using graduate students and employees of German companies. Pretests involved reading the scenarios for clarity and interest. Testing was also done to check the effectiveness of the manipulations, clarity of the instructions, and the amount of time needed to complete the questionnaire. Revisions were made at each stage of pretesting. Subsequently, the original German version of the questionnaire was translated into English for the Canadian and Singaporean samples. Based on methodological guidelines provided by Brislin (1986), the questionnaire was translated and back-translated to insure the semantic equivalence between the two versions. Additional pretests were conducted during the development of the English version of the questionnaire. Pretests essentially involved reading the scenarios and instructions for clarity. Since it was important that the English version of the questionnaire was equivalent to the German version, from which it had been translated, only minor revisions were made based on the results of these pretests.

**Measures and Data Analysis**

The independent variables in this study were the hypothesized determinants of target firm members’ trust in the acquiring firm management. They were specified in the hypothetical takeover scenarios as follows: *Mode of takeover* was the degree of friendliness of the acquiring firm’s takeover tactics, that is, whether the target firm was acquired with the support or against the will of the management of the target firm. *Imposed control* was the extent to which the acquiring firm removed autonomy from the target firm and imposed its culture, practices and systems onto the target firm. *Interaction history* was the extent of personal contact target firm members had with members of the acquiring firm prior to the
takeover. Cultural distance was operationalized through the distinction between domestic and cross-border acquisition. Attractiveness of acquiring firm’s HR and reward system was the degree to which the acquiring firm’s HR policies and practices and reward systems were known to be employee-friendly.

The dependent variable was target firm members’ level of trust in the acquiring firm management. Respondents were instructed to adopt the perspective of a member of the target firm when reading the takeover scenarios. After reviewing each scenario, respondents indicated on a rating scale the extent to which they would trust the acquiring firm management. Level of trust in the acquirer was measured using a 5-point Likert scale, ranging from 1 (very little extent) to 5 (very great extent).

In addition to the instructions page and the pages describing the 16 takeover scenarios, the questionnaire included a personal profile page on which each respondent provided the following demographic and company information: respondent nationality, gender, age, level of education, position level in current company, industry in which the respondent’s company is in, and prior personal experience with mergers and acquisitions.

The data were analyzed by using the standard policy-capturing approach described by Pablo (1994). First, standard multiple regression analysis was used to obtain the measures of decision consistency ($R^2$) and the vector of beta weight associated with each decision criterion for each respondent. The regression equation estimated for each respondent contained the five decision criteria and three interactions terms suggested by the theoretical model. Next, independent sample t-tests and one-way ANOVAs were conducted to examine whether nationality or other demographic variables influenced respondents’ trust decisions with respect to each of the hypothesized determinants of trust.
RESULTS

Decision-Maker Consistency

The squared multiple correlation coefficient ($R^2$) was used as a descriptive measure of the consistency of respondents’ judgments across the 16 scenarios. The average $R^2$ across respondents was 0.81. Individual values ranged from 0.30 to 1.00 (s.d. = 0.14). These consistency measures compare favorably with those of other policy capturing studies that have used textual presentation of decision criteria (Bazerman, 1985; Mazen, 1990; Pablo, 1994).

Effects and Relative Importance of Decision Criteria

The significance of each decision criterion’s contribution to judgments about the acquiring firm management’s trustworthiness was examined by testing the hypothesis that the mean regression coefficient (averaged across respondents) for each term included in the regression equation was significantly different from zero. As Table 2 indicates, all five decision criteria – mode of takeover, imposed control, cultural distance, attractiveness of acquiring firm’s HR and reward system, interaction history – were found to be significant influences on respondents’ trust decisions. The direction of effects was as hypothesized. Thus, Hypotheses 1, 2, 3, 4 and 5 were all supported.

Further, a significant interaction effect between mode of takeover and cultural distance was found, thereby supporting Hypothesis 6. The other two hypothesized interaction effects were non-significant. Thus, Hypotheses 7 and 8 were not supported.

The mean regression coefficients for each of the decision criteria reported in Table 2 suggest that some of the hypothesized determinants of trust are more important than others.
Table 3 reports the mean differences between pairs of beta-weights. The findings show that all pair-wise comparisons were significant. Thus, respondents gave differential weight to the five variables in their decisions to trust the acquiring firm management. The variable of acquiring firm’s HR and reward system was given the highest weight, followed by mode of takeover, interaction history, imposed control, and cultural distance.

Modelling Effects of Cultural Orientations and Demographic Variables

We examined potential moderating effects of cultural orientations (operationalized through respondents’ nationality) by testing whether the mean beta weights with respect to each decision criterion differed significantly between German, Canadian and Singaporean respondents. Results of One-Way ANOVAs (see Table 4) suggest that respondents’ cultural orientations moderated the relationship between the characteristics of the takeover situation and integration process, and respondents’ trust decisions. Although the direction of effects was the same for German, Canadian and Singaporean respondents, the mean beta weights differed significantly for four out of the five decision criteria examined. Imposed control was the only variable that was given similar weight by German, Canadian and Singaporean respondents in their trust decisions. Thus, Hypothesis 9 was supported.

Scheffe post-hoc tests were conducted to test pair-wise differences between the three country samples (see Table 4). The findings show that the German and Singaporean samples differed significantly with respect to four out of the five decision criteria. While German respondents gave greater weight to the variables of mode of takeover and cultural distance in making trust decisions, Singaporean respondents gave greater weight to the combining firms’ interaction history and the attractiveness of the acquiring firm’s HR and reward system.
Compared to Canadians, German respondents gave significantly less weight to the combining firms’ interaction history and the acquiring firm’s HR and reward system. There were no significant differences between the Canadian and Singaporean samples. These findings suggest, somewhat surprisingly, that the reactions to takeovers of Canadian employees are more similar to those of Singaporean employees, compared to those of German respondents.

We examined potential moderating effects of demographic variables on respondents’ trust decisions by testing whether the mean beta weights with respect to each decision criterion differed significantly between respondents who are below or above 40 years old; between male and female respondents; between respondents with or without an university education; between respondents in managerial and non-managerial positions; between respondents with or without prior personal experience with M&A; and between respondents working in the service or the manufacturing sector.

The findings of independent sample t-tests presented in Table 5 indicate that two variables, age and level of education, moderated the relationship between the decision criteria presented and respondents’ trust decisions. Respondents below 40 years of age were more influenced in their trust decisions by whether the acquiring firm was a foreign or a domestic company, and by the attractiveness of the acquiring firm’s HR and reward system, than were respondents above 40 years of age. Respondents with a university education were less influenced in their trust decisions by whether the acquiring firm was a foreign or a domestic company, but gave greater weight to the combining firm’s interaction history and the attractiveness of the acquiring firm’s HR and reward system than respondents without a university education. All other demographic variables examined did not have a significant
moderating effect. Thus, support for Hypothesis 10 is weak.

DISCUSSION

Few attempts have been made to examine the role that trust plays in the post-acquisition integration process. We set out to test a model of how characteristics of the initial takeover situation, as well as processes related to the acquiring firm’s integration decisions and actions, influence target firm members’ trust in the acquiring firm management. We did this by modeling individuals’ trust decisions following takeovers in a cross-national sample of German, Canadian and Singaporean employees, thereby allowing us to examine potential cross-cultural differences in individuals’ reactions to takeovers.

Summary of Findings

As hypothesized, we found that various characteristics of the takeover situation and the post-acquisition integration process influenced respondents’ trust decisions. However, the hypothesized determinants of target firm members’ trust in the acquiring firm management were not equally important in influencing respondents’ trust decisions. Attractiveness of the acquiring firm’s HR and reward system was found to be the most important determinant of trust. This finding is consistent with prior research that has shown that employee reactions to a merger or takeover depend primarily on the personal benefits and losses attributed to it (e.g., Napier, 1989; Schweiger & Walsh, 1990). Mode of takeover – whether the social climate surrounding the acquisition was friendly or hostile – was found to be the second most important factor influencing respondents’ trust decisions. Thus, aspects of the takeover situation and the integration process that have an immediate impact on employees’ work situation and careers, such as friendliness of the takeover situation and quality of reward
changes, appear to be more important in influencing trust than more peripheral aspects such as interaction history or cultural distance between the combining organizations.

Among the characteristics of the takeover situation and the post-acquisition integration process examined, cultural distance – whether it was a domestic or cross-border acquisition – had the least impact on respondents’ trust decisions. This finding, albeit unexpected, is consistent with studies that found that cultural differences do not always have a detrimental effect on M&A outcomes (Larsson & Risberg, 1998; Morosini et al., 1998; Very, Lubatkin & Calori, 1996). For example, Very et al. (1996), in a study of acculturative stress in cross-border M&A, found that cultural differences elicited perceptions of attraction rather than stress, depending on the nationalities of the buying and acquiring firms. Thus, the “cultural distance” hypothesis may provide too simplistic an explanation of the cultural processes involved in integrating merging firms. Whether cultural differences have a positive or negative impact on trust will likely depend on the nature and extent of cultural differences, the integration approach taken, and the interventions chosen to manage these differences.

A significant interaction effect between mode of takeover and cultural distance was found, suggesting that the detrimental effects of a hostile mode of takeover on target firm members’ trust are more pronounced in cross-border acquisitions than in domestic ones. This finding suggests that the relationship between cultural distance and acquisition outcomes is more complex than previously thought. While cultural differences may have a neutral or even positive effect on target firm members’ reactions to a friendly takeover, the emotionally charged atmosphere and feelings of helplessness and antagonism resulting from hostile takeover tactics (Hambrick & Cannella, 1993; Marks & Mirvis, 2001) are likely to be amplified by cultural barriers and the associated stereotypes and chauvinistic biases.

It has often been argued – but less often been researched – that individuals differ widely in their responses to M&A. Individual characteristics such as age, position level, prior career
success, and prior personal experience with M&A have been proposed to moderate target firm members’ reactions to takeovers (Cartwright & Cooper, 1996; Napier, 1989; Schweiger & Walsh, 1990). However, our findings show little evidence of strong moderating effects of demographic variables on employee reactions to takeovers. Among the variables examined, only age and level of education had an impact on respondents’ trust decisions. Thus, the effects of the characteristics of the takeover situation and the post-acquisition integration process on employee trust are remarkably consistent across a wide range of individuals, both male and female, in managerial and non-managerial positions, with or without prior personal experience with M&A, and working in diverse functional areas and industries.

Unlike respondents’ demographic characteristics, national cultural orientations were found to have a strong moderating effect on the decision to trust following a takeover. Consistent with prior research indicating that the bases and dynamics of trust within and between organizations vary depending on national culture (e.g., Doney et al., 1998; Whitener et al., 1999), we found significant differences between the German, Canadian and Singaporean samples in how respondents weighted acquisition-related information in making trust decisions. For example, while the variable of interaction history had only a minor impact on German employees’ trust decisions, interaction history was found to be the second most important determinant of trust in the Canadian and Singaporean samples.

This finding can partly be explained in terms of differences in cultural orientations that set up expectations about behavior and provide a frame for interpreting others’ trustworthiness. As comparative management scholars have noted (e.g., Hofstede, 1980; Redding, 1990), most Asian cultures are characterized by a strong relationship orientation – much importance is placed on building trust through personal contact and collaborations over time. To the Singaporean respondents, the extent of prior contact with members of the acquiring firm may have implied the strength and quality of the relationship and thus had a
critical influence on their trust decisions. In contrast, business transactions in Western cultures are carried out largely on a calculated and contractual basis. To German respondents, coming from a more individualistic culture, the extent of prior contact with members of the acquiring firm may have been less important than other aspects of the takeover situation.

While the differences between German and Singaporean respondents can be straightforwardly explained in terms of variations in cultural orientations, the fact that there were no significant differences between the decision models of Canadian and Singaporean respondents is puzzling. Based on the country index proposed by Hofstede (1980), Canada is culturally much closer to Germany than to Singapore. Thus, one would expect the reactions of German and Canadian employees to be more similar, compared to those of Singaporean respondents. One possible explanation is the common British heritage on which both Canada and Singapore are founded that may create some similarities in values, assumptions and norms between the two nationalities. Further, recent research suggests that Singaporeans are becoming more and more “Americanized”, to the extent that they display similar behavioral patterns with North-Americans (Tan, 2002).

The finding that Canadian and Singaporean employees displayed similar patterns in how they weighted acquisition-related information in making trust decisions is consistent with the results of other between-country comparisons. For example, while cultural distance was found to be critical to German respondents’ trust decisions, this variable played only a minor role in the decision models of Canadian respondents, and had no impact on Singaporean respondents’ trust decisions. Thus, while the experience of being taken over by a foreign acquirer seems to have a detrimental effect on trust in the German sample, Canadians and Singaporeans appear to be largely immune against the threat of a cross-border acquisition. This finding may partly be explained by differences in foreign language proficiency. Unlike Germans, most Canadian and Singaporean employees speak and understand English and may
thus feel less threatened by the prospect of being taken over by a foreign company. Further, Singapore and, to a certain extent, Canada are multicultural societies where people are accustomed to dealing with cultural differences in both their work and personal life.

In conclusion, the results of between-country comparisons suggest that the employee reactions to corporate takeovers depend partly on national cultural orientations. However, it is important to note that the similarities in how employees weighted acquisition-related information in making trust decisions across countries are more pronounced than cultural differences. Regardless of respondents’ national cultural heritage, most of the characteristics of the takeover situation and the post-acquisition integration process examined were found to be important antecedents of trust.

**Limitations and Implications for Research**

This study provided some new insights into the bases and dynamics of trust following acquisitions. However, there are several possible limitations and avenues for future investigations as well.

Perhaps the most critical question is related to the external validity of the findings. This study used hypothetical takeover scenarios to simulate individuals’ trust decisions in a variety of takeover situations. Although doing so was necessary to preserve the experimental control required to test the hypotheses advanced in this study, the responses to hypothetical scenarios may differ from employee reactions to real-world situations. However, several researchers found that results from contrived situations used in policy capturing studies are not significantly different from results from real-world situations, particularly when decision makers are experienced in the types of decisions they are being asked to make (Brown, 1972; Pablo, 1994). In the present study, more than half of respondents had prior personal experience with M&A. The fact that the findings for the sub-sample of respondents who could have arrived at their answers by drawing on prior personal experience are not
significantly different from the results of respondents without prior experience with M&A supports the external validity of this study. Nevertheless, more empirical research, using alternative methodologies such as large-scale survey designs and in-depth interviews, are needed to substantiate the critical role that trust may play in the post-acquisition integration process, and to test the validity of the causal relationships proposed in this paper.

Another possible limitation to the external validity of this study should be noted. Simulation of individuals’ decision processes through policy capturing allows for evaluation of how respondents use a limited set of information to make decisions in a specific domain. Since the purpose of our study was to examine the relationships predicted by a particular theoretical model, we included only variables proposed by this model as important determinants of trust in acquisitions. Further, we limited the number of independent variables to be studied to five in order to avoid respondent overload. To the extent that additional variables outside the theoretical model used in this study might have had a significant influence on respondents’ trust decisions, the decision models derived using the policy-capturing technique may be incomplete.

The findings describe the decision models of a broad group of German, Canadian and Singaporean employees, both male and female, of all age groups, in managerial and non-managerial positions, with or without a university education, with or without prior personal experience with M&A, and working in diverse functional areas and industries. Thus, the findings are representative of the decision models of a larger population of German, Canadian and Singaporean employees. However, emerging from a study of samples of employees of only three nationalities, the generalizability of the results is limited, and can only be established by further research.

Although this study found important cross-cultural differences in individuals’ reactions to corporate takeovers, care must be taken not to draw premature conclusions concerning
causality. Since the German, Canadian and Singaporean samples differed not only in terms of cultural orientations, but also in terms of other characteristics such as gender or level of education, it could be argued that the results of the between-country comparisons reflect differences in demographic characteristics rather than differences in national cultural orientations. However, the fact that the demographic variables examined had either no impact or only a minor impact on how respondents weighted acquisition-related information in making trust decisions suggests that the differences found between the German, Canadian and Singaporean samples can be explained in terms of differences in national cultural orientations rather than demographic characteristics.

**Implications for Practice**

In M&A, special emphasis is usually put on the strategic and financial goals of the transaction, while the “human factors” do not receive much attention (Cartwright & Cooper, 1996; Nahavandi & Malekzadeh, 1988). However, the findings of this study suggest that the “softer”, less tangible psychological, social, and cultural aspects of M&A management play a key role in the post-acquisition integration process. Characteristics of the initial takeover situation such as a hostile takeover tactics or lack of prior personal contact can be major obstacles to achieving integration benefits because they can undermine target firm members’ trust in the acquiring firm management. Therefore, the sociocultural implications have to be considered already at an early stage in the acquisition process, in the evaluation and selection of a suitable target and the planning of the integration process.

Consistent with a “process perspective” on acquisitions (Haseslagh & Jemison, 1991; Hunt, 1990; Jemison & Sitkin, 1986), the findings of this study suggest that the outcome of an acquisition depends heavily on the management of the post-acquisition integration process. While characteristics of the initial takeover situation may form the upper bound on the degree of success that an acquisition can achieve, top management’s integration decisions
and actions will determine the degree to which that potential is realized (Pablo, Sitkin & Jemison, 1996). Being aware of the tendency to remove more autonomy from the target firm than might be necessary in order to achieve projected synergies, and resisting this tendency if necessary, can go a long way toward building a relationship that is based on trust. Carefully setting the appropriate tone in and after the negotiations, providing opportunities for interaction between members of the target and the acquiring firm, and improving incentive and reward systems will also have a positive impact on trust, and increase the chances for successful integration.

An important implication of this study for practice is that executives involved in cross-border M&A need to recognize that employees with different cultural orientations make their trust decisions differently and that they have to adapt their integration-related decisions and actions accordingly. It is essential for an acquirer to understand the cultural values, assumptions, and norms in the target company and the environment within which the target company operates, and to pay attention to these cultural differences. A thorough cultural due diligence process can be helpful in this regard. The purpose of cultural assessment is to evaluate factors that may influence the organizational fit, to understand the future cultural dynamics as the two organizations merge, and to prepare a plan to address potential conflicts arising from cultural differences during the integration stage (Evans et al., 2002; Marks & Mirvis, 1998). The findings of this study suggest that cultural aspects of M&A management play a key role in the post-acquisition integration process because they can enhance or undermine trust.
References


Datta, D. K. & Grant, J. H. (1990). Relationships between type of acquisition, the autonomy


Tan, B. L. B. (2002). Researching managerial values: A cross-cultural comparison. *Journal of*


FIGURE 1
Hypothesized Determinants of Target Firm Members’ Trust in the Acquiring Firm Management

- Mode of Takeover
- Cultural Distance
- Imposed Control
- Attractiveness of Acquirer’s HR System
- Interaction History

Level of Target Firm Members’ Trust in the Acquiring Firm Management

H1, H2, H3, H4, H5, H6, H7, H8
### TABLE 1
Respondent Demographic Characteristics

<table>
<thead>
<tr>
<th>Respondent Demographic Characteristics</th>
<th>Percentage</th>
<th>German Sample (n=197)</th>
<th>Singapore Sample (n=213)</th>
<th>Canadian Sample (n=199)</th>
<th>Combined Sample (n=609)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 40 years of age</td>
<td>61%</td>
<td>71%</td>
<td>40%</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>At least 40 years of age</td>
<td>39%</td>
<td>29%</td>
<td>60%</td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>37%</td>
<td>51%</td>
<td>20%</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>63%</td>
<td>49%</td>
<td>80%</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>Level of education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below a bachelor degree</td>
<td>69%</td>
<td>29%</td>
<td>7%</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>At least a bachelor degree</td>
<td>31%</td>
<td>71%</td>
<td>93%</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Position level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-managerial position</td>
<td>55%</td>
<td>45%</td>
<td>18%</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>Managerial position</td>
<td>45%</td>
<td>55%</td>
<td>82%</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Prior personal experience with M&amp;A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With prior experience</td>
<td>62%</td>
<td>49%</td>
<td>73%</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Without prior experience</td>
<td>38%</td>
<td>51%</td>
<td>27%</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>Industry Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>50%</td>
<td>72%</td>
<td>63%</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>50%</td>
<td>28%</td>
<td>37%</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>Decision Criteria</td>
<td>Standardized Regression Coefficients</td>
<td>Outcome of Hypothesis Testing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------------</td>
<td>-----------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mean of Beta Weights(^a)</td>
<td>s.d.</td>
<td>t-value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mode of Takeover</td>
<td>-.27**</td>
<td>.34</td>
<td>-20.05</td>
<td>Hypothesis 1 supported</td>
<td></td>
</tr>
<tr>
<td>Cultural Distance</td>
<td>-.08**</td>
<td>.38</td>
<td>-5.30</td>
<td>Hypothesis 2 supported</td>
<td></td>
</tr>
<tr>
<td>Imposed Control</td>
<td>-.14**</td>
<td>.45</td>
<td>-7.81</td>
<td>Hypothesis 3 supported</td>
<td></td>
</tr>
<tr>
<td>Attractiveness of Acquirer’s HR System</td>
<td>-.52**</td>
<td>.40</td>
<td>-32.36</td>
<td>Hypothesis 4 supported</td>
<td></td>
</tr>
<tr>
<td>Interaction History</td>
<td>-.21**</td>
<td>.29</td>
<td>-17.74</td>
<td>Hypothesis 5 supported</td>
<td></td>
</tr>
<tr>
<td>Cultural Distance x Mode of Takeover</td>
<td>.03**</td>
<td>.32</td>
<td>2.60</td>
<td>Hypothesis 6 supported</td>
<td></td>
</tr>
<tr>
<td>Cultural Distance x Imposed Control</td>
<td>-.03</td>
<td>.34</td>
<td>-1.80</td>
<td>Hypothesis 7 rejected</td>
<td></td>
</tr>
<tr>
<td>Attractiveness of Acquiring Firm’s HR System x Imposed Control</td>
<td>-.01</td>
<td>.38</td>
<td>-.82</td>
<td>Hypothesis 8 rejected</td>
<td></td>
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</tbody>
</table>

\(^a\)N = 609
s.d. = Standard deviation
\(^*\)p < .05
\(^**\)p < .01
<table>
<thead>
<tr>
<th>Decision Criterion</th>
<th>Compared with …</th>
<th>Mean Difference between Beta Weights&lt;sup&gt;a&lt;/sup&gt;</th>
<th>s.d.</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attractiveness of Acquirer’s HR System</td>
<td>Mode of Takeover</td>
<td>.25**</td>
<td>.58</td>
<td>10.56</td>
</tr>
<tr>
<td></td>
<td>Interaction History</td>
<td>.31**</td>
<td>.49</td>
<td>15.52</td>
</tr>
<tr>
<td></td>
<td>Imposed Control</td>
<td>.38**</td>
<td>.45</td>
<td>20.73</td>
</tr>
<tr>
<td></td>
<td>Cultural Distance</td>
<td>.44**</td>
<td>.52</td>
<td>20.77</td>
</tr>
<tr>
<td></td>
<td>Interaction History</td>
<td>- .06**</td>
<td>.43</td>
<td>-3.71</td>
</tr>
<tr>
<td>Mode of Takeover</td>
<td>Imposed Control</td>
<td>-.13**</td>
<td>.57</td>
<td>-5.67</td>
</tr>
<tr>
<td></td>
<td>Cultural Distance</td>
<td>.19**</td>
<td>.43</td>
<td>11.12</td>
</tr>
<tr>
<td>Interaction History</td>
<td>Imposed Control</td>
<td>.07**</td>
<td>.50</td>
<td>3.29</td>
</tr>
<tr>
<td></td>
<td>Cultural Distance</td>
<td>.13**</td>
<td>.48</td>
<td>6.58</td>
</tr>
<tr>
<td>Imposed Control</td>
<td>Cultural Distance</td>
<td>.06**</td>
<td>.47</td>
<td>3.09</td>
</tr>
</tbody>
</table>

<sup>a</sup>N = 609
s.d. = Standard deviation
*p < .05
**p < .01
TABLE 4
Moderating Effects of Cultural Orientations (Nationality) on Respondents’ Trust Decisions

<table>
<thead>
<tr>
<th>Decision Criteria</th>
<th>Standardized Regression Coefficients</th>
<th>German Sample (n=197)</th>
<th>Singapore Sample (n=213)</th>
<th>Canadian Sample (n=199)</th>
<th>One-Way ANOVA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean of Beta Weights</td>
<td>Mean of Beta Weights</td>
<td>Mean of Beta Weights</td>
<td>F Value</td>
</tr>
<tr>
<td>Mode of Takeover</td>
<td></td>
<td>-.33&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.23&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.27</td>
<td>4.16</td>
</tr>
<tr>
<td>Cultural Distance</td>
<td></td>
<td>-.14&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.04&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.07</td>
<td>3.86</td>
</tr>
<tr>
<td>Imposed Control</td>
<td></td>
<td>-.13</td>
<td>-.13</td>
<td>-.15</td>
<td>.13</td>
</tr>
<tr>
<td>Attractiveness of Acquirer’s HR System</td>
<td></td>
<td>-.41&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>-.55&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.59&lt;sup&gt;b&lt;/sup&gt;</td>
<td>11.47</td>
</tr>
<tr>
<td>Interaction History</td>
<td></td>
<td>-.12&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>-.23&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-.28&lt;sup&gt;b&lt;/sup&gt;</td>
<td>17.52</td>
</tr>
</tbody>
</table>

<sup>a</sup>Indicate significant pair-wise differences between German and Singapore samples (Scheffe test).
<sup>b</sup>Indicate significant pair-wise differences between German and Canadian samples (Scheffe test).

Note: There were no significant pair-wise differences between Singapore and Canadian samples (Scheffe test).
<table>
<thead>
<tr>
<th>Demographic Characteristics</th>
<th>Decision Criteria Where Mean Beta Weights Differed Significantly Between Respondents Due To Demographic Differences</th>
<th>Standardized Regression Coefficients</th>
<th>Mean Difference Between Beta Weights $^a$</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age :</td>
<td>Cultural Distance</td>
<td>-0.07*</td>
<td>-2.38</td>
<td></td>
</tr>
<tr>
<td>Below 40 years of age /</td>
<td>Attractiveness of HR System</td>
<td>-0.07*</td>
<td>-2.30</td>
<td></td>
</tr>
<tr>
<td>At least 40 years of age</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender :</td>
<td>None</td>
<td>n.a.</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Female / Male</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of education :</td>
<td>Cultural Distance</td>
<td>-0.09**</td>
<td>-2.86</td>
<td></td>
</tr>
<tr>
<td>Below a bachelor degree /</td>
<td>Interaction History</td>
<td>0.06**</td>
<td>2.60</td>
<td></td>
</tr>
<tr>
<td>At least a bachelor degree</td>
<td>Attractiveness of HR System</td>
<td>0.08*</td>
<td>2.54</td>
<td></td>
</tr>
<tr>
<td>Position level:</td>
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<td>n.a.</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Non-managerial position /</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial position</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior personal experience with M&amp;A :</td>
<td></td>
<td>None</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>With prior experience /</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without prior experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry Sector :</td>
<td>None</td>
<td>n.a.</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Service / Manufacturing</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

$^a$ N = 609  
*p < .05  
**p < .01  
n.a. = not applicable