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MANAGERIAL AND ORGANIZATIONAL ISSUES IN A POST-ACQUISITION MEDIUM–SIZE FOOD MANUFACTURING COMPANY IN SOUTHERN CHINA

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Abstract

Acquisition is a common strategy for expansion and diversification. Nonetheless most research on this topic focuses on selective geopolitical areas or on cross-cultural issues. This article investigates a cross-regional acquisition within China. It shows how the redevelopment of organizational strategies during the post-acquisition phase may affect various human resource management issues. It argues that the introduction of certain management techniques can only deal to some degree with differences in organizational cultures. It highlights the need for a careful examination of the extent changes in routine organizational practices are necessary and desirable as a part of an acquisition.

Introduction

Acquisition is a common strategy for expansion of small and medium-sized companies; it is also for large corporations a way of diversifying into new sectors (Schraeder and Self, 2003). Acquisition however is not without risk, as it is an event of instability that will significantly influence many organizational aspects, including human resource management (Nikandrou et al., 2000). Organizational change as a result of acquisitions presents a considerable challenge in itself and tends to be aggravated by pronounced differences in existing organizational cultures (Stahl et al., 2004).

Research on acquisition is plentiful; it nonetheless tends to be restricted to Western Europe or North America, or involves companies with headquarters in these places branching out to markets elsewhere. There is a distinct lack of research that investigates cross-regional acquisitions in Asia, especially with a focus on organizational change and its consequences in terms of human resource management.

This article investigates the acquisition of a mid-size regional company in Southern China by a Chinese corporation, which itself is part of a large Pan-Chinese investment groups. It aims to show the effects of this acquisition, which was largely driven by market diversification efforts, in terms of organizational behaviour and human relations. It specifically will draw out how redeveloping an organizational strategy during the post-acquisition phase affects various human resource management issues. It finally will argue that the introduction of certain management techniques can only deal to some extent with differences in organizational cultures that may result in partial and transitory arrangements.

Literature review

Acquisition is a popular form of enterprise development. There is a vast range literature that highlights human relation issues in terms of change during and after acquisition (e.g. Cartwright and Cooper, 1993; Hubbard and Purcell, 2001; Nikandrou et al., 2000; Schraeder and Self, 2003; Schuler and Jackson, 2001; Schuler and Jackson and Luo, 2004; Stahl et al., 2004; Weber, 1996 et al.). Some authors focus on specific cross-border acquisitions and the cross-cultural elements this may involve (e.g. Stahl et al., 2004).

Overall, acquisition almost always is a considerable interference with harmonious culture, and often leads to a “clash” of cultures (Cartwright and Cooper, 1996). Organizational culture is considered to have an effect on acquisitions, in particular when different types of culture meet. It affects the management styles and employee behaviour, notably in the acquired company. The influence of organizational cultural on the acquired company is significant, as it is often contested and can involve the loss of senior management (Hambrick and Cannella, 1993; Nahavandi and Malekzadeh, 1988). However, there is usually a marked difference in terms of growth between young or small organizations and large or mature ones; the former mainly grow organically while the latter achieve the bulk of their growth through acquisitions (Davidsson et al., 2010). This often relates to different predispositions management may have towards growth in a company (Wiklund et al., 2010).

Marks and Mirvis (1985) show that after acquisition, there is a tendency in which people think “Us” versus “Them”, as differences in modes of operation and management become apparent. Conventional thinking results in employees of an acquired company attaching certain significance to their previous culture, seeing it as superior to the new culture. Cameron and Green (2009) argue that culture clashes manifest themselves in a range of signs, including stereotyping, glorifying the past, making comparisons, and selective information sharing. Stereotyping emphasizes differences, rather than focusing on commonalities. The past is glorified in notions that juxtapose old practices with new ones; while the new is seem unfavourably, weak and, inferior whereas the old as positive, valuable, and superior. Attitudes towards sharing information can shift from cooperation towards coalition (Cameron and Green, 2009).

Barriers that occur in the post-acquisition phase are characterized by unclear prospects, uncertain goals and objectives, and lack of communication (Nguyen and Kleiner, 2003). Authors such as Bennis and Nanus (2007) have highlighted any new vision must be practical and credible to stand a chance of succeeding in developing an adequate acquisition strategy. While some of the discussion in the literature focus on strategic fit (e.g. Lubatkin, 1983; Lubatkin and Lane, 1996), others highlight leadership and communication (e.g. Stahl et al., 2004).

Human relation factors are a key issue for acquisition; seminal texts have established the significant effect this has in terms of understanding acquisition (e.g. Kimberly and Quinn, 1984; Bueno and Bowditch, 1989; Cartwright and Cooper, 1992). Messmer (2006) points out that those affected by acquisition might experience emotions ranging from fear and confusion to acceptance and excitement. Employees may feel overwhelmed by a perceived lack of control during acquisition (DeNisi and Shin, 2005) and the increase in uncertainty (Van Dick et al., 2006). It can results in low productivity and employee grievances (Nguyen and Kleiner, 2003). In other words, changes that may occur during acquisitions threaten the existing values, structure and social identity of an organization (Bartels et al., 2006).

Pritchett (1987) suggests that employee training is the best way to create a common orientation that may facilitate the acquisition process. While some commentators advocate reward mechanism to motivate and retain staff (Beckhard and Pritchard 1992) and creating emotional connection between management and staff (Schweiger et al., 1987; Ashby and Miles, 2002), other commentators however are more sceptical. Alvesson and Willmott (2002) for example argue that an organizational regulation of employee's identities is a precarious and often contested process, as people are ‘not reducible to passive consumers of managerially designed and designated identities.’ (2002 p. 621).

Methodology

The research undertaken for this case study investigates management decisions and organizational behaviour surrounding the acquisition of a medium-size food manufacturer in Southern China. It deploys a qualitative approach in form of an in-depth analysis that aims to provide accounts containing some level of "thick descriptions" (Geertz, 1973). As such it aims to draw out the context of this acquisition, while specifying internal relationships in detailed and self-referential ways. It is not generating a "General Theory"; instead it provides ways to generalize within this case, with the aid of an intelligible perspective that is interwoven with wider concepts that have emerged within existing academic discussions in management and organization studies (Epifanova and Hild, 2015).

This form of relatability characterizes case studies (Bassy, 1981). Yin (2002) argues that a case study approach allows to shows that each case can incrementally be built upon, as each subsequent similar case attempts to replicate elements of the prior ones. Moreover, case studies often show rare situations (Small, 2004); most empirical investigations in the literature on acquisition are either focusing on takeovers that occurred in North America or Western Europe, or between North American and Chinese organizations. Detailed cases of cross-regional acquisitions in China are rare and under-explored.

While the underlying methodology is a case study approach, this study utilizes interviewing techniques (Small, 2009). The conducted interviews were a combination of in-depth interviews and a type of group interviews. The latter were not focus group interviews as such, where with the aid of an intercessor, informal discussions occur within a group of people (Zikmund et al., 2009). Instead in line with Chinese group culture, one of the authors interviewed groups of six to eight people, where individual members of a group responded as they saw fit. Rarely did group members engage in discussion with each other, but presented their take on the issues, while trying not to overtly contradict other group members. This was mostly done with shopfloor workers and supervisors. Even for many of the in-depth interviews with executives and senior management, another one or two people were present and occasionally commented or elaborated on the issues discussed between the interviewee and main respondent.

The interviews were standardized and non-scheduled (Briggs, 1986), deploying a list of 14 conversation topics (related to change, working practices, and HR issues) that aided the interviewer in responding in non-directive ways, while maintaining some focus as the narratives unfolded. The interviews were conducted in Chinese and were audio recorded and transcribed. This provided the source for a thematic analysis; themes in this sense are patterns across collected data that are important to the description of a phenomenon and are associated to a specific research question (Daly et al., 1997). A summary translation in English was subsequently undertaken. Quotes used in this article are translations of verbatim transcript excerpts that render meaning of the source into the target language; in terms of its translation techniques, it tends to be closer to dynamic rather than formal equivalence (Nida and Taber, 1969).

The interviews were conducted in two phases. The first phase of interviews aided the process of refining the research directions and was more explorative; these interviews were restricted to the acquired company. The second phase, resulted in a more focused interview schedule and included both the subsidiary and the parent company—i.e. the acquiring company. Access to both companies was facilitated by personal connections of one of the authors; senior management in both were aware of this research project and either welcomed it or did not object to. The names of the two companies and the names of the people quoted in this article are pseudonyms. A total of 61 people were interviewed, including senior management, middle management, workers, and former employees. The following table shows details of the selection of interviewees who are quoted in this article.

Table 1 Description of selective interviewees

	Age	Years of job experience	Position
Mr Ho	53	28	Director of technology centre from food company, GSF
Mr Li	47	17	Director of product department from food company, GSF
Ms Gu	45	18	Directors of production area from food company, GSF
Mr Liu	43	13	Directors of production area from food company, GSF
Mr Li	41	10	Staff of production area from food company, GSF
M. Chen	38	9	Staff of quality control department from food company, GSF
Mr Liang	32	5	Staff of quality control department from food company, GSF
Mr Chen	42	13	Senior executive, Bingafu Group

Analysis

The analysis of the interview data resulted in three key themes. The first theme showed how the acquisition Guangxi Soybean Foods Company (GSF) led to a change in strategy and operation. While many of these changes were questioned or even resisted, there was a certain normality and constructiveness regarding the surrounding discussions. By contrast the second theme showed a clash of cultures and ideas about how things ought to be done that directly affect the work atmosphere and staff morale. Fundamentally opposing values and their underlying beliefs led to entrenched and resenting positions that recreated mutual distrust and suspicion.

The third theme showed how the introduction of formal management techniques promised not only better performance, but also an increase in fairness for individual career advancement. The combination of a mere partially fulfilled promise of fairness, the deeply unsettling clash of cultures, and the newly trained workforce resulted in high levels of resignations in the post-acquisition phase.

Changes in strategy and operation

After Bingafu Group acquired Guangxi Soybean Foods Company (GSF) major changes occurred in the subsidiary. This entailed a complete transformation of GSF organizational and financial strategy. The new overall directive was an implementation of a short term strategy to drastically increase profits, expand market shares and to have the listed company at an international stock exchange. Bingafu appointed an external consultant, with substantial acquisition expertise, to implement these changes.

In particular the new strategy aimed to achieve 130 million RMB in earnings for the first year, and 180- 250 million RMB for the second year after the takeover. To contextualize this, prior to the takeover, GSF's total annual revenue had never exceeded one hundred million RMB and the company was not really known as a brand outside its Southern region. Senior managers and executives felt that the new strategy was unrealistic if not grandiose. They saw the proposed measures as far too drastic and too expeditious. They envisaged a much more gradual “reform” and had serious reservations about the market opportunities for their products.

We've worked in this company for many years and know the rules of the industry... We understand the limitation of our consumer group in terms of soya bean products. This short-term target, as set by the new leader—this layman—we feel is not achievable. (Mr Ho, director of technology centre and Mr Li, director of product department, GSF)

It is striking how these two interlocutors portray the newly appointed head of the subsidiary as not understanding the situation. This was not an isolated instance, but appeared a variation of common responses that were voiced throughout the organization including its support functions. As such it presented a subversive mode that aimed to resist the new measures.

The [new] professional manager is a bit arrogant because of his experience of integration in other company, but it is his first time to participate in an acquisition in the food industry. (Mr Li, director of product department, GSF)

By contrast, executives from Bingafu justified the new strategy as a purposelessly aimed way of expansion that had worked before in the “natural” order of acquisition, where control is exerted by the buyer.

In our opinion, if there are no high ambitions the company cannot develop. Our group has grown rapidly in recent years through merger and acquisition... It is why they were acquired by us. We are the acquirer! (Mr Chen, senior executive, Bingafu Group)

Although it remains open to speculation whether strategists at Bingafu really believed that these targets can be met, it had fundamental organizational consequences. It not only led to disapproval and subsequent resignations of many long-term employees, but also to a substantial redesign of operational and tactical directions.

Hitherto the takeover, Guangxi Soybean Foods business or product “philosophy” empathized on the quality of the raw materials and final products, with relatively little concern for cost and speed of production. After the takeover, product formulas were altered to reduce production costs; this change was modelled on a local competitor that produces similar foods by deploying a more low cost operation method. While some senior managers saws these developments as positive, others were more sceptical.

After the professional manager arrived, he made a new plan which improved the product formula to reduce costs. (Mr Ho, director of technology centre, GSF)

To reduce production costs, the professional manager has made a wrong decision by saving on [raw] materials, which result in an even bigger loss. (Ms Gu and Mr Liu directors of production, GSF)

Similarly there were concerns about the outsourcing of in-house processes for refining raw materials. It was felt that this was a loss of control over the much prided quality of used ingredients. Yet as some of the company's processing line became increasingly dated and less reliable, running certain in-house processes had become a risky endeavour.

Our defective equipment cannot deal with some raw materials sufficiently... so outsourcing is a good way to maintain quality while lowering risk. (Ms Gu, director of production, GSF)

By contrast, there was much less objection about cost reduction through technological changes in the production line, as a result of investment that allowed replacing dated shopfloor equipment. Likewise, the investment in the workforce by improving their skills through training them how to operate the new equipment was seen as positive by the workforce.

We are delighted with the present measures to improve the production technology... because this is the most feasible way to reduce costs in the current situation. (Mr Li, Ms Chen, Mr. Liang, and others, staff of product department and quality control department from food company, GSF)

Many of the employees at GSF were hoping for more gradual changes that entailed substantial investments that would lead to an increase in the production efficiency and workers' skills, while maintaining a high standard in product quality. However that organizational transformation went far beyond these narrow aspects appeared neither fully anticipated nor much appreciated.

Clash of cultures and ideas

While indeed it is debatable how best to improve a medium-size company that struggled to make profits, it is apparent that this acquisitions was characterized by organizational ruptures and discontinuities. Guangxi Soybean Foods Company, prior to the acquisition by the Bingafu Group, was a regional company in Southern China that was built on tradition and local values that fitted the pace of life in this autonomous region.

The whole atmosphere of the enterprise was like a family. Our management model was the "milk of human kindness". (Ms Li, staff, HR department, GSF)

We were not perfect... but before [the acquisition] we worked happily and felt we belonged here. (Mr Mo, director of import and export department, GSF)

This stands in sharp contrast to the organizational culture of the parent company. While the representatives of Bingafu aimed to portray themselves and their groups as ambitious and aspiring, many people at the acquired company felt their ways of doing things were imposing if not pugnacious.

Our group is a comprehensive big group and also has other acquisition experience; they must follow us. (Mr Pan, deputy general manager, Bingafu Group)

We have worked in this company for a long time... Why should we follow them? (Mr Liu, director of HR department, Ms Li, Ms Huang, Ms Peng and others, HR staff, GSF)

Such differences could well be construed as a "conservative" organizational culture being confronted with “aggressive" culture, in the classical “us” versus “them” fashion. Yet it seems to points to a much deeper indifference in terms of prevailing values. It led to bitterness and resentment among the employees of GSF, as they felt their views of the work-life seemed not to fit any more in the new practices. Notably here were the abolition of the company sponsored daily breakfast and the annual social gathering. For Bingafu it was inconceivable as to why the company ought to run at breakfast kitchen and feed the staff in collective gatherings, or sponsor a lavish dinner party for its employees, whom it pays wages and salaries. It was beyond acknowledging that these routine practices of gathering were manifestations of some form of fellowship—that employees have something in common, as they collectively valued sharing interests and feelings, fostering friendly and collegial relationships.

Most of us believe that the employees’ breakfast not only means filling the stomach, but also lets the staff to start work communication over breakfast... (Mr Liang, Mr Zheng, Mr Liu, and other production staff, GSF)

The annual meeting just like the family reunion dinner; it's a symbol of unity... （Mr Liang, Mr Zheng, Mr Liu, and others production staff, GSF）

The tremendous importance both shopfloor workers and management placed on these common actives seemed lost on the parent company. It was an unnecessary expenditure that did not fit into their plans and seemed alienating to their own practices.

At Bingafu Group and its subsidiaries we don't have [common] breakfast [provision]. They [Guangxi Soybean Foods] are a subsidiary of us; for that reason we cancelled the breakfast and annual social [gathering]... These were the measures to reduce manpower and production cost. (Mr Chen, operations manager, Bingafu Group)

Although it is beyond the scope of this research to contextualize the savings made by these measures in the overall expenditure, the position of the parent company on this issue is strikingly blunt. There is a noticeable absence of dialogue, appeasement, or compromise. Employee motivation, a sense of belonging, and an overall organizational atmosphere seem either irrelevant, or supposedly ought to be fostered, by completely different means than eating together as people do in many places across China.

Chances for staff development or a human resource dilemma?

The takeover by Bingafu Group let to the introduction of new management techniques replacing the relatively loose rules for reward and punishment that had hitherto existed at Guangxi Soybean Foods Company. Yet unlike the highly contentious situation about possible strategic directions, the debates surrounding these new techniques were far less hostile and more constructive. The implementation of performance indicator and staff quality assessment combined with staff training plans, was generally not resisted; although some felt it was a quite a speedy change or that this was quite a formal approach.

The implementation of PI and QA is a good way for correcting the employees' work attitude, especially for those who have become lazy... (Mr Ho and Mr Chen, directors of technology centre, GSF)

It's a good point to implement these modern management tools, but it might not be suitable to implement at this early stage... (Ms Peng, Mr Shi, Mr Cai, and others production staff, GSF)

Nonetheless, it was acknowledged that these techniques needed to be tailored to the company's specific situation. It resulted in a rather normalized debate as to what is suitable for managing in each unit.

The performance appraisal standard is divided into two parts: daily standard criteria and specific functions standard... But some standards are not suitable for the core functions of the department. (Ms Li, Mr Ho and Mr Liu and others department managers, GSF)

The implementation of modern management tools still needs to be adapted... (Mr Chen, operations manager, Bingafu Group)

The new management techniques that were based on a set of defined standards promised a sense of fairness and objectivity. Some managers at GSF saw this as a chance to reduce the existing forms of nepotism and favouritism, especially in terms of job promotion and career advancement. Nonetheless, for some theses hopes were crushed as they felt that many key positions were filled from the parent company rather than from within the subsidiary.

New managers are often chosen from Bingafu and hardly come from our staff. Although they have implemented performance indicators and quality assessment, there are still some excellent staff who cannot get promoted. (Ms Li, Mr Ho, Mr Liu, and others, mangers, GSF)

Management has always been monopolized by people from Bingafu; most staff have realized that there's no chance of advancement for their future in this company. (Mr Wang, Mr Liu, Ms Chen, Mr Mo and other production staff, GSF)

It consequently led to further dissatisfaction and resignations of core function staff. Although people had initially welcomed the new skills training they received after the takeover, it subsequently became regarded as a mere advantage for finding employment elsewhere. Especially younger staff readily left as opportunities arose elsewhere. While the new management techniques were not resisted as such, it was the perceived contradiction in the light of the absence of a genuine merits-based logic that appeared to have caused resentment and resistance.

Discussion

According to Bennis and Nanus (2007), strategic visions ought to be perceived by organizational members as practical and credible. Unclear and unrealistic visions however can lead to organizational disruptions, including a significant loss of skilled employees. Meaningfully conveying new ideas is particularly important if differences in organizational cultures are very pronounced (Stahl et al., 2004). For the staff at Guangxi Soybean Foods Company it was not clear or logical as to why the transition had to happen so drastically and why a gradual "reform" could not be possible. As Kilmann et al. (1985) point out change of organizational culture is not easily accepted at individual level. Yet it is even considerably more difficult if the logic behind change is not clear or too alienating.

Although adequate vision and management skills are crucial for developing an acquisition strategy as Haspeslagh and Jemison (1991) highlight, it is important to examine how fundamentally different these two are organization were. While this acquisition can easily be portrayed as a story of mismanagement, we would like to point to the enormity of the task that this particular takeover entailed. Ashkanasy and Kavanagh (2006) argue that a fast pace of change is not necessarily beneficial as organizational cultures are transformed. We suggest the greater the differences, the slower the pace has to be for smooth transitions. Nonetheless, smooth transitions are not a higher value per se. Ruptures and turbulences can indeed be a strategy of change that however usually result in notably different organizational forms and often comes at high cost at personal, organizational, and social level.

While it is debatable how desirable such a strategy is, the implications are empirically discernible. Seminal texts, including Cartwright and Cooper (1996) and Kilmann (1985), have highlighted that acquisitions are a considerable interference with organizational culture and almost always lead to some form of cultural "clash". Moreover, as Wiklund et al. (2010) argue, the work atmosphere in small and medium-sized firms is often affected by growth; while the attitude of management towards growth is a significant factor, management's belief (or disbelief) in growth tends contribute to a positive (or negative) atmosphere as expansions happen. It is precisely this lack of support by management through its predisposition of being sceptical about (rapid) growth that seems to have aggravated the "normally" problematic situation that acquisitions always entails.

In this sense, Guangxi Soybean Foods seems to be affected in a manifold way. At the surface or artefact level in Schein's (2010) terminology of organizational culture, a regional medium-size food company that previously had been supported by the local government is confronted with the ways of a large holding corporation. Their values of "family-like", harmonious work relationships contrast with the beliefs in efficiency and performance-driven action that dominate the acquiring company. Their underlying fundamental assumptions (Schein, 2010) of “tradition” on one side and “fast progress” on the other side seemed to have created sharply opposing perspectives. Yet, as management is significantly implicated and entrenched in these cultural differences, they are not mobilizing employees to embrace the new ideas.

As Alvesson and Willmott (2002) highlight organizational change is usually contested; yet, if the champions for change are not there or are seen as incredulous outsiders in the first place, the already monumental task of transforming culture is unrealistic and inevitably results in disorganization and sudden discontinuities. As Nahavandi and Malekzadeh (1988) point out assimilations tend to be more disruptive than cultural integration; however unlike merges, acquisitions can hardly be characterized as integration. The consequences in terms of organizational stability and human resources are considerable (Hambrick and Cannella, 1993). As Hofstede (1980) points out forced change is never welcome and the feeling of a lack of control will usually result in negative reactions by organization members (DeNisi and Shin, 2005). For most of the original employees at Guangxi Soybean Foods the takeover had a strong flavour of assimilation that crystallized in classical “Us” versus “Them” thinking (Marks and Mirvis, 1986) and glorified the past (Cameron and Green, 2003).

Indeed the implications for human resources are predictable and the acquired company experienced a wave of en mass resignations in the post-takeover phase. Nguyen and Kleiner (2003) and Marks and Mirvis (1985) have shown how organizational change can lead to significant stress for employees, because of feelings of losing control and helplessness, which in turn results in low productivity and grievances. Yet, it is noteworthy that the new management techniques of performance indicators, quality assessment and staff training did not significantly improve staff motivation and moral. While employees did not object to these measures per se, some even saw cautiously welcome them, it did not create a momentum that could have meditate the effects of the cultural clash.

Charman (1999), like many others, argue that human resource management ought to be a change champion, by facilitating training and skills development that nudges people into the desired direction. However, while this might be the case in some situations, evidence from this study indicates that if the overall tenor is not right–if the clash is too fundamental–such measures will not work. People are not easily duped into accepting views that are significantly different from their own. In the end, they may comply somehow and in pragmatic ways, but may leave as soon as alternatives arise.

This form of instrumental thinking appears even more pronounced in terms of the offer for training and skills development when it is not combined with a realistic prospect of career advancement. Beckhard and Pritchard (1992) show that merit-based reward systems can be a motivating factor for employees. Of course if such a system priorities candidates from the acquiring company over the acquired one, it might be a counter-productive measure in terms of motivating employees. It can increase mistrust and perpetuate low productivity (Schweiger et al., 1987).

The prime objective of the introduction of these HR measures might well have been the development of a workforce that can adequately operate the new production line technology, which the finical investment by the acquiring company made possible. Nonetheless, HR-related investments for training a skilled workforce may not be underestimated, as they require substantial resources. Hambrick and Cannella (1993) argue that the ability to retain a core workforce and key executives is an important determinant in ensuring the long-term success of an acquisition.

While it appears that employees adopted a much more instrumental perspective following the takeover, it could indeed be construed as a reflection of the company's new pragmatic vision for its own profitable end. It introduced formal processes that are somehow essential for running a technologically advanced production line, while not necessarily rooting out favouritism and nepotism. It consequently had no real effect on reducing the clash of organizational cultures and led merely to a higher job mobility of those employees who sought employment elsewhere.

Conclusions

This article has shown how a mid-size food company in Southern China had undergone considerable organizational change as a result of an acquisition by a large holding company that aimed to expand into this market sector. It showed how a distinctly regional company with a conservative business outlook and beliefs in family-like values was suddenly confronted with the ways of a holding corporation with an ambitious and efficiency oriented and profit-driven organizational culture.

The subsequent clash of organizational cultures that this study documented was considerable. By doing so this study contributed at empirical level to a wider understanding of acquisition in terms of cross-regional takeovers in China; most existing research is either centred on Western Europe and North America, or cross-border acquisitions. At conceptual level this study supports Ashkanasy and Kavanagh's (2006) view the pace of change is of tremendous importance in terms of organizational cultures. We advance this view and suggest that the greater the differences the slower the pace has to be for smooth transitions, while acknowledging that rapturous and turbulent change can be a deliberate strategy that nonetheless comes at high cost at personal and organizational levels.

Moreover, we suggest that the introduction of certain management techniques can smooth over existing human relation issues that arise from differences in organizational culture. While we generally agree with the notion that management's own predisposition towards growth (Wiklund et al. 2010) can affect the work atmosphere, there are limits to the extent management can make a difference. We suspect that if differences are too vast, because of diverging fundamental assumptions (Schein 2010), the efforts by management to improve workplace atmosphere and staff morale may largely be irrelevant. At best it will lead to pragmatic outcomes that will only hold momentarily, as a high staff turnover−including a considerable loss in HR and individual investments −remains a constant possibility.

Management practitioners are of course well advised to assess cultural differences between the organizations in case of an acquisition. However, more importantly it remains questionably how much change in terms of day-to-day human resource management practices is necessary or desirable for redeveloping overall strategic directions. The subtle diversity of places such as China, and many other nation states, inevitably influences organizational culture; yet the extent to which different ways of doing things would directly matter for a company's strategic vision needs to be careful evaluated case by case.

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