Journal of Management & Organization (2024), page 1 of 24
doi:10.1017/jmo.2024.27

RESEARCH ARTICLE

Top management team gender diversity and power dynamics in times of change

Heather R. Parola[1], Kimberly M. Ellis[2] and Peggy Golden[2]

[1]Schroeder Family School of Business Administration, University of Evansville, Evansville, IN, USA and [2]Department of Management Programs, Florida Atlantic University, Boca Raton, FL, USA
Corresponding author: Heather R. Parola; Email: hf52@evansville.edu

(Received 10 March 2020; revised 27 March 2024; accepted 26 May 2024)

Abstract
Extant research examining the effects of top management team (TMT) gender diversity on firm performance report equivocal findings. We seek to enhance understanding of this critical relationship in the context of an acquisition, which necessitates changes in one or both firms during a process characterized by non-routine decisions, time pressures, high uncertainty, and frequent debates among strategic leaders. Specifically, we examine the effects of gender diversity of top management and female executives' formal and informal power on post-deal performance. Our results indicate gender diversity has negative effects on post-deal performance. Further, in a subsample of acquirers with gender diverse teams, our results reveal that female executives' structural power and ownership power have negative performance effects, while power conferred through an elite education has positive performance effects. Our findings highlight the need to expand gender diversity research to consider the strategic context facing diverse TMTs and power dynamics among them.

Keywords: Merger & acquisition; gender diversity; strategic consensus; organizational change; executive power

The topic of gender diversity remains a critical business imperative receiving substantial attention not only in the business press (e.g., Abouzahr, Taplett, Krentz, Van der Kolk, & Yousif, 2018; Todd, 2019) but also in academic research (e.g., Bae & Skaggs, 2019; Harjoto, Laksmana, & Lee, 2015; Joshi, Neely, Emrich, Griffiths, & George, 2015; Roh, Chun, Ryou, & Son, 2019). Discussions of gender diversity mandates in both the United States (e.g., California) and the European Union are prompting firms to enhance gender diverse representation, especially within the upper echelon. As such, female representation on the top management team (TMT) of firms has increased by 5% since 2016 (McKinsey & Company, 2021). Given these trends, it is important to understand the effects of TMT gender diversity.

Many management studies have placed emphasis on upper echelon gender diversity, and the performance effects of such diversity management (Joshi et al., 2015). Results are equivocal with some studies reporting that the presence of women in strategic leadership positions yields positive effects on firm performance (e.g., Dezsö & Ross, 2012; Galbreath, 2011; Jonson, McGuire, Rasel, & Cooper, 2020; Perryman, Fernando, & Tripathy, 2016; Post & Byron, 2015), while other studies reveal negative or mixed effects (e.g., Adams & Ferreira, 2009; Bae & Skaggs, 2019; Hagendorff & Keasey, 2012; Parola, Ellis, & Golden, 2015). Most existing research focuses on the effects of gender diversity during normal business operations. Yet, we know little about how gender diversity may influence processes and outcomes when firms engage in significant organizational change. As such, it is important to understand

the effects that TMT gender diversity has on decision-making processes and performance associated with such change.

There are several benefits of gender diversity among upper echelons. Gender diversity increases the available pool of knowledge in a group, as females and males have different cognitive frames and experiences to offer a wider breadth of skills and information. This greater breadth allows for more complete information processing (Van Knippenberg, De Dreu, & Homan, 2004), resulting in better quality decisions. Unfortunately, there are also negative aspects of gender diversity among upper echelons. Because gender is a source of surface-level diversity with differences being highly visible as compared to some other dimensions of diversity, it often leads to relational conflict which can be problematic as feelings of frustration, resentment, and tension overtake the decision-making process (Jehn, Chadwick, & Thatcher, 1997). As such, gender diversity among upper echelons can reduce team cohesion and strategic consensus as well as slow decision speed, which can be detrimental to decision-making and implementation, especially in times of strategic change (Triana, Miller, & Trzebiatowski, 2014).

Moreover, the dynamics and interactions among executives are shaped by the relative distribution of power within the TMT (Simsek, Heavey, & Fox, 2018) and may spark power contests (Georgakakis, Heyden, Oehmichen, & Ekanayake, 2022). Thus, in examining the effects of TMT gender diversity, it is also important to consider the level of power that females have within the strategic leadership group (Triana et al., 2014). Power captures the extent of female executives' influence on actions taken and decisions made by the firm's strategic leadership group, which ultimately affects performance (Finkelstein, 1992). If female strategic leaders are present in the group but have limited influence in the decision-making process, then gender diversity may minimally affect performance. Moreover, the type of power female executives hold is an important consideration. Formal power, tied to hierarchy and control (Finkelstein, 1992), is less likely to reduce relational conflict, whereas informal power, tied to expertise and knowledge (Finkelstein, 1992), may provide benefits that reduce relational conflict within the group and minimize the negative effects of gender diversity. Yet, to our knowledge, no published studies have developed or tested theoretical models examining performance implications of different sources of power gained by female executives on the TMT.

To address these issues, we focus on the effects of TMT gender diversity following a merger or acquisition (M&A). We place emphasis on the M&A context because it is a major growth strategy used by many firms where leadership from the TMT is critical to success (Haspeslagh & Jeminson, 1991; Nadolska & Barkema, 2014; Vasilaki & O'Regan, 2008). TMT members not only possess valuable information and critical insights about the firm, its internal conditions, external factors, and myriad stakeholders, but they also facilitate the identification of potential synergies and orchestration of integration actions required for the successful implementation of M&As (Graebner, 2004; Haspeslagh & Jeminson, 1991; Sverdrup & Stensaker, 2018). Yet, M&As are characterized by non-routine decisions, debates among top managers, and high uncertainty (Pablo, Sitkin, & Jemison, 1996) potentially straining relationships among firm executives. There is also a need to make quick decisions in terms of the overarching strategic direction and values of the combined firm as well as guidelines and expectations for the integration process (Cording, Christmann, & King, 2008; DiGeorgio, 2003; Haspeslagh & Jeminson, 1991). As such, it is important that TMT members, who collectively have responsibility for overseeing the firm's daily operations and implementing M&A growth strategies, reach quality, timely decisions to manage major organizational changes occurring in at least one firm and often both firms (Buono, Bowditch, & Lewis, 1985). To date, limited research has considered the performance effects of characteristics of acquirers' TMT (e.g., Nadolska & Barkema, 2014; Parola et al., 2015). Given the critical role of the TMT in M&A integration, we address this gap by focusing our attention on theorizing how one key TMT attribute, its gender diversity, influences decision-making and post-deal performance.

The purpose of our study is to develop and empirically test a theoretical model that examines the effects of TMT gender diversity on post-deal performance. Given the aforementioned factors characterizing M&As, we argue that gender diversity limits a TMT's ability to reach agreement through

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

relational conflict thereby minimizing the coordination, cooperation, and knowledge sharing necessary to effectively manage integration. We theorize this in turn will lower post-deal performance. Moreover, building on the power perspective, we consider the role of the female top managers' power in those acquirers with gender diverse TMTs. Power dynamics among the TMT during the M&A process influence the ability and willingness of the firms' individual executives to leverage their complementary knowledge and engage in shared decision-making activities critical to integration and achieving post-deal outcomes (Cannella & Hambrick, 1993; Graebner, 2004). As such, we theorize how formal sources of power rooted in hierarchy and control hamper female executives' input on diverse TMTs, thus lowering post-deal performance, while informal bases of power linked to knowledge and experience facilitate female executives' positive contributions on diverse TMTs, thereby enhancing post-deal performance. In doing so, our study enhances the growing body of literature examining the performance effects of TMT gender diversity while also considering the influence of different dimensions of female executives' power on decision-making processes and related outcomes of gender-diverse TMTs.

Theoretical background

Gender diversity and M&A integration

M&A integration has been described as difficult, ambiguous, and full of complex and integrated decisions (e.g., Cording et al., 2008; Haspeslagh & Jeminson, 1991). Integration, or the actions taken by top managers to combine two previously separate firms (Haspeslagh & Jeminson, 1991), brings about strategic change for at least one and often both firms. Distinct challenges of M&A integration must be addressed in a timely manner without significant delays, primarily aimed at reducing stakeholder uncertainty and ambiguity (Homburg & Bucerius, 2006; Vasilaki & O'Regan, 2008). Employees and customers in particular face high anxiety and reservations about M&As due to the impending level of organizational change (Buono et al., 1985). The TMT is tasked with mitigating the sense of uncertainty by acting decisively, sharing the unified vision of the deal, and developing a plan to guide the M&A process (Haspeslagh & Jeminson, 1991). Because TMT members often have specific individual responsibilities, a clear and stable understanding of the shared vision driving the M&A decision and commitment to how that vision will be implemented is important so that their collective actions are aligned with the overall M&A intent and integration plan (Amason, 1996; Bengtsson, Raza-Ullah, & Srivastava, 2020; Lakshman, 2011).

As TMT members are important to the integration process, their demographic characteristics, and the diversity of those demographic characteristics, become key determinants of decision quality (Hambrick & Mason, 1984). In general, diverse TMTs are considered to possess greater cognitive resources which increase information processing, problem-solving skills, and reduce groupthink (Bantel & Jackson, 1989). In particular, gender diversity provides the team with cognitive diversity – differences in perceptual views and solutions to problems (Dutton & Duncan, 1987). This increases information processing as individuals from different backgrounds access a wider range of knowledge and use different cognitive frames to solve a problem (Van Knippenberg et al., 2004). A breadth of knowledge can help the TMT more effectively approach various strategic situations and find alternatives if necessary (Wiersema & Bantel, 1992). This in turn can increase performance and innovation as task conflict increases (Jehn, Northcraft, & Neale, 1999).

TMT gender diversity has the potential to hinder team performance though. As a form of surface-level diversity, gender differences are highly visible and salient among TMTs (Roh et al., 2019). These salient differences increase the potential for in-group/out-group stereotyping, or the formation of subgroups within the team, as members are more inclined to work with those who are similar rather than dissimilar to them (Williams & O'Reilly, 1998). This 'us' versus 'them' mentality can lead to various performance destroying issues, most notably relational conflict. Relational conflict, or "the awareness of interpersonal incompatibilities" (Jehn & Mannix, 2001, p. 238), often causes negative group effects such as tension and friction. These effects emerge because gender is an impermeable

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

attribute, and in diverse groups, leads to in-group/out-group biases resulting in feelings of resentment, frustration and hostility (Pelled, Eisenhardt, & Xin, 1999), and ultimately relational conflict (Pelled, 1996).

Relational conflict can be particularly problematic for achieving decision quality. Relational conflict interferes with task related effort (Jehn, 1995) and inhibits information processing of group members as individual members may spend more time and energy focusing on each other rather than task issues (Jehn and Mannix, 2001). Group members involved in relational conflict may also experience stress and anxiety at levels that limit cognitive functioning (Jehn and Mannix, 2001), which may bring about lower quality decisions. This, coupled with lower levels of cooperation that result from relational conflict, reduces the team's ability to manage contradictory demands and tensions (Bengtsson et al., 2020). Moreover, the process of attempting to achieve consensus with divergent opinions delays actions and responses to unexpected situations, thus increasing the likelihood that gender diverse teams will make slower decisions. And, given the complexity and uncertainty inherent with most M&As, decisions will likely be influenced more by behavioral factors than rational ones (Hambrick & Mason, 1984). Such effects can in turn adversely affect performance following an organizational change process such as M&A integration.

Further, as relational conflict increases, cooperation among team members decreases (Bengtsson et al., 2020). As such, if the vision of the deal cannot be agreed upon, it cannot be successfully conveyed to interested parties (e.g., employees, customers, investors, etc.) and internal decisions that affect these parties may not be aligned or clearly communicated resulting in adverse outcomes. In particular, negative consumer perceptions due to uncertainty lead to actions such as cancelled orders and defections to competitors, which have negative implications for M&A performance (Homburg & Bucerius, 2006). Moreover, negative employee perceptions may lead to behavioral issues such as stress, anxiety, loss of trust, lower job satisfaction, and higher turnover intentions, which often adversely affect performance following M&As (Buono et al., 1985; Lakshman, 2011; Sverdrup & Stensaker, 2018).

In sum, as gender diversity becomes more salient when the TMT is faced with complex and uncertain issues during the M&A integration process, it causes relational conflict among the TMT members, thus making efforts to arrive at decisions in a timely manner more difficult. This in turn hinders the TMT members from sharing a unified a vision of the combined firm to employees and other stakeholders and developing a common frame of reference or stable beliefs system about actions and outcomes that guide their decision-making process. Hence, during the M&A integration process, gender diversity impedes the TMT's ability to make and implement timely and quality decisions, which in turn diminishes firm value following the deal. Therefore,

Hypothesis 1: Gender diversity on the TMT will be negatively related to post-deal M&A performance.

Power dynamics within gender diverse teams and performance

The extent to which gender diversity affects the decision-making process depends upon how much influence the female member of the TMT wields. To exert her influence in ways that maximize the effects of gender diversity, a female strategic leader must have the power within the team to do so. In developing theoretical arguments to explore this relationship further, we focus on gender diverse teams and assume that power is not evenly distributed among the TMT members. Power imbalances in the TMT define roles of individual executives (Georgakakis et al., 2022), affect decisions of strategic change (Greve & Mitsuhashi, 2007) and can overcome the effects of diversity on a TMT (Bunderson, 2003). For example, Priem, Lyon, and Dess (1999) suggest that power homogeneity on a TMT would likely encourage the expression of multiple viewpoints, whereas power heterogeneity would discourage such expression. Powerful members of the team tend to dominate group decision processes as less powerful members often do not voice their opinions or are ignored when they do so

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

(Whyte & Levi, 1994), thereby reducing information exchange, perspectives considered, and debates (Foddy & Smithson, 1996).

Intra-team involvement is affected by formal position, control over important resources, and membership in the dominant coalition (Finkelstein, 1992). As a female executive's power increases, so does her involvement and influence in the decision-making process. This in turn suggests that beyond their presence, the level of power possessed by female executives affects decision-making processes and performance outcomes. Research suggests multiple forms of power exist, including formal and informal forms of power which engender different perceptions or behaviors of TMT members (Walls & Berrone, 2017). As such, the different forms of power are expected to affect relational conflict within gender diverse TMTs in different ways, and ultimately decision-making processes of TMTs. Structural and ownership power are considered formal power bases and reflect the overall ability of executives to exercise influence based on official position, hierarchy, and control in the firm (Finkelstein, 1992). Expert and prestige power are considered informal power bases and reflect the overall ability of executives to exercise influence based on knowledge and cognitive ability (Walls & Berrone, 2017). As such, we provide theoretical arguments related to the effects of two sources of formal power (structural and ownership) and two sources of informal power (tenure [expert] and elite education [prestige]) on relational conflict within gender diverse teams.

Formal power

Formal power, based on hierarchy and control, facilitates the ability of TMT members to dominate decision processes, determine resource allocations, set behavior norms, and reward or punish others (Lines, 2007; Walls & Berrone, 2017). Formal power tends to be more recognizable (Daily & Johnson, 1997; Triana et al., 2014) and exercised in a top-down manner. As such, this form of power is theorized to influence TMT members' participation, commitment, and resistance (Lines, 2007) as they engage in decision-making activities. We consider two forms of formal power: structural power and ownership power.

Structural power is based on formal organizational structure and hierarchical authority (Daily & Johnson, 1997; Finkelstein, 1992) and is often reflected in the number of titles an individual holds and compensation differentials. Structural power is visible within the organization's hierarchy and the role of the CEO is often cited as wielding the most power on a TMT (Finkelstein, 1992). Structural power plays a key role in strategic change efforts, provides access to greater control over resources, and ultimately increases authority over how decisions are made and implemented, thereby affecting the behavior of TMT members (Finkelstein, 1992) and interactions among TMT members (Georgakakis et al., 2022).

In the context of gender diverse TMTs, a female executive's relative structural power has effects on the decision-making process. As her structural power increases, we theorize that surface-level differences become even more salient, increasing relational conflict within the TMT. A female executive's structural power can increase relational conflict as males begin to identify less with the organization (McDonald, Keeves, & Westphal, 2018) and become less willing to share insights with and otherwise help their female counterparts. This in turn may make it difficult for TMTs with females possessing high structural power to reach consensus and leverage the collective knowledge of the team. In the M&A context, this will hinder efforts to develop a unified vision, collaborate in ways critical to identify and realize synergies, and minimize uncertainty experienced by various stakeholders. These activities are critical during the integration process for best positioning the combined firm for post-deal value creation. Hence, we theorize that having female TMT members with higher structural power increases relational conflict, hampering efforts to reach consensus of key decisions, thereby adversely affecting post-deal performance. Therefore,

Hypothesis 2a: When the TMT is gender diverse, the female executive's structural power is negatively related to post-deal performance.

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

Ownership power is the legal right to exercise control of a firm as one of its major shareholders (Daily & Johnson, 1997). Ownership power is gained through the numbers of shares owned and relationship to the firm's founder. Ownership by TMT members of a firm may lead to increased commitment and reduced agency issues (Fama & Jensen, 1983). Not only are executives' interests aligned with those of the firm as more ownership is gained, but also their influence in decision-making is increased. In particular, increased ownership may lead to greater influence in defining the firm's strategic direction (Pfeffer, 1981).

Female TMT members with ownership power will likely exert their influence by becoming more vocal during group discussions (Cleveland, Stockdale, & Murphy, 2000) and sharing novel information used for making decisions. In a more stable environment, these benefits bring about more creative decisions (Hambrick & Mason, 1984), but in the context of M&A integration, which is characterized by multiple ambiguous decisions and complex, non-routine issues, increased ownership power may further disrupt efforts to reach quality decisions. Female TMT members with more ownership power may be perceived as having more say in defining a firm's direction (Daily & Johnson, 1997) in turn lowering the involvement of their male counterparts (Patel & Cooper, 2014) or be met with resistance from their male counterparts as they feel threatened by having lower status or less voice. Such conflicts may also be intertwined with perceptions of male TMT members that females with ownership power are entrenched on the team by virtue of family ties as opposed to their knowledge or competence to perform in their respective positions (Patel & Cooper, 2014). This is likely to further reduce involvement and hinder efforts to reach consensus. In the M&A context, the inability to reach consensus in a manner that engages the full TMT in sharing knowledge and providing meaningful contributions during decision-making processes due to negative perceptions among a gender diverse team related to female members' ownership power will likely have adverse effects on performance. Therefore,

Hypothesis 2b: When the TMT is gender diverse, the female executive's ownership power is negatively related to post-deal performance.

Informal power

Informal power, based on knowledge and proven cognitive skills, facilitates TMT members' ability to both understand strategic issues facing the firm and reduce the complexity and ambiguity associated with those issues while fostering cooperation of others (Walls & Berrone, 2017). Informal power differs from formal power, in that informal power is gained through socially conferred means (Pfeffer, 1981) promoting different behavioral effects in the decision-making process of TMTs. Here, we consider two sources of informal power: tenure and elite education.

Tenure is a resource that captures the knowledge and relationships gained by TMT members during their employment with the firm (Walsh & Seward, 1990). Increased tenure may present many benefits such as the development of social capital built over time as well as the ability to establish a performance record within the focal firm (Greve & Mitsuhashi, 2007; Walsh & Seward, 1990). These benefits likely enhance male TMT members' perceptions of the managerial quality of a female leader. As such, longer tenure can increase a female leader's influence in the M&A process.

Although evidence exists that managers with longer tenure are more committed to the status quo (Hambrick, Geletkanycz, & Fredrickson, 1993), face inertial forces that prevent change (Miller, 1991), and narrow their information search (Finkelstein, Hambrick, & Cannella, 1996), tenure also provides informal power (Greve & Mitsuhashi, 2007). As the tenure of female executives increases, she is able to provide more suggestions in addition to deeper insights based on her experiences and expertise within the firm, both of which can assist in reducing the ambiguity associated with complex issues (Lines, 2007). Through this ability, longer tenured female executives may encounter reduced relational conflict associated with gender diversity. Furthermore, her proven skills and firm-specific experiences may increase respect of her male counterparts leading to greater collaboration within

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

the team and promoting consensus among its members. Conversely, less tenured female executives, without the knowledge, skills, and firm-specific experiences, may find it more difficult to overcome the relational conflict associated with gender diversity. In the M&A context, we theorize that efforts to leverage female executives' deep insight about the firm in the process of building consensus in a collaborative atmosphere will facilitate the ability of gender diverse TMTs to gain greater knowledge of deal issues and establish clear and stable cause-effect beliefs (i.e., understanding decisions and their consequences) surrounding the acquisition (Lakshman, 2011). Further, although their views may be entrenched in the status quo, the informal power that female executives have through a longer tenure will help erode some of those conflicts that occur through surface-level diversity, allowing for better quality exchanges as the TMT makes timely, well-defined decisions required during the M&A integration period. This in turn will likely result in the gender diverse TMT setting realistic expectations of synergies and better managing integration activities which enhance post-deal outcomes (DiGeorgio, 2003; Sitkin & Pablo, 2004). Therefore,

Hypothesis 3a: When the TMT is gender diverse, the female executive's tenure is positively related to post-deal performance.

Attaining an elite education increases informal power (Daily & Johnson, 1997; Finkelstein, 1992). This increased power is gained through prestige that the university confers or through building lasting social networks (Finkelstein, 1992). Prestigious universities often utilize highly selective admission procedures and engage in extensive research activities, thereby signaling top quality graduates with strong analytical and cognitive abilities (Miller and Xu, 2020). As such, female executives who received an elite education will likely gain more respect from other TMT members who have a more favorable view of her knowledge base and overall managerial quality as she gains legitimacy and status through her affiliation with a prestigious university.

Power gained from attending an elite university is a source of prestige power (Finkelstein, 1992). Thus, having an elite education likely enhances other TMT members' perceptions of their female counterparts' competence and social capabilities resulting in less relational conflict. As such, female executives' insights will likely be more respected and readily accepted thus allowing the TMT to reach consensus sooner. Such consensus will help with quicker decisions and agreement on a unified vision among the TMT. In the M&A context, the ability of gender diverse TMTs to act quickly and establish a single vision early in the integration process are important to post-deal success (Sitkin & Pablo, 2004). In particular, speed of integration facilitates achievement of internal reorganization goals (Cording et al., 2008), reduces anxiety of employees and customers (Homburg & Bucerius, 2006) and minimizes other barriers to integration success (DiGeorgio, 2003). Hence, we theorize that gender diverse TMTs who reach consensus quickly in the integration process because of female executives' prestige power associated with an elite education will enable better performance following an acquisition. Therefore,

Hypothesis 3b: When the TMT is gender diverse, the female executive's elite education is positively related to post-deal performance.

Methods

Our sample is derived from the Securities Data Corporation (SDC) Platinum Database and included all deals completed by Fortune 1000 companies during the 10-year period of 2003–2012. Other specific criteria for inclusion in the sample included both the acquiring firm and target firm are headquartered in the United States and publicly traded (Ellis, Reus, Lamont, & Ranft, 2011); the acquiring firm owned 100% of target firm's shares after the transaction (Chakrabarty, Gupta-Mukherjee, & Jayaraman, 2009); and the transaction value is above $100 million (Chakrabarty et al., 2009; Ellis et al., 2011). These criteria allowed us to focus on large deals where the focal acquisition was most likely to represent a major organizational change effort while eliminating the possible influence of

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

other factors related to country-level differences and shared ownership/control. Also, these criteria ensured the availability of objective data on TMT characteristics and several control variables to fully test the hypothesized model. If the acquirer engaged in multiple deals meeting the aforementioned criteria, only the most recent deal is included. The final sample consists of 423 unique acquirers and focal deals.

Measures

Post-M&A Performance

Tobin's *Q* has been used by M&A researchers as an indication of management efficiency and the quality of a firm's management on its market valuation (Lane, Cannella, & Lubatkin, 1998; Zhu, Xia, & Makino, 2015) as well as those analyzing the effects of TMT diversity (e.g., Dezsö & Ross, 2012; Jonson et al., 2020). Because of our emphasis on how the interactions among and functioning of gender diverse TMTs influence the acquisition decision-making process, we view this variable as an appropriate proxy for performance. As such, we measure *post-M&A performance* as the change in the acquiring firm's Tobin's *Q* from 1 year prior to the focal deal to 2 years after deal completion. We calculated Tobin's *Q* as the book value of a firm's assets plus the market value of the firm's common equity and subtracting the book value of common equity plus deferred taxes all divided by the book value of the firm's assets (Dezsö & Ross, 2012).

Gender Diversity

Gender diversity is theorized to influence interactions among TMT members in ways that affect decision-making processes during M&A integration and ultimately post-deal performance. We measure *gender diversity* by using Blau's Index of heterogeneity (e.g., Bae & Skaggs, 2019; Harjoto et al., 2015) calculated as $1 - \sum p_i^2$ where p is the proportion of individuals (execs) in each i category (gender male or female). Standard & Poor's ExecuComp database along with proxy statements from the Securities and Exchange Commission's EDGAR database were used to determine the number of TMT members and the number of females on the TMT at the time the focal deal was completed.

Power

We theorize two sources of formal power (i.e., structural power and ownership power) and two sources of informal power (i.e., tenure and elite education) affect female executive's influence in decision-making processes. *Structural power* is measured using an average of three items (Finkelstein, 1992): relative compensation (as measured by dividing the focal female executive's compensation by the top paid executive), number of titles (a count of the number of titles the female executive holds) and percentage of TMT members with a higher title rank (as measured by dividing the focal female executive's title rank score by the total score for all TMT members' rank). Cronbach's alpha for the three items in our composite measure equals 0.81, thereby indicating a single underlying construct. *Ownership power* is measured as the percentage of shares owned by the female executive (Daily & Johnson, 1997; Mousa, Chowdhury, & Gallagher, 2023). Because the effects of tenure are built over time (Walsh & Seward, 1990), we measure the female executive's *tenure* as the number of years the female executive has been employed with the focal firm. *Elite education* is measured as a dummy variable where the value of 1 represents the female executive achieved an elite education and 0 if not using the list from Finkelstein (1992) reproduced in Table A6. For each of these power measures, when there is more than one female on an executive team, their respective scores are summed to capture the weighted proportion. Data for these variables were gathered from the ExecuComp database and acquiring firms' proxy statements or websites.

In an effort to include other known factors that affect acquisition outcomes and enhance the comparability of our results with other studies, we control for several variables. These control variables represent various deal characteristics, industry characteristics, and firm characteristics. Data for these

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

variables were gathered from the SDC Platinum Database, Compustat database, the Institutional Shareholder Services database, the BoardEx database, and proxy statements.

Transaction value

Smaller acquisitions may have smaller impacts on market evaluations and may require less managerial attention than larger transactions (e.g., Chatterjee & Lubatkin, 1990). As such, we control for the transaction value measured as the dollar amount of the deal.

Relative size

Relative size has been found to affect aspects of the integration process, including TMT decisions, and post-deal performance (e.g., Canella and Hambrick, 1993). Thus, we include a measure of relative size as the ratio of the acquirer's employees 1 year prior to the deal to the target firm's employees 1 year prior to the deal.

Relatedness

The relatedness between the primary operations of the target and acquiring firms has been found to affect multiple integration decisions as well as short-term and long-term deal performance (King, Wang, Samimi, & Cortes, 2021). Similar to existing studies, relatedness is measured as an ordinal variable where deals involving matches among the two firms' four-, three-, two-, and one-digit primary SIC codes are coded as 4, 3, 2, and 1, respectively. Relatedness was also coded 1 if any exact matches exist among the two firms' secondary four-digit SIC codes. If no matches exist, relatedness was coded 0.

Payment method

The form of payment can also affect acquisition performance as cash acquisitions often provide better results than stock because of the ability to move quickly and reduce competing bidders (Datta, Pinches, & Narayanan, 1992). As such, we control for payment method by including a dichotomous variable coded as 1 if cash was the only form of payment and 0 if stock or a combination of stock and cash was used (Walters, Kroll, & Wright, 2007).

Tender offer

Target managers may initially resist tender offers, resulting in both pre- and post-deal effects. Thus, we control for such possible effects by using a dichotomous variable coded 1 if the deal was a tender offer and 0 otherwise (Chakrabarty et al., 2009).

Industry-level ROA

The specific industry in which a firm operates may affect growth potential, consolidation opportunities, target selection, and ultimately both acquisition integration and performance. As such, we control for industry effects by including a measure of the average ROA calculated at the two-digit SIC level for the 3 years prior to the focal deal (Ellis et al., 2011).

Prior acquisition experience

Prior acquisition experience has been found to affect acquisition performance as firms may learn from prior deals and build integration skills (Ellis et al., 2011). As such, we control for prior acquisition experience with a measure of the number of completed acquisitions by the acquirer in the 4 years prior to the focal deal.

R&D intensity

Because innovation in gender diverse firms has been found to influence firm performance (Dezsö & Ross, 2012) and acquirer firms' R&D has been found to affect acquisition performance (King et al., 2021), we control for R&D intensity. This control variable is measured as the ratio of acquiring firm's

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

R&D expenditures to its total assets. In line with other studies, if the value of R&D expense is not reported, it is viewed as immaterial to the firm and the value is imputed to zero (Dezsö & Ross, 2012).

Acquisition premium

The acquisition premium as it has been found to influence Tobin's *Q* (Khatami, Marchica, & Mura, 2015), and as such, we included the acquisition premium measured as the percentage difference between stock price paid per share and the stock price of the target firm four weeks prior to the announcement of the deal (King et al., 2021).

Board gender diversity

Board gender diversity has been found to influence strategic organizational change decisions and firm performance (Adams & Ferreira, 2009). As such, we control for board gender diversity calculated as the percentage of females serving on the acquiring firm's board.

Change in TMT gender diversity

TMTs often change after an M&A affecting the demographic composition of the TMT as well as its human and social resources which in turn may influence integration and post-deal outcomes (Cording et al., 2008). As such, we control for the change in TMT gender diversity by calculating the difference between the percentage of female executives at the effective date and 2 years post-acquisition (Parola et al., 2015).

TMT age diversity

Evidence exists that age diversity influences TMT decisions and firm performance (Knight et al., 1999). As such, we control for age diversity with a variable measured as the coefficient of variation in ages of all members of the acquiring firm's TMT.

Inverse Mills ratio

The choice of a diverse TMT could be non-random and purposely done to affect performance. To address potential sample selection bias, we collected additional data for both acquiring firms with females and those without females on the TMT to capture factors which may influence TMT gender diversity choices. We searched the literature for published studies that predicted TMT gender diversity to guide our selection of possible instrument variables. Having found no such studies, we relied on the work of Hillman, Shropshire, and Cannella (2007) who examined drivers of gender diversity on the board of directors. Based on this study, we considered predictors of TMT diversity choice (coded as 0 or 1) as firm size, firm age, diversification, and the percentage of females in the industry workforce. Also, based on anecdotal evidence which suggests female executives are more prevalent in certain industries, we included industry affiliation as a potential predictor of TMT diversity choice (Daily, Certo, & Dalton, 1999). Data for firm size (number of employees in the year before the focal deal), diversification (number of SIC codes), and industry affiliation (dummy coded as operating in a consumer goods industry or not) were gathered from Compustat. Moreover, firm age was captured by searching the acquiring firm's website to determine the year of its founding and percentage of females in the industry workforce was gathered by utilizing the Women in the Labor Force report published by the Bureau of Labor Statistics. The overall logistic regression model was statistically significant (Chi-square = 12.74, $p < .05$, Nagelkerke R-square = 0.04) and provided predicted individual probit scores (IPS). We then used the predicted probit scores to calculate the inverse Mills ratio (We calculated the inverse Mills ratio as ((1/sqrt(2*3.141592654))*(exp(-IPS*IPS*0.5)))/cdfnorm(IPS)) following Smits (2003). (Lee, 1983; Smits, 2003) and included the resulting variable in our models to control for potential selection bias.

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

Results

We used multiple linear regression analysis to test our primary hypotheses. Given the kurtosis statistics for several variables (i.e., transaction value, relative size, experience, and R&D intensity), we used log transformed these values. Moreover, subsequent analyses revealed that the variance inflation factors for all variables were less than 2.0, well below the threshold of 10, suggesting multicollinearity is not an issue affecting reported results. Descriptive statistics and correlations are reported in Table A1. When considering our hypothesized variables, correlations in Table A1 reveal initial support for our hypothesis. In particular, gender diversity is significant ($p < .05$) and negatively correlated with Tobin's Q, which is consistent with Hypothesis 1. Moreover, both structural power and ownership power are significant ($p < .05$) and negatively correlated with Tobin's Q, providing preliminary support for Hypotheses 2a and 2b. While tenure and elite education are both positively correlated to Tobin's Q in the direction consistent with Hypotheses 3a and 3b, neither are statistically significant at the $p < .05$ level.

Table A2 provides results for our multiple regression analysis to test the theorized effects of TMT gender diversity on post-deal performance. The results shown in Models 1 and 2 consider the full sample of 423 deals. Model 1, which tests the control variables, is statistically significant ($F = 3.15$; $p < .001$). Model 2 provides the test of the main effect of gender diversity on post-M&A performance. The overall model is significant ($F = 3.77$; $p < .001$), and gender diversity is significant and negative ($\beta = -0.84$; $p < .01$), thereby indicating support for Hypothesis 1. This suggests that more gender diversity within the TMT results in lower post-M&A performance. Moreover, gender diversity was still significant and negative in Model 2 when accounting for potential selection bias.

Table A3 provides results for our multiple regression analysis to test the theorized effects of female executives' power sources on post-deal performance. Models 3 and 4, which pertain to Hypotheses 2a and 3b, are based on the subset of deals ($n = 143$) where a female is present on the TMT (i.e., gender diverse team). Model 3, which tests the control variables, is statistically significant ($F = 5.07$; $p < .001$). Considering our hypotheses of formal power bases, Model 4 shows a negative and significant ($\beta = -0.18$; $p < .05$) effect of structural power, thereby supporting Hypothesis 2a. Additionally, the effect of ownership power in Model 4 is negative and statistically significant ($\beta = -1.33$; $p < .05$), therefore supporting Hypothesis 2b. Collectively, these results and provide evidence that females with relatively more formal power negatively affects post-deal performance. Considering our informal power bases, Model 4 reveals a non-significant effect for tenure, but a positive and significant effect for elite education ($\beta = 0.36$; $p < .05$), providing support for Hypothesis 3b but not Hypothesis 3a.

Robustness and endogeneity

We conducted several robustness checks. First, we measured gender diversity in two additional ways: the standard deviation and percent of female executives serving on the acquiring firm's TMT on the effective date of the focal deal. Both measures (Models 5 and 6 in Table A4) yielded similar results to our original model. Second, to control for additional factors which may affect TMT interaction and firm performance, we added several variables to our model. Specifically, related to governance, we added the percentage of outside directors, duality (a dichotomous variable coded 1 if the CEO also served as Board Chairman and 0 if this condition was not met), and outside board member's ownership (the sum of the percentage of shares held at the end of the year prior to the effective date of the deal for each of the outside board members). Our results (Models 7 and 9 in Tables A4 and A5) when controlling for these additional effects were generally consistent with our initial findings. Third, we checked the robustness of our models using an accounting measure of post-M&A performance – the change in return on assets (ROA) from 1 year prior to the focal deal to 2 years after deal completion. Results using ROA as an alternative measure of post-M&A performance (Models 8 and 10 in Tables A4 and A5) provided additional

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

support for Hypotheses 1, 2a, and 3b with gender diversity having a significant negative coefficient ($\beta = -0.05$; $p < .05$), structural power having a significant negative effect ($\beta = -0.01$; $p < .10$), and elite education having a positive significant effect ($\beta = 0.05$; $p < .01$). We also found that ownership power and tenure-based power did not have significant effects suggesting that our initial findings relative to ownership power sources should be interpreted with caution as this power source may invoke different behaviors and relational dynamics that affect market-based and accounting-based measures of performance in different ways. This pattern of specific power sources being significant predictors of market-based performance measures and not of accounting-based performance measures (or vice versa) is consistent with results reported by Daily and Johnson (1997).

In addition, we tested a random subsample of non-gender diverse TMTs to assess whether the effects of power differed for gender diverse and non-gender diverse TMTs. Results show that all formal and non-formal bases of power are not significant (Model 11 in Table A5), thus offering no support for Hypotheses 2a, 2b, 3a, and 3b in the context of non-gender diverse TMTs. These results support our theorizing and initial findings suggesting that both TMT gender and power dynamics among members of gender diverse TMTs are influential in the M&A process.

Reverse causality may be a potential endogeneity concern. In this case, structural power may influence M&A performance changes or M&A performance changes may influence structural power. To assess the likelihood that this problem exists, we used Granger causality tests (Granger, 1969) to examine the relationship between our measures for structural power and M&A performance change. Granger causality tests are appropriate to use as they provide a two-system technique that can indicate whether one variable precedes another within a sample. Granger causality tests have been utilized in diversity studies (e.g., Ellis & Keys, 2015) to demonstrate that diversity influences performance, but performance does not influence diversity as well as in acquisition studies to examine reverse causality (e.g., Barkema & Schijven, 2008). The tests involve bivariate regressions with performance change and structural power on lagged performance change and lagged structural power. Results indicate that we are able to reject the hypothesis that structural power does not Granger cause post-deal performance change (F-statistic = 6.62; $p = .01$), but we are unable to reject the hypothesis that post-deal performance change does not Granger cause structural power (F-statistic = 0.06; $p = .80$). These two outcomes together lend support to the contention that structural power leads to lower post-deal performance change rather than post-deal performance change leading to lower structural power, thereby reducing concerns of reverse causality.

Discussion

The primary purpose in our study is to develop and test a theoretical model that considers the performance effects of TMT gender diversity in the context of major organizational change. We theorized that TMT gender diversity mitigates the potential to make timely, quality decisions due to relational conflict which adversely affects firm performance. Although a case can be made that diversity leads to better decision quality and higher performance (Hambrick & Mason, 1984), especially in stable environments, we find negative performance implications when firms are engaged in M&A integration. Our results add to the complex "double-edged" relationship between gender diversity and performance and echo previous studies of gender diversity in the context of organizational change. Triana et al. (2014) found that gender diverse boards engage in less strategic change overall, suggesting that gender diverse boards find it difficult to agree on strategic change decisions. Additionally, studies examining board gender diversity in the context of an M&A (e.g., Adams & Ferreira, 2009; Hagendorff & Keasey, 2012) find negative performance effects. Our study builds on these previous findings to show that TMT gender diversity specifically (rather than board gender diversity) has negative effects on M&A performance. This finding, combined with the positive effects of TMT gender diversity at the time of deal announcement as reported by Parola et al. (2015), provides further evidence of time-based differences in value creation. Thus, it seems that in the M&A context, investors perceive female

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

executives to be likely to facilitate value creation because they tend to engage in fewer strategic risk-taking actions, thereby driving positive abnormal returns around deal announcement (Parola et al., 2015). However, our findings suggest that once an M&A is completed, TMT gender diversity hinders the ability to reach timely, quality decisions which impedes longer-term M&A performance. Also, the contrasting effects reported in our study as compared to Jeong and Harrison (2016) add credence to the importance of considering the strategic context in which female executives are functioning as members of diverse teams, and not just their presence on the TMT.

We also sought to understand the role of TMT power dynamics in the gender diversity and performance relationship. We examined the role of four sources of power for female executives: structural power, ownership power, tenure, and elite education. First, our findings that a female's increased formal power bases (i.e., structural and ownership) lead to negative post-deal performance is consistent with our hypotheses. As gender differences become more salient when a female executive has increased formal power (McDonald et al., 2018), relational conflict is increased, further slowing the team's ability to reach consensus and delaying the decision-making processes during M&A integration efforts when decisive action is required. As such, our findings suggest that having females with formal power sources on gender diverse TMTs may elicit agentic behaviors from their male counterparts (Georgakakis et al., 2022; Sidhu, Feng, Volberda, & Van Den Bosch, 2020) that lower decision quality and disrupt or delay consensus among the TMT members resulting in adverse consequences to performance.

Additionally, we found support that a source of informal power, attaining an elite education, increases post-deal performance. This provides evidence that female executives may be able to leverage their informal power linked to having an elite education to gain legitimacy and status on gender diverse TMTs and in doing so break down relational conflict. Female leaders who attain elite education are likely to demonstrate devotion, sacrifice, competence and social consciousness – characteristics which help them earn the respect of their male counterparts on the TMT, build consensus, and make decisions in the best long-term interest of the firm (Miller & Xu, 2020).

Although our findings did not support our hypothesis that tenure-based power would minimize the effects of TMT gender diversity, we do believe that the role of tenure is very important in this relationship. As TMT members build a history together and create shared understandings, relational conflict should minimize over time (Pelled, 1996). The effects of tenure should minimize the levels of conflict within the TMT, minus firm intervention, as the team shares different experiences together. Future research could examine how these effects play out in various strategic contexts.

Our findings and theory lead to several contributions to the M&A literature, the power literature, and the TMT gender diversity literature. First, the finding that TMT gender diversity erodes post-deal performance has implications for the greater M&A literature. Recent research has shown that TMT diversity (tenure, educational, and experience) influences M&A decisions and learning (Nadolska & Barkema, 2014). Our study builds on this to show how TMT gender diversity as well as specific sources of female executives' power influence post-deal performance further contributing to the literature on the performance effects of TMT characteristics in the M&A process. In doing so, our study also answers the call for more research examining the role of TMT leadership in the M&A process (Sitkin & Pablo, 2004; Vasilaki & O'Regan, 2008).

Additionally, our study adds to the growing literature on gender diversity among a firm's strategic leadership group. Much of this research has focused on gender diversity of the board of directors (e.g., Post & Byron, 2015; Triana et al., 2014), while our study looks specifically at the gender diversity of the TMT. The research on TMT gender diversity has primarily focused on pay disparities, risk propensities, and identification of barriers of women advancing (Joshi et al., 2015), while our study contributes to the unique context of TMT gender diversity and performance effects in times of organizational change. Studies focused specifically on TMT gender diversity and performance (i.e., Dezsö & Ross, 2012; Perryman et al., 2016) have found positive performance effects, though the context of change was not considered. Our study builds on this nascent literature to

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

provide evidence of the negative post-deal effects of TMT gender diversity in the M&A context where executives face uncertainty, time pressures, and myriad other challenges requiring decisive action and consensus about the overarching vision, goals, and integration plans surrounding the acquisition.

Moreover, we contribute to the power literature in terms of showing differing effects of gender diversity based on the female executives' level of formal power and informal power. Our findings suggest that the negative aspects of gender diversity which likely manifest in relational conflict are greater when females have structural power. This supports research showing that males identify less with their organizations when females become CEOs (McDonald et al., 2018) resulting in detrimental effects. Also, when females have structural power, their male counterparts on the TMT may display agentic behaviors such as being more assertive, competitive, and combative (Georgakakis et al., 2022; Sidhu et al., 2020). Lower organizational identification and commitment along with less or disruptive participation in the decision-making process by male counterparts when females possess high structural power has adverse consequences on decision quality and implementation which acquirers can ill afford when dealing with the complexity and ambiguity that surround M&As. In considering ways in which executives can overcome relational conflict due to surface-level factors, our findings suggest that informal power, namely power conferred through an elite education, can afford female executives legitimacy, status and social capital that break down relational conflict with male executives. This power source facilitates female executives' insights to be more readily accepted and leveraged in ways that help the firm make quality decisions quickly and develop a unifying vision early in the integration process thus creating value following M&As.

Limitations and future research

Although we found negative effects of TMT gender diversity, the results of our study may be influenced by the dearth of female executives present in larger, publicly traded firms. In the early 2000s, only 50% of Fortune 1000 companies had women on the TMT and of those firms which did have female representation, there were only one or two female TMT members (Helfat, Harris, & Wolfson, 2006). Our data echo these statistics, as no firm in our sample had more than three females on the executive team. This is a limitation to the examination of gender effects on the TMT, as a maximum point of diversity is only reached at one point in our sample. Our theory is about gender diversity, and we would expect similar effects in a female-dominated TMT, but our data did not allow for this observation. Future research examining the effects of gender diversity on female-dominated TMTs may be possible in select industries, such as service or consumer goods industries, where female representation on the TMT tends to be higher (e.g., Helfat et al., 2006; Hillman et al., 2007). Moreover, an interesting avenue of future research could consider the relative power of males on gender diverse teams. As female executives remain underrepresented in the upper echelon of US firms (Joshi et al., 2015), the power differentials that males hold on gender diverse teams may provide different results in the context of change. Future research should consider not only the female dominant teams but also the relative power of males in gender diverse teams.

Firms are beginning to address this issue of limited gender diversity in the upper echelon by implementing diversity initiatives to increase female representation throughout their ranks, but especially in the board room and executive suite. Of note, in the past 5 years there has been modest growth among females on TMTs (McKinsey & Company, 2021). But as more females are introduced into upper echelon positions, so does the need for firms to be able to cope with such change. Our study highlights one such challenge that can arise from gender diverse leadership in complex organizational changes such as an acquisition.

From a practical perspective, we urge that our findings be interpreted as just one part of the complex gender diversity and performance relationship. Numerous studies have found the benefits of gender diversity in leadership (e.g., Dezsö & Ross, 2012; Galbreath, 2011; Jonson et al., 2020; Perryman et al., 2016; Post & Byron, 2015) as such diversity can bring about more perspectives,

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

diminished groupthink, and better decision quality. Our findings, though, demonstrate a context where gender diversity can be harmful to performance, but this does not minimize the potential benefits of diverse leadership. Our findings do highlight the great need for firms and managers to create inclusive environments for all their employees to overcome such challenges. An inclusive environment involves efforts that focus on integrating diverse individuals without forced assimilation while allowing them to leverage their unique skills (Nishii, 2013; Shore et al., 2011). Diversity training can help with this. Effective training programs should include self-awareness exercises as well as behavioral activities such as role playing so that individuals can practice and build relevant skills (King et al., 2010). In order to minimize gender biases, effective training programs should address important topics of stereotypes, microaggressions, backlash, and benefits of diversity (Bendick, Egan, & Lofthjelm, 2001). It is important to note that TMT support is a crucial element of successful diversity training. This support includes top managers personally participating in training, enacting the outcomes of such training, and holding those accountable (at all employee levels) whose behaviors are inconsistent with the firm's diversity initiatives. Effective training, coupled with diversity initiatives that TMT themselves participate in, may help offset the negative aspects of gender diversity while emphasizing the positive aspects. Future research should consider the role of diversity training coupled with other diversity initiatives in outcomes achieved by gender diverse TMTs.

While diversity training, particularly when supported and attended by the TMT, is a useful tool in promoting an inclusive culture, more action may be needed. TMTs may also need to engage with third parties (i.e., experts, consultants) to help identify and rectify any individual and within-team issues. Such consultation could include observing TMT meetings and interactions, conducting individual interviews, as well as monitoring subgroup sessions to help identify both individual and group issues that may be occurring. By doing so, the TMT can demonstrate a commitment to a cultural shift within the team which can help overcome the issues caused by its diversity. This in turn may stimulate a cultural shift throughout the firm. Future research could consider whether advisors hired by the acquiring firm during the M&A are charged with creating an inclusive culture among the TMT and if so whether the engagement of advisors moderates the otherwise negative effects of TMT gender diversity on deal performance.

Moreover, diversity training should be employed for all types of surface-level diversity, including gender, ethno-racial backgrounds, and age. Because surface-level diversity introduces relational conflict (Bengtsson et al., 2020), we would expect similar difficulties in reaching strategic consensus in the midst of major organizational change within TMTs that are diverse in terms of ethno-racial background and age. However, surface-level diversity and deep-level diversity bring about different behaviors within a group (Bengtsson et al., 2020) leading to other types of TMT diversity that may enhance decision-making during a complex organizational change. Numerous studies have shown the benefits of deep-level diversity such as educational and experience diversity which increase information and information processing capabilities of the team, promoting higher quality decisions (e.g., Bengtsson et al., 2020; Harjoto et al., 2015; Nadolska & Barkema, 2014). In groups with deep-level diversity present, we would not expect relational conflict to arise, but rather task or cognitive conflict which can have positive performance implications for decision quality. Teams displaying deep-level diversity may promote enough positive behaviors allowing the team to overcome the negative effects of surface-level diversity (Roh et al., 2019). Future research should consider the interactions among multiple types of diversity and conflict and performance in the context of organizational change.

Further, we expect that there are additional characteristics that females may gain that would minimize the negative effects of gender diversity. Namely, additional sources of informal power may break down those initial sources of relational conflict to create an environment of respect and cooperation (Walls & Berrone, 2017). For example, females with considerable industry expertise or positions on prestigious boards may increase their informal power garnering legitimacy, status, social capital and ultimately respect despite the surface-level diversity present. Future research should consider such

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

additional sources of informal power and their effects on TMT gender diversity during organizational change.

These findings together highlight the complex relationship of diversity and conflict. Because diversity brings about various types of conflict (e.g., task, cognitive, relational), and conflict has been found to produce both positive and negative effects, the relationship is not straightforward. We argue that relational conflict will break down consensus, increase decision length, and result in lower quality decisions, which is problematic in the context of change when quick, decisive action may be needed. Interestingly though, while task and cognitive conflict may promote better quality decisions, they both would also likely cause longer decisions than a team experiencing no conflict, although without the breakdown of strategic consensus. As such, future research could consider both the effects of both task and cognitive conflict on decision length and the effects of such length in the context of organizational change.

Another interesting area of future research is to integrate the notion of factional groups in M&A integration. Fault lines occur in TMTs that undergo executive changes (Georgakakis & Buyl, 2020) and may be expected to occur between the acquiring firm managers and the retained target managers. The negative effects of the fault lines can grow if demographic differences exist between the two groups (Li & Hambrick, 2005). Future research should examine the effects of acquiring and target firm management fault lines, and how the effects differ when the two teams have differences in demographic characteristics. This is particularly important when considering both the integration level of the deal and the typical power differential between managers of the acquiring and target firms. A growing body of research is recognizing the value, strategies, and perspectives of the target managers of M&As (e.g., Graebner, 2004; Heyden, Kavadis, & Neuman, 2017). The power differential between acquiring and target firms not only affects decisions made by target managers (Cannella and Hambrick, 1997; Heyden et al., 2017) but may also increase the potential for factional fault lines. Moreover, the power, whether it be formal or informal power, that retained managers hold may influence their decisions and cooperation moving forward (Cannella and Hambrick, 1997) which may be influenced by the integration level of the deal. Future research should consider the level of integration of the deal and how it affects the role of retained target managers' formal and informal power bases and consequential effects on TMT decision-making.

In conclusion, our study highlights the complexity of diversity research and seeks to enhance understanding of its effects by focusing on gender diversity and in a specific organizational change context. In doing so, we theorize that the negative performance effects of gender diversity may be more pronounced during M&A integration. We further theorize that on gender diverse TMTs effects are influenced by the female executive's power sources but vary depending upon the type of power. Hence, we urge researchers to continue examining these complex and interesting relationships pertaining to TMT diversity and power dynamics in other important strategic contexts.

References

Abouzahr, K., Taplett, F. B., Krentz, M., Van der Kolk, L., & Yousif, N. (2018). Measuring what matters in gender diversity. *Boston Consulting Group*, April 3. Retrieved January 15, 2020, from https://www.bcg.com/en-us/publications/2018/measuring-what-matters-gender-diversity.aspx

Adams, R. B., & Ferreira, D. (2009). Women in the boardroom and their impact on governance and performance. *Journal of Financial Economics*, *94*(2), 291–309.

Amason, A. C. (1996). Distinguishing the effects of functional and dysfunctional conflict on strategic decision making: Resolving a paradox for top management teams. *Academy of Management Journal*, *39*(1), 123–148.

Bae, K. B., & Skaggs, S. (2019). The impact of gender diversity on performance: The moderating role of industry alliance network, and family-friendly policies – Evidence from Korea. *Journal of Management and Organization*, *25*(6), 896–913.

Bantel, K. A., & Jackson, S. E. (1989). Top management and innovations in banking: Does the composition of the top team make a differences? *Strategic Management Journal*, *10*(S1), 107–124.

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

Barkema, H. G., & Schijven, M. (2008). Toward unlocking the full potential of acquisitions: The role of organizational restructuring. *Academy of Management Journal*, *51*(4), 696–722.
Bendick, M., Jr., Egan, M. L., & Lofthjelm, S. M. (2001). Workforce diversity training: From anti-discrimination compliance to organizational development. *Human Resource Planning*, *24*(2), 10–25.
Bengtsson, M., Raza-Ullah, T., & Srivastava, M. K. (2020). Looking different vs thinking differently: Impact of TMT diversity on coopetition capability. *Long Range Planning*, *53*(1), 101857.
Bunderson, J. S. (2003). Team member functional background and involvement in management teams: Direct effects and the moderating role of power centralization. *Academy of Management Journal*, *46*(4), 458–474.
Buono, A. F., Bowditch, J. L., & Lewis, J. W. (1985). When cultures collide: The anatomy of a merger. *Human Relations*, *38*(5), 477–500.
Cannella, A. A., & Hambrick, D. C. (1993). Effects of executive departures on the performance of acquired firms. *Strategic Management Journal*, *14*(Summer Special Issue), 137–152.
Chakrabarty, R., Gupta-Mukherjee, S., & Jayaraman, N. (2009). Mars-Venus marriages: Culture and cross-border M&A. *Journal of International Business Studies*, *40*(2), 216–236.
Chatterjee, S., & Lubatkin, M. (1990). Corporate mergers, stockholder diversification, and changes in systematic risk. *Strategic Management Journal*, *11*(4), 255–268.
Cleveland, J. N., Stockdale, M., & Murphy, K. R. (2000). *Women and men in organizations: Sex and gender issues at work*. Mahwah, NU: Lawrence Erlbaum.
Cording, M., Christmann, P., & King, D. R. (2008). Reducing causal ambiguity in acquisition integration: Intermediate goals as mediators of integration decisions and acquisition performance. *Academy of Management Journal*, *51*(4), 744–767.
Daily, C. M., Certo, S. T., & Dalton, D. R. (1999). A decade of corporate women: Some progress in the boardroom, none in the executive suite. *Strategic Management Journal*, *20*(1), 93–99.
Daily, C. M., & Johnson, J. L. (1997). Sources of CEO power and firm financial performance: A longitudinal assessment. *Journal of Management*, *23*(2), 97–117.
Datta, D. K., Pinches, G. E., & Narayanan, V. K. (1992). Factors influencing wealth creation from mergers and acquisitions. *Strategic Management Journal*, *13*(1), 67–84.
Dezsö, C. L., & Ross, D. G. (2012). Does female representation in the top management improve firm performance? A panel data investigation. *Strategic Management Journal*, *33*(9), 1072–1089.
DiGeorgio, R. (2003). Making mergers and acquisitions works: What we know and don't know – Part II. *Journal of Change Management*, *3*(3), 259–274.
Dutton, J. E., & Duncan, R. B. (1987). The creation of momentum for change through the process of strategic issue diagnosis. *Strategic Management Journal*, *8*(3), 279–295.
Ellis, K. M., & Keys, P. Y. (2015). Workforce diversity and shareholder value: A multi-level perspective. *Review of Quantitative Finance and Accounting*, *44*(2), 191–212.
Ellis, K. M., Reus, T. H., Lamont, B. T., & Ranft, A. L. (2011). Transfer effects in large acquisitions: How size specific experience matters. *Academy of Management Journal*, *54*(6), 1261–1276.
Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *The Journal of Law and Economics*, *26*(2), 301–325.
Finkelstein, S. (1992). Power in top management teams: Dimensions, measurement, and validation. *Academy of Management Journal*, *35*(3), 505–538.
Finkelstein, S., Hambrick, D., & Cannella, A. A. (1996). *Strategic Leadership*. St Paul: West Educational Publishing.
Foddy, M., & Smithson, M. (1996). Relative ability, paths of relevance, and influence in task-oriented groups. *Social Psychology Quarterly*, *59*(2), 140–153.
Galbreath, J. (2011). Are their gender-related influences on corporate sustainability? A study of women on boards of directors. *Journal of Management & Organization*, *17*(1), 17–38.
Georgakakis, D., & Buyl, T. (2020). Guardians of the previous regime: Post-CEO succession factional subgroups and firm performance. *Long Range Planning*, *53*(3), 101971.
Georgakakis, D., Heyden, M. L., Oehmichen, J. D., & Ekanayake, U. I. (2022). Four decades of CEO–TMT interface research: A review inspired by role theory. *The Leadership Quarterly*, *33*(3), 101354.
Graebner, M. E. (2004). Momentum and serendipity: How acquired leaders create value in the integration of technology firms. *Strategic Management Journal*, *25*(8-9), 751–777.
Granger, C. (1969). Investigating causal relations by econometric models and cross spectral methods. *Econometrica*, *37*(3), 424–438.
Greve, H. R., & Mitsuhashi, H. (2007). Power and glory: Concentrated power in top management teams. *Organization Studies*, *28*(8), 1197–1221.
Hagendorff, J., & Keasey, K. (2012). The value of board diversity in banking: Evidence from the market for corporate control. *The European Journal of Finance*, *18*(1), 41–58.
Hambrick, D. C., Geletkanycz, M. A., & Fredrickson, J. W. (1993). Top executive commitment to the status quo: Some tests of its determinants. *Strategic Management Journal*, *14*(6), 401–418.

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, *9*(2), 193–206.
Harjoto, M., Laksmana, I., & Lee, R. (2015). Board diversity and corporate social responsibility. *Journal of Business Ethics*, *132*(4), 641–660.
Haspeslagh, P., & Jeminson, D. (1991). *Managing acquisitions*. New York: Free Press.
Helfat, C. E., Harris, D., & Wolfson, P. J. (2006). Women and men in the top executive ranks of U.S. corporations. *Academy of Management Perspectives*, *20*(4), 42–64.
Heyden, M. L., Kavadis, N., & Neuman, Q. (2017). External corporate governance and strategic investment behaviors of target CEOs. *Journal of Management*, *43*(7), 2065–2089.
Hillman, A. J., Shropshire, C., & Cannella, A. A. (2007). Organizational predictors of women on corporate boards. *Academy of Management Journal*, *50*(4), 941–952.
Homburg, C., & Bucerius, M. (2006). Is speed of integration really a success factor of mergers and acquisitions? An analysis of the role of internal and external relatedness. *Strategic Management Journal*, *27*(4), 347–367.
Jehn, K. A. (1995). A multimethod examination of the benefits and detriments of intragroup conflict. *Administrative Sciences Quarterly*, *40*(2), 256–282.
Jehn, K. A., Chadwick, C., & Thatcher, S. M. B. (1997). To agree or not to agree: The effects of value congruence, individual demography dissimilarity, and conflict on workgroup outcome. *International Journal of Conflict Management*, *8*(4), 287–305.
Jehn, K. A., & Mannix, E. A. (2001). The dynamic nature of conflict: A longitudinal study of intragroup conflict and group performance. *Academy of Management Journal*, *44*(2), 238–251.
Jehn, K. A., Northcraft, G. B., & Neale, M. A. (1999). Why differences make a difference: A field study of diversity, conflict and performance in workgroups. *Administrative Science Quarterly*, *44*(4), 741–763.
Jeong, S.-H., & Harrison, D. (2016). Glass breaking, strategy making, and value creating: Meta-analytic outcomes of females as CEOs and TMT members. *Academy of Management Journal*, *60*(4), 1219–1252.
Jonson, E. P., McGuire, L., Rasel, S., & Cooper, B. (2020). Older boards are better boards, so beware of diversity targets. *Journal of Management & Organization*, *26*(1), 15–28.
Joshi, A., Neely, B., Emrich, C., Griffiths, D., & George, G. (2015). Gender research in AMJ: An overview of five decades of empirical research and calls to action thematic issue on gender in management research. *Academy of Management Journal*, *58*(5), 1459–1475.
Khatami, S. H., Marchica, M., & Mura, R. (2015). Corporate acquisitions and financial constraints. *International Review of Financial Analysis*, *40*, 107–121.
King, E. B., Gulick, L. M. V., & Avery, D. R. (2010). The divide between diversity traning and diversity education: Integrating best practices. *Journal of Management Education*, *34*(6), 891–906.
King, D. R., Wang, G., Samimi, M., & Cortes, A. F. (2021). A meta-analytic integration of acquisition performance prediction. *Journal of Management Studies*, *58*(5), 1198–1236.
Knight, D., Pearce, C. L., Smith, K. G., Olian, J. D., Sims, H. P., Smith, D. A., & Flood, P. (1999). Top management team diversity, group process, and strategic consensus. *Strategic Management Journal*, *20*(5), 446–465.
Lakshman, C. (2011). Postacquisition cultural integration in Mergers & Acquisitions: A knowledge-based approach. *Human Resource Management*, *50*(5), 605–623.
Lane, P. J., Cannella, A. A., Jr, & Lubatkin, M. H. (1998). Agency problems as antecedents to unrelated mergers and diversification: Amihud and Lev reconsidered. *Strategic Management Journal*, *19*(6), 555–578.
Lee, L. F. (1983). Generalized econometric models with selectivity bias. *Econometrica*, *51*(2), 507–512.
Li, J., & Hambrick, D. C. (2005). Factional groups: A new vantage on demographic faultlines, conflict, and disintegration in work teams. *Academy of Management Journal*, *48*(5), 794–813.
Lines, R. (2007). Using power to install strategy: The relationship between expert power, position power, influence tactics and implementation success. *Journal of Change Management*, *7*(2), 143–170.
McDonald, M. L., Keeves, G. D., & Westphal, J. D. (2018). One step forward, one step back: White male top manager organizational identification and helping behavior toward other executives following the appointment of a female or racial minority CEO. *Academy of Management Journal*, *61*(2), 405–439.
McKinsey & Company. (2021). Women in the Workplace – 2021. Retrieved December 4, 2021, from https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace#
Miller, D. (1991). Stale in the Saddle: CEO tenure and the match between organization and environment. *Management Science*, *37*(1), 34–52.
Miller, D., & Xu, X. (2020). CEO long-term orientation and elite university education. *Strategic Organization*, *18*(4), 520–546.
Mousa, F., Chowdhury, J., & Gallagher, S. (2023). The implications of CEO power on the relationship between firm resources and innovation. *Journal of Management & Organization*, *29*(1), 14–29.
Nadolska, A., & Barkema, H. G. (2014). Good learners: How top management teams affect the success and frequency of acquisitions. *Strategic Management Journal*, *35*(10), 1483–1507.
Nishii, L. H. (2013). The benefits of climate for inclusion for gender-diverse groups. *Academy of Management Journal*, *56*(6), 1754–1774.

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

Pablo, A. L., Sitkin, S. B., & Jemison, D. B. (1996). Acquisition decision-making processes: The critical role of risk. *Journal of Management*, *22*(5), 723–746.
Parola, H. R., Ellis, K. M., & Golden, P. (2015). Performance effects of top management team gender diversity in the merger and acquisition process. *Management Decision*, *53*(1), 57–74.
Patel, P. C., & Cooper, D. (2014). Structural power equality between family and non-family TMT members and the performance of family firms. *Academy of Management Journal*, *57*(6), 1624–1649.
Pelled, L. H. (1996). Demographic diversity, conflict, and work group outcomes: An intervening process theory. *Organization Science*, *7*(6), 615–631.
Pelled, L. H., Eisenhardt, K. M., & Xin, K. R. (1999). Exploring the black box: An analysis of work group diversity, conflict, and performance. *Administrative Science Quarterly*, *44*(1), 1–28.
Perryman, A. A., Fernando, G. D., & Tripathy, A. (2016). Do gender differences persist? An examination of gender diversity on firm performance, risk, and executive compensation. *Journal of Business Research*, *69*(2), 579–586.
Pfeffer, J. (1981). *Power in organizations*. Marshfield, MA: Pitman.
Post, C., & Byron, K. (2015). Women on boards and firm financial performance: A meta-analysis. *Academy of Management Journal*, *58*(5), 1546–1571.
Priem, R., Lyon, D. W., & Dess, G. G. (1999). Inherent limitations of demographic proxies in top management team heterogeneity research. *Journal of Management*, *25*(6), 935–953.
Roh, H., Chun, K., Ryou, Y., & Son, J. (2019). Opening the black box: A meta-analytic examination of the effects of top management team diversity on emergent team processes and multilevel contextual influence. *Group and Organization Management*, *44*(1), 112–164.
Shore, L. M., Randel, A. E., Chung, B. G., Dean, M. A., Holcombe Ehrhart, K., & Singh, G. (2011). Inclusion and diversity in work groups: A review and model for future research. *Journal of Management*, *37*(4), 1262–1289.
Sidhu, J. S., Feng, Y., Volberda, H. W., & Van Den Bosch, F. A. (2020). In the shadow of social stereotypes: Gender diversity on corporate boards, board chair's gender and strategic change. *Organization Studies*, *42*(11).
Simsek, Z., Heavey, C., & Fox, B. C. (2018). Interfaces of strategic leaders: A conceptual framework, review, and research agenda. *Journal of Management*, *44*(1), 280–324.
Sitkin, S. B., & Pablo, A. L. (2004). Leadership and the M&A process. In A. L. Pablo & M. Javidan (Eds.), *Mergers and Acquisition. Creating integrative knowledge* (pp. 181–193). Oxford: Blackwell Publishing.
Smits, J. (2003). *Estimating the Heckman two-step procedure to control for selection bias with SPSS*. Retrieved November 21, 2021, from http://home.planet.nl/~smit9354/selbias/heckman.txt
Sverdrup, T. E., & Stensaker, I. G. (2018). Restoring trust in the context of strategic change. *Strategic Organization*, *16*(4), 401–428.
Todd, S. (2019). Why diversity gives businesses a competitive advantage. *Forbes*, 5 May. Retrieved May 15, 2019, from https://www.forbes.com/sites/samanthatodd/2019/05/05/the-business-case-for-diversity-a-competitive-advantage/#7101af3c5a1b
Triana, M. D., Miller, T. L., & Trzebiatowski, T. M. (2014). The double-edged nature of board gender diversity: Diversity, firm performance, and the power of women directors as predictors of strategic change. *Organization Science*, *25*(2), 609–632.
Van Knippenberg, D., De Dreu, C. K., & Homan, A. C. (2004). Work group diversity and group performance: An integrative model and research agenda. *Journal of Applied Psychology*, *89*(6), 1008–1022.
Vasilaki, A., & O'Regan, N. (2008). Enhancing post-acquisition organisational performance: The role of the top management team. *Team Performance Management: An International Journal*, *14*(3/4), 134–145.
Walls, J. L., & Berrone, P. (2017). The power of one to make a difference: How informal and formal CEO power affect environmental sustainability. *Journal of Business Ethics*, *145*(2), 293–308.
Walsh, J. P., & Seward, J. K. (1990). On the efficiency of internal and external corporate control mechanisms. *Academy of Management Review*, *15*(3), 421–458.
Walters, B. A., Kroll, M. J., & Wright, P. (2007). CEO tenure, board of directors, and acquisition performance. *Journal of Business Research*, *60*(4), 331–338.
Whyte, G., & Levi, A. S. (1994). The origins and function of the reference point in risky group decision making the case of the Cuban missile crisis. *Journal of Behavioral Decision Making*, *7*(4), 243–260.
Wiersema, M. F., & Bantel, K. A. (1992). Top management team demography and corporate strategic change. *Academy of Management Journal*, *35*(1), 91–121.
Williams, K. Y., & O'Reilly, C. A., III. (1998). Demography and diversity in organizations: A review of 40 years of research. *Research in Organizational Behavior*, *20*, 77–140.
Zhu, H., Xia, J., & Makino, S. (2015). How do high-technology firms create value in international M&A? Integration, autonomy and cross-border contingencies. *Journal of World Business*, *50*(4), 718–728.

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

Appendix

Table A1. Descriptive statistics and correlations[a]

		Mean	Std Dev	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1.	Tobin's *Q*	−0.33	0.79																		
2.	Transaction value[b]	2.82	0.72	−0.04																	
3.	Relative size[b]	0.89	0.67	0.06	−0.30																
4.	Relatedness	2.65	1.50	0.03	0.04	−0.23															
5.	Payment method	0.39	0.49	−0.03	−0.23	0.39	−0.15														
6.	Tender offer	0.15	0.36	−0.11	−0.06	0.21	−0.09	0.35													
7.	Experience[b]	0.60	0.38	0.02	0.14	0.35	−0.13	0.16	0.09												
8.	R&D intensity[b]	0.01	0.03	−0.25	−0.04	−0.03	0.08	0.05	0.06	−0.02											
9.	Premium	36.82	34.62	−0.04	−0.18	0.25	−0.03	0.19	0.13	0.08	0.07										
10.	Industry ROA	−0.45	0.44	0.17	−0.06	−0.16	0.01	−0.10	−0.13	−0.15	−0.41	−0.25									
11.	Age diversity	0.11	0.04	−0.06	−0.09	−0.18	0.04	−0.00	−0.06	−0.14	0.00	−0.11	0.12								
12.	BOD gender diversity	0.12	0.09	0.04	0.16	0.19	−0.11	0.10	0.03	0.14	−0.09	0.08	0.04	−0.23							
13.	Change in gender diversity	−0.003	0.08	0.04	−0.04	0.03	−0.02	−0.07	−0.09	−0.05	−0.02	0.03	0.04	−0.02	−0.01						
14.	Inverse Mills ratio	1.39	0.42	−0.12	−0.05	−0.08	0.24	−0.13	−0.07	0.19	−0.15	0.01	0.08	−0.34	0.02	0.02					
15.	TMT gender diversity	0.11	0.16	−0.15	0.05	0.05	−0.06	0.14	0.15	0.08	−0.01	−0.03	−0.05	−0.03	0.16	−0.35	−0.14				
16.	Structural power	0.00	1.00	−0.21	−0.01	−0.03	0.00	0.06	−0.05	−0.16	0.14	0.08	−0.13	−0.01	0.12	0.06	−0.08	0.08			
17.	Ownership power	0.08	0.14	−0.25	−0.25	−0.07	−0.11	0.10	−0.04	−0.04	0.10	−0.06	0.03	0.31	0.04	−0.09	0.04	0.18	0.16		
18.	Tenure	10.78	9.12	0.00	0.12	0.14	−0.05	0.09	0.10	0.08	−0.14	0.04	0.04	−0.08	0.10	−0.02	−0.14	0.12	0.14	0.01	
19.	Elite education	0.27	0.44	0.12	0.17	0.07	−0.09	0.03	−0.02	−0.18	−0.02	0.05	−0.18	0.03	0.02	0.02	−0.10	0.07	0.24	0.02	0.04

[a] $n = 423$ in rows/columns 1–14. Correlations greater than |0.10| are significant at $p < .05$, and greater than |0.13| are significant at $p < .01$
$n = 143$ in rows/columns 15–18. Correlations greater than |0.17| are significant at $p < .05$, and greater than |0.24| are significant at $p < .01$
[b] log transformed

Table A2. Multiple regression analysis results of gender diversity on M&A performance

	Model 1 Tobin's *Q*	Model 2 Tobin's *Q*
Control Variables		
Constant	0.17 (0.30)	0.27 (0.30)
Transaction value[a]	−0.05 (0.06)	−0.05 (0.06)
Relative size[a]	0.07 (0.07)	0.06 (0.07)
Relatedness	0.04 (0.03)	0.04 (0.03)
Payment method	−0.00 (0.09)	0.02 (0.09)
Tender offer	−0.21∧ (0.11)	−0.18∧ (0.11)
Experience[a]	0.03 (0.11)	0.03 (0.11)
R&D intensity[a]	−4.77*** (1.31)	−4.79*** (1.30)
Premium	−0.001 (0.00)	−0.001 (0.00)
Industry ROA	0.14 (0.10)	0.13 (0.10)
BOD gender diversity	−0.13 (0.45)	0.06 (0.45)
TMT age diversity	−1.29 (0.89)	−1.36 (0.89)
Change in gender diversity	0.24 (0.47)	−0.30 (0.50)
Inverse Mills ratio	−0.15 (0.11)	−0.18∧ (0.11)
Hypothesized Variables		
Gender diversity (H1)	–	−0.84** (0.26)
F-statistic	3.15***	3.77***
R-square	0.09	0.12
Change in *R*-square		0.02
Hierarchical *F*-statistic		10.81***

$n = 423$; Unstandardized betas shown, standard error in parentheses.
[a]Log transformed.
$^{***}p < .001$, $^{**}p < .01$, $^{*}p < .05$, $\wedge p < .10$.

Table A3. Multiple regression analysis results for subset of firms with gender diverse TMTs

	Model 3 Tobin's *Q*	Model 4 Tobin's *Q*
Control Variables		
Constant	−0.27 (0.59)	0.21 (0.58)
Transaction value[a]	0.04 (0.11)	−0.09 (0.12)
Relative size[a]	0.11 (0.14)	0.01 (0.14)
Relatedness	0.09∧ (0.05)	0.08 (0.05)
Payment method	−0.02 (0.17)	0.01 (0.16)
Tender offer	0.08 (0.20)	0.06 (0.19)
Experience[a]	−0.18 (0.20)	−0.22 (0.19)
R&D intensity[a]	−16.31*** (3.03)	−14.84*** (2.94)
Premium	−0.00 (0.00)	−0.00 (0.00)
Industry ROA	−0.01 (0.19)	−0.01 (0.18)
BOD gender diversity	0.83 (0.90)	1.36 (0.86)
TMT age diversity	1.18 (1.75)	1.14 (1.67)

(*Continued*)

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

Table A3. (*Continued.*)

	Model 3 Tobin's *Q*	Model 4 Tobin's *Q*
Change in gender diversity	0.39 (0.25)	0.40 (0.24)
Inverse Mills ratio	−0.38∧ (0.21)	−0.40∧ (0.20)
Hypothesized Variables		
Structural power (H2a)	–	−0.18* (0.07)
Ownership power[a] (H2b)	–	−1.33* (0.54)
Tenure (H3a)	–	−0.01 (0.01)
Elite education (H3b)	–	0.36* (0.17)
F-statistic	5.07***	5.30***
R-square	0.34	0.42
Change in *R*-square		0.08**
Hierarchical *F*-statistic		4.34

$n = 143$; Unstandardized betas shown, standard error in parentheses.
***$p < .001$, **$p < .01$, *$p < .05$, ∧$p < .10$.
[a]Log transformed.

Table A4. Robustness checks of gender diversity on M&A performance

	Model 5 Gender Standard deviation	Model 6 Gender Diversity percentage	Model 7 Additional controls	Model 8 ROA
Control Variables				
Constant	0.29 (0.30)	0.26 (0.30)	−0.10 (0.50)	−0.00 (0.03)
Transaction value[a]	−0.05 (0.06)	−0.05 (0.06)	−0.08 (0.07)	−0.01 (0.01)
Relative size[a]	0.06 (0.07)	0.06 (0.07)	0.04 (0.08)	0.01 (0.01)
Relatedness	0.04∧ (0.03)	0.04 (0.03)	0.04 (0.03)	0.00 (0.00)
Payment method	0.03 (0.09)	0.02 (0.09)	0.01 (0.09)	−0.01 (0.01)
Tender offer	−0.19∧ (0.11)	−0.18∧ (0.11)	−0.19∧ (0.11)	−0.01 (0.01)
Experience[a]	0.03 (0.11)	0.03 (0.11)	0.04 (0.11)	−0.00 (0.01)
R&D intensity[a]	−4.75*** (1.29)	−4.82*** (1.30)	−4.86*** (1.30)	0.51*** (0.13)
Premium	0.001 (0.00)	−0.01 (0.00)	−0.001(0.00)	0.00 (0.00)
Industry ROA	0.13 (0.10)	0.13 (0.10)	0.14 (0.10)	0.02*(0.01)
BOD gender diversity	0.05 (0.45)	0.05 (0.45)	−0.06 (0.46)	−0.05 (0.04)
TMT age diversity	−1.40 (0.88)	−1.33 (0.88)	−1.18 (0.88)	−0.07 (0.09)
Change in gender diversity	−0.28 (0.49)	−0.28 (0.50)	−0.29 (0.50)	−0.04 (0.05)
Inverse Mills ratio	−0.18∧ (0.11)	−0.18∧ (0.11)	−0.19∧ (0.11)	0.02 (0.01)
Duality			−0.06 (0.08)	
Outside directors			0.60 (0.51)	

(*Continued*)

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

Table A4. (*Continued.*)

	Model 5 Gender Standard deviation	Model 6 Gender Diversity percentage	Model 7 Additional controls	Model 8 ROA
Outside director ownership			−0.07 (0.05)	
Hypothesized Variables				
Gender diversity (H1)	−0.67** (0.19)	−1.15** (0.38)	−1.16** (0.38)	−0.05* (0.03)
F-statistic	3.86***	3.67***	3.28***	2.99***
R-square	0.12	0.12	0.12	0.10

$n = 423$; Unstandardized betas shown, standard error in parentheses.
[a]Log transformed.
***$p < .001$, **$p < .01$, *$p < .05$, ∧$p < .10$.

Table A5. Robustness Checks for Gender Diverse and Non-Diverse TMTs

	Model 9 Additional controls diverse teams	Model 10 ROA diverse teams	Model 11 Power in non-diverse teams
Control Variables			
Constant	0.27 (1.06)	0.01 (0.06)	0.42 (0.45)
Transaction value[a]	−0.13 (0.12)	−0.01 (0.01)	−0.08 (0.10)
Relative size[a]	−0.23 (0.14)	0.01 (0.01)	−0.01 (0.12)
Relatedness	0.08∧ (0.05)	0.01 (0.01)	0.12** (0.04)
Payment method	0.00 (0.16)	−0.02 (0.02)	0.04 (0.15)
Tender offer	0.06 (0.19)	−0.01 (0.02)	−0.08 (0.18)
Experience[a]	−0.21 (0.19)	0.02 (0.02)	0.10 (0.17)
R&D intensity[a]	−14.82*** (2.96)	−0.00 (0.30)	−5.55* (2.21)
Premium	−0.04 (0.00)	−0.00 (0.00)	0.00 (0.00)
Industry ROA	0.01 (0.18)	0.01 (0.02)	0.03 (0.17)
BOD gender diversity	1.12 (0.90)	−0.07 (0.09)	−0.58 (0.70)
TMT age diversity	1.75 (1.71)	−0.08 (0.17)	−1.81 (1.44)
Change in gender diversity	0.39∧ (0.24)	0.01 (0.02)	−0.36 (1.13)
Inverse Mills ratio	−0.41* (0.21)	−0.01 (0.02)	−0.31* (0.14)
Duality	−0.04 (0.15)		
Outside directors	0.06 (1.01)		
Outside director ownership	−0.13 (0.10)		
Hypothesized Variables			
Structural power (H2a)	−0.19* (0.08)	−0.01∧ (0.01)	−0.03 (0.06)
Ownership power[a] (H2b)	−1.16* (0.57)	0.03 (0.06)	−1.10 (0.67)
Tenure (H3a)	−0.01 (0.01)	−0.00 (0.00)	0.00 (0.00)

(*Continued*)

https://doi.org/10.1017/jmo.2024.27 Published online by Cambridge University Press

Table A5. (*Continued.*)

	Model 9 Additional controls diverse teams	Model 10 ROA diverse teams	Model 11 Power in non- diverse teams
Elite education (H3b)	0.38* (0.17)	0.05** (0.02)	−0.03 (0.06)
F-statistic	4.54***	1.11	1613∧
R-square	0.43	0.13	0.18

$n = 143$; Unstandardized betas shown, standard error in parentheses.
***$p < .001$, **$p < .01$, *$p < .05$, ∧$p < .10$.
[a]Log transformed.

Table A6. Elite education institutions[a]

Amherst College	Princeton University
Brown University	Stanford University
Carleton College	Swarthmore College
Columbia University	United States Military Academy
Cornell University	United States Naval Academy
Dartmouth College	University of California, Berkeley
Grinnell College	University of California, Los Angeles
Harvard University	University of Chicago
Haverford College	University of Michigan
Johns Hopkins University	University of Pennsylvania
Massachusetts Institute of Technology	Wellesley College
New York University	Williams College
Oberlin College	Yale University
Pomona College	

[a]From Finkelstein (1992; Appendix A, p. 532).

Heather R. Parola (Ph.D., Florida Atlantic University) is an Associate professor at the Schroeder School of Business at the University of Evansville. Her primary research interests include mergers and acquisitions, interorganizational trust, and strategic leadership.

Kimberly M. Ellis (Ph.D., Florida State University) is an Associate Professor at Florida Atlantic University. Dr. Ellis's research, which focuses primarily on acquisition decision-making, integration process management, and deal outcomes, has been published in the Academy of Management Journal, Strategic Management Journal, Strategic Entrepreneurship Journal, Global Strategy Journal, and other outlets. In addition, she serves on the editorial review board of the Africa Journal of Management (founding member), Journal of International Business Studies, Strategic Organization, and Group and Organization Management. She is an active member of the Academy of Management, Strategic Management Society, Africa Academy of Management, Southern Management Association, and Management Faculty of Color Association having served in various leadership roles in these organizations.

Dr. Peggy Golden is currently a Professor Emeritus in management at Florida Atlantic University. She has taught graduate and doctoral courses in Strategy and the Environment of Business as well as courses on global competition in Spain, Brazil, and to computer industry executives in Asia. Prior to her arrival at FAU, she taught at the University of Louisville for 5 years in a variety of areas including the management of information systems. She is the Author of seven simulation games and more than 50 articles and conference papers. She is currently studying corporate reputation, the interaction of corporate governance on top management team pay disparity, and the role of power in the success of mergers and acquisitions.

Cite this article: Parola, H. R., Ellis, K. M., and Golden, P. (2024). Top management team gender diversity and power dynamics in times of change. *Journal of Management & Organization*, 1–24. https://doi.org/10.1017/jmo.2024.27