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Organisational culture affecting post-merger integration

New insights from Chinese reverse M&As in Germany

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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

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
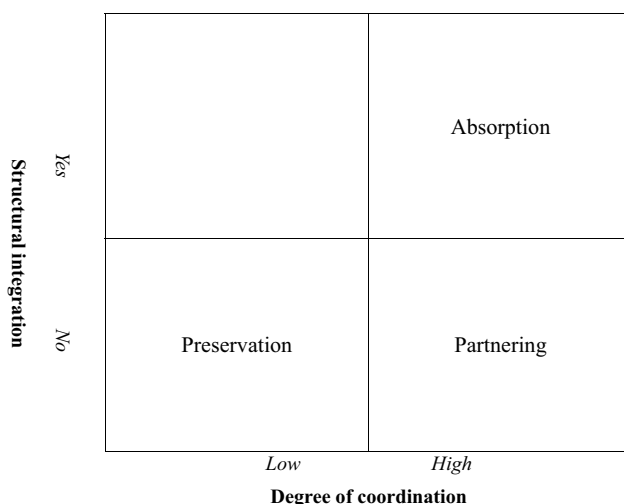
Source: Kale and Singh, 2012, P,551

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	(%)
Nationality		
Chinese	51	76.1
German	16	23.9
Gender		
Male	42	62.7
Female	25	37.3
Age		
Under 30	6	9
30-50	56	83.6
Over 50	5	7.5
Degree		
Bachelor	18	26.9
Master	40	59.7
PhD or above	9	13.4
Experience		
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
Position		
Senior	39	58.2
Junior	5	7.5
Other	23	34.3
Number of employees		
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.

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

Table II.
KMO and Bartlett's test

Source: Authors' survey

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 III.
Total variance explained

	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

Table IV.
Rotated component matrix[a]

Notes: Extraction method: PCA. Rotation method: varimax with Kaiser normalisation. [a]Rotation 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:	Factor 1 – Adaptability
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:	Factor 2 – Consistency
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:	Factor 3 – Involvement
1	Prefer working individually
2	Collecting decision-making information from the bottom to the top
D:	Factor 4 – Balance
1	Emphasis more on product quality rather than simply pursuing productive efficiency
E:	Factor 5 – Flexibility
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.

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