Chapter 4

Case Study - A Case Study of Haier Group's acquisition of Sanyo Electric

4.1 An analysis of the status and characteristics of Chinese enterprises' multinational merger

Despite the current global economy has slow pace of development, and other factors were continuously exposed such as the debt crisis in Europe and the instability of Middle East, the enthusiasm of China's major multinational companies for mergers and acquisitions of overseas companies has always been the same. For example, CNOOC acquired the Canadian Nexen Group for 15 billion yuan, has become China's current largest overseas corporate acquisition. Wanda Group completed the acquisition of AMC Cinema at a cost of $2.6 billion, also marks the cross-border mergers and acquisitions of Chinese enterprises transforming from the traditional industry gradually to other industries.

Cross-border mergers and acquisitions is the best shortcut to quickly open the international market, they can quickly and successfully accept the business channels, material purchase channels, sales channels, brand, product manufacturing methods of the acquired company's favored by the domestic large companies deeply. Because not only they can quickly own the desired products, process technologies and market shares, but also can be faster and easier access to financing to grow their own than the past "green financing", and reduce the cost of developing new areas of business, marketing, and business channels required at the maximum extent. Chinese enterprises are usually based on overseas trade to expand market shares or corporate mergers and acquisitions to achieve the goal of internationalization. In the past, many companies used the first way, it’s not only time-consuming, but costing much larger, the results were unsatisfactory. And later they found that many domestic and foreign
enterprises through mergers and acquisitions can quickly get sales channels, consumer groups, market shares, etc., and therefore gradually began mergers and acquisitions tide. When the company developed to a certain extent, wanting to expand overseas markets, mergers and acquisitions will be used to quickly open up the overseas international roads. They can be more easily accepted by consumer groups in sales places, and obtain the desired technology and brand, also nurture the original corporation.

However, cross-border mergers and acquisitions have not been easy, often there are many uncertain risk factors. First, the transaction information and status of the two parties are not equal, what acquirers tend to see is the acquiree's market shares, sales and purchase channels, for where there are potential problems are often overlooked, but after completing the acquisition, the purchaser just will clearly know what the business problems and risks exist, it is likely to bring a serious risk of the purchaser, or even hinder the development of the parent company. Second, it's concerning regional differences arising from cultural differences, which is the problem most needed to be solved by the enterprise after completing the acquisition. Because many foreign companies have voluntary trade union organizations of their own, they usually ask for the enterprise to increase wages and benefits and other requirements, if they can not be met, there will be strikes, protests and other obstructive behaviors to the production and operation of enterprises to achieve their goals, the local will protect this "reasonable" behavior, thereby allowing enterprises to suffer losses, especially in Europe and other developed countries.

Although Chinese enterprises’ overseas mergers and acquisitions are on the rise, the acquisition index is far below the global average, mergers and acquisitions are at the initial level. Although the acquisition index is low, this kind of behaviors still has a positive role in promoting the internationalization of China's enterprises. They pointed out the direction for other companies and provided successful experience, so that enterprises do not need to open up foreign trade through direct
access to target overseas markets, and they can have more pricing power and more rights of speech in international trade, to promote their continuous development.

4.2 An analysis of cultural differences in cross-border mergers and acquisitions

4.2.1 An analysis of cultural differences between China and Japan

1. Differences brought about by history and culture

In the long historical activities of mankind, the culture gradually emerged, which is based on the communication and connection between people, and then cultural objects such as artifacts, words, customs and so on produced. The local ethnic groups, customs, character, habits, and corporate culture are closely linked, directly affect the corporate culture, regional cultural differences is largely derived from differences of the characters, customs, habits and other aspects, moreover it is also very different in people's thinking and understanding, which is common in every nation. As countries have many differences in geography, customs, habits, and therefore the corporate culture is not the same.

Chinese Culture Originated from the Exploration of Man and Nature, but there are multiple cultural centers of origin, and formed a culture of a surname as a link and blood ties as a clan in the course of development, this is a very unique culture in the world, advocating morality and emotion. Chinese people pay more attention to the hierarchical relationship between people, feudal social impact has long been to a great extent influenced on people's thinking.

Japan is also deeply influenced by Confucian culture, due to the hierarchical relationship is of high value, leading to the status of which its supervisor is often high above, employees also tend to obey instructions, accustomed to working in the command in charge to avoid conflicts with supervisors.
From the geographical point of view, Japan is an island, it is mountainous and lack of arable land and natural resources with frequent earthquakes, its unique geographical environment has nurtured the Japanese unique way of thinking, the formation of personality traits of their hard work, patience, and being more accustomed to rely on the Group's development. But China is the opposite, since the broad and fertile land, coastal people are mostly based on farming for survival source, forming a unique land culture, the long-standing small-scale peasant economic thought and the unified national culture gradually produced the special culture with the kinship as the main social connection, Chinese people are also more biased in favor of personal heroism.

2. **Chinese directness and Japanese avoidance**

Chinese people pay attention to the relationship between each other, advocating morality and personal accomplishment, by the impact and influence of Western culture in modern times, good ideological qualities such as people-oriented, honest, hard work and so on are advocated. When in contact with others, Chinese people usually show their strong social skills up, are good at the debate, sometimes going red in the face for a point of contention. Japanese rarely argue, they are afraid of the deterioration of relationships, it belongs to one of those countries to avoid the uncertainty, comparatively tending to avoid competition and have a certain degree of rejection for adventures and changes. Unclear rules and regulations for the staff, there will be the case of the occurrence of anxiety.

3. **Analysis on the negative and irrational aspects of the culture for the two parties**

The formation of national culture is a long process of development by the constant innovation and the gradual absorption of new things, it has a great relevance
with the ruling class and the habits people have. Take Chinese culture as an example, in the long-term development process, people pay more attention to agricultural development and disregard for commercial, therefore, the level of agricultural development has been a world leader, but the development and reform of social productive forces has created a significant negative impact. In thinking more emphasis is put on subjective thinking, while ignoring the objective existence. One of the typical representatives is Wang Yangming's theory of "to investigate things is to attain knowledge" and heart-mind theory, strict grade-guarded levels make people do their own things step by step, limiting people's innovative thinking.

Japan belongs to the male-dominated countries, pay more attention to the needs of substance, that concepts of men having more power and status than women deeply rooted in their minds, so with such strong social stereotypes in the community, it is easier that men and women have been treated differently at work, generally speaking there are more social expectations for men, due to the difference in social status between men and women in the Japanese companies, it’s more difficult for women to be promoted at work, compared with women, men have more opportunities in the workplace.

4.2.2 Corporate cultural differences in cross-border mergers and acquisitions

Multinational mergers and acquisitions and domestic mergers and acquisitions are very different, comparatively speaking domestic mergers and acquisitions in general can quickly integrate and operate after the completion of the acquisition, because there are cultural differences which are difficult to resolve in multinational mergers and acquisitions, it relates to the differences between the two peoples' ideas, concepts and customs and so on, some regional differences are so large that it takes a long time to put into operation in the run after the completion of the acquisition. Therefore, the problem how to rationally and effectively solve the cultural differences of mergers and acquisitions in different industries and regions is that many
enterprises need to consider and urgently need to solve.

For a description of corporate culture, corporate culture is divided into three levels of national, dominant and recessive, national cultural influence is the most extensive and aggressive, especially the different levels of exchange between nations will produce a corresponding cultural influence. If there is no greater social or political change in a country, then their cultural identity will not greatly change. National culture will have a far-reaching and lasting impact on corporate culture, each time the introduction of new policies or policy changes will bring a great impact to the enterprise, the corporate culture will have a subtle impact on all employees, but will not affect the national culture, the recessive level corporate culture refers to the cognitive and attitude which the employees treat the enterprises, while the dominant level corporate culture is the daily manifested cultural beliefs and practices under the guidance of the behaviors, they are interactive.

Figure 4-1 Diagram for three Levels of corporate culture

The level of economic development and the course of cultural development between nations will make them have some cultural differences, well-known scholars Singh and Gutte Singh believe that cultural differences between countries as a concrete manifestation of the two countries presented as different cultural norms and behaviors. Culture conflicts after multinational merger actually refer to the existence of large differences between the two cultures, this is in the part of the kernel
Enterprises are affected by the local history and culture, customs, as well as the size of enterprises, and other aspects of development. These different aspects between the various enterprises, therefore, lead to cultural differences between enterprises. From the perspective of the implicit kernel, the reason for this difference is the concepts of each enterprise and its employees are very different, the specific performance presents as the operator character, investment risk appetite, management behavior and employee attitudes. Through the analysis of multiple corporate mergers and acquisitions, you can find there is not a small difference in these areas, therefore, the effective management of the foreign enterprises after mergers and acquisitions cause some obstacles. From the dominant point of view, domestic and foreign enterprises are mainly differences in management methods, Chinese attaches great importance to the relationship between people and stresses human relations, take Japan and Germany for example, they are more results-oriented and more focused on the refinement of management, striving for perfection.

Table 4-1 Main differences between corporate cultures

<table>
<thead>
<tr>
<th>Leadership style</th>
<th>Marketing strategy</th>
<th>Organizational performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO's personality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management decision-making</td>
<td>Reward and promotion mode</td>
<td>Individual performance</td>
</tr>
<tr>
<td>Communication and Compensation system</td>
<td>health care system</td>
<td></td>
</tr>
</tbody>
</table>

Source of data: 黄伟东，琳敦. 文化整合从并购前开始[J].中国企业家,
In general, the dominant difference is less difficult to solve, you can still run a conventional style of management to effectively solve this problem, the implicit aspects are difficult to solve, and to solve the problems of the dominant difference is usually the first step to solve the problem. For example executives demonstration model, improve the welfare of enterprises before and so on, through a series of measures requiring a relatively long process to reduce the kernel conflicts, the new corporate values can be input to the awareness of employees. But the conflicts of political and national levels which can not be changed, you can only adapt to this national culture, absorb the relatively good parts, give full play to the enthusiasm of the staff.

4.3 An analysis of the problems in the cultural integration of cross-border mergers and acquisitions in Chinese enterprises

4.3.1 Problems on the integration of Chinese enterprises in human resources

China's enterprises in the integration of human resources as a whole are still in its infancy, not perfect, but talent is the main body of society, is the communicator of culture. And people are also very important objects to cultural integration. For enterprise mergers and acquisitions, big personnel changes are difficult for employees to accept, so trying to keep the original enterprise employee management system and management methods makes employees have a certain sense of security.

4.3.2 Problems on corporate culture difference between countries

China's corporate culture are mostly determined by the supreme leader, most did not hire professional management personnel or team to carry out the systematic construction of its corporate culture. Generally speaking, the levels of corporate staff, functions, divisions of labor of China's enterprise are not clear enough, more often the
management and work arrangements are achieved through the superiors assigning tasks to the subordinates. But in developed countries, the role of middle-level leadership is even greater, the overall impact on the role of corporate management is more direct. In some multinational companies, it’s not possible for middle-rank managers being a national spokesperson image to give those decision-making and management contrary to their culture. In the process of mergers and acquisitions, if the Chinese enterprises adopt their own management style, they may cause regulatory barriers and are not conducive to the management and development of enterprises. That is the importance of multiculture in multinational mergers and acquisitions, which is the key factor to determine its success or failure.

4.3.3 Problems on cross-cultural integration management capability of Chinese enterprises

With the continuous development of economic integration, changes in the world situation are gradually accelerating, the cultures of individual countries and organizations are also increasingly diverse. It needs all kinds of talents to organize production and management for the globalization of the world's enterprises, and needs relevant management personnel who are familiar with various culture and mergers and acquisitions business to help enterprises to manage and get the culture integrated. Lenovo and TCL Group, represented by the two Chinese companies, push overseas mergers and acquisitions cultural integration into a higher and more important position.

For most international enterprises concerned, since employees come from all over the world, with different cultures and habits, mutual collision and friction are inevitable. Due to the differences of values and pursuits for employees, companies should differ in management. Overseas companies should comply with the values of social construction requirements, make the products meet the needs of most consumers. If it is difficult to adapt to the cultural practices of the host country or
community for the acquiring enterprises, it will further hinder the development of enterprises. Chinese enterprises are still in the realization of the initial stage of the country, there is no rich experience and strong comprehensive strength of overseas mergers and acquisitions, and there are few cases to learn from. Due to Chinese enterprises greatly influenced by politics and policy, lacking of talent and being anxious lead to their difficulties to compete in advanced countries and enterprises.

4.3.4 Problems on the degree of Chinese enterprise culture identity

After the reform and opening up, Chinese enterprises have achieved rapid development, however, most enterprises also belong to labor-intensive ones, less high-tech types. It is difficult to change the impressions of Chinese enterprises in foreign markets on the low product prices and poor qualities. Therefore, in the process of mergers and acquisitions, the identity of employees for products and values is very important. There are still some foreign people and the media that have prejudice and suspicion of Chinese enterprises, so that investors worry about the return of Chinese enterprises, employees worry about work, managers worry about development, which increased the difficulty of mergers and acquisitions of Chinese enterprises, and the difficulty of management after the merger. Referring to the previous mergers and acquisitions case, the corporate culture and brand of the acquired company are highly recognized by local consumers and employees. In this environment, the recognition of employees is the key to the realization of corporate mergers and acquisitions. That Chinese culture is imposed on the acquired companies is not able to achieve the integration of enterprise, it can only cause resentment of employees, leading to strikes, resignations and other negative things happening. Take TCL as an example, after the acquisition of Thomson, Thomson does not accept TCL's low-cost design, resulting in a wave of large numbers of employees resigned in 2004, this is not just because of cultural differences, but also the welfare and placement of workers and other reasons. This trend led to TCL in a very unfavorable position, more similar cases such as the case of Lenovo acquiring CIFA and so on. For now, it has become the key to the
success of mergers and acquisitions that employees can agree with the concepts and products of enterprises’. Compared with the Western developed countries, it is more difficult for Chinese enterprises to achieve cultural integration.

4.4 Multifactor analysis of cross-cultural integration of Chinese

All things exist in the universal link and the law of development, the internal elements of things indifferent development stages are interrelated and interacted, influenced and restricted each other. For a thing, its internal factors and related elements and things are called factors, this relationship is called the impact. On this basis, the factor analysis method is proposed to analyze the problem. This analysis refers to the analysis of the factors that affect things, the degree of influence, the interaction of various factors, and proposes the ways to change things by changing the factors to change the way things develop based on results of the analysis.

Generally the key factors affecting the success of cross-border mergers and acquisitions have the following four: Cultural differences, human resource management, low degree of recognition, lack of cultural management. Now construct the multi-factor model, and carry on the modeling analysis:

\[ \text{prob} = a_1x_1 + a_2x_2 + a_3x_3 + a_4x_4 + s \] (1)

Wherein, \( P \) represents the probability of success, the cultural difference factor is \( X \), the human resource management factor is \( x_3 \), the cultural identity factor is \( a_2 \), the cultural management factor is \( x_4 \), the residual term is \( S \), the range of the four factors is \(-1,0,1\), -1 means no effect, 0 represents uncertainty, 1 represents influential. Through empirical analysis the following can be obtained:

\[ \text{prob} = 0.46x_1 + 0.12x_2 + 0.14x_3 + 0.28x_4 \] (2)

Through analysis we can see, according to the degree of influence on the success rate of mergers and acquisitions, the sort respectively is: Cultural differences, lack of cultural management, human resources management and a low degree of recognition, in which cultural management factors and cultural differences account for
74% of the success of mergers and acquisitions. Cultural differences are objective factors that are difficult to change, but we can change the culture of management to improve the success rate of mergers and acquisitions. Cultural identity is not a major factor, thus, by a comprehensive analysis, it can enhance the success rate of mergers and acquisitions to enhance corporate culture management while carrying out cross-border mergers and acquisitions.

4.5 Cultural integration of transnational mergers and acquisitions of Haier Group

October 2011 No. 18 Haier Group signed an agreement with Sanyo Electric, the agreement provides Haier Group wholly-owned Sanyo Group's acquisition of washing machines and refrigerators business, Haier Group gained sales resources and channels of Sanyo Electric in other countries, the agreement stipulates that the above matters will be completed in March 2012.

4.5.1 Company profile

About Haier, Haier is a Chinese home appliance business-oriented enterprise, founded in the late eighties of the last century, it is one of the first batch of the world's top 500 enterprises, the development of the brand has gone through four stages before and after, namely the stage of brand strategy, diversified development strategy stage, the stage of international strategy and global brand strategy stage. Haier culture great emphasis on product innovation and personnel training, its core idea is to create value for customers with a steady stream of high-end products, this set of values is Haier continuous progress of the most fundamental driving force.

About Sanyo Electric, Sanyo Electric is a subsidiary of Matsushita Group, its main business is the energy products such as solar power generation systems and rechargeable battery lights, however, due to limited profitability, since 2009 the
company has been at a loss, so the company had been considering acquisitions.

### 4.5.2 An analysis of reasons in mergers and acquisitions

In addition, after the acquisition, Haier also received intangible capital that Sanyo Electric long experience accumulated down, and technology and credit, etc. As Mr. Du Jingguo said at the signing ceremony of the acquisition: "The secret to the success of mergers is not how much money and resources can be invested, but rather in well absorbing the merged firm's corporate culture and entrepreneurial spirit after the mergers and acquisitions, Haier hope that more than 3,000 employees of the original Sanyo Electric can be very well integrated into their own business after the merger."

### 4.5.3 An analysis of cultural differences among enterprises

Mergers and acquisitions will be faced with conflicts from all sides. That the major cultural differences exist in the case of Haier acquiring Sanyo Electric are the following points:

1. **Cultural differences between China and Japan**

   The cultural differences between China and Japan are mainly manifested in the following aspects: First, different diet culture caused by different living habits; second, different dress culture in different climatic conditions; third, different beliefs caused by different history and culture; fourth, different interpersonal culture caused by work habits. As a Chinese enterprise, Haier is deeply influenced by traditional culture, such as Haier spirit - "dedicated to the country, the pursuit of excellence", Haier style "rapid response, immediate action", OEC management model. While Japan's Sanyo Co., Ltd, on behalf of the Japanese business culture, dutiful and binding social networks weakened and difficult to understand.

2. **Cultural differences among employees**
Japanese are concerned about what others think, the principles of handling interpersonal relations among colleagues and the principles of handling family relations are very similar. For example, if the Japanese want to express something, usually they don’t say it directly, tend to use subtle expressions of euphemism, pay more attention to each other's feelings, won’t destroy the harmonious relationship between colleagues for something, employees of Sanyo Electric keep this kind of Japanese tradition at work. The corporate culture of Haier is straightforward, they speak their mind even in the face of their leadership, everything for the interests of the company, in comparison, they are not so paying attention to emotional communication among colleagues. As a result, staff culture between the two enterprises there exists a certain amount of frictions and conflicts.

In addition, attitudes of managers and staff to mergers and acquisitions are also different. In the event of this acquisition, Haier Group is the acquiring party, while Sanyo is the acquired party, if the upper leadership can not handle their mentality well in this acquisition, then subordinate employees are also likely to be affected by this atmosphere, it will hinder the integration of employees in the new company.

4.6 Assumptions on integration of corporate culture and verification survey

4.6.1 Make assumptions

For the case of Haier Group acquiring Sanyo Electric, make the following assumptions:

Assumption one, the original employees of Sanyo can gradually adapt to the new corporate culture after the acquisition within two years;
Assumption two, the biggest problem faced by Haier Group after the acquisition of Sanyo Electric in the process of cultural integration is the cultural differences brought about from different countries between China and Japan;

Assumption three, the biggest difference between Haier and Sanyo Electric in the corporate culture is the way of treatment.

4.6.2 Questionnaire design

For the above three hypotheses, design the questionnaire, there are the following three major issues:

First, after the acquisition of Sanyo Electric Company, do you think if cultures of Sanyo Electric can be well integrated into the Haier Group within two years?

Second, what do you think is the biggest challenge to cultural integration after the acquisition?

Third, what do you think is the biggest difference in corporate culture between the two parties?

4.6.3 Statistics and analysis of questionnaire results

In response to these three major issues, a total of 120 questionnaires were distributed, including 50 employees of Sanyo transferred into Haier Group, 10 managers of Sanyo Electric transferred into Haier Group, the original 50 employees of Haier Group and 10 managers of Haier Group, 100 valid questionnaires were returned, the effective recovery rate of the questionnaire was 83.33%, the results of the questionnaire are shown in Table 4-1, Table 4-2 and Table 4-3.
As can be seen from Table 4-1, that the number of people who think Sanyo employees can well integrate into the culture of Haier Group accounted for 77.78%, 60% of Sanyo executives think they can be better integrated into the Haier Group's culture; the number of people in Haier Group who believes Sanyo can well be integrated into the culture of Haier Group within two years is obviously more than those from Sanyo, of which Haier employees accounted for 88.89%, Haier executives accounted for 80%, indicating that the acquirer holding more open mind than the acquired to make the cultural integration of the two companies. Overall, the recovery in all 10 questionnaires, 82% of people believe that employees of Sanyo Electric can be well integrated into the Haier Group's culture within two years.
Therefore, the conclusion of Assumption One is correct.

Table 4-2 Statistical table of the biggest problems faced in the cultural integration process of enterprises

<table>
<thead>
<tr>
<th>Problem Description</th>
<th>Sanyo employees</th>
<th>Sanyo executives</th>
<th>Haier employees</th>
<th>Haier executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>The impact of cultural differences</td>
<td>5</td>
<td>1</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>HR mismanagement</td>
<td>5</td>
<td>1</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>The Problem of corporate cultural identity</td>
<td>4</td>
<td>2</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>other reasons</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

It can be seen from Table 4-2 that 26 employees in Sanyo believe that the problem of corporate culture identity is the biggest problem faced by two enterprises in the process of cultural integration, accounting for 52%, mismanagement of human resources accounted for 12%, the impact of cultural differences brought accounted for 32%, and other reasons accounted for 4%, for Haier employees, the proportion of degree of corporate culture identity is also the highest, accounting for 52%, mismanagement of human resources accounted for 14%, the impact of cultural differences brought accounted for 30%, and other reasons accounted for 4%.

Therefore, the conclusion of Assumption Two is wrong, the correct
The conclusion is: issue of corporate culture identity is the biggest problem faced in the process of integration of corporate cultures.

Table 4-3 Statistical tables of the survey on the largest cultural differences between the acquiring enterprise and the acquired enterprise

<table>
<thead>
<tr>
<th></th>
<th>Sanyo employees</th>
<th>Sanyo executives</th>
<th>Haier employees</th>
<th>Haier executives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>processing mode</strong></td>
<td>15</td>
<td>3</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td><strong>Corporate beliefs</strong></td>
<td>7</td>
<td>1</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Values</strong></td>
<td>8</td>
<td>1</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cultural image</strong></td>
<td>7</td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td><strong>The others</strong></td>
<td>8</td>
<td>0</td>
<td>11</td>
<td>0</td>
</tr>
</tbody>
</table>

As can be seen from Table 4-3, in all factors, the proportion of the corporate processing mode accounted for the most, accounting for a total of 41%, other factors accounted for a relatively small proportion of all, of which corporate beliefs accounted for 14%, values accounted for 14%, cultural image accounted for 12%, the others accounted for 19%.

Therefore, the conclusion of Assumption Three is correct, that is the biggest
difference between Haier and Sanyo Electric in the corporate culture is the corporate processing mode.

4.7 Experiences to the cultural differences

First, in terms of history, Sanyo Electric set up earlier than the establishment of Haier, compared with Haier Group, Sanyo Electric has more management experience, way of thinking and communication and so on, therefore, Haier Group has actively learned from Sanyo Electric's relevant experience; in addition, in order to cope with the integration of culture, Haier Group has taken an inclusive attitude on religions and other aspects, allowing corporate employees to have different religious beliefs.

Second, Haier Group has developed a number of new regulations for Sanyo Electric, carry out cultural propaganda activities as well as some mental health education activities, and give psychological counseling to those who can not adapt to the new corporate culture, trying to guide the integration of culture.

Third, Haier Group specifically hired a senior manager with rich management experience and experience in studying in Japan for Sanyo Electric, leading Sanyo Electric into the integration of new businesses. Because of his unique personal charm, it has played a significant role in promoting the integration of corporate culture.

Fourth, Haier Group took a special cultural training for employees of Sanyo Electric, giving the introduction of Chinese corporate culture. Let both sides of employees understand the corporate culture and form a correct understanding. It is important for the two sides to build mutual understanding and trust, to avoid conflicts arising from cultural differences to the maximum extent and to promote new corporate culture integration. Specific training content may include: cultural
awareness, cultural sensitivity training, language learning, intercultural communication and conflict management, etc.