

Tel-Aviv University, Israel

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**Integration Management In Chinese Cross-Border M&A:
A Longitudinal View Based on the Learning Perspective**

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M&A Performance

Following meta-analysis study King et al, 2004, SMJ):
Future research should pay **more attention to *non-financial variables*** that are currently underrepresented in theory and research attempting to explain M&A performance.

Gaps in research on M&A

The research about M&A is still fragmented, leaving gaps that need to be addressed (Haleblian et al., 2012; Shimizu et al., 2009; Stahl et al., 2013)

Research background

- Cross-border M&A has become a dominant mode of international market entry for Emerging Multinational Companies (Weber and Tarba, 2013; Weber, Tarba, & Oberg, 2014)
- Recent acquisition trend of EMNC (Emerging Multinational Companies) in developed economies call upon scholars to understand the cross-border integration management (Luo, Xue & Han, 2010)
- Chinese and Indian MNEs, in particular, play an important role in cross-border M&As from emerging markets (Gubbi et al., 2010; Rabbiosi et al., 2012)
- M&A have been highlighted as a primary market entry mode into developed markets for Chinese EMNEs (Sun et al, 2012)

Research question

- Integration management plays important role in achieving synergy after M&A transactions (Brueller, Carmeli, & Drori, 2014; Gomes, Weber, Brown, & Tarba, 2011; Puranam et al. 2006; 2006;)
- Corporate cultural difference and national cultural distance play important roles in M&A activities (Chatterjee et al., 1992; Datta & Puia, 2005; Weber, 1996; Weber et al., 2006; Weber, Tarba, & Reichel, 2009)
- Cultural dimension and absorptive capacity to explain the “Light-touch integration” of Chinese cross-border M&As (Liu & Woywode, 2013)
- *However, the early failed case of TCL acquisition of Schneider Electronics or Benq’s failed acquisition of Siemens Mobile seemed that the Chinese firms did not start with the light-touch approach.*
- **Hence, our research question is what are the mechanisms by which integration mode is developed in the context of Chinese cross-border M&A endeavour over time?**

Research method

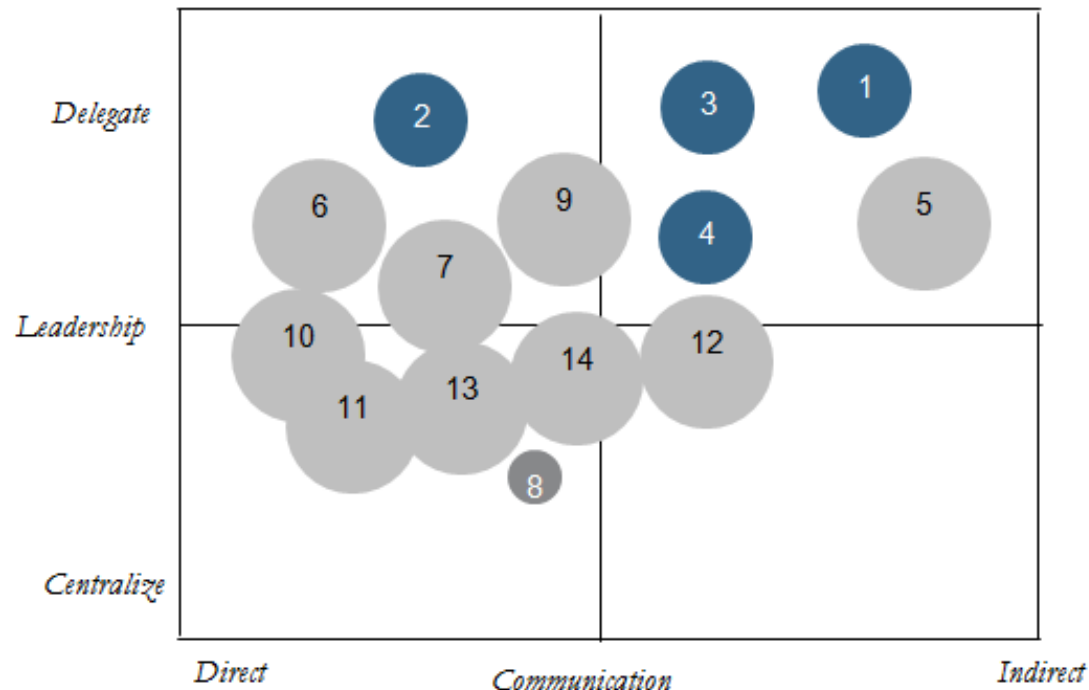
- Qualitative research: in-depth interviews with senior managers of German firms which were acquired by Chinese companies
- Data collection: 1) Thomson SDC Platinum, 2) news, press releases, websites, etc, 3) personal and professional network
- Due to the integration possibility associated with strategic asset-seeking M&A, only strategic M&As are considered.
- Deal year: 2004-2012, total sample contains 14 companies, whereas 8 are in machine tools sector
- A semi-structured interview guideline consisting of three sections: pre-M&A, M&A transaction, post M&A

Trade-off between integration level & synergy realization:

High integration level (high autonomy removal) enables to exploit high levels of synergy, but may cause human resource – related problems and thus destroy the value of the acquired firm (Puranam et al.,2003; 2006; Ranft & Lord,2002; Ranft, 2006)

Findings and discussions

- These three waves are labelled as:
 1. follow the traditional way – hands-on (before 2003)
 2. spark a light-touch approach – hands-off (2003-2007)
 3. design a synthesized mode – joint-efforts (2008-2012)



Conclusions and implications

- Creativity and flexibility in applying the post-merger integration approach to the relevant conditions manifest the fast learning capabilities of Chinese enterprises
- We offer new evidence to the recent observations regarding the new agenda by Chinese global acquisitions (Williamson & Raman, 2011)
- The emergence of novel integration modes, in particular the **Light-touch integration and synthesized mode**, add to knowledge stock of integration mode based on the EMNCs context.
- There are ample opportunities for professional service firms who are knowledgeable about the local context and can play the role as interface for Chinese cross-border M&A.

Thank You!