



Fakultät für Wirtschaftswissenschaften
Peter Löscher-Stiftungslehrstuhl für Wirtschaftsethik und Global Governance

**Emerging Giants' Up-Market Post-Merger Integration:
Modes and Influencing Factors of Chinese Integration in Germany**

Yanan Yang

Vollständiger Abdruck der von der Fakultät für Wirtschaftswissenschaften der Technischen Universität München zur Erlangung des akademischen Grades eines

Doktors der Philosophie (Dr. phil.)

genehmigten Dissertation.

Vorsitzender:	Prof. Dr. Sebastian Schwenen
Prüfer der Dissertation:	1. Prof. Dr. Christoph Lütge
	2. Prof. Dr. Isabell M. Welp

Die Dissertation wurde am 05.02.2020 bei der Technischen Universität München eingereicht und durch die Fakultät für Wirtschaftswissenschaften am 15.05.2020 angenommen.



Technische Universität München

**Emerging Giants' Up-Market Post-Merger Integration: Modes
and Influencing Factors of Chinese Integration in Germany**

A DISSERTATION PRESENTED
BY
YANAN YANG
TO
THE DEPARTMENT OF TUM SCHOOL OF MANAGEMENT
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY (DR. PHIL.)
IN THE SUBJECT OF
WIRTSCHAFTSWISSENSCHAFTEN
TECHNISCHE UNIVERSITÄT MÜNCHEN
MUNICH, GERMANY
ADVISORS:
CHRISTOPH LÜTGE
ISABELL M. WELPE
2020



TECHNISCHE UNIVERSITÄT MÜNCHEN
PETER LÖSCHER-STIFTUNGSLEHRSTUHL
FÜR WIRTSCHAFTSETHIK UND GLOBAL
GOVERNANCE
MARSSTRASSE 40 D-80335 MÜNCHEN

©
2020 – YANAN YANG
ALL RIGHTS RESERVED.

Acknowledgments

I WOULD LIKE TO EXPRESS MY EARNEST APPRECIATION to my advisor, Prof. Dr. Christoph Lütge, who gives me such a valuable chance to research this topic and provides me with his enduring encouragement, his belief in my capability, and his timely supervision and feedback. I also acknowledge Prof. Dr. Isabell M. Welpé for her willingness to take the task of the dissertation reviewer and Prof. Dr. Sebastian Schwenen for his willingness as the committee chairman to host my dissertation defense. Additionally, I express my very special thanks to Mrs. Wally Eichler and Ms. Elisabeth for all their efforts to timely and passionately assist me in arranging university issues. Meanwhile, thanks go to the wonderful university staff at the School of Management and the Main Campus Library for facilitating the dissertation process and all friends at Peter Löscher Chair of Business Ethics and Global Governance for their encouragement and accompany.

My sincere gratitude goes to Mr. Hongwei Yang – a great partner in conducting one of this dissertation’s studies, and all anonymous interviewees and respondents who participate in this dissertation’s studies for offering their time and knowledge, without whom this research could not be possible to be done. A thank you also goes to the editors - Prof. Dr. Elizabeth Rose and Prof. Dr. Hussain Rammal, and all anonymous reviewers of the Journal - *Review of International Business and Strategy*, for their judgments and comments. Their reviews and opinions truly help me to deepen my research. Meanwhile, a hearty thanks to the Emerald Publishing Limited, particularly Chris Tutill, who generously grants me copyright permission to republish my articles, as a part of my dissertation, in our university library.

Last but not least, I am indebted to unending my deep gratitude to my dear parents, Mr. Tingfeng Yang and Mrs. Xuemei Zhang, as well as to my young brother Mengcong Yang, who keep encouraging me along the way. They provide me with endless love and understanding, and considerable financial backing throughout the whole process. They greatly assist me in making my work a success. I could not have done this grand work that needs much assistance without their open-mindedness and active support.

Emerging Giants' Up-Market Post-Merger Integration:
Modes and Influencing Factors of Chinese Integration in Germany

ABSTRACT

Acquisitions initiated by emerging-market multinational enterprises (EMNEs) to up-markets (i.e. developed markets) are moving at a rapid pace. Apart from their acquisition motivation questions and questions of financial performance, EMNEs' distinct home-host linkage mechanism during the post-merger integration (PMI) process attracts considerable academic and industrial professionals' attention. Taking Chinese-market multinational enterprises' (CMNEs) acquisitions in Germany as examples, this dissertation provides two published articles that tackle the process questions of EMNEs' up-markets' integration modes and influencing factors. First, given the current hot argument of cultural influence on acquisition integration, this dissertation discusses the questions of what and how specific organizational cultural dimensions in the newly-combined organization effect EMNEs' integration levels. In the first publication, I argue that five organizational cultural dimensions (i.e. adaptability, consistency, involvement, balance, and flexibility) influence EMNEs' integration levels, in which adaptability can negatively predict EMNEs' integration levels. Further, I argue that the question of "how" EMNEs integrations evolve overtime should be further investigated and the question of "why" EMNEs change their integration modes should be clarified. The second publication investigates EMNEs' possible integration evolutions over time and extends the extant EMNEs' static PMI framework to be a dynamic integration framework. I argue that EMNEs might change integration modes into three directions: "partial symbiosis" and "partial absorption" - the P-O-O path (partnering - organizational optimization - production optimization), which is a new evolutionary direction that prior literature has never found before; "complete preservation" - the P-P-P path (preservation - organizational preservation - production preservation); "full absorption" - the P-C-C path (preservation - organizational centralization - production confusion). Most notably, the second publication solves the question of "why" EMNEs' integrations evolve to different directions at different integration stages, in which it incorporates the dynamic capability perspective as an influencing factor into EMNEs' PMI framework. I argue that "asymmetric information", "strategic positions of different-sized targets", and "EMNEs' dynamic capability" are the main influencing factors to effect EMNEs' up-markets' integration changes.

Contents

0	INTRODUCTION	1
1	EMERGING GIANTS' INTERNATIONALIZATION.....	6
	1.1 Emerging-Market Multinationals' Internationalization.....	6
	1.2 Chinese Multinationals' German-Market Acquisitions.....	8
2	TWO ISSUES IN EMNES' UP-MARKET POST-MERGER INTEGRATION	10
	2.1 Is Organizational Culture An Influencer?	18
	2.2 Where Do EMNEs' Integration Roads Lead?	19
3	METHODOLOGICAL CONSIDERATIONS.....	21
	3.1 Questionnaire Survey of Organizational Culture and Integration Levels	22
	3.2 Case Study of EMNEs' Integration Evolution	26
4	TWO ARTICLES – EXTENDED ABSTRACTS.....	29
	4.1 Organizational Culture Affecting Post-Merger Integration.....	29
	4.2 Dynamic Integration Paths of Emerging Multinational Enterprises in Advanced Markets	30
5	DISCUSSION	32
A	PUBLICATIONS	45
	A.1 Organisational Culture Affecting Post-Merger Integration	46
	A.2 Dynamic Integration Paths Of Emerging Multinational Enterprises In Advanced Markets	65
B	CONTRIBUTIONS TO PUBLICATIONS	90
	REFERENCES	93
	APPENDIX	103
	Appendix I Questionnaire Survey	104
	Appendix II SPSS Output of Questionnaire Data.....	107
	Appendix III Interview Questionnaire.....	131
	Appendix IV MAXQDA12 Output of Interview Coding.....	133

Like the mini-skirt, discotheques, and anti-war demonstrations, business mergers and acquisitions were a fashion of the 1960s.

Brockhaus, 1975



Introduction

As the current widely-discussed topic of international newspaper headlines, EMNEs, the so-called “emerging giants”, are gradually being regarded as key players in the global outward foreign direct investment (OFDI) area (Franz *et al.*, 2017; Knoerich, 2010; Lebedev *et al.*, 2015; Park *et al.*, 2018). Significantly influenced by internal or external geopolitical and economic conditions, like the depreciated currencies or the weakened domestic market demand, multinationals from emerging economies (e.g. China, India, Russia, and Eastern Europe) are growing significantly (Franz *et al.*, 2017; Park *et al.*, 2018). Although a few countries’ counter-globalization infuses some uncertainty in the global economy, such as the United States turning its focus inward and the Trump government committing less to upholding the future globalization order, the majority of countries are assisting in the development of internationalization (Luo and Tung, 2017). During 1995-2017, the volume of EMNEs in the Fortune Global 500 rose from 20 to 164 (Luo and Tung, 2017). More than 120 emerging economies are engaging in OFDI, including over 30,000 multinational enterprises (MNEs), with investments increasing from approximately \$1 billion in 1985 to approximately \$409 billion in 2015 (Chaisse, 2017). These emerging giants have essentially changed the landscapes of OFDI and re-shaped international economic rules (Torres de Oliveira and Rottig, 2018). Benefiting immensely from the opening up of the international economy, EMNEs appear eager to fill the void of global economic governance (Park *et al.*, 2018).

Compared with other OFDI forms (e.g. strategic alliance and joint venture), cross-border mergers and acquisitions (CBM&As) are regarded as the most attractive activities for EMNEs (Wu *et al.*, 2016; Zhang *et al.*, 2019). Particularly, China has become the largest OFDI nation and its CBM&As, especially the acquisitions in Western up-markets, have significantly increased since 2010 (Fuchs and Schalljo, 2016).

EMNEs' acquisitions have been studied by EMNEs academics from several different disciplines (Birkinshaw *et al.*, 2000). Four research streams have been identified with their own distinct theoretical roots and central hypotheses: the capital market/financial performance school of thought, the strategic management school, the organizational behavior school, and the process school. (Birkinshaw *et al.*, 2000). The capital market school's attention is on financial performance like free cash flow or efficient market hypothesis to create wealth for shareholders (Birkinshaw *et al.*, 2000). For instance, despite EMNEs' CBM&As dramatic increase, their success rates are proven to be low (Hanemann and Huotari, 2018; Zhou, 2018). Gomes *et al.* (2013) stated that at least 50% of EMNEs' CBM&As were unable to realize shareholders' expected objectives and more than 80% underperformed in the first year. Liu and Woywode (2013) supported that around one-third of CMNEs' German-market acquisitions are disaster cases, with one-third only realizing mediocre synergy, and merely one-third being star cases. Relatively, the strategic management school concerns with the acquisition's wealth creation at the individual company level, which is based on the central proposition that economies of scale, scope, and market power can be realized via related acquisitions (Birkinshaw *et al.*, 2000). They may involve EMNEs' acquisition motivations, for example, the upmarket acquisition seems to be a consequence of EMNEs' strategic seeking behavior for gaining up-markets' proprietary assets (Zhang *et al.*, 2019). While the organizational behavior school tends to focus on the human side of an acquisition (Birkinshaw *et al.*, 2000). Some scholars built the acculturation theories to examine the changes in behavior that result from the forced interaction of two different organizational cultures (Janson, 1994; Sales and Mirvis, 1984). For instance, Roberts (1994) clarified that the target's 'strong culture' might potentially impact performance if it is transferred effectively to the acquirer (Birkinshaw *et al.*, 2000).

Comparatively, the focal point of the process school is acquirers' actions of guiding the PMI process. It includes both human/culture integrations and tasks/systems/operations integrations, which is more comprehensive and more applied than the other schools (Birkinshaw *et al.*, 2000). The process school argues that potential synergies' realization and acquisition value creation depend entirely on the acquirer's ability to manage the PMI process in an effective manner (Birkinshaw *et al.*, 2000; Haspeslagh and Jemison, 1991). Currently, EMNEs researchers in the process school commonly assert that, except for a few emerging multinationals which directly absorb the up-market resources, most EMNEs prefer to adopt rather lower-level integrations such as

preservation or partnering to utilize the up-market resources they acquired (Gomes *et al.*, 2011, 2013; Kale and Singh, 2012; Liu and Woywode, 2013; Marchand, 2015, 2017). Why is it that/what factors influence EMNEs prefer such lower-level hands-off approaches? Do they change their integration modes over time? If they change modes over time, why/what factors influence their evolutionary decisions? These questions are pressing issues. Also, some hypotheses remain at a theoretical level with limited empirical evidence. Accordingly, by investigating CMNEs' German-market integrations, this dissertation attempts to illuminate the general issues of "*How EMNEs evolve their up-markets' integration modes over time?*" and "*What factors influence EMNEs' up-markets' integrations?*"

Critically reviewing the incumbent relevant literature, I underpinned two sub-questions to examine the unverified assumptions of the extant theory and to further explore the theoretical peripheries:

1) *Is organizational culture an influencer?*

Various factors that affect EMNEs' integrations have been identified (Kale and Singh, 2012; Liu and Woywode, 2013; Marchand, 2015, 2017; Ramamurti, 2012; Sun, 2018; Torres de Oliveira and Rottig, 2018). Yet voids still remain. Researchers hypothesized that culture, including cultural differences and specific national and organizational cultural dimensions, might influence integrations (Weber *et al.*, 2009, 2011). Numerous studies have examined the effect of cultural differences and specific national cultural dimensions (Calori *et al.*, 1994; Liu and Woywode, 2013; Morosini *et al.*, 1998; Sarala, 2010; Weber *et al.*, 2009); whereas the influence of specific organizational cultural dimensions was overlooked. What specific organizational cultural dimensions in the newly-combined organization influence EMNEs' integrations? What are the correlations between them? These questions remain unclear and need to be verified. The first publication concentrates on solving these issues.

2) *Where do EMNEs' integration roads lead?*

Most earlier works made contributions to the question of "what", namely, the characteristics or the types of EMNEs' integrations, on the static conceptual level (Gomes *et al.*, 2011, 2013; Kale and Singh, 2012; Liu and Woywode, 2013; Marchand, 2015). Recent studies questioned that the current identified EMNEs' lower-degree integrations might merely be a temporary static snapshot and could not holistically reveal EMNEs' whole integration process (Sun, 2018). Yet limited by EMNEs' short up-market acquisition history, few observed EMNEs' long-term integration evolutions from a dynamic perspective (Liu and Woywode, 2013). Merely a few potential evolutionary hypotheses were proposed; yet the debate still remains as assumptions with rare empirical evidence support. To my knowledge, only Marchand (2015), with empirical evidence, described EMNEs' two integration evolutions of strengthening or weakening the partnering modes by cooperating more or fewer activities. However, only one empirical study could hardly explain a complicated phenomenon. Are there any other possible evolutionary directions? Also, as Marchand (2015) stated, he only

focused on explaining “how” EMNEs evolve their integrations rather than “why” their evolutions occurred. The question of “why” EMNEs change their integrations over time is still unclear. Where do EMNEs’ integration roads lead? The second publication focuses on addressing both the two questions: “how” and “why” EMNEs evolve their integration modes over time.

The first publication, based on the extant “static” EMNEs’ integration theories, supplemented the research gap of “culture influences EMNEs’ integrations” by disclosing specific organizational cultural dimensions’ effect on CMNEs’ German-market integration levels. Totally 120 questionnaires were distributed to the Chinese and German managers and employees at 12 CMNEs’ German-market acquisition cases. I argue that CMNEs’ integration levels in the German-market are mainly influenced by five principal organizational cultural dimensions (i.e. adaptability, consistency, involvement, balance, and flexibility). Amongst them, adaptability was found to be a predictor for predicting CMNEs’ integration levels, with a significant negative implication.

The second publication further extended EMNEs’ acquisition integration theoretical peripheries by uncovering “how” CMNEs’ integrations in Germany evolve in long-term multi-stage conditions from a dynamic standpoint. Compared with prior hypotheses and observations, I found out a new evolutionary direction to “partial symbiosis” and “partial absorption”, which has never been identified before. Most notably, this publication also solved the question of “why”: it clearly figured out the main influencing factors that affect EMNEs’ integration evolutions at different integration stages, in which it incorporates the dynamic capability perspective as an influencing factor into EMNEs’ PMI framework. A total of 25 interviews were conducted with 21 Chinese and German managers and employees from 6 CMNEs’ German-market acquisition cases. I argue that CMNEs might take a segmented linear integration path in Germany, from the initial-stage nearly no integration (about the 1st year after deals closed) to mid-term organizational integration (around the 2nd to 3rd year) and then to long-term production integration (about the 4th year and beyond). It contains three sub-directions: “partial symbiosis” and “partial absorption” - the P-O-O path (partnering - organizational optimization - production optimization); “complete preservation” - the P-P-P path (preservation - organizational preservation - production preservation); “full absorption” - the P-C-C path (preservation - organizational centralization - production confusion). The initial nearly no integration is mainly impacted by asymmetric information and different sized targets’ strategic positions; whereas different organizational and production integration degrees in mid-term and long-term stages are primarily influenced by CMNEs’ different dynamic capabilities (i.e. the capability of sensing the targets’ potential threats and development potentials, and the capability of capitalizing on the targets’ resources). Moreover, CMNEs’ corporate ownership is not found to be a significant influencing factor. By

supplementing and extending the extant EMNEs' integration theories, these two publications jointly answered the general research questions proposed at the beginning of this dissertation.

This dissertation will proceed as follows: Chapter 1 on page 6 will provide the reader with an overview of the theoretical studies surrounding EMNEs' internationalization and an outline of Chinese acquisitions in the German market. Chapter 2 on page 10 will discuss the extant research regarding EMNEs' post-acquisition integration modes and influencing factors in detail, followed by a discussion of the two issues in the current context of EMNEs' up-market post-acquisition integration. I will make the case that the research of EMNEs' integration modes and influencing factors is insufficient. Ignoring the effect of specific organizational cultural dimensions and the evolutions of EMNEs' long-term multi-stage integrations makes the research in this field fragmentary at best. Chapter 3 on page 21 will explain the methodological considerations of investigating the above noted two issues. Chapter 4 on page 29 will present the extended abstracts of the two published articles that solved the two issues mentioned in previous chapters. Chapter 5 on page 32 will provide a concluding discussion that brings the findings from the two articles together to comprehensively answer the general research questions of this dissertation. Also, theoretical and practical contributions will be highlighted, and the research limitations and potential future research avenues will be elaborated in this chapter.

Surges of direct investment from a particular country into Europe are nothing new. Each time an FDI “invasion” has occurred, it has caused unrest both at a governmental level, due to concerns about the loss of national sovereignty, and at the local level among companies concerned about the competitive threat by the supposed interlopers.

Yang et al., 2019

1

Emerging Giants’ Internationalization

This chapter first outlines the theoretical studies of EMNEs’ internationalization and then expounds on the status quo of CMNEs’ German-market acquisitions by employing the relevant studies and the current business and political debates.

1.1 Emerging-Market Multinationals’ Internationalization

The early part of this century has witnessed a visible rise of CBM&As from emerging economies (e.g. China, India, Russia, Eastern Europe, Latin America) (Kumar, 2009; Park *et al.*, 2018). Acquirers from emerging economies began to shine in the global M&As area, which promoted some in academia to assume that the fifth internationalization wave has begun (Dawes, 2008; Knoerich, 2010; Li, 2003, 2007; Wang *et al.*, 2014). Ramamurti (2012) deemed that EMNEs have transformed from the former OFDI recipients to be the senders of foreign investments after the US, Europe, and Japan. US acquirers constituted the prominent players in the first three acquisition waves and acquirers from Europe and Japan dominated the fourth global acquisition wave (Kale and Singh, 2012; Kumar, 2009; Park *et al.*, 2018; Zheng *et al.*, 2016). Compared with the earlier waves where DMNEs invested towards the recipient countries with equal or lower status, EMNEs’ investments targeted at the developed countries are rising (Weitschies, 2019). The validity of traditional theoretical consensus that focus on the internationalization of DMNEs began to be questioned

(Li, 2007). A growing concern occurred about the incomplete coverage of the traditional consensus' spatial and temporal processes (Alaaraj *et al.*, 2018; Cirjevskis, 2017; Cogman and Tan, 2010; Li, 2007).

Of the traditional theoretical consensus, Dunning's (1995) OLI Model (ownership-location-internalization) has long been of vital importance in explaining EMNEs' internationalization. It emphasized three basic advantages (Dunning, 1995); the ownership advantage is the prerequisite to extend MNEs' proprietary assets to host markets; the location advantage refers to specific FDI sites' locational attractions; the internalization advantage can internalize activities that are dispersed across numerous borders to build economies of scales. However, despite addressing various internationalization issues like strategic alliance implications, concerns criticized that the OLI paradigm can only explain EMNEs' internationalization within a certain limitation (Li, 2003, 2007; Luo and Tung, 2007; Mathew, 2006). The issue of criticism surrounds EMNEs' apparent lack of ownership advantage (Luo and Tung, 2007; Mathew, 2006). The OLI paradigm primarily stresses reducing transaction costs and risks, exploiting the ex-ante advantages via internalization and applying MNEs' extant internal advantage to the host markets (i.e. asset-exploitation) (Dunning, 1995). In contrast, EMNEs' technological abilities and brand strength are obviously inferior to the up-market targets they acquired (Mathews, 2006; Meyer *et al.*, 2014; Schweizer, 2005; Zahra *et al.*, 2006). Unlike the multinational early-movers who intend to exploit their ex-ante strengths, the latecomers of emerging economies underline enhancing the transaction value and exploring the ex-post new resources (e.g. disadvantage-triggered exploration, leverage-based or cooperation-based exploration) (Li, 2007). These latecomers mainly consider internationalization as an asset-seeking means of exploring the overseas resources that they acutely need to overcome domestic disadvantages (Li, 2003, 2007). In this sense, ownership advantage might be a strategic goal or motive, rather than a precondition, for EMNEs' internationalization (Luo and Tung, 2007; Mathew, 2006).

The significant growth of EMNEs' foreign investments has contributed to the emergence of new explanatory paradigms (Alaaraj *et al.*, 2018; Deng *et al.*, 2018; Franz *et al.*, 2017). The well-known EMNEs' internationalization theories are represented by Mathew's (2006) L-L-L framework (linkage-leveraging-learning) and Luo and Tung's (2007) springboard perspective. Specifically referring to the internationalization of the multinationals from developing countries, Mathew (2006) explained EMNEs' rapid internationalization growth by stating that: driven by their ownership "disadvantages", EMNEs expand their internationalization through firstly linking to international actors and then iteratively leveraging and learning from them to build their own firm-specific advantages. He, therefore, emphasized the role of networks and learning in EMNEs' internationalization and indicated that a firm's internationalization might not always be restricted to its own competitive advantages (Mathew, 2006). Another famous concept

that strives to explain EMNEs' internationalization is Luo and Tung's (2007) springboard perspective. In this concept, EMNEs utilize the strategic asset-seeking CBM&As as a "springboard" to overcome domestic laggard constraints, bolster home-based capabilities portfolios and enter into advanced markets bypassing trade barriers (Luo and Tung, 2017). Compared with those EMNEs who invest in the developing markets for seeking natural or cheap labor resources, the EMNEs who invest in up-markets focus more on strategic asset-seeking (Luo and Tung, 2007, 2017). This flexible take-off board endows EMNEs with acquiring critical assets (e.g. global markets, technological know-how, brands) from the developed markets and augmenting their mass manufacturing capabilities (Luo and Tung, 2007, 2017). Intentionally designing their upward spiral springboard actions as long-range and systematic plans, these EMNEs are able to better equip their capabilities to overtake their global rivals, and boost their global competitive positions to leapfrog to new heights on the global stage (Luo and Tung, 2007, 2017).

1.2 Chinese Multinationals' German-Market Acquisitions

Taking Germany as its main investing recipient, China has begun to steadily increase its outward investments in the German market since the 2008 global financial crisis (Fuchs and Schalljo, 2016; Giessner *et al.*, 2016; Hanemann and Huotari, 2018; Hoffman, 2013; Lebedev *et al.*, 2015). With the purpose of accessing German-market strategic assets (e.g. high-end technologies, famous brands) and solid regional networks (e.g. the European market), the majority of Chinese investors choose acquisitions rather than greenfield investments (i.e. establishing new subsidiaries) as their investment modes in Germany (Weitschies, 2019). German Mittelstands are the most popular targets for Chinese investors, which usually hold highly cutting-edge technology and well-known brands with well-established global suppliers and customer networks (Hanemann and Huotari, 2018). Particularly, the German automotive and machinery industries are the most attractive sectors for investors from China (Giessner *et al.*, 2016; Weitschies, 2019). Many German firms in these specific industrial segments are world pioneers with sophisticated international competitive advantages (Fuchs and Schalljo, 2016). Meanwhile, China is the most attractive buyer for German targets as well (Weitschies, 2019). These acquisitions are mainly driven by the strategic complementary need that Chinese buyers are eager for strategic development while German sellers usually need fresh financial funding (Liu and Deng, 2014; Meyer *et al.*, 2014; Musacchio and Lazzarini, 2018). By combining Chinese low-end products and German high-end segments together, both sides can expand the product range and gain easier access to each others' markets (Knoerich, 2010).

Generally, Chinese greenfield investments are concentrated in Hamburg, an important German logistics hub, while their acquisitions primarily flow to the Ruhr area, Greater Frankfurt area and some areas of Baden-Württemberg and Bavaria (Weitschies, 2019). A large number of the Chinese diaspora in the Ruhr area, especially in Dusseldorf, serve

a crucial role in personal connections between the two countries' acquisitions (Weitschies, 2019). The acquisitions in the Frankfurt area, as the German financial center, mainly benefit from the local Chinese association, the favorable flight connections as well as numerous local Chinese banks (Weitschies, 2019). While the attraction of the other two regions is brought from their outstanding mechanical engineering industries and formidable regional economies (Weitschies, 2019). Since 2009, Chinese state-owned investment shares decreased while Chinese private investors began to dominate German investment (Weitschies, 2019).

Some research systematically recorded the issues of workers' human rights in Chinese acquisitions in Germany. Franz *et al.* (2017) found that only two cases triggered intense employee resistances. The fears of job loss or employee rights infringements are partly caused by the media's negative reports (Franz *et al.*, 2017). These reports dominated the early years of Chinese acquisitions in Germany, but slowly became more positive since 2010, and those fears proved to be exaggerated (Franz *et al.*, 2017). Other research focused on German managers' perceptions. Fuchs and Schalljo (2016) detected that despite sharing a common mission for future development, many German executives were inclined to distance themselves from Chinese investors by claiming more independence and autonomy. Fuchs and Schalljo (2016) confirmed and explained that this might be firmly rooted in the belief that Chinese investors seemed to disrupt the "Western" professional ethics. German managers have to endure the Chinese opaque "wait-and-see" strategy and thus are often concerned about the hazy future (Fuchs and Schalljo, 2016). Si and Liefner (2014) assumed that Chinese acquisitions are inhibited by some cognitive distance such as the differences of language, business rules or culture, yet CMNEs usually lack the corresponding resolution mechanisms, such as the qualified talents who understand both cultures. In 2016, Chinese acquisition volumes in Germany surpassed the prior years' levels and reached their investment peak (Musacchio and Lazzarini, 2018; Rao-Nicholson *et al.*, 2016), which sparked a fierce and renewed academic discussion that surrounding the high sales of German know-how and the realization of acquisitions values of German high-tech industries like robotics (Weitschies, 2019). There was some discussion on whether there should be adjustments of German foreign trade laws to prevent CMNEs' acquisitions in order to keep state security (Hanemann and Huotari, 2018). Although no changes occurred in German foreign trade laws, CMNEs' acquisitions declined in 2017, which might indicate that Chinese investors feel strained with the German investment climate (Weitschies, 2019).

2

Two Issues in EMNEs' Up-Market Post-Merger Integration

This chapter first presents the incumbent theoretical grounds of EMNEs' integration modes and the identified influencing factors in detail, as a research basis of this dissertation. Then this chapter proposes the two issues in EMNEs' up-market post-acquisition integrations: “*Is organizational culture an influencer?*” and “*Where do EMNEs' integration roads lead?*”, to highlight the gaps in this research area that this dissertation strives to fill.

Although revealing the unique motives of EMNEs' rapid up-market international evolution, EMNEs' internationalization theories fail to elucidate the linkage mechanism and processes of EMNEs' domestic bases and external expansions (Shaukat *et al.*, 2016; Torres de Oliveira and Rottig, 2018). The internationalization of EMNEs is obviously neither linear nor seamless but encounters enormous barriers (van den Oever and Martin, 2018). A successful leapfrog to internationalization requires immense capabilities of cross-border orchestration, and acquisition gains need to be underpinned and nurtured by an orchestration integration system (Si and Liefner, 2014). This is crucial for the business ecosystem integration of the dispersed operational activities within home bases and global subsidiaries (Weitschies, 2019). However, in

these aspects, many EMNEs are actually not gifted (van den Oever and Martin, 2018). It is commonly believed that EMNEs should learn lessons from DMNEs who have tremendous integration experience (Angwin and Meadows, 2015; Chen *et al.*, 2016; Cogman and Tan, 2010). EMNEs, however, create their unique home-host linkage mechanism to orchestrate their international operations and spur their global expansion (Kale and Singh, 2012). Emerging multinationals' distinctive up-market integrations are considered to go beyond earlier DMNEs' research boundaries and have challenged conventional wisdom (Marchand, 2015; Sun, 2018).

Conventional scholars of the organizational behavior school proposed various acculturation integration modes. For instance, Nahavandi and Malekzaden (1988) focused on acculturative stress and put forward 4 integration modes (i.e. separation, assimilation, integration, and deculturation). Mirvis and Marks (2011) stressed culture changes with 5 integration modes (i.e. preservation, absorption, transformation, reverse takeover, and best of both). However, as I mentioned above, the focal point of their stream is human or culture. Comparatively, research in process school put forward various integration modes based on earlier DMNEs' acquisitions (Angwin and Meadows, 2015; Brockhaus, 1975; Haspeslagh and Jemison, 1991). Of those, Haspeslagh and Jemison's (1991) framework is highly recognized and most popular (Figure 1). When choosing integration types, two essential structuring factors should be considered (Haspeslagh and Jemison, 1991): "need for strategic interdependence" and "need for organizational autonomy". Four ideal-typical modes are built on these two criteria. The first: absorption, means quickly and significantly aligning and absorbing the target's structures and practical systems to the acquirer's group, which is predominantly used by the majority of DMNEs to quickly exploit their global assets. The second: preservation, maintains the target's status quo as original and restricts the changes to the absolute minimum. The third: symbiosis, aims at learning from each other and sharing both sides' qualities, which is the most challenging approach to balance autonomy and integration. The fourth: holding, is generally used by financial investors who have no subsequent integration but create values mainly via financial dividends transfers and risk-sharing.

Obviously different from the drastic absorption adopted by most DMNEs, in order to explore rather than exploit critical up-market resources, EMNEs tend to avoid adjusting the targets' structures or systems to guarantee the utmost learning potentiality (Birkinshaw *et al.*, 2000; Kumar, 2009). Earlier EMNEs studies broadly stated that EMNEs might employ a cautious lightly integration procedure (Birkinshaw *et al.*, 2000; Kumar, 2009). Kumar (2009) observed a sketchy impression of EMNEs' integration characteristics in up-markets: nearly no integration except only quickly tackling the targets' reporting systems (e.g. speak the same financial language, see the same reports, set similar benchmarks), not disturb the targets' management structures, systems, or people unless necessary. Birkinshaw *et al.* (2000) named these traits as "high road" that

Figure 1. Types of acquisition integration modes (based on DMNEs' acquisitions)

		Need for Strategic Interdependence	
		Low	High
Need for Organizational Autonomy	High	Preservation	Symbiosis
	Low	[Holding]	Absorption

Source: Haspeslagh and Jemison (1991, p.145)

EMNEs deliberately and cautiously retain the target's resources and autonomy and then gradually interact two sides and reinforce it at a rather slow speed. Unlike DMNEs' severe and quick control via deploying home nationals, EMNEs prefer keeping the hosts' top management teams and delegating enormous autonomy to the targets (Birkinshaw *et al.*, 2000). Cogman and Tan (2010) noticed similar characteristics and name them as "light-touch": only controlling a few key performance indicators; communicating strategic directions quarterly and annually; limited back-office integration to technology transfer or cross-selling. Kale and Singh (2012) agreed that EMNEs tend to "partner" with their up-market acquiring firms through granting immense autonomy and selectively coordinating activities. Frontier subsidiaries remain "structurally separate" from EMNEs even though there are expected to have deep synergy potentials (Kale and Singh, 2012). Slightly changing the two criteria of Haspeslagh and Jemison's (1991) framework to be "structural integration" and "degree of coordination", Kale and Singh (2012) identified EMNEs' three integration modes: preservation, partnering, and absorption (Figure 2), which is regarded as the most popular EMNEs' acquisition integration framework. Amongst them, "partnering" has been identified as EMNEs' predominant choice (Kale and Singh, 2012). The partnering rationale lies in the targets' structural separation and resource preservation, with high organizational autonomy and selective activity coordination (Zhang *et al.*, 2019).

Subsequent research disclosed a similar perception. Analyzing 13 cases of CMNEs' German-market acquisitions, Liu and Woywode (2013) confirmed that all CMNEs in their cases adopt Cogman and Tan's (2010) so-called "light-touch" approach to manage

their German targets. Similar to partnering, in light-touch mode, CMNEs keep the targets intact and separate. The targets are granted with high autonomy, with CMNEs passively and inactively offering limited strategic advice. CMNEs selectively coordinate activities with the targets (e.g. personnel rotation, technical communication) but do not intervene in their operations. Liu and Woywode (2013) believed that the “light touch” approach is a combination of “symbiosis” and “preservation”, with a high complementary potential yet maintaining the two firms’ boundary. Marchand (2017) further studied 25 cases of French-market acquisitions by emerging multinationals from 13 countries and found that, although not all EMNEs carried out the lower-level integrations (e.g. a few tightly subjected the French targets yet without any activity coordination; or directly absorbed them), the majority EMNEs of his cases (including all of his five CMNEs samples) adopt the partnering or preservation modes. He emphasized that these identified categories are just ideal types: they are a continuum, not closed-ended, distinct categories (Marchand, 2015). Torres de Oliveira and Rottig (2018) investigated a single case of CMNE’s German-market acquisition and, based on institutional theory and social capital theory, figured out that CMNEs tend to use a “supportive partnering” strategy. CMNEs prefer to create semi-formal/informal institutions (e.g. trust, reciprocity, solidarity) with the targets and emphasized the importance of inter- and intra-organizational network ties and social relationships to access to target’s resources and facilitate cooperation for mutual benefits (Torres de Oliveira and Rottig, 2018). Sun (2018) inspected 12 cases of CMNEs’ acquisitions in five up-markets (i.e. Germany, Italy, US, France, and the Netherlands) and identified CMNEs’ “Wu-Wei” integration paradigm, including “a top-down effortless integration” that initiated by CMNEs to create a harmonious integration climate and “a bottom-up reverse integration” that conducted by the up-market targets who proactively cooperate with CMNEs and attempt to solve cultural confusion. Arguably, EMNEs researchers commonly believe that, apart from a few directly absorbing or tightly subjecting the up-market targets, most EMNEs prefer the lower-degree hands-off integrations (i.e. preservation or partnering). Table 1 summarized an overview comparison of the extant identified acquisition integration modes.

Antecedents that influence EMNEs’ integration-mode choices are complicated and multiple (Marchand, 2015, 2017). EMNEs’ unique integration preferences compel scholars to think over EMNEs’ choice antecedents (Marchand, 2017). Prior research identified various factors that might influence MNEs’ integrations, which are not unique to EMNEs but might also affect their choices as well. Some scholars explored the antecedents from the perspective of the international, domestic and sectoral macroeconomic environment (Haspeslagh and Jemison, 1991; Kale and Singh, 2009; Liu and Woywode, 2013; Marchand, 2017; Ramamurti, 2012). Haspeslagh and Jemison (1991) considered the interaction of strategic interdependence and organizational autonomy. When acquiring up-markets’ complementary rather than

similarity resources, selectively coordinating activities might be sufficient for EMNEs to create value (Kale and Singh, 2009; Marchand, 2017).

Figure 2. Types of EMNEs' acquisition integration modes

Structural integration	Yes		Absorption
	No	Preservation	Partnering
		Low	High
		Degree of coordination	

Source: Kale and Singh (2012, p.7)

Others argue that integrations are mainly driven by acquirers' and targets' administrative heritage (Liu and Woywode, 2013; Marchand, 2015; Meyer *et al.*, 2014; Sun, 2018; Torres de Oliveira and Rottig, 2018; Wang *et al.* 2014; Wei and Clegg, 2014). Of them, a few are embedded in the institutional perspective. Wang *et al.* (2014) considered EMNEs' poor institutional and governance environments in their home countries. It is these country-of-origin factors that might negatively damage the leading-edge acquiring firms, while preserving the hosts' resources within the targets could overcome the home-country shortcomings (Wang *et al.*, 2014). Torres and Rottig (2018) sustain that compared with severe control, Chinese semi-formal/informal institutions are more effective to gain acquisition value, as establishing the ties can make the targets feel valued and appreciated to off-set capability gaps. While a large number of scholars pay attention to experience, management skills, and learning capability. Kale and Singh (2012) and Marchand (2015) assumed that EMNEs who have prior acquisition experience might do not partner with but directly absorb their next acquisitions. Gaining sufficient knowledge from previous acquisition achievements, some EMNEs could disengage from the "infant multinationals" stage and become more mature to heavy-handed intervene in or directly absorb their future acquisitions, as same as DMNEs (Kale and Singh, 2012; Marchand, 2015). While Kale and Singh (2012) also mentioned that in the initial internationalization stage, most EMNEs are novices who

Table 1. An overview comparison of the extant identified acquisition integration modes

	Preservation	Partnering	Symbiosis	Absorption
Strategic interdependence & Synergy potential	Low/No	Moderate/high for combining best practices of two firms	High for combining best practices of two firms	High for achieving economies of scales
Boundary conditions	Maintain	Maintain	Protection & Permeability	Fast & Dissolve
Target identity	Preserved	Preserved/Slightly changed	Preserved/Slightly changed	Absorbed
Structure				
Governance	No changes	No/Few changes	No/Few changes	Significantly integrated into acquirers' group
Control	No	No	Nearly no	High
Autonomy	Highest	High	Moderate/High	Rather low/No
Cooperation	Poor	Selective activity cooperation	More bidirectional activity cooperation	Standardized with acquirers' system
Transfers	Poor	Primarily reverse from targets to acquirers	Mutual transfer	Primarily from acquirers to targets

Source: adapted from Haspeslagh and Jemison (1991); Kale and Singh (2012); Liu and Woywode (2013); Marchand (2017)

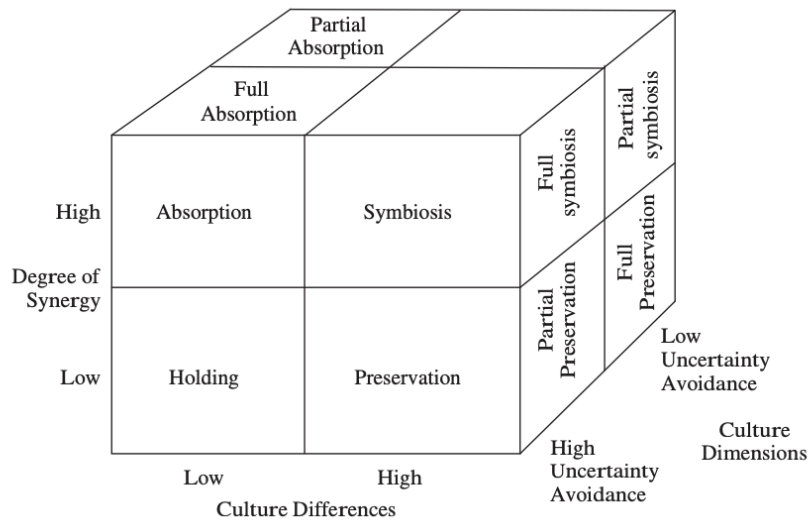
lack prior experience and sufficient managerial skills to absorb their up-market hosts. Given their low learning or absorptive capability, they cannot absorb but only lightly touch the up-market resources (Liu and Woywode, 2013). Meyer *et al.* (2014) and Wei and Clegg (2014) added that this insufficient management capability might lead the up-market hosts to distrust or resist EMNEs' integration. Under such conditions, keeping targets separate and retaining their resources seems logical and advisable (Meyer *et al.*, 2014). Sun (2018), from the perspective of Chinese ancient indigenous thoughts, considered that Chinese Taoist philosophy advocates a "Wu-Wei" management conception: when faced with asymmetries, one should not force effortful actions deliberately, but should be effortless and inactive. Then the solutions will emerge naturally. This "Wu-Wei" management conception formed CMNEs' "harmony-focused" integration view: CMNEs have huge gaps and asymmetries with the up-market targets in terms of resources, capabilities, vision, status. Taoist philosophy leads CMNEs to create an effortless, inactive, and harmonious integration atmosphere (Sun, 2018).

Another research stream concentrates on the integration context. Apart from the contingency factors, the cultural environment is currently a popular discussion topic. Reexamining Haspeslagh and Jemison's (1991) framework, Weber *et al.* (2009) added the cultural dimension into the integration paradigm and indicated that culture, including both cultural differences and specific national and organizational cultural dimensions, also influence integrations. They revised Haspeslagh and Jemison's (1991) 2-by-2 matrix to a cubic (Figure 3), including three influencing dimensions: synergy potential, cultural difference, and culture dimensions (Weber *et al.*, 2009). In their research, they only considered the effect of "uncertainty avoidance", which is one of Hofstede *et al.*'s (1990) well-known six national cultural dimensions (i.e. power distance, uncertainty avoidance, individualism/collectivism, masculinity/femininity; long-/short-term orientation, indulgence/restraint).

Successive studies identified the effect of cultural differences on integration. For instance, Sarala (2010) indicated that organizational culture differences might increase integration conflicts, while national culture differences show no influence. Other studies investigated the influence of other national cultural dimensions. For example, Calori *et al.* (1994) found that contrasting with British and American acquirers, French acquirers' stronger uncertainty avoidance and power distance preference lead them to exercise higher-level centralized control. Morosini *et al.* (1998) suggested that individualism should be considered when choosing an optimal integration level. Introducing Weber *et al.*'s (2009) cultural assumptions into EMNEs' up-market integration context, Liu and Woywode (2013) regarded EMNEs' "light touch" as an interactive outcome of cultural influences and learning/absorptive capacity (Figure 4). EMNEs acquirers' different ownerships (i.e. SOEs and POEs) cause their different organizational cultures, then affect their different absorptive capacities and finally

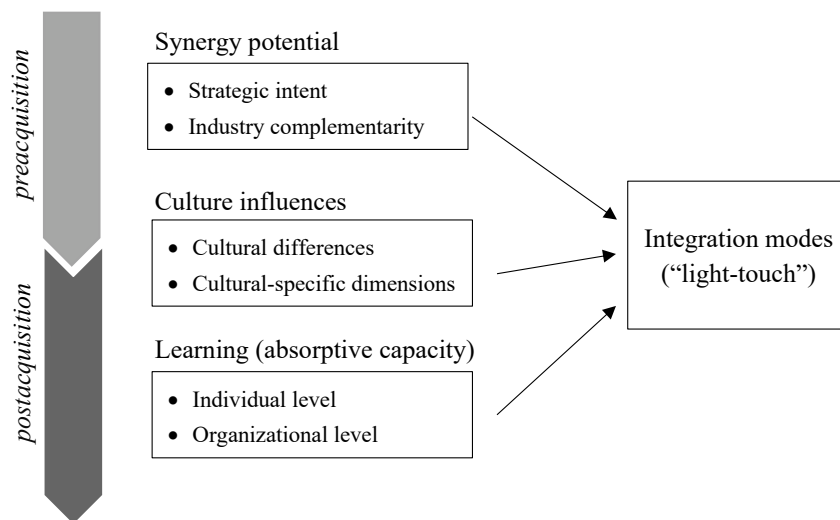
influence their integration choices (Liu and Woywode, 2013). Also, they found that the long-term orientation of Chinese national culture leads CMNEs to regard their up-market acquisitions as long-term investments to cooperate and grow with the targets rather than absorb them (Liu and Woywode, 2013).

Figure 3. Influencing factors of international M&As integrations



Source: Weber et al. (2009, P.9)

Figure 4. Influencing factors to integration modes for Chinese international acquisitions



Source: Liu and Woywode (2013, P.474)

2.1 Is Organizational Culture An Influencer?

As discussed above, the effect of cultural differences and specific national cultural dimensions on EMNEs integration-mode choice has been fully discussed. I applaud the above noted theoretical advancements. However, cultural-specific dimensions consist of both national and organizational cultural dimensions (Weber *et al.* 2009). What about the effect of specific organizational cultural dimensions on integration? This point appears to have been overlooked. Some suggest that it is a firm's national culture rather than organizational culture that drives a deeper underlying organization (Laurent, 1986). National culture might have a stronger effect than organizational culture in an international firm (Schneider, 1988). However, Hofstede *et al.* (1990) refuted this, arguing that even though a firm's values might be formed by its national culture in early socialization, organizational culture could affect the subsequent obtaining of its organizational symbols and management practices. Weber *et al.* (2009) observed that considerable practical differences exist among firms with similar national values. "*Organizational culture influences the degree to which strategic planning and human resources are integrated*" (Shearer *et al.*, 2001, p.105).

Integration is an interactive process (Chen *et al.*, 2016). In the CBM&As context, acquirers inevitably have various operating methods and dissimilar leadership styles, while all organizational members of the newly combined entity might influence organizational culture (Shearer *et al.*, 2001). In some sense, new leaders, original employees, and the freshly combined organizational culture are not independent, but a systemic phenomenon that influence each other (Shearer *et al.*, 2001). These correlations in the newly intertwined working environment will steer acquirers to design their integrations (Shearer *et al.*, 2001). Compared with the unilateral influence of acquirers' national culture, organizational cultural elements in a newly formed entity, such as leaders' communication, employees' expectations, resistances or commitment, might foster the new organization's structural changes more deeply (Bijlsma-Frankema, 2001). For instance, exploring more synergy might need a high integration level, which, however, might bring about human resources conflicts and destroy the target's values (Weber *et al.*, 2009). Despite a few prior studies captured some blurry signs that organizational culture might affect integrations, the specific organizational cultural dimensions and the interrelationships are vague, especially in the context of EMNEs' up-market integration. What organizational cultural dimensions in the newly intertwined organization affect EMNEs' integrations? How do they influence EMNEs' integration levels? These questions deserve an early focus as they might be of vital significance in understanding EMNEs' integration choices. The first publication strives to fill these gaps by systematically inspecting the influence of specific organizational cultural dimensions on CMNEs' German-market integrations.

2.2 Where Do EMNEs' Integration Roads Lead?

The extant evidence shows that besides a few EMNEs directly absorbing the up-market targets, most EMNEs prefer to employ the cautious hands-off integrations (i.e. preservation, partnering) (Marchand, 2015). However, recent studies questioned whether such lower-level integrations could holistically reveal EMNEs' whole integration processes (Kale and Singh, 2012; Sun, 2018). Yet limited by EMNEs' short up-market acquisition history, few observed EMNEs' long-term integration evolutions from a dynamic perspective (Liu and Woywode, 2013). As Liu and Woywode (2013, P.481) mentioned, "*the evolution of light-touch is difficult to identify because of the relatively short history of Chinese M&A*". Merely a few potential evolutionary hypotheses were proposed. Kale and Singh (2012) hypothesized that EMNEs' effortless integrations might merely be a temporary static snapshot in the early integration stage. EMNEs initially preserve or partner with their targets to ease the targets' anxiety, remove obstacles, and knowing better how to manage the targets, and then might fully absorb the targets in the mid-term stage. Moreover, Kale and Singh (2012) also surmised that for the EMNEs who have rich prior acquisition experience, they would adopt a more heavy-handed approach to fully absorb its next acquisitions right from the outset, as same as DMNEs. Williamson and Raman (2013) proposed CMNEs' "double handspring": in the first stage of 'bringing back' targets' technology or managerial skill to use domestically, CMNEs take little impact on the target. While in the second stage that when the operations in China reinforced, they would start to implement changes to targets to win the markets outside China. Yet these debates remain merely as theoretical assumptions with rare empirical evidence support.

To my knowledge, only Marchand (2015) sketchily described EMNEs' integration evolutions with empirical evidence: in the mid-term stage, EMNEs might continue their partnering strategy. According to the initial-stage co-ordination degrees, EMNEs might coordinate more activities to strengthen the partnering until achieving symbiosis; or, if the initial-stage coordination proves unfruitful, weaken both sides' interactions until completely abandon the targets into a preservation situation and ignore the targets anymore (Marchand, 2015). He emphasized that partnering is not a static category itself, but a gradual dynamic process between preservation and symbiosis (Marchand, 2015). However, only one empirical study could hardly explain a complicated phenomenon. Are there any other possible evolutionary directions? Also, as Marchand (2015) stated, he only focused on explaining "how" EMNEs evolve their integrations rather than "why" their evolutions occurred. The description of influencing factors in his article is relatively rough and blurry, just explained with one or two sentences. The question of "why" EMNEs change their integrations over time is still unclear. In addition, no literature has given a clear explanation of what the boundary of the medium-term stage is. How long does an integration last before entering into the medium-term stage? How about EMNEs' long-term integrations? The division of the timeline of integration stages seems blurred and unclear and makes prior conclusions vague and confusing.

One can say that this research area still remains underdeveloped fully and needs further empirical validation and elucidation. The second publication attempts to fill these gaps by figuring out CMNEs' potential long-term multi-stage integration changes and the main influencing factors of these dynamic changes in different integration stages.

3

Methodological Considerations

This chapter presents the methodological considerations of inspecting the above mentioned two issues. Here, it is necessary to note that using different methods for solving these two issues does not mainly aim at testing each other's results, but at providing more complementary materials to understand the dissertation topic more comprehensively.

With a rigorous procedure of collecting and analyzing both qualitative and quantitative data and finally merging data for further explanation, mixed research can combine the advantages and the shortcomings of the two research methods to compare the different aspects of the research topic and form a more complete understanding of research questions (Creswell and Creswell, 2018). *“In a sense, more insight into a problem is to be gained from mixing or integration of the quantitative and qualitative data. This ‘mixing’ or integrating of data, it can be argued, provides a stronger understanding of the problem or question than either by itself”* (Creswell and Creswell, 2018, p.213). A mixed-method design is appropriate to be chosen, depending on four significant aspects (Creswell and Plano Clark, 2011): firstly, to what extent qualitative and quantitative research have interacted with or are independent from each other; secondly, the appropriate priority to address research questions of qualitative and quantitative methods. Are they equally important? Or is quantitative data more emphasized, with

qualitative research placed on the secondary supplementary? The third aspect is the time of conducting qualitative and quantitative research, concurrently during a single period, or sequentially during several distinct phases over the research timing of the program. Fourthly, the stage the research mixes or integrates qualitative and quantitative data, during both sets of data are collected or analyzed, or during the final interpretation step after all data are analyzed.

Instead of adopting the traditional core mixed research strategies that are mainly to test or verify each other's results (i.e. convergent design, explanatory sequential design, and exploratory sequential design), I used the recent emerged mixed-methods branch, the so-called "embedded design", which incorporates a secondary method as a supportive method within a primary quantitative or qualitative research design (Chen *et al.*, 2016). For instance, some studies embedded a quantitative experimental design (e.g. instrument data, numeric records like census data) within qualitative data (e.g. open-ended interviews, observations, documents, and records) (Chen *et al.*, 2016). The main purpose of the secondary data is not to test the findings of the primary data but for assisting in understanding the topic more comprehensively, providing more complementary material (Chen *et al.*, 2016; Creswell and Creswell, 2018). Given the research focus and the limited research time, I designed a qualitative case study research as a primary study and a quantitative questionnaire survey as a secondary supplementary to provide more materials to understand the topic of this dissertation.

In particular, limited by the journal's word requirement, the methodology of the first publication was not fully displayed; therefore, providing a complete methodology description in this chapter seems necessary.

3.1 Questionnaire Survey of Organizational Culture and Integration Levels

A questionnaire survey was used to look into the principal organizational cultural dimensions that influence CMNEs' integrations and the potential correlations of these dimensions and CMNEs' integration levels. A questionnaire survey is a useful alternative for observational studies because it is able to collect a large amount of data within a short timeframe (Nauta and Kluwer, 2006; Sekaran and Bougie, 2013).

Questionnaire design

An online questionnaire was designed using Survey Monkey, with a declaration of the research purpose and assurance that the respondents' personal information would be anonymous and their individual opinions would be kept highly confidential. Additionally, they could participate in or opt-out of this survey at any time. The former part of the questionnaire consists of warm-up personal and organizational background information questions, followed by a single-choice question that, among "preservation, partnering, absorption", which integration mode is used by their CMNEs. These modes represent different integration levels of "low, medium, high" respectively. The

definitions of these modes and the integration levels they represent were clearly illustrated in accordance with Kale and Singh's (2012) framework so that the respondents could understand them easily. The final part of the survey includes 26 organizational cultural statements that were assessed by the five-point Likert scale, ranging from 1, indicating completely unimportant, to 5, indicating very important, for respondents to express their perceptions on the influencing degree of these organizational cultural statements to their CMNEs' integrations. A questionnaire containing Likert scales is the most common method to study interval variables (Dawes, 2008). Five or seven-point scales can highly improve the reliability and validity, among which the five-point scale is the most popular and reliable one, while more meticulous scales are not able to realize the reliability (Dawes, 2008; Paavola, 2014). A total of 26 organizational cultural statements were proposed from Denison's Organisational Culture Questionnaire (DOCQ) (Denison *et al.*, 2003). DOCQ is highly recognized as a robust assessment tool for assessing an organization's organizational culture and its strategic preference. DOCQ's organizational cultural statements are compatible with an organization's strategic emphasis and environmental needs (Tabatabaei and Faramarzi, 2015) and helpful for assisting organizations that are undergoing post-acquisition integrations to prioritize their intervention efforts (Denison *et al.*, 2011). Given that the DOCQ's 60 items are too cumbersome to fully apply, it is necessary to revise them to better target them for CMNEs' German-market integration situation.

All research should be tested on its validity and reliability (Hair *et al.*, 2006). Some DOCQ items were chosen based on prior literature and the knowledge of one of our co-authors who is a professional M&A practitioner with almost twenty years of Chinese CBM&As experience. Then, two Chinese M&A practitioners were invited to evaluate these items. According to their critical feedback on the understandability of the statements, we deleted and added partial items iteratively and finalized 26 statements so that respondents would be less likely to be overloaded, and then, further polished some statements to express the meanings more clearly.

Sample selection and data collection

There are two sampling methods for survey population: probability sampling which collects a representative group from population randomly; and non-probability sampling which selects a particularly representative group, whose results can not be generalized to the general population but assist in exploring a phenomenon in-depth (Frey *et al.*, 2000; Paavola, 2014; Rubin *et al.*, 2010). This survey adopts a non-probability sampling. First, this research focuses on CMNEs' German-market integrations. In 2016, China's CBM&As investment totaled US\$218 billion and surpassed the United States and became the largest exporter of CBM&As for the first time (Chinese Ministry of Commerce, 2017). Meanwhile, Chinese acquisitions in Germany increased significantly since 2010 and reached its peak in 2016. Germany can provide targets for various Chinese investors and became the largest recipient of

China's FDI in Europe (31%), with a solid manufacturing foundation, strong R&D capabilities in many technical fields, a lot of key knowledge in popular fields such as biopharmaceuticals and electric vehicles (Chinese Ministry of Commerce, 2017). Moreover, targeting the acquirers and the acquiring firms from the same home and host countries could not only exclude national cultural influence but also guarantee a consistent host-country institutional context: it is crucial to consider both home and host country contexts. Second, our targets are Chinese and German who work at German targets and participate in the PMI decision-making process. This may include, apart from German top-level managers of various departments, those Chinese top-level managers dispatched by Chinese parent firms to work at German targets. Some of them may be appointed as chief executive officers (CEOs) while others might have no real power or hold no actual positions such as "consultants" or "communication bridges". Additional targets were those Chinese mid-level managers and employees dispatched by Chinese parent firms to work at German targets as "supporters" (i.e. deputy managers), "communication bridges" or the "watchers" of Chinese parent firms. They are also able to participate in PMI decision-making procedures. To ensure our criteria were clear, we asked a premise question to the potential respondents of whether they participate in the PMI decision-making process or not. If their response was yes, they could proceed to answer the questionnaire; if not, they were requested not to continue. Third, we specifically chose the samples of Chinese strategic buyers who purchased over 50% shares. The samples purchased by PEs, liquidator buyers or the buyers who purchased shares less than 50% were excluded as they are usually financial investors who do not conduct subsequent integrations. Besides these criteria, we did not set any other criteria for increasing the diversity of samples.

Potential samples were selected from PWC's (2016) report of "*Chinesische M&A-Aktivitäten in Deutschland*". This report has organized the data from Capital IQ and Mergermarket and listed the per year top 10 CMNEs' acquisition transactions in Germany between 2010 and 2016. We manually reevaluated the data list to ensure the data accuracy and ruled out the samples that do not satisfy our criteria. Finally, 38 appropriate potential cases were chosen. We called the German targets' HR department of each case to inquire whether they would permit us to distribute questionnaires and finalized 12 feasible cases. Then, the contact details of the potential respondents were searched from firms' websites, social media accounts, such as LinkedIn. Additionally, we also requested the identified respondents and HR employees to utilize their personal networks to forward the questionnaire to more potential respondents who match our criteria.

A total of 120 questionnaires were distributed via e-mails in August of 2016. Eventually, excluding 3 invalid responses (i.e. incomplete questionnaires), 67 valid questionnaires were received within about three months, with a response rate of about 56%. We regarded a sample of 67 as reasonable to conduct the dimensionality reduction via

principal component analysis (PCA) as follows: first, the original measurement of our data shows high reliability and cumulative percentage, which means it is sufficient to achieve the stability of eigenvalues and eigenvectors; second, considering the actual situation of our research, sampling difficulty limited us from collecting large samples. Our targeted respondents are mainly international companies' managers who can make decisions, whose number in one sample is usually quite small, and who are often very busy (generally, about 5-10 individuals in one sample can meet our criteria); third, the respondents' wariness of leaking any confidential business information increased the sampling difficulty. Budaev (2010) stated that small samples ($N \geq 40$) can be adequate when samples are difficult or expensive to collect while the original data measures are well-conditioned (i.e. high reliability and, as Rea and Rea (2016) stated, high cumulative percentage of 70%-90%). Barrett and Kline (1981) suggested that for a PCA behavioral research, a minimum sample size should be $N = 50$. Considering the above situations and research time and costs, we did not further enlarge our samples.

Data analysis

The numerical data were analyzed using MS Excel and SPSS 23.0 statistical software. Raw data were numbered and imported into Excel to facilitate the subsequent analysis more conveniently. The options for background information questions were numbered 0, 1, 2, 3, ... n and the options for the integration modes of "preservation, partnering, absorption" that represented the integration levels of "low, middle, high" were numbered 1, 2, 3 respectively. The 26 statements were numbered from Q1 to Q26 and the Likert scale options of each statement were numbered 1, 2, 3, 4, 5. Next, respondents' numerical choices were entered into Excel, with randomness checking to ensure the accuracy of the entered data.

Primarily, the PCA was used for dimensionality reduction to identify the main organizational cultural dimensions that influence CMNEs' integrations. PCA thoroughly explains the loadings of statements that measure distributive and integrative components (Field, 2009). The statements that were measured within the same dimension might have a potential correlation and autocorrelation among the statements can be eliminated by PCA without too much information being lost (Field, 2009). Before performing each round of dimensionality reduction, we tested the reliability and internal consistency of the statements. Cronbach's alpha calculation is commonly regarded as the most effective measurement for testing reliability (Field, 2009). Kaiser-Meyer-Olkin (KMO) and Bartlett's tests were conducted to ensure the feasibility and validity of performing PCA. Three rounds of maximum orthogonal rotation and extraction were conducted. In each round, those statements whose absolute value was less than 0.60 were deleted until the final round with all extracted statements' absolute values above 0.60 (Jolliffe, 1972). Five principal organizational cultural dimensions were finally extracted. Afterwards, a universality test was performed using one-way ANOVA to verify whether there were differences in demographic variables in

evaluating the importance of the extracted indicators. Finally, to further explore the correlation between the extracted five principal organizational cultural indicators and CMNEs' integration levels, the bi-variate Spearman's correlation was computed, regarding the Likert mean scores of the five extracted dimensions as dependent variables.

3.2 Case Study of EMNEs' Integration Evolution

Case selection

A multi-case research method was adopted to analyze CMNEs' German-market integration changes. A multi-case method can not only overcome the drawback of idiosyncratic observation of a single case but also extend the findings' adaptability via cross-case comparison in various contexts (Lebedev *et al.*, 2015). Purposive, multi-criterion sampling favors in-depth cross-case comparison (Lebedev *et al.*, 2015). Samples concern CMNEs' German-market integrations for two reasons. First, Germany attracts massive attention from Chinese investors. The Chinese Ministry of Commerce (2017, p.117) stated, "*among China's outward FDI flows to the European Union, Germany ranked first*". Second, this research attempts to identify the integrations that were mainly decided by CMNEs. Regional effects would not influence the research results. Additionally, we narrowed the samples down to the industrial sector to stress the representativeness of CMNEs German-market acquisitions. Previous research discovered that it was hard for case study to generate results to fit all industries; therefore, concentrating on a typical sector could be helpful for exploring a broader phenomenon (Schweizer, 2005). The advanced technical and managerial knowledge of German industrial sectors is of vital crucial to CMNEs, with 51.8% of Chinese OFDI in Germany flowing to manufacturing services (Chinese Ministry of Commerce, 2017). Finally, Zheng *et al.* (2016) claimed that the cases at an earlier integration stage (i.e. the initial 6-12 months after deals closed) could not show visible integration signs. Hoffman (2013) added that multinationals usually generate at least two integration waves: the first year which includes an oversight; and the second to third years which address external and internal constraints such as political regulations to remove barriers for further in-depth integration. Therefore, the ideal cases should have begun at least 4 years ago so that the CMNEs' long-term integration changes could be inspected. To this effect, cases that occurred after the year 2014 were excluded as this research was conducted in 2017.

We searched for potential samples from the acquisition report of SMB Consultants (2017), which organized the data from Mergermarket and listed major Chinese acquisitions in Germany from 2005 to 2017 (191 cases in total). To ensure accuracy, we reexamined the listed cases manually and ruled out the ones that do not meet our criteria. Amongst them, there were 94 cases that occurred before 2014, with 30 not in the industrial sector and the firms of 8 cases had closed permanently. Eisenhardt (1989) advised that for a case study, investigating 4 to 10 cases is generally typical and

appropriate. From the remaining 59 potential samples, we first contacted four potential samples via emails, phone, and personal networks. Four cases initiated by CMNEs with different corporate ownerships were selected purposely to further investigate the cross-case comparability, and of them, two were initiated by Chinese privately-owned enterprises (POEs) and two were by Chinese state-owned enterprises (SOEs). After excluding an SOE acquisition case who refused our research requests, we successfully contacted the participants of another SOE acquisition case. Initial data analysis of the first four samples was conducted, with a result that indicated further research was needed. Hence, we contacted and analyzed two more cases: one POE acquisition case and one SOE acquisition case. The results began to be repetitive, from which no more new insights could be extracted. Therefore, the study was eventually finished with six qualified samples.

Data collection

In terms of collecting data, semi-structured in-depth interviews were conducted. Different from a closed questionnaire in a fixed format, a semi-structured questionnaire not only has a standard structure and the elements to guarantee the follow-up comparability but also provides researchers the flexibility to revise the questions in the light of respondents' different backgrounds and knowledge boundaries (van den Oever and Martin, 2018). Basic interview questions about structural integrations and activity coordinations were designed according to Kale and Singh's (2012) framework. Additional questions of organizational structures and production changes were developed to further disclose CMNEs' potential integration changes. Questions were summarised in twofold. On the one hand, the interviewees were requested to describe and comment on CMNEs' initial interference to German targets' organizational operations (e.g. autonomy, decision-making processes) and production operations (e.g. technical transference, the changes of production modes); then describe German targets' reactions to CMNEs' interference. Second, they were requested to state if there were any changes later. If so, when the changes occurred and why and how the changes happened.

Three experienced M&A consultants, who were working in Germany, were invited to evaluate the validity of the interview questions. Based on their suggestions, we revised the expressions of some questions to be more clear and easier to understand. A series of 25 interviews were carried out with 21 Chinese and German respondents, from March 2017 to September 2018, via face-to-face, Skype, or telephone conversations. Generally, each interview lasted from 40 minutes to two hours. We adjusted the questions flexibly according to different respondents' different identities and knowledge boundaries; meanwhile, the basic interview structure remained to guarantee the data comparability at a later stage. All respondents were allowed to freely narrate their abundant observations. Later, four respondents were re-contacted to decipher the ambiguous information from their first-round interviews. The respondents had been

working in German target firms for more than four years and all directly participated in the PMI process so that they were able to provide insights into the long-term integration. Besides this, we collected second-hand archival data for supplementation and triangulation via prior literature, the press reports, and the firms' official websites and internal reports.

Data analysis

The interview data were organized and analyzed heeding the established processes of content analysis and coding techniques (Charmaz, 2014; Erlingsson and Brysiewicz, 2017; Yin, 2003). First, the recorded data were transcribed into text in anonymity with the requirement of the respondents. After that, we used MAXQDA 12 software to organize and analyze the data via extracting and coding phrases, terms, and sentences from the interview materials. MAXQDA 12 aims at exploring qualitative data by cross-referencing theory and data, and through adjusting codes readily to build a systematic and hierarchical coding tree with categories and themes (Charmaz, 2014).

We first addressed the case (Case D) that was the easiest to categorize as follows. The first-order coding elements were built on the basis of Kale and Singh's (2012) framework, regarding several topics (e.g. autonomy, interventions, organizational and operational changes, knowledge transference, activities coordination, alignment with Chinese systems). These basic-level codes were then categorized and synthesized to higher-level themes. The most distinguished case (Case D) displays three obvious integration changes stages, namely, the initial stage (the first year after the acquisitions), the mid-term stage (about the second to the third year) and the long-term stage (the fourth year and beyond). To highlight the follow-up comparability, we applied this temporal division when coding the remaining cases. This approach originates from the replication logic, which regards each sample as a different experiment to confirm or disconfirm the prior observations (Zheng *et al.*, 2016). It is necessary to note that the temporal division here aims at conceptualizing the integration process at several different stages. The practical stages boundaries, however, might be less clear than our simple description, as the actual condition is generally more complicated. The rest cases were coded one by one successively, followed by a cross-case analysis with constant development and upgrading of the coding elements and themes. We coded the conceptual themes and categories iteratively and retrospectively until a theoretical saturation framework arose.

4

Two Articles – Extended Abstracts

4.1 Organizational Culture Affecting Post-Merger Integration

The extant research discovered that most EMNEs prefer to adopt lower-level hands-off integration strategies like preservation or partnering, to integrate the up-market targets they acquired, except for a few that directly absorb them (Cogman and Tan, 2010; Kale and Singh, 2012; Liu and Woywode, 2013; Marchand, 2015, 2017; Sun, 2018; Torres de Oliveira and Rottig, 2018; Zhang *et al.*, 2019). EMNEs researchers identified various factors that influence EMNEs' integration-choices (Cogman and Tan, 2010; Haspeslagh and Jemison, 1991; Kale and Singh, 2012; Liu and Woywode, 2013; Marchand, 2015, 2017; Meyer *et al.*, 2014; Sun, 2018; Ramamurti, 2012; Torres de Oliveira and Rottig, 2018; Wei and Clegg, 2014; Zhang *et al.*, 2019). Of them, Weber *et al.* (2009) claimed that cultural differences and specific national and organizational cultural dimensions could influence integration levels; whereas the incumbent culture studies mainly focus on the influence of cultural differences and specific national cultural dimensions (Calori *et al.*, 1994; Liu and Woywode, 2013; Morosini *et al.*, 1998; Sarala, 2010; Weber *et al.*, 2009). The effect of specific organizational cultural dimensions on EMNEs' integrations is neglected. Which specific organizational cultural dimensions influence EMNEs' integrations? What are the interrelationships of these organizational cultural dimensions and EMNEs' integration levels? These need to be verified.

This article aims to determine the principal organizational cultural dimensions that influence CMNEs' integrations and further explore the interrelationships of these dimensions and CMNEs' integration levels. In total, 120 questionnaires were distributed to Chinese and German managers and employees from 12 cases of CMNEs' German-market acquisitions and 67 responses with a 56% response rate were received. PCA was utilized to extract the principal organizational cultural dimensions that influence CMNEs' integrations. Then, bi-variate Spearman's correlation was applied to further identify the correlations of these dimensions and CMNEs' integration levels. Finally, five principal organizational cultural dimensions (i.e. adaptability, consistency, involvement, balance, flexibility) that affect CMNEs' integration-choices were extracted. Of them, adaptability is shown as a predictor for CMNEs' integration levels, with a significant negative implication. To my knowledge, this research is the first study that considers specific organizational cultural dimensions that influence EMNEs' integrations and explores the correlations among them.

4.2 Dynamic Integration Paths of Emerging Multinational Enterprises in Advanced Markets

Incumbent evidence shows that EMNEs prefer to preserve or partner with the up-market targets they acquired and only a few directly absorb them (Cogman and Tan, 2010; Kale and Singh, 2012; Liu and Woywode, 2013; Marchand, 2015, 2017; Sun, 2018; Torres de Oliveira and Rottig, 2018; Zhang *et al.*, 2019). However, recently, both academic and social M&As professionals question whether these lower-level integrations might be temporary and could not holistically reveal EMNEs' whole integration process (Kale and Singh, 2012; Marchand, 2015; Sun, 2018). They wonder how EMNEs' integrations change over time and what factors influence EMNEs to change their strategies (Kale and Singh, 2012; Marchand, 2015; Sun, 2018). However, nearly no empirical evidence answered these questions.

This article aims at examining CMNEs' long-term multi-stage integration changes in the German-market and the main influencing factors of CMNEs' integration changes in different integration stages. A total of 25 interviews with 21 Chinese and German managers and employees from 6 cases of CMNEs' German-market acquisitions were conducted and comparatively analyzed through content analysis. The findings discovered that CMNEs take a segmented linear integration path in Germany, from the initial stage (about the 1st year after deals closed) nearly no integration to mid-term organizational integration (about the 2nd to 3rd year) and then to long-term production integration (about the 4th year and beyond). Three sub-paths are identified: the P-O-O path (partnering–organizational optimization–production optimization), the P-P-P path (preservation–organizational preservation–production preservation) and the P-C-C path (preservation–organizational centralization–production confusion). The initial path of nearly no integration is mainly impacted by asymmetric information and the

targets' strategic positions, whereas different organizational and production integration degrees in mid-term and long-term stages are primarily influenced by CMNEs' different dynamic capabilities (i.e. the capability of sensing the targets' potential threats and development potentials, and the capability of capitalizing on the targets' resources). Moreover, CMNEs' corporate ownership is not found to be a significant factor. This article contributes to broadening EMNEs' PMI theory by developing a dynamic integration framework and provides suggestions for M&As practitioners to identify integration options and avoid integration pitfalls in different integration stages. This study is one of the few studies that explore EMNEs' long-term multi-stage integration changes and the first that recognized the accurate influencing factors of EMNEs' integrations in different integration stages.

5

Discussion

Taking CMNEs' German-market integrations as examples, this dissertation, from the process perspective, analyzed EMNEs' up-market post-acquisition integration modes' evolutions and identified the factors that influence EMNEs' integration levels and integration evolutions. The following section provides a concluding discussion of the research results that echos to the overarching research questions of this dissertation. Following this, theoretical and practical implications will be highlighted. Lastly, the research limitations and possible avenues for future research will be elaborated.

After investigating and analyzing the above two sub-research topics, the overarching research questions proposed at the beginning of this dissertation could finally be explained as follows.

1) How EMNEs evolve their up-markets' integration modes over time?

Except rare studies discovered that a few EMNEs immediately absorb the up-market targets, the extant work commonly believes that most EMNEs prefer lower-level integrations like preservation or partnering in their up-market acquisitions. However, it is unclear whether these effortless integrations could holistically reveal EMNEs' whole integration process or merely be an initial temporary static snapshot that might probably change over time. Where do EMNEs' integration roads lead? This is an unclear but

attractive question. In this dissertation, I argue that EMNEs indeed prefer to take low-level preservation or partnering with their up-market acquiring firms in the initial stage (about the 1st year after deals closed). This supports previous works (Cogman and Tan, 2010; Kale and Singh, 2012; Liu and Woywode, 2013; Marchand, 2015, 2017; Sun, 2018; Torres de Oliveira and Rottig, 2018; Zhang *et al.*, 2019). Yet, in the mid-term (about the 2nd to 3rd years) and long-term stage (about the 4th year and beyond), EMNEs might begin to intervene in the targets on a segmented linear integration road like interfering the targets' organizational structures and production operations. Organizational integration generally occurs after a year's mutual-familiarity and careful observation. Before winning emotional support, touching the targets' organizational structures might generate sub-optimal outcomes. Then, if organizational integration is well-designed, a production integration will follow up. Mediated by the former high-degree organizational embeddedness, a quick and effective production integration could happen; while ineffective organizational integration might limit the follow-up product integration and restrict potential synergies. This observation confirmed Birkinshaw *et al.* (2000) who stated that an effective human integration, with positive support from the targets, could facilitate the following task operational integration: acquirers can realize synergies through task integration only when the targets' individual units are "*operating at an acceptable level*".

Notably, the trajectory has three sub-directions. First, some EMNEs might execute a certain degree of control to optimize the targets via selectively aligning or absorbing the targets' partial organizational and production systems with China Groups' systems. It seems towards the road of "absorption"; yet it also reconciles some "symbiosis" signs: the targets still have a certain moderate autonomy, both sides have higher strategic interdependence with more bidirectional transfers. I could not accommodate this direction into the extant integration frameworks; meanwhile, in order to stress the evolutions, I labeled this road as the "P-O-O" path (Partnering–Organisational Optimisation–Production Optimisation). This path of "partial absorption" and "partial symbiosis" experiences a burdensome process from low-key observation to proactive directional intervention. Targets in poor managerial health might need EMNEs' active intervention to rejuvenate their operations. Both sides' consistent vision could facilitate a smooth turnaround. This requires EMNEs to possess a strong capability of perceiving targets' potential threats, such as internal management flaws or human capital threats. The following production optimization could bring synergies quickly via a clear perception of developing trends in the industry and strengthen both sides' specific advantages. High strategic complementary bring a common willingness to enter each other's markets. As Angwin and Meadows (2015) proved, implementing widespread and far-reaching directive changes actively in a friendly acquisition can capture value creation.

The second sub-direction that I labeled as the “P-P-P” path (Preservation–Organisational Preservation–Production Preservation) appears a continuing “complete preservation” condition with some passive and stalled signs. These CMNE took limited, non-prescriptive interventions. This passive situation might relate closely to EMNEs’ lack of caution to the threats of their targets’ human capital (e.g. uncooperative attitudes). Meanwhile, it also hints that this timid path is more likely to happen when the two sides have higher product similarity but the acquirers rely more on the targets who have stronger market strength. The comparatively weaker acquirer might find it hard to reverse the passive situation and thus be forced to preserve the target. This is unanimous with previous studies. Siehl and Smith (1990) stated that neglecting human capital issues might result in resentment throughout the target’s ranks and hamper the post-stage integration.

The third sub-direction seems to go to “full absorption”, where CMNEs abandon the initial indifferent preservation strategy and exert a sudden severe control of the targets’ organizations and productions; the targets are forced to change their production to align with or provide a supplement for China Groups’ production. Their sudden severe absorption has almost destroyed the targets. I labeled this direction as the “P-C-C” path (Preservation–Organisational Centralisation–Production Confusion). This path is more likely to occur in small-sized acquisitions initiated by SMEs or majority-owned SOEs, in which the targets are usually small-sized and rely more on the acquirers. Lacking systematic directives, this path seems rather aggressive and disordered. Over-dependent on government support, these CMNEs are not capable of the essential integration capabilities. Driven by political forces instead of commercial logic, the majority-owned SOE acquirers might take integration actions with more administrative considerations than economic considerations, which differs from the minority-owned SOE acquirers. This has been often neglected by most prior researchers who regard all hybrid SOEs as the same. Merely a few researchers, such as Musacchio and Lazzarini (2018) and Zhou (2018), proposed that, with limited state support, the minority SOE acquirers might adopt the same strategy as POE acquirers to pursue economic returns; whereas overprotected by government, the majority-owned SOE acquirers tend to be unconcerned about risks and profits, but instead actively respond to state advocacy.

2) What factors influence EMNEs’ up-markets’ integrations?

Based on the extant “static” EMNEs’ integration theories, our questionnaire survey shows that five principal organizational cultural dimensions (i.e. adaptability, consistency, involvement, balance, and flexibility) might exert effects on CMNEs’ integration levels. Amongst them, adaptability is the most influential indicator and also a negative predictor of predicting CMNEs’ integration degrees. Adaptability emphasizes the willingness of both sides to adapt to each other. Weber *et al.* (2011, p.8) stated, “*the relationship between the degree of integration and the cooperation between the acquiring and the acquired top management teams are negative in international*

mergers". Touching the acquiring firms lightly might be sufficient to create value if both sides' executives cooperate smoothly and employees are willing to actively learn from each other. Then, leaders' emphasis on cultural differences and multiculturalism could win the targets' psychological support. CMNEs might prefer granting German targets with higher autonomy in an open-minded and tolerant manner to form a virtuous circle. This is in line with the claim of Rao-Nicholson *et al.* (2016) that, the psychological safety of the targets' workforce would be greater with visible active interaction from leaders, and it could accelerate the targets adapting to the new organization; while depriving the targets' of autonomy might be accompanied by negative employee emotions. Here what is noteworthy is that the questionnaire results seem to support our case study findings about the relationship of adaptability and integration degree. As can be seen: in the P-C-C path, both sides show no willingness to cooperate with each other and leaders have totally ignored multiculturalism or cultural integration. The targets' psychological distance is rather "far" from these CMNEs. One can say that the adaptability of this path is at a rather low level, while this path goes to "full absorption". On the contrary, the P-O-O path displays stronger adaptability that both sides are willing to cooperate with each other, respect both sides' culture, and promote cultural integration with numerous and constant communication. The targets' psychological distance is gradually getting closer to Chinese investors. While these CMNEs take a relatively lower integration level of "partial absorption" and "partial symbiosis". Then for the P-P-P path that stalled in "complete preservation", I argue that it should not directly draw a simple conclusion, as the Chinese acquirer mentioned, "*currently, as the new CEO performs some cooperation signs (i.e. adaptability seems to be strengthening), we thus temporarily keep the status quo (i.e. low integration level that almost preservation); but if they still stick to their old ways and exclude us as before (i.e. low adaptability), we would change their blood from top to bottom (i.e. the large-scale structural changes via deploying home nationals like DMNEs).*" Hence, it seems that the potential integration degree changes of the P-P-P path also negatively relate to the two sides' adaptability.

The other four dimensions are not shown as predicting factors, yet they still have primary influential contributions to affect CMNEs' integrations. As the second crucial indicator: consistency is reflected in the alignment among the top-level managers' decisions, the lower-level managers' strategic implementations and the bottom-level employees' understanding of future goals. It might relate to the leaders' communication skills and personal charisma. A structured top-down management team provides employees with a positive sense of the future, which is essential during post-acquisition integration (Giessner *et al.*, 2016). The third indicator, employees' involvement, might influence CMNEs' integrations as well. Lee *et al.* (2013) deemed that managers are usually struggling to achieve the correct balance between necessary changes and better feedback to employees' responses. This might, on the one hand, relate to the entire working atmosphere of the newly merged entity is individual-oriented or group-

oriented. A group-oriented working environment might exert a positive effect on CMNEs' integration-choices, which might because group-oriented is a Chinese working habit. On the other hand, involvement might be reflected in the information transparency throughout the entire organization, i.e., whether collecting information from the bottom when making decisions or not. As Kavanagh and Ashkanasy (2006) suggested, staff members at all levels should be involved in integration. Finally, the flexibility of working hours and the balance between product quality and productivity might impact CMNEs' integrations. Fuchs and Schalljo (2016) stated that CMNEs prefer pursuing productive efficiency at the sacrifice of product quality and often disrespect employees' legal working hours, which challenges the "*Western professional ethics*" and distances the Germans managers from them. This might restrict the implementation of CMNEs' integration strategies.

Then, seen from a dynamic perspective, our case study disclosed three main influencing factors that affect CMNEs' evolutions at different integration stages. In the initial year, nearly no integration might, on one hand, relate to information asymmetry. Lack of sufficient mutual understanding, blind integration might result in potential risks. Unbalanced information exists between the two sides about each other's capability of running international business and the hosts' business environment like labor laws. As Sun (2018) considered, the novice status of Chinese investors in the international market induced an unbalanced vision with the targets, which reinforced their preference for effortless integration. On the other hand, nearly no integration may also relate to the strategic positions of different-sized targets. Smaller-sized targets may receive less attention from CMNEs. They may be regarded as a lower strategic priority in CMNEs' global network. This observation confirmed that when buying small firms, acquirers may show indifference in post-purchase activities (Gomes *et al.*, 2013). It also supports Marchand's (2015) suspicion that some EMNEs implement lower-level integration might not because they do not have alternatives but because they are not interested in other methods.

When entering the mid- and long-term stages, the potential evolution might highly associate with CMNEs' capability of sensing the targets' potential threats and development potentials, and capitalizing on the targets' resources. These capabilities emphasize multinationals' abilities to quickly adapt to the rapidly changing business environment. EMNEs with strong capabilities of orchestrating the internal owned resources bases and the external acquired complementary resources can make the integration more sensitive and flexible. In particular, performing resource recognition by continuously scanning the resources landscape and changes (e.g. threats or developmental opportunities) provides EMNEs with a starting point for determining how and to what extent they are most likely to integrate the targets. Unable to accurately recognize and understand the nature of the acquired resources and renew them in a timely manner may lead to severe consequences. EMNEs with more experiential

learning capability (e.g. well-educated employees) could better link the obtained external resources with domestic knowledge bases and constructively accommodate the acquired resources into their home-based operations. In comparison, EMNEs with rather undeveloped sensing and capitalizing capabilities might not be able to rationally analyze the pros and cons of the acquired resources and thus lead to a full absorption road. Such irrational actions are highly possible to destroy up-market resources and acquisition value. These three capabilities are in line with some documented studies that regard them as “dynamic capability” (hereinafter referred to as “DC”) (Cirjevskis, 2017; Helfat and Peteraf, 2003; Helfat *et al.*, 2007; Liu and Deng, 2014; Qiu and Homer, 2018; Wu *et al.*, 2016). It is notable that the effect of CMNEs’ corporate ownership should not be overemphasized. Taking which paths might depend largely on CMNEs’ different DCs rather than their corporate ownership. This means CMNEs with different corporate ownerships might adopt the same integration paths. Chinese SOEs acquirers with strong DC, namely, the minority-owned SOEs, are very likely to take the P-O-O path as Chinese POEs acquirers who possess strong DC. On the contrary, Chinese SOEs with weak DC like majority-owned SOEs might take the P-C-C path alike to Chinese private SME acquirers with weak DC.

Theoretical contributions

For the questionnaire survey, when culture concern is gradually occupying a central stage in the PMI field, the five-OC dimension model this study proposed filled the gap of “culture influence on integration” and further explored their correlations. Moreover, this study verified previous hypotheses in terms of the negative correlation between adaptability and integration levels. Weber *et al.* (1996) stated that the integration level and both sides’ managers’ cooperation is negative in international mergers. Pablo (1994) had a hypothesis of a negative correlation between multiculturalism and the level of integration: an acquirer’s degree of multiculturalism should be a predictor of integration levels. When the acquirer is highly multicultural, a low, or at most, a moderate level of integration will probably be chosen. Because acquisition benefits are likely based on some resource or skill-sharing across organizational boundaries, meanwhile, a highly multicultural acquirer will be loath to impose a uniform decision-making framework or culture because cultural diversity is valued. When multiculturalism is low, the level of integration pursued should be high because conformity to the acquirer’s values, philosophies, and practices will be desired.

Then, the case study firstly theoretically extended the extant EMNEs’ static integration framework to be a dynamic integration framework. Most prior works contributed to “what” characteristics or types EMNEs’ integrations are on a conceptual level from a static perspective, except that Marchand (2015) examined two potential directions of “how” EMNEs’ modes evolve; yet he did not focus on the question of “why” they change. Comparatively, our case study not only explained “how” EMNEs evolve their integration modes, identified a new evolutionary direction of “partial symbiosis” and

“partial absorption” that prior EMNEs literature has never found before and offered a dynamic conceptual framework with a clear timeframe, but also elaborated the question of “why” EMNEs change their integrations in different stages, which substantially broaden and deep the completeness of EMNEs’ PMI theory system.

Secondly, the case study verified and refuted previous hypotheses and observations about EMNEs’ potential integration evolutions. At first, for Kale and Singh’s (2012) first hypothesis that along with getting familiar with the targets and knowing better how to manage them, EMNEs might fully absorb the targets in the mid-term stage. In my research, CMNEs on the P-C-C path indeed fully absorb the targets after the mid-term stage, but the reason is different from Kale and Singh’s (2012) hypothesis. These CMNEs fully absorb the targets not because they better know how to manage the targets; almost on the contrary, it is because they cannot correctly sense the targets’ threats and development potentials, and cannot correctly capitalize on the targets’ resources. While for the CMNEs on the P-O-O path, they indeed better know how to manage the targets, but they did not fully absorb the targets after the mid-term stage while instead, choose “partially symbiosis” and “partially absorb” the targets. Then for Kale and Singh’s (2012) second hypothesis that if EMNEs have many previous up-market acquisition experiences before, they will fully absorb their next targets from the outset. Our study refutes this hypothesis as well. The CMNE in our case E has many up-market acquisition experiences before (e.g. in 2004 they bought an American firm; in 2007 bought 75% of a Netherlands firm, in 2008 and 2012 bought two German firms; in 2013 bought a French firm), but they did not directly fully absorb the target E at the beginning or even now, just with “partial symbiosis” and “partial absorption”.

Then, for the proposition of Williamson and Raman (2013) of CMNEs’ “double handspring”, the “partial absorption” strategies of the P-O-O path in our study refuted their first stage hypothesis that CMNEs exert nearly no impact on the target in order to bring back the targets’ technology or managerial skill to use domestically. However, our study cannot verify the second stage of their proposition that when the operations in China reinforced, CMNEs will start to implement changes to targets to win the markets outside China, as the CMNEs in our study now still mainly focus on Chinese domestic markets.

Further, the “partial symbiosis” and “partial absorption” evolutionary direction on the P-O-O path in my research refuted Marchand’s (2015) observation that if the initial coordination goes well, EMNEs might coordinate more activities to strengthen their partnering until symbiosis. More than simply coordinating more activities, these CMNEs in my cases initiate some absorption mechanisms and selectively align or absorb partial of targets’ structures and systems into Chinese Groups. Also, Marchand (2015) proposed EMNEs’ integrations’ second evolution direction that if the initial coordination is unfruitful, EMNEs will weaken both sides’ interactions until completely

abandon the target into a preservation situation and ignore it anymore. In my research, the CMNE on the P-P-P path, after their initial coordination failed, indeed completely leaves the target in a preservation situation, which verified Marchand's (2015) observation; yet this CMNE still hope to have deep cooperation with the target rather than simply ignoring the target.

Thirdly, the case study incorporated the DC perspective into EMNEs' PMI framework. Most DC prior contributions were purely conceptual like exploring or building and developing frameworks of DC's types and characteristics. Teece (1997) merely sketched the DC outline as "coordinating - learning - reconfiguring" and thereafter updated it as "sensing - seizing - transforming" (Teece, 2007). Eisenhardt and Martin (2000) divided DC to be two variants: internal-oriented DC (i.e. reconfiguring and redeploying resources within the firm to capture emerging opportunities) and external-internal oriented DC (i.e. utilizing the existing routines to explore revenue-generating opportunities in the changing environment). Helfat and Peteraf (2003) defined DC to be assessing targets' threats, identifying industry trends and reconstructing targets development to create a new resource base and to achieve sustainable competitive advantage. Helfat *et al.* (2007) regarded DC as an organization's capacity to purposefully create, extend, or modify its organizational resource base in a practiced and patterned way to the external environment. In the acquisition situation, DC consists of selection, identification, reconfiguration (Capron and Anand, 2007), and refers to creating a new resource base and achieving sustainable competitive advantages through identifying industry trends, assessing targets' resource threats and reconstructing targets' developments (Helfat and Peteraf, 2003). Jantunen *et al.* (2012) compared different DCs among different organizations. Carlo and Roberto (2018) discussed the analysis focal units of DC (individual, team, organizational or extra-organizational?) and explained DC by analyzing persons and interpersonal interactions, not abstract firm-level entities. Others considered the antecedents of an organization's DC or the consequences of DC on an organization. Oliver *et al.* (2018) debated how organizational knowledge and market dynamism affect the likely value of DC. Comparatively, Wu *et al.* (2016) examined the correlation among DC, international diversification, and innovation performance.

However, looking into DC's causal mechanisms as mediators in the practical functional domain is just start (Eisenhardt and Martin, 2000). Zahra *et al.* (2006) inspected DC's function in the entrepreneurship context; while Deng *et al.* (2018) explored DC's conceptual framework (recognizing - leveraging - learning - realigning) to explain EMNEs' internationalization. They assumed that EMNEs' strategic choices are fundamentally shaped by their different sets of DC (Deng *et al.*, 2018). However, relevant studies are rare in the M&A situation, merely with a few hypotheses proposed without solid evidence to support. Zahra *et al.* (2006) found that DC can indirectly affect acquisition performance via directly affecting the choices in post-M&A

managerial strategies. Wang *et al.* (2018) studied the correlation of each element of DC with the acquisition value creation. Deng *et al.* (2018, P.14) called for more empirical investigation into DC's role in shaping EMNEs' internationalization strategies by stating that *"in EMNEs' study, examining DC should become more prominent in explaining their internationalization strategic choices evolve over time"*. Relatively, our case study incorporates the perspective of DC being as an influencing factor into EMNEs' integration framework and verified prior hypotheses. For example, Wang *et al.* (2016, P.2) hypothesized that *"DC can increase acquisition performance when it contributes to more proactive integration strategies"*. The "acquisition performance" they defined is stocks, accounting figures and survey-based managerial perceptions of acquisition outcome. Supported their hypothesis, CMNEs with stronger DC in our P-O-O path show more proactive and flexible integration changes over time - selective "partial symbiosis" and "partial absorption", which generates more fruitful acquisition synergies: the two sides' organizations and productions have been heavily optimized. Also, Čirjevskis (2017, P.512 - 522) put forward two propositions: *"two sides' business models can successfully fold into new business models by means of acquisition-based DC to create and capture new value proposition"*; and *"acquisition-based DC underpin the acquirer's reconfiguration existing and acquired core competencies to facilitate new product/service development and, therefore, sustain competitive advantages"*. In our cases, by acquiring the targets with high product complementary, acquirers with stronger DC in the P-O-O path successfully combined both sides' advantages, upgraded their portfolios, improved domestic core competencies, and elevated domestic and global competitive advantages.

Practical contributions

The five-OC dimension model could guide EMNEs to devise and perform their integration levels. It is common that acquirers often pay considerable attention to productive factors like technology or financial profit while overlooking the influence of soft non-productive factors like organizational culture. EMNEs need to realize that neglecting the adaptability of the targets may lead to integration troubles and cost loss. It is necessary to understand the targets' cooperation willingness before acquiring an up-market firm. A psychological bond of the targets' staff attached to the newly combined organization needs to be built up over time. Such psychological attachment could increase the targets' adaptability and thereby reduce the difficulty of integration. With higher psychological attachment, a relatively lighter integration might already be sufficient to create value. Then, EMNEs should pay attention to the consistency within the organization to align a unified internal structural system: lower levels' strategic implementation should be consistent with the top level's willingness. A strong middle management team could accomplish an integration with half the effort. Otherwise, it may need them to take more effort for successful integration. Besides this, employees' understanding and attitude toward integration and future goals are also a vital part of a consistent system. This might require leaders to attach importance to their

communication skills to enhance the target employees' understanding of integration strategies and future common goals (e.g. letting employees understand why they need to make such integration decisions). Dispatching the leaders who have charismatic personalities might be helpful for promoting integration with effective communication. Meanwhile, it would be better to give ordinary staff access to governing organizational affairs and venting their opinions in the decision-making process. Finally, I advise that EMNEs respect the Western professional principles, for instance, paying attention to product quality rather than merely pursuing quantity. An imbalance of product quality and quantity or disturbing Western targets' traditional working habits (e.g. pressuring employees to work overtime) might inhibit implementing integration strategies. Of course, given that this study is just a questionnaire survey, it can only show that these five dimensions exert influence on EMNEs' integration levels, but cannot explain what specific influence they have, especially in respect of the influence of consistency, involvement, balance, and flexibility. However, these findings can offer an actionable direction for future research to figure these issues out.

For the case study, it originated implications both for EMNEs acquirers concerning their integration options and for the up-market targets to avoid pitfalls when selling firms to EMNEs. On the side of EMNEs acquirers, I suggest that in the initial stage, no matter two sides' products are complementary or similar, it is logical and feasible to take a lower-level integration like preservation or partnering. It can not only be helpful to maintain the core talents, avoid a drain of talents, and keep the external high-quality resources but also can offer EMNEs a time period to be familiar with the targets. During this period, I strongly recommend EMNEs keep the patience to communicate with and observe the targets about their actual operations, their thinking ways, their attitude to EMNEs, their future desire, and their staff's professional capabilities and ethics. Especially for those EMNEs with high product similarity with their targets, it is crucial to carefully assess the development potentials of two sides' markets and the cooperation willingness of the target. If the target has no willingness to cooperate while its market strength is stronger than the acquirer, it should keep in mind that the target employees' resistance would be a problem. Don't underrate the employees' resistance. In fact, EMNEs often overconfident that they can change the targets' minds or can directly replace the targets' people; yet EMNEs would confront with a struggle: replacing the target's people might induce a loss of people, the most valuable acquisition resource, as high-tech technology actually lies not in the drawing papers but in the targets' people's minds; while if neither able to replace people nor change the targets' minds, integration would be hampered by the targets' resistance and cannot generate acquisition synergies.

Then, EMNEs should aware that the up-market targets might have managerial flaws as well, even those who made international business rules or lead international markets for decades. As a behindhand counterpart, EMNEs commonly have a psychological

low self-esteem in front of the targets from up-markets. Many EMNEs lack the confidence or the courage to point out that the target's managerial shortcomings but instead suspect themselves first when confronted with conflicts. This kind of worship actually inhibits the integration of two sides and is harmful to both sides' developments. Many of our respondents emphasized this phenomenon. Therefore, for those targets with obvious managerial pitfalls, EMNEs should have the courage to help the targets out of the incorrect flaws by timely reorganizing or optimizing the targets with appropriate interferences. Of course, we do not encourage EMNEs to change the targets arbitrarily. Instead, EMNEs should prudently adjust the targets by carefully observing the targets, communicating with them, and clarifying both sides' willingness and development potentials. It undoubtedly requires acquirers to be qualified with crisis acuity, such as prudentially discerning the targets' employees' psychological tendency, personalities, ethics, and working competencies before the acquisitions. Entering the stage of long-term production integration may rely more on acquirers' own dynamic capabilities to create acquisition value. Particularly, managers of SMEs and majority-owned SOEs acquirers have to bear in mind that merely relying on supportive state forces would be far from enough. Strengthening EMNEs' own developmental and capitalization capabilities is crucial to realize successful up-market competition.

On the other side, for the up-market targets, I suggest that they should concern EMNEs acquirers' qualifications as well, especially when considering selling firms to EMNEs' majority-owned SOEs or SMEs. It would be helpful to visit EMNEs' home to get knowledge about their actual operations, such as their domestic operation ways, their external market conditions, their relationship with their local government, the evaluation from their employees and customers. If it is not feasible to visit EMNEs' home country or EMNEs deliberately conceal their actual domestic conditions, apart from getting information from top management team meetings, the target could also have a rough judgment about the potential acquirers' actual operation conditions according to EMNEs' government controlling shares. If EMNEs' government controls more than 30% shares, it should be prudent as these acquirers might be highly intervened by their government. These kinds of EMNEs might bring a large amount of funding but they might do not earn profits yet merely rely on their government's support, or just take the acquisition as a response to government advocacy while do not really care about the target's development. Similarly, compared with the larger-scale listed POEs or minority-owned SOEs acquirers, SMEs acquirers might also invest fresh money into the targets at the beginning; however, the future long-term investment might be risky, because many Chinese SMEs actually do not carefully think about the subsequent large-scale investment. Their relatively weaker capabilities determined that they might not invest the targets in the long-term run; while instead, they might severely control the targets' expenses or even cannot invest the targets' necessary needs, which would harm the targets' long-term development.

Limitations and future potential research avenues

Due to the limited research time and costs, some limitations exist in the preliminary findings of the questionnaire survey. Firstly, the sensitivity in the M&A field might restrict the respondents from commenting on this survey, especially when the majority are senior managers. Although accessed to a sufficient number of respondents, the sampling approach of this research induced potential bias. For instance, only 16 German respondents were included in the survey, accounting for 24% of the total successful sample. The second limitation is that the small sample size in the data is limited to the German market. Whether the findings could be extended to other up-market's integration conditions is unclear. It would be worthwhile to further test the influence and the correlations of these five OC indicators in other EMNEs' up-market integrations. Lastly, Weber *et al.* (2011) suspected that the integration level might play a mediatory role between OC and acquisition performance. Given the fact that not all CMNEs in the samples are listed companies, with some samples' financial statements unpublished, I was unable to take financial performance as a variable to test this assumption. Nonetheless, the findings propose an actionable direction for future research to validate the correlations of these five principal specific OC dimensions, integration levels, and acquisition performance, if enough incorporated financial data could be collected.

For the case study, the interview data mainly collected from Chinese acquirers might have a certain bias and detract me from measuring the changes more definitively. Moreover, due to limited research time, the difficulty in reaching out to larger samples can be treated as another limitation. However, Yin (2003) claimed that a case study with small samples is used to generate theories rather than to push generalisability to a specific situation; my intention is to present some general conceptual propositions. Noting this, it should be prudent to share these results with other EMNEs' integration circumstances in different developed markets. Future quantitative or qualitative to verified our case study findings would also valuable to determine EMNEs' dynamic evolutions' recurrences or other evolution paths, such as larger-scale questionnaire surveys distributed in other European markets, or case studies in other non-European developed markets like the USA or Japan. Also, prolonging a longer timeframe longer than four years to examine EMNEs' longer integration status would also be meaningful. Here, according to our interview respondents' feedback, I want to make a hypothesis that, instead of going to fully symbiosis or fully absorption, EMNEs on the P-O-O path might continue their "partial symbiosis" and "partial absorption" routine that could maximize their acquisition synergy.

Last but not least, cultural influence should be a continuous process and might generate various influencing degrees during different integration stages. The preliminary OC

results could only draw some general pictures but cannot disclose the specific influence on EMNEs' integrations in different specific integration stages. I regard it as one of the limitations and also as a potential future direction. Future research could take the extended EMNEs' dynamic integration framework as a reference to further verify and elucidate the effect of these five OC indicators on EMNEs integrations in specific various integration stages.

A

Publications

A.1 Organisational Culture Affecting Post-Merger Integration

First publication details:

Journal	Review of International Business and Strategy
Title	Organisational Culture Affecting Post-Merger Integration: New Insights from Chinese Reverse M&As in Germany
Authors	Yanan Yang, Christoph Lütge, Hongwei Yang
Cite Score 2020	Scopus 4.1
Submitted	17 th of December 2018
Accepted	18 th of March 2019
Published	5 th of June 2019
Citation	6 (as of August 2020) according to scholar.google.com

Note: Additional material (questionnaire and the SPSS output) is provided at the end.

This article is cited by the following 6 articles:

Ahmed, K., Bebenroth, R. and Hennart, J.-F. (2020). "Formal institutional uncertainty and equity sought on foreign market entry: does industry matter?". *Review of International Business and Strategy*, 30(3), 421-440. <https://doi.org/10.1108/RIBS-01-2020-0005>

Al Naeemy T.M.Y. (2020). "Consequences of Mergers and Acquisitions and Their Effect on Employees: A Case Study from the Banking Industry in the UAE". In: Pereira V., Neal M., Temouri Y., Qureshi W. (eds) *Human Capital in the Middle East*. Palgrave Studies in Global Human Capital Management. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-030-42211-0_8

Jain, S., Kashiramka, S. and Jain, P.K. (2020). "Do frequent acquirers outperform in cross-border acquisitions? A study of Indian companies". *Review of International Business and Strategy*, ahead-of-print (ahead-of-print). <https://doi.org/10.1108/RIBS-12-2019-0160>

Luo, R. (2020). “Motives and Impacts of Chinese Foreign Direct Investment in Australian Healthcare, Maternal and Baby Care Industry, 2008 - 2019: Empirical Evidence from Firm-Level Data”. Swinburne University of Technology.

Mavuso, D., Maponyane, T., Poole* R.I. D. and Munyanyi, W. (2020). “Leveraging Organisational Culture for Employee-based Brand Equity in a South African Hotel Brand”. *African Journal of Hospitality, Tourism and Leisure*, 9(4), 449-468. https://www.ajhtl.com/uploads/7/1/6/3/7163688/article_5_9_4_449-468.pdf

Stankiewicz-Mróz, A. (2019). “Influence of Interlocking Directorates on Integration after the Acquisition of Warsaw Stock Exchange—Listed Companies”. *Sustainability*, 11(24), 6955. <https://doi.org/10.3390/su11246955>

Organisational culture affecting post-merger integration

New insights from Chinese reverse M&As in Germany

Chinese reverse M&As

139

Yanan Yang and Christoph Lütge

School of Management, Technical University of Munich, Munich, Germany, and

Hongwei Yang

Mannheim Business School, Mannheim, Germany

Received 17 December 2018
Revised 14 March 2019
Accepted 18 March 2019

Abstract

Purpose – The purpose of this paper is to determine the principal organisational cultural dimensions that affect levels of post-merger integration (PMI) in Chinese acquisitions in Germany and to explore the relationship of these specific organisational cultural dimensions and levels of integration.

Design/methodology/approach – Data set were collected using a structured questionnaire given to Chinese and German managers and employees, who implemented/were responsible for the PMI in 12 Chinese acquisitions in Germany. A total of 120 questionnaires were distributed and there were 67 respondents, corresponding to a response rate of about 56 per cent. Principal components analysis, one-way ANOVA and bi-variate Spearman's correlation were applied to analyse the data.

Findings – Findings revealed that five organisational cultural dimensions (i.e. adaptability, consistency, involvement, balance and flexibility) were extracted to be the primary indicators affecting levels of integration in Chinese reverse mergers and acquisitions (M&As) in the German market. Further, adaptability emerged as the only predictor with a significant negative implication on predicting the degree of PMI that Chinese investors would initiate to integrate their acquired German subsidiaries.

Originality/value – This study is one of the few studies to consider the specific organisational cultural dimensions affecting the integration levels of reverse M&As and is the first study, to the best of our knowledge, to explore the correlations of specific corporate cultural dimensions and integration levels in emerging multinational enterprises' reverse M&As through quantitative research.

Keywords Germany, Organizational culture, Reverse M&A, Post-merger integration, Chinese acquisitions, Emerging multinational enterprises

Paper type Research paper

1. Introduction

The subject of cross-border merger and acquisition (M&A) as an international approach is assuming central importance in globalisation studies (Ali *et al.*, 2018; Kumar *et al.*, 2017; Vijayakumar and Padma, 2014). Emerging research interests of post-merger integration (PMI) have paid much attention to the reverse M&A coined by the academia, that is, the acquisitions initiated by emerging multinational enterprises (EMNEs) to acquire the knowledge-intensive sectors in advanced economies (Sun, 2018). Interestingly, the findings

The authors would like to gratefully appreciate the editors of *Review of International Business and Strategy* and the anonymous reviewers for their valuable insights and constructive comments on the paper. This research received no funding granted from any funding agency in the public or commercial sectors.



show that, compared with the integration levels imposed by acquirers from developed economies, some reverse acquirers prefer to apply a novel light-handed strategy with a rather low level of integration during the post-merger period (Kale and Singh, 2012; Liu and Woywode, 2013).

Introduced as a mainstay in the submitted M&A research (Denison *et al.*, 2003; Weber *et al.*, 1996), organisational culture (OC) appeared at one time to be a focal area in respect of links with M&A performance in a large and growing number of publications (Denison *et al.*, 2011; Giessner *et al.*, 2016; Hu *et al.*, 2009; Idris *et al.*, 2015; Scott *et al.*, 2003; Verdu-Jover *et al.*, 2018). Yet, there is little research assessing the impact of OC on integration levels in the newly merged organisation. Relatively few studies were directed at determining the relationships between national or corporate cultures and levels of integration. The culture research line argues rather that OC can influence the environmental structuration change (Kavanagh and Ashkanasy, 2006; Obeidat *et al.*, 2017). As a guide in aiding a group's survival, OC is described as affecting "the degree to which an organisation has the ability to alter behaviour, structures and systems" (Verdu-Jover *et al.*, 2018, p. 2), which is supported by Gomes *et al.* (2011) and Liu and Woywode (2013) that the preferred PMI strategies are determined based on synergy potential, cultural difference and specific cultural dimensions. A few studies have provided supporting evidence on the relationship between cultural difference and levels of integration (Björkman *et al.*, 2007; SARALA, 2008; Viegas-Pires, 2013). However, it is only rarely that attention is given to the effect of specific cultural dimensions on the degree of PMI (Calipha *et al.*, 2010), just with a few papers that examined the impact of particular national cultural traits (Liu and Woywode, 2013; Mayrhofer, 2004). The role of organisational cultural dimensions in PMI levels remains as an implicit and unelaborated subject in many M&A and culture works. This paper, therefore, fills this research gap with a quantitative empirical investigation of Chinese acquisitions in the German market to determine the essential specific organisational cultural dimensions that affect integration levels applied by EMNEs and further clarifies the potential correlations of these particular dimensions with levels of integration.

2. Literature review

Various definitions of OC denote that OC is a diverse array of long-term locked-in inertia and norms of an organisation shaped by individuals in the group (Denison *et al.*, 2003; Jit Singh Mann and Kohli, 2011; Obeidat *et al.*, 2017; Rani *et al.*, 2015; Vijayakumar and Padma, 2014; Yeganeh, 2011), such as beliefs, values, rituals and authority modes (Scott *et al.*, 2003; Verdu-Jover *et al.*, 2018). The widely cited definition of OC is as defined by Schein (2004, p. 17), "the pattern of shared basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaption and internal integration." This definition underpins the three elements of OC that are commonly agreed by culture scholars: physical/behaviour manifestations, values and the essence of OC, i.e. the underlying assumption (Calipha *et al.*, 2010; Fuchs and Schalljo, 2016; Obeidat *et al.*, 2017; Pioch, 2007; Rani *et al.*, 2015; Rao-Nicholson *et al.*, 2016; Tsai and Cheng, 2004; Yeganeh, 2011). Currently, conceptual work on the symbolic levels of OC has been investigated by culture researchers (Jit Singh Mann and Kohli, 2011; Yeganeh, 2011), following by increasing numbers of empirical studies that concentrate on the operational measurement of culture in organisational settings (Cameron and Quinn, 1999; Denison *et al.*, 2011).

2.1 Measurement of organisational culture

The literature on the measurement of OC represents two schools of thought (Scott *et al.*, 2003; Xenikou and Furnham, 1996). While some comparative studies focus on comparing

cultural differences between two organisations (Xenikou and Furnham, 1996), others pay attention to measuring the essential characteristics of OC by designing various kinds of measurement models (Scott *et al.*, 2003; Xenikou and Furnham, 1996). Unsurprisingly, little consensus has been reached on how the main traits of OC should be measured (Scott *et al.*, 2003; Xenikou and Furnham, 1996). The qualitative research stream, represented by Schein (1999), insists on implementing interviews and spot observation, with the justification that the basic assumption of OC is at the preconscious level where it is inaccessible to be uncovered by quantitative scales. Advocates of the quantitative approach, on the other hand, argue that quantitative investigation with questionnaires and scales can deliver cost savings; meanwhile, systematic comparisons across different departments or organisations can be instigated (Quinn and Spreitzer, 1991; Siehl and Martin, 1988). Subsequently, many studies have applied a hybrid approach that first performs in-depth interviews and then transforms qualitative data into structural scales (Hofstede *et al.*, 1990; Siehl and Martin, 1988). In this study some measurement examples are illustrated. The organisational culture survey exploited by Glaser *et al.* (1987) assesses corporate values by measuring six elements (i.e. teamwork-conflict, climate-morale, information flow, involvement, supervision, meetings), combining it with conducting qualitative interviews. The organisational culture inventory proposed and tested by Cooke and Szumal (1993) measures behavioural norms in an organisational environment. The organisational culture profile developed by O'Reilly *et al.* (1991) sorts OC into eight dimensions (i.e. innovation, attention to detail, outcome orientation, aggressiveness, supportiveness, emphasis on rewards, team orientation and decisiveness) to assess the person-culture fit with the application of Q-sort. Hofstede *et al.* (1990) proposed that the OC measurement scale consists of three value factors (i.e. need for security, work centrality, need for authority) and six practical differences (i.e. process- vs results-oriented, employee- vs job-oriented, parochial vs professional, open- vs closed-system, loose vs tight control and normative vs pragmatic), which are based on Hofstede's well-known five national cultural dimensions (i.e. power distance, individualism vs collectivism, uncertainty avoidance, masculinity vs femininity, long-vs short-term orientation). However, it is only suitable for Western companies (i.e. Denmark and The Netherlands) that focus more on the internal organisational setting while neglecting the external environment (Scott *et al.*, 2003; Xenikou and Furnham, 1996).

The most effective and practical measurement tool is the Denison's Organisation Culture Questionnaire (DOCQ) (Denison *et al.*, 2011). The DOCQ identifies four traits of OC, namely, involvement, adaptability, consistency and mission (Denison *et al.*, 2011). In detail, each trait includes three sub-dimensions with each sub-dimension consisting of five items (in total 60 items/statements) (Denison *et al.*, 2011). As Denison *et al.* (2011) explained, involvement refers to cultivating the capability of employees to act autonomously with an increasing sense of ownership and responsibility, including empowerment, team-orientation and capability development. Adaptability defines the capability of an organisation to perceive or respond to the external environment (i.e. customers and competitors) and the internal restructuring or re-institutionalising of organisational behaviour and processes. It consists of creating change, customer focus and organisational learning. Consistency defines an internal central system of coordination and governance by consensual support with the indices of coordination and integration, agreement and core values, while mission refers to significant short- and long-term strategic direction and intent, goals and objectives and vision. Often instrumental in linking with the effectiveness/performance of an organisation, involvement and adaptability are predictors of organisational growth, while consistency and mission can better predict profitability (Denison, 1993). The DOCQ continues to be a robust and applicable assessment tool for understanding the relationship between OC and

strategic preference of an organisation, as “it is compatible with the environment needs and strategic emphasis of an organisation” (Tabatabaei and Faramarzi, 2015, p. 57), and for facilitating organisations undergoing acquisition in prioritising intervention efforts (Denison and Neale, 2018). Therefore, the instrumentation of DOCQ is more appropriate for the subject of our survey. However, because of the high autocorrelation among the 60 items of the DOCQ (Scott *et al.*, 2003), it is necessary to discriminate the validity of the items in data processing (Scott *et al.*, 2003).

2.2 Organisational culture and mergers and acquisitions

A number of authors have determined that OC emerges as one of the principal drivers for post-merger performance (Ali *et al.*, 2018; Denison, 1993; Denison *et al.*, 2011; Gupta, 2011; Idris *et al.*, 2015). Other extensive research studies focus on how cultural differences affect the level of integration (Chatterjee *et al.*, 1992; Child *et al.*, 2001; Pitkethly *et al.*, 2003; Weber, 1996; Weber *et al.*, 1996; Weber *et al.*, 2011). While, the accumulation of scholarly evidence is slow to identify the effect of specific dimensions of culture on the degree of integration. Just a few mentioned the impact of specific national cultural dimensions, for example, the influence on integration levels of power distance examined by Calori *et al.* (1999), that of uncertainty avoidance investigated by Mayrhofer (2004) and that of long-term orientation pointed out by Liu and Woywode (2013). It is rare to come across existing literature that identifies the relationship between specific corporate cultural dimensions and PMI levels (Bijlsma-Frankema, 2001). The role of corporate culture in the PMI period, especially in reverse M&As, is still unclear and vague and deserves further investigation to consummate the research framework relating to culture and M&As.

A series of PMI modes were proposed by M&A scholars (Haspeslagh and Jemison, 1991; Liu and Woywode, 2013; Sun, 2018; Siehl and Smith, 1990). The most influential framework is the four basic integration modes (i.e. preservation, absorption, symbiosis, holding) with different integration levels summarised by Haspeslagh and Jemison (1991), depending on different levels of strategic and organisational independence. As Haspeslagh and Jemison (1991) described, preservation represents a shallow level of or even no integration between the acquirers and the targets. In contrast, absorption shows the maximum degree of integration that absorbs the target’s organisational and operational structures into the systems of the acquirer. Symbiosis identifies the most challenging approach to balance the level of granted autonomy and integration, while holding refers in particular to financial investors obtaining dividends with no substantive integration. Recently, M&A researchers who investigate EMNEs’ post-integration strategies have identified the novel light-handed or partnering approach that is preferred by some EMNE investors in their reverse takeovers (Angwin and Meadows, 2015; Kale and Singh, 2012; Liu and Woywode, 2013; Marchand, 2017; Sun, 2018). Dependent on the structural integration level and the coordination degree between the acquiring and the acquired, Kale and Singh (2012) revised the framework of Haspeslagh and Jemison (1991) and put forward an integration framework, especially for EMNEs’ reverse M&As, which is more appropriate for the subject of our research (Figure 1). That is, between preservation and absorption, partnering represents a middle level of integration with few structural adjustments and some coordination of market/knowledge activities (Kale and Singh, 2012).

3. Methodology

As an exploratory study, we proposed a general proposition that levels of integration are influenced by some specific dimensions of OC within the newly merged organisation. Aside from this, we did not postulate any specific correlations. To unearth the principal influential

Structural integration	<i>Yes</i>		Absorption
	<i>No</i>	Preservation	Partnering
		<i>Low</i>	<i>High</i>
		Degree of coordination	

Source: Kale and Singh, 2012, P,551

Chinese
reverse M&As

143

Figure 1.
Framework of
EMNEs' post-merger
integration

corporate cultural factors and further explore the potential relationships of these specific factors and levels of integration, we conducted a questionnaire survey. In the following sections, we explain the detailed research process.

3.1 Data collection

This research was conducted based on a structured questionnaire survey with the purpose of discovering crucial organisational cultural factors that affect integration levels of Chinese takeovers in Germany. Taking the 60 items of the DOCQ as a reference, statements of OC were proposed in the questionnaire. As the DOCQ aims at M&A performance and is too cumbersome to use, it is necessary to revise some statements to target the actual PMI situation of Chinese cross-border takeovers. Accordingly, discussed with two experienced Chinese M&A practitioners, we modified, deleted and added partial organisational cultural items, and finalised 26 statements so that respondents would be less likely to be overloaded. The questionnaire consists of warm-up personal and organisational background information questions, followed by a single-choice question that which integration mode is used by their Chinese investors among "preservation, partnering, absorption". The definitions of the three modes and integration levels they represent were clearly illustrated in the questionnaire so that respondents could understand them in accordance with the framework of [Kale and Singh \(2012\)](#). The final part of the survey includes the 26 corporate cultural statements that were assessed by the five-point Likert scale, according to the respondents' perception of the influence of the statements on Chinese managers' preferred integration levels. A total of 120 copies of the questionnaire were distributed through e-mails to the identified respondents of 12 Chinese acquisition cases in Germany. The respondents are Chinese and German managers and employees who were employed at the newly merged organisations and were responsible for implementing PMI process. Eventually, 67 valid questionnaires were received within three months in 2016, corresponding to a response rate of about 56 per cent.

3.2 Statistical analysis

After excluding invalid (incomplete) questionnaires, valid raw data were numbered and imported into Excel to facilitate the subsequent statistical analysis more conveniently. The options for background information questions were numbered 0, 1, 2, 3, ... n , and the options for integration modes (i.e. preservation, partnering, absorption) were numbered 1, 2, 3, correspondingly, representing different integration levels from low to high. Also, the options of the five-point Likert scale questions were numbered 1, 2, 3, 4, 5, corresponding to the extent of the respondents' perception of the influence of the statements on Chinese managers' preferred integration levels. Next, the numerical choices of respondents were entered into Excel, with randomly checking to ensure the accuracy of the entered data.

The numerical data were analysed using SPSS software, version 23. The first step was application of the principal component analysis (PCA) to the set of the Likert scale variables to extract crucial sets of underlying influential organisational cultural factors through dimensional reduction and classification; in so doing, autocorrelation among the statements was eliminated without too much information being lost. Next, the universality test of the extracted components was performed using one-way ANOVA (González-Rodríguez *et al.*, 2012). Finally, to further explore the relationship of the extracted principal organisational cultural indicators to levels of integration applied by Chinese investors, the bi-variate Spearman's correlation was computed by measuring the correlation of two variable elements (Bonett and Wright, 2000).

4. Empirical results

The observed results of the analysis of the survey data using SPSS are given in the following paragraphs.

4.1 Descriptive statistical analysis of the demographic characteristic of samples

As can be seen from Table I, 86.6 per cent of the 67 respondents (51 male and 16 female) have over five years' work experience in the field of acquisitions, and the majority (58.2 per cent) are senior managers, which enhances the reliability of the results. Moreover, almost 60 per cent of respondents are employed in large-size entities with the number of employees greater than 500.

4.2 Results of principal component analysis

The first three rounds of maximum orthogonal rotation and extraction were carried out on the raw data matrix of 26 items of the 67 valid questionnaires. In each round, those statements with an absolute value less than 0.60 were deleted (Jolliffe, 1972) until the fourth/final extraction round, when the absolute values of all extracted statements were above 0.60 (Jolliffe, 1972) (Table IV). Of course, reliability and internal consistency were checked based on Cronbach's alpha value, and Kaiser–Meyer–Olkin (KMO) and Bartlett's tests were conducted in each round before the extractions to ensure the feasibility and the significance of the data.

Ultimately, five sets of principal indicators with 14 statements whose eigenvalue was greater than 1 were extracted, with the overall reliability of $\alpha = 0.814 > 0.80$ presenting high internal conformity of the extracted 14 variants (Howitt and Cramer, 2017). Also, PCA was verified as suitable for analysing the data because $KMO = 0.815 > 0.50$ and Bartlett's test of sphericity significance = $0.000 < 0.05$ (Table II). The five-factor structure explains 72.257 per cent of the total variance with improved extraction of common factors (Table III). As Howitt and Cramer (2017) explained, the data are acceptable when the cumulative variance is above 60 per cent.

Category	Frequency	(%)	Chinese reverse M&As
<i>Nationality</i>			
Chinese	51	76.1	
German	16	23.9	
<i>Gender</i>			
Male	42	62.7	145
Female	25	37.3	
<i>Age</i>			
Under 30	6	9	
30-50	56	83.6	
Over 50	5	7.5	
<i>Degree</i>			
Bachelor	18	26.9	
Master	40	59.7	
PhD or above	9	13.4	
<i>Experience</i>			
Less than 1 year	2	3	
1-2 years	2	3	
2-5 years	5	7.4	
5-10 years	16	23.9	
Over 10 years	42	62.7	
<i>Position</i>			
Senior	39	58.2	
Junior	5	7.5	
Other	23	34.3	
<i>Number of employees</i>			
Less than 50	14	20.9	
50-500	13	19.4	
500-5,000	17	25.4	
Over 5,000	23	34.4	

Table I.
Demographic profiles
of samples

4.2.1 Naming factors. It can be seen from [Table III](#) that the variance contribution of Factor 1 constitutes the largest proportion, explaining 24.665 per cent of the total variability. It contributes a large load to five corporate cultural statements ([Table V](#): A1, A2, A3, A4, A5) that reflect the degree of internal mutual adaptation and thus can be referred to as “adaptability”. The second factor explained 22.177 per cent of the total variable variation of 72.257 per cent, indicating that it too has a great influence on levels of Chinese investors’ post-integration. It includes five items as well ([Table V](#): B1, B2, B3, B4, B5) and relates to coordination and agreement within the entire organisation from the top- to mid- and low-level managers supported by employees’ understanding of future vision. Thus, it can be recognised as “consistency”. The third extracted factor’s interpretation reaches 8.837 per cent and corresponds to two items ([Table V](#): C1, C2) that represent group orientation and empowerment. Therefore, this factor is termed “involvement”. Finally, although Factor 4 and Factor 5 contain only one item each, we kept rather than deleting them, as their coefficients are relatively high (0.883 and 0.895). Factors 4 and 5, respectively, represent the balance between pursuing product quality and productive efficiency and the flexibility of working time therefore, we named them separately as “balance” and “flexibility”. Factors 4 and 5, respectively, explained the variation of 8.655 per cent and 7.923 per cent.

4.3 Results of one-way ANOVA

The differential analysis was conducted using one-way ANOVA to verify whether there are differences in demographic variables in the evaluation of the importance of the five principal corporate cultural indicators on the levels that Chinese acquirers integrate their German subsidiaries.

Table II.
KMO and Bartlett's test

Kaiser–Meyer–Olkin measure of sampling adequacy	0.815
<i>Bartlett's test of sphericity</i>	
Approximate chi-square	367.570
df	91
Significance	0.000

Source: Authors' survey

Table III.
Total variance explained

Component	Initial eigenvalues			Rotation sums of squared loadings		
	Total	% of variance	Cumulative (%)	Total	% of variance	Cumulative (%)
1	5.104	36.457	36.457	3.453	24.665	24.665
2	1.498	10.698	47.155	3.105	22.177	46.842
3	1.283	9.164	56.319	1.237	8.838	55.679
4	1.174	8.384	64.703	1.212	8.655	64.334
5	1.058	7.554	72.257	1.109	7.923	72.257

Note: Extraction method: PCA
Source: Authors' survey

Table IV.
Rotated component matrix^a

	Component				
	1	2	3	4	5
Q12 Cooperation of Chinese and German senior staff	0.870				
Q14 Willingness to learn from each other	0.782				
Q15 Attitude of both sides to multiculturalism	0.774				
Q13 Psychological distance of Germans to original German enterprise	0.772				
Q11 Leaders' emphasis on culture integration	0.747				
Q21 Leaders' communication skills		0.798			
Q23 Staff's attitude or emotional reactions to integration		0.784			
Q22 Clear understanding of future strategy, vision, mission		0.746			
Q20 Leaders' personal charisma		0.743			
Q19 Strategy implementation by mid- and low-level leaders		0.634			
Q03 Prefer working individually			-0.733		
Q05 Collecting decision-making information from the bottom to the top			0.733		
Q01 Emphasis on product quality rather than simply pursuing efficiency				0.883	
Q04 Flexible working time rather than fixed					0.895

Notes: Extraction method: PCA. Rotation method: varimax with Kaiser normalisation. ^aRotation converged in 11 iterations
Source: Authors' survey

According to Table VI, generally, most demographic variables do not have significant differences except a few with $p < 0.05$ (i.e. the age for Factor 1, educational degree and numbers of employees for Factor 3, working years and position for Factor 4 and gender for Factor 5). Hence, it demonstrates that the five-factor structure model has a certain universality in respect of the integration practice of Chinese reverse takeovers in the German market.

4.4 Results of bi-variate Spearman's correlation

To further explore the correlation of the five principal corporate cultural factors and integration levels applied by Chinese acquirers to arrange their German targets, bi-variate Spearman's correlations of the variables were computed (Table VII). The five cultural factors were defined as dependent variables calculated with their Likert mean scores (e.g. the mean of Factor 1 = $(A1 + A2 + A3 + A4 + A5)/5$ was calculated using Excel). The integration mode that the respondents chose was regarded as the independent variable. As a kind of ordinal variable, it is

No.	Statements
A:	<i>Factor 1 – Adaptability</i>
1	Cooperation of Chinese and German senior staff
2	Willingness to learn from each other
3	Attitude from both sides to multiculturalism
4	The psychological distance of German employees to original German enterprise
5	Leaders' emphasis on culture integration
B:	<i>Factor 2 – Consistency</i>
1	Leaders' communication skills
2	Employees' attitude or emotional reactions to the integration
3	Employees' clear understanding of future strategy, vision, mission
4	Leaders' personal charismatic
5	Implementation of integration strategy by mid- and low- level leaders
C:	<i>Factor 3 – Involvement</i>
1	Prefer working individually
2	Collecting decision-making information from the bottom to the top
D:	<i>Factor 4 – Balance</i>
1	Emphasis more on product quality rather than simply pursuing productive efficiency
E:	<i>Factor 5 – Flexibility</i>
1	Flexible working time other than fixed

Table V.
Naming factors

	Gender	Age	Degree	Working years	Position	Company nature	Business type	Employees' numbers
1	0.632	*0.032	0.792	0.818	0.348	0.453	0.320	0.986
2	0.784	0.068	0.577	0.739	0.734	0.056	0.518	0.485
3	0.644	0.973	**0.001	0.784	0.838	0.415	0.350	*0.034
4	0.955	0.292	0.314	*0.021	*0.016	0.591	0.497	0.602
5	**0.007	0.469	0.279	0.583	0.167	0.588	0.224	0.210

Notes: * $P < 0.05$; ** $P < 0.01$

Source: Authors' survey

Table VI.
Differential analysis
of demographic
variables

suitable for using bi-variate Spearman's correlation (Bonett and Wright, 2000). Generally, for Spearman's rho, $P < 0.05$ is considered statistically significant (Myers and Sirois, 2006).

Of interest, observed from the result of validated correlations (Table VII), significant inverse association exists between Factor 1 (adaptability) and integration levels (Spearman $r = -0.268$, $p = 0.028 < 0.05$), indicating that the stronger the adaptability of the newly merged organisation, the lower is the integration level that would be applied by Chinese investors to integrate their German subsidiaries. While, the other four organisational cultural indicators were demonstrated as having no significant linear correlation with Chinese investors preferred levels of integration.

5. Discussion

Departing from the PCA analysis, five principal organisational cultural factors were extracted as essential corporate cultural factors affecting integration levels adopted by Chinese investors for governing their German subsidiaries. As the largest cause of 24.665 per cent of the total variability, adaptability is the most important indicator and also the only predictor for predicting Chinese decision-making about initiating different levels of integration strategy. The negative relationship of adaptability with PMI levels of Chinese reverse M&A makes it clear that the greater the adaptability of the newly merged organisation, the lower will be the level of integration of the Chinese investors' developed subsidiaries. This can be explained from five aspects. If Chinese and German senior managers cooperate smoothly and employees of both sides are willing to learn from each other with a positive attitude, Chinese investors tend to take fewer actions towards integrating the organisational or operational structures or departments of German affiliates into the systems of Chinese parent companies. This finding is confirmed by Weber *et al.* (2011, p. 8) who stated that "the relationship between the degree of integration and the cooperation between the acquiring and the acquired top management teams is negative in international mergers". Also, a greater psychological distance of German employees to their original German groups, supported with leaders' greater emphasis on cooperation, would facilitate the adaptability of the newly merged organisation. Under such conditions, it is less likely that Chinese acquirers would absorb German targets with full control and governance. It was documented in prior existing studies, for instance, Rao-Nicholson *et al.* (2016) illustrated that a greater level of psychological safety of the targets' workforce would be achieved if supported by visible leaders' interaction, accelerating employees' quick adjustment to the new organisation; while, negative employees' emotions are encountered when EMNEs' acquirers demonstrate the loss of the targets' autonomy.

		Integration level						
			Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	
Spearman's rho	Integration level	Correlation coefficient	1.000	-0.268*	-0.161	0.054	-0.046	0.032
		Significance (two-tailed)	0.000	0.028	0.193	0.662	0.712	0.796
		N	67	67	67	67	67	67

Table VII.
Bi-variate Spearman's correlation

Notes: *Correlation is significant at the 0.05 level (two-tailed); **Correlation is significant at the 0.01 level (two-tailed)

Source: Authors' survey

Next, the remaining factors are not shown to be significant as predicting factors; however, their high scores in the rotated component matrix demonstrate their influential contribution. A contribution of 22.177 per cent of total variable variation shows that consistency is the second crucial indicator affecting Chinese post-integration levels. It is a reflection of high-level managers' communication skills and personal charisma, and lower level managers' consistent strategic implementation, supported by employees' clear understanding of future goals. It is in agreement with what [Lee et al. \(2013\)](#) considered that managers struggle in achieving the correct balance between implementing necessary changes and better understanding employees' responses. From the perspective of charismatic leadership, [Giessner et al. \(2016\)](#) argued that a structured management team throughout the top- and mid-level management that provides a positive sense of the merged future vision for employees is essential during the post-acquisition integration. In addition, the integration degree of Chinese reverse M&As is also influenced by the involvement degree of employees in the group-oriented work and the decision-making process. It is consistent with the suggestion of [Kavanagh and Ashkanasy \(2006\)](#) that staff members at all levels should be involved in selecting integration approaches. Finally, the balance between product quality and productivity and the flexibility of working hours also impact Chinese preference of integration strategies. It has been speculated by [Fuchs and Schalljo \(2016\)](#) that Chinese managers' preference of pursuing productive efficiency at the sacrifice of product quality and disrespect of the legal working hours of employees have challenged the "Western professional ethics" and increased the potential for turnover or distancing of German employees, which may restrict Chinese investors' capability of implementing integration strategies.

6. Conclusion and limitation

Many studies have correlated corporate culture differences with the indication of various M&A performance outcomes, yet the relationship exhibits a lack of clarity between specific corporate cultural traits and levels of integration applied by EMNEs' investors to organise their advanced subsidiaries during the post-merger period. Based on a questionnaire survey of Chinese acquisitions in Germany, this paper uncovered five principal organisational cultural indicators (i.e. adaptability, consistency, involvement, balance and flexibility) that affect Chinese acquirers applying varying integration strategies with different integration levels to manage their German subsidiaries. Furthermore, this study has empirically discovered that adaptability is the only significant organisational cultural predictor for predicting integration levels that will be adopted by Chinese investors. The negative relationship between adaptability and levels of integration in Chinese reverse takeovers makes it clear that the stronger the adaptability of the newly merged organisation, the lower the level of Chinese investors' post-acquisition integration.

Moreover, the universality of the five-factor structure model demonstrated by this survey provides practical managerial and policy implications to guide numerous of Chinese or other EMNEs' reverse acquirers in devising and performing their PMI strategies in the light of particular organisational cultural traits. By and large, executives of Chinese or other EMNEs investors who invest in developed economies will benefit from this research. It has been frequently mentioned that the emerging investors often overlook the influence of OC when integrating an advanced subsidiary ([Liu and Woywode, 2013](#)). Such emerging acquirers need to realise that it is necessary to figure out the willingness of cooperation of the target employees before setting integration strategies. Neglecting the adaptability of the target employees may lead to troubles and cost losses in case of adjusting PMI approaches. Accordingly, a

psychological bond of the target staff attached to the newly merged organisation needs to be built. Such psychological attachment could promote the employees' adaptability and thereby reduce PMI difficulty. Besides, it is recommended that Chinese executives should pay more attention to their communication skills to enhance the target employees' understanding of their future common goals. At the same time, there is a great need to align a unified internal structural system to ensure the middle- and lower-level managers' consistent strategic implementation. In addition, it would be better to give access to staff members to be involved in governing the organisational affairs and venting their opinions in the decision-making and integration process, rather than carrying out Chinese traditional hierarchical managerial manner. Finally, we suggest that emerging multinational investors respect Western professional principles, for instance, paying attention to the product quality and respecting Western working times, which would play a positive role in promoting the implementation of their integration blueprint.

However, limited by available research time and not yet full consideration, some limitations exist in the preliminary findings of this survey. Firstly, as a questionnaire survey, the familiar sets of shortcomings are present. The sensitiveness of the field of M&A may restrict respondents' willingness to comment on the survey, especially when the majority of respondents are senior managers. Also, snowball sampling helps to access a sufficient number of subjects recommended by the acquaintance of initial subjects, while, at the same time, also inducing potential bias and inaccuracy. For instance, only 16 German respondents were included in the survey, merely accounting for 24 per cent of the total successful sample. The second limitation is that the small samples in our data are limited to the German market. Whether the findings could be extended to other EMNEs' reverse M&As is unclear. Hence, it would be worthwhile testing the link between specific organisational cultural dimensions and post-integration levels of other developed country takeover targets acquired by Chinese investors or by other EMNEs investors. Lastly, because of the difficulty of collecting enough quantitative data in the area of M&A, not all the samples we obtained related to listed Chinese parent companies. Owing to partially unpublished financial statements of Chinese parent companies in these samples, we were unable to take financial performance as a variable to test whether the level of integration is the mediator between organisational cultural dimensions and acquisition performance or not. Previous studies have examined merely the linkage between OC and performance directly, whereas there is still a level of uncertainty about whether or how the integration level plays a moderate and interactive role between them, as [Weber et al. \(2011\)](#) suspected. Nonetheless, our findings propose a direction and actionable insights for future work by M&A and organisational culture researchers, which might target the link between PMI levels and particular corporate cultural traits and M&A performance, provided that it is possible to obtain appropriate samples with enough incorporated financial data.

References

- Ali, A., Qiang, F. and Ashraf, S. (2018), "Regional dynamics of ownership structure and their impact on firm performance and firm valuation: a case of Chinese listed companies", *Review of International Business and Strategy*, Vol. 28 No. 1, pp. 129-147.
- Angwin, D.N. and Meadows, M. (2015), "New integration strategies for post-acquisition management", *Long Range Planning*, Vol. 48 No. 4, pp. 235-251.

- Bijlsma-Frankema, K. (2001), "On managing cultural integration and cultural change processes in mergers and acquisitions", *Journal of European Industrial Training*, Vol. 25 Nos 2/3/4, pp. 192-207.
- Björkman, I., Stahl, G.K. and Vaara, E. (2007), "Cultural differences and capability transfer in cross-border acquisitions: the mediating roles of capability complementarity, absorptive capacity, and social integration", *Journal of International Business Studies*, Vol. 38 No. 4, pp. 658-672.
- Bonett, D.G. and Wright, T.A. (2000), "Sample size requirements for estimating Pearson, Kendall and Spearman correlations", *Psychometrika*, Vol. 65 No. 1, pp. 23-28.
- Calipha, R., Tarba, S. and Brock, D. (2010), "Mergers and acquisitions: a review of phases, motives, and success factors", In *Advances in Mergers and Acquisitions*, Emerald Group Publishing, Bingley, pp. 1-24.
- Calori, R., Lubatkin, M. and Very, P. (1999), "Control mechanisms in cross-border acquisitions: an international comparison", *Organisation Studies*, Vol. 15 No. 3, pp. 361-379.
- Cameron, K.S. and Quinn, R.E. (1999), *Diagnosing and Changing Organisational Culture: based on the Competing Values Framework*, Addison-Wesley Press, New York, NY.
- Chatterjee, S., Lubatkin, M.H., Schweiger, D.M. and Weber, Y. (1992), "Cultural differences and shareholders value: explaining the variability in the performance of related mergers", *Strategic Management Journal*, Vol. 13 No. 5, pp. 319-334.
- Child, J., Faulkner, D. and Pitkethly, R. (2001), *The Management of International Acquisitions*, Oxford University Press, New York, NY.
- Cooke, R.A. and Szumal, J.L. (1993), "Measuring normative beliefs and shared behavioral expectations in organisations: the reliability and validity of the organisational culture inventory", *Psychological Reports*, Vol. 72 No. 3_suppl, pp. 1299-1330.
- Denison, D.R., Adkins, B. and Guidroz, A.M. (2011), "Managing cultural integration in cross-border mergers and acquisitions", in Mobley, W.H., Li, M. and Wang, Y. (Eds), *Advances in Global Leadership*, Emerald Group Publishing, Bingley, Vol. 6, pp. 95-115.
- Denison, D.R., Haaland, S. and Goelzer, P. (2003), "Corporate culture and organisational effectiveness: is there a similar pattern around the world?", in *Advances in Global Leadership*, Elsevier Science, Bingley, Vol. 3, pp. 205-227.
- Denison, D.R. and Neale, W.S. (2018), "Denison organisational culture survey", *Denison Consulting*, LLC, Ann Arbor, pp. 1-104.
- Denison, D.R. (1993), "Toward a theory of organisational culture and effectiveness", working paper (#728), School of Business Administration, University of Michigan, Ann Arbor, April.
- Fuchs, M. and Schalljo, M. (2016), "Western' professional ethics challenged by foreign acquisitions: German managers' patterns of interpretation surrounding Chinese and Indian investors", *Geoforum*, Vol. 75, pp. 20-28.
- Giessner, S.R., Horton, K.E. and Humborstad, S.I.W. (2016), "Identity management during organisational mergers: empirical insights and practical advice: identity management", *Social Issues and Policy Review*, Vol. 10 No. 1, pp. 47-81.
- Gomes, E., Weber, Y., Brown, C. and Tarba, S.Y. (2011), *Mergers, Acquisitions and Strategic Alliances*, Basingstoke.
- Glaser, S.R., Zamanou, S. and Hacker, K. (1987), "Measuring and interpreting organisational culture", *Management Communication Quarterly*, Vol. 1 No. 2, pp. 173-198.
- González-Rodríguez, G., Colubi, A. and Gil, M.Á. (2012), "Fuzzy data treated as functional data: a one-way ANOVA test approach", *Computational Statistics and Data Analysis*, Vol. 56 No. 4, pp. 943-955.
- Gupta, V. (2011), "Cultural basis of high performance organisations", *International Journal of Commerce and Management*, Vol. 21 No. 3, pp. 221-240.

- Haspeslagh, P.C. and Jemison, D.B. (1991), *Managing Acquisitions: Creating Value through Corporate Renewal*, New York, NY, p. 10020.
- Hofstede, G., Neujen, B., Daval, O. and Sanders, G. (1990), "Measuring organisational culture, a qualitative and quantitative study across twenty cases", *Administrative Science Quarterly*, Vol. 35 No. 2, pp. 286-316.
- Howitt, D. and Cramer, D. (2017), *Understanding Statistics in Psychology with SPSS*, in 7th ed., Pearson, Harlow, New York, NY.
- Hu, Y.J., Yang, Y.F. and Islam, M. (2009), "Leadership behavior, satisfaction, and balanced scorecard approach: an empirical investigation of the manager-employee relationship of retail institutes in Taiwan", *SSRN Electronic Journal*, available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1327558 (accessed 12 November 2019).
- Idris, S.A.M., Wahab, R.A. and Jaapar, A. (2015), "Corporate cultures integration and organisational performance: a conceptual model on the performance of acquiring companies", *Procedia – Social and Behavioral Sciences*, Vol. 172, pp. 591-595.
- Jit Singh Mann, B. and Kohli, R. (2011), "Target shareholders' wealth creation in domestic and cross-border acquisitions in India", *International Journal of Commerce and Management*, Vol. 21 No. 1, pp. 63-81.
- Jolliffe, I.T. (1972), "Discarding variables in a principal component analysis. i: artificial data", *Applied Statistics*, Vol. 21 No. 2, pp. 160-173.
- Kale, P. and Singh, H. (2012), "Characteristics of emerging market mergers and acquisitions", in Faulkner, D., Teerikangas, S. and Joseph, R.J. (Eds), *The Handbook of Mergers and Acquisitions*, Oxford University Press, UK, pp. 545-565.
- Kavanagh, M.H. and Ashkanasy, N.M. (2006), "The impact of leadership and change management strategy on organisational culture and individual acceptance of change during a merger", *British Journal of Management*, Vol. 17, pp. 81-103.
- Kumar, K., Boesso, G. and Yao, J. (2017), "Cultural values, institutional arrangements and stakeholder management culture: a cross-national study", *Review of International Business and Strategy*, Vol. 27 No. 4, pp. 450-465.
- Lee, D., Kim, K., Kim, T.G., Kwon, S. and Cho, B. (2013), "How and when organisational integration efforts matter in South Korea: a psychological process perspective on the post-merger integration", *The International Journal of Human Resource Management*, Vol. 24 No. 5, pp. 944-965.
- Liu, Y. and Woywode, M. (2013), "Light-Touch integration of Chinese cross-border M&A: the influences of culture and absorptive capacity", *Thunderbird International Business Review*, Vol. 55 No. 4, pp. 469-483.
- Marchand, M. (2017), "Do all emerging-market firms partner with their acquisitions in advanced economies? A comparative study of 25 emerging multinationals' acquisitions in France: do all emerging market firms partner", *Thunderbird International Business Review*, Vol. 59 No. 3, pp. 297-312.
- Mayrhofer, U. (2004), "The influence of national origin and uncertainty on the choice between cooperation and merger-acquisition: an analysis of French and German firms", *International Business Review*, Vol. 13 No. 1, pp. 83-99.
- Myers, L. and Sirois, M.J. (2006), "Spearman correlation coefficients, differences between", *Encyclopedia of Statistical Sciences*, p. 3.
- Obeidat, B.Y., Al-Hadidi, A., Tarhini, A. and Masa'deh, R. (2017), "Factors affecting strategy implementation: a case study of pharmaceutical companies in the Middle East", *Review of International Business and Strategy*, Vol. 27 No. 3, pp. 386-408.
- O'Reilly, C., Chatman, J. and Caldwell, D. (1991), "People and organisational culture: a Q-sort approach to assessing person-organisation fit", *Academy of Management Journal*, Vol. 34 No. 3, pp. 487-516.
- Pioch, E. (2007), "Business as usual? Retail employee perceptions of organisational life following cross-border acquisition", *The International Journal of Human Resource Management*, Vol. 18 No. 2, pp. 209-231.

- Pitkethly, R., Faulkner, F. and Child, J. (2003), "Integrating acquisitions", in Cooper, C. and Gregory, A. (Eds), *Advances in Mergers and Acquisitions*, JAI Press, New York, NY, Vol. 2, pp. 27-57.
- Quinn, R.E. and Spreitzer, G.M. (1991), "The psychometrics of the competing values culture instrument and an analysis of the impact of organisational culture changes and development", *Research in Organisational Change and Development*, Vol. 1 No. 5, pp. 115-142.
- Rani, N., Yadav, S.S. and Jain, P.K. (2015), "Financial performance analysis of mergers and acquisitions: evidence from India", *International Journal of Commerce and Management*, Vol. 25 No. 4, pp. 402-423.
- Rao-Nicholson, R., Khan, Z. and Stokes, P. (2016), "Making great minds think alike: emerging market multinational firms' leadership effects on targets' employee psychological safety after cross-border mergers and acquisitions", *International Business Review*, Vol. 25 No. 1, pp. 103-113.
- SARALA, R. (2008), "The impact of cultural factors on Post-Acquisition integration: domestic and foreign acquisitions of Finnish companies in 1993-2004", working paper (Nr. 186), Department of Management and Organisation, Swedish School of Economics and Business Administration, Helsinki, Finland, 7 August.
- Schein, E.H. (1999), *The Corporate Culture Survival Guide*, Jossey-Bass, San Francisco.
- Schein, E.H. (2004), *Organisational Culture and Leadership*, in 3rd ed., Jossey-Bass, San Francisco.
- Scott, T., Mannion, R., Davies, H. and Marshall, M. (2003), "The quantitative measurement of organisational culture in health care: a review of the available instruments", *Health Services Research*, Vol. 38 No. 3, pp. 923-945.
- Siehl, C. and Martin, J. (1988), "Mixing qualitative and quantitative methods", in Jones, M.O. Moore, M.D. and Synder, R.C. (Eds), *Inside Organisations: Understanding the Human Dimension*, Sage, London.
- Siehl, C. and Smith, D. (1990), "Avoiding the loss of a gain: retaining top managers in an acquisition", *Human Resource Management*, Vol. 29 No. 2, pp. 167-185.
- Sun, Z. (2018), "Chinese reverse M&A: the Wu Wei paradigm of post-M&A integration process", *Chinese Management Studies*, Vol. 12 No. 4, pp. 774-794.
- Tabatabaei, S.A.N. and Faramarzi, S. (2015), "Analyzing and evaluating the impact of organisational culture on personnel empowerment (case study: health insurance of chaharmahal and bakhtiari province)", *Buletin Teknol. Tanaman*, Vol. 12 No. 1, pp. 56-62.
- Tsai, M. and Cheng, Y. (2004), "Asset specificity, culture, experience, firm size and entry mode strategy: Taiwanese manufacturing firms in China, South-East Asia and Western Europe", *International Journal of Commerce and Management*, Vol. 14 Nos 3/4, pp. 1-27.
- Verdu-Jover, A.J., Alos-Simo, L. and Gomez-Gras, J.M. (2018), "Adaptive culture and product/service innovation outcomes", *European Management Journal*, Vol. 36 No. 3, pp. 330-340.
- Viegas-Pires, M. (2013), "Multiple levels of culture and post M&A integration: a suggested theoretical framework", *Thunderbird International Business Review*, Vol. 55 No. 4, pp. 357-370.
- Vijayakumar, V.S.R. and Padma, R.N. (2014), "Impact of perceived organisational culture and learning on organisational identification", *International Journal of Commerce and Management*, Vol. 24 No. 1, pp. 40-62.
- Weber, Y. (1996), "Corporate culture fit and performance in mergers and acquisitions", *Human Relations*, Vol. 49 No. 9, pp. 1181-1202.
- Weber, Y., Shenkar, O. and Raveh, A. (1996), "National and corporate cultural fit in mergers/acquisitions: an exploratory study", *Management Science*, Vol. 42 No. 8, pp. 1215-1227.

- Weber, Y., Tarba, S.Y. and Reichel, A. (2011), "A model of the influence of culture on integration approaches and international mergers and acquisitions performance", *International Studies of Management and Organisation*, Vol. 41, pp. 9-24.
- Xenikou, A. and Furnham, A. (1996), "A correlational and factor analytic study of four questionnaire measures of organisational culture", *Human Relations*, Vol. 49 No. 3, pp. 349-371.
- Yeganeh, H. (2011), "Culture and international trade: evidence from Canada", *International Journal of Commerce and Management*, Vol. 21 No. 4, pp. 381-393.

Further reading

- Dosoglu-Guner, B. (2008), "Organisational culture as a discriminating variable of export activities: some preliminary findings", *International Journal of Commerce and Management*, Vol. 17, pp. 270-283.
- Le Corre, P. (2018), "Chinese investments in European countries: experiences and lessons for the 'belt and road' initiative", in Mayer, M. (Ed.), *Rethinking the Silk Road*, Palgrave Macmillan, Singapore, pp. 161-175.
- Sabri, H.A. (2012), "Re-examination of Hofstede's work value orientations on perceived leadership styles in Jordan", *International Journal of Commerce and Management*, Vol. 22 No. 3, pp. 202-218.
- Tripathi, V. and Lamba, A. (2015), "What drives cross-border mergers and acquisitions? A study of Indian multinational enterprises", *Journal of Strategy and Management*, Vol. 8 No. 4, pp. 384-414.
- Ullrich, J. and R. van, D. (2007), "The group psychology of mergers and acquisitions: Lessons from the social identity approach", in *Advances in Mergers and Acquisitions*, Emerald (MCB UP), Bingley, pp. 1-15.
- Van der Post, W.Z., de Coning, T.J. and Smit, EvM. (1997), "An instrument to measure organisational culture", *South African Journal of Business Management*, Vol. 28 No. 4, pp. 147-168.
- Wahid ElKelish, W. and Kamal Hassan, M. (2014), "Organisational culture and corporate risk disclosure: an empirical investigation for United Arab Emirates listed companies", *International Journal of Commerce and Management*, Vol. 24 No. 4, pp. 279-299.

About the authors

Yanan Yang, a PhD candidate at the School of Management, Technical University of Munich, Germany, obtained master's degree from Adam Smith Business School in the University of Glasgow, UK. Yanan Yang's research area is the post-merger integration of Chinese acquisitions in the German market. Yanan Yang is the corresponding author and can be contacted at: xiaonanyyn@hotmail.com

Prof. Dr Christoph Lütge is a Full Professor at the School of Management and also the Chair-holder of Peter Löscher Chair of Business Ethics and Global Governance at Technical University of Munich, Germany. Christoph Lütge's research area is global economic and corporate ethics.

Hongwei Yang is an MBA Student at Mannheim Business School, Germany. Hongwei Yang's research area is mergers and acquisitions between China and Germany.

For instructions on how to order reprints of this article, please visit our website:

www.emeraldgroupublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com

This Agreement between Technical University of Munich --- Yanan Yang and Emerald Publishing consists of the license details and the terms and conditions provided by Emerald Publishing.

Licensed Content Publisher	Emerald Publishing
Licensed Content Publication	Review of International Business and Strategy
Licensed Content Title	Organisational culture affecting post-merger integration: New insights from Chinese reverse M&As in Germany
Licensed Content Authors	Yanan Yang, Christoph Lütge, Hongwei Yang
Licensed Content Accept Date	18 March 2019 (5 June 2019 published)
Licensed Content Volume	29
Licensed Content Issue	2
Licensed Content Pages	139-154
Type of Use	Thesis/Dissertation
Requestor type	academic/university
Format	print and electronic
Portions	full article/chapter
Thesis/Dissertation Author	Yanan Yang
Thesis/Dissertation Title	Emerging Giants' Up-Market Post-Merger Integration: Modes and Influencing Factors of Chinese Integration in Germany
Supervisor name	Prof. Dr. Christoph Lütge
Institution name	Technical University of Munich
Requestor location	Technical University of Munich Arcisstraße 21, 80333 Munich, Germany

Terms and Conditions

This article is © Emerald Publishing and permission has been granted for this officially published version to be included in both print and electronic versions of the thesis/dissertation and to appear here (<https://mediatum.ub.tum.de>). Emerald does not grant permission for this article to be further copied/distributed or hosted elsewhere without the express permission from Emerald Group Publishing Limited.

Licenser

Chris Trübke

License Date

15/1/20

A.2 Dynamic Integration Paths Of Emerging Multinational Enterprises In Advanced Markets

Second publication details:

Journal	Review of International Business and Strategy
Title	Dynamic Integration Paths of Emerging Multinational Enterprises in Advanced Markets: Empirical Evidence from Chinese Acquisitions in Germany
Authors	Yanan Yang, Christoph Lütge
Cite Score 2020	Scopus 4.1
Submitted	1 st of May 2019
Accepted	5 th of November 2019
Published	6 th of April 2020
Citation	1 (as of August 2020) according to scholar.google.com

Note: Additional material (interview questionnaire and MAXQDA output) is provided at the end.

This article is cited by the following article:

Ahmed, K., Bebenroth, R. and Hennart, J.-F. (2020), "Formal institutional uncertainty and equity sought on foreign market entry: does industry matter?". *Review of International Business and Strategy*, 30(3), 421-440. <https://doi.org/10.1108/RIBS-01-2020-0005>

Dynamic integration paths of emerging multinational enterprises in advanced markets

Empirical evidence from Chinese acquisitions in Germany

Yanan Yang and Christoph Lütge

School of Management, Technische Universität München, Munich, Germany

Dynamic
integration
paths

1

Received 1 May 2019
Revised 6 August 2019
16 October 2019
Accepted 5 November 2019

Abstract

Purpose – This paper aims to examine dynamic multi-stage post-merger integration (PMI) evolutions by Chinese multinational enterprises (CMNEs) in the German market and their potential influencing factors.

Design/methodology/approach – A data set was collected from 25 interviews with 21 respondents from six Chinese acquisition cases in Germany, and a comparative multi-case study and content analysis were applied.

Findings – The results reveal that Chinese acquirers take segmented linear integration path in Germany from nearly no integration to organisational integration and then to production integration. It contains three sub-paths: the P-O-O path (partnering–organisational optimisation–production optimisation), the P-P-P path (preservation–organisational preservation–production preservation) and the P-C-C path (preservation–organisational centralisation–production confusion). The initial nearly no integration condition is mainly impacted by asymmetric information and the targets' strategic positions, whereas different organisational and production integration degrees in mid- and long-term stages are primarily influenced by Chinese acquirers' different dynamic capabilities. Moreover, Chinese acquirers' corporate ownership is not found to be a significant factor that influences CMNEs to take different integration strategies in different PMI stages.

Research limitations/implications – This paper contributes to broaden emerging multinational enterprises' (EMNEs) PMI theory by adding dynamic perspective and provides suggestions for mergers and acquisitions (M&As) practitioners to identify integration options and avoid integration pitfalls in different integration stages.

Originality/value – Existing works identified that EMNEs prefer to partner with the targets in advanced markets, but lacked a dynamic perspective to disclose whether the partnering strategy would be adjusted or not over time. This study is the first to explore multi-stage integration changes and is one of the few studies that recognise the interaction of the integration strategy with the dynamic capability of the acquiring enterprises.

Keywords Dynamic capability, EMNEs, Dynamic perspective, Corporate ownership, Post-merger integration, Chinese M&A

Paper type Case study

Introduction

In the current global foreign direct investment (FDI) arena, mergers and acquisitions (M&As) are a sought-after means of leapfrog expansion for an organisation (Ai and Tan, 2018).

The authors declare their special thanks to the kindly cooperation of all respondents they interviewed during the research. The authors would also like to show their sincere gratitude to the editors of Review of International Business and Strategy and the anonymous reviewers for their valuable comments and constructive guidance offered for improving the quality of the paper.



Pursuing cross-border M&As is a vital strategy of developed multinational corporations looking to gain efficient resource allocation and organic competition (Bhabra and Huang, 2013; Rouzies *et al.*, 2019). These actions by multinational corporations have stimulated extensive empirical propositions in academic studies over the past decades (He and Zhang, 2018). Recently, along with the increasing outward investment activities from emerging multinational enterprises (EMNEs), scholars have begun to switch their focus to the international strategies of the newly emerging giants (Deng *et al.*, 2018; Liu and Woywode, 2013; Qiu and Homer, 2018). Among them, Chinese cross-border acquisitions have attracted much attention from different disciplines (Rouzies *et al.*, 2019). Despite the global financial crisis in 2008, the volume of Chinese M&As kept a regular growth rate of 17 per cent from 2011 to 2015, and after that, China soared to the top of the global FDI rankings (Ai and Tan, 2018). China is regarded as “the most prominent among high-growth international economic entities in terms of its involvement in M&A deals” (Bhabra and Huang, 2013, p. 187). It is worth noting that Chinese multinationals have manifested gradual interest in acquiring knowledge-intensive sectors (e.g. machinery, high-tech technology) in developed markets; this is coined by academia as “reverse M&A” (Sun, 2018). Although China’s overall acquisition volume was down by 11 per cent in 2017 compared with 2016, China’s reverse acquisition deals for upmarket asset seeking are increasing (Qiu and Homer, 2018).

Much research has shed light on EMNEs’ acquisitions from different aspects. Unique motivations have been found to drive emerging multinationals to acquire firms in advanced economies (Garbuio and Lovallo, 2017; Rexhepi *et al.*, 2017). Another wealth of studies aims to explain EMNEs’ dissatisfaction in acquisition performance (Alaaraj *et al.*, 2018; Rua, 2018), in which post-merger integration (PMI) management is considered a crucial element (Deng *et al.*, 2018). Arguably, emerging multinationals are challenged to formulate an integration that will harvest synergies and create value (Rouzies *et al.*, 2019) and relevant research is in its infancy. Sporadic existing studies contend that emerging multinationals prefer to partner with the upmarket target firms, but no study has explored whether this partnering strategy is reinforced over time. As Sun (2018, p. 4) suspected, “it is very problematic whether the ‘light touch’ can be able to holistically shed light on the post-M&A integration process of reverse M&A”. Hence, it is necessary to explore the potential integration evolutions in emerging multinationals’ acquisitions from a dynamic perspective.

This paper strives to explicate two research objectives: to examine how and why Chinese multinational enterprises (CMNEs) take dynamic integration paths in the German market. To answer the research questions, this study looked at six Chinese acquisition cases in Germany. Our findings show that Chinese acquirers in Germany take an integration path that is a segmented linear process, from nearly no integration in the initial year after acquisition, to organisational integration in the mid-term stage from the second to third year and then production integration in long-term stage starting from the fourth year. Specifically, we identify three different sub-paths and describe them as the P-O-O path (partnering–organisational optimisation–production optimisation), the P-P-P path (preservation–organisational preservation–production preservation), and the P-C-C path (preservation–organisational centralisation–production confusion). The condition of nearly no integration in the initial year is mainly caused by asymmetric information and the targets’ strategic positions; whereas the changing integration paths in the mid- and long-terms are mostly caused by the different dynamic capabilities of the CMNEs. Chinese acquirers’ corporate ownership seems not to be a notable factor that impacts CMNEs to take different integration strategies in different PMI stages. This paper is unique as it collected and documented multi-stage dynamic integrative evolutions initiated by CMNEs over at

least a four-year period, which has never been investigated in studies in this way. This paper contributes to broadening theories of EMNEs' PMI management.

The structure of this paper is as follows. Next section reviews the theoretical literature of EMNEs' post-acquisition integration and its influencing factors. The research methodology and procedures in details are presented next. The next section reports the findings on the cross-case empirical observations of CMNEs' dynamic integration paths in Germany and the factors that influence them. In the discussion section, we develop a model of CMNEs' dynamic PMI paths and antecedents to compare with existing related studies. The last section summarises the research by stressing the major findings and discussing the theoretical and practical contributions, following with reflections on research limitations and prospects for future research directions.

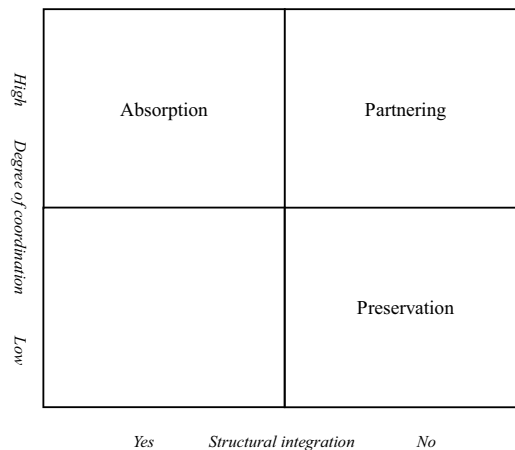
Literature review

Post-merger integration typologies

Early M&A researchers developed a series of PMI typologies from different perspectives based on the acquisition practices of developed-countries' multinational enterprises (DMNEs) (Greenwood *et al.*, 1994; Haspeslagh and Jemison, 1991; Kitching, 1967; Lindgren, 1982). For example, from the perspective of organisational behaviour, Nahavandi and Malekzadeh (1988) concentrated on acculturative stress and identified four integration modes: separation, assimilation, integration and deculturation. Mirvis and Marks (2011) observed culture changes and proposed five integrative modes: preservation, absorption, transformation, reverse takeover and best of both. The most commonly recognised framework, however, is the Haspeslagh and Jemison (1991) 2×2 matrix, inferred from a process perspective. Haspeslagh and Jemison (1991) deemed that the value creation of an M&A depends heavily on the integration process. Based on the degree of strategic interdependence and the target's need for autonomy, they put forward four ideal integration modes: absorption, preservation, symbiosis and holding. As Haspeslagh and Jemison (1991) explained, "absorption" quickly and maximally aligns the targets' organisational and operational processes with the acquirers' systems. In contrast, "preservation" grants the targets the highest autonomy to maintain their original structures and operations. "Symbiosis" is the most challenging mode, balancing high strategic interdependence and high autonomy. Finally, the "holding" mode is adopted less by strategic acquirers; it is used mostly by financial investors.

However, contrasting with DMNEs' traditional integration modes, researchers noticed that EMNEs rewrote the extant PMI rules and challenged traditional integration theories by adopting a distinctive integration approach. Kale and Singh (2012) first named this unique approach as "partnering" and adapted the Haspeslagh and Jemison (1991) framework to EMNEs' integration by slightly adjusting two criteria of structural integration and activities coordination (see Figure 1). Kale and Singh (2012) argued that DMNEs usually absorb overseas targets, whereas EMNEs, including Chinese multinationals, prefer "to partner" with targets. In "partnering", the targets' organisational and operational structures are separate from those of the acquirers; there is limited resources replacement but high autonomy. Meanwhile, there is selective coordination of activities between the two sides. Subsequent studies focussing on CMNEs presented a similar observation. By examining 13 Chinese acquisitions in Germany, Liu and Woywode (2013) identified the Chinese "light-touch" strategy as a mix of symbiosis and preservation. Namely, CMNEs propose strategic advices passively and inactively. Also, they selectively coordinate activities with targets but rarely intervene in targets' operations. Marchand (2017) inspected 13 EMNEs' upmarket acquisitions, including five Chinese samples, and subdivided the "partnering" into three

Figure 1.
The Kale and Singh's
(2012) framework for
EMNEs' Partnering
in advanced markets



Source: Kale and Singh, 2012, p. 7

variants: transfer, springboard, or synergy partnering – according to the acquiring firms' activities coordination. [Torres de Oliveira and Rottig \(2018\)](#) scrutinised a single Chinese acquisition case in Germany and, from the social capital perspective, identified the Chinese preference for “supportive partnering”. [Sun \(2018\)](#) proposed the Wu-Wei paradigm by inspecting 12 Chinese acquisition cases in five advanced markets: Germany, The Netherlands, Italy, France and the United States, which contains “a top-down effortless integration initiated by CMNEs” and “a bottom-up reverse integration conducted by acquired firms.” Arguably, EMNE researchers commonly believe that CMNEs adopt a hands-off “partnering” approach. However, like [Kale and Singh \(2012\)](#) pointed out, this effortless partnering strategy may be merely a static or tentative snapshot in the early stages and possibly be adjusted dynamically over time. Nevertheless, no empirical research evidence tested whether or how Chinese multinationals change their partnering approach over time. This indicates that this study is a promising research topic. Notably, the [Kale and Singh \(2012\)](#) framework broadly covers the extant research on EMNEs and thus, is an appropriate basic framework for this study. [Figure 1](#) presents the [Kale and Singh \(2012\)](#) framework of EMNEs' upmarket partnering integration.

Influencing factors of post-merger integration

The factors affecting multinational enterprises' integration practices are complicated and mixed. In general, possessing managerial and technological skills, DMNEs initiate cross-border M&As primarily to increase in size and improve efficiency ([Greenwood et al., 1994](#); [Graebner et al., 2017](#)). In comparison, EMNEs usually acquire upmarket entities to explore superior strategic assets and strengthen global competition ([Wei and Clegg, 2014](#)). An acquired firm with highly-recognised local and global brands and first-rate resources can be leveraged by the EMNE to improve its reputation ([Gulanowski et al., 2018](#); [Qiu and Homer, 2018](#)). The extant literature has identified several factors that induce emerging firms to prefer partnering with their upmarket acquisitions. [Kale and Singh \(2012\)](#) assumed that, in the initial internationalisation stage, most EMNEs are novices who lack sufficient managerial skills to integrate the advanced economies. [Meyer et al. \(2014\)](#) and [Wei and Clegg \(2014\)](#) added that this

insufficient management capability might lead the upmarket targets distrust or resist the emerging acquirers. Under these conditions, keeping targets separate and retaining their resources seem logical and advisable. [Liu and Woywode \(2013\)](#) stated that due to the low learning or absorptive capability, CMNEs are challenged by huge gaps in resources and capabilities with their advanced targets. In addition, the Chinese national culture of long-term orientation might affect CMNEs to view their acquisitions as long-term investments and prefer to grow with the targets rather than absorbing them. [Marchand \(2017\)](#) inferred that EMNEs' administrative heritage, such as geography, acquisition experience or national institutional contexts, might contribute to their taking concessions in the short run. [Sun \(2018\)](#) found that the asymmetries of Chinese resources, capabilities, vision and status with the acquired targets formed the CMNEs' "harmony-focused" integration view. Again however, the extant fragmented research merely explains the antecedents of EMNEs' partnering approach but fails to explain potential changes in integration.

Methodology

Case selection

We adopted a multi-case research method to analyse CMNEs' dynamic integration paths in Germany. A multi-case method not only overcomes the drawback of idiosyncratic observation from a single sample but also extends the adaptability of the findings through cross-case comparison in different contexts ([Lebedev et al., 2015](#)). Applicable cases were selected purposively because purposive, multi-criterion sampling favours in-depth cross cases comparison ([Lebedev et al., 2015](#)). This study focuses on acquisitions initiated by CMNEs in Germany for two reasons. First, Germany attracts a great amount of attention from Chinese investors. According to statistics of the [Chinese Ministry of Commerce \(2017, p. 117\)](#), "among China's outward FDI flows to the European Union, Germany ranked first". Second, this research concentrates on post-acquisition integration paths dominated by Chinese acquirers. Regional effects therefore could not influence the research results. Also, samples were narrowed down to the industrial sector to highlight the representativeness of Chinese M&As in Germany. Prior studies found it hard to generate results to fit all industries; therefore, focussing on a typical sector can help explore a broader phenomenon ([Schweizer, 2005](#)). The advanced technical and managerial know-how in the German industrial sector is of vital importance to Chinese investors, with 51.8 per cent of Chinese investment in Germany flowing to manufacturing services ([Chinese Ministry of Commerce, 2017](#)). Finally, [Zheng et al. \(2016\)](#) stated that the cases at earlier PMI stage (i.e. the initial six to twelve months after a deal closed) could not show visible integration patterns. Moreover, [Hoffman \(2013\)](#) found that multinational enterprises usually initiate at least two integration waves (i.e. the first year is oversight and the second to third year addresses external and internal constraints, like political regulations, to remove barriers for further integration). Therefore, ideal cases for our research should be M&As that occurred at least 4 years ago to inspect how CMNEs change their integration strategies in a long-term perspective. Thus, cases that took place after 2014 were excluded from this research, which was carried out in 2017.

Potential cases were searched from the acquisition report organised by [SMB Consultants \(2017\)](#) that listed China's major acquisitions in Germany from 2005 to 2017 (191 total cases). To ensure the accuracy of the database, we reviewed the cases manually and ruled out the ones that do not meet our selection criteria. Of them, 94 cases occurred before 2014; of those, 30 cases were not in the industrial sector and eight case firms were closed permanently. Based on [Eisenhardt's \(1989\)](#) advice that it is generally typical and appropriate to investigate four to ten cases in case study research, of the remaining 59 cases, we firstly contacted four potential samples through emails, phone calls, or personal

networks. The four cases initiated by Chinese acquirers with different corporate ownerships were chosen purposely to further heighten the cross-case comparability, with two initiated by Chinese privately owned enterprises (POEs) and two by Chinese state-owned enterprises (SOEs). After excluding the potential interviewees of a SOE acquisition case who refused our interview requests, we successfully contacted the participants of another SOE acquisition case. Then an initial data analysis of the first four samples was conducted, with a result that further research was needed. Two more cases therefore were contacted and investigated (i.e. one more POE acquisition case and one more SOE acquisition case) and the analysis began to become repetitive, with no more new insights being extracted from the data. Hence, the research was finally finished with six qualified samples. [Table I](#) lists the elemental information of the selected cases.

Data collection

An in-depth interview method was adopted to collect our data with a semi-structured interview questionnaire. Unlike a closed questionnaire with a fixed format, a semi-structured questionnaire not only has a standard structure and elements to ensure a certain degree of comparability, but also offers us the flexibility of adjusting the questions during interviews according to the respondents' backgrounds and knowledge ([van den Oever and Martin, 2018](#)). Based on the [Kale and Singh \(2012\)](#) framework, the basic interview questions about structural integration and activities coordination degrees were designed, developed with additional questions about organisational and production changes to further identify the changes of CMNE's integrations. The questionnaire was summarised in twofold. First, the interviewees were asked to describe and comment on how much the CMNEs interfere with the targets' organisational operations (e.g. autonomy, decision-making process, turnover rate) and production operations (e.g. technical coordination, production changes, market segmentation, customer positioning) at the start of PMI; how about the targets' reactions to the CMNEs' interference. Second, they were asked if there were any changes later. If there were changes, the respondents were asked when the changes happened and why and how the changes occurred. We first piloted the questionnaire with three experienced M&A consultants working in Germany, confirmed the validity and feasibility of these interview questions, and revised the language of the questionnaire to be more practical and easier to understand. [Table II](#) shows a brief description of the participating consultants. From March 2017 to September 2018, 25 interviews were conducted with 21 respondents through face-to-face, Skype, or telephone conversations, lasting from 40 minutes to two hours, in general. The questions were adjusted flexibly during the interviews according to the respondents' different identities; meanwhile, the basic interview structure was retained to ensure the later data comparability. All of the respondents were allowed to offer free narrative on their abundant observations. Of them, four respondents were re-contacted to confirm ambiguous information from their initial interviews. The respondents were Chinese and German managers and employees who directly participated in the PMI process and have been working in German target firms for more than four years. These respondents could provide long-term integration insights. [Table III](#) presents a brief description of the respondents. Meanwhile, for supplementation and triangulation, second-hand archival data were collected from previous literature, the specialised press and firms' websites and internal reports.

Data analysis

We followed the established procedures of content analysis and coding techniques to organise and analyse the interview data ([Charmaz, 2014](#); [Erlingsson and Brysiewicz, 2017](#);

Case	Ownership (Acquiring Co./ Target Co.)	No. of employees (Acquiring Co./ Target Co.)	Deal Year	Value (Mil. €)	Core business and market position (Acquiring Co./ Target Co.)	Acquirers' prior acquisition experiences	M&A motivation
A	Private (listed)/ Family	17000/3000	2012	360	One of China's biggest heavy-equipment manufacturers; the No. 1 in Chinese concrete pump market share in 2000/used to be one of the top world-class concrete pump producer leaders	Some international activities like setting R&D centres in the USA and India, but first-time in acquisition abroad	Seeking upmarket technology and expanding into international markets
B	Private (listed)/ Family	22000/2300	2012	119	Chinese biggest and fast-growing automotive interior and exterior parts producer/ used to be an international leader of batteries producer of electric e-mobility and hybrid vehicles	Several domestic acquisitions and numerous international activities like setting R&D centres and subsidiaries in Germany and the USA, but the first-time acquisition abroad	Upgrading the product portfolio by seeking upmarket complementary targets
C	Private (unlisted)/ Family	1000/200	2010	10	A small-and-medium vehicle dies manufacturer in China/a well-qualified vehicle dies manufacturer in Germany	No experiences abroad and the first cross-border acquisition	Expanding European markets
D	State (listed)/Joint Venture	74000/1400	2012	271	Chinese largest automotive parts group; mainly producing diesel engines/used to be a subsidiary of a German giant of industrial forklift manufacturer; supplying with world-class hydraulics	Numerous international activities like setting subsidiaries in Southeast Asia, but the first acquisition abroad	Upgrading the product portfolio by seeking upmarket complementary targets
E	State (joint venture of Chinese state and a European firm)/ Family	28000/1200	2013	400	A global behemoth conglomerate with a diversified portfolio like airport facilities, logistics services/used to be a world-class leading fire fighting trucks and airport rescue vehicles producer	Numerous domestic and global acquisitions	Diversifying product portfolio by seeking upmarket complementary targets
F	State (unlisted)/ Family	18000/150	2009	8	Chinese oldest traditional machine tool group; producing small and medium machine tools/used to be a world-class large-scale machine tools producer	No any abroad experiences before and the first-time acquisition abroad	Expanding European markets

Source: Organised from authors' research materials

Table I.
Overview of the elemental information of the selected cases

Yin, 2003). To start with, the interviews were recorded and transcribed into text in anonymity, according to the respondents' requirements. Then, MAXQDA 12 software was used to facilitate organising and analysing the data by extracting and coding phrases, terms and sentences from the data. MAXQDA 12 is suitable for analysing exploratory qualitative material through cross-reference between theory and data, by adjusting the codes readily and forming a systematic and hierarchical coding tree with categories and themes (Charmaz, 2014). The easiest case to be categorised was addressed firstly as follows. The initial coding elements were constructed based on the two dimensions of the Kale and Singh (2012) framework surrounding several topics (e.g. targets' autonomy, acquirers' interventions, organisational changes, knowledge transference, activities coordination, operational changes, consistency with Chinese parent firms' systems). Then, basic-level codes were categorised and synthesised to higher-level themes. The most distinguished case shows three obvious time-phase integration changes, that is, the first year after the acquisition, the mid-term (the second and third years) and the long term (the fourth year and beyond). To strengthen the follow-up cases comparability, we continued this temporal approach when coding rest of the cases. This supports replication logic regarding treating each sample as a different experiment to confirm or disconfirm observations (Zheng *et al.*, 2016). Temporal distinction here aims at clarifying conception of conceptualising the integration process as several various stages. The actual stages boundaries, however, might be less clear than our simple description, as the actual condition may be much more complicated. The remaining cases were coded case by case, successively. A cross-case analysis followed the single within-case analysis with the coding elements and themes constantly developed and upgraded. We analysed the coded conceptual themes and categories iteratively and retrospectively until a theoretical saturation framework and emerging models arose. Ultimately, the final coding structure of the data exploration outputted by MAXQDA 12 is presented in Figure 2.

Findings

Identified integration paths

Initial stage (the first year after acquisition): Nearly no integration

Preservation (Case A). Regarding the target firm as a completely separate entity, acquirer A merely offered strategic suggestions. Only one Chinese executive was delegated as the Chief Liaison Officer (CLO) for coordination, yet he had no power to interfere with the German daily operations. Except for monthly reporting of fiscal performance to the Chinese group, all of the German resources (e.g. brands, employees and the R&D centre) were kept without

Consultants	Position	Working at	Working years	No. of interviews	Duration (min)	Interview language	Interview format
1	Director	Investment bank in Germany	10 ⁺	1	60	Chinese	Face-to-face
2	Director	Consulting Co., in Germany	20 ⁺	1	60	Chinese	Face-to-face
3	Senior	Consulting Co., in Germany	10 ⁺	1	40	Chinese	Face-to-face

Table II.
Brief description of the contributing consultants

Note: 10⁺: more than 10 years
Source: Organised from authors' research materials

Case	Position	Currently working at	Working years	No. of interviews	Duration (min)	Interview language	Interview format
A	CLO	Target firm	6	1	40	Chinese	Skype
	Founder	Target firm	10 ⁺	1	60	English	Skype
	Deputy general manager	Acquiring firm	5	1	60	Chinese	Telephone
	M&A Director	Acquiring firm	5	1	50	Chinese	Face-to-face
B	Director-P&SC department	Target firm	6	1	60	Chinese	Telephone
	Director-HR	Target firm	5	1	40	English	Telephone
	Director-M&A department	Target firm	4	2	110	Chinese	Face-to-face
	Global M&A principal	Acquiring firm	5	1	40	Chinese	Skype
C	CEO	Target firm	4	2	180	Chinese	Telephone
	Assistant of CEO	Target firm	4	1	95	English	Telephone
	Assistant of HR	Target firm	4	2	150	Chinese	Telephone
D	MD-Advisory Board	Target firm	6	1	40	Chinese	Skype
	Director-Technical department	Acquiring firm	6	1	100	Chinese	Telephone
	Director-Technical department	Target firm	6	1	50	English	Telephone
E	CRO	Target firm	4	1	50	English	Telephone
	CEO	Target firm	5	1	40	Chinese	Skype
	Staff-Technical department	Target firm	10 ⁺	1	120	Chinese	Telephone
	Director-M&A department	Acquiring firm	4	1	90	Chinese	Skype
F	Director-Marketing department	Acquiring firm	7	1	140	Chinese	Skype
	Director-Marketing department	Target firm	10 ⁺	2	190	English	Skype
	Director-M&A department	Acquiring firm	4	1	60	Chinese	Telephone

Notes: CLO: Chief Liaison Officer; MD: Managing Director; P&SC: Purchases and Supply Chain; CRO: Chief Re-organisation Officer
Source: Organised from authors' research materials

Table III.
 Brief description of all cases' respondents

any changes. The Chinese firm brought an influx of cash to support German operational resumption, such as establishing new office buildings, staff canteens, production plants and warehouses. The CLO explained that this preservation was aimed at “keeping core personnel and sophisticated technology”, but the CLO also quietly acknowledged that it was hard to communicate well with the target, owing to psychological resistance. The German employees seemed to be dissatisfied with their new boss. The deputy general manager of acquirer A complained, “they (target A) stick to their way and often turn a deaf ear to our development suggestions.”

Partnering (Cases B, D and E). Similar to case A, in cases B, D and E, all of the targets' resources were kept intact. German managers were retained and, insiders were promoted to replace retiring German seniors. The original German financial systems were still in use and a financial reporting system that met Chinese financial reporting standards was established to report annual financial elements to the Chinese. In each case, one Chinese person was placed at the target firm as a “boundary spanner” to coordinate mutual needs. Although

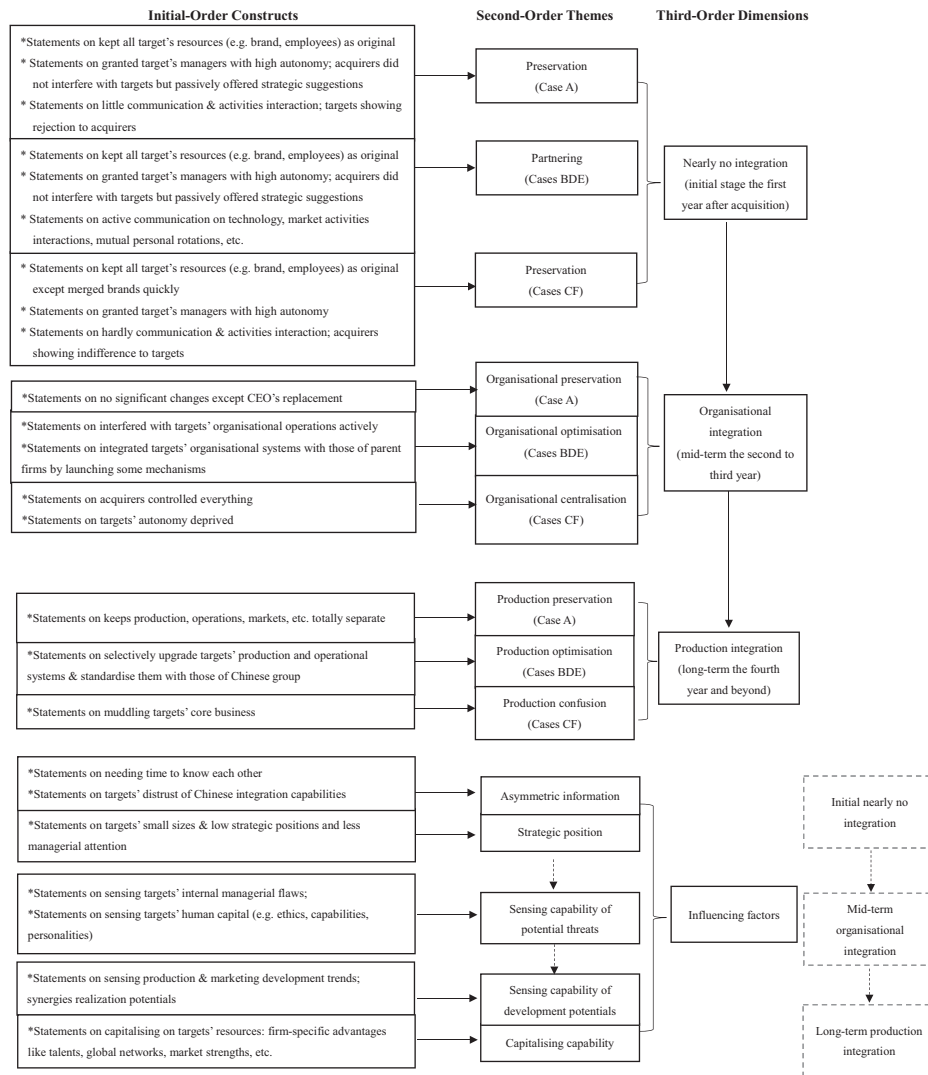


Figure 2.
The coding structure
outputted by
MAXQDA 12

Source: Induced from the research's case studies

some of them joined the German Advisory Board (cases B and D) as communicators, one was directly appointed as the targets' Chief Executive Officer (CEO) (case E). In all these cases, they did not intervene in targets' operations but only offered strategic initiative suggestions. However, different from case A, there was frequent and constant communication on both sides. The HR director of target B felt that "Chinese feedback is timely—lots of face-to-face or video-meetings like convening quarterly development conferences, technical seminars." The technical director of target D stated:

[...] they (acquirer D) explicitly convey to us the next few years' development blueprints. [...] He (the Chinese communicator) is easy-going and often inquiries about our opinions. Even our ordinary employees can directly talk with him about the firm's shortcomings or the directions we want to go. His office door is open for us at any time.

These CMNEs appeared to be positively recognised by the targets. Mutual personnel rotation was used to obtain German technological guidance and coordinate mutual markets. A few Chinese employees were allocated in different departments at the targets to provide supportive activities.

Preservation (Cases C and F). In cases C and F, except for immediate merging of German brands, the majority of the targets' resources, likewise, were kept as they were before being acquired. The German managers retained great discretion and no Chinese staff joined or interfered. Contrasting with the boycott seen at target A, employees of targets C and F showed a positive welcome to the Chinese investors who brought in substantial cash; they regarded the acquisition as a "promising revival". However, the reality was not what it seemed. The targets were puzzled by insufficient and inefficient communication from the acquirers. The HR assistant of target C complained, "she (the Chinese shareholder) rarely came here after the acquisition. Even when she came, she didn't listen to us attentively at meetings. She often immediately forgot our requests and asked us to repeat again and again. She seems to not treat us seriously at all." Target F was confronted with similar indifference and its marketing director said, "information is opaque. We don't know what they (acquirer F) want to do. Their actions are often different from what they promised or announced." Minimal interaction at these two targets seems to be the consequence of the Chinese acquirers' wilful neglect, rather than of the targets' resistance.

Mid-term stage (the second to third year): organisational integration

Organisational preservation (Case A)

At the mid-term stage, Case A still approached the ideal preservation, although slight changes occurred. Due to some conflicting management concepts with the Chinese firm, the CEO of target A left in the second year. Soon, a German replacement was brought in who had working experiences in Asian firms and understood Chinese ways. Many managers of the target's global subsidiaries were adjusted, but the M&A director of acquirer A stressed, "it is not our requirement, but it was decided by their (target A's) internal management teams."

Organisational optimisation (Cases B, D and E)

After transitioning from the first year's passive "wait-and-see" attitude, the boundary spanners began to actively intervene in the targets' organisational operations. The coordinator of acquirer B was nominated as the director of the target's purchasing and supply chain (P&SC) department, with equal voting and decision-making power as other German executives. The communicator of acquirer D became the managing director (MD) of the target's Advisory Board, which needs his final permission in some circumstances. The Chinese CEO of target E began to wield his sceptres; he said, "unlike the first year that I didn't intervene in their (target F's) decisions, now I still like consulting with them if their opinions are constructive, but if not, I would make my own decisions decisively." Concurrently, some organisational integration mechanisms were launched to merge the targets' organisational structures with the Chinese group's systems. Target B was listed on China's A-share market with its assets injected into the Chinese parent firm and German managers joined the Chinese firm's Board of Directors to make decisions for the entire Chinese group. The sales team of target D was wholly reorganised, with all original sales

staff replaced by the newly recruited young German employees. Their offices were moved into the same building with those of the technical department to coordinate the firm's whole operations rather than merely being concerned about their respective departments' performance. At target E, the original German flat management was replaced by the Sinicised organisational structure of an Executive Committee with three standing committee manager seats and two rotating seats filled by candidates from the target's global subsidiaries. Also, "Group Rules" with Chinese standardised documentation was issued to centralise all of the prior dispersed organisational divisions (e.g. finance, sales and suppliers) of target E's global subsidiaries.

Organisational centralisation (Cases C and F)

Since the second year, acquirers C and F introduced a two-tier management system. In each case, a Chinese executive was granted with a high position, replacing the targets' German CEOs; they controlled rather than coordinated. Deprived of their original autonomy, the German managers were downgraded to nominal deputies without real power. At both firms, the targets must bring all operational documents to the Chinese CEO daily for his signature to get needed production materials. Surprisingly, even the Chinese CEO must frequently report every specific issue to the Chinese shareholder to solicit permission. Final decisions were actually made by the Chinese shareholder. As target C's CEO assistant commented, "our CEO looks like a 'puppet'. Our shareholder is tough and harsh. She controls everything rigidly, like material price and even projects' specific implementation." Later, the situation became more autocratic and nonsensical. The CEO was fired for no specific reason and quickly replaced by the shareholder's cronies. Likewise, target F's CEOs were switched frequently, with at least five Chinese dispatched to target F, sometimes without informing the German managers. An increasing number of staffs were laid off in various departments.

Long-term stage (the fourth year and beyond): production integration

Production preservation (Case A)

Production preservation seems to be a compromised scheme. Acquirer A experienced an unsuccessful attempt to learn from the target. The CLO remarked that they failed to access the global marketplace for geographic expansion owing to the target's refusal to impart technical knowledge. The markets continue to be maintained separately, namely, acquirer A sells to China's market and target A focuses on its original international niche market. In purchasing operations, the target insists on controlling the purchase of raw materials from its original European suppliers instead of importing Asian resources, because of a desire to fully guarantee the quality. Unifying its purchasing channel with that of the acquirer would never be an option for target A.

Production optimisation (cases B, D and E)

Developing a more pragmatic direction since the fourth year, these three CMNEs moved toward selectively upgrading the targets' operational systems and standardising them with the Chinese systems. The P&SC of target B has been wholly adjusted from its prior dispersed systems with dissimilar standards to standardised global procurement and overall sourcing. As the Chinese P&SC director explained, "like other overseas subsidiaries of our parent firm, we no longer purchase in the name of German brand but of the Chinese parent group." In case D, a joint R&D centre and factory in China connects both sides' production. Joint project teams with technical staff from both sides and transnational assemblers and suppliers bring visible benefits to both sides' operations. Systemised with

Chinese procedures, the production lines of target E have been completely reformed from grouping by vehicle type to grouping by component assembly lines.

Production confusion (Cases C and F)

Targets C and F were the most mistreated. Dragged down into total chaos by the acquirers, their core businesses became muddled and ambiguous. At target C, the old die-casting machinery dating from the 1950s was shelved and no capital expenditures were made for equipment updates. Instead, the target was required to fulfil mechanical parts machining orders, a low-profit ancillary business that is time and labour consuming. Similarly, target F, which was proficient in manufacturing large machine tools in a manual workshop production mode, was asked to mass produce small and medium-sized equipment. In both targets, highly recognised German brands were harmed. Technical learning was ineffective. Totally ignoring the German suggestion of establishing a team in China to put German skills into practice in Chinese factories, the rotating Chinese personnel of acquirer F did nothing after visiting German plants. The target's marketing director reputed, "they (Chinese rotating personnel) seem to come to Germany for travelling, not for learning."

Identified influencing factors

Asymmetric information and strategic position: initial stage – nearly no integration

On one hand, although they had some prior international initiatives (e.g. setting up overseas subsidiaries, R&D centres or joint ventures), few of the CMNEs in our sample had experience in acquiring advanced firms. Lacking knowledge of the German business environment (e.g. laws, social relationships) and of the German firms' operational rules, the CMNEs tended to slow down the integration pace and took a cautious attitude in the initial year to observe the targets' actual micro-management and operations. On the other hand, some targets mistrusted the competency of the Chinese integration methods at first, even though some targets (B, D and E) considered the Chinese acquirers to be equal partners because of their high product complementarity. Distrust was more heavily present in case A; proud of its superior technology, target A presented a certain arrogance as it had high product homogeneity with acquirer A and was far ahead of the international market when competing with the acquirer in the past few decades. Under such circumstances, to ease asymmetric information and increase mutual-understanding, a compromised preservation strategy or partnering with plenty of communication and observation in the initial year was necessary and reasonable.

Compared with the cautious attitude of the above acquirers, the preservation strategies of acquirers C and F seem to be more of a "do not care" attitude. As the HR assistant of target C described, "our shareholder thinks her main battlefield is in China." The marketing director of target F also expressed, "they (acquirer F) merely regard us as an overseas 'concubine' who doesn't deserve much love." This might relate to the targets' sizes and strategic positions. Larger-sized acquisitions require more caution; large targets are generally strategically imported to a CMNE's network. The smaller-sized targets, C and F, may represent a relatively lower strategic position in the acquirers' networks and thus, they receive less Chinese managerial attention.

Sensing capability of potential threats: mid-term organisational integration

The evidence suggests mid-term integration initiatives may be triggered by the CMNEs' sense of crisis about the targets' managerial issues and human capital (e.g. employees' personalities, competencies, attitudes) during the pre-acquisition and the initial observation periods. Acquirer B focuses on the prevention of potential threats before an acquisition. As

the M&A director stressed, “we only purchase targets that are in good operating conditions, not those in downside risks or bankruptcy.” In fact, some targets tend to conceal their actual situation before deals for a better bargaining price. Organisational structural reformation would be necessary when discovering the target has been struggling in poor managerial plights, even with an original hands-off intention. The technical director of acquirer D perceived, “they (target D) were affiliated to one German group before. They only supplied goods for the group so they lack the awareness of developing their own external market.” The Chinese CEO of acquirer E discovered:

[...] addicted to investing in high-tech R&D excessively, they (target E) ignored market demands and their products can't be sold. So, their capital chain was broken. That's why they went bankrupt. It is necessary to adjust and optimise those inefficient and unreasonable organisational structures.

The Chief Reorganisation Officer (CRO) of target D added:

[...] simply offering suggestions is not enough. Reorganisation is imperative. Sometimes they (target D) oppose it as they don't know where the problems are. This can be solved with much communication work. But a premise is that we have a shared vision and common good.

In this sense, gaining targets' support paves the way for potential organisational optimisation. In the words of the global M&A principal of acquirer B, “buying firms is actually buying employees. We now can fully amalgamate with a premise that we only consider buying the targets whose managers recognise our values. If they don't support us, we won't buy.”

By contrast, acquirer A seems to have suffered from the dilemma that German employees did not recognise this acquisition, perhaps because it was insensitive to the target's latent hostility before the acquisition. German employees at the target were to trying to distance themselves and draw lines with the Chinese acquirer. This “distancing” mentality might be partly because German managers could not accept their behindhand counterpart as their superiors, and partly because the target's founder sold the firm to the Chinese acquirer without informing the employees, which thence left them somewhat bitter memory. The labour union had once held a strike to protest this acquisition. Despite the new CEO's attempts to facilitate interactions with both sides, the German employees were still emotionally against Chinese interference because of their collective nostalgia to the past glory. Acquirer A failed to win the favour of the target. The target founder recollected:

[...] we were overconfident of both sides' cooperation. I got along well with the Chinese shareholder before the acquisition and we all thus thought employees are not a problem. But it is indeed a problem.

Being elbowed out of the organisation as an “outsider”, acquirer A found it hard to penetrate and exert impact on the target.

The organisational centralisation of acquirers C and F provides more evidence for the suboptimal consequence of neglecting targets' human capital and management threats. Acquirer C has dramatic unexpected first-year losses. Each department shirked responsibilities. The CEO assistant complained, “no one specialises in budgeting or knows whether an order is profitable or not. [There are] many inexplicable losses.” In fact, signs were somewhat apparent before the acquisition. Approaching bankruptcy, the German managers had once viciously increased the employees' minimum wage to gain a governmental subsidy and no one really cared about the firm's life or death. The firm fell into serious turmoil. However, the Chinese shareholder focused on the rather low purchase price and did not scrutinise the employees' capabilities or ethics. Many projects were stalled

and procrastinated by the excuse of “the Chinese don’t understand German laws.” The time and money spent in project negotiations and squabbling were “unthinkable”. Acquirer C got nervous and switched on the heavy-handed control mode. The HR assistant explained, “our shareholder now seriously doubts that the German firm is cheating her. She can be at ease only when she controls everything.” The CEO regretted the acquisition, saying, “most of the German workers spent over 30 years and some even their whole life working in the organisation. Their minds’ inertia is impossible to be changed by the Chinese. Understanding the targets’ employees’ personalities and attitudes before acquiring a German firm is fairly important.”

Likewise, burdened by overspending on investments in high-tech R&D, target F experienced a continuous financial performance decline in the first year after acquisition. Instead of seeking to free the target from its predicament, acquirer F deprived the German managers and took power immediately. This might be mainly because acquirer F is a majority-owned SOE; the Chinese provincial government controls 44.82 per cent of the firm. As Zhou (2018) defined, an SOE with more than 30 per cent government is regarded as a majority-owned SOE. Hence, the Chinese managers at target F were not professional managers but bureaucrats assigned by the Chinese government. This is quite different from the acquirers in D and E, which had less significant equity possession by the provincial government. Acquirer D was converted to a publicly-listed firm in 2007 with a 16.83 per cent government controlling interest, and acquirer E is a Sino-foreign joint venture with the government controlling 23.06 per cent. The market-oriented Chinese executives at targets D and E, like the POE acquirer in case B, were more concerned with maximising business profit, while the bureaucratic managers at target F had little knowledge of effective corporate governance. Turning a blind eye to the target’s managerial flaws and deteriorating performance, they preferred to pursue administrative performance with political behaviours like strengthening individual authority. The M&A director of acquirer F disclosed:

[...] they (Chinese CEOs in target F) completely don’t understand business! Each of them only held a short term of office in Germany and their compensation was not tied to German profits but to their domestic political positions. This acquisition is an overseas investment symbol to follow government advocacy and their political task is merely keeping this symbol existing. They are unwilling to take unforeseen risks or responsibilities during their short-term stay.

Sensing capability of development potentials and capitalising capability: long-term production integration

Long-term production integration, we observed, might be partly related to the degree of mid-term organisational integration, and partly influenced by the acquirers’ ability to sense the targets’ development potentials and to capitalise on the targets’ resources. Acquirers B, D and E’s perceptions of their targets’ development potentials were lucid, namely, they were acquiring highly complementary firms to upgrade their domestic production lines with a new product portfolio and enhance the Chinese market performance. The global M&A principal of acquirer B said, “we only consider buying the firms who are promising and are willing to enter into China’s market.” The M&A director of target B responded, “the Chinese market for lower-end automotive parts has become oversaturated and it would be a potential market for our high-end electric e-mobility batteries.” The technical director of acquirer D explained:

[...] the Chinese market has tremendous potential demands for our new product portfolio—a powertrain system that combines their (target D’s) hydraulics and our diesel engines. Compared

with most Chinese competitors who can only produce diesel engines, we can serve more customers and occupy more Chinese market share.

Similarly, the M&A director of acquirer E smiled:

[...] unlike the past when Chinese demands for fire trucks were dispensable, China now increasingly focuses on social security and demands much better and safer fire trucks. Their (target E's) fire truck manufacturing technology will have a long-term prospect in the Chinese fire trucks area

The coordinated development potentials triggered a successive series of interconnected production optimisation. The technical staff of target E further explained:

[...] now our targeted market has changed from European markets to the Chinese market where, different than European markets, there are great needs but it changes rapidly. So, we have to follow our Chinese parent firm to adjust and upgrade our production model to serve Chinese customers better

In fact, before the acquisitions, these CMNEs had prominent firm-specific advantages. Even though they lacked overseas acquisition experiences, they possessed mature experience in administering Chinese and international diversified business portfolios. Chinese managers who mastered fluent English and have rich multinational management experience could interact with Germans proactively and timely. Key Chinese technicians with professional knowledge and interaction skills could smooth technical or operational issues with German engineers effectively and efficiently. This bolstered these CMNEs to tap German production and operational procedures into their systematised global networks.

Relatively, the offerings of both sides in Cases A, C, and F overlapped to a large extent. Even though it tried to offer Chinese service platforms and resources, acquirer A was blamed and rejected by the target, because the target worried that Chinese institutional protection of local counterparts would compress their profit margins, which means fewer developmental opportunities. Despite a monopoly in the Chinese market, acquirer A did not possess a position in the global market, while target A had shepherded a substantial global footprint for decades with a long-established brand. The significant disparity of market power meant that, although it clearly knew the necessity of reducing production costs to achieve synergies, acquirer A may not have sufficient capability to integrate the mature German “teacher”. Under this condition, synergy could not be delivered smoothly. Whereas the small and medium-sized enterprise (SME) acquirer C and the majority-owned SOE acquirer F are Chinese “zombie” firms with rather low productivity that survive by leaning heavily on support from the government and state banks (e.g. subsidies, forbearance lending). These low-productivity firms could go abroad to invest relying mainly on China’s “going out” advocacy and local authorities’ supportive policies, rather than on their own capabilities. Because these zombie firms could offer jobs to maintain social stability, local officials bail out them as a tool to boost local economy and enhance political performance. In reality, however, the domestic operations of acquirers C and F have already suffered from long-term continuous losses and low profits. The CEO of target C reviewed:

[...] like a speculator, she (the Chinese shareholder) often turns to what she thinks can make quick money. But she earned nothing, even in China. She has no rational coherent business philosophy.

The M&A director of acquirer F disclosed, “we were almost insolvent several times but were saved by the blood transfusions of our local authority every time.” The marketing director of acquirer F grumbled:

[...] we only survived by internal orders. No one truly develops the external market. No one knows how it (acquirer F) earns money. The Germans don't understand what we are doing and even I don't understand either. It seems not a company but a political interest group.

This implies that these acquirers can provide limited or even ineffective production guidance for the German targets, because they do not even know where they themselves should go. The thorny dilemma of talent scarcity has made the issue more severe. The lack of highly skilled managers and employees has severely impaired the production integration. The CEO of acquirer C is a young Chinese graduate from a German university with a chemical major that is utterly irrelevant to die-casting. Some Chinese CEOs of acquirer F can speak neither English nor German.

Discussion

The collected evidence points to some meaningful conclusions that could answer our research questions: how and why the CMNE's dynamic integration paths in Germany took place. Based on the above findings, we revised and extended the theoretical framework of Kale and Singh (2012) to a new model that focuses on CMNEs' dynamic post-acquisition integration in Germany (Figure 3). Figure 3 helps in the elaboration of the discussion.

Our research reveals that in the initial year, CMNEs, both POEs and SOEs acquirers, indeed prefer to take hands-off strategies (i.e. preservation/partnering) with nearly no integration. Our interpretation is that this low-risk strategic preference relates to information asymmetry; that without sufficient mutual understanding, blind integration has potential risks, like employee suspicion or a drain of talent. This observation confirms the extant research on EMNEs. Sun (2018) considered that the novice status of Chinese investors in international market investments induced an unbalanced vision between them and target firms, which reinforced their preference for an effortless integration. However, this may also relate to the strategic position of different-sized targets. Smaller-sized targets with lower strategic priority may receive less attention from acquirers. This point is supported by empirical evidence from

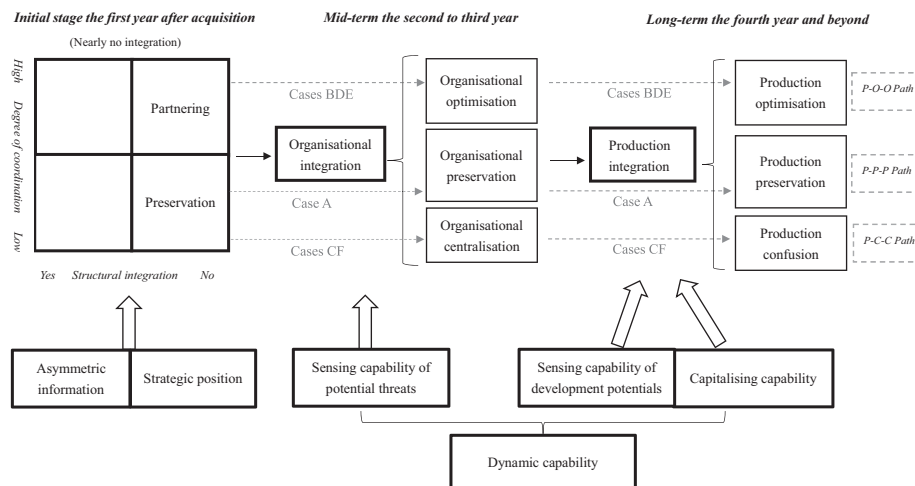


Figure 3. An integrated framework of Chinese dynamic integration paths and influencing factors in Germany

Source: Modified and extended the Kale and Singh's (2012) framework; induced from the research's case studies

established studies ([Gomes et al., 2013](#); [Kitching, 1967](#); [Moeller et al., 2004](#)), which show that acquirers show indifference in post-purchase activities when buying tiny firms.

However, minimal interference seems to be merely the initial step. All of the CMNEs we investigated imposed different degrees of interference in the mid and long terms. Integrating organisational structures and production gradually became the integration focus in later stages. In our interpretation, these sub-stages are not a parallel process, but rather a segmented linear process. Organisational integration follows an initial year of mutual-familiarity and careful observation. There is a likelihood of suboptimal performance if organisational integration is performed before winning the targets' emotional support. Production integration emerges at roughly the same time when organisational integration draws to an end. This is might be mediated by the level of organisational embedding. Production integration could happen rather quickly and effectively if there is a high level of organisational integration and deep interdependencies. In contrast, a lower or ineffective organisational integration might limit the efficiency of production integration and may lead to a failure to reach potential operational synergies. This is consistent with the findings of [Ghoshal and Bartlett \(1995\)](#) and confirms the similar integration trajectory observed by [Birkinshaw et al. \(2000, p. 26\)](#), in which effective human integration (i.e. positive support from targets' employees) facilitates task integration (i.e. operational integration), and acquirers realise synergies through task integration only when the targets' individual units are "operating at an acceptable level".

More specifically, our findings identified three sub-paths: the P-O-O path (Partnering–Organisational Optimisation–Production Optimisation), the P-P-P path (Preservation–Organisational Preservation–Production Preservation) and the P-C-C path (Preservation–Organisational Centralisation–Production Confusion). The P-O-O path experiences a vigorous process from low-key observation to proactive targeted integration of directives. Targets that are in poor managerial health may need proactive intervention from the acquirers to rejuvenate. A consistent vision on the two sides can facilitate these turnaround directives. They may require acquirers who possess a higher capability of perceiving threats from potential targets' in their internal management and human capital. Building on this, production optimisation fostered by clear development perception and a strong firm's specific advantages could bring synergies quickly. High complementarities and interdependence between the two sides bring willingness to enter each other's markets. This proves the statement of [Angwin and Meadows \(2015\)](#) that implementing widespread and far-reaching directive changes actively in a friendly acquisition can capture value creation. Comparatively, considering high product homogeneity, cases in other two paths may not need such a high collaboration but rather need to reduce operational costs and expand sales to gain economies of scale. However, the inability to sense threats may hinder a firm's ability to develop and capitalise on targets' resources, and hence inhibit synergies. The P-P-P path shows some passive, stalled characteristics, with limited non-directive intervention. This might greatly relate to the acquirers' errors on the caution of targets' employees. Meanwhile, this also hints that a timid integration path is more likely to occur in situations where acquirers rely more on the targets' market strength. Comparatively weaker acquirers might find it hard to reverse the passive situation and thus be forced to take the preservation path. This is unanimous with prior research, like what [Siehl and Smith \(1990\)](#) stated, a failure to consider human capital issue can result in resentment throughout the target's ranks and hamper the post-stage integration. The P-C-C path is more likely in small-sized acquisitions initiated by SMEs or majority-owned SOEs in which the targets rely more on the acquirers. With no systematic

directives, this path appears rather aggressive and disordered. Over-dependent on state support, these acquirers lack the necessary integration capabilities; this may trigger organisational centralisation and operational confusion for the targets. Driven by political forces and not commercial logic, majority-owned SOE acquirers might take actions in which administrative considerations outweigh economic considerations, which is different from minority SOE acquirers. This point has been often neglected by most prior research, which regarded all hybrid SOEs to be the same. This point merely agrees with few prior studies. [Musacchio and Lazzarini \(2018\)](#) and [Zhou \(2018\)](#) confirmed that, with little state support, minority SOE acquirers might adopt the same strategy as general POEs acquirers to pursue economic returns, while overprotected by government, majority-owned SOE acquirers tend to be unconcerned with risks and profits and actively respond to state advocacy.

In general, our analysis indicates that taking different integration paths in the mid- and long-term stages may be highly associated with a CMNEs' abilities to sense potential threats and development potentials in a target and capitalise on the targets' resources. The influence of CMNEs' corporate ownership to their integration strategies should not be over-emphasised in these PMI stages. Chinese acquirers with different corporate ownerships might adopt same integration paths, and vice versa, Chinese acquirers with same corporate ownerships might adopt different integration paths, which depend largely on their different sensing and capitalising capabilities. In other words, same as Chinese POEs acquirers who have strong sensing and capitalising abilities, Chinese SOEs acquirers who possess strong capabilities of perception and capitalisation (e.g. minority-owned SOEs) are very likely to take the P-O-O path. On the contrary, Chinese SOEs acquirers with weak perception and capitalisation abilities (e.g. majority-owned SOEs) might take the P-C-C path as same as Chinese POEs acquirers with weak capabilities (e.g. SME). This observation is in line with some documented studies that regard these capabilities as an M&A's "dynamic capability" ([Ćirjevskis, 2017](#); [Helfat and Peteraf, 2003](#); [Helfat et al., 2007](#); [Liu and Deng, 2014](#); [Qiu and Homer, 2018](#); [Wu et al., 2016](#)). [Helfat and Peteraf \(2003\)](#) elaborated that an acquisition-based dynamic capability refers to creating a new resource base and achieving sustainable competitive advantages through identifying industry trends, assessing targets' resources threats and reconstructing targets' developments. [Zahra et al. \(2006\)](#) found that dynamic capability indirectly affects acquisition performance by directly affecting the choices in post-M&A managerial strategies. [Wu et al. \(2016\)](#) perceived that sensing and identifying targets' threats and potentials is the basic foundation of post-stage integration and sizing and capitalising on intra-firm structures and procedures affect the maximised utilisation of external resources. [Deng et al. \(2018, p. 5\)](#) further stressed, "dynamic capabilities are a key antecedent of a firm's strategic choice. These strategic choices are fundamentally shaped by EMNEs' different sets of dynamic capabilities."

Conclusion

Past work identified EMNEs' hands-off strategy from a relatively static view but neglected to disclose the long-term multi-stage dynamic integration changes, which is the originality of our study. Our research reveals that, instead of remaining in the initial preservation or partnering mode, CMNEs shifted their integration strategies in the mid- and long-term stages to organisational integration and then to production integration. There are three sub-path variants: the P-O-O path (partnering–organisational optimisation–production optimisation), the P-P-P path (preservation–organisational preservation–production preservation) and the P-C-C path (preservation–organisational centralisation–production confusion). Our study shows that the antecedents of a CMNEs' initial path of nearly no integration may mostly be

because of asymmetric information or because of the low strategic position of the targets. In the mid and long term, different integration degrees mainly depend on CMNEs' different dynamic capabilities. Corporate ownership of a Chinese acquirer has no notable effect on its integration paths selection in PMI stages.

Implications for theory

We developed our model by modifying and extending the Kale and Singh framework (2012) to reveal how and why CMNEs' integration strategies change and develop in the German market. The crucial difference between our model and the existing framework of EMNEs' post-integration is the dynamic dimension that prior studies appear to neglect. Our research contributes to enlarging the systematic and completeness of the theory system of EMNEs' post-acquisition integration, by adding dynamic elements. This theoretical supplement, we believe, will motivate further studies on PMI evolutions of EMNEs.

Implications for practice

Despite the small samples, our structured observations originate implications for emerging multinationals concerning their international strategy deployment. [Figure 3](#) offers EMNEs' M&A practitioners a better way to distinguish integration directions and prevent integration pitfalls in different integration stages. First, our research indicates that it is very advisable and feasible to preserve or partner with upmarket targets in the first integration year, during which circumspective observation with massive communication and interaction is needed for mutual familiarity and understanding. Then, for targets' suffering from prior managerial flaws, organisational reorganisation and optimisation is necessary. It undoubtedly requires acquirers to be qualified in crisis acuity, including prudentially discerning targets' employees' psychological distances, personalities, ethics, and working competencies before acquisitions to reduce integration resistance. Entering the stage of long-term production integration may rely more on acquirers' own dynamic capabilities to create acquisition value. Particularly, managers of SMEs and majority-owned SOEs acquirers have to bear in mind that merely relying on supportive state forces is far from enough. It is essential to strengthen the acquiring firms' own developmental and capitalisation capabilities to realise successful competition upmarket. In brief, this study provides support for commercial policy management and development by intensifying Chinese acquisition performance in Germany and adding value to the current international M&A context.

Limitations and implications for future research

While the findings obtained bring favourable insights into EMNEs' PMI process, the weakness of qualitative research exists in this study. First, the interview data mainly collected from Chinese acquirers might have a certain bias and detract us from measuring the changes more definitively. Second, due to limited research time, the difficulty in reaching out to larger samples can be treated as another limitation. However, a case study with small samples is done to generate theories rather than to push generalisability to a specific situation ([Yin, 2003](#)); our intention is to present some general conceptual propositions. Noting this, it should be prudent to promote these results to other EMNEs' PMI circumstances in different developed markets. Further extensive quantifiable measurement of these findings in future research would also be meaningful.

References

- Ai, Q. and Tan, H. (2018), "The intra-firm knowledge transfer in the outward M&A of EMNCs: evidence From Chinese manufacturing firms", *Asia Pacific Journal of Management*, Vol. 35 No. 2, pp. 399-425.
- Alaaraj, S., Mohamed, Z.A. and Ahmad Bustamam, U.S. (2018), "External growth strategies and organisational performance in emerging markets: the mediating role of inter-organisational trust", *Review of International Business and Strategy*, Vol. 28 No. 2, pp. 206-222.
- Angwin, D.N. and Meadows, M. (2015), "New integration strategies for Post-Acquisition management", *Long Range Planning*, Vol. 48 No. 4, pp. 235-251.
- Bhabra, H.S. and Huang, J. (2013), "An empirical investigation of mergers and acquisitions by chinese listed companies, 1997-2007", *Journal of Multinational Financial Management*, Vol. 23 No. 3, pp. 186-207.
- Birkinshaw, J., Bresman, H. and Håkanson, L. (2000), "Managing the post-acquisition integration process: how the human integration and task integration processes interact to foster value creation", *Journal of Management Studies*, Vol. 37 No. 3, pp. 395-425.
- Charmaz, K. (2014), *Constructing Grounded Theory (Introducing Qualitative Methods)*, Thousand Oaks, CA.
- Chinese Ministry of Commerce (2017), "2017 Statistical bulletin of china's outward foreign direct investment", *National Bureau of Statistic*, available at: www.stats.gov.cn/tjsj/tjcbw/201810/t20181023_1629260.html (accessed January 2017), pp. 83-157.
- Čirjevskis, A. (2017), "Acquisition based dynamic capabilities and reinvention of business models: bridging two perspectives together", *Entrepreneurship and Sustainability Issues*, Vol. 4 No. 4, pp. 516-525.
- Deng, P., Liu, Y., Gallagher, V.C. and Wu, X. (2018), "International strategies of emerging market multinationals: a dynamic capabilities perspective", *Journal of Management and Organisation*, pp. 1-18.
- Eisenhardt, K.M. (1989), "Agency theory: an assessment and review", *Academy of Management Review*, Vol. 14 No. 1, pp. 57-74.
- Erlingsson, C. and Brysiewicz, P. (2017), "A hands-on guide to doing content analysis", *African Journal of Emergency Medicine*, Vol. 7 No. 3, pp. 93-99.
- Garbuio, M. and Lovallo, D. (2017), "Does organisational politics kill company growth?", *Review of International Business and Strategy*, Vol. 27 No. 4, pp. 410-433.
- Ghoshal, S. and Bartlett, C.A. (1995), "Rebuilding behavioral context: a blueprint for corporate", *Sloan Management Review*, Vol. 37 No. 2, pp. 23-35.
- Gomes, E., Angwin, D.N., Weber, Y. and Yedidia Tarba, S. (2013), "Critical success factors through the mergers and acquisitions process: revealing pre- and post-M&A connections for improved performance", *Thunderbird International Business Review*, Vol. 55, pp. 13-35.
- Graebner, M.E., Heimeriks, K.H., Huy, Q.N. and Vaara, E. (2017), "The process of post-merger integration: a review and agenda for future research", *Academy of Management Annals*, Vol. 11 No. 1, pp. 1-32.
- Greenwood, R., Hinings, C.R. and Brown, J. (1994), "Merging professional service firms", *Organisation Science*, Vol. 5 No. 2, pp. 239-257.
- Gulanowski, D., Papadopoulos, N. and Plante, L. (2018), "The role of knowledge in international expansion: toward an integration of competing models of internationalisation", *Review of International Business and Strategy*, Vol. 28 No. 1, pp. 35-60.
- Haspeslagh, P.C. and Jemison, D.B. (1991), *Managing Acquisitions: Creating Value through Corporate Renewal*, New York, NY.
- He, X. and Zhang, J. (2018), "Emerging market MNCs' cross-border acquisition completion: institutional image and strategies", *Journal of Business Research*, Vol. 93, pp. 139-150.

- Helfat, C.E., Finkelstein, S., Mitchell, W., Peteraf, M., Singh, H., Teece, D. and Winter, S.G. (2007), *Dynamic Capabilities: Understanding Strategic Change in Organizations*, New York, NY.
- Helfat, C.E. and Peteraf, M.A. (2003), "The dynamic resource-based view: capability lifecycles", *Strategic Management Journal*, Vol. 24 No. 10, pp. 997-1010.
- Hoffman, D. (2013), "Second-Wave post-merger integration", Oliver Wyman, available at: www.oliverwyman.com/our-expertise/insights/archive/second-wave-post-merger-integration.html (accessed January 2017).
- Kale, P. and Singh, H. (2012), "Characteristics of emerging market mergers and acquisitions", in Faulkner, D., Teerikangas S. and Joseph, R.J. (Eds), *The Handbook of Mergers and Acquisitions*, Oxford, pp. 545-565.
- Kitching, J. (1967), "Why do mergers miscarry?", *Harvard Business Review*, Vol. 45 No. 6, pp. 84-100.
- Lebedev, S., Peng, M.W., Xie, E. and Stevens, C.E. (2015), "Mergers and acquisitions in and out of emerging economies", *Journal of World Business*, Vol. 50 No. 4, pp. 651-662.
- Lindgren, U. (1982), *Foreign Acquisitions: Management of the Integration Process*, Stockholm.
- Liu, Y. and Deng, P. (2014), "Chinese Cross-Border M&A: past achievement, contemporary debates and future direction", *Advances in Mergers and Acquisitions*, Vol. 13, pp. 85-107.
- Liu, Y. and Woywode, M. (2013), "Light-Touch integration of chinese cross-border M&A: the influences of culture and absorptive capacity", *Thunderbird International Business Review*, Vol. 55 No. 4, pp. 469-483.
- Marchand, M. (2017), "Do all Emerging-Market firms partner with their acquisitions in advanced economies? A comparative study of 25 emerging multinationals' acquisitions in France", *Thunderbird International Business Review*, Vol. 59 No. 3, pp. 297-312.
- Meyer, K.E., Ding, Y., Li, J. and Zhang, H. (2014), "Overcoming distrust: how state-owned enterprises adapt their foreign entries to institutional pressures abroad", *Journal of International Business Studies*, Vol. 45 No. 8, pp. 1005-1028.
- Mirvis, P.H. and Marks, M.L. (2011), "A framework for the human resources role in managing culture in mergers and acquisitions", *Human Resource Management*, Vol. 50 No. 6, pp. 859-877.
- Moeller, S.B., Schlingemann, F.P. and Stulz, R.M. (2004), "Firm size and the gains from acquisitions", *Journal of Financial Economics*, Vol. 73 No. 2, pp. 201-228.
- Musacchio, A. and Lazzarini, S.G. (2018), "State-Owned enterprises as multinationals: theory and research directions", in Cuervo-Cazurra, A. (Ed.), *State-Owned Multinationals*, Springer International Publishing, Cham, pp. 255-276.
- Nahavandi, A. and Malekzadeh, A.R. (1988), "Acculturation in mergers and acquisitions", *Academy of Management Review*, Vol. 13 No. 1, pp. 79-90.
- Qiu, T. and Homer, P.M. (2018), "Cultural fit and the choice of international market entry scale of Chinese firms", *Journal of Global Marketing*, Vol. 31 No. 5, pp. 308-323.
- Rexhepi, G., Ramadani, V., Rahdari, A. and Anggadwita, G. (2017), "Models and strategies of family businesses internationalisation: a conceptual framework and future research directions", *Review of International Business and Strategy*, Vol. 27 No. 2, pp. 248-260.
- Rouzies, A., Colman, H.L. and Angwin, D. (2019), "Recasting the dynamics of post-acquisition integration: an embeddedness perspective", *Long Range Planning*, Vol. 52 No. 2, pp. 271-282.
- Rua, O.L. (2018), "From intangible resources to export performance: exploring the mediating effect of absorptive capabilities and innovation", *Review of International Business and Strategy*, Vol. 28 Nos 3/4, pp. 373-394.
- Schweizer, L. (2005), "Organizational integration of acquired biotechnology firms into pharmaceutical firms: the need for a hybrid approach", *Academy of Management Journal*, Vol. 48 No. 6, pp. 1051-1074.

-
- Siehl, C. and Smith, D. (1990), "Avoiding the loss of a gain: Retaining top managers in an acquisition", *Human Resource Management*, Vol. 29 No. 2, pp. 167-185.
- SMB Consultants (2017), "chinesische akquisitionen in deutschland 2005-2017", available at: www.bvkap.de/sites/default/files/study/studie_china.pdf (accessed February 2017).
- Sun, Z. (2018), "Chinese reverse M&A: the Wu Wei paradigm of post-M&A integration process", *Chinese Management Studies*, Vol. 12 No. 4, pp. 774-794.
- Torres de Oliveira, R. and Rottig, D. (2018), "Chinese acquisitions of developed market firms: home semi-formal institutions and a supportive partnering approach", *Journal of Business Research*, Vol. 93, pp. 230-241.
- van den Oever, K. and Martin, X. (2018), "Fishing in troubled waters? Strategic decision-making and value creation and appropriation from partnerships between public organizations", *Strategic Management Journal*, pp. 1-24.
- Wei, T. and Clegg, J. (2014), "Successful integration of target firms in international acquisitions: a comparative study in the medical technology industry", *Journal of International Management*, Vol. 20 No. 2, pp. 237-255.
- Wu, H., Chen, J. and Jiao, H. (2016), "Dynamic capabilities as a mediator linking international diversification and innovation performance of firms in an emerging economy", *Journal of Business Research*, Vol. 69 No. 8, pp. 2678-2686.
- Yin, R.K. (2003), *Case Study Research: Design and Methods*, Thousand Oaks, CA.
- Zahra, S.A., Sapienza, H.J. and Davidsson, P. (2006), "Entrepreneurship and dynamic capabilities: a review, model and research agenda", *Journal of Management Studies*, Vol. 43 No. 4, pp. 917-955.
- Zheng, N., Wei, Y., Zhang, Y. and Yang, J. (2016), "In search of strategic assets through cross-border merger and acquisitions: evidence from Chinese multinational enterprises in developed economies", *International Business Review*, Vol. 25 No. 1, pp. 177-186.
- Zhou, N. (2018), "Hybrid state-owned enterprises and internationalisation: evidence from emerging market multinationals", *Management International Review*, Vol. 58 No. 4, pp. 605-631.

About the authors

Yanan Yang is a PhD candidate in School of Management at Technical University of Munich, Germany. She obtained her master's degree from Adam Smith Business School in University of Glasgow, UK. Her research area is EMNEs' post-merger integration strategies and organisational culture. Yanan Yang is the corresponding author and can be contacted at: xiaonanyyn@hotmail.com

Prof Dr Christoph Lütge is a Full Professor in School of Management and the chair holder of Peter Löscher Chair of Business Ethics and Global Governance at Technical University of Munich, Germany. His research area is global governance and corporate ethics.

For instructions on how to order reprints of this article, please visit our website:

www.emeraldgroupublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com

This Agreement between Technical University of Munich --- Yanan Yang and Emerald Publishing consists of the license details and the terms and conditions provided by Emerald Publishing.

Licensed Content Publisher	Emerald Publishing
Licensed Content Publication	Review of International Business and Strategy
Licensed Content Title	Dynamic integration paths of emerging multinational enterprises in advanced markets: Empirical evidence from Chinese acquisitions in Germany
Licensed Content Authors	Yanan Yang, Christoph Lütge
Licensed Content Accept Date	5 November 2019 (6 April 2020 published)
Licensed Content Volume	30
Licensed Content Issue	1
Licensed Content Pages	1-23
Type of Use	Thesis/Dissertation
Requestor type	academic/university
Format	print and electronic
Portions	full article/chapter
Thesis/Dissertation Author	Yanan Yang
Thesis/Dissertation Title	Emerging Giants' Up-Market Post-Merger Integration: Modes and Influencing Factors of Chinese Integration in Germany
Supervisor name	Prof. Dr. Christoph Lütge
Institution name	Technical University of Munich
Requestor location	Technical University of Munich Arcisstraße 21, 80333 Munich, Germany

Terms and Conditions

This article is © Emerald Publishing and permission has been granted for the ahead-of-print published version and the officially allocated version to be included in both print and electronic versions of the thesis/dissertation and to appear here (<https://mediatum.ub.tum.de>). Emerald does not grant permission for this article to be further copied/distributed or hosted elsewhere without the express permission from Emerald Group Publishing Limited.

Licenser

Chris Tutill

License Date

15/1/20

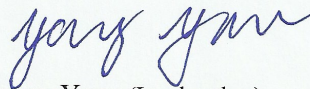
B

Contributions to Publications

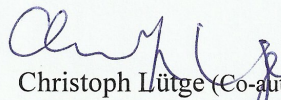
PUBLICATION 1: ORGANISATIONAL CULTURE AFFECTING POST-MERGER INTEGRATION:
NEW INSIGHTS FROM CHINESE REVERSE M&AS IN GERMANY

Published in *Review of International Business and Strategy*, 2019, 2(29), 139–154,
with Christoph Lütge and Hongwei Yang.

- I was responsible for the development of the research question
- I was responsible for the literature review
- Questionnaire design was a joint effort by the team of authors
- Questionnaire distribution was a joint effort by the team of authors
- I was responsible for analyzing the data and writing the article
- As the corresponding author, I was responsible for the submission process and the coordination of the revise and resubmit process
- Article revision were a joint effort by the team of authors

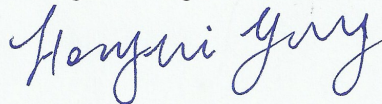


Yanan Yang (Lead author)



Christoph Lütge (Co-author)

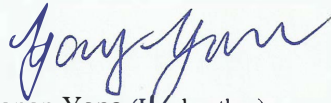
Hongwei Yang (Co-author)



PUBLICATION 2: DYNAMIC INTEGRATION PATHS OF EMERGING
MULTINATIONAL ENTERPRISES IN ADVANCED MARKETS: EMPIRICAL
EVIDENCE FROM CHINESE ACQUISITIONS IN GERMANY

Published in *Review of International Business and Strategy*, 2020, 30(1), 1-23, with
Christoph Lütge.

- I was responsible for the development of the research question
- I was responsible for the literature review
- Searching appropriate samples and interviewees was a joint effort
by the team of authors
- I conducted interviews with interviewees
- I was responsible for analyzing the data and writing the article
- As the corresponding author, I was responsible for the submission
process and the coordination of the revise and resubmit process
- Article revision were a joint effort by the team of authors



Yanan Yang (Lead author)



Christoph Lütge (Co-author)

References

- Alaaraj, S., Mohamed, Z.A. and Ahmad Bustamam, U.S. (2018). “External growth strategies and organizational performance in emerging markets: The mediating role of inter-organizational trust”, *Review of International Business and Strategy*, 28, 206–222. <https://doi.org/10.1108/RIBS-09-2017-0079>
- Angwin, D.N. and Meadows, M. (2015). “New Integration Strategies for Post-Acquisition Management”, *Long Range Planning*, 48, 235–251. <https://doi.org/10.1016/j.lrp.2014.04.001>
- Barrett, P.T. and Kline, P. (1981). “The observation to variable ratio in factor analysis”, *Personality Study and Group Behaviour*, 1, 23–33.
- Birkinshaw, J., Bresman, H. and Håkanson, L. (2000). “Managing the Post-acquisition Integration Process: How the Human Integration and Task Integration Processes Interact to Foster Value Creation”, *Journal of Management Studies*, 37, 395–425. <https://doi.org/10.1111/1467-6486.00186>
- Bijlsma-Frankema, K. (2001). “On managing cultural integration and cultural change processes in mergers and acquisitions”, *Journal of European Industrial Training*, 25, 192–207. <https://doi.org/10.1108/03090590110395807>
- Brockhaus, W. L. (1975). “Model for success in mergers and acquisitions”, *SAM Advanced Management Journal*, 40, 40–49.
- Budaev, S.V. (2010). “Using Principal Components and Factor Analysis in Animal Behaviour Research: Caveats and Guidelines”, *Ethology*, 116, 472–480. <https://doi.org/10.1111/j.1439-0310.2010.01758.x>

Calori, R., Lubatkin, M. and Very, O. (1994). "Control Mechanisms in Cross-border Acquisitions: An International Comparison", *Organization Studies*, 15(30), 361-379.

Chaisse, J. (2017). *China's Three-Prong Investment Strategy: Bilateral, Regional and Global Tracks*, Cambridge University Press. London, UK.

Charmaz, K. (2014). *Constructing Grounded Theory (Introducing Qualitative Methods)*, Thousand Oaks, CA.

Chen, Y., Werle, H. and Moser, R. (2016). "Comparing critical success factors between European M&As in China and Chinese M&As in Europe: A mixed-method analysis", *Journal of Organizational Change Management*, 29, 1217-1236. <https://doi.org/10.1108/JOCM-01-2016-0016>

Chinese Ministry of Commerce. (2017). "2017 Statistical bulletin of china's outward foreign direct investment", National Bureau of Statistic, available at: www.stats.gov.cn/tjsj/tjcbw/201810/t20181023_1629260.html (accessed January 2017), 83-157.

Cirjevskis, A. (2017), "Acquisition based dynamic capabilities and reinvention of business models: bridging two perspectives together", *Entrepreneurship and Sustainability Issues*, 4(4), 516-525.

Cogman, D. and Tan, J. (2010). "A lighter touch for post-merger integration", *McKinsey on Finance*, 34, 8-12.

Creswell, J.W. and Plano Clark, V.L. (2011), *Designing and Conducting Mixed Methods Research*, 2nd Ed., SAGE Publications, Inc., Thousand Oaks, CA.

Creswell, J.W. and Creswell, J.D. (2018). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, SAGE Publications, Inc, Thousand Oaks, CA.

Dawes, J. (2008). "Do data characteristics change according to the number of scale points used? An experiment using 5-point, 7-point and 10-point scales", *International Journal of Market Research*, 50, 61-77.

Denison, D.R., Haaland, S. and Goelzer, P. (2003). "Corporate culture and organizational effectiveness: is there a similar pattern around the world?" *Advances in global leadership*, 3, 205-227. [https://doi.org/10.1016/S1535-1203\(02\)03011-3](https://doi.org/10.1016/S1535-1203(02)03011-3)

Denison, D.R., Adkins, B. and Guidroz, A.M. (2011), “Managing cultural integration in cross-border mergers and acquisitions”, *Advances in Global Leadership*, 6, 95-115.

Deng, P., Liu, Y., Gallagher, V.C. and Wu, X. (2018). “International strategies of emerging market multinationals: A dynamic capabilities perspective”, *Journal of Management & Organization*, 1–18. <https://doi.org/10.1017/jmo.2017.76>

Dunning, J.H. (1995). “Reappraising the eclectic paradigm in an age of alliance capitalism”, *Journal of International Business Studies*, 461-491.

Eisenhardt, K.M. (1989). “Agency theory: an assessment and review”, *Academy of Management Review*, 14(1), 57-74.

Erlingsson, C. and Brysiewicz, P. (2017). “A hands-on guide to doing content analysis”, *African Journal of Emergency Medicine*, 7(3), 93-99.

Field, A. (2009). *Discovering statistics using SPSS*, 3rd Ed., Thousand Oaks, CA.

Franz, M., Bollhorn, K. and Röhrig, R. (2017). Industrial Relations and FDI from China and India in Germany. In Fuchs, M., Henn, S., Franz, M. and Mudambi, R. (Eds.), *Managing Culture and Interspace in Cross-border Investments: Building a Global Company*, 33-42, Taylor and Francis, London.

Frey, L. R., Botan, C. H. and Krepps, G. L. (2000). *Investigating communication: An introduction to research methods*, Allyn & Bacon, Boston.

Fuchs, M. and Schalljo, M. (2016). “‘Western’ professional ethics challenged by foreign acquisitions: German managers’ patterns of interpretation surrounding Chinese and Indian investors”, *Geoforum*, 75, 20–28. <https://doi.org/10.1016/j.geoforum.2016.06.017>

Giessner, S.R., Horton, K.E. and Humborstad, S.I.W. (2016). “Identity Management during Organizational Mergers: Empirical Insights and Practical Advice: Identity Management”, *Social Issues and Policy Review*, 10, 47–81. <https://doi.org/10.1111/sipr.12018>

Gomes, E., Weber, Y., Brown, C. and Tarba, S. Y. (2011). *Mergers, acquisitions, & strategic alliances*, Palgrave Macmillan, Basingstoke, UK.

Gomes, E., Angwin, D.N., Weber, Y. and Yedidia Tarba, S. (2013). “Critical success factors through the mergers and acquisitions process: revealing pre- and post-M&A

connections for improved performance”, *Thunderbird International Business Review*, 55, 13-35.

Hair, J.F., Black, W.C., Babin, B.J. and Anderson, R.E. (2006). *Multivariate Data Analysis*, 6th Ed., Pearson Prentice Hall, Uppersaddle River.

Hanemann, T. and Huotari, M. (2018). “Eu-China FDI: working towards reciprocity in investment relations”, *Merics Papers on China*, 3, 1-44.

Haspeslagh, P.C. and Jemison, D.B. (1991), *Managing Acquisitions: Creating Value through Corporate Renewal*, New York, NY.

Helfat, C.E. and Peteraf, M.A. (2003). “The dynamic resource-based view: capability lifecycles”, *Strategic Management Journal*, 24, 997–1010. <https://doi.org/10.1002/smj.332>

Helfat, C.E., Finkelstein, S., Mitchell, W., Peteraf, M., Singh, H., Teece, D. and Winter, S.G. (2007). *Dynamic Capabilities: Understanding Strategic Change in Organizations*, New York, NY.

Hoffman, D. (2013). “Second-Wave post-merger integration”, Oliver Wyman, available at: www.oliverwyman.com/our-expertise/insights/archive/second-wave-post-merger-integration.html (accessed January 2017).

Hofstede, G., Neujen, B., Daval, O. and Sanders, G. (1990). “Measuring organisational culture, a qualitative and quantitative study across twenty cases”, *Administrative Science Quarterly*, 35(2), 286-316.

Jolliffe, I.T. (1972). “Discarding Variables in a Principal Component Analysis. I: Artificial Data”, *Journal of the Royal Statistical Society. Series C (Applied Statistics)*, 21(2), 160-173. <https://doi.org/10.2307/2346488>

Kavanagh, M.H. and Ashkanasy, N.M. (2006). “The Impact of Leadership and Change Management Strategy on Organizational Culture and Individual Acceptance of Change during a Merger”, *British Journal of Management*, 17, S81–S103. <https://doi.org/10.1111/j.1467-8551.2006.00480.x>

Kale, P. and Singh, H. (2012). Characteristics of Emerging Market Mergers and Acquisitions, in: Faulkner, D., Teerikangas, S. and Joseph, R.J. (Eds.), *The Handbook of Mergers and Acquisitions*, Oxford University Press, 545–565. <https://doi.org/10.1093/acprof:oso/9780199601462.003.0022>

Kitching, J. (1967). “Why do mergers miscarry?”, *Harvard Business Review*, 45(6), 84-100.

Knoerich, J. (2010). “Gaining from the global ambitions of emerging economy enterprises: An analysis of the decision to sell a German firm to a Chinese acquirer”, *Journal of International Management*, 16, 177–191. <https://doi.org/10.1016/j.intman.2010.03.008>

Kumar, N. (2009). “How emerging giants are rewriting the rules of M&A”, *Harvard Business Review*, 87(5), 115-121. https://ink.library.smu.edu.sg/lkcsb_research/5186

Laurent, A. (1986). “The cross-cultural puzzle of international human resource management”, *Human Resource Management*, 25, 91–102.

Lee, D., Kim, K., Kim, T.G., Kwon, S. and Cho, B. (2013). “How and when organizational integration efforts matter in South Korea: a psychological process perspective on the post-merger integration”, *The International Journal of Human Resource Management*, 24, 944–965. <https://doi.org/10.1080/09585192.2012.743474>

Lebedev, S., Peng, M.W., Xie, E. and Stevens, C.E. (2015). “Mergers and acquisitions in and out of emerging economies”, *Journal of World Business*, 50, 651–662. <https://doi.org/10.1016/j.jwb.2014.09.003>

Luo, Y. and Tung, R.L. (2007). “International expansion of emerging market enterprises: A springboard perspective”, *Journal of International Business Studies*, 38, 481–498. <https://doi.org/10.1057/palgrave.jibs.8400275>

Luo, Y. and Tung, R.L. (2017). “A general theory of springboard MNEs”, *Journal of International Business Studies*, 49, 129–152. <https://doi.org/10.1057/s41267-017-0114-8>

Liu, Y. and Woywode, M. (2013). “Light-Touch Integration of Chinese Cross-Border M&A: The Influences of Culture and Absorptive Capacity”, *Thunderbird International Business Review*, 55, 469–483. <https://doi.org/10.1002/tie.21557>

Liu, Y. and Deng, P. (2014). Chinese Cross-Border M&A: Past Achievement, Contemporary Debates and Future Direction, in: Finkelstein, S., Cooper, C.L. (Eds.), *Advances in Mergers and Acquisitions*. Emerald Group Publishing Limited, 85–107. <https://doi.org/10.1108/S1479-361X20140000013004>

- Li, P.P. (2003). "Toward a geocentric theory of multinational evolution: the implications from the Asian MNEs", *Asian Pacific Journal of Management*, 20, 217–242.
- Li, P.P. (2007). "Toward an integrated theory of multinational evolution: The evidence of Chinese multinational enterprises as latecomers", *Journal of International Management*, 13, 296–318. <https://doi.org/10.1016/j.intman.2007.05.004>
- Marchand, M., (2015). "When the South Takes Over the North: Dynamics Of Up-Market Integrations By Emerging Multinationals", *Management*, 18(1), 31-53.
- Marchand, M. (2017). "Do All Emerging-Market Firms Partner with Their Acquisitions in Advanced Economies? A Comparative Study of 25 Emerging Multinationals' Acquisitions in France: Do all emerging market firms partner?", *Thunderbird International Business Review*, 59, 297–312. <https://doi.org/10.1002/tie.21846>
- Mathews, J.A. (2006). "LLL framework: Dragon multinationals: New players in 21st century globalization", *Asia Pacific Journal of Management*, 23, 5–27. <https://doi.org/10.1007/s10490-006-6113-0>
- Meyer, K.E., Ding, Y., Li, J. and Zhang, H. (2014). "Overcoming distrust: How state-owned enterprises adapt their foreign entries to institutional pressures abroad", *Journal of International Business Studies*, 45(8), 1005-1028.
- Morosini, P., Shane, S. and Singh, H. (1998). "National cultural distance and cross-border acquisition performance", *Journal of International Business Studies*, 29(1), 137–158.
- Moeller, S.B., Schlingemann, F.P. and Stulz, R.M. (2004). "Firm size and the gains from acquisitions", *Journal of Financial Economics*, 73(2), 201-228.
- Musacchio, A. and Lazzarini, S.G. (2018). State-Owned Enterprises as Multinationals: Theory and Research Directions, in: Cuervo-Cazurra, A. (Eds.), *State-Owned Multinationals*. Springer International Publishing, Cham, 255–276. https://doi.org/10.1007/978-3-319-51715-5_10
- Nauta, A. and Kluwer, E. (2006). The use of questionnaires in conflict research. In P. Carnevale and C.K.W. de Dreu (Eds.) *Methods of negotiation research*, Leiden: Koninklijke Brill, 121-134.
- Paavola, A. (2014). *Negotiation strategies and offers Perceptions of mergers and acquisitions advisors*. University of Jyväskylä.

- Park, K.M., Meglio, O., Bauer, F. and Tarba, S. (2018). “Managing patterns of internationalization, integration, and identity transformation: The post-acquisition metamorphosis of an Arabian Gulf EMNC”, *Journal of Business Research*, 93, 122-138 <https://doi.org/10.1016/j.jbusres.2018.05.019>
- Pablo A. (1994). “Determinants of acquisition integration level: A decision-making perspective”. *Academy of Management Journal*, 37(4), 803-836.
- PWC. (2016). “Chinesische M&A- Aktivitäten in Deutschland Mai 2016”, available at: https://imaa-institute.org/wp-content/uploads/2016/03/pwc_chinese-acquisitions-in-germany-2016.pdf (accessed June 2016).
- Qiu, T. and Homer, P.M. (2018). “Cultural Fit and the Choice of International Market Entry Scale of Chinese Firms”, *Journal of Global Marketing*, 31, 308–323. <https://doi.org/10.1080/08911762.2017.1411547>
- Rao-Nicholson, R., Khan, Z. and Stokes, P. (2016). “Making great minds think alike: Emerging market multinational firms’ leadership effects on targets’ employee psychological safety after cross-border mergers and acquisitions”, *International Business Review*, 25, 103–113. <https://doi.org/10.1016/j.ibusrev.2015.09.007>
- Ramamurti, R. (2012). “What is really different about emerging market multinationals?”, *Global Strategy Journal*, 2, 41–47.
- Rea, A. and Rea, W. (2016). How Many Components should be Retained from a Multivariate Time Series PCA? 1-49. <http://arxiv.org/abs/1610.03588>
- Rubin B.R., Rubin A.M., Haridakis, P.M. and Piele, L.J. (2010). *Communication research strategies and sources*, 7th Ed., Belmont: Wadsworth Cengage Learning, Boston, MA.
- Sarala, R.M. (2010). “The impact of cultural differences and acculturation factors on post-acquisition conflict”, *Scandinavian Journal of Management*, 26, 38–56. <https://doi.org/10.1016/j.scaman.2009.07.001>
- Schneider, S.C. (1988). “National vs. corporate culture: Implications for human resource management”, *Human Resource Management*, 27, 231–247.
- Schweizer, L. (2005), “Organizational integration of acquired biotechnology firms into pharmaceutical firms: the need for a hybrid approach”, *Academy of Management Journal*, 48(6), 1051-1074.

Sekaran, U. and Bougie, R. (2013). *Research Methods for Business—A Skill Building Approach*, 6th Ed., John Wiley and Sons, West Sussex.

SMB Consultants. (2017). “Chinesische akquisitionen in deutschland 2005-2017”, available at: https://www.bvkap.de/sites/default/files/study/studie_china.pdf (accessed February 2017).

Sun, Z. (2018). “Chinese reverse M&A: the Wu Wei paradigm of post-M&A integration process”, *Chinese Management Studies*, 12, 774–794. <https://doi.org/10.1108/CMS-12-2017-0338>

Siehl, C. and Smith, D. (1990). “Avoiding the loss of again: Retaining top managers in an acquisition”, *Human Resource Management*, 29, 167–185. <https://doi.org/10.1002/hrm.3930290204>

Si, Y. and Liefner, I. (2014). “Cognitive Distance and Obstacles to Subsidiary Business Success-The Experience of Chinese Companies in Germany”, *Tijdschrift voor Economische en Sociale Geografie*, 105(3), 285–300. <https://doi.org/10.1111/tesg.12064>

Shaukat, S.S., Rao, T.A. and Khan, M.A. (2016). “Impact of sample size on principal component analysis ordination of an environmental data set: effects on eigenstructure”, *Ekológia (Bratislava)*, 35(2), 173–190. <https://doi.org/10.1515/eko-2016-0014>

Shearer, C.S., Hames, D.S. and Runge, J.B. (2001). “How CEOs influence organizational culture following acquisitions”, *Leadership & Organization Development Journal*, 22, 105–113. <https://doi.org/10.1108/01437730110389256>

Tabatabaei, S.A.N. and Faramarzi, S. (2015). “Analyzing and Evaluating the Impact of Organizational Culture on Personnel Empowerment (Case Study: Health Insurance of Chaharmahal and Bakhtiari Province)”, *Teknologi Tanaman*, 12(1), 56-62.

Torres de Oliveira, R. and Rottig, D. (2018). “Chinese acquisitions of developed market firms: Home semi-formal institutions and a supportive partnering approach”, *Journal of Business Research*, 93(C), 230-241. <https://doi.org/10.1016/j.jbusres.2018.04.031>

van den Oever, K. and Martin, X. (2018). “Fishing in troubled waters? Strategic decision-making and value creation and appropriation from partnerships between public organizations”, *Strategic Management Journal*, 1-24. <https://doi.org/10.1002/smj.2975>

Wang, S.L., Luo, Y., Lu, X., Sun, J. and Maksimov, V. (2014). “Autonomy delegation to foreign subsidiaries: An enabling mechanism for emerging-market multinationals”, *Journal of International Business Studies*, 45, 111–130. <https://doi.org/10.1057/jibs.2013.40>

Wang, L. and Michaelis, B. (2016). Learning-based Acquisition Capability, M&A Performance, and Post-Acquisition Integration Strategy: A Meta-Analysis. In: Conference paper: 2016 Annual Meeting of the Academy of Management. Anaheim/USA,(1),10419. https://www.researchgate.net/publication/320792154_Acquisition_Capability_MA_Performance_and_Postacquisition_Integration_Strategy_A_Meta-Analysis

Weber, Y., Yedidia Tarba, S. and Reichel, A. (2009). “International mergers and acquisitions performance revisited – the role of cultural distance and post-acquisition integration approach”, *Advances in Mergers and Acquisitions*, 8, 1–17. [https://doi.org/10.1108/S1479-361X\(2009\)0000008003](https://doi.org/10.1108/S1479-361X(2009)0000008003)

Weber, Y., Tarba, S.Y. and Reichel, A. (2011). “A Model of the Influence of Culture on Integration Approaches and International Mergers and Acquisitions Performance”, *International Studies of Management & Organization*, 41, 9–24. <https://doi.org/10.2753/IMO0020-8825410301>

Weitschies, W. (2019). Multinational enterprises from china in Germany: institutional distance, agency and networks. Ernst-Moritz-Arndt-Universität Greifswald.

Wei, T. and Clegg, J. (2014), “Successful integration of target firms in international acquisitions: a comparative study in the medical technology industry”, *Journal of International Management*, 20(2), 237-255.

Wu, H., Chen, J. and Jiao, H. (2016). “Dynamic capabilities as a mediator linking international diversification and innovation performance of firms in an emerging economy”, *Journal of Business Research*, 69, 2678–2686. <https://doi.org/10.1016/j.jbusres.2015.11.003>

Yang, J.Y., Chen, L. and Tang, Z. (2019). Chinese M&As in Germany, Springer International Publishing, Cham. https://doi.org/10.1007/978-3-319-99405-5_3

Yin, R.K. (2003). Case Study Research: Design and Methods, Thousand Oaks, CA.

Zahra, S.A., Sapienza, H.J. and Davidsson, P. (2006). “Entrepreneurship and Dynamic Capabilities: A Review, Model and Research Agenda*”, *Journal of Management Studies*, 43, 917–955. <https://doi.org/10.1111/j.1467-6486.2006.00616.x>

Zhang, Y., Enang, E. and Sminia, H. (2019). “Post-acquisition integration of emerging market multinational corporations: a research agenda”, *Multinational Business Review*, 27, 4–34. <https://doi.org/10.1108/MBR-11-2017-0093>

Zheng, N., Wei, Y., Zhang, Y. and Yang, J. (2016). “In search of strategic assets through cross-border merger and acquisitions: Evidence from Chinese multinational enterprises in developed economies”, *International Business Review*, 25, 177–186. <https://doi.org/10.1016/j.ibusrev.2014.11.009>

Zhou, N. (2018). “Hybrid State-Owned Enterprises and Internationalization: Evidence from Emerging Market Multinationals”, *Management International Review*, 58, 605–631. <https://doi.org/10.1007/s11575-018-0357-z>

Appendix

Appendix I

Questionnaire Survey

The organizational culture that affects Chinese multinationals' post-merger integrations in the German-market

Dear respondents,

This questionnaire survey aims at identifying the main organizational cultural dimensions, in the newly-merged organization you are working at after the acquisition, that affect your Chinese acquirers' post-merger integrations. We sincerely enquire about your valuable opinions and kindly inquire you to answer this survey with your personal preferences. It will take you about 15 minutes. This survey is voluntary. Your answers would be completely confidential and released only in the form of summaries that no individual's answer can be identified.

Given that the survey targets on the ones who have knowledge about the integration process after Chinese acquired German targets, here we propose a premise question: do you participate in the integration decision-making process?

- Yes (Please proceed to answer this questionnaire)
- No (Please do not continue answering this questionnaire)

I.Basic information

1	Your nationality	<input type="checkbox"/> Chinese	<input type="checkbox"/> German
2	Your gender	<input type="checkbox"/> Male	<input type="checkbox"/> Female
3	Your age	<input type="checkbox"/> Under 30	<input type="checkbox"/> 30-50 <input type="checkbox"/> Over 50
4	Your degree	<input type="checkbox"/> Bachelor or lower	<input type="checkbox"/> Master <input type="checkbox"/> PhD or above
5	Your work experience of M&A integrations	<input type="checkbox"/> Less than 1 year	<input type="checkbox"/> 1-2 years <input type="checkbox"/> 2-5 years <input type="checkbox"/> 5-10 years <input type="checkbox"/> Over 10 years

6	Your position	<input type="checkbox"/> Senior	<input type="checkbox"/> Junior	<input type="checkbox"/> Others
7	Nature of your acquirer	<input type="checkbox"/> Joint-venture	<input type="checkbox"/> Private-owned	<input type="checkbox"/> State-owned
8	Your business type	<input type="checkbox"/> Raw materials	<input type="checkbox"/> Bank/Securities	<input type="checkbox"/> Industry
		<input type="checkbox"/> Health care & Pharma	<input type="checkbox"/> Consumer goods	<input type="checkbox"/> Transport & Logistic
		<input type="checkbox"/> Energy and environmental technology	<input type="checkbox"/> Automotive	
9	Employee numbers of your acquirer	<input type="checkbox"/> Less than 50	<input type="checkbox"/> 50-500	<input type="checkbox"/> 500-5000
		<input type="checkbox"/> Over 5000		

II. A single-choice question

There are four ideal modes for emerging multinationals to use when integrating the targets they acquired. Which mode does your Chinese acquirer tend to adopt?

- Preservation (lower integration: with high autonomy; targets are kept intact and operate as before with almost no changes; acquirers rarely intervene in targets' structural and production operations; nearly no communication and activity coordination)
- Partnering (middle integration: with high autonomy; targets are kept intact and operate as before with almost no changes; acquirers rarely intervene in targets' structural and production operations; frequently communication and activity coordination)
- Absorption (higher integration: with rather low autonomy; targets' organizational or operational structures are strongly aligned and standardized with the systems of acquirers' firms; acquirers severely intervene in and control targets' organizational and production operations)

III. To what extent do you think the following organizational culture statements affect Chinese acquirers' integration?

1. Emphasis on product quality rather than simply pursuing efficiency
Completely unimportant ① ② ③ ④ ⑤ Very important
2. Innovation and risk-taking are encouraged and rewarded
Completely unimportant ① ② ③ ④ ⑤ Very important
3. Prefer working individually
Completely unimportant ① ② ③ ④ ⑤ Very important
4. The working atmosphere of flexible working time rather than fixed working time
Completely unimportant ① ② ③ ④ ⑤ Very important
5. Collecting decision-making information from bottom to the top
Completely unimportant ① ② ③ ④ ⑤ Very important
6. Leaders set ambitious but realistic goals

Completely unimportant	①	②	③	④	⑤	Very important
7. Employees believe that they have a positive impact						
Completely unimportant	①	②	③	④	⑤	Very important
8. Information is widely shared that employees can get what they need						
Completely unimportant	①	②	③	④	⑤	Very important
9. Cooperation across different parts of the organization						
Completely unimportant	①	②	③	④	⑤	Very important
10. Business planning involves all employees in the process to some degree						
Completely unimportant	①	②	③	④	⑤	Very important
11. Leaders' emphasize on culture integration						
Completely unimportant	①	②	③	④	⑤	Very important
12. Cooperation of Chinese and German senior staff						
Completely unimportant	①	②	③	④	⑤	Very important
13. Psychological distance of the Germans to their original German groups						
Completely unimportant	①	②	③	④	⑤	Very important
14. Willingness to learn from each other						
Completely unimportant	①	②	③	④	⑤	Very important
15. The attitude of both sides to multiculturalism						
Completely unimportant	①	②	③	④	⑤	Very important
16. All members have a deep understanding of customer wants and needs						
Completely unimportant	①	②	③	④	⑤	Very important
17. Emphasis on employees' capabilities as important competitive advantages						
Completely unimportant	①	②	③	④	⑤	Very important
18. The control of the integration speed						
Completely unimportant	①	②	③	④	⑤	Very important
19. Strategic implementation by mid- and low-level leaders						
Completely unimportant	①	②	③	④	⑤	Very important
20. Leaders' personal charisma						
Completely unimportant	①	②	③	④	⑤	Very important
21. Leaders' communication skills						
Completely unimportant	①	②	③	④	⑤	Very important
22. A clear understanding of future strategy, vision, mission						
Completely unimportant	①	②	③	④	⑤	Very important
23. Staff's attitude or emotional reactions to integration						
Completely unimportant	①	②	③	④	⑤	Very important
24. The turnover rate of top managers						
Completely unimportant	①	②	③	④	⑤	Very important
25. Continuous investment in the skills of employees						
Completely unimportant	①	②	③	④	⑤	Very important
26. Able to meet short-term demands without compromising long-term vision						
Completely unimportant	①	②	③	④	⑤	Very important

Appendix II
SPSS Output of Questionnaire Data

DESCRIPTIVES VARIABLES=Nationality Gender Age Degree Workexperiences Position Companynature Business type Employee numbers
 /STATISTICS=MEAN STDDEV MIN MAX.

Descriptives

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Nationality	67	.0	1.0	.239	.4296
Gender	67	.0	1.0	.373	.4873
Age	67	.0	2.0	.985	.4080
Degree	67	.0	2.0	2.866	.6251
Work experience	67	.0	4.0	3.403	.9702
Position	67	.0	2.0	1.388	1.9691
Company nature	67	.0	2.0	1.493	.7662
Business type	67	.0	7.0	4.090	2.5804
Employee numbers	67	.0	3.0	1.731	1.1492
Valid N (listwise)	67				

FREQUENCIES VARIABLES=Nationality Gender Age Degree Workexperience Position Companynature Business type Employee numbers
 /PIECHART FREQ
 /ORDER=ANALYSIS.

Frequency Table

Nationality				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.0	51	76.1	76.1
	1.0	16	23.9	100.0
Total	67	100.0	100.0	

Gender				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.0	42	62.7	62.7
	1.0	25	37.3	100.0
Total	67	100.0	100.0	

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.0	6	9.0	9.0	9.0
	1.0	56	83.6	83.6	92.5
	2.0	5	7.5	7.5	100.0
	Total	67	100.0	100.0	

Degree					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.0	18	26.9	26.9	26.9
	1.0	40	59.7	59.7	86.6
	2.0	9	13.4	13.4	100.0
	Total	67	100.0	100.0	

Work experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.0	2	3.0	3.0	3.0
	1.0	2	3.0	3.0	6.0
	2.0	5	7.4	7.4	13.4
	3.0	16	23.9	23.9	37.3
	4.0	42	62.7	62.7	100.0
	Total	67	100.0	100.0	

Position					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.0	39	58.2	58.2	58.2
	1.0	5	7.5	7.5	65.7
	2.0	23	34.3	34.3	100.0
	Total	67	100.0	100.0	

Company nature					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.0	3	4.5	4.5	4.5
	1.0	36	53.7	53.7	58.2
	2.0	28	41.8	41.8	100.0
	Total	67	100.0	100.0	

Business type					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.0	6	9.0	9.0	9.0
	1.0	1	1.5	1.5	10.4
	2.0	39	58.2	58.2	68.7
	3.0	5	7.5	7.5	76.1
	4.0	3	4.5	4.5	80.6
	5.0	2	3.0	3.0	83.6
	6.0	1	1.5	1.5	85.1
	7.0	10	14.9	14.9	100.0
	Total	67	100.0	100.0	

Employee numbers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.0	14	20.9	20.9	20.9
	1.0	13	19.4	19.4	40.3
	2.0	17	25.4	25.4	65.7
	3.0	23	34.4	34.4	100.0
	Total	67	100.0	100.0	

```

RELIABILITY
/VARIABLES=Q1 Q2 Q3 Q4 Q5 Q6 Q7 Q8 Q9 Q10 Q11 Q12 Q13 Q14 Q15 Q16 Q17 Q18 Q19 Q20 Q21 Q22 Q23 Q24
Q25 Q26
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/STATISTICS=DESCRIPTIVE.

```

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	67	100.0
	Excluded ^a	0	.0
	Total	67	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.872	26

```

FACTOR
/VARIABLES Q1 Q2 Q3 Q4 Q5 Q6 Q7 Q8 Q9 Q10 Q11 Q12 Q13 Q14 Q15 Q16 Q17 Q18 Q19 Q20 Q21 Q22 Q23 Q24
Q25 Q26
/MISSING LISTWISE
/ANALYSIS Q1 Q2 Q3 Q4 Q5 Q6 Q7 Q8 Q9 Q10 Q11 Q12 Q13 Q14 Q15 Q16 Q17 Q18 Q19 Q20 Q21 Q22 Q23 Q24 Q
25 Q26
/PRINT INITIAL KMO EXTRACTION ROTATION
/FORMAT SORT BLANK(.60)
/CRITERIA MINEIGEN(1) ITERATE(25)
/EXTRACTION PC
/CRITERIA ITERATE(25)
/ROTATION VARIMAX
/SAVE REG(ALL)
/METHOD=CORRELATION.

```

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.735
Bartlett's Test of Sphericity	Approx. Chi-Square	788.916
	df	325
	Sig.	.000

Communalities

	Initial	Extraction
Q1	1.000	.838
Q2	1.000	.755
Q3	1.000	.681
Q4	1.000	.774
Q5	1.000	.790
Q6	1.000	.614
Q7	1.000	.540
Q8	1.000	.798
Q9	1.000	.615
Q10	1.000	.677
Q11	1.000	.834
Q12	1.000	.830
Q13	1.000	.697
Q14	1.000	.738
Q15	1.000	.789
Q16	1.000	.727
Q17	1.000	.589
Q18	1.000	.480
Q19	1.000	.693
Q20	1.000	.647
Q21	1.000	.777
Q22	1.000	.681
Q23	1.000	.663
Q24	1.000	.648
Q25	1.000	.557
Q26	1.000	.545

**Extraction Method: Principal
Component Analysis.**

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.714	29.668	29.668	7.714	29.668	29.668	4.472	17.199	17.199
2	2.175	8.366	38.034	2.175	8.366	38.034	4.185	16.098	33.297
3	1.712	7.585	45.619	1.712	7.585	45.619	1.964	8.553	41.850
4	1.530	5.883	51.502	1.530	5.883	51.502	1.854	7.130	48.980
5	1.409	5.421	56.923	1.409	5.421	56.923	1.511	5.812	54.793
6	1.291	4.965	61.889	1.291	4.965	61.889	1.452	5.584	60.377
7	1.116	4.293	66.182	1.116	4.293	66.182	1.317	5.065	65.441
8	1.028	3.955	70.136	1.028	3.955	70.136	1.221	4.695	70.136
9	.975	3.649	73.786						
10	.921	3.444	77.229						
11	.843	3.143	80.372						
12	.717	2.657	83.028						
13	.649	2.397	85.425						
14	.607	2.236	87.661						
15	.500	1.825	89.487						
16	.468	1.698	91.184						
17	.409	1.475	92.659						
18	.389	1.397	94.056						
19	.319	1.126	95.182						
20	.236	.853	96.034						
21	.221	.851	96.885						
22	.211	.813	97.698						
23	.184	.709	98.407						
24	.156	.601	99.008						
25	.126	.586	99.594						
26	.092	.407	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix^a

	Component							
	1	2	3	4	5	6	7	8
Q20	.766							
Q21	.728							
Q23	.725							
Q19	.700							
Q22	.628							
Q18								
Q17								
Q12		.866						
Q15		.768						
Q11		.758						
Q13		.741						
Q14		.725						
Q16								
Q9			.724					
Q8								
Q2								
Q7								
Q4				.868				
Q26								
Q25								
Q1					-.906			
Q3						.804		
Q10						-.630		
Q6								
Q5							.883	
Q24								-.614

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 8 iterations.

```
RELIABILITY
/VARIABLES=Q1 Q3 Q4 Q5 Q9 Q10 Q11 Q12 Q13 Q14 Q15 Q19 Q20 Q21 Q22 Q23 Q24
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/STATISTICS=DESCRIPTIVE.
```

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	67	100.0
	Excluded ^a	0	.0
	Total	67	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.800	17

```

FACTOR
/VARIABLES Q1 Q3 Q4 Q5 Q9 Q10 Q11 Q12 Q13 Q14 Q15 Q19 Q20 Q21 Q22 Q23 Q24
/MISSING LISTWISE
/ANALYSIS Q1 Q3 Q4 Q5 Q9 Q10 Q11 Q12 Q13 Q14 Q15 Q19 Q20 Q21 Q22 Q23 Q24
/PRINT INITIAL KMO EXTRACTION ROTATION
/FORMAT SORT BLANK(.60)
/CRITERIA MINEIGEN(1) ITERATE(25)
/EXTRACTION PC
/CRITERIA ITERATE(25)
/ROTATION VARIMAX
/SAVE REG(ALL)
/METHOD=CORRELATION.
    
```

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.785
Bartlett's Test of Sphericity	Approx. Chi-Square	429.868
	df	136
	Sig.	.000

Communalities

	Initial	Extraction
Q1	1.000	.843
Q3	1.000	.782
Q4	1.000	.890
Q5	1.000	.707
Q9	1.000	.607
Q10	1.000	.572
Q11	1.000	.788
Q12	1.000	.835
Q13	1.000	.667
Q14	1.000	.742
Q15	1.000	.759
Q19	1.000	.614
Q20	1.000	.606
Q21	1.000	.780
Q22	1.000	.642
Q23	1.000	.705
Q24	1.000	.390

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.566	32.739	32.739	5.566	32.739	32.739	3.625	21.324	21.324
2	1.583	9.310	42.049	1.583	9.310	42.049	3.378	19.872	41.196
3	1.414	8.317	50.366	1.414	8.317	50.366	1.355	7.973	49.169
4	1.197	7.043	57.409	1.197	7.043	57.409	1.211	7.121	56.290
5	1.145	6.737	64.146	1.145	6.737	64.146	1.201	7.062	63.352
6	1.026	6.033	70.179	1.026	6.033	70.179	1.161	6.827	70.179
7	.895	5.265	75.444						
8	.790	4.649	80.092						
9	.717	4.217	84.309						
10	.530	3.116	87.425						
11	.467	2.747	90.173						
12	.422	2.480	92.652						
13	.369	2.171	94.824						
14	.257	1.509	96.333						
15	.249	1.465	97.798						
16	.228	1.343	99.141						
17	.146	.859	100.00						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix^a

	Component					
	1	2	3	4	5	6
Q12	.863					
Q11	.768					
Q14	.765					
Q15	.760					
Q13	.756					
Q21		.785				
Q23		.784				
Q22		.741				
Q20		.741				
Q19		.647				
Q24						
Q3			-.868			
Q10						
Q5				.808		
Q9						
Q1					.906	
Q4						.938

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 7 iterations.

```
SAVE OUTFILE='/Users/yangyanan/Desktop/Questionnairesurvey.sav'
/COMPRESSED.
RELIABILITY
/VARIABLES=Q1 Q3 Q4 Q5 Q11 Q12 Q13 Q14 Q15 Q19 Q20 Q21 Q22 Q23
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/STATISTICS=DESCRIPTIVE.
```

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	67	100.0
	Excluded ^a	0	.0
	Total	67	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.814	14

```

FACTOR
/VARIABLES Q1 Q3 Q4 Q5 Q11 Q12 Q13 Q14 Q15 Q19 Q20 Q21 Q22 Q23
/MISSING LISTWISE
/ANALYSIS Q1 Q3 Q4 Q5 Q11 Q12 Q13 Q14 Q15 Q19 Q20 Q21 Q22 Q23
/PRINT INITIAL KMO EXTRACTION ROTATION
/FORMAT SORT BLANK(.60)
/CRITERIA MINEIGEN(1) ITERATE(25)
/EXTRACTION PC
/CRITERIA ITERATE(25)
/ROTATION VARIMAX
/SAVE REG(ALL)
/METHOD=CORRELATION.
    
```

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.815
Bartlett's Test of Sphericity	Approx. Chi-Square	367.570
	df	91
	Sig.	.000

Communalities

	Initial	Extraction
Q1	1.000	.815
Q3	1.000	.701
Q4	1.000	.839
Q5	1.000	.716
Q11	1.000	.748
Q12	1.000	.834
Q13	1.000	.661
Q14	1.000	.750
Q15	1.000	.767
Q19	1.000	.609
Q20	1.000	.601
Q21	1.000	.770
Q22	1.000	.626
Q23	1.000	.679

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.104	36.457	36.457	5.104	36.457	36.457	3.453	24.665	24.665
2	1.498	10.698	47.155	1.498	10.698	47.155	3.105	22.177	46.842
3	1.283	9.164	56.319	1.283	9.164	56.319	1.237	8.838	55.679
4	1.174	8.384	64.703	1.174	8.384	64.703	1.212	8.655	64.334
5	1.058	7.554	72.257	1.058	7.554	72.257	1.109	7.923	72.257
6	.886	6.329	78.586						
7	.581	4.148	82.734						
8	.542	3.874	86.608						
9	.476	3.398	90.006						
10	.411	2.935	92.940						
11	.298	2.129	95.070						
12	.268	1.915	96.985						
13	.246	1.759	98.744						
14	.176	1.256	100.00						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix^a

	Component				
	1	2	3	4	5
Q12	.870				
Q14	.782				
Q15	.774				
Q13	.772				
Q11	.747				
Q21		.798			
Q23		.784			
Q22		.746			
Q20		.743			
Q19		.634			
Q3			-.733		
Q5			.733		
Q1				.883	
Q4					.895

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 11 iterations.

```

GET
FILE=' /Users/yangyanan/Desktop/Likert*5/DataInput.sav'.
DATASET NAME DataSet2 WINDOW=FRONT.
NONPAR CORR
/VARIABLES=Integration level Factor 1 Factor 2 Factor 3 Factor 4 Factor 5
/PRINT=SPEARMAN TWOTAIL NOSIG
/MISSING=PAIRWISE.

```

Nonparametric Correlations

		Correlations						
		Integrati- on level	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	
Spearman's rho	Integr- ation level	Correlation Coefficient	1.000	-.268*	-.161	.054	-.046	.032
		Sig. (2-tailed)	.	.028	.193	.662	.712	.796
		N	67	67	67	67	67	67
	Factor 1	Correlation Coefficient	-.268*	1.000	.584**	.063	-.083	.103
		Sig. (2-tailed)	.028	.	.000	.615	.504	.406
		N	67	67	67	67	67	67
	Factor 2	Correlation Coefficient	-.161	.584**	1.000	.027	-.027	.032
		Sig. (2-tailed)	.193	.000	.	.831	.828	.798
		N	67	67	67	67	67	67
	Factor 3	Correlation Coefficient	.054	.063	.027	1.000	.076	.022
		Sig. (2-tailed)	.662	.615	.831	.	.541	.860
		N	67	67	67	67	67	67
	Factor 4	Correlation Coefficient	-.046	-.083	-.027	.076	1.000	-.144
		Sig. (2-tailed)	.712	.504	.828	.541	.	.246
		N	67	67	67	67	67	67
	Factor 5	Correlation Coefficient	.032	.103	.032	.022	-.144	1.000
		Sig. (2-tailed)	.796	.406	.798	.860	.246	.
		N	67	67	67	67	67	67

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Oneway ANOVA

ONEWAY FAC5_4 BY Gender

ANOVA

REGR factor score 5 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.135	1	7.135	7.879	.007
Within Groups	58.865	65	.906		
Total	66.000	66			

ONEWAY FAC5_4 BY Age

ANOVA

REGR factor score 5 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.544	2	.772	.767	.469
Within Groups	64.456	64	1.007		
Total	66.000	66			

ONEWAY FAC5_4 BY Degree

ANOVA

REGR factor score 5 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.584	2	1.292	1.304	.279
Within Groups	63.416	64	.991		
Total	66.000	66			

ONEWAY FAC5_4 BY Workexperience

ANOVA

REGR factor score 5 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.919	4	.730	.717	.583
Within Groups	63.081	62	1.017		
Total	66.000	66			

ONEWAY FAC5_4 BY Position

ANOVA

REGR factor score 5 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.438	4	1.609	1.675	.167
Within Groups	59.562	62	.961		
Total	66.000	66			

ONEWAY FAC5_4 BY Companynature

ANOVA

REGR factor score 5 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.970	3	.657	.646	.588
Within Groups	64.030	63	1.016		
Total	66.000	66			

ONEWAY FAC5_4 BY Businesstype

ANOVA

REGR factor score 5 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.106	7	1.301	1.349	.244
Within Groups	56.894	59	.964		
Total	66.000	66			

ONEWAY FAC5_4 BY Employee numbers

ANOVA

REGR factor score 5 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.545	3	1.515	1.553	.210
Within Groups	61.455	63	.975		
Total	66.000	66			

ONEWAY FAC4_4 BY Gender

ANOVA

REGR factor score 4 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.003	1	.003	.003	.955
Within Groups	65.997	65	1.015		
Total	66.000	66			

ONEWAY FAC4_4 BY Age

ANOVA

REGR factor score 4 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.488	2	1.244	1.254	.292
Within Groups	63.512	64	.992		
Total	66.000	66			

ONEWAY FAC4_4 BY Degree

ANOVA

REGR factor score 4 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.345	2	1.173	1.179	.314
Within Groups	63.655	64	.995		
Total	66.000	66			

ONEWAY FAC4_4 BY Workexperience

ANOVA

REGR factor score 4 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.057	4	2.764	3.119	.021
Within Groups	54.943	62	.886		
Total	66.000	66			

ONEWAY FAC4_4 BY Position

ANOVA

REGR factor score 4 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.636	4	2.909	3.318	.016
Within Groups	54.364	62	.877		
Total	66.000	66			

ONEWAY FAC4_4 BY Companynature

ANOVA

REGR factor score 4 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.959	3	.653	.642	.591
Within Groups	64.041	63	1.017		
Total	66.000	66			

ONEWAY FAC4_4 BY Businesstype

ANOVA

REGR factor score 4 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.504	7	.929	.921	.497
Within Groups	59.496	59	1.008		
Total	66.000	66			

ONEWAY FAC4_4 BY Employeeenunbers

ANOVA

REGR factor score 4 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.903	3	.634	.624	.602
Within Groups	64.097	63	1.017		
Total	66.000	66			

ONEWAY FAC3_4 BY Gender

ANOVA

REGR factor score 3 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.219	1	.219	.216	.644
Within Groups	65.781	65	1.012		
Total	66.000	66			

ONEWAY FAC3_4 BY Age

ANOVA

REGR factor score 3 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.057	2	.028	.028	.973
Within Groups	65.943	64	1.030		
Total	66.000	66			

ONEWAY FAC3_4 BY Degree

ANOVA

REGR factor score 3 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.478	2	6.739	8.211	.001
Within Groups	52.522	64	.821		
Total	66.000	66			

ONEWAY FAC3_4 BY Workexperience

ANOVA

REGR factor score 3 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.796	4	.449	.434	.784
Within Groups	64.204	62	1.036		
Total	66.000	66			

ONEWAY FAC3_4 BY Position

ANOVA

REGR factor score 3 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.489	4	.372	.358	.838
Within Groups	64.511	62	1.041		
Total	66.000	66			

ONEWAY FAC3_4 BY Companynature

ANOVA

REGR factor score 3 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.901	3	.967	.965	.415
Within Groups	63.099	63	1.002		
Total	66.000	66			

ONEWAY FAC3_4 BY Businesstype

ANOVA

REGR factor score 3 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.878	7	1.125	1.142	.350
Within Groups	58.122	59	.985		
Total	66.000	66			

ONEWAY FAC3_4 BY Employeeenubers

ANOVA

REGR factor score 3 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.426	3	2.809	3.073	.034
Within Groups	57.574	63	.914		
Total	66.000	66			

ONEWAY FAC2_4 BY Gender

ANOVA

REGR factor score 2 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.077	1	.077	.076	.784
Within Groups	65.923	65	1.014		
Total	66.000	66			

ONEWAY FAC2_4 BY Age

ANOVA

REGR factor score 2 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.330	2	2.665	2.811	.068
Within Groups	60.670	64	.948		
Total	66.000	66			

ONEWAY FAC2_4 BY Degree

ANOVA

REGR factor score 2 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.125	2	.563	.555	.577
Within Groups	64.875	64	1.014		
Total	66.000	66			

ONEWAY FAC2_4 BY Workexperience

ANOVA

REGR factor score 2 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.046	4	.511	.496	.739
Within Groups	63.954	62	1.032		
Total	66.000	66			

ONEWAY FAC2_4 BY Position

ANOVA

REGR factor score 2 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.075	4	.519	.503	.734
Within Groups	63.925	62	1.031		
Total	66.000	66			

ONEWAY FAC2_4 BY Companynature

ANOVA

REGR factor score 2 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.401	3	2.467	2.652	.056
Within Groups	58.599	63	.930		
Total	66.000	66			

ONEWAY FAC2_4 BY Businesstype

ANOVA

REGR factor score 2 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.325	7	.904	.893	.518
Within Groups	59.675	59	1.011		
Total	66.000	66			

ONEWAY FAC2_4 BY Employeeenunbers

ANOVA

REGR factor score 2 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.494	3	.831	.825	.485
Within Groups	63.506	63	1.008		
Total	66.000	66			

ONEWAY FAC1_4 BY Gender

ANOVA

REGR factor score 1 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.234	1	.234	.231	.632
Within Groups	65.766	65	1.012		
Total	66.000	66			

ONEWAY FAC1_4 BY Age

ANOVA

REGR factor score 1 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.710	2	3.355	3.621	.032
Within Groups	59.290	64	.926		
Total	66.000	66			

ONEWAY FAC1_4 BY Degree

ANOVA

REGR factor score 1 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.479	2	.240	.234	.792
Within Groups	65.521	64	1.024		
Total	66.000	66			

ONEWAY FAC1_4 BY Workexperience

ANOVA

REGR factor score 1 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.600	4	.400	.385	.818
Within Groups	64.400	62	1.039		
Total	66.000	66			

ONEWAY FAC1_4 BY Position

ANOVA

REGR factor score 1 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.507	4	1.127	1.136	.348
Within Groups	61.493	62	.992		
Total	66.000	66			

ONEWAY FAC1_4 BY Companynature

ANOVA

REGR factor score 1 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.672	3	.891	.886	.453
Within Groups	63.328	63	1.005		
Total	66.000	66			

ONEWAY FAC1_4 BY Businesstype

ANOVA

REGR factor score 1 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.194	7	1.171	1.195	.320
Within Groups	57.806	59	.980		
Total	66.000	66			

ONEWAY FAC1_4 BY Employeeenunbers

ANOVA

REGR factor score 1 for analysis 4

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.152	3	.051	.049	.986
Within Groups	65.848	63	1.045		
Total	66.000	66			

Appendix III

Interview Questionnaire

Modes and influencing factors of Chinese multinationals' post-merger integrations in the German market

Dear respondents,

This interview aims at identifying the modes and potential changes and influencing factors of Chinese acquirers' post-merger integrations in the German markets. We sincerely enquire you to share your valuable opinions according to your personal experience. It will take you about 40 minutes to 1 hour. This interview is voluntary. Your answers would be completely confidential and released in anonymous.

I. When starting the integration after deals closed

Structural integration:

1. Before the acquisition, how about the organizational structure and management style of the German target? (e.g. departments allocation; the decision-making process; leadership style; business philosophy, etc.).

2. What adjustments or intervenes your Chinese acquirer made to the German target's organizational structures? e.g.

(1). How about the autonomy of German top managers? Were there any personnel changes to the German top management team?

(2). How about the German target's reporting process to your Chinese parent firm?

(3). How about the communication of your Chinese shareholder with the German target: Did your Chinese shareholder come to visit the German target frequently? How much direct communication was there between your Chinese shareholder with the German target?

- (4). How about the permeation of Chinese into the German targets: How many Chinese managers and employees were dispatched into the German targets? What positions did they hold? How much decision-making power the Chinese managers have? What kind of leadership style these Chinese managers have? How about the cooperation and communication between them and German managers and ordinary employees? (e.g. how they deal with the disagreement?) How about the working atmosphere?
3. How about the attitudes of the Germans to these adjustments or intervenes? (resist or support?) How did Chinese acquirers deal with the Germans' reactions?
4. Do you think why Chinese acquirers adopted these integration strategies?

Activity coordination:

1. How did your Chinese acquirer integrate the production and operations of the German target? (e.g. technical coordination; production modes; markets segmentation; customer positioning, etc.).
2. How much did both sides utilize each other's production resources?
3. What was the perception of Germans about Chinese acquirers' these interventions? How did your Chinese acquirer cope with the reactions of the Germans?
4. Do you think why your Chinese acquirers adopted these integration strategies?

II. Later changes:

1. About how long the above-mentioned integration strategies last? Were there any integration strategic changes later? If there were changes, about when the changes happened? What changes happened? Please state the changes from the two perspectives of organizational structures and production operations.
2. How about the attitudes of the German employees to your Chinese acquirer's strategic changes? How did your Chinese acquirer cope with the reactions of the Germans?
3. Do you think why your Chinese acquirer changed or did not change their integration strategies later?

Notes: these questions were adjusted flexibly (revision/addition/delete/further developed) during the interviews according to the respondents' different identities and knowledge boundaries; meanwhile, the basic interview structure was retained to ensure the data comparability.

Appendix IV
MAXQDA12 Output of Interview Coding

Home Import Codes Variables Analysis Mixed Methods Visual Tools Reports Stats MAXDictio

New Project Open Project Document System Code System Document Browser Retrieved Segments

Merge Projects Save Project As Save Anonymized Project As Project from Activated Documents

Open Exchange File Export Exchange File

External Files

Code System	Count
Code System	849
CMNEs' dynamic integration paths in Germany	0
Nearly no integration (1st year after acquisition)	0
Preservation (Case A)	0
kept all target's resources as original	7
granted target's managers with high autonomy	3
don't interfere but passively offered suggestions	8
little communication & activities interaction	9
target's rejection to the CMNE	7
Partnering (Cases BDE)	0
Partnering (Case B)	0
kept all target's resources as original	13
granted target's managers with high autonomy	2
don't interfere with targets but passively offered suggestions	4
active communication	4
market activities interactions	0
mutual personal rotations	3
Partnering (Case D)	0
kept all target's resources as original	4
granted target's managers with high autonomy	4
don't interfere with targets but passively offered suggestions	4
active communication	4
market activities interactions	23
mutual personal rotations	4
Partnering (Case E)	7
kept all target's resources as original	0
granted target's managers with high autonomy	14
don't interfere with targets but passively offered suggestions	0
active communication on technology	4
market activities interactions	20
mutual personal rotations	5
Partnering (Case F)	0

Home Import Codes Variables Analysis Mixed Methods Visual Tools Reports Stats MAXDictio

New Project Open Project Document System Code System Document Browser Retrieved Segments Logbook Teamwork Save Project As Save Anonymized Project As Merge Projects Open Exchange File Export Exchange File Project from Activated Documents

Code System	Count
Preservation (Cases CF)	0
Preservation (Case C)	0
kept all target's resources as original	8
merged brands quickly	0
granted target's managers with high autonomy	0
hardly communication & activities interaction	13
acquirer's indifference to the target	6
Preservation (Case F)	0
kept all target's resources as original	9
merged brands quickly	0
granted target's managers with high autonomy	5
hardly communication & activities interaction	14
acquirer's indifference to the target	0
Organisational integration (2nd - 3rd year)	0
Organisational preservation (Case A)	0
no significant changes	6
CEO's replacement	6
Organisational optimisation (Cases BDE)	0
Organisational optimisation (Case B)	0
integrated with targets' organisational operations actively	16
integrated targets' organisational systems with parent firm	2
Organisational optimisation (Case D)	0
interfered with targets' organisational operations actively	18
integrated targets' organisational systems with parent firm	4
Organisational optimisation (Case E)	0
interfered with targets' organisational operations actively	30
integrated targets' organisational systems with parent firm	9
Organisational centralisation (Cases CF)	0
Organisational centralisation (Case C)	0
acquirers controlled everything	24
targets' autonomy deprived & employee fired	21

Home Import Codes Variables Analysis Mixed Methods Visual Tools Reports Stats MAXDictio

New Project Open Project Document System Code System Document Browser Retrieved Segments

Teamwork

Merge Projects Save Project As Save Anonymized Project As Project from Activated Documents

Open Exchange File Export Exchange File

External Files

Code System	Count
need time to know each other	9
Strategic position (Cases CF)	0
Strategic position (Case C)	0
small size	0
low strategic position	2
less managerial attention	2
Strategic position (Case F)	5
small size	0
low strategic position	2
less managerial attention	1
Antecedents for 2nd - 3rd years organisational integration	3
Sensing capability of potential threats	0
Sensing capability of potential threats (Case A)	0
sensing targets' internal managerial flaws	4
sensing targets' human capital	20
Sensing capability of potential threats (Case B)	7
sensing targets' internal managerial flaws	7
sensing targets' human capital	27
Sensing capability of potential threats (Case D)	0
sensing targets' internal managerial flaws	15
sensing targets' human capital	26
Sensing capability of potential threats (Case E)	0
sensing targets' internal managerial flaws	14
sensing targets' human capital	18
Sensing capability of potential threats (Case C)	0
sensing targets' internal managerial flaws	7
sensing targets' human capital	17
Sensing capability of potential threats (Case F)	0
sensing targets' internal managerial flaws	5
sensing targets' human capital	0
Antecedents for 4th year and beyond production integration	0

The output of MAXQDA 12 for six cases' interview materials (coded & organised, Author: Yaman Yang, Date: 03.2018 - 09.2019 (updated)) CWINEs' dynamic integration paths in the German market		
Third-Order Dimensions	Second-Order Themes	Initial-Order Constructs
Nearly no integration (1st year after acquisition)	Preservation (Case A)	Statements/Examples
	kept all target's resources as original	<ol style="list-style-type: none"> "[The acquirer] promised no layoffs until 2020" [Second-Hand material] "[The acquirer] committed to maintaining it [the target] until at least 2020. The brand remains intact and the relationship with suppliers has not changed." [Second-hand material] "their own internal finances are still those of previous Germans" [Deputy general manager] "The CFO is still their original internal German manager[Deputy general manager]" "basically, we support them financially" [CLO] "they let us as we were as original... going on our own way" [Founder] "They kept their promises." [Founder]
	granted target's managers with high autonomy	<ol style="list-style-type: none"> "We have positioned it as an independently managed company since the acquisition, so it's its own elite team who making elite decisions." [CLO] "Of course, its decisions should be subject to be influenced by the requirements of the parent firm's board of directors." [CLO] "So far, we still show our respects they, as a German firm, make decisions in accordance with the German way and their understandings of the operating market." [CLO]
	don't interfere but passively offered suggestions	<ol style="list-style-type: none"> "We manage the financial accounts of all our European subsidiaries in a unified way ... t's [the target] operating conditions must be reported to us in aggregate, and then we report it to our domestic parent firm." [Deputy general manager] "For docking and assisting work, including product and marketing support, we basically auxiliary them and take them as the lead. We do not interfere with them too much. We only feedback to China through monthly or regular financial analysis." [Deputy general manager] "Basically, Chinese executives do not manage. They just want to understand and give us operating space." [Founder] "Chinese appoints him [CLO] only as a supervisor, and he is not allowed to participate in our operating level, so actually, he has no real power. He can only have some suggestions rights." [CLO] "I just suggest them but I don't interfere with them, it's OK that they would be willing to adopt it or not." [Deputy general manager] "Don't interfere too much with them, just simply remind them. Even if they do something wrong, or insist on doing so, we still do not interfere. Why? After all, there is no effect in the short term. It may not be effective in the short term, but might be good in the long term. We have a longer-term vision." [Deputy general manager] "They do not make any influence." [Founder] "As the CLO here, I am responsible for passing the requirements of the domestic board to the German management team, and also helping them communicate their ideas to the headquarters. Meanwhile, I will combine Chinese requirements with the German team to promote our work or discuss some possibilities on how to make our work better. But we will not command them directly. This won't work." [CLO]
	little communication & activities interaction	<ol style="list-style-type: none"> "The domestic chairman doesn't come to Germany very often. He basically doesn't come. Once or twice a year." [Deputy general manager] "There are just regular management meetings, mostly done by Skype. However they are just informing themselves but not making any influence." [Founder] "Only he [CLO] here coordinate. But he is not active" [Founder] "Not at all. He [CLO] does not at all make decisions, he is the delegation and coordinator. Formally, there are one or two Chinese managers coming from Chinese top level. But they can't make any influence" [Founder] "There only some Chinese engineers who are here learn our designed matters and designed machines" [Founder] "I think the employees rotation is at very low level, because even though you can speak German, it takes long time to be influenced by our thinking, our emotions." [Founder] "In some cases, they [the rotated Chinese engineers] are working among themselves as a small Chinese group." [Founder]

<p>target's rejection to the CMVNE</p>	<ol style="list-style-type: none"> 1. "Chinese engineers were sent to Germany. However, the German side has the right to decide how many it could welcome, as too many apprentices would interrupt its own workflow and routine." [Second-hand material] 2. "The German side refuse to split its R&D team to the Chinese parent firm and merely contribute small profit to Chinese in the 1st year after the acquisition." [Second-hand material] 3. "They have great dignity and they insist on their operating ways, no matter making money or not." [M&A Director] 4. "Mainly governed by their people, including their work or management. Regardless of whether to complete work or not, they persist in their old ways. They do not change. We feel they are a lack of vitality. We failed to mobilised their enthusiasm." [Deputy general manager] 5. "They have their own plans. To them, it is the plan that they can implement is a "performance plan". If they do not approve the plan required by parent firm, they would indicate clearly that they will not sign the plan" [Deputy general manager] 6. "There is no need for our employees to go to China and learn from China." [Founder] 7. "As our subsidiary company, from the perspective of the Chinese board of directors, it should follow the will of the parent firm on important matters, including the scheduling and progress of important matters. But they often emphasise that they, as an independent firm, must follow the German way." [CLO]
<p>Partnering (Cases BDE)</p>	
<p>Partnering (Case B)</p>	<p>kept all target's resources as original</p> <ol style="list-style-type: none"> 1. "The acquirer allows the target to continue its financial auditing system and hired a professional fiscal institution to conduct a comprehensive audit of the target in each financial year and evaluate its annual financial status." [Second-hand material] 2. "The financial reporting system has not changed so much. We basically use their original finances systems." [Director _ P&SC department] 3. "It has no need to worry too much about changing them at the beginning." [Director _ P&SC department] 4. "Our current supervisory board and management have worked in the company for more than a decade" [Director _ HR] 5. "We are not responsible for day-to-day operations. All operations are made by their original team." [Global M&A principle] 6. "After the acquisition, the original management is basically retained because their management's industry experience is relatively rich, and they have stayed a quite long time in the company as well." [Director _ P&SC department] 7. "So far, their management team members are all promoted internally, like CFO etc." [Global M&A principle] 8. "A woman in charge of finance was sent from China. She had worked in Germany for many years before. This position was also taken over by a Chinese colleague after her departure." [Director _ M&A department] 9. "When the acquisition was completed, the original CEO and CFO retired because they were nearly 60. After that, the retired CEO was then transferred to the chairman of the Supervisory Board. At the same time, he and the retired CFO now serve as group advisors. They play a considerable role in the group's considerable decision-making, strategy, especially M&A and integration, including the selection and negotiation of a large number of U.S. corporate acquisitions, the preparation of the integration plan for the first half of the acquisition. Meanwhile, we promoted two new CEOs and CFOs from the inside. Both of them are internal employees and have been in the firm for many years." <p>[Global M&A principle]</p>
<p>granted target's managers with high autonomy</p>	<ol style="list-style-type: none"> 1. "The first year is still mainly to communicate with China's business" [Director _ P&SC department] 2. "The promotion and salary increase of employees is determined by itself [the target]. The headquarter does not interfere, and at the most only review. But when it comes to the executive level, it is based on the opinions of the headquarter." [Global M&A principle]
<p>don't interfere with targets but passively offered suggestions</p>	<ol style="list-style-type: none"> 1. "Their directors make regular reports. We don't care about their very small things, such as how they go for projects, their R&D direction. What we care about is their financial indicators, like how many sales they could get this year, how much profit they can earn, or how many new orders they can get. These are what we want." [Director _ P&SC department] 2. "I do n't need to monitor its daily routine, I just need to set my goals" [Director _ P&SC department] 3. "We are only responsible for communication. We can communicate their claims with the parent firm. We are not working on how their projects are done or how their factories are built, which are all the responsibilities of the original German management." [Global M&A principle]

<p>active communication & market activities interactions</p> <ol style="list-style-type: none"> 1. "General managers of their subsidiaries have to visit in each factory at least twice a year to arrange some tasks or propose some goals for the entire daily operation. Every two months, they have to go to the headquarter to participate in global manager conferences. There are many subsidiaries and headquarter issues that need to be coordinated." [Director-HR] 2. "He [the Chinese shareholder] played a big role at the beginning of integration because he was very deep in the business. He actively participated supervisory board every time and also communicated closely with the German management. His participation actually played a very large role in integration. He is the chairman of the German Supervisory Board." [Director-M&A] 3. "The supervisory board is held once a quarter and meets with the top managers twice a quarter." [Director _ P&SC department] 4. "His [the Chinese shareholder] frequency of direct communication with Germany is very high." [Director _ P&SC department] 5. "My work is basically daily meetings, various business meetings or periodic review meetings, so basically I can get feedback from employees at these meetings, like where the process is not good or what kind of results. Every time, employees are encouraged to put forward their ideas and opinions based on facts so that the entire German group is more willing to accept us." [Director _ P&SC department] 6. "At the beginning after the acquisition, the degree of participation should be relatively high, at least the degree of communication should be high. If you leave it [the target] alone, after a long time, they will form a habit, and then if suddenly tightening your management, some negative emotions might be induced. They might think you don't trust them or you think they are not doing well enough." [Director _ P&SC department] 7. "Promoting the integration I think that both middle and senior levels need someone to participate." [Director-M&A] 8. "They have regular communication mechanisms, such as regular systems or semi-annual and annual supervisory boards. We monitor and adjust their strategy, finance, and other aspects mainly through the Supervisory Board because the German Supervisory Board has strong power ... financially they communicate with us according to the monthly, semi-annual financial regulations" [Director-M&A] 9. "There were many "workshops" after the acquisition. Different departments of the two parties docked with each other. We draw up an integration plan for the first month, the first three months, the first half-year and the first year after the acquisition. During the process, the so-called monitoring will occur regularly to check problems." [Global M&A principle] 10. "From the beginning of the acquisition, we have held staff meetings regularly every six months or every year to announce financial data for the year and also the real developments. For the ordinary staff, they don't understand the financial data or don't care, but they could see the equipment is updated, a new research centre is built, the number of new employees is increasing, and the factory building is expanding, as well as their income has grown, so they will trust us more and more." [Director-M&A] 11. "He [Chinese shareholder] often comes here, and basically comes once every two months. Sometimes the frequency is very high. It is possible to come twice or three times a month, or sometimes once every two months." [Director-HR] 12. "It should maintain a certain rhythm and a certain frequency to interfere with some of their decisions." [Director-P&SC department] 13. "We don't control their decision details, but we control it through the financial data. There are financial statistics and analysis on a weekly, monthly, quarterly, semi-annual and annual basis." [Director-M&A department] 	<p>mutual personal rotations</p> <ol style="list-style-type: none"> 1. "We have done some employee rotation projects before, and employees at least the department manager level have participated." [Director _ P&SC department] 2. "Not only for the management of the two parties but also for the mid-level and ordinary employees, we also have regular communication mechanisms. For example, they regularly send some German experts and employees to the Chinese parent company, in short-term or long-term stays, two weeks or half a year, or even a year or more like long-term stays, to guide the parent firm's employees. At the same time, Chinese employees of the parent company will be sent to Germany for training in regular or irregular batches. These processes will enhance mutual understanding of the culture and real operational conditions of both sides." [Director-M&A] 3. "On one hand for employees who are going to China for rotation and Chinese employees who are coming to Germany for rotation, they [the target] usually make presentations on both sides's situations to them. On the other hand, those who have rotated also intercommunicate both sides' conditions as well. Some people may have rotated only once, and some always rotated. Also, there are some subjectively wish to participate more in such rotation exchanges." [Director-M&A]
<p>Partnering (Case D)</p>	<p>kept all target's resources as original</p> <ol style="list-style-type: none"> 1. "The original German employees [400] were all kept and their products continue to use their original German trade label." [Second-hand material] 2. "We didn't adjust their management team after the acquisition." [MD _ Advisory Board] 3. "We have retained their executives, middle-level managers, and all employees." [MD _ Advisory Board] 4. "Our finance department is making very special report for the headquarter. That's very detailed." [CFO]

<p>granted target's managers with high autonomy</p>	<p>1. "All day-to-day business is done by their original management and ordinary staff. We did not intervene in their daily work." [Director _ Technical department _ Acquiring firm] 2. "We Chinese are not involved in their specific operations. For example, we will not intervene in how to visit customers and rush orders. However, we will set goals for them, for example, how much profit must be made this year." [Director _ Technical department _ Acquiring firm] 3. "I won't control their normal operations, like how to sign contract with customers, but the operational direction must be correct. For example, I suddenly discovered that they were making a type of product but they don't know how much could be sold in the future, for this, I will definitely not let them continue to do so." [MD _ Advisory Board]</p>
<p>don't interfere with targets but passively offered suggestions</p>	<p>1. "It is the work we are doing to control the overall management of the enterprise, such as strategy, investment, and financial management." [MD _ Advisory Board] 2. "I was appointed as the chairman of the advisory committee." [MD _ Advisory Board] 3. "The chairman of the advisory committee is held once a month and the board of directors is held every three months. I am the adviser and chairperson and I chair the meetings." [MD _ Advisory Board] 4. "He [the M&D Advisory Board] helps German executives a lot, by noticing our shareholders that these German executives are really working hard, and they [German executives] found that he can indeed help them win something from the shareholder" [Director _ Technical department _ Target firm]</p>
<p>active communication</p>	<p>1. "We fully communicated with the employees here, including its management, key employees, and labor unions. Tell them why we want to acquire them. Because we think strategically, and we are not a financial investor. We consider a long-term rather than a short-term investment." [MD _ Advisory Board] 2. "We invested here by building a new factory for them. We invested 58 million Euros in the second half of 2013 to start building this new factory, letting German employees feel that we are indeed a long-term investor, not a short-term one. They are not only listening to what you say, but caring about your actual actions." [Director _ Technical department _ Acquiring firm] 3. "Tell both parties how to deal with differences in the way they work. Understand each other first, do not confront each other. How could everyone respect each other? If it is considered normal according to Chinese, but the German side thinks it is abnormal, we will tell the German employees why this is normal for the Chinese, and they will understand clearly. Meanwhile, we also tell our Chinese employees that we are working in Germany and what we should do in accordance with German customs. Chinese employees are also slowly changing. So everyone is constantly changing, accepting each other's culture, gradually deepening their understanding, and communication becomes easier." [MD _ Advisory Board] 4. "When encountering problems or some contradictions. In the bud, we would tell them what's going on in time, and we then would continually adjust and communicate with each other later." [MD _ Advisory Board] 5. "Now our communication is to make an appointment in advance. In China, it is not necessary. Whenever I ask for a meeting in China, I will have a meeting immediately. This is a Chinese working habit. But when meeting with Germans, you need to determine if the relevant key personnel have time. If they don't have time, the secretary should arrange a time that everyone is suitable for." [MD _ Advisory Board] 6. "Communication is an eternal work." [MD _ Advisory Board] 7. "We must communicate. We cannot say they have to exactly do on how long we ask them to do. We negotiate. What do we communicate with them? We first need to understand the whole process and tell them whether we can shorten it, like cutting from three months to two months. You have to convince him to let him recognise your idea. If you can't convince him, he will find it difficult to accept your point. So there must be a lot of communication in the process. For example, we want to develop a new product. According to them, the schedule is three years, we feel that three years is too long, so we tell them to know that we have a maximum of two years. Because the market gives us two years, otherwise it makes no sense for us to develop this product. Therefore, we constantly communicate with German employees, especially with their R&D personnel. They are also thinking of ways to shorten time at each stage of the process. But it must be shortened on the basis of retaining the original product quality. In the end, both of us reached a consensus, just two years. It also turns out that we have finished developing this product in two years." [Director _ Technical department _ Acquiring firm] 8. "I'm here in Germany, they [the target] just need to report to me, so that the feedback is quick." [MD _ Advisory Board] 9. "When he [MD _ Advisory Board] just arrived, he talked with each of the German senior officials and key backbones, including all-level managers and supervisors, for two hours to communicate with them about their opinions of the firm condition, or about their suggestions for our Chinese job performance,</p>

	<p>or any suggestions for the next step development." [Director _ Technical department _ Target firm]</p> <p>10. "Our Chinese shareholder comes several times a year and meets with German executives once a quarter basically to discuss the current operation of the company and some important R&D projects." [Director _ Technical department _ Target firm]</p> <p>11. "All their [three German executives] offices are next to each other, and he often chats with them in his office. Also, we have a weekly meeting with them to discuss sales, marketing, and production." [CRO]</p> <p>12. "No matter what kinds of conditions, I think it is necessary to be honest." [Director _ Technical department _ Acquiring firm]</p> <p>13. "Repeat your message is important for communication" [CRO]</p> <p>14. "A line meeting happens weekly and monthly basis. What the shareholder wants, what the German management teams think, should be in the line. There should be only one message. You cannot have a chaotic management style. A decision between our MD and our Chinese shareholder and our German management team is that there is a clear, coordinate path about how things should be done. Our shareholders communicate with the German management team directly." [CRO]</p> <p>15. "I think the whole work thing is 'comprise', you have to do what customer need. The real targets China or German need, we have to comprise what is the best way for both sides. Communication is the key." [CRO]</p> <p>16. "We have training in cultures. A lot of guys from China training Chinese culture, vice versa." [Director _ Technical department _ Target firm]</p> <p>17. "When we have some business meetings from the whole factory, our Chinese shareholder would speak and let us know what China thinks, so everybody in the factory can more understand what is going on. So I mean that is the key communication. Our big Chinese boss giving such a big speech to the whole factory is a good way to understand what they want or what they think, to let everyone know what has happened. You know, we have a lot of workers in the production line or other lines, they never have contacts with Chinese guys as they only see the Chinese guys when they go to the restaurant, or one day go back from work home they sometimes see the Chinese guys. But they never speak with them. So for these workers, when we have business meetings for the whole factory, they could understand more and more what the Chinese think and what the Chinese do. When our Chinese shareholder speaking, every German worker or every German guy can ask him questions about what they think, what they do, etc., every idea they can ask him directly." [Director _ Technical department _ Target]</p> <p>18. "If they have any difficulties, I can help them give feedback to our Chinese shareholders. For example, they made a loss after the acquisition. I help them to negotiate with the Chinese shareholder that it is allowed to lose 2 million or 3 million in the first year." [MD _ Advisory Board]</p>
<p>market activities interactions</p>	<ol style="list-style-type: none"> "I'm here also playing as a bridge role in technology and sales. We have other people as well, various people like in the purchasing department, the production department, and the technical department. And in the future, our shareholder will also bring people from other departments, such as those from the Quality Department, to let them learn new things and also let German employees to learn from them." [Director _ Technical department _ Acquiring firm] "We recently did a project to develop hydraulic systems for excavators. There are many departments involved in this project, including casting, processing, production, purchasing, and quality. We now have a meeting in China every week, and a Sino-German meeting on this project every month. Now it is going very smoothly. We are always initiating this kind of integration." [Director _ Technical department _ Acquiring firm] "... Dinner together, visit China...they [the acquirer] has good relationships with German universities. It [the acquirer] is big in Europe and has industry associations with German government; banking relationship; positioning it as a good employer who has talents and can compete with German companies." [CRO]
<p>mutual personal rotations</p>	<ol style="list-style-type: none"> "At the company's specific business level, we send colleagues in charge of marketing, products, and R&D to Germany to learn and train meanwhile to participate in the company's specific business. After training for one to two years in Germany, these employees returned to work in a joint venture based in China." [Second-hand material] "Up to now, 40 Chinese employees have been sent to work here." [Director _ Technical department _ Acquiring firm] "We play football together once a year. We are divided into many teams, like technical teams and production teams. There will be Chinese in each team, not Chinese staff to organise a separate team specifically, so as to enhance mutual interaction. In addition, we invited German executives to our parent firm during the 70th anniversary of the headquarter. Our company is very large. We had a meeting in our auditorium. After they went there, they sang our factory song together. They were all shocked by our company." [Director _ Technical department _ Acquiring firm] "At that time, he [the MD] firstly brought eleven people, like from technical, production, and financial departments. He divided these people into German various departments to ask them to communicate and learn with the Germans." [Director _ Technical department _ Acquiring firm] "Many engineers were sent to study in the German technical centre. The technology centre and the application engineering department are both engaged in technology. We send most of the technical staff to these two departments." [Director _ Technical department _ Acquiring firm] "We always ask German employees in the quality department; production, and purchasing department to be based in China. Letting them support Chinese technology development." [Director _ Technical department _ Acquiring firm]
<p>Partnering (Case E)</p>	

<p>kept all target's resources as original & granted target's managers with high autonomy</p>	<ol style="list-style-type: none"> 1. "The integration of the two companies after the acquisition is very important. We will ensure the stability of the management team and core employees before the acquisition." [CEO] 2. "The Chinese leadership expressed a very clear message to the Germans on the first staff meeting after the acquisition. They reiterated that the Chinese shareholder will not only retain all German positions but also continue to invest in the development of the German brand." [Second-hand material] 3. "At the world's most important Hannover fire-fighting exhibition, its [the target] booth and all fire-fighting bodies strictly applied the German traditional visual image (VI) standard. Except for the company website, letterhead and business cards, there is no "A Member of Chinese parent firm" brand endorsement on the product nameplate. This is to maintain its "Made in Germany" pure genes at this stage. This choice will allow its traditional customers to maintain loyalty and trust in the German brand, which is good for marketing. The Chinese brand currently lacks popularity in the world fire protection industry and can temporarily play the role of a supporter." [Second-hand material] 4. "a smooth transition period is necessary". [Staff-Technical department] 5. "Before the acquisition, there were layoffs, as if from 600 to 500. So at that time, they were shrouded in a tense atmosphere because everyone didn't know if their work could be kept. After we came, first of all, no one was laid off. Later, not only no layoffs, but after two or three years of operation, we recruited two or three hundred new employees." [Staff-Technical department] 6. "It is not mandatory to change or change its name, it still uses its original German name, and then at the bottom of its official website, there is a row of small letters saying that it is a member of the Chinese parent company." [Staff-Technical department] 7. "Its German brand is synonymous with quality and has a great influence not only in Europe but also in the world." [CEO] 8. "At the beginning of the handover ceremony, we also discussed a detail: Would you like to display the Chinese flag everywhere in the German factory? And everyone has brought Chinese flags of various sizes from China. After much consideration, everyone agreed to abandon this initial plan." [Director _ M&A department] 9. "The initial strategy was to stabilize, to avoid accidents, and to achieve a smooth transition. Strive to avoid major changes in the company's existing management team at the beginning of the transfer. This requires a lot of careful communication. In the end, the original four German executive committee members were all retained." [CEO] 10. "In order to eliminate the negative impact of the German firm being acquired by the Chinese, in the first few months after the acquisition, both Chinese and German senior executives went to visit important German customers one by one. Also, an exposition at the German headquarters factory was held to re-establish the German subsidiary's New Image." [Director _ M&A department] 11. "When demonstrating PPT to old German customers, we firstly introduced China's background and strength, and then repeatedly emphasized that China will take root in Germany for a long time to develop Germany, and guarantee the German brand and the genes made in Germany will continue. Customers have raised many concerns, such as whether German product quality will continue to be guaranteed? Our answer was very clear and made them feel our sincerity. Last year and this year we had several major projects with their old European customers. We can say that this was based on that important meeting. The market has a chain effect, other potential customers said to me: old customers have bought it, and we can, of course, continue to cooperate with you." [CEO] 12. "We have a financial manager with outstanding financial capabilities sent by the Chinese side. He understands both the German and Chinese accounting standards and financial rules. He is a person with strong business capabilities. All cash flow and all sales in the company require not only the CEO's signature but also his signature." [Staff-Technical department]
<p>don't interfere with targets but passively offered suggestions</p>	<p>"When at the start he CEO arrived here, he was relatively low-key, and it was quite a smooth transition attitude. He was more about observing and understanding. This lasted for about one or two years." [Staff-Technical department]</p>

active communication	<p>1. "Ordinary employees also have a great influence on the company's operating decisions. He [CEO] has maintained a close relationship with employee committees and unions, with an open mind since he took office, and listened carefully to the suggestions of ordinary employees." [Second-hand material]</p> <p>4. "Our vice president of the entire group comes about two or three times a year." [Staff-Technical department]</p> <p>5. "He [CEO] is more able to listen to other people's opinions and is also willing to communicate and understand with the lowest level of employees about what the status of the bottom-level employees looks like, not just through the middle-level leaders' reports. He prefers to listen to the thoughts of the bottom employees." [Staff-Technical department]</p> <p>6. "The Group sends us a clear message through practical actions. A lot of money was invested, including a long-term development plan for 2020 proposed, the division of labor in various branches. All those have been done very systematically. They also built a museum for us by buying back our former monumental products and display them. It took a lot of time and money. We can feel that the Chinese indeed want long-term development." [Staff-Technical department]</p> <p>7. "The ordinary staff can feedback to the labor union about their opinions of leadership attitude or decisions. The chairman of the union can communicate directly with the CEO. Or they are also allowed to feedback to the CEO directly as well." [Staff-Technical department]</p> <p>8. "He [CEO] sometimes goes to our workshops with his assistant who is also his translator. Because the front-line workers in the workshop have extremely limited English proficiency, they can only speak German. So he communicates with them through translators to ask them how they are, whether there are any problems or not or are there anything that they are not satisfied with the company now, etc." [Staff-Technical department]</p> <p>9. "Our company often meets to hold executive committees and expand meetings with middle-level leaders. All the topics discussed include processes and decisions made, which are all conducted in the company in an open forum and posted or released, like the management, how each money is used, how each decision is made, and why it is done, are all explained. The report is in the form of meeting minutes and sent to all employees of the whole company through emails directly." [Staff-Technical department]</p> <p>12. "The meeting of all workers in the factory is held twice a year." [Staff-Technical department]</p> <p>13. "I think the implementation of employees' feedback is quite high. For those large visions may actually be a bit biased in actual implementation, but for the reaction of our ordinary employees, such as what we need now, improve working conditions and environment, and he [CEO] also think it is necessary, if he said he will do it next year, it will definitely be done next year." [Staff-Technical department]</p> <p>14. We held an exhibition to show to customers and partners about the market the development direction of the German subsidiary. The expo fully displays the various German subsidiaries' products. It also showed a parent firm's exhibition. Many visitors were surprised by the extraordinary strength of the parent firm, and many people kept confirming: Does the Chinese firm have more than 60,000 employees? Do they have nearly 300 member companies? Do they also have offshore engineering and financial services? [CEO]</p> <p>15. Our company often holds big anniversary parties. The company pays the money and the employees are free. It promotes the history of the entire company and the new situation of the company. The management will also participate and chat with us. After our new service department putting into production, there will also be an opening ceremony. It is also the company to pay for it. Everyone also sits together to know that "ah, this is our new branch." We will be noticed about what do we have now and what are our future goals. Our company also organizes parties for Christmas every year to strengthen the connection among employees." [Staff-Technical department]</p> <p>16. "Their plan about our development is very clear" [Second-hand material]</p> <p>17. "The chairman of the union said that since joining the Chinese group, their performance in all aspects has made employees optimistic, especially effective financial growth. The union and employees and the Chinese management team communicate smoothly. The door of the CEO's office is always open to employees. Every employee can come in, communicate with him directly and always get a positive response. I like our CEO very much, his door is open to us at any time. We can talk about anything, and there will be feedback and support right away. I believe it's not just me, but everyone likes him. I especially want to say that even on weekends or evenings, emails sent to him will be answered in a timely manner, which is rare in Germany." [Second-hand material]</p>
market activities interactions	<p>"I am an engineer in the technical department. As long as I want all the technical documents of this company, I can read them. I can read all the technical documents. This is open inside the group. Even for other subsidiaries of our group, it is always fine such as communication or you want some technical documents. I can come and ask for what I need at any time. There is no obstacle. I can come and ask at any time. I think they are basically mutually transparent." [Staff-Technical department]</p>
mutual personal rotations	<p>"Now five Chinese work here, including the CEO and his assistant, the financial manager, a staff in the purchasing department and me. Others are all German. Additionally, there is also a Chinese intern coming next week. The recruitment posted now is to recruit a Chinese sales assistant. We are planning to recruit Chinese employees gradually." [Staff-Technical department]</p>
Preservation (Cases CF)	
Preservation (Case C)	

<p>kept all target's resources as original & granted target's managers with high autonomy</p>	<p>1. "Of course there was no adjustment at the very beginning." [CEO] 2. "The original German managers were all kept to working here. Their CEO, all managers in all departments. The design supervisor who makes the 3D model manages the finalization of the model, the model takes the order and issues the order. The director of the modeling workshop can directly place orders and sign to the outside factory, as well as our sales supervisor. These three people are all the original German old employees, and they have relatively strong power for decision-making." [Assistant of HR] 3. "Their financial manager report our parent firm financial department." [Assistant of HR] 4. "They changed our brands after the transaction. They put their brand before our brand." [Assistant of HR] 5. "The communication between the colleagues is good, but the management hides everything and only makes an announcement when almost everything is too late." [Second-hand material] 6. "Employees are not included in decisions" [Second-hand material] 7. "The quarrel was fierce, and they often start to quarrel during meetings." [Assistant of HR] 8. "She ignored the emotions of our employees and let us digest the bad emotions by ourselves." [Assistant of HR] 9. "The way our female Chinese shareholder communications is scold our managers first. If German managers refused her opinions, she will raise her voice to hold others down until the manager silent. When our general managers were silent, she feels the meeting is effective and then she leaves. Actually no communication." [Assistant of HR] 10. "We all feel that we couldn't communicate with her. She couldn't understand and couldn't communicate. Also, the most annoying thing for German managers is that I told you this meeting solemnly, but you didn't even take any notes. The next day you asked me the same thing, which made the German manager very angry. It is you that don't respect me." [Assistant of HR] 11. "Communication with the upper-level boss is broken. Communication is not good, and the problems reflected by our lower-level employees can't be solved by the boss." [Assistant of HR] 12. "Our managers even don't know what our shareholder thinks, what she wants to do." [Assistant of HR] 13. "How could she have the spare time to go to hold a whole factory conference? She is very busy. Our Chinese CEO? He can't. His German has not reached the level to encourage employees. He doesn't know technology, either. How can he lead employees?" [Assistant of HR]</p>
<p>merged brands quickly hardly communication & activities interaction</p>	<p>1. "Suggestions for improvement are useless and ignored, because they are not implemented." [Second-hand material] 2. "Telling her about our feedback is useless. The feeling that our female boss gave us is that she often comes and goes in a hurry. She won't write down what you tell her. Her WeChat information has always exploded and her phone is ringing all day. It makes us feel that there are a lot of issues in her Chinese headquarter. She will forget immediately what we told her." [CEO] 3. "She doesn't come here often because she is very busy. Exactly speaking, she always comes to Germany to do other things, by the way to come to our factory, it's useless even she comes. What she does when she comes is scold us." [Assistant of CEO]</p>
<p>acquirer's indifference to the target</p>	<p>1. "The acquirer adopted the compromise when just acquiring the target." [Second-hand material] 2. "At the beginning of the acquisition, our company was in poor condition. The factory building was basically empty and there were no orders. They invest funding for our renovation and modernization of production facilities and construction of new plants, refurbishment and reconstruction of factory buildings, equipment updates and new product development." [Second-hand material] 3. "They promise us to normal business and they will continue to invest." [Director-Marketing department-Target firm] 4. "At that time, there were few Chinese leaders here, but the entire company's operations, including design, production, research and development, manufacturing, including all sales services, were all independently completed by our original German team." [Director-Marketing department-Target firm] 5. "They invested in us at the time and said they wanted us to continue to survive independently in Germany from R&D to manufacturing." [Director-Marketing department-Target firm] 6. "All our original managers and employees were kept." [Director-Marketing department-Target firm] 7. "Our name was put behind the name of our Chinese Group immediately after the acquisition." [Director-Marketing department-Target firm]</p>
<p>kept all target's resources as original merged brands quickly granted target's managers with high autonomy</p>	<p>1. "Original German managers is responsible for day-to-day decisions." [Second-hand material] 2. "At the beginning of the acquisition, there was only one German general manager. China never sent a Chinese manager to be here at that time." 3. "A Chinese general manager was sent six months later. At that time, he was basically semi-retired on the parent company's side before coming here and rarely participated in our German management of daily affairs." [Director-Marketing department-Target firm]</p>
<p>Preservation (Case F)</p>	

<p>hardly communication & activities interaction & acquirer's indifference to the target</p>	<ol style="list-style-type: none"> 1. "The first Chinese CEO almost didn't care anything. To put it bluntly, he was merely sent by China's group to be here for his pension. He said to us, "You can ignore my existence." Many things he didn't make any decisions because he doesn't want to take responsibility. He doesn't speak German or English. He needs his translator to translate every sentence in every meeting, and he himself feels very tired to communicate." [Director-Marketing department-Acquiring firm] 2. "From the bottom workers to the squad leaders, to supervisors to the deputy general managers, the higher the level, the more they do not speak / silence. There is a long, long delay in some major decisions. I once followed a machine tool project for two and a half years before implementing it." [Director-Marketing department-Target firm] 3. "He [Chinese shareholder] hasn't been here very often, especially in the past five years. He only had been here twice as far as I know. Even if he came, he only communicated with senior management. There was not much direct dialogue with the middle management or ordinary employees." [Director-Marketing department-Target firm] 4. "Since the acquisition, they [the CMNE] has sent many batches of people to come here to learn technology, including designers, equipment staff, and so on. But the effect was not very good, the language is one aspect. Chinese workers and our workers are not good at English. More importantly, it is related to management. They had sent 50 management staff for three and six months of training. We recommend that they set up a new business unit after returning to China to implement the technological process they learned in Germany. But this matter was not realized later. They just did a lot of things on the surface. After going back, those employees went back to their original business unit. Some even switched to other German machine tools. The spirit of German craftsmanship and technology has not actually been implemented in China. They didn't adopt our recommendations." [Director-Marketing department-Target firm] 5. "There are no really clear decisions, including our current product strategy. Our company is discussing internally what products we are going to develop and to sell, and what markets are we doing. There have been many changes in the past two and three years. Sometimes we even don't know if our Chinese leaders are concerned about us." [Director-Marketing department-Target firm] 6. "The internal transmission of information is very opaque. In January of this year, we changed another Chinese general manager. And our German deputy general manager didn't even know it. He didn't know until he heard our assembler told him." [Director-Marketing department-Target firm] 7. "After the new general manager took office, everyone did not have a clear direction." [Director-Marketing department-Target firm] 8. "Our last general manager was good at communication and was willing to listen, but he had no real power. But this current general manager, in the past few months when he was here, I didn't even feel a little of his willingness to communicate. Not only me, but our German vice presidents also didn't feel he would listen either [Director-Marketing department-Target firm] 9. "The Chinese chairman doesn't come often. Maybe he feels that there is no improvement here, so it doesn't make much sense to come here." [Director-Marketing department-Target firm]
<p>Organisational integration (2nd - 3rd year)</p>	<p>Organisational preservation (Case A)</p> <p>no significant changes</p> <ol style="list-style-type: none"> 1. "Its current global workforce is stable at 3,300, and the number of employees at its German plant has not changed significantly." [Second-hand material] 2. "Many general managers of its overseas subsidiaries have been replaced. But it is changed itself, and we didn't interfere." [Deputy general manager] 3. "nobody wants to change anything." [Founder] 4. "There is no need to change." [Founder] 5. "No major changes have been made. After so many years passed, its management team has changed, but the main change is still from its internal changes, not that we want it." [CLO] <p>CEO's replacement</p> <ol style="list-style-type: none"> 1. "The CEO left a year after the deal was closed. Because he felt that Chinese hierarchical management frustrated him. He said the management slowed down the decision-making process and hindered his efforts to launch integrations." [Second-hand material] 2. "The German founder says current CEO has built up a good basis of trust with Chinese." [Second-hand material] 3. "We hired a new German CEO who is familiar with the Asian market and recognizes Chinese culture and working methods. He was a European CEO for five years at a Korean company. He understands Asian culture. He works hard and often works overtime." [Deputy general manager] 4. "The former CEO raised some requirements unacceptable to shareholders for some business activities and eventually, it was difficult to reconcile. It is a difficult integration. So he finally left." [CLO] <p>Organisational optimisation (Cases BDE)</p> <p>Organisational optimisation (Case B)</p>

<p>interfered with targets' organisational operations actively</p>	<ol style="list-style-type: none"> 1. "In addition to the five executives, there are twenty-four second-level managers (the heads and managers of branches around the world) buy into our Chinese parent group." [Director-P&SC department] 2. "We implemented an equity incentive strategy by transferring some equity to some German executives. If they achieve a certain level of performance after 3-5 years, we will repurchase these shares. The performance here includes the growth of comprehensive capabilities, not just sales or profits. Their shares added up to nearly two-tenths of a share. Last year, the headquarters recovered these stakes." [Director-P&SC department] 3. "The Finance Department has added an office dedicated to China to deal with China Securities Regulatory Commission, China Banking Regulatory Commission and China's financial statement requirements. Specially made a set of the financial reporting system in compliance with China FRS standards". [Global M&A principal] 4. "Originally, there was no technical and quality authority in terms of procurement. Later, we broke and reorganized its organizational structure. The supplier's quality assurance, as well as the supplier's technology and engineering, were all assigned to the procurement department." [Director-P&SC department] 5. "In the first year, I was mainly responsible for communication between the two parties. After 2013, I have been responsible for purchasing, logistics, and commercial vehicle division. It has already lasted for almost five years." [Director-P&SC department] 6. "The new commercial vehicle division was also established after the acquisition. We also established an independent automotive battery management division. The sales and R&D teams also made a lot of adjustments. The original sales were divided by customers and R&D was divided by the traditional mechanical and electronic functional departments. Later these all are customer-oriented. Because we serve global customers and each customer has different requirements in terms of technology. Therefore, we are customer-oriented and establish a business group for each customer. This business group includes research and development, quality assurance, and project management, etc. Organizational adjustments have made many changes." [Director-P&SC department] 7. "The space in their original office was relatively small. Because our business has grown rapidly in the past two years, we recruited many people and have to redistribute the offices. It is still basically divided according to the principle of business proximity, that is, if the two departments have a high degree of correlation in the business, we try to move them to one building or an adjacent building." [Director-HR] 8. "Chinese management has slowly penetrated over time. Because to complete the integration into the parent group, there must be certain restrictions. If you just let it stand alone, you just bought an empty shell with no synergy." [Director-M&A department] 9. "Until now, Chinese employees have been involved in the German board of directors, the board of supervisors and the financial level." [Director-M&A department] 10. "He [Director-P&SC department] is now one of the German executives and responsible for the purchasing and supply chain. He is also a member of the German board of directors and responsible for German daily operations. He has big decision-making power, as same as other German executives on the board with one vote on daily operations." [Director-M&A department]
<p>integrated targets' organisational systems with parent firm</p>	<ol style="list-style-type: none"> 1. "They [German managers] were all promoted internally and joined the board of directors of the Chinese parent company." [Director-HR] 2. "Now, the German management team has joined the Chinese board of directors. It means that we have been deeply integrated. They further develop the German subsidiary based on the premise of the group interests and help each other with other divisions of the Chinese group to achieve greater synergy." [Director-M&A department]
<p>Organisational optimisation (Case D)</p>	

<p>interfered with targets' organisational operations actively</p>	<ol style="list-style-type: none"> 1. "Its original manager of the sales department could not meet the requirements of the marketing and our expectations, so we replaced him. We rehired a German manager responsible for sales who work in China before. In addition, we have reorganized the entire sales department by established a new sales team. Almost all their original salespeople were fired. Sales is a very important department in a company. Sales staff should go outside to find customers and orders. But their original sales just sat in the office waiting for orders, instead of going to the market to communicate with customers and grab orders, so we reorganized their sales department. Now the new sales staff is very active. They are all Germans as well. He [the MD-Advisory Board] requires that they are either talking to customers or on the way to talking to customers." [Director-Technical department-Acquiring firm] 2. "Its office used to be in the same building as its original German group. One department might be located in multiple buildings, so their communication was very inconvenient. We built a special building for them and let various departments sit together. They are very happy." [Director-Technical department-Acquiring firm] 3. "We have also replaced the procurement department. We let the previous procurement manager go and recruited a new one." [Director-Technical department-Acquiring firm] 4. "We have optimized its entire sales system. In the past, its sales department is in a low position. We increased its position. He [MD-Advisory Board] said that the sales department is the company's first important department, and all other departments serve it. He [MD-Advisory Board] often invites the sales staff for dinner with all sales staff to participate, with the leaders of other departments (technical department, purchasing department, production department, etc.) He wants to send them a signal "the sales department is the first department, I invite them for dinner, and you other departments are merely accompanied." [Director-Technical department-Acquiring] 5. "Before the reorganization, they [R&D department] don't communicate with sales when trying out new products. Now the work between their departments is now connected. Product development first considers market demand and communicates the sales first, any problems in sales will be reported back to the technical department on time." [Director-Technical department-Acquiring firm] 6. "We have also set up a new legal department here. Law is very important here." [CRO] 7. "The [MD-Advisory Board] has relatively large decision-making power. It is not a one-vote decision system with German managers. He can make decisions directly. However, he is willing to listen to the advice of German executives. The KPI of an executive needs his consent, including their bonuses. His opinion is very important when it comes to the appointment and removal of executives." [Director-Technical department-Acquiring firm] 8. "If you have a very loyal workforce for very long time, it's difficult to integrate. That's why if you want make quick changes, you need to install new people." [CRO]
<p>integrated targets' organisational systems with parent firm</p>	<ol style="list-style-type: none"> 1. "For our Chinese firm, execution to commands is the first internally, the customer's request is the priority externally." [MD-Advisory Board] 2. "Some Chinese employees are installed in various departments. They will not care about the specific business, but they will grasp its direction." [Director-Technical department-Acquiring firm] 3. "We hired new sales staff with the right mindset to be more sale-aggressive from the other competitor companies. In sales department we have made the most progress in terms of mindset change." [CRO]
<p>Organisational optimisation (Case E)</p>	

<p>interfered with targets' organisational operations actively</p>	<ol style="list-style-type: none"> 1. "The [CEO] became the chairman of the new management committee, the so-called "first hand". All German managers including CFO, COO, CSO, etc. are all under his control. He is also the supervisor of the Supervisory Board. Some more important decisions must be decided by them." [Second-hand material] 2. "Strengthened internal audit and control over subsidiaries. Previously, its business operations could not meet international standards. The scope of understanding of non-legal compliance within enterprises is generally too narrow, including only marketing, sales, procurement, and professional ethics. According to the Chinese Group, a complete compliance report should also cover financial reporting, corporate governance, corporate management, separation of duties, and third-party transactions." [Second-hand material] 3. "We opened up its original small compartments offices and improved the efficiency of communication between employees. What used to be in a department needed a phone call or email. Now employees can communicate directly when turning around." [Second-hand material] 4. "He [CEO] is responsible for all day-to-day operations. But the extremely important decision is not only that he needs to be responsible, but must also be reported to the Chinese Group, such as the strategic decision to build a new service center." [Staff-Technical department] 5. "The group sent a Chinese financial controller. Our original CFO management financial department has to report to him. He doesn't have any rights but plays a role in bonding. He is a person with a strong business ability who can sort out the financial problems of both parties. He regularly informs the Chinese of our financial situation and arranges fund dispatch in a timely manner, etc." [Staff-Technical department] 6. "We have newly set up a so-called executive committee, including CEO Luan, CEO, CFO, COO and other German executives. They are all permanent managers. There are also some responsible persons from its global branches, who serve as executive members in turn. For example, every time the Executive Committee is opened, the rotating Executive Committee has the right to participate, can express opinions, and has the right to vote. By next year, it will be in charge of other branches. They don't hold positions, they just have the right to participate in decision-making meetings." [Staff-Technical department] 7. "The person in charge of our factory in Croatia did a very good job, and the performance growth was particularly outstanding. He [CEO] appreciated him and made him a member of the Standing Committee. The management of each branch company is transparent, and He [CEO] would grant them greater rights whenever does a good job." [Staff-Technical department] 8. "After knowing all aspects of a problem, he [CEO] made a decision, and even if there were some objections, he would carry it forward. And it turns out that many of his decisions are correct. It is because of some problems that we went bankrupt, so it definitely needs reform. At the beginning, we think we are good and why they change us? But after the changes, we feel that it is a good reform. So slowly everyone recognized his leadership." [Staff-Technical department] 9. "The entire department, including some team leaders, has been adjusted. In our original department, the chief engineer and the general manager were the same people, but in fact, this person's energy is limited. Later, we hired a general manager who was responsible for personnel management and other aspects of management. The chief engineer focused on technology." [Staff-Technical department] 10. "After a year or two, he [CEO] basically started to take control of the overall situation. All aspects like some specific plans and personnel changes of seniors need to be discussed and approved by him. Our company's personnel appointments and dismissals, fired people, recruited people, even the lowest level employees, he may not go to interviews, but in the end, it will need his signature to recruit this person. He and the union chairman have a veto on personnel. I heard that in other companies, many Chinese CEOs sent by China came to German with no real power. But our company is different. At present, he has been in charge of our overall situation. He has promoted or recruited people who are consistent with his philosophy. At the same time, he has used his actual actions to show that his decision is correct. Both the upper and middle levels are convinced of him. He still modestly calls him a bridge of communication, but in fact, we know that he already controlled everything." [Staff-Technical department] 11. "The business philosophies of our German executives, who are recruited outside or promoted internally, are all in line with his [CEO]." [Staff-Technical department] 12. "The original CFO was fired and a new German one was recruited who worked in the German branch of a large international company and was familiar with international financial standards. He discovered many financial and budgetary issues that had not been exposed before and quickly began to adjust. He said: "My impression of the Chinese management team is very good. They can build a new organizational structure, form a new team, and make it run very well in such a short time. This is not easy." [Second-hand material] 13. "Organizational operation has been completely improved. We have reasonably deployed manpower to take orders according to our production capacity and coordinate with the sales department. There is coordination based on customer requirements, and there are no more orders that cannot be delivered in time." [Staff-Technical department] 14. "There was a job vacancy after the original CEO of our Croatia branch left. He [the current Croatia branch CEO] went directly to his [The Chinese CEO] office and said that I thought I could be a supervisor. After careful inspection, our Chinese CEO found that his thinking was really clear, and he had the talent for management and the knowledge reserve. So he granted him as the new CEO of the branch. Our Chinese CEO appreciates these talents. Those who have the ability will have the opportunity to be promoted." [Staff-Technical department] 15. "When the staff meeting is held, any opinions of the staff can be raised on the spot. Even in normal times, employees can write to him directly or go directly to his office. As long as he has time, he is willing to listen to the opinions of employees. He doesn't ignore them because they are just low-level employees. If the opinions put forward are reasonable, they will be implemented. If the opinion is actually only a limited idea of the employees, he explains to them why we do not follow their
--	--

<p>integrated targets' organisational systems with parent firm</p>	<ol style="list-style-type: none"> 1. "The management committee has a diverse background and is composed of six executive directors from four countries. They are from China, Germany, the Netherlands and Croatia." [Second-hand material] 2. "The biggest innovation in corporate governance is the introduction of the management committee rotation system. Every two years, two of the six seats in the Management Committee are subject to rotation." [Second-hand material] 3. "After taking over, he (CEO) took back some management functions of the subsidiary to the group level, such as salary management, personnel appointments, procurement, marketing and sales, and developed a special "Group Rules" policy. According to his plan, the Group will continue to promote the management optimization of its subsidiaries in the next few years. He called the "Group Rules" our "constitution." In the "Group Rules", for all aspects related to the company's operations such as finance, procurement, and sales, it clearly defines the division of responsibilities between the headquarters and subsidiaries of the group, such as what must be approved by our headquarters and what needs to be reported to our headquarters Matters and more. This rule is still being improved in practice, for example, the contents of reimbursement of personal business expenses of the general manager of the subsidiary and approval of holidays have been added recently." [Second-hand material] 4. "They conducted a comprehensive analysis of our compliance and formulated a corresponding optimization plan. After several years of leak detection and filling, most non-compliance issues have been resolved, the reporting system has been largely unified, and all German subsidiaries must submit financial reports to our German headquarters on a monthly basis." [Second-hand material] 5. "He (CEO) let us understand many Chinese processes and systems. We are a big family with common cause and common goal. China helps us to upgrade our management capabilities, so that all our management and employees understand that it is necessary to establish a unified and perfect system and processes, which is also the management culture of the Chinese group." [Staff-Technical department] 6. "Before the bankruptcy, we had 6 production sites. After the bankruptcy, our 6 branches were independently operated and fragmented. After the acquisition, the Chinese side put forward the concept of "the Group" and continuously strengthened the management of various production bases and strengthened contact and exchange." [Second-hand material] 7. "They initiated an expo to showcase our 6 subsidiaries and communicate a concept to external stakeholders and employees of each subsidiary: we are a group. At the fair site, many of our employees at headquarters and subsidiaries were a little surprised: Do we still have ambulance factories in the Netherlands? Do we still have a factory in Indonesia?" [Second-hand material] 8. "With the improvement of business and the deepening of management, our headquarters has successively set up new group management positions such as Group Strategic Purchasing Director, Group Technical Director, Group Design Director, etc., and recruited professionals to inject new blood into our group management. And vitality." [Second-hand material]
<p>Organisational centralisation (Cases CF)</p>	
<p>Organisational centralisation (Case C)</p>	

<p>acquirers controlled everything</p> <ol style="list-style-type: none"> 1. "Furthermore as an intern, she refused to pay me January salary after I left the company." [Second-hand material] 2. "The management and the authorized officers often react arbitrarily with indiscriminate dismissals of individual employees." [Second-hand material] 3. "A lot of overtime. Tense working atmosphere." [Second-hand material] 4. "Suppliers are randomly terminated because another supplier is cheaper." [Second-hand material] 5. "The company is far away from fairness and trust accordingly is also the working climate" [Second-hand material] 6. "The organizational structure is always changing. It is very complicated" [CEO] 7. "The first Chinese CEO worked for two years. A vice manager was sent from China for one year, mainly responsible for xxx. The factory manager was replaced once, and the new one was later fired. She [the Chinese shareholder] kept firing people." [Assistance of HR] 8. "It's funny, she [the Chinese shareholder] cares about very tiny things like why this printing paper is so expensive, why this printer ink is so expensive; when signing a phone call, she wondered why we signed such an expensive offer? Is it because this company gives us a rebate? Why we bought a knife so expensive? Why don't we buy the brand of Italian or Swiss, why buy the German? Is this manufacturer giving us a lot of rebates?" [Assistance of CEO] 9. "Our female boss is very impulsive. Once heard rumors, she will immediately send WeChat to the factory manager while she didn't tell the CEO. The factory manager would doubt Chinese employees." [Assistance of CEO] 10. "Our Chinese CEO has veto power, he can control everything, purchasing, sales, finance, recruiting, personnel, he can control and he has great power." [Assistance of HR] 11. "Everything needs his [CEO] signature. He is the person directly responsible for the company, if he doesn't sign, we wouldn't get our production stuff." [Assistance of CEO] 12. "When our CEO reports to her [the boss], she will say that 'this is not possible or that is not OK... we must follow her thinking.'" [Assistance of CEO] 13. "Our CEO wants to make decisions, but he can't. Because she is controlling his right. In theory, she gave the CEO the right, but she still had the final decision power." [Assistance of HR] 14. "The CEO looks like a mascot sent by the Chinese boss." [Assistance of HR] 15. "CEO is the puppet of our female boss" [Assistance of CEO] 16. "Later the female boss appointed her sister as her represent. Her sister said that the CEO corrupt money. The CEO was demoted to do sales a few months. Finally, he was fired. A lot of Chinese and German employees were sacked away. She madly laid off staff. She was right about everything. She ignored others' opinions, and all the employees who did not listen to her were fired." [Assistance of CEO] 17. "She fired staff bafflingly. When she wants to cut off the cost, she fired die-casting workers who rolled parts and repaired machines. But a few days later she recruited them again because there were more new orders. But after these orders finished, she fired them again." [Assistance of CEO] 	<p>targets' autonomy deprived & employees fired</p> <ol style="list-style-type: none"> 1. "We hope he [CEO] can make the final decision. Our German executives often tell him "Du bist Unsere Geschäftsführer, nicht sie." [Assistance of CEO] 2. "We have organisational problems. We lack people to do budgets and final accounts. No one can really account for how much we can earn for an order. For example, they thought that an order would earn 20,000 euros, but later found that they could only earn one thousand euros or even lose one thousand euros. Sometimes it is ten times the gap. Because the machining process is very complicated, sometimes it is heat-treated. We processed it and sent it to another factory for heat treatment. After the heat treatment, it was delivered to the customer. Then it is probably that the customer found that there was still a deviation in the processing, and returned to our factory for repair. Repairing the parts was particularly troublesome." [CEO] 3. "After her sister appointed here by our female shareholder as a representative, she fired the new factory director, then fired the CEO, and then fired most German executives." [Assistance of CEO] 4. "Finance was originally managed by a German, and later the German account was also fired. She laid off the most experienced accountant in our factory while she didn't find a new financial account yet. Isn't this very embarrassing? She changed her sister to manage the finances. Later, she let an intern do the finances." [Assistance of HR] 5. "Basically, most who fired are all interns and contract workers. Our Chinese bosses have always said that students can do these things. Why not let them do them? Students are cheap, which is her idea." [Assistance of HR] 6. "She didn't cut any departments. The original departments were still there, but the people in the departments were fired, which is equivalent to the fact that those departments not exist." [CEO] 7. "There were more than 150 employees originally. Now there are less than 15 people in the office, and all departments add up to 50 people. That is the people left after the crazy layoffs. Every time a change of leadership occurs, staff were fired. Everyone feels insecure and think it's about to go out of business. Management is also chaotic. Sometimes wages are not paid out, and sometimes they are in arrears and mess." [Assistance of HR] 8. "Now we staff don't dare to have different opinions. The disobedient were all fired, and the rest kept silence. Those who dared to comment were fired." [CEO] 9. "I don't know what she [the Chinese shareholder] wants to do. This factory is now an empty shell. No one is working now." [CEO]
<p>Organisational centralisation (Case F)</p>	

<p>acquirers controlled everything</p>	<p>1. "They Chinese united our sales team, designate Chinese procurement suppliers for us and adjust technical resources, management team, organizational structure, personnel integration". [Second-hand material]</p> <p>2. "Our Chinese CEO has a strong power. Set wages, promotion of personnel, all employees and projects, or whether our equipment is at a loss or not to sell, etc., are all decided by him. He is a legal representative registered in German courts. He has the right to make decisions about the company's daily operations, like any German general manager." [Director-Marketing department-Target firm]</p> <p>3. "The Chinese CEO report to the Chinese Group, including the company's strategy, internal orders, how we should do the market, etc. He has to discuss them with the Group. Daily operations are decided by himself." [Director-M&A department]</p> <p>4. "The president of our European Business Group manages all of the European subsidiaries acquired by the Chinese parent firm. Our CEO reports to him. He graduated from German finance and speaks German. He is a relative of the chairman of the parent company. Employees' evaluation of him is not good. His communication with us bottom-line employees is broken. He ignores and looks down on us. The main decision-making power is in his hands, but he is authoritarian in making decisions. He wants to make decisions and doesn't listen to others' opinions. His relationship with our current CEO is very rigid. He is responsible for acquisitions, but also determine other things. His position and power are not equal. When he doesn't want to take responsibility, he would delay to make decisions." [Director-M&A department]</p>	
<p>targets' autonomy deprived</p>	<p>1. "We have been losing money for the first two years after being acquired, and we always rely on the parent company to make money. The former German CEO was fired. They started layoffs. More than a hundred people have been laid off, and there may be less than 200 now. When layoffs, they just suddenly said directly to let us leave." [Director-Marketing department-Target firm]</p> <p>2. "Even if the former Chinese CEO and latter Chinese CEO are CEOs, their powers are not the same. Because the president of the European Business Group has a bad relationship with our third CEO, this CEO has more limited rights." [Director-M&A department]</p> <p>3. "The third general manager is well-informed, has good English, and also learns German by himself. He is willing to manage us by himself. However, due to the internal struggles of the Chinese Group, he was devolved to be here and actually has no real power. He can make general decisions about our daily operations, but most decisions must be made by the president of the European Business Group." [Director-Marketing department-Acquiring firm]</p> <p>4. "They fired many capable and talented employees. There are only a few remaining mediocre staff with not capability." [Director-Marketing department-Acquiring]</p> <p>5. "The loss of employees in our company, especially the good ones, is very serious." [Director-Marketing department-Target firm]</p> <p>6. "At first, our German original CEO manage us. The first Chinese manager arranged by the Chinese Group come here was a communication bridge. He came to handle all the matters of resumption of production, including remodeling of factories and capital management and helped us get orders from China. He left a year later. Then a Chinese Group's shareholder came and was transferred back to the Chinese government in only a few months. Later, that German CEO was fired and a senior Chinese CEO was arranged to be here. Yet he was only a Chinese symbol and didn't really participate in the management. Later, another Chinese manager was sent to be officially appointed as the CEO. He is a legal representative and manages our three German deputy general managers (sales, operations, finance) below. Now, we have changed another new Chinese CEO again." [Director-Marketing department-Target firm]</p> <p>7. "Even if having different opinions, the two sides have not discussed them clearly. Many times, after the Chinese boss decides, even if our German middle-level thinks that this decision is wrong, they may be not willing to take it out to discuss it with Chinese. I sometimes wonder if we German executives know what the parent company thinks, or maybe they know but they think they don't have the ability to solve the problem at all." [Director-Marketing department-Target firm]</p> <p>8. "To be honest, the German general manager actually has little real power, that is, it is merely the company needs to establish this position." [Director-Marketing department-Acquiring firm]</p>	
<p>Production integration (4th year & beyond)</p>	<p>Production preservation (Case A)</p>	

<p>keeps production, operations, markets, etc. totally separate</p>	<ol style="list-style-type: none"> 1. "The German side focused on its original European and American market, while the Chinese mainly sold its original products in Asia and the Middle East. The Chinese adopted the Market Separation Strategy." [Second-hand material] 2. "The German side pumps still use German components from previous German suppliers." [Second-hand material] 3. "Since the takeover, rather than shift production to China, the Chinese side has divided up the market, selling its own pumps in China and the German firm's pumps in the rest of the world. The German's pumps still come with German-engineered parts sourced from its previous suppliers. The German firm acts as the global distribution hub for the combined company." [Second-hand material] 4. "The German side maintains its procurement strategy and supply chain to maintain the credibility of its premium brands." [Second-hand material] 5. "The German side production has little changes. For five years, the Chinese acquisition has not affected their work, just as they still work at 6 o'clock every day and close at 3 p.m." [Second-hand material] 6. "Technology integration is limited to new product development. The Chinese Group still has to purchase the existing technologies of its German subsidiary." [Second-hand material] 7. "We would not sell our markets/products made from them [the acquirer] because the market here is different from China." [Founder] 8. "In order to promote its [the target] entire operation, we have given it all markets except the Chinese market and give it a greater chance." [Deputy general manager] 9. "Their lots of things are done in Germany, without using Chinese resources. Basically, they rarely consider using Chinese resources." [Deputy general manager] 10. "Unfortunately, it was not successful. So up to now, we does not buy components from China and our products are still made here in Germany." [Founder] 11. "We are remains as ourselves globally." [Founder]
<p>Production optimisation (Cases BDE)</p>	<p>Production optimisation (Case B)</p>
<p>selectively upgrade targets' production and operational systems</p>	<ol style="list-style-type: none"> 1. "In terms of supply chain management, 60% of German raw materials and production equipment were previously purchased from Germany, while a large number of electronic components were purchased from China. However, in Asia, there is a lack of effective management of the supply chain and high procurement costs. China has optimized it." [Second-hand material] 2. "When the company reaches a certain level, it always needs some business reorganization, process reengineering, and organizational structure readjustment" [Directo-P&SC department] 3. "On the basis of its steady increase, for example, after one or two years, you can start to request. Tell them that I think your growth is too slow. You need to sharply increase your production. They may have some resistance, but at this time you may say that I see your side has been growing for these years. But you are not growing so fast, so you may not meet the requirements of Chinese shareholders. For these requirements you put on the basis of reasonable facts they will understand." [Directo-P&SC department] 4. "We give them the Chinese market resources and help them integrate and expand their production bases, production channels, and sales channels in the original German or Eastern European or elsewhere" [Director-M&A department]
<p>standardise target with parent firm</p>	<ol style="list-style-type: none"> 1. "The Chinese side has fully promoted and applied the Chinese ERP system (SAP) to ensure the effectiveness and timeliness of the German operation and management." [Second-hand material] 2. "China draws on Germany's mature supplier auditing and selection management experience, optimizes the Asian supplier supply system, and builds a supply system dominated by Asian suppliers. Germany has also started to use the Asian supply system" [Second-hand material] 3. "Further integration trends will become more standardized and collective" [Director - P&SC department] 4. "Chinese employees will be involved in the German production and logistics departments." [Director-HR] 5. "The production process will be based on employee dispatch and short-term training. If there is an opportunity to recruit high-quality Chinese talents locally, they will be recruited. This is what we adopt as a deep integration model." [Director-M&A department] 6. "After all these years, the entire supply chain and procurement have all been adjusted. Now it is global procurement. All supplier relationships, supplier systems, including the CP system, are all new. It is very professional. All the suppliers were independent before. Each continent and each country have their own management. They are distributed and their standards and systems are different. It is now standardized and systematic, and it is supplied globally. Teams do it according to uniform standards." [Director-M&A department] 7. "Now the entire German business is optimized into global procurement. It means that the entire purchase meant is not based on the concept of which of our branches, but it is a concept of the entire parent company." [Director-M&A department]
<p>Production optimisation (Case D)</p>	<p>Production optimisation (Case D)</p>

<p>selectively upgrade targets' production and operational systems</p>	<ol style="list-style-type: none"> 1. "The Chinese acquirer invested 58 million euros to build a new plant and increased its production capacity from 150,000 to 250,000" [Second-hand material] 2. "What China teaches us is the speed to respond to customer inquiries or product cycles." [Second-hand material] 3. "In response to various shortcomings in German management before the acquisition, China first reduced its product prices and competed with German and Japanese rivals at the same price. At the same time, it set up a research and development team of more than 20 people to develop in eight major industrial markets such as Chinese rollers, forklifts, and agricultural machinery." [Second-hand material] 4. "We have increased the efficiency of its production system because it is currently lack of capacity." [Director-Technical department-Acquiring] 5. "Their original purchasing department problem was that most of their suppliers were likely nearby Germany and costly. If purchased globally, from China, Japan, and South Korea, the cost may be lower." [MD-Advisory Board]
<p>standardise target with parent firm</p>	<ol style="list-style-type: none"> 1. "In 2015, German executives proposed actively to the Chinese board of directors to build a joint venture in China." [Second-hand material] 2. "The Chinese acquirer uniformly uses the WQS quality management model with actual data." [Second-hand material] 3. "Reasonable division of labor-management, the German is responsible for internal procurement, and product research and development, China is responsible for sales service and market development" [Second-hand material] 4. "Their original R&D department just wanted to show their high-end technology. They do not pay much attention to customers and markets. Because the purpose of China is customer satisfaction. He [MD-Advisory board] hung the customer-first label in their factories and everywhere, including in conference rooms; he also pointed out that they should be customer-oriented and do what the market want." [Director-Technical department-Acquiring] 5. "When importing raw materials from China, there is no problem as long as the supplier has passed the quality inspection. We buy some samples and test it in China, and then test it in Germany to see if they are qualified. We will wait until the German employees consider it qualified before using it. Quality inspection is very strict." [MD-Advisory Board]
<p>Production optimisation (Case E)</p>	<ol style="list-style-type: none"> 1. "The target used China's existing industrial resources to expand its international scale, and China's existing production operation and management concepts to 'modify' itself." [Second-hand material] 2. "Both parties are seamlessly connected in design, procurement, marketing, and after-sale. Then the target gradually draws into the overall operating system of the Chinese Group while maintaining its differences and local advantages." [Second-hand material] 3. "Our previous production model was merely traditional European production, where a fire truck was installed from beginning to end in one position. For example, we did not have a so-called production line before. It was just a car there and was installed started from the chassis and then shipped. The production cycle of a slightly more complicated fire truck may even need 12 months. Now China has broken down its production process into 6 production stations and carried out the assembly-line installation, and the installation speed has been improved a lot. Because our fire trucks are not needed mass production like those of civilian vehicles, it is difficult to form a large-scale automated assembly line production, so many of them are still manual operations. However, the Chinese side has optimized our entire production process, which involves, for example, the location of the warehouse, the adjustment of workstations, and the entry and exit of logistics. This is a very complicated matter and requires a lot of changes. Now, the cycle from the start to the final production of a fire truck only takes 4 to 8 weeks. In the beginning, this transformation has encountered our employees' resistance, and turning operations into the assembly-line operation is not easy for German companies who have been operating for 100 years and for the German employees who have been working in the company for decades. In the beginning, the German labor union stated that there were no disadvantages to the original habit, and they did not agree with the transformation. In the end, everyone accepted that the change was a significant improvement as the work efficiency after the adjustment has indeed been improved." [Second-hand material] 5. "The product catalog has not changed significantly, but we have been upgrading the product itself" [Staff-Technical department] 6. "Our production model has changed from the production department below to our technical department. Actually it has been overall overthrown. In the past, our department was divided as follows: there were ordinary cars, some special cars, some pumps, some electronics, and all kinds. Now after adjustment, it is not grouped according to what car it is, but according to what part of the car it is. For example, if I make a chassis, then the chassis is a group, then the bodywork is a group, the software is a group, or the hardware is a group. For example, I am responsible for installing the chassis. After a period of accumulation, I became very clear about the installation. No matter what the project is, the installation can be allocated to our group. It is also clear who is responsible for what went wrong. This was not the case before because we were grouped by vehicles. For example, I am doing body loading today, and tomorrow I might go to do other things after the chassis. We were not so specialised and not so professional. So it will be more troublesome to find the person in charge. Now our department has been totally reorganised. It is clear what each employee does specifically, and the responsibilities are clear." [Staff-Technical department] 7. "First of all, it must comply with EU standards. This is necessary, secondly, it meets German standards, and finally, our company's own standards. For example, our Aluminum products are mainly Aluminum alloy tops, and we have to test the suppliers for various aspects such as strength. They will send samples and we test them. In the end, we can use them. If there is really a quality problem, it must not be used. Because the materials we import from China are not the materials with particularly

high technical requirements, in fact, what China does is not worse than the Germans. It is only because China's various aspects of raw materials and labor costs are indeed lower and have price advantages. The quality is not necessarily bad. However, some high-end things are definitely not catching up with Germany for the time being, and we still use German materials." [CEO]

8. "What we are doing now is to standardize and modularize the entire product catalog as much as possible. It is a very efficient way for future research and development and production. We have never had this kind of thing before. We were pushed away by the users. The users made a request, we meet the user's requirements, and then if we have the time we would enhance the technology then." [Staff-Technical department]

9. "In fact, our company has never lacked orders. Our prior problem is mainly production capacity or low production efficiency. We used to think that we have so many orders and it is a waste of time for the Chinese to optimize production. But if you want to get better, you have to do it. Our orders might be drop slightly within the recent few years, and the investment may increase, but after two or three years, we will enter the fast lane. Our employees feel they have to do more work. So we adjust it through manpower management and reasonable arrangement of time and control the sales department to avoid taking orders too extensively." [CEO]

Standardise target with parent firm

1. "China implements unified ERP system management for companies it acquires" [Second-hand material]
2. "Internal control construction is the most direct and effective way to promote standardized management and reduce operating risks." [CEO]
3. "A more modular and comprehensive product catalog is available for customers to choose. For example, if the customer directly places an order combining with a few accessories, we can directly produce the product. There is no need to completely overthrow the previous one, and then never do the design and R&D, which is a waste of time and labor. After we have become modular, we can achieve an efficient design in the entire group, and at the same time, we spend more time on R&D and technological innovation. Management is more modular and group efficient." [Staff-Technical department]
4. "For the subsidiaries we acquired, we controlled operations through budget management and performance appraisal, controlled risks through compliance and internal control system construction, adjusted production capacity layout through investment management, integrated sales and service system, unified R&D strength, and strategic procurement system. Implementation to improve operating efficiency and the overall profitability of the group. Regarding the group sales system, while giving full play to the regional sales advantages of the subsidiaries, the group unified sales management and unified production capacity arrangements give full play to the unique advantages of each base to ensure the maximum benefit of the group." [Staff-Technical department]
5. "Our Chinese management uses facts and figures as the basis for decision-making, which is a common practice for large international companies. In addition to the patented aluminum profile ALPAS, its [the target] other production materials were purchased by the subsidiaries themselves. Now for bulk raw materials and general accessories, we promote the unified collaborative procurement. The group is responsible for negotiating prices with suppliers and signing strategic procurement agreements to strive for the best price conditions. In the beginning, the German technology and quality department had doubts about aluminum materials from China. After the samples passed a variety of stringent assembly tests, physical and chemical composition test analysis, and even weathering and durability tests, German engineers began to actively promote applications." [Director-M&A department]
6. "All international control and management requirements have the same principles. On the one hand, [is the target] existing compliance system is more focused on the company's legal operations and employee professional conduct, and this is only one aspect of all business operations covered by the internal control system. On the other hand, for example, procurement need to be approved, China has requirements, and Germany and the United States certainly have requirements. Even if there are some small conflicts between the internal control system and local regulations, we will consider adjustments." [Director-M&A department]

Production confusion
(Cases CF)

Production confusion
(Case C)

muddling targets' core business

1. "The forced me to work in the night shift as an interns for quality control department which is so ridiculous." [Second-hand material]
2. "they will always delay their payment until more than 3 months sometimes!" [Second-hand material]
3. "The working atmosphere is tense. Nonsensical restructuring makes working in this company difficult." [Second-hand material]
4. "Payments to suppliers are deliberately exceeded." [Second-hand material]
5. "The Germans explained: from a certain angle, a certain processing effect, when we are processing this part, we need this model, although it is expensive, its quality is good. But the Chinese female boss doesn't talk about logic. She just feels that they are just pitting her money, it couldn't be resolved in the end, because no Chinese in the whole factory understood this, and the tool was not sold in China, only in Germany. The Chinese cannot make sure that the model is really so good?" [CEO]
6. "She often pulled us many orders. But she does n't care how much the company actually can produce. She said: 'I've pulled it so much for you. You must produce it for me. But the actual situation is that we all know we can't actually produce so many products. We couldn't finish the production.'" [CEO]
7. "We don't understand what she was going to do the next step. The factory is not operating now. Originally, the factory should work three shifts a day, but now only one shift a day." [Assistant of CEO]
8. "She force us to buy many materials from China. Because the Chinese provincial government where the parent company located has a preferential policy to encourage import and export companies. If you buy materials in China to export to Germany, you can reduce taxes or even get some government subsidies. So our boss insisted to buy materials from China. For example, she wanted to buy a protective fence from China. But the Chinese expansion screw was too long and unqualified. The German worker explained that because there was floor heating under the ground in our old factory, if the expansion screw exceeded 6 mm, the tube of the floor heating would be opened, and the heating would leak, so it would not work. But she did not understand and not care. They had a meeting for half a day, and she did not believe the explanation of the German staff. The issue was delayed as, later, several things happened. No one talked about the matter of installing the guardrails because they started to quarrel about other issues. There are noisy meetings every day. After the guardrail transported from China, the connection of the guardrail was bent when it was shipped. She forced the purchaser to claim. She doesn't understand! A lot of sorts inexplicable matters." [Assistant of HR]
9. "She didn't adjust well when our company's process was not perfect. When finishing a round of adjustment, she fired the person in charge, and then this set was abolished. The process has to be adjusted again." [Assistant of HR]
10. "Our company's strength lies in light metal die casting. We have a small exhibition hall, showing the most successful castings that we have done since the 1950 years. We die-casted the airboxes of the four major automobile companies. Our more successful orders are related to the processing method. Because die casting is not as good as mechanical processing. Several workers can only repair one part on two machines, which takes a long time. As long as the die-casting machine stopped, it would lose profit. But if working 24 hours a day, it is all a profit. So as long as we can get die-casting orders, we would make money. So the CEO's initial idea was to get more die-casting orders and less machining orders. But I don't know why the female boss started to take orders for machining. But our factory doesn't have this capability because our machine is too expensive. It is an a 3,000-ton old machine from Italy." [CEO]
11. "Manufacturing molds is our auxiliary operation. Die casting requires an abrasive tool and we need to cool the hot metal and mold it. However, the non-stop working abrasive tools might be damaged. If it is sent out for repair, it could cost a labor cost, so we set up a machining department, that is, if the abrasive is damaged, it would be repaired directly at the workshop next door, and then send back to continue die-casting. Our original organizational structure is fine, with a machining department, a quality supervision department, and a foundry department. These three departments cooperated with each other." [CEO]
12. We didn't actually have any contradictions in the production process. Before, we repaired when a machine was broken. Everyone worked energetically. A group of five or six workers worked with a machine. When various problems occurred, we checked problems and wore radiation suits to str the 100-celsius high-temperature metal. That working atmosphere was quite shocking. At that time, the factory was really prosperous. But now, no one is working. She has fired everyone who worked." [Assistant of CEO]
13. "The vice CEO planned to open a workshop for magnesium alloys. However, the technical guidance requested by our female boss didn't come to Germany but just talked on the phone about how to build it. German employees do not agree that because of environmental problems that there will be sulfur dioxide in the products produced on the technology, which has an impact on the atmosphere. In the end, it's ridiculous that there was no machine and no workers. Even though seminars were opened, there was nothing to solve the problems. No one understands the technology. This issue was not done." [Assistant of CEO]

Production confusion
(Case F)

<p style="text-align: center;">muddling targets' core business</p> <ol style="list-style-type: none"> 1. "The German side produces large-scale machine tools in batch lines and adjusts its business model, from the production of a single heavy machine tool to the production of core functional accessories and prototypes." [Second-hand material] 2. "The Chinese Group has now developed a prototype of a new product, by simply reducing German large products processes and accuracy, and partially manufactured in China to form a new brand. It is launched in China, but it has never been heard that it was sold. The customer said that I saw a sample of this machine and do you have a real machine? Sorry, no, only this prototype, no second one, and no real machine." [Director-Marketing department-Acquiring firm] 3. "Now we hope that we can return to our original way, which is to develop our equipment and sell our machine tools. We don't want to do some other Chinese group works. We just want to focus on what we should do." [Director-Marketing department-Target firm] 4. "We used to build large machine tools, but now we are required to build small and medium-sized equipment. We were asked to mass-produce for the group and expand new markets. We used to be the world's top competitor in large machine tools filed. But now we are required to compete with the Japanese. What a mess!" [Director-Marketing department-Target firm] 5. "The Chinese parent company mainly produces small and medium-sized machine tools. We have always produced large machine tools. But now, we are unable to focus on the manufacturing of large-scale equipment that we used to specialize in. We have become a target of producing small and medium-sized equipment for the parent company. But those who really understand this industry know that as long as our company doesn't produce large equipment, our brand value will be greatly discounted." [Director-Marketing department-Target firm] 6. "We were asked to design small and medium equipment with mass production lines. But we do not have any prerequisites for mass production. So we now can neither produce mass production nor reflect the cost advantage of small batch production and the advantage of shortening delivery time. Because our company's entire system and the way of thinking of employees, from design to procurement to assembly to service, have not made any substantial preparation for the mass production of small and medium-sized equipment. Now our production method is still the original German family workshop style. There is no clear and accurate production line." [Director-Marketing department-Target firm] 7. "The large equipment we made before was based on customer requirements. We only made several devices a year. Our workshop-style production method refers to: for example, if there is any problem with a component during the entire equipment process, we will immediately take it back and repair it in our own factory. Then reassemble again. If the worker encounters any technical difficulties with the equipment, the equipment minister or some chief of staff will come to the equipment site to give guidance. There are no systematic processes flow." [Director-Marketing department-Target firm] 8. "We were also asked to do the technology transfer: the parent company made large equipment, and we were not allowed to sell equipment to China. Large components are made in China, and we can only provide some functional components. The Chinese market was closed to us. Later, the Group found that the strategy of relying on Chinese to produce the main engines and we only produce functional components did not work. So the Chinese market was opened to us again. This has caused confusion in our markets. We mess up our own brand in the international markets." [Director-Marketing department-Target firm] 9. "We had a lot of internal orders from our Chinese parent company and do research for them to make prototypes, which maintain our asset operating costs and employee expenses in the past few years." [Director-Marketing department-Target firm] 10. "Our previous production model was a family workshop. We do not do mass production but do a single device. So that each person's personal ability plays a large decisive role in the final quality of the product. Our slogan is "German handmade". Everything in our company is handmade, machined and assembled. We have nothing to do with automation." [Director-Marketing department-Target firm] 11. "We are an international company. How to reduce unnecessary costs, repetitive production and waste of resources in the production process of our products through effective management. How to better operate the market. How to cut off bad products based on the existing product sequences. How to concentrate our existing advantages to restore the glory that our brand once had in the world. These are what the parent company should consider, but they don't seem to consider these well." [Director-Marketing department-Target firm] 12. "We used to be responsible for several markets and countries through salespeople. Our new sales director and a new sales team changed the sales model. Now we sales through the product line project management system and more agency channels. This is a reform." [Director-Marketing department-Target firm] 	<p>Influencing factors of CMVNEs' dynamic integration paths:</p> <p>Asymmetric information & Strategic position of the 1st year nearly no integration</p> <p>Asymmetric information (Cases A, BDE)</p> <p>Asymmetric information (Case A)</p>
--	--

<p>distrust of Chinese integration capabilities</p>	<ol style="list-style-type: none"> 1. "The German side has a history of hundreds of years. The quality of management is very high, and the unequal market position has added resistance to post-merger integration." [Second-hand material] 2. "They are 'disobedient' and think our ideas are wrong, and they are right" [Deputy general manager] 3. "They [the acquirer] want to buy us for many years, but we refused. So many years they copied us." [Founder] 4. "As the German here, we have no reason to learn from the Chinese. The technology is better here." [Founder] 5. "Actually it's no control because they couldn't give any advice to improve our management. We are the market leader company." [Founder] 6. "They can't make any influence, because they do not understand the Western business." [Founder] 7. "We remain as ourself, globally. They are a Chinese company, not an international one." [Founder] 8. "In international markets, we are established with our own factories. They have no chance to enter into international markets. So we remain as an individual and independent international company." [Founder] 9. "The actual possibility is limited because the language and the trust with each other." [Founder] 10. "Most Chinese are awed by European and American companies. Because they have been in the world international market for so many years, and many market rules and many basic standards were established by them. Therefore, in addition to those new technology industries, Chinese companies in the traditional technology industry still have a kind of respect for them. This kind of reverence sometimes has a bad influence in later integration" [CLO] 11. "Chinese companies still lack self-confidence and the courage to debate with German managers. In fact, sometimes we really should argue with Germany, if you persuade them on the basis of facts, they will in awe of you from the bottom of their hearts. If everything follow them, it may have a negative impact." [CLO]
<p>Asymmetric information (Case B)</p>	<p>need time to know each other</p> <ol style="list-style-type: none"> 1. "First, Germany is a nation that don't like changing, and they are proud of their abilities and their history. The world's recognition to German abilities is very high. So if it is anxious to make some changes at the beginning after the acquisition, it is not very desirable because it will cause them to resist. Second, every change has both positive and negative effects. Once the relationship between the two sides conflicts, the negative effects will be infinitely amplified. I think it should be changed steadily. If the position of the parent company in this industry and market is not so strong, then you should first understand the system and procedures of the German company's operation, understand your German employees and colleagues, and understand the European market. When you understand clearly, you know what is good and what is bad, and then step by step to promote some changes. If so, their acceptance will be higher. They will feel it's OK, the Chinese know us. Under this condition, you can clarify the facts and then put forward some suggestions for improvement. They are also willing to listen and accept. In addition, after a long time, the German employees will also come to tell you that they think where the company are not good. In fact, they also hope that you can lead everyone to modify and improve these bad places." [Director-P&SC] 2. "At first they had reservations about selling to Chinese people. This reserved attitude is not an objection but is uncertain. They are not certain that Chinese investors' attitude towards their business. Are we going to leave like a private placement? Or would we copy their technology and then fire staff? It turns out that we don't want to hollow them out but learn their technology and bring them into the Chinese market. Let them combine our reputation and resources in China's market through their technology to make them bigger. Then through further global acquisitions, their entire portfolio would be continuously upgraded. Over time, they more and more agree with our parent company. They located in a small city in Germany. After the acquisition, the company's performance rose, and they recruited a lot of local employees. Many locals start out as apprentices, then become regular employees and then become management. So we also play a very good corporate social responsibility in the local area, paying taxes, maintaining employment and so on. We have a good reputation with the local government and the people." [Global M&A principle]
<p>Asymmetric information (Case D)</p>	<p>need time to know each other</p> <ol style="list-style-type: none"> 1. "When just completed the acquisition, we don't understand the German legal system. So it is crucial to know more and communicate with them." [MD-Advisory Board] 2. "At that time, everyone did not know much about Chinese company. They thought that if they bought by the Chinese, they would sell them immediately to earn money. Like financial investments, they were not long-term investors. They were also worried about whether we will steal their technology and lose their own competitiveness and job opportunities." [CRO] 3. "To be honest, the Chinese have no previous experience in managing foreign companies. No matter how good Chinese companies are, they don't know about the German investment environment and laws. Many things are not clear at all. It's not just a language issue." [CRO] 4. "Generally, Germans are very successful in the international market. Sometimes we are arrogant. Germans staff often say that: this is the best solution, take it or leave it." [CRO]
<p>Asymmetric information (Case E)</p>	

	need time to know each other	<p>1. "I think there is a sense of pride in the Germans. When they were acquired by China, they were also very worried. At first, they were afraid that the Chinese would buy technology, move factories to cheaper labor countries, shut down it and then leave. He [the Chinese CEO] was very low-key at first. His philosophy was that I didn't get too involved in them first. Let me first observe what is happening in this company, what are the characteristics of these employees and staff, how do Germans think about me, and how should I go communicate with them." [Director-M&A department]</p> <p>2. "The Chinese people to lead Germans must maintain a lot of patience and win their trust through a lot of effort, both human and money, and let them feel that your idea is like this, you are indeed for our company good, you are indeed willing to invest and grow up with us. They will recognize your leadership, you have proven your ability, your decision is right, then I will follow you, you can lead us to become better, or can keep my job. Even if they may not fully understand your decision, he thinks you are capable to lead them, he will execute your commands. Their professionalism is quite good." [Director-M&A department]</p> <p>3. "With the continuous deep understanding of the company's actual operation and management, the optimization and adjustment of the management team has always been in his work plan" [Second-hand material]</p> <p>4. "Our decisions and actions to the acquisition are fast, and the information obtained by due diligence usually does not fully represent the German true situation, and the are should many remaining or hidden problems. Find it out early and you'll be able to improve early." [Director-M&A department]</p>
Strategic position (Case F)		
Strategic position (Case C)	small size low strategic position less managerial attention	<p>a few employees</p> <p>"She felt that her base is in China and there were no loyal people on the German side. To her, it's 'indifferent'." [CEO]</p> <p>1. "I don't feel she has any respect for talents. Nothing. If you want to leave, she doesn't care." [Assistant-HR]</p> <p>2. "She doesn't seem to care much about the factory's production. She often brings officials from the Chinese government to visit. They are actually here for tourism, not for our company." [Assistant-CEO]</p> <p>3. "She doesn't have time to manage us directly. She is too busy. She has a lot of property in China." [CEO]</p>
Strategic position (Case F)	small size low strategic position less managerial attention	<p>1. "The original purpose of receiving was to get technology; in addition, the selling price at that time was very cheap, like a free gift." [Director-M&A department]</p> <p>2. "Our company is small and our customer is a niche market. If one customer cancels a large order, we may be subject to bankruptcy protection by the German Anti-Prosecution Service." [Director-Marketing department-Target firm]</p> <p>"There was a very important European exhibition once, and we wanted to show our company with a stronger face, and the budget was more. But the Chinese opinion is that Germany maybe not important to them at this time. They may more value the Chinese market and the US market. Europe is not so important at the moment." [Director-Marketing department-Target firm]</p> <p>1. "They said we are only a lover they raise outside" [Director-Marketing department-Target firm]</p> <p>2. "They 'do not care much' about us and they actually 'do nothing', because they have no decision to make. We can see that the Chinese general manager is either not attentive or weak to manage." [Director-Marketing department-Target firm]</p>
Dynamic capability of the 2nd - 3rd years organisational integration		
Sensing capability of potential threats		
Sensing capability of potential threats (Case A)	sensing targets' internal managerial flaws	<p>1. "The post-acquisition profit contribution was minimal to the Chinese parent company, about only 3%." [Second-hand material]</p> <p>2. "The price of its product is too high. Although the German side has broad channels, its price is much higher than other European competitors." [Second-hand material]</p> <p>3. "They can't compete with us in China. First, its service can't keep up with customer demand, and second, it doesn't have a price advantage. These are objective reasons." [M&A director]</p> <p>4. "They used to be managed by the founder for a long time. Relatively speaking, the depth of coordination and cooperation between its subsidiaries around the world is not enough, and there is often insufficient discussion in the decision-making process." [M&A director]</p>

<p>sensing targets' human capital</p> <ol style="list-style-type: none"> 1. "The day after the acquisition was announced, hundreds of workers went on strike and demonstrations in front of the head office. In addition to fear of losing their jobs they protested that they had been kept in the dark and knew nothing about the transaction." [Second-hand material] 2. "The current CEO recognizes our China resources and has stronger communication, and will actively respond to the tasks assigned by us. He wants to seek resources and use the supportive policies given to them by China, and have a response to our requirements. He also wants to find out about the domestic intentions and would participate in the meetings of the chairman of the various divisions of the Chinese parent company. In the past, they were basically their own way and they did exactly what they thought. [Deputy general manager] 3. "The first thing is as I indicated is the trust between the top managers in their thinking. But the practical life is different." [Founder] 4. "There is no synergy which could improve on both sides" [Founder] 5. "From our side, we can't not help the Chinese managements to make their business better." [Founder] 6. "At the beginning of everybody said: 'Oh God, now we will lost to sell to China. What's China? They are nothing!' They only copy in the future. We will lose." [Founder] 7. "at the top level, between me and the Chinese shareholder, it was fully compliance until today." [Founder] 8. "In the early stage of the acquisition, we only looked at the feasibility of this company's financial and technical integration and did not consider their values, because we thought this thing can be changed, and most acquirers also believe that they can change the other party's values. Their values can be changed. Everyone thinks that there is a way to change it, but it is actually really difficult." [CLO] 9. "Our plan for the future is to organize a management team that is more coordinated and more enterprising" [CLO] 10. "Its middle and senior managers have been in the company for a long time and have high prestige within employees. You have no way to against them, so it's tricky. How do you manage this situation and how can you let them listen to you? It is more difficult." [M&A director] 11. "They were very conservative and didn't cooperate with us at all. They are reluctant to transfer technology but still want to fund." [M&A director] 12. "They want to cooperate but they just want to cooperate with us within their control. They don't want to cooperate with us fully. They have always said that they just temporarily belong to China but not a real Chinese firm. They have not fully acknowledged it psychologically. They cannot accept this." [M&A director] 	<p>Sensing capability of potential threats (Case B)</p> <p>sensing targets' internal managerial flaws</p> <ol style="list-style-type: none"> 1. "In due diligence, we used KPMG for financial and tax investigations, law firm practice investigations, consulting for project coordination and business investigations, and environmental consulting companies for environmental assessments. This also includes cooperation in investigations and risk assessments of German company unions. While providing support from external think tanks, the Chinese side also conducted detailed interviews and evaluations on the acceptance degree to Chinese buyers of German managers and employees at all levels. The comprehensive investigation provides the basis for the final acquisition decision and post integration." [Second-hand material] 2. "They still have room for improvement in some institutionalized management. In recent years, the construction of Chinese companies in terms of processes and systems is actually not worse than Germany. Because the management level of many German companies is not much different from that of Chinese companies. Just because they have been in the international market for a long time, and the accumulation of knowledge and experience guarantees their product quality. But to their efficient in management or timely response to the market, I don't think they are good." [Director-P&SC] 3. "When we acquire a company, we first try to avoid those unreliable or downgrading companies. [Director-M&A department] 4. "Our acquisition principle is to acquire a company with good fundamentals. We will not acquire a company with poor fundamentals and then try to save it through the Chinese market." [Director-HR] 5. "We have never bought a cheap company" [Global M&A principal] 6. "When we buy a company, we will only buy a company that is developing. We will not buy a loss-making company, and we will not buy a company that has gone downhill. For those firms that not be a loss so far yet going downhill, we will not buy them. We buy developing companies, which means that its business is growing, the number of employees is also growing. So the bargaining price we paid is often higher." [Director-P&SC] 7. "The original shareholders' requirements were not as focused on the management of cash flow as we are on the profit, especially the net profit management. They have gradually changed their thinking in recent years to focus more on net profit" [Director_P&SC department]
--	---

sensing targets' human capital

1. "Just like getting married, how people with different values maintain their marriage." [Department-HR]
2. "I think it's okay with the utilization of the resources of both parties. Their business in China is now growing very fast, and the Chinese factories are now performing well in all aspects of operations and profits. They have got these traditional vehicles market in the Chinese market." [Director-P&SC]
3. "They are proactive for expanding their business with Chinese customers and supporting Chinese factories." [Director-P&SC]
4. "Germans like to be a century-old company. Their philosophy is that "I don't have to make a lot of money, as long as I keep my business from going backward and growing steadily." Chinese shareholders may require a five-year plan or a ten-year plan to double output and double profits. There will be a lot of friction and challenges in the beginning. But in the end, if the German team understands and agrees with your development plan, they will spare no effort in this direction. This is good." [Global M&A principal]
5. "If you give them too much sovereignty, the development will depend entirely on the quality of the German management team. Maybe in the rapid development period of the Chinese market in recent years, their team may feel that it can be developed slowly, and may miss the window period. In addition, the management and the shareholders may not be in the same direction. German team may think this goal is already enough, but the shareholders feel that this is not enough. Giving them too much autonomy may weaken what shareholders need to achieve at critical times." [Director-P&SC]
6. "Before the acquisition, it is necessary to have a thorough understanding of the German management, to communicate their future development directions, how to do it in the future, how to manage between them, and how to communicate between superiors and subordinates. These must be negotiated before the final contract signed. In addition, I think the most important thing is that buying a company is buying a group of people. You first have to find out whether this group of people has the necessary knowledge, skills, work enthusiasm and loyalty. Before the acquisition, you can only contact a limited number of management personnel, so it is best to have an understanding of its core management personnel and to have a considerable number of contacts with each other." [Director-P&SC]
7. "We firmly believe that without Chinese partners, our investment in China may not be successful!" [Second-hand material]
8. "When we buy overseas companies, we never choose those that are cheap and those that Germans do not manage well. We must pick the kind of company that the Germans manage well. Their business can be localized in China while we can reduce their costs and increase their profits. Then we work together to develop new products that can bring value to customers. This is our expectation. Personal values are difficult to change, so the most important thing is to do business well and build trust by doing business well." [Director-P&SC]
9. "In fact, people is most important. We do management interviews when we do acquisitions. Learn from the management of this company, their philosophy. Through face-to-face communication with them, understand their thoughts, and understand their anticipation of the future. We also have private communications, dinners and even daily phone calls. Only through communication can we understand their behavior and leadership style." [Director-HR]
10. "When we buy a company, we set a prerequisite that their management support supports us. If their managers don't support us, we do not expect to say that their ordinary employees would support us." [Global M&A principal]
11. "We generally report to their management before signing a contract, and will do workshops or presentations on the day of signing to introduce to all relevant employees, such as why we want to acquire, what are our expectations for the company's future, and how much we will invest in the company. These ideas are firstly supported by their management team." [Global M&A principal]
12. "We now focus on the both sides' interests and seek common ground while shelving differences. Some things have to be done in accordance with local accounting standards and laws, Chinese or German. The specific thing is it will be based on who has the most experience." [Global M&A principal]
13. "Everyone's goals are the same. Generally, many things can be understood through prior or post communication. In the case of consistent goals and adequate communication, we generally can reach consensus." [Director-HR]
14. "Not every management has the experience of studying in Germany or has lived in Germany for a long time. Conversely, the same is true to the German team, and they don't know China at the beginning. Different business environments may lead to different initial concepts or specific operations. However, we can reach a compromise through enough communication." [Director-M&A]
15. "We have common goals. This common goal can be some visions, but it is more dependent on substantial KPI and figures, such as how many sales we want to achieve this year, or how many projects to pull. Everyone can understand." [Director-HR]
16. "At the time of the acquisition, we already had a rough integration strategy. Is it necessary to buy in or sell out the subsidiary? What do we want to get? Their markets, channels or their management? Specifically, for example, which factory is to be expanded, which factory is to be improved, which factory is to be merged, and so on. The management of our two sides reached a consensus." [Global M&A principal]
17. "They sold us for opening up the Chinese market. We bought them for buying their technology, and also for bringing their technology to the Chinese market. This purpose is the same on both sides." [Global M&A principal]
18. "At that time of the economic crisis, their market environment was not good and the valuation was relatively low. It has been declining. For us, their price is very cheap, and everyone agrees on this." [Global M&A principal]
19. "They pay more attention to sending employees to China for training. For example, before the current CEO took office, he was sent to China to understand China's environment and market, and then returned to take over as CEO. Before they were acquired, they were going to the Chinese market. They wanted to explore the Chinese market and also wanted to find Chinese buyers. They were quite open-minded at that time." [Director-P&SC]
20. "Decisions must be negotiated with each other, but they must be reported to the headquarters, and ultimately the will of the headquarters will prevail. However, in many cases, the headquarters respect front-line German views and decisions." [Global M&A principal]
21. "The cooperation between their executives and Chinese executives is very tacit, and they are very recognizable of each other's many thinking ideas and management styles." [Global M&A principal]

<p>Sensing capability of potential threats (Case D)</p> <p>sensing targets' internal managerial flaws</p> <ol style="list-style-type: none"> 1. "If the acquired company is healthy, it is OK to not change his operations. But we must be aware that European companies acquired by Chinese companies are often not 100% healthy. In this case, we must change, and the sooner the better." [Second-hand material] 2. "When their technicians encountered a material problem, the first thing they thought of was how to find the world's most advanced suppliers to overcome it, and they didn't care about the cost." [Second-hand material] 3. "After some time we found that there were some people who are not well adapted to the development of the enterprise. About a year later, we made corresponding adjustments to its organizational structure and management staff." [MD-Advisory Board] 4. "They used to belong to a subsidiary of a German group and paid little attention to the market. They only paid attention to technology and products first. They did not pay much attention to the requirements of customers in the external market, regardless of what the customers wanted. So their problem is that their products and technologies are very good, but they do not fit the needs of customers. They will make products high-end while regardless of whether there is a market or not. However, now it has been acquired by the Chinese and becomes an independent company that is operating independently, it must make its own money and face the external market demand." [Director-Technical department-Acquiring firm] 5. "When they buy us, they never know how many workers here are in factory, how many workers we need, and how much works we have. So, when they buy us, we had a lot of workers and lose a lot of orders. A lot of guys have to leave. But it's really soft. Nobody was fired in the factory because they got some money and went to school to learn more. People only left the factory. They learn more/education for business to get back to our other factory in a more high level or more important jobs. About 30 people left and they signed the contracts they left the factory voluntarily." [Director-Technical department-Target firm] 6. "They were experiencing an economic crisis at the time. They had overcapacity, they couldn't sell what they produced. They had too many people, and their costs were too high. Most of the employees laid off are in the production department." [Director-Technical department-Acquiring firm] 7. "The German is probably not extremely customer-focused." [CRO] 	<p>sensing targets' human capital</p> <ol style="list-style-type: none"> 1. "Our cooperation with the Chinese is characterized by mutual respect, maximum transparency and therefore trust. We are in the predestined position to use the best of two worlds for us." [Second-hand material] 2. "The company is ultimately a human organization. If it is said that our key employees left the company after our acquisition, our acquisition becomes meaningless. The main thing is still people. If people leave the company, it is meaningless." [Second-hand material] 3. "It will show a tough attitude towards the overseas management teams that do not recognize China. Overseas management teams with inconsistent values or inconsistent strategy implementation will be resolutely replaced." [Second-hand material] 4. "I think they are perfect and we have a slogan of "We are the one". That's the right way to all workers." [Director-Technical department-Target firm] 5. "Now the sales department is full of new German young people who are aggressive and market-focused. They are easier to accept Chinese idea." [MD] 6. "They [the target] actively hired a lot of Chinese interns studying in Germany, and it is easier to communicate with China in the next step." [MD] 7. "We must make clear to local employees why we are doing the acquisition. We do it for their long-term development. This is the premise of communication. If there is no such premise, it is difficult to further communicate with employees during later integration." [MD] 8. "The strategy must be clear. If the Chinese do acquisitions in a random way, the Germans will regard Chinese as the upstarts. They will slowly accept you if you can state clearly about the actual development." [MD] 9. "He [the original German CEO] did not play a good coordination role between the two sides. He didn't recognize our idea. He played a stumbling block in the middle, not bridge coordination." [CRO] 10. "I feel very glorious. They are definitely good shareholders. We are willing to work under the leadership of such shareholders."" [Director-Technical department-Target firm] 11. "The Germans listen to the Germans [leaders]. If German executives do not agree with us, they will definitely send a signal to the employees, and it will definitely have a bad impact. So if you are not sure about German executives' ideas, there is basically no way to integrate." [MD] 12. "Some older Germans may not recognize us, but German executives and most employees agree with us. The entrenched philosophy of old employees can no longer be changed. So there is no choice but to replace them." [MD] 13. "Some training or communication is necessary, but the function is limited and only to some extent. The most fundamental thing is the change in employees' thinking. If their thinking does not change, it needs to change staff." [CRO] 14. "We have different ways but we have a same target." [Director-Technical department-Target firm] 15. "We have a lot of good guy in both sides. They speak a lot with each other. A lot of problems can be handled with a lot of talks. I think that is the big key to a better future." [Director-Technical department-Target firm] 16. "When we begin to see or hear Chinese would buy us, everybody looked excited. But nobody knew what comes and what's Chinese ideas. A lot of guys scared that
---	--

<p>they only what's to know what we do here and they would copy our products and sell in China. But that's before we see the big presentation from our Chinese shareholder for the first time, we were excited and very happy to see what they wanted to do, and they built new factories for us. We know they are the mother and we are the member. They don't want to copy our product, so we work together and learnt from each other. We only scared before we know what we want to do. Now the trust increased." [Director-Technical department-Target firm]</p> <p>17. "For them it's perfect to have us for the European market. They say this is my daughter in Germany, and for us it's the perfect to the Asian market or Chinese market. We need some help and sell more products in the Chinese market. It's a good way for both sides." [Director-Technical department-Target firm]</p> <p>18. "We learnt from each other. We learnt to think bigger and to have strong targets, and they learnt more direct communication to fit more with German ways." [Director-Technical department-Target firm]</p> <p>19. "Whatever we do, we are all for this company. We are the one." [Director _ Technical department _ Acquiring firm]</p> <p>20. "This is win-win" [Director _ Technical department _ Acquiring firm]</p>	<p>Sensing capability of potential threats (Case E)</p> <p>sensing targets' internal managerial flaws</p> <ol style="list-style-type: none"> "In the past, they were highly loosely managed, and each factory was independent. It was somewhat similar to the franchisee. Corporate policies lack formal processes, and organizational functions at headquarters and subsidiaries overlap." [Second-hand material] "In the past, they were plagued by various compliance issues. During the period of bankruptcy and liquidation, the compliance of their businesses was far from meeting international standards. The scope of understanding of non-legal compliance within enterprises is generally too narrow, including only marketing, sales, procurement and professional ethics." [Second-hand material] "They may take a lot of orders regardless of the cost. For example, our technical department can only produce 200 vehicles a year, but the salespeople might get 800 orders a year. How can we produce? They have invested in some infrastructure irrespective of the cost, and many projects have been signed during the bankruptcy stage. The gross profit margin was seriously low, and the sales price of some projects was even lower than the direct cost. When the Chinese visited for the first time, they saw that the company was still operating normally and did not feel any abnormal." [Staff-Technical department] "Some debts or bank loans when they go bankrupt need the Chinese to payback." [Staff-Technical department] "The former CFO only understood German financial standards and was not familiar with international financial standards. He also lacked experience in budget management and financial reporting systems of multinational companies and the Group. It is very necessary for the company to establish a system of assessment, assessment and risk control. As a large international company, it can no longer do the same thing as a family-run company. It's okay when nothing happens. But once some issues happens, it will cause a lot of negative effects. That's why we went bankrupt." [Second-hand material] <p>sensing targets' human capital</p> <ol style="list-style-type: none"> "In fact, many Chinese sent by some companies has been suspended by German managers. Our German managers are very supportive of the CEO and his decisions, which is still very useful for his decisions' implementation. Our COO can implement many CEO's ideas. Their ideas are indeed the same. He also thinks that some inefficient and unreasonable procedures have to be changed. Regardless of the method used, sometimes be too tough or something, he carries them out. He is an activist. For example, when changing the production line, he immediately started to make changes. There was a department that was slow to move. He put pressure on this department, and the employees can't help but change immediately. In fact, his business philosophy is not the same as that of the fourth-generation leader of the previous family. He believes that we should look far beyond the world, not just in Germany. But our former family business leaders didn't think so. They just wanted to do well in the German market and didn't want to be too big. The so-called East-West difference lies in the difference between people. Choosing the right candidate, post-merger integration is no longer a problem." [Staff-Technical department] "At the time of bankruptcy, everyone was in a state of semi-collapse. We didn't know if this company could be operating next year, and we don't know if our job will be there next year. This is very interesting. German employees have a bit of hatred for our previous family leaders. The fourth-generation leader had previously monopolized the industry and controlled the price of upstream fire trucks. They were imposed with high fines. But they did not take advantage of this high profit during the monopoly period to increase into the company make themselves stronger. Instead, they did not want to be aggressive and stayed on the status quo and took away all the profits during the monopoly period. They were fined and went bankrupt, causing German employees to almost lose their jobs. They believe that it is the fault of the fourth generation of the family. At the 125th anniversary celebration of our company, the Chinese CEO wanted to call the leaders of the previous family together to celebrate, but the labour union and employees did not agree: if you call them, we will not participate." [Staff-Technical department] "In the beginning, they were all lost but now Chinese lead them. Although at first, they doubted Chinese yet there was no other way. They had to listen to their orders. But they found that the Chinese decisions were correct and they trust the Chinese leadership. Everyone now trusts the Chinese CEO." [CEO] "At least at the decision-making level, someone needs to have a better understanding of the situation on both sides. He agrees with both sides in order to promote decision-making. It would be difficult to integrate without anyone pushing it." [Second-hand material] <p>Sensing capability of potential threats (Case C)</p>
---	--

sensing targets' internal managerial flaws	<p>1. "When the bankruptcy began, the factory cannot make ends meet, and German employees viciously raised the minimum wage standards for factory workers and all employees. Everyone was lazy to work but wanted to get more money. After bankrupt, the government would give them subsidies, which based on their previous wage benchmark. After their basic wages went up, the benefits would be good. The job arrangement at that moment was very deformed. A factory director was temporarily selected. Just like a firefighter, he would supervise the projects that have problems, but in fact, he didn't understand this area. At that time, the management was also very confused and laid off many people, leaving a lot of employees who had taken sick leave but did not come to work yet still took wages. The remaining employees are also problematic. For example, the salesmen sign with customers even when they don't know if the order could make money or not. Work scheduling was also confusing. Production quality had also declined. The management team has been changing, the former managers left before their jobs cleared, and the employees couldn't understand what happened. Somehow it has been losing money. So after the acquisition, our female Chinese boss cannot help to intervening. But she doesn't know how to manage as well." [CEO]</p> <p>2. "When the female boss bought the factory at that time, she lowered its price and bought it because of it was really cheap. She didn't do a lot of due diligence." [CEO]</p> <p>1. "No one cares about the life and death of this company." [CEO]</p> <p>2. "To be mentally prepared, in addition to choosing a company, you must also observe the employees clearly. If the company is good but its employees don't listen to you and don't cooperate with you, you will collapse quickly." [CEO]</p> <p>3. "She didn't believe the Germans from the beginning. She always felt that the German lied to her. They could have used some low-cost things, but they would use some high-cost things to reduce the profit rate. We are not profitable and loses money. She blames these managers for these responsibilities and constantly changes the managers." [CEO]</p> <p>4. "Before the acquisition, she had a small stake in the company, but she didn't care about the employees in this company. She doesn't think about how employees feel and think about her." [CEO]</p> <p>5. "The German staff did not cooperate with the Chinese. They have professional skills, but they are too absolute. Either they will do projects according to their own plans, or they will delay them. They never do what the Chinese think. They put forward a lot of opinions on the Chinese plan. As long as the Chinese put forward an idea, they say that they think too simple. They haven't considered the actual situation. German law and regulations don't permit. We asked them what was German law? They were not quite sure, saying that they would check it. Sometimes when they can't find it, they tell you with confidence that they know they can't do it. You can't do this project without their opinions. The Chinese are stunned by them. Our company is a German SME and family business. Our German employees are all relatives. They grew up together. The masters lead the apprentices. The apprentice and the apprentice may be good friends. The master and the apprentice may be close relatives. They are all one family. They are united, their ideas are solidified. When the Chinese put forward an idea, everyone will share the same opposing opinion and it will continue the Chinese." [Assistant of CEO]</p> <p>6. "As long as they can get a salary, it doesn't matter if the project can go on or not. They just need to get paid, and they will be noisy if they don't get paid. This was also the case before the acquisition. Because people don't change." [Assistant of HR]</p> <p>7. "They are not motivated. They don't have strong motivations to do the thing." [Assistant of CEO]</p> <p>8. "When do purchase, they want to buy locally in Germany. If the Chinese wants to buy something in China, there will be contradictions. Nothing can be resolved through discussions as neither side will give in. The matter will not be solved in the end." [Assistant of CEO]</p>
Sensing capability of potential threats (Case F)	<p>sensing targets' internal managerial flaws & sensing targets' human capital</p> <p>1. "Manufacturing costs were high, and the capital chain was broken caused by huge investment in product replacement R&D." [Second-hand material]</p> <p>2. "The main causes are the industry downturn and high development costs." [Second-hand material]</p> <p>3. "After observation, Chinese executives were surprised to find that a German company also had problems such as "dirty internals and poor working environment", as same as Chinese companies." [Second-hand material]</p> <p>4. "Before the acquisition, there was a big problem in the promotion of middle managers. For the Minister of Equipment, the Minister of Design, and so on, we employees all don't know how they were promoted. These aspects seemed to be very confusing. By what standards did they promote this person? I don't know, in my opinion, there was no standard at all." [Director-Marketing department-Target firm]</p>
Dynamic capability of the 4th year & beyond production integration	<p>Sensing capability of development potentials (4th year-beyond)</p> <p>Sensing capability of development potentials (Case A)</p>

sensing production & marketing development trends	<ol style="list-style-type: none"> 1. "Their concrete pumps were completely overlapping products" [Second-hand material] 2. "We acquired it because it has been focusing on the niche industry of concrete machinery for more than 60 years. We hope to take advantage of its mature sales network in developed countries." [Second-hand material] 3. "How to further improve its operating capacity and let it makes greater contributions to us. More efforts are needed in this regard. This goal has not been reached for various reasons" [CLO]
synergies realization potentials	<ol style="list-style-type: none"> 1. "high similarity of their products; at the same technology level" [Second-hand material] 2. "It is difficult for China to obtain real technology, a Chinese-German mixed product launched by China in 2012 had technological breakthroughs, but almost was independently developed." [Second-hand material] 3. "The biggest contradiction between the two sides is still focused on market share. China has promised to give up the worldwide concrete machinery market except for China to the German side. However, the reality is that the German side still faces other strong opponents and performances not good." [Second-hand material] 4. "I think that our integration is only 50 scores. We feel that there are many opportunities for synergy. We hope that this acquisition will help us to take a step forward in internationalization. But it seems far from being achieved. I think the synergy between us is far from what we expected." [CLO]
Sensing capability of development potentials (Case B)	
sensing production & marketing development trends	<ol style="list-style-type: none"> 1. "The German battery management system was independently developed and is now mainly supplied to BMW. BMW does not restrict us to only supply them. So we could expand to other customers in the future. We are optimistic about the future development space of this product." [Second-hand material] 2. "In the process of rapid development, it is necessary to make some adjustments and changes periodically to make it suitable for new market conditions." [Director-HR] 3. "They have not responded slowly to Asian markets. The parent company has no bad opinion on their productivity. They themselves are very hardworking." [Director-M&A department] 4. "The disadvantage of preservation is that it will need plenty of time and money to intervene in its management when it develops not good. You take more time and effort to understand its management details." [Director-M&A department] 5. "We build a solid foundation in the German market through this acquisitions and also introduced their sophisticated technology into the Chinese market to expand their market; in addition, we rely on the global sales channels of other subsidiaries of our parent company to further sell their products globally" [Director-M&A] 6. "Their new factory in China is larger than the factory in Germany. Although nominally their headquarters is still in Germany, in fact, the largest production base is already in China. The production base in Germany is no longer as large as the base in China." [Director-M&A department]
synergies realization potentials	<ol style="list-style-type: none"> 1. "Financially, when they first acquired, they made a profit of about 500 million euros and about 4,000 employees. They now have a turnover of 1.3 billion euros and employ nearly 8,000 people. This reflects that our integration has been quite successful, as its turnover and number of employees have doubled." [Director-M&A] 2. "The parent company can feel the danger because financial data can reflect many problems under the condition of no fraud. When there are hidden dangers, the corresponding measures have been basically taken." [Director-M&A department] 3. "If its market is only in Germany or Europe, and there is no possibility of introducing the Chinese or Asian market, we definitely do not consider buying this company. The target's synergy potential with our Group is very important." [Director-M&A department]
Sensing capability of development potentials (Case D)	
sensing production & marketing development trends	<ol style="list-style-type: none"> 1. "They previously targeted the global high-end market, with few but sophisticated customers" [Second-hand material] 2. "Now we think bigger than before. Now we think for Chinese market, which is very big and huge for us." [Director-Technical department-Target] 3. "Before the acquisition, because they only supplied to the original German group for many years, the product variety was seriously insufficient; in terms of channels, they had only one agent in China. Due to their higher pricing and agents' price, the market price of their hydraulic components is even 30%-50% higher than international first-line products such as Japan. Due to a lack of market awareness, they have never had a price reduction promotion for many years, and they have never thought of changing this situation." [Second-hand material] 4. "There is synergy in our products. Our engine plus their hydraulic pressure can form a completed powertrain system, which can improve the competitiveness of both sides." [Director-Technical department-Acquiring firm] 5. "We produce engines for trucks, buses and public machines. After the acquisition, we can supply commercial vehicle trucks and buses with the powertrain systems (engine + transmission + axles). Customers only need to put on the chassis to use. The most important part of the powertrain system is hydraulic. So we need to buy it to improve our own industry chain." [Director-Technical department-Acquiring firm] 6. "They [the Chinese] are pushing us for more sales and probabilities." [CRO]

<p>synergies realization potentials</p>	<ol style="list-style-type: none"> 1. "When the China acquirer chooses to acquire a company, it focuses on the target's industry status and key core technological advantages, and it must have a strong synergy with the existing business of the Chinese side; after the acquisition, they must control the target." [Second-hand material] 2. "We have a big match together." [CRO] 3. "We are more flexible and market-oriented. They are more rigorous and are oriented towards high-end products. Slowly we discovered that we want to develop to be a market-oriented and product-leading company." [MD] 4. "The Chinese market is changing quickly and we need to adjust constantly." [MD] 5. "They rely much on our support in terms of finance, technology, production, and sales." [MD]
<p>Sensing capability of development potentials (Case E)</p> <p>sensing production & marketing development trends & synergies realization potentials</p>	<ol style="list-style-type: none"> 1. "At the beginning of the acquisition, we did not find such great synergy potential. At first, they had an airport fire truck project. We just wanted to use this to supplement the defects of our airport equipment. But later we found a great potential in the entire fire truck field. China now pays more attention to all aspects of human security and social security. In the past, the Chinese didn't care if they had a fire truck. At present, China not only requires fire engines, but also seeks more better, safer, and more capable fire trucks. This has led to a huge demand for fire trucks in China. At the same time, China will continue to complete the layout of the fire protection industry in the Chinese market and the global market through further investment and acquisitions." [CEO] 2. "We are indeed a state-owned enterprise, but our management model is not a very Chinese state-owned style. The CEO of our group is a professional manager. The leaders of Chinese state-owned enterprises generally have executive positions. But he didn't. He is a very successful professional manager. Therefore, his income is different from that of ordinary state-owned enterprise leaders. The salaries of state-owned enterprise executives with administrative positions are calculated according to their administrative positions, while the salaries of our executives are calculated according to corporate profits. Therefore, his decisions are all for the development of the company, and do not consider many political matters." [CEO] 3. "Before, they were a more conservative company, introverted and relatively comfortable with the status quo. They think they don't have to earn too much money but just do well in short sight. Of course, their quality and technology are certainly no problem." [CEO] 4. "China's market demand is huge and is often in short supply. However, the situation of insufficient supply in Europe is rare, because its industry has developed for a long time and the product catalog has been comprehensive. It is not easy to find a breakthrough point or something completely new. So we started thinking about how to improve the customer experience and learn from customers." [Staff-Technical department] 5. "Their airport-specific fire rescue vehicles were blank in the Chinese market previously." [CEO] 6. "They faced German or European markets before. Their products are mainly European customers, and they have little consideration for the needs of Asian customers. Now they are facing the Chinese market, so their internal management and customer service need to change." [Director-M&A] 7. "Our airport segment needs expansion, while the German airport fire trucks are related to our airport service." [CEO]
<p>Sensing capability of development potentials (Case C)</p> <p>sensing production & marketing development trends</p>	<ol style="list-style-type: none"> 1. "She doesn't have any plan" [Second-hand material] 2. "She doesn't understand the technology." [CEO] 3. "She often says why the strategy of the Chinese Group operates is not possible in Germany? The "domestic" parent company produces exactly the same things as us. They mainly face the Chinese market, and we mainly face the German market." [CEO] 4. "She does not have her own understanding and prediction of market-product changes. Her strategic thinking is unclear and she has not adhered to the consistent business philosophy. She does not trust her manager. So we can't work." [CEO] 5. "She didn't think it over too much. She thought that we might lose a little after the acquisition, which is acceptable. But we lost more than 1 million euros in the first year and she felt exploded." [CEO]
<p>synergies realization potentials</p>	<ol style="list-style-type: none"> 1. "She didn't think about synergy issues. She acquired it at the time might because it was really cheap. At that time, she caught up with the frenzied sales in Germany. She was the first to come out to buy it." [CEO] 2. "Before the acquisition, she invited a few people to inspect us, but those were not a professional consulting team. They are just her friends. They just simply had a look at us and told her that "it is OK. There are investment prospects and you can invest here." There is no professional team to help her to do due diligence." [CEO]
<p>Sensing capability of development potentials (Case F)</p>	

<p>sensing production & marketing development trends</p>	<ol style="list-style-type: none"> 1. "In the past, the Chinese planned economy determined that their [the acquirer] products were all small and medium-sized. The Group believes that along with China's industrialization deepened, China would increase its policy support for medium and large machine tools. Also, key industries such as aerospace, ship, and automotive energy equipment have much demand for medium and large machine tools." [Second-hand material] 2. "This is actually not a company but a place for political achievements. For them [the acquirer] this is a political interest group. They never see it as a company, it is an external political carrier, and they don't care if it is profitable." [Director-Marketing department-Acquiring firm] 3. "The Group was reshuffled last year until now because the market for the entire machine tool industry has shrunk. We always have some problems in the entire product sales and production. The biggest problem is cash flow." [Director-Marketing department-Target firm] 4. "We don't know which direction to go. There is no clear direction." [Director-Marketing department-Target firm] 5. "We are a company that is greatly affected by the market and maybe bankrupted due to a customer's default on payment. Because we only sell a few devices a year, not like the customer base of vehicles or electronics." [Director-Marketing department-Target firm] 6. "Without prejudice to our traditional advantages and without a real analysis of the market, they asked us to produce medium-sized equipment. I feel that we don't know what we are doing." [Director-Marketing department-Target firm]
<p>synergies realization potentials</p>	<ol style="list-style-type: none"> 1. "The two parties are in the small and medium-sized and large-scale market segments, which makes knowledge transfer difficult." [Second-hand material] 2. "The Group's growth model in the past ten years is mainly based on large-scale expansion, and its research and development capabilities are weak." [Second-hand material] 3. "The machines produced by the parent company are not actually German brands. Although it is made according to German technology design, this product has become very Chinese. The price has dropped, but the quality has also dropped. However, it is particularly expensive for the Chinese market. It has many problems and needs constantly repair." [Director-Marketing department-Target firm]
<p>Capitalising capability Capitalising capability (Case A)</p>	<p>capitalising on targets' resources</p> <ol style="list-style-type: none"> 1. "We are the market leader and until now still outside China. The Chinese always say that they are our student. They want to learn from us." [Founder] 2. "I feel that language barrier is still a main problem. The employees cannot speak German. If you cannot speak language very well, the emotions of the other side you can't cooperate. The CLO is not active. He doesn't even speak German, you see. That's incredible but it's the fact. There are certainly people who learn German. But it is very difficult. Those people we have here hardly speak much German. When you have a company here, you must have someone who speak their language. They do no. Also, trust is limited. You can only trust somebody when you know their language and their spirit." [Founder] 3. "Communication is quite difficult." [CLO] 4. "The main reason is that our Chinese managers doesn't know how to manage a German firm." [CLO] 5. "First of all, the parent company itself needs a group of staff with an international perspective, knowledge of German culture, and the ability to speak local languages or international common business languages. They should include management cadres, as well as personnel in specific business segments. Both parties can work closely together. In addition, it is the best that the parent company's top leader is able to communicate directly with the target. On this basis, it should consider how the two sides can integrate their advantages in various aspects to exert the maximum synergy effect. This is also very difficult." [CLO] 6. "In terms of size, we are much larger than them, but we are also a young company. Although we have some management strengths, we also have the shortcomings of the Chinese market like labor quality, professionalism and professional ethics problems." [CLO]
<p>Capitalising capability (Case B)</p>	<p>capitalising on targets' resources</p> <ol style="list-style-type: none"> 1. "Established R&D center in China" [Second-hand material] 2. "Improve mutual awareness and understanding through daily business communication and even debates." [Director-P&SC] 3. "I don't think working language impede integration. If you can speak German, you may have more information or have a better understanding of the ideas of the bottom-level employees. But for now, I think it's okay. Both presidents and executives speak English very well. The other middle-level employees are recruited locally, so they all speak German. English is a bridge where everyone can speak. If there is a problem in the contract, you can say it in writing if you can't state clearly, so that everyone can clarify their thinking. If there is an urgency for the project, a translation company will be hired." [Director-HR] 4. "Language barriers are not a big issue for our employees. Employees above an engineering level, not an operator level, can speak English. The communication between executives is basically English, because after all, for most Chinese employees, German is a small language, and Chinese employees may not be able to master it so far. However, since the acquisition, the parent company has a tendency to recruit staff and talents who have a background in studying in Germany or understand German. The mother tongue of the target is preferred so that you can go deeper or get closer to the target." [Global M&A Principal] 5. "As a listed company, we have more financing channels and higher market recognition. When it comes to acquisitions, there is more room for us for financing. So, relatively speaking, we will be bolder." [Director-M&A department] 6. "Our parent company's shareholders are more open-minded. He always upholds the view that he has experience in making money in China, but no experience in Germany. German executives can run the company well. They have experience in making money in the European market in Germany. So he prefers listening to their opinions." [Director-M&A department]
<p>Capitalising capability (Case D)</p>	

	<p>capitalising on targets' resources</p>	<p>1. "The engine of the parent company occupies more than 70% of China's market share. It not only has close relations with major Chinese enterprises but also built thousands of service outlets worldwide. This will make it easier for Germany target to explore the Chinese market." [Second-hand material] 2. "I don't think English is a big barrier. Unless the masters in the workshop who can not speak English, almost everyone in the administrative department can speak English. It is no problem." [Director-Technical department-Acquiring firm] 3. Our MD has rich experience in managing multinational companies. In addition to the German branch, he is also responsible for the French branch, the American branch, and the Russian branch." [Director-Technical department-Acquiring firm] 4. "I think English is the best way to communicate each other and to understand what we and what they think. When the business is over the whole world, you have to speak English. We both working for the whole world. We have a lot of chances to speak English with customers from different countries." [CRO]</p>
<p>Capitalising capability (Case E)</p>	<p>capitalising on targets' resources</p>	<p>1. "With the help of the global resources of the parent company, the Germany target can rapidly grow from the German local market to the global market. Their products are sold to more than 70 countries or regions, and they have become the largest imported fire truck brand in the Chinese market." [Second-hand material] 2. "The Chinese Group is an A+H listed company with rich international operation experience and global vision." [Second-hand material] 3. "Originally, their market is only the German domestic market, lacking a global vision and management system, and lacking the management experience of a modern listed company. In this regard, we have combined our advantages with them well, making them more and more international. For example, their orders from Turkey have changed from only a few per year to 100 in 2016." [Second-hand material] 4. "Our sales director said: We were a typical German family business before. Our main market was also in Germany. However, since the acquisition, we have focused more on global markets. I compared it with the previous family business. There were many restrictions at that time, and I felt hopeless. Because I saw a lot of opportunities while those family leaders just saw the risks." [Second-hand material] 5. "The CEO's English is very good, which is extremely rare for the leaders of his age. But he doesn't understand German, so he basically communicates with the staff at the bottom through translation. The overall English level of middle managers is relatively high. The assistants in the office, and even the sales department, although they are the bottom employees, all can speak English." [Staff-Technical department] 6. "The atmosphere of our company is different from other German companies acquired by the Chinese. The Chinese people in our company are more respected. You can see, why I live in Munich but I work near Waldo? This is actually a hard job, but why am I still working here? It is this atmosphere of pride that makes me feel comfortable. It is difficult to experience this sense of respect for Chinese people in other German companies. The Chinese Group has helped them solve a big problem. Because once the company bankrupted, it means that five or six hundred people would be unemployed, which is equivalent to affecting five or six hundred families and the society will be unstable. So the whole town is very respectful to the Chinese." [Staff-Technical department] 7. "Now they are all over the world. We had not sold to a few cars in China for more than 100 years. But now we have been sold hundreds of vehicles in China. The proportion of our international business in the total business is much higher than before, maybe almost half. But at the same time, this does not mean that our German market share is declined. Our German market share is actually picking up, which means that our actual total business volume has increased." [Staff-Technical] 8. "While assisting the German target in resolving the problems left over from the transaction in the paint shop of the factory, the Chinese Group also helped them reduced its operating costs. At the same time, the Group has also extended the Chinese business to the European market." [Second-hand material] 9. "Our Chinese Parent Company is a highly international company. As far as I know, their overseas business is more than that of China, so they are a super international company." [Staff-Technical department] 10. "The parent company has long focused on transforming from a labor-intensive enterprise into a higher-tech enterprise. Its development in many places is focused on the direction of internationalization and high technology." [CEO] 11. "You know that any company in China, whether state-owned or private, cannot avoid politics. However, compared to other state-owned enterprises, our parent company has less political factors, and the Chinese government has little involvement in the operation of our enterprise." [CEO] 12. "Our Chinese CEO had a very high education background in his era, and his own quality was very high. Previously working in technology and sales, he knew this field very well. He actually came to Germany earlier to sell products to German companies. So it can be seen that he has previous experience in overseas business before, although it has nothing to do with the acquisition." [Staff-Technical department] 13. "The advantages of the parent company's customer base and network in the Chinese market affect our product sales." [Staff-Technical department] 14. "When they made the presentations in the acquisition negotiations, our executives recognized their international vision and capabilities and the professional management team. Many Chinese companies now know that entering an industry cannot rely on plagiarism and copying, but instead rely on the advantages of the acquired brand, using their own resources to integrate and jointly developing the global market." [Second-hand material] 15. "Due to agency changes and other reasons, they have not been clear about which vehicles they have sold and what customers they have in the Chinese market over the years. After the acquisition, it built its Beijing branch, which made Chinese customers very happy by establishing customer and vehicle files and visiting customers one by one." [Second-hand material] 16. "The internal processes of the Group are very standardized. The parent company is very experienced in how to run an international group" [Second-hand material] 17. "After the acquisition, we formally registered our sales service company in Beijing in China. Through this sales service platform, we began to comprehensively rebuild the sales system and agency network and established a marketing and after-sales service platform in the Chinese market." [Second-hand material]</p>
<p>Capitalising capability (Case C)</p>		

<p>capitalising on targets' resources</p>	<ol style="list-style-type: none"> 1. "Her sister is not fit enough as a director but just a housewife who speaks neither German nor English." [Second-hand material] 2. "Management is unable to run the company." [Second-hand material] 3. "The company gives CEOs and executives a strong sense of insecurity. They think that if the company continues to run according to the management concept of the female boss, it may be bankrupted within two or three years." [Assistant of HR] 4. "Our second factory director was a worker and never attended university" [Assistant of HR] 5. "The vice deputy was sent from China. He is older and has more experience. But he only knows alloy melting. His specialty is alloy melting. He doesn't really understand die casting and machining. The major of the CEO is architecture and he has no knowledge of machining and die-casting. The Chinese staff the Chinese shareholder sent to rotate was not high-educated, neither can speak English nor German. They cannot communicate without translation." [Assistant of HR] 6. "She can speak German but only limited to selling products and taking business. She doesn't understand mechanical technology." [CEO] 7. "Although the CEO and German executives communicate well, many projects still cannot be achieved without financial and material support." [Assistant of CEO] 8. "There is a Chinese machine operator who obtained a master degree, and two Chinese quality inspectors who are undergraduates." [Assistant of HR] 9. "After firing the original German accountant, she hired an inexperienced intern to make the budget, letting her answer the phone every day and talk to the client about the 'angebote'. Many inexplicable post mismatches." [Assistant of HR] 10. "The female boss has no capability to integrate, and the parent company itself has no ability to integrate as well." [Assistant of CEO] 11. "She kept recruiting interns, using low-cost trainees to do formal work." [Assistant of HR] 12. "She wants to develop us but is not willing to invest more money." [CEO] 13. "Our company does not have a legal department dedicated to verification." [CEO] 14. "It is a pity that our company could originally meet the processing capacity required by the listed company. But we are stagnant due to management issues." [CEO] 15. "He [CEO], in turn, needs to learn from ordinary employees. To put it plainly, the Chinese female boss sent him to supervise us. But she ignored that it was useless to send a person who doesn't know technology to supervise. She later sent a vice president who knew technology, but it was still useless because he didn't have enough language skills." [Assistant of HR] 16. "Subsequent investment is huge. All the machines in the die casting department need to be replaced as they are all produced thirty or forty years ago. Our philosophy is to replace the latest machines with the latest technology. But the female boss does not change. Because it is too expensive. It would cost 140,000 euros to only replace the core engine. This is a stimulus to her and she cannot stand it." [Assistant of CEO] 17. "The main conflict is money. For example, when buying the professional fire-resistant gloves that workers need, she insisted on shipping them from China because it is relatively cheaper. But it was too late to deliver because she didn't want to bear the postage and wanted to pass over the gloves through private channels." [Assistant of CEO] 18. "We often stop working because a lot of incredible issues. For example, the cost of machine cleaning and maintenance is particularly expensive. The female boss insisted that the workers should clean up. But the German workers think that this is not their own job and they refuse to clean up. All workers can only be on vacation because the machine cannot continue to produce." [Assistant of HR] 19. "The new factory manager is serious when working, but he lacks the capability to do some projects." [Assistant of HR]
<p>Capitalising capability (Case F)</p>	

capitalising on targets' resources

1. "They [the acquirer] treat us more like that we are their political achievements. They only focus our superficial operations during their short-term office. After transferred and promoted, they don't need to manage us. They already have achieved their political achievements." [Staff-Technical department]
2. "For this kind of organization, this is peanuts! Nobody wants to buy this kind of machine directly from Chinese trading company. No service, no spare parts, nothing!" [Second-hand material]
3. "I was convinced of the good product, but now we found the products sucks! All machines have big problems, are delivered without ordered options, but the worse is that they [the acquirer] does not care for service!" [Second-hand material]
4. "The parent company's assessment standard for sales staff is only the sales volume, not the sales rebate. The salaries, bonuses, and benefits of sales staff are related to the amount of the contract they signed but have nothing to do with the rebate. This caused the sales staff to sign the contract with customers and give the equipment to customers' factory only with a 30% advance payment. Even worse, some salespeople even send the equipment out without getting a penny from customers." [Second-hand material]
5. "This company is actually a political ecology, not a corporate ecology." [Director-Marketing department-Acquiring firm]
6. "The subsequent annual and monthly capital injections are significant. It involves the foreign exchange control process of the Chinese government. Each process is complicated." [Director-Marketing department-Acquiring firm]
7. "The official figure shows that there are a large number of orders, but in fact, their orders are basically orders given to them by the parent company, that is, internal orders, which actually do not make money." [Director-Marketing department-Acquiring firm]
8. "The management of the parent company is deformed. Officials from Chinese government, such as the head of the party committee and district, account for the majority of the management team. Their main job is for political performance. They actually have no concept of how to run a company." [Director-Marketing department-Acquiring firm]
9. "They are not managing a company at all. The Germans do not understand because this so-called enterprise is not a company at all. No one knows what it is doing. It does not make money, does not sell machine tools, does not make products, does not take the market, but it has many financial subsidies and many good policies." [Director-Marketing department-Acquiring firm]
10. "They wanted to position themselves as an international company. However, they couldn't understand their domestic reforms, letting alone reforming the international capital and international markets." [Director-Marketing department-Target firm]
11. "The first CEO couldn't speak German or English. Everything needs to be translated and every sentence of the meeting needs to be translated. Sometimes many issues cannot be translated exactly. Communication was really difficult for him and also for us." [Director-Marketing department-Target firm]
12. "As an employee, I don't feel that our parent company has any management art." [Director-Marketing department-Target firm]
13. "Since entering the Chinese market, the market in our industry has changed because the Chinese president, Mr. Xi began to fight corruption and control the investment of invalid large-scale equipment." [Director-Marketing department-Target firm]
14. "The criterion for layoffs is not whether the employee is doing well or not, but to decide by their relation with the supervisors. This is a typical Chinese political ecology." [Director-Marketing department-Target firm]
15. "We needed the Chinese to approve our budget for an exhibition. Just right, there was a Chinese secretary who came here for a meeting. We believed that this is a good opportunity to apply for the budget and hope that he can decide as soon as possible. But the Chinese executive seemed to ignore our request. He had a look at our factory in the morning, and after lunch, he returned back China in the afternoon. This issue was not done finally as nobody cares us." [Director-Marketing department-Target firm]
16. "The staff who are obedient and prefer flattering leaders were retained. The really capable employees were fired who come up with ideas that differ from those of the management." [Director-Marketing department-Acquiring firm]
17. "The parent company often gets some projects from the Chinese government. The tasks they assigned to us are often the tasks that impossible to be completed from the beginning. The Chinese middle-level leaders will never let their high-level leaders know that this task cannot be completed. We don't understand this matter. Why we have to spend time on tasks that are impossible to accomplish. Later, we took an attitude of giving up as long as they pay us. It doesn't matter." [Director-Marketing department-Target firm]
18. "The Chinese government officials of the parent company's province, such as the governor, deputy mayor, and deputy secretary of the provincial party committee, often visit our company. In their opinion, if a state-owned enterprise bought a German company, no matter whether they operate good or bad, it is not fine to sell it again as it will have a bad influence on China's national reputation. It cannot be sold even if it's not operating well. So Chinese government supports our parent company with policies and money. Our German colleague humorously said that we may not be a subsidiary of them, but their lover in Europe." [Director-Marketing department-Target]
19. "In the past so many years, they have done a lot of repetitive or uncertain things. Until now, there is no clear development line to let us know what they are going to do." [Director-Marketing department-Target firm]