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Cross-Border M&A and Post-Merger Integration in Global Value Chain Upgrading: A Case Study on Geely

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1. Introduction

1.1 Research Background and Formulation of Research Question

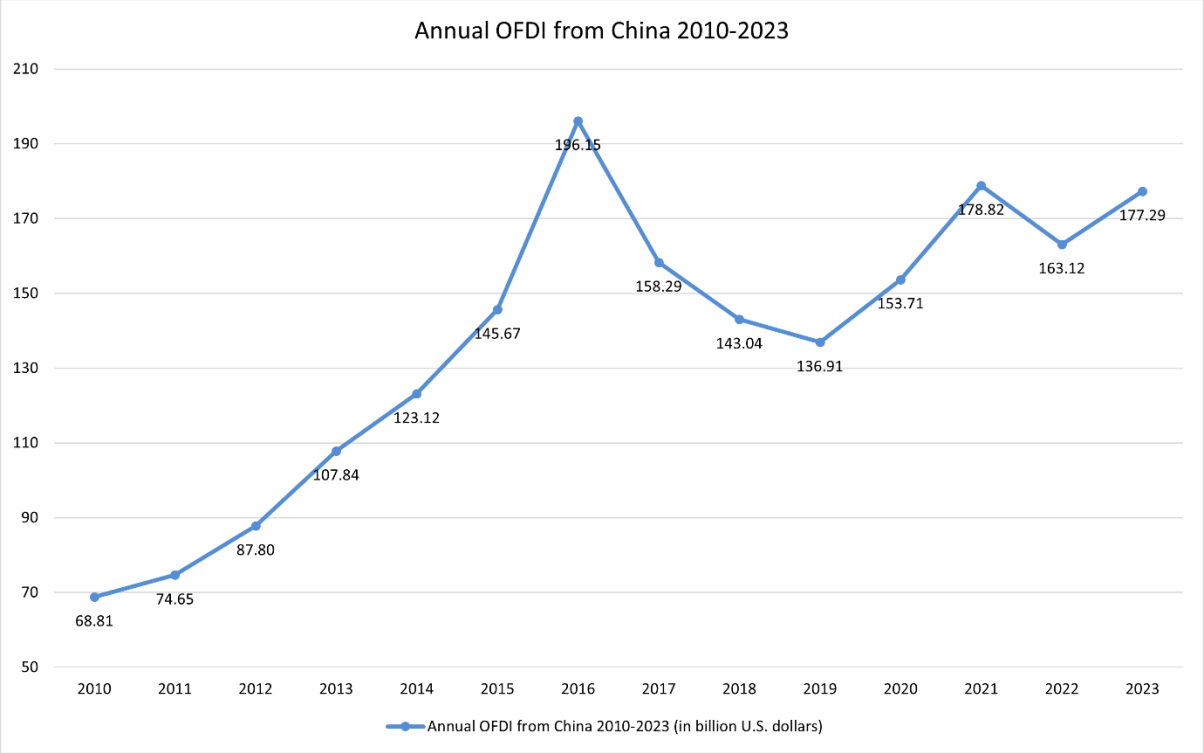
The last few decades have witnessed a tremendous surge of intensified globalization and technological disruptions, with both advanced and emerging market firms aiming for international development and competitive positioning. As a result, cross-border mergers and acquisitions (M&As) have become much more frequent and serve as important strategies for firms seeking to embed themselves in the global value chains (GVCs). In particular, cross-border M&As are exemplified by emerging economy multinational enterprises (EMNEs) that are increasingly eager to acquire advanced technologies, access new markets, and integrate into higher value-added segments of production. However, the success of such transactions does not hinge merely on the acquisition itself and in fact, as Zhou et al. (2023) and Degbey et al. (2021) have pointed out, experience from prior M&As, specific institutional and resource factors are all indispensable variables to consider when pushing forward cross-border M&A completion.

Furthermore, existent literature has also shed light on post-merger integration (PMI) processes as many firms have struggled to achieve operational synergies and generate profits in post-acquisition periods. Chen et al. (2022) suggest that the dynamics of PMI is a multi-staged process where the degree of integration rises in line with firm's absorptive capacity and that due to contrasting cultural barriers, the common integration strategy adopted by Chinese enterprises with successful overseas M&A experiences has been a typical light-touch mode with high retention and relatively low interference with foreign subsidiaries.

Ever since the announcement of China's going out policy, numerous cross-border M&A activities have been conducted by Chinese enterprises and often as a sought-after corporate strategy, Chinese outward foreign direct investment (OFDI), according to United Nations Trade and Development (UNCTAD) and China's Ministry of Commerce, has soared up quite significantly in the last decade, reaching its peak of 196 billion dollars in 2016 and then hit bottom due to deglobalization trends and trade protectionism. In recent years, China's OFDI

managed to climb up slowly despite the unexpected global pandemic, fluctuating around 170 billion dollars as Figure 1-1 has shown.

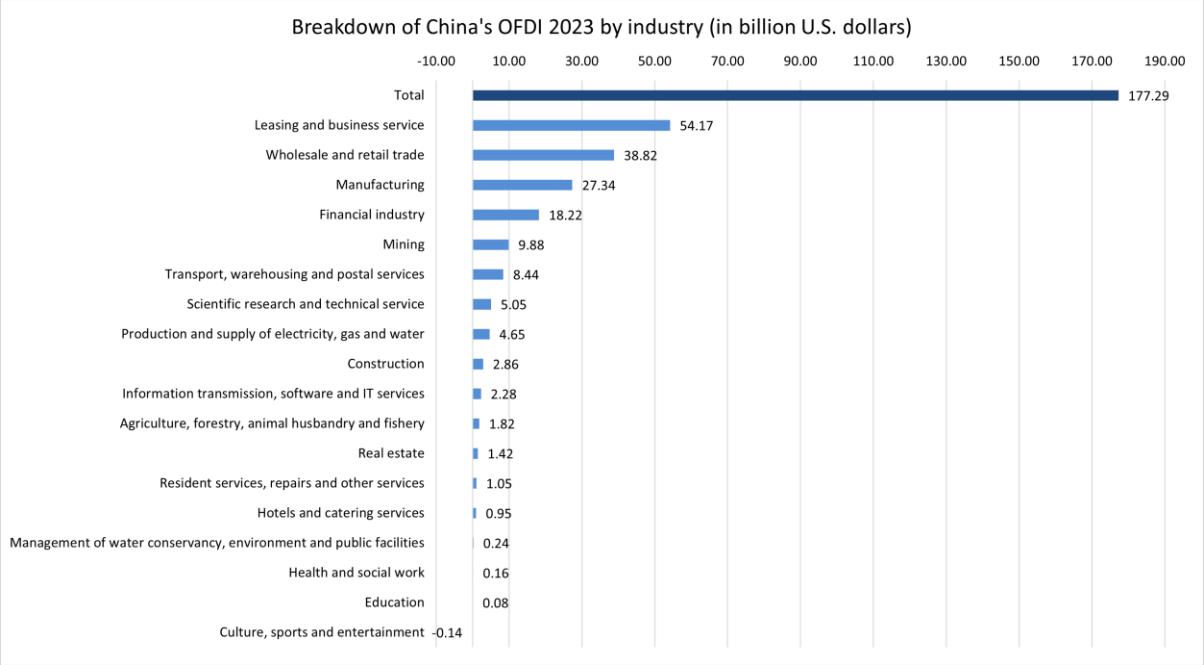
Figure 1-1 Annual OFDI from China 2010-2023



Moving from time-series data to cross-sectional data, in year 2023 a breakdown of China's sectoral OFDI by industry is illustrated below in Figure 1-2 according to National Bureau of Statistics of China. It can be seen that while leasing and business service, wholesale and retail trade still take up the largest share of China's total OFDI, the manufacturing industry accounts for 15.4% of China's total FDI outflows, which is to say that for Chinese automakers that are long positioned as low-cost manufacturers in GVCs, OFDI like cross-border M&As offer a pathway to overcome technological barriers and business disadvantages, while PMI serves as the bridge between strategic intent and sustainable value co-creation. Yet, the challenges of integrating different corporate cultures and business operations, if not a light-touch integration approach, often undermine these ambitions, highlighting the importance of a holistic, meticulous look at the complete integration path in the post-M&A period. Hence, the research question of this thesis is thus formulated as: *What*

is the integration path of Chinese automotive enterprises in cross-border M&As under the context of GVC upgrading?

Figure 1-2 Breakdown of China's OFDI 2023 by Industry



In response, the thesis endeavors to examine the interplay between cross-border M&A and post-merger integration through the lens of a case study from Geely Automobile Holdings, a Chinese car company that has rapidly transformed into a global player through a series of cross-border M&As and eventually succeeded in upgrading its global value chain. Apart from the case study approach, the thesis supplements the research with business analysis and financial index analysis to better evaluate Geely's performance in the global market.

Drawing on existing literature and data from case interviews, corporate reports and databases, the thesis strives to enrich the current cross-border M&A and post-merger integration literature and provide insights into actual management practices in the real world for multinational companies.

1.2 Literature Review

1.2.1 Global Value Chain Literature

Global value chain theory is rooted in value chain theories, which represent value chain

activities accomplished by inter-firm networks on a global scale, and the content of global value chain theory has been continuously expanded and enriched by international scholars. GVC theory helps to understand the organizational and operational mechanism of global industries by examining the dynamics of international industrial structures. The research focus of GVC theory is primarily divided into two perspectives: a top-down "governance" approach and a bottom-up "upgrading" approach, as highlighted by Gereffi (2018). Regarding Chinese MNCs that were once centered around the low value-added activities in the GVC, their primary strategic focus will still revolve around GVC upgrading.

GVC embeddedness refers to the process of enterprises actively participating in the international trade division of labor, and effective integration into GVC has been recognized as a crucial driving force for economic development (Adarov, 2021). A country's position in the GVC depends on the depth and width of its participation in international business, and the degree of GVC embeddedness is an important factor to be at the top of global industries. In the meantime, factor endowment, geopolitical stability, free trade policies, FDIs and domestic industrial capacity all have a decisive impact on a country's degree of participation in GVCs (Fernandes et al., 2022). In the international production system, developed countries dominate and in the early days, China mainly embedded itself in GVCs mainly by inviting FDIs and with China's accession to the WTO, domestic manufacturing enterprises have also found its way into GVCs with the formation of some major regional cluster economies. However, China's manufacturing industry lacks core competitiveness and is located at the low end of the GVCs, which deters corporate's R&D and innovation capacity due to vertical specialization (R. Lin, 2021). Digitalization, in this sense, has brought about a new turnaround, facilitating MNCs to outsource complex production activities across borders, providing flexibility for MNCs to engage in GVC activities (Gopalan et al., 2022).

GVC upgrading refers to an optimized configuration of value chains in a way that firms can move from low value-added activities to high value-added ones through process upgrading, product upgrading, functional upgrading or intersectoral upgrading (Gereffi, 2018). In manufacturing industries where GVC theories are primarily widely applied, the

upgrading mainly stems from original equipment manufacturing (OEM) to own brand manufacturing (OBM), while OFDI is usually considered as a more direct and effective way of GVC upgrading for it has a positive impact on home country's international trade network and technological progress (Gereffi and Memedovic, 2003).

Policy guidance also plays a vital role in GVC upgrading. Du and Zhang (2018) suggest that under the influence of China's Belt and Road Initiative (BRI), the outflows of Chinese OFDI rose significantly in belt-road countries and heavily integrated into the local economies while comparatively speaking, no substantial effect was observed in other areas. In addition, technology is an important driver of GVC upgrading. The significant development of information technology, communication and transportation has led to further fragmentation of a globalized production, especially when blockchain technology is combined with the internet of things (IoT) ecosystem that will strengthen GVCs and boost value creation (Egwuonwu et al., 2022).

In the meantime, GVCs are at risk in a volatile global situation. Since the global pandemic and the U.S. strategic decoupling from China, GVCs have undergone serious challenges, reversing back into regional value chains, which could potentially deter the operational efficiency of major MNCs (Lim et al., 2021).

1.2.2 Cross-border M&A and PMI Literature

Scholars have analyzed cross-border M&As from different perspectives and substantial research has been dedicated to the relationship between GVCs, home country's OFDI and cross-border M&As. Utesch-Xiong (2021) finds that there does exist a relationship between China's OFDI policies and cross-border M&As. In specific, he separated the policies into coercive and non-coercive ones and distinguished between different types of enterprise ownerships, revealing that different policies are not alike in their final impact on cross-border M&A activities and non-coercive policies can better motivate firms to go abroad, but with the increasing experience of internationalization, firms build on their own knowledge to make investments and are less bounded by policies. Ciani and Gregori (2025) and Liu et al. (2024), focusing on the European Union (EU) and China respectively, have all demonstrated the fact

that cross-border M&As take up quite a bit in country's total OFDI and are positively associated with host country's GVC participation. When the host country has high backward GVC participation, meaning that country is on the "buyer" side of the GVC and imports raw materials or intermediate goods to produce its exports, M&A flows are likely to happen.

With regard to motives for cross-border M&As and their post-M&A performance, academia has a rather long history of study. Scholars like Shimizu et al. (2004) have carefully examined the current theoretical foundations from different angles which are cross-border M&A as a way to enter new market; as a dynamic learning process in a cross-cultural context; as a wealth creation corporate strategy. They found that even though the pursuit of cross-border M&As is predominantly driven by economic calculations such as transaction cost theories and ownership-location-internationalization framework, other factors such as firm-level prior experience, industry characteristics and country policies count as well but the results are mixed and require further attention. In terms of financial performance, Knapp et al. (2006) investigated the time-series relationship of post-merger profitability of banking companies and found that there is a positive relationship between their profitability level and the industry average. Furthermore, the post-merger performance evaluation of banking companies is investigated using mean reversion method. The results show that the performance of banking companies five years after mergers and acquisitions is significantly better than that of the industry. However, another group of scholars believe that cross-border M&As have a negative impact on firm's financial performance. Meschi and Metais (2006) analyzed the value impact of 291 M&As completed by major French enterprises in the United States and found that French firms experienced an overall decline in financial performance after M&As. Alexandridis et al. (2007) examined the impact of pre-acquisition disagreements on post-merger stock returns, showing that future returns are lower for firms with high opinion dispersion than for those with few disagreements.

Most PMI literature takes culture as a starting point. Historically, Chatterjee (1992) and Lubatkin et al. (1998) have emphasized the problematic nature of PMI due to vast differences in organizational or national cultures that could further lead to a series of management

problems. In response, several scholars like Malik et al. (2023) saw language as the actual expression of culture and propose several language strategies to help mitigate conflicts between employees and highlighted the important role of human resources management (HRM) to invest in linguistic socialization to secure effective PMI while watching out for employees' general well-being. On China side, previous scholars have observed the common PMI strategy of Chinese MNCs in developed economies and found that, as previously has mentioned, they tend to keep as much autonomy as possible for the acquired firms. Yang (2022) provided a systematic yet critical analysis of the PMI of Chinese MNCs, showing that preserving great autonomy, a typical light-touch mode favored by most Chinese enterprises, at first do have certain benefits for it gives the Chinese parent company the time to learn and observe potentially better business operation procedures and deepen mutual understanding through communication. However, the importance of PMI ambidexterity of both autonomy and full integration is also recommended and stressed by the author, which indicates that there exists a linear chronological process of PMI from autonomy to full integration and warns against managerial practices of blind worship that would otherwise limit integration and give way to managerial threats and problems.

1.2.3 Critical Review and Research Gap

Extant literature has laid a solid foundation for understanding the interplay between GVC dynamics, cross-border M&As, and PMI strategies. In terms of GVC studies, previous scholars mainly analyzed the manufacturing industry to find out the working mechanism of how countries manage to embed themselves in GVCs and their upgrading paths. Similarly, cross-border M&A and PMI studies have offered notable insights into the motives, performance and challenges in the post-merger phase, with particular attention to Chinese firms' preference for a light-touch integration.

However, several limitations persist. Theoretically speaking, while GVC theories are well-established, their application to emerging economies remains overly macro-focused. Most studies prioritize country-level factors such as OFDI policies and geopolitical stability over firm-level strategies, which would require case studies to investigate micro-level

sophistications. Additionally, the literature often treats GVC upgrading as a general linear progression model seemingly applicable for all firms, overlooking how individual firms leverage their resources to reposition themselves within GVCs. Research is needed to map firm-level innovation strategies and their alignment with national policies.

Existing empirical studies on cross-border M&As mainly focus on exploration of possible relationship between OFDI and number of M&A deals, the result of which shows a certain degree of coherence regardless of country background. While such studies demonstrate a general credible correlation, it is also worthwhile to bear in mind that GVC upgrading, PMI, or cross-border M&A outcomes involve multifaceted interactions between firms, policies, cultures, and technologies that quantitative data might overlook. It is exactly the case that the empirical studies on cross-border M&A performance exhibit mixed findings. While Knapp et al. (2006) report positive post-M&A performance in banking, Meschi and Metais (2006) highlight declines in French firms' profitability, suggesting context-dependent outcomes that require deeper exploration.

Moreover, while Yang (2022) believes that the autonomy and integration are recognized as dual priorities, optimal balancing mechanisms remain unclear, particularly in diverse cross-cultural settings and the role of industry-specific factors in shaping integration strategies remains underexamined. Therefore, industry-specific studies that lay emphasis on exploratory in-depth examination of contextual backgrounds and characteristics could potentially complement the current research.

2. Focal Industry of Research

2.1 Overview of the World Automotive Industry

Generally speaking, the automotive industry, as one of the pillars of the global manufacturing industry, covers a wide range of organizations and corporations whose activities are associated with the design, R&D, manufacturing, marketing, sales and after-sale services of motor vehicles, with a rising market size of about 92 million in terms of sales units in 2023, according to Organisation Internationale des Constructeurs d'Automobiles (OICA).

Into the 21st century, the industry is embarking on a profound change shaped by technological revolution, policy disruptions and geopolitical tensions. The traditional value chain centered around fuel vehicles has been accelerated and reconstructed in the wave of electrification and artificial intelligence. Key players are also challenged by new entrants like China that has become the largest manufacturer and automotive market since 2009. In 2023, the sales of new vehicles in China reached 30 million, accounting for nearly 32% of total vehicle sales, and its electric car production covered almost 60% of global production according to International Energy Agency (IEA), all of which goes without saying that China will be the core driving force of rapid industrial revolution in the years to come.

World lead firms, namely Tesla, BYD, Toyota and Volkswagen are now seeking to keep up with industrial trends by continuous innovation, adhering to policy changes, technology breakthroughs, market and consumer needs in order to cope with the increasingly complex market environment.

In catching up with the trends there are also particularities to notice as well. First and foremost, vehicle electrification has left both countries and firms no choice but to speed up the energy transition process. According to IEA, global sales of electric vehicles (EVs) have exceeded 16 million units in 2024 while China controls the largest manufacturing capacity for lithium-ion batteries for EVs thanks to BYD and CATL. On Europe side, Megyeri et al. (2023) analyzed the EU macroeconomic environment and industrial policies regarding the

automotive sector from the perspective of “headquarter” and “factory” economies, showing that under the disturbances in global supply chain restructuring, leading European automotives firms are actively investing in digitalization and sustainability, aligning with the EU’s dual objectives of advancing the digital-green transition. These efforts encourage suppliers in both core and less peripheral economies to adopt similar priorities, despite challenges posed by the latter’s underdeveloped infrastructure. Nevertheless, concentrating on the European automotive industry as a whole, such industrial transition may serve well in shortening GVCs and mitigating risks from extra-EU value segments.

Secondly, digital transformation redefines product values, shifting the identity of global automotive companies from traditional hardware manufacturers to integrated mobility and technology service providers (Llopis-Albert et al., 2021). This evolution redefines core competencies across product development, customer engagement, and operational strategies.

At the product level, vehicles are transitioning into software-driven platforms. The focus has moved from mechanical superiority to continuous digital enhancement, where over-the-air (OTA) updates enable performance improvements and feature upgrades long after purchase. This shift turns cars into evolving assets, with software ecosystems becoming critical differentiators in competitive markets.

Customer relationships are being transformed through data-driven engagement. Companies now prioritize lifelong user interaction over one-time transactions, leveraging connected technologies to gather real-time insights into customers’ driving behavior and preferences. This data fuels personalized services, from adaptive insurance models to predictive maintenance, creating recurring revenue streams and deepening brand loyalty.

Operational practices are becoming more agile and flexible through smart technologies, allowing for faster response to market demands while supporting mass customization. As new profit centers shift to industry megatrends like Mobility-as-a-Service (MaaS) ecosystems, connectivity and sustainability, automakers are found to collaborate frequently with cross-industry partners, giving way to flatter, innovation-focused structures capable of managing complex digital ecosystems.

Thirdly, the supply chain regionalization is accentuated more than ever to hedge the risk of globalization. The Sino-US trade war, accompanied by the pandemic and geopolitical conflicts, was a lesson learned by governments and large corporations that struggle to rid themselves of the interdependence predicament. Frieske and Stieler (2022) examined the semiconductor shortages in automotive industries and showed that the automotive industry's recovery faces persistent risks due to scarcities of raw materials and critical components, most notably semiconductors, which highlights how short-term supply chain disruptions intersect deeper, long-term structural vulnerabilities within the semiconductor sector. Together, these factors are hindering rapid improvements in automotive supply chains, prolonging challenges for the industry's rebound. Automakers, in this case, have turned to a near-shore manufacturing pattern, reflecting a strategic shift from "efficiency first" to "safety first".

2.2 Chinese Automotive Industry Characteristics

The automotive industry is one of the most important pillar industries of China's national economy, and till now it has formed a well-functioning system, covering a full range of vehicle types, parts production, after-sale maintenance and support. In recent years, the Chinese government has spared no effort in using both national and local policies to reduce average car prices and expand the domestic automobile market demand. Fueled by a strong continuation of automobile exports and internationalization of Chines automakers, in 2023 the annual automotive production and sales has increased by 11.6% and 12.0% to 3,016.4 million units and 3,009.4 million units respectively, while the automotive manufacturing industry's added value showed a 13.0% year over year (YoY) increase.

Table 2-1 Recent Favorable Policies in Chinese Automotive Industry

Date	Policies
2023.6	Notice of the Ministry of Commerce on the Organization of Automobile Consumption Promotion Activities
2023.6	Announcement of the Ministry of Finance, the State Administration of Taxation and the Ministry of Industry and Information Technology on the Continuation and Optimization of Vehicle Purchase Tax Reduction and Exemption Policies for New Energy Vehicles

2023.7	Notice of the Ministry of Commerce on Several Measures to Promote Automobile Circulation and Expand Automobile Consumption
2023.7	Notice of the National Development and Reform Commission on Several Measures to Promote Automobile Consumption
2023.9	Plan of the Ministry of Industry and Information Technology for Stabilizing Growth in the Automotive Industry (2023~2024)

In terms of exports, 2023 saw Chinese automakers persistently advance the global expansion strategies of domestic brands. Driven by recovering international market demand, China's comprehensive automotive industrial chain, and enhanced product competitiveness, automotive exports surged to a historical high. Annual vehicle exports reached 4.91 million units, marking a 57.9% YoY increase. Passenger vehicles and commercial vehicles accounted for 4.14 million and 770,000 units respectively.

In the past few years, exports of traditional fuel-powered vehicles for passengers have climbed up steadily by 39.4% to 2.66 million units in 2023, while EV exports grew by roughly the same percentage to 1.773 million units in 2023 but compared to 5 years ago, Chinese EV exports have emerged as a pivotal growth driver for their tenfold increase from 147 thousand units to 1.773 million. In the meantime, the EV sales in China have risen steeply, accounting for over a third of global sales by 2023. Therefore, the statistics have shown that China continues to solidify its position as the world's largest automotive exporter and a dominant player in the global EV market, with domestic brands entering a phase of rapid internationalization.

Figure 2-1 Number of Vehicles exported from China 2010-2023, by type

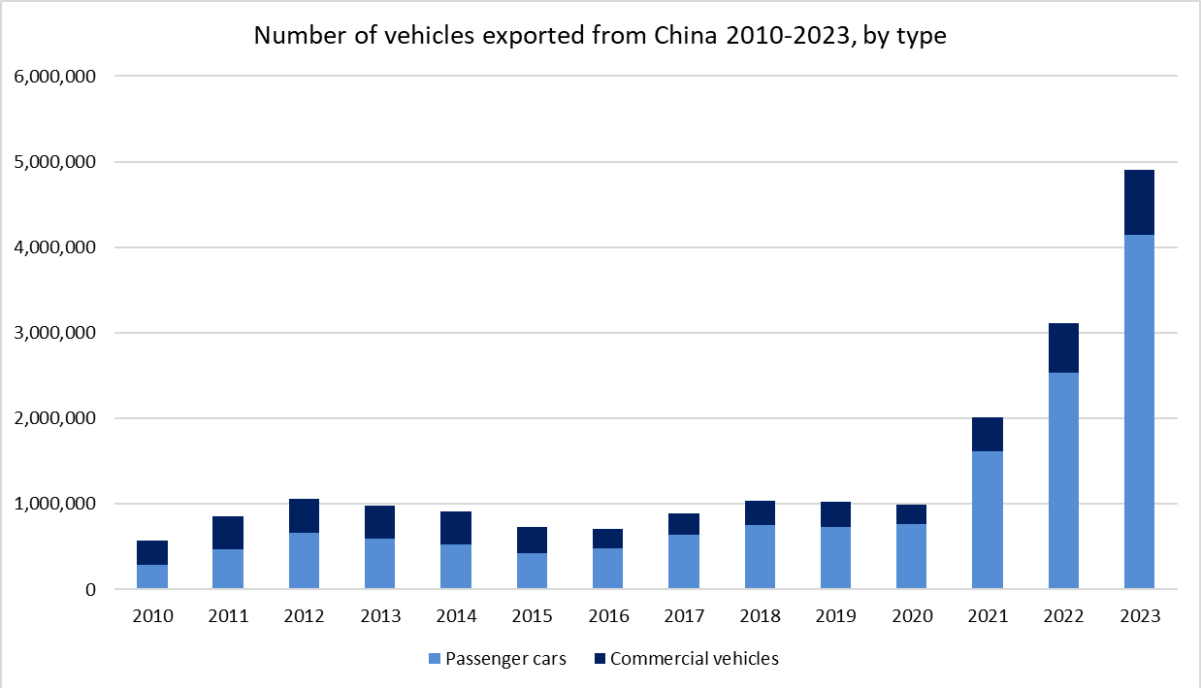


Figure 2-2 Passenger Cars Export Volume from China 2018-2023, by energy type, in 1,000 units

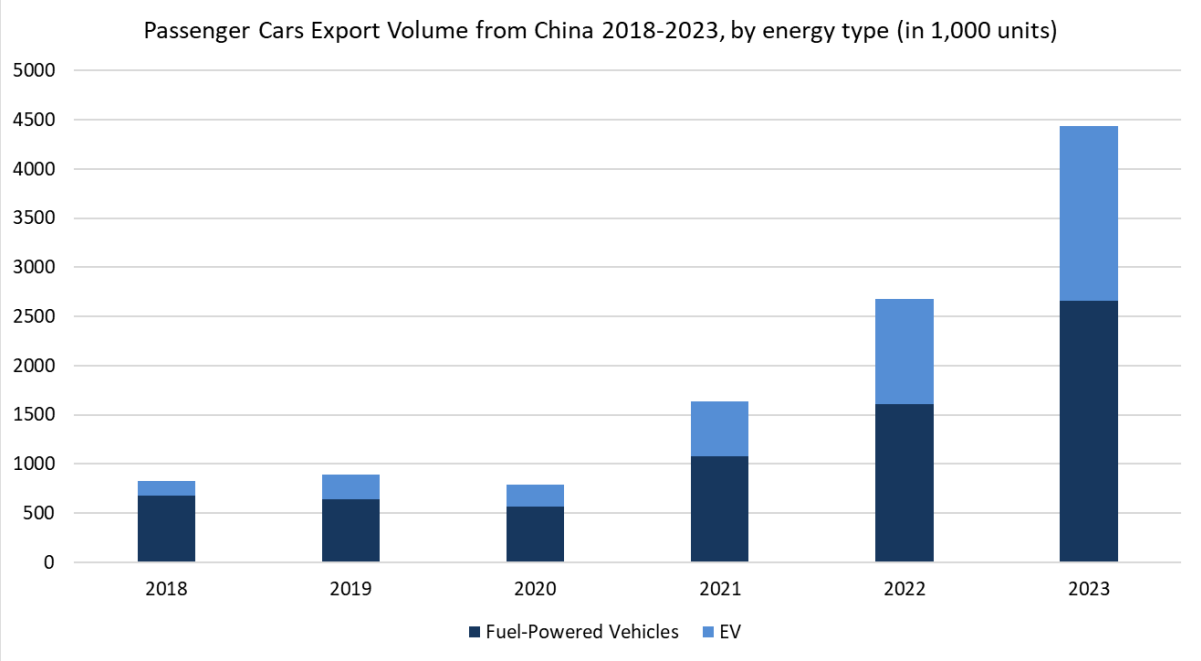


Figure 2-3 China EV Sales and its Global Sales Share 2018-2023, in 1,000 units

In the opinion of the author, the Chinese automotive industry has revealed the following characteristics. First of all, in terms of market concentration, intensified competition in recent years has amplified the advantages of leading automakers in brand recognition, cost efficiency, technological capabilities, and economies of scale, while weaker brands are being replaced amid market downturns. According to statistics from the China Association of Automobile Manufacturers (CAAM), the top 10 domestic automakers sold 25 million vehicles in 2023, accounting for 85.4% of total sales of 30.09 million, while in 2022 the aggregated sales of these automakers were 23.14 million that took up 86.2% of total sales of 26.86 million. Notably, SAIC Motor, China FAW Group, and BYD were the top three automakers by sales in 2023, and as can be seen from Figure 2-4, their combined sales in 2022 and 2023 reached 10.36 and 11.48 million respectively, with their market share remaining roughly the same at 38%, smaller than that of 42.1% in 2021[1]. Interestingly, it is not hard to find that the market share decline of the top 2 leading manufacturers has given

[1]In 2022, the market shares of SAIC Motor, FAW Group and BYD are 19.7%, 11.9% and 6.9% respectively, while in 2023 they're 16.7%, 11.4% and 10.0%. Thus, their combined market share in 2022 and 2023 is 38.5% and 38.1%. In 2021, the market shares are: 23.6%, 15.2% and 3.3%.

opportunities to certain rising stars like BYD and Geely. The extraordinary rise of BYD in merely 3 years provided hints on a grand paradigm shift in the Chinese auto industry.

Figure 2-4 China Top 10 Automakers Sales and Market Share 2021-2023, in million units

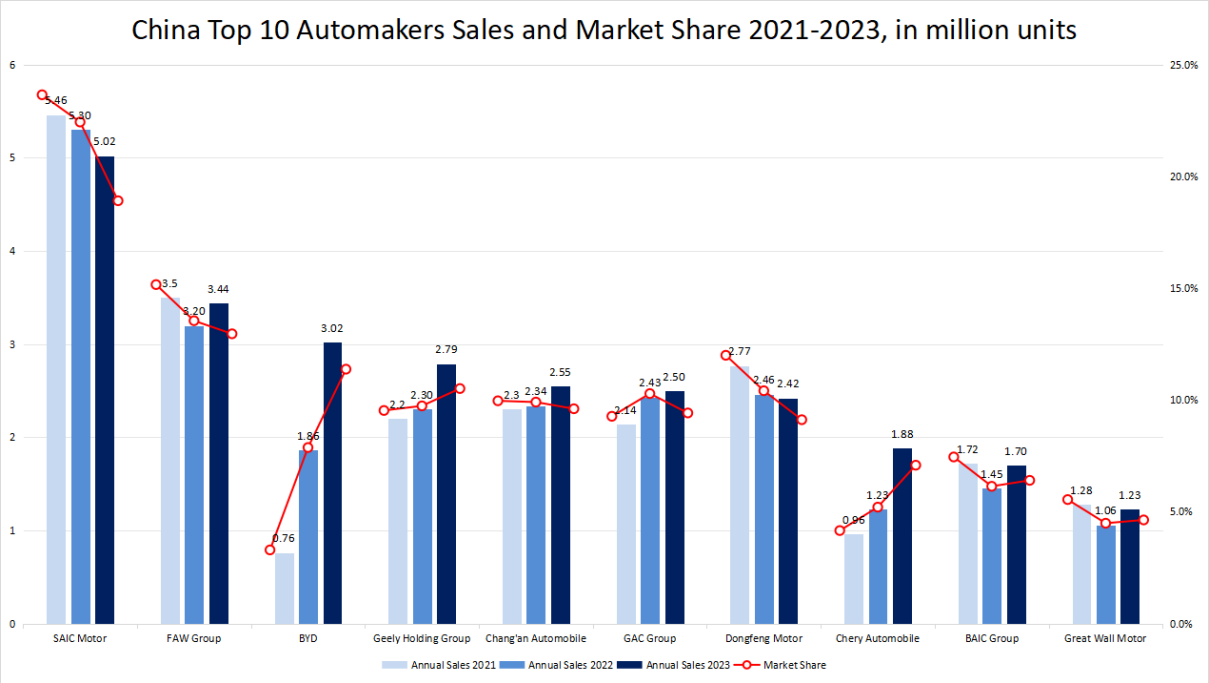
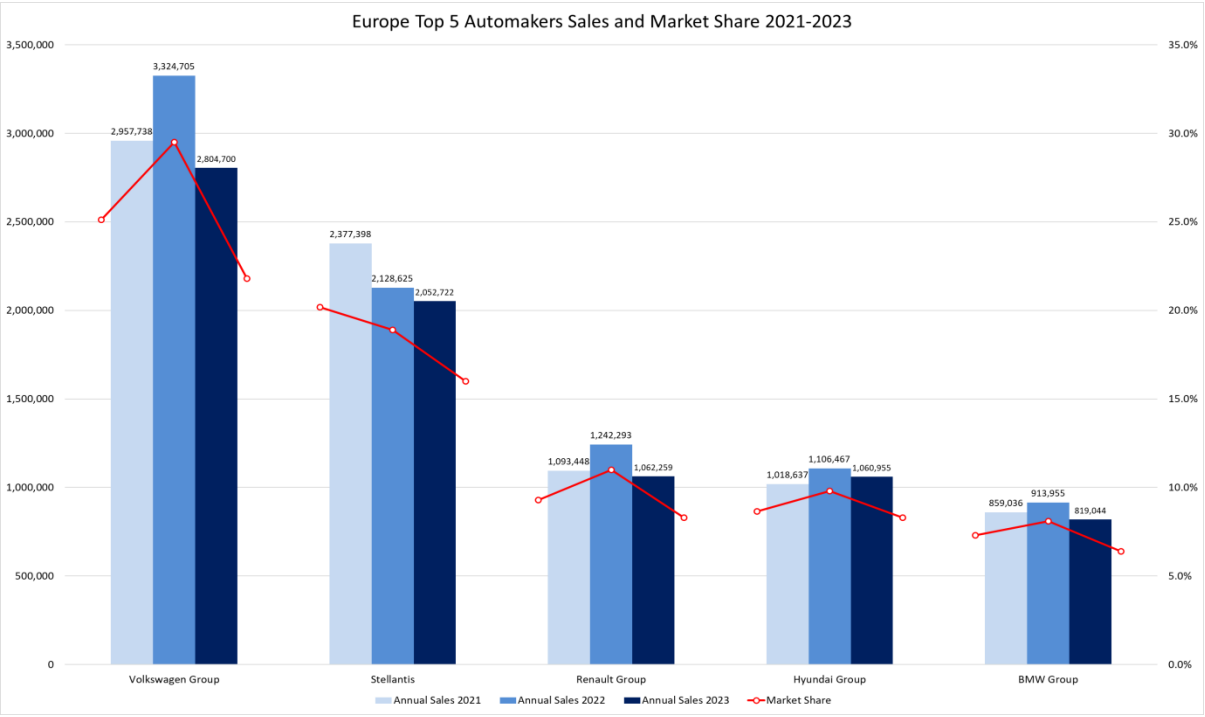


Figure 2-5 Europe Top 5 Automakers Sales and Market Share 2021-2023



A closer look at the sales and market shares of Europe's top 5 automakers from 2021 to

2023, according to the statistics from the European Automobile Manufacturers Association (ACEA), contributes to a better understanding of the Chinese automobile competitive environment. By looking at Figure 2-5, it can be observed that the European auto market is characterized by a relatively higher market consolidation and dominated by reputable veterans like Volkswagen and Stellantis. These manufacturing giants, benefiting from strong brand loyalty and mature production capabilities, account for a major portion of the European market.

A comparison can therefore be made between Europe and China in terms of auto market competition. As has been mentioned above, in China the combined market share of the top 3 accounts for roughly 38% of the total sales while in Europe the combined market share of the top 3 takes up 46.1% in 2023 and 59.4% in 2022[2], which indicates that the European market is more consolidated, controlled by existing giants. However, the overall declining market share of the top 5 suggests a stagnant or shrinking industry that is facing strong headwinds from economic, regulatory changes and EV transitions in Europe. On the contrary, many Chinese car makers have seen rises in both sales and market shares, especially BYD that has successfully leveraged its EV capacity to position itself as a pillar example in the global EV industry.

In terms of brand performance, Chinese automakers further strengthened their product competitiveness in 2023, bridging the gap in quality control and technological advancement with joint ventures. Since 1978 when China's government implemented its open up and reform strategy to trade market access for technology (He and Mu, 2012), famous automotive companies have entered the market and established their presence through joint ventures. Over the years, these type of joint venture companies have enjoyed great edge over local companies by virtue of their knowledge transfer and dynamic capabilities, but thanks to government subsidies and favorable policies, in recent years Chinese brands are gaining an edge over joint venture counterparts in electrification and intelligent connectivity features.

[2] In 2022, the market shares of Volkswagen Group, Stellantis and Renault Group are 29.5%, 18.9% and 11.0% respectively, while in 2023 they're 21.8%, 16.0% and 8.3%. Thus, their combined market share in 2022 and 2023 is 59.4% and 46.1%.

Lin et al. (2018) examined and identified major determinants for the Chinese car companies to implement advanced production technologies in the era of Industry 4.0 under the technology-organization-environment (TOE) framework. Specifically, they located five influential factors for the adoption of Industry 4.0 practices through survey and empirical data analysis, which are IT maturity, technological incentives, perceived benefits, external pressure and government policies that are closely tied to the "Made in China 2025" strategy[3]. Teece (2019) resonated with Lin's article from a dynamic capabilities perspective, outlining four paradigm shifts in electrification, connectivity, shared mobility and autonomous vehicles in the industry. While it has been the case that foreign auto companies capitalized on joint ventures with solid Chinese partners to achieve remarkable success, the uniqueness and non-transparency of the Chinese state capitalism and institutional factors may further limit the progress of foreign firms in these paradigms. For example, in areas of vehicle sharing and autonomous driving services where data protection represents a delicate and politically salient matter, the Chinese government has managed to ban Uber, Google, Freenow and other world famous platforms out of the market with the substitution of domestic tech platforms like Didi and Baidu instead. In this sense, establishing a reliable strategic partnership with Chinese firms seems increasingly important for joint venture brands especially in mobility services, but one needs to be cautious about the fact that any software platform can be used as a bottleneck that takes the most of the added value from such partnerships and it depends on the capabilities of foreign car companies to decide whether to collaborate with Chinese IT partners or not. Taking altogether, it can be seen that the Chinese government is grappling these intelligent features and the wave of EVs for domestic firms to prosper both at home and abroad.

To date there has been successful reverse joint venture partnerships of Chinese auto firms with foreign companies, one of which is the joint venture of Leapmotor with Stellantis in 2023. The collaborative framework between these two parties primarily consists of two

[3] The "Made in China 2025" strategy is a government plan put forward in 2015 aimed at transforming Chinese manufacturing industries into advanced, innovative and self-relient global manufacturers. In terms of the automotive industry, the main strategic shifts are electric vehicle production, innovation and smart mobility services.

strategic components: one is the establishment of Leapmotor International Company for overseas operations and the other is the tier 1 partnership as major supplier of integrated mobility solutions for Stellantis Group, thanks to its vertically integrated R&D capabilities. The joint venture, incorporated under a 51% to 49% equity split between Stellantis Group and Leapmotor, serves as the exclusive platform for global distribution of Leapmotor's EVs, and it combines Leapmotor's competitive EV portfolio that addresses Stellantis product gap in electrification with Stellantis reputable global distribution networks to penetrate the international market. This dual-strategy approach creates synergistic value by leveraging Leapmotor's technological advantages in electrification and Stellantis global operational scale, establishing a new paradigm in Sino-European automotive cooperation that combines technology transfer with market expansion.

In terms of price competition, China's passenger vehicle market has seen a fluctuating upward trend in vehicle transaction prices driven by rising disposable incomes and consumption upgrades. However, 2023 also saw downward pressure on prices due to industry oversupply, and with the maturation of EV production technologies, the production costs are greatly reduced, leading to fierce price competition among Chinese automakers: new vehicle models with extremely attractive prices are continuously redefining consumers' shopping expectations with their impressive high-tech features such as urban navigation-assisted driving, intelligent voice control and ultra-fast charging. According to McKinsey's survey on Chinese auto consumers, in 2023 alone there have been over 40 new EVs priced above 200,000 yuan (around 25,000 euro) introduced to the market, most of which are equipped with high-end configurations. These models are steadily expanding their appeal to consumers, shifting their attention toward higher-priced options or at least maintaining the current price expectations, rather than consumption downgrades (McKinsey & Company, 2024). On one hand, while price reductions may have stimulated sales volume growth, they risk eroding profit margins for the companies. On the other, the sustainability of automakers' financial performance amid this intense environment requires close monitoring, particularly as cost-efficiency and value optimization become critical to balancing affordability and

profitability. What's more, the survey points out that the price competition among car makers has only limited impact on the auto market, with only 19.4% of total respondents taking a positive stance on the price fluctuations believing a lower price has stimulated their willingness to purchase new vehicles.

To sum up, the global automotive industry is undergoing a transformative phase marked by rapid electrification, digital innovation, and supply chain realignment, with China emerging as a central player through its expansive market dominance and policy-driven support for EVs. As the industry pivots toward sustainable and technology-intensive solutions, cross-border mergers and acquisitions (M&As) have become a strategic lever for firms to acquire advanced technologies, enhance global value chain positioning, and navigate competitive pressures. Follwing Barney (1991)'s argument on resource-based motives for foreign investments, scholars like Fu and Zhang (2011), Ström and Nakamura (2014) have found that more and more Chinese firms are investing abroad not only to obtain strategic assets to secure their advantageous development in the domestic market but also to enhance their innovation capabilities, which eventually leads to overseas strategic asset-seeking. Buckley et al. (2016) then divided the strategic asset-seeking motive into 2 perspectives: asset exploitation and asset augmentation. The conventional asset exploitation often involves gaining, for example, the foreign acquired company's marketing channels, financial resources, technology transactions, while the asset augmentation is more associated with enriching home company's own asset base with foreign assets, which contradicts the traditional view of Chinese acquiring firms as merely exploiting current knowledge of foreign firms without any technological base and upgrading to inspire innovation and create new assets (Deng, 2009; Yakob et al., 2018). It then requires additional attention as to whether or not Chinese firms can successfully harness such assets by M&As, which is linked to firm's absorptive capacities during the post-merger integration process. Historically, studies on Chinese firms in the broad reach of international business have found great insufficiency in their R&D experience, managerial knowledge, entrepreneur leadership and high-tech labor pool (Rugman and Li, 2007; Gugler and Vanoli, 2015; Teece, 2019), and thus, also given their "latecomer" identities

in the international division of labor, it is not guaranteed that simply by joining the GVCs through OFDIs, firms can upgrade into higher added-value segments of value chains. In fact, Chu (2011) found that before China's entry into the WTO, China's auto industry is heavily regulated and state-controlled by the central government, and despite government's aspiration for knowledge transfer through joint ventures, state-owned enterprises were relying completely on foreign investors without any independent R&D ability, leading to low locally produced parts rate. Therefore, as has well argued above, it is worthwhile investigating both the cross-border M&As and PMI path that are intrinsically linked together to uncover how firms, given their specific industry characteristics, leverage their strategies to achieve success.

Geely stands out through its aggressive acquisitions of Volvo, Lotus, and a stake in Daimler, which underscore its strategic alignment with industry megatrends. By integrating cutting-edge technologies, established brand equity, and global R&D capabilities from these acquisitions, Geely has not only accelerated its electrification process but also strengthened its foothold in high-value segments of the automotive value chain. This approach highlights how strategic cross-border M&As enable firms to transcend traditional boundaries, fostering innovation and competitiveness in an era defined by technological disruptions and shifting geopolitical dynamics. Geely's success in leveraging these acquisitions accentuates the critical role of proactive global integration in achieving sustainable growth and value chain upgrading within the evolving automotive landscape.

3. Methodology and Sample Case

3.1 Rationale for Case Study Approach

The thesis endeavors to adopt a qualitative single-case study approach on Geely Automobile Holdings in response to the research question formulated in Chapter 1 “What is the integration path of Chinese automotive enterprises in cross-border M&As under the context of GVC upgrading?”.

To begin with, this thesis’s research question belongs to an exploratory type of “what” questions whose goal is to “develop pertinent hypotheses and propositions for further inquiry” (Yin, 2009). The case study approach, therefore, can help explore the complex, context-specific processes underlying Geely’s strategic decisions and is conducive to a systematic exploration of firm strategic behavior and patterns in automotive industry practices.

What’s more, a single-case study design is selected because Geely represents a unique and critical case in the Chinese automotive industry, offering rich insights into how an emerging-market firm leveraged cross-border M&As to ascend from low-value manufacturing to innovation leadership in GVCs, which aligns with the study’s exploratory objectives to uncover novel business patterns and practical linkages between M&A strategies and GVC upgrading, a topic underexplored in existing literature. While it should be well acknowledged that multiple case study research could potentially contribute to developing more generalizable theoretical insights than single case studies, the latter allows for an in-depth, context-rich analysis that would be difficult to achieve through multiple cases or purely quantitative methods. Given the complexity of cross-border M&As and their successive implications for industrial upgrading, a single case study approach enables researchers to trace the longitudinal cross-border M&A and PMI journey, identifying critical strategic adaptations and firm-specific responses to challenges, which can be particularly valuable when studying complex organizational phenomena, as it allows for a holistic examination of corporate strategies, institutional interactions, and industry dynamics (Yin,

2009).

In conclusion, the adoption of a qualitative single-case study approach centered around Geely Automobile is both methodologically sound and strategically aligned with the aims of this research. Given the exploratory nature of the research question, the case study approach offers the necessary depth and flexibility to navigate the complexities of research.

3.2 Data Collection and Triangulation

In preliminary stages of exploratory research, the thesis adheres to the principles of synchronic and diachronic data collection through interviews, official documents and reports with the use of data triangulation as the core (Ingstrup et al., 2021).

The research focus revolves around Geely's cross-border M&As and its integration strategies, the sources of which mainly come from information and documents disclosed by the authorities, Geely's annual reports, relevant literature in academia and both primary and second-hand interview data, all of which are collected from multiple perspectives for cross-checking to increase the credibility and accuracy of the data.

Table 3-1 summarizes the data employed in this thesis. First of all, the interview data is collected from both semi-structured interviews carried out by the author and secondary interviews focusing especially on Geely's C-level personnel. These 15 interviews span diverse roles within Geely, including strategic decision makers, operational managers and front line staff, which provides varied perspectives on Geely's M&A practices and managerial insights to ensure that themes like cross-cultural difficulties, knowledge transfer and technology development covered in M&A and post-merger periods are thoroughly examined and cross-validated. Furthermore, the interview data is complemented by secondary documents such as annual reports and news articles that can offer external, factual data. For instance, financial statements can consolidate claims about post-merger performance discussed in executive interviews, while news reports contextualize Geely's M&A activities within broader industry trends.

Table 3-1 Overview of Data Collected

Sources	No. of Interviews	Functional Roles	Topics
Semi-Structured Interviews of Geely			
- Former Deputy CEO	1	International Business Management of Acquired Brands and Joint Venture Brands	Cross-border M&As, Strategic Investment, Chinese Auto Industry, Strategic Management
- Executive Director	1	HR Management and Training, IT Digitalization, Subsidiary Business Management	Talent Management and Development, Technology Upgrading, Digitalization, Cross-cultural Management
- Senior PR Manager	1	Global Brand Management, Media Relations, Market Entry Strategy	Brand Portfolio, Product Launch, Press Release and Media Info, Managerial Capabilities, Cross-cultural Cooperation and Coordination
- Overseas Account Managers	3	Product Training, Sales and Marketing, Market Analysis	Global Marketing Strategy, Product Portfolio, Technology Solutions, Industry Info in Local Markets, Cross-cultural Cooperation and Coordination
Secondary Interviews			
- Founder & Chairman: Li Shufu	3		
- CEO of Geely Holding Group: Li Donghui	3		Cross-border M&As, Technology Development, Knowledge Transfer, Know-How, R&D, Talent Development, Organizational Culture, Business Strategy, Financial Performance
- President of Geely Holding Group: An Conghui	1		
- Deputy CEO: Li Chuanhai	1		
-Deputy CEO: Lin Jie	1		
Total Interview Data	*15*		
Secondary Documents			
- News Reports			Cross-border M&As, Technology Development, Knowledge Transfer, Know-How, R&D, Talent Development, Organizational Culture, Business Strategy, Financial Performance
- WeChat Posts and Blogs			
- Corporate Presentations			
- Annual Reports and Financial Statements			

3.3 Empirical Data Analysis

During the interviews, the researcher obtained prior consent from the interviewees to record the interviews. At the end of the interviews, the researcher transcribed and organized the audio data and provided the transcripts to the interviewees for confirmation. The analysis followed the qualitative research process and adopted the grounded theory research methodology, using Nvivo software to organize and code the textual data.

The grounded theory is originally developed by sociologists Barney Glaser and Anselm Strauss in 1967 and represents a qualitative research methodology that emphasizes the inductive generation of theory from empirical data. Unlike deductive approaches that test pre-existing hypotheses, grounded theory requires researchers to immerse themselves in raw data without preconceived theoretical frameworks, allowing patterns and explanations to emerge organically, which is useful in exploring under researched phenomena or contexts where existing theories are inadequate (Glaser and Strauss, 1967). The iterative process of data collection, coding, and theoretical abstraction ensures that the resulting theory is deeply rooted in the realities of the research context, balancing empirical richness with conceptual rigor.

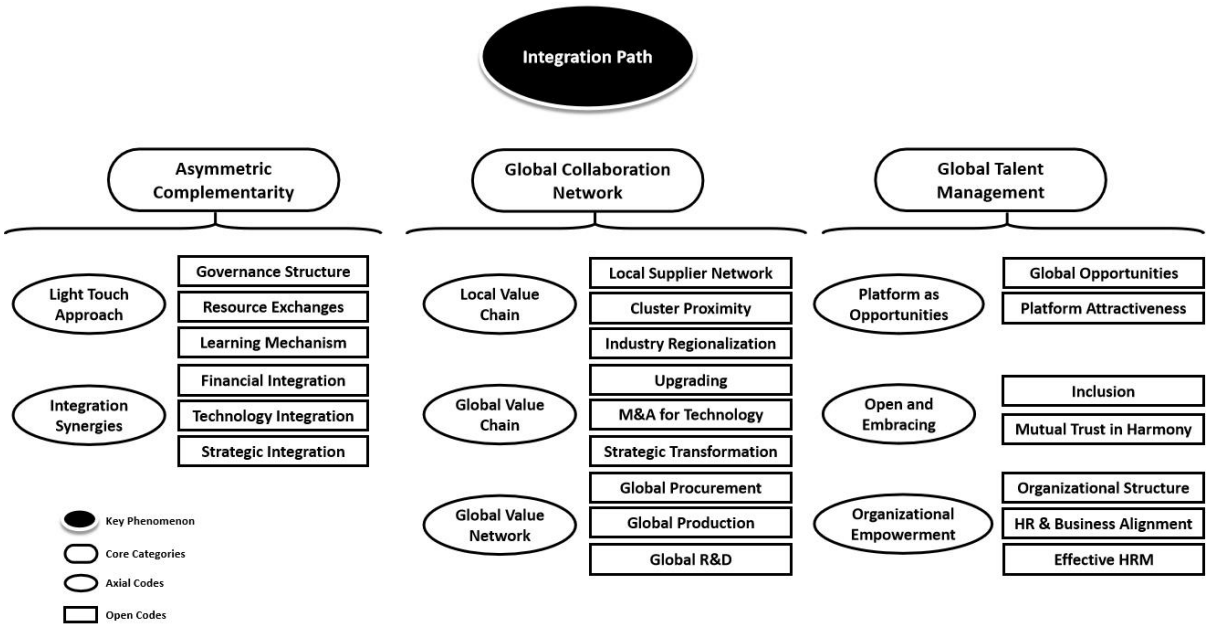
The three stage coding process, open coding, axial coding, and selective coding, forms the backbone of grounded theory's analytical process. In the coding process, the data are first segmented using open coding, and then further processed using axial coding as well as and selective coding as a means of exploring the integration path patterns of Geely's cross-border M&As.

First of all, the analysis starts with open coding that breaks down textual data into abstract meaningful pieces that make sense. Conceptual labels are assigned subsequently to capture the meaning of each piece, moving beyond superficial descriptions to identify abstract patterns. Then, axial coding reorganizes and connects the concepts identified during open coding. Related codes are classified into broader categories and subcategories, exploring their interrelationships through a paradigm model that examines causal conditions, contextual factors, strategies, and outcomes. Constant comparison between data and emerging categories is required and used to identify similarities, differences, and theoretical insights in order to refine their concepts and meanings with logical coherence (Miles and Huberman, 1994). At last, selective coding culminates in theory integration where core categories that encapsulate the key phenomenon of the study are identified, combining all categories into a cohesive storyline. The goal of this three stage coding process is to develop a parsimonious yet comprehensive theoretical framework that explains the focal research question.

Figure 3-1 shows the overall data structure of this study. In collecting and analyzing the data, the transcripts of interviews are first loaded into the Nvivo software to extract basic abstract concepts. The interviews and question topic guides are all conducted in author and respondents' native language since Charmaz (2014) highlighted the influence of language in the ability to correctly express and conceptualize meanings and actions. Therefore, in a cross-cultural research environment, the initial part of the research is firstly conducted in Chinese to correspond more faithfully to the original data. Then, as the coding process becomes more theoretical and abstract where the languages differ more evidently in their structures and ways of thinking, the three stage coding processes are switched to English for a

theory to emerge in such language. In the open coding process, line by line coding is used to identify basic concepts that are subsequently compared and summarized to form 22 open codes. In the axial coding process, the open codes are analyzed and categorized logically into 8 axial codes and finally, the axial codes and participants' narratives consistently reveal 3 distinct core categories in the selective coding process defined by Strauss and Corbin (1990) as "the process of selecting the core category, systematically relating it to other categories, validating those relationships, and filling in categories that need further refinement and development".

Figure 3-1 Data Structure Overview



3.4 Data Saturation Check

The research conducted a saturation check to verify the theoretical sufficiency. After completing the three stage coding of four interviews, two additional interviews were collected, resulting in a total of six interviews for qualitative analysis. The findings revealed no new concepts or relationships in the additional data, as all narratives were adequately covered by the existing core categories and their subcategories. Following the saturation criteria proposed by Strauss and Corbin (1990) and Charmaz (2014), this study confirmed that the theory sufficiently captured the diversity of the data, and data collection was

therefore terminated.

3.4 Geely Sample Presentation

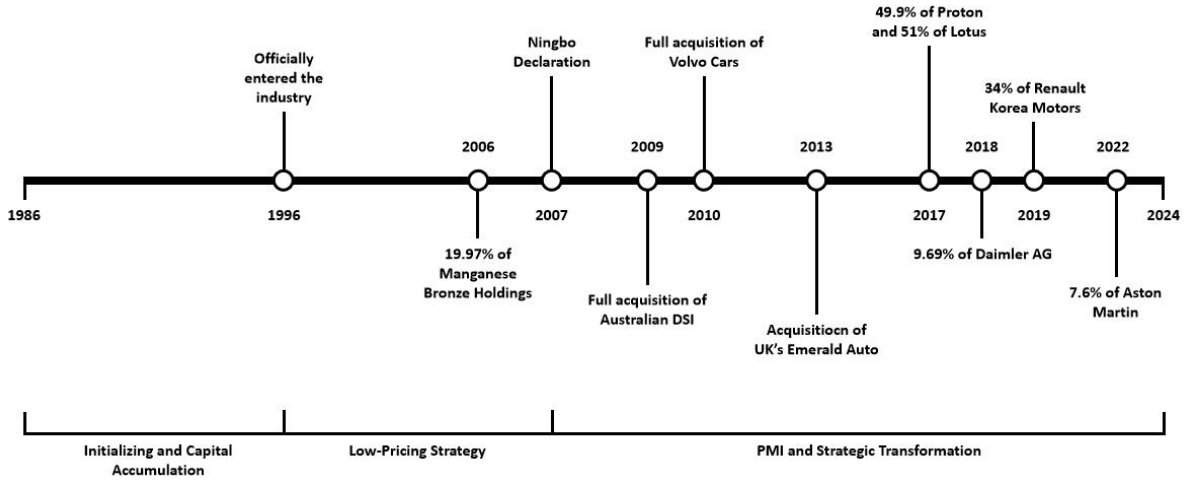
3.4.1 Overview of Geely's journey

As a private automotive enterprise that navigates between joint venture brands and state-owned enterprises, Geely Automobile, founded by Li Shufu, represents one of the most prominent examples of China's rise in the global automotive industry. Over two decades, Li Shufu has led Geely to overcome numerous obstacles, transforming the company from an "unlicensed automaker" to an "imitator" and finally into a model brand by leveraging opportunities and resources to achieve successive brand upgrades amid evolving industry landscapes.

Founded in 1986 as a refrigerator parts manufacturer, Geely then turned into motorcycle production in the 1990s before entering the automobile industry in 1997. Headquartered in Hangzhou, Zhejiang Province, Geely transitioned from a domestic player into a key force in the international automotive landscape within two decades. Geely initially aimed to produce cars affordable for ordinary people, seeking to capture the Chinese market through low pricing strategies around 30,000 Chinese yuan (3,700 euro). At that time, China's per capita consumption level remained modest, and car ownership was considered a luxury. Consequently, Geely's budget-friendly economic vehicles resonated with public demand, achieving remarkable success and securing significant market share in early years.

However, as the brand image of cheapness became inevitably linked to perceptions of low quality, Geely's sales were overtaken by its competitors in subsequent years. As a response, Geely issued the *Ningbo Declaration*, decisively abandoning its low-pricing strategy to prioritize technological R&D, committing to the development of safer and greener vehicles. With sustained technological innovation, the company progressively refined its global presence, which can be seen from Figure 3-2.

Figure 3-2 Geely's Strategic Activities Overview



Acquisition of UK Manganese Bronze Holdings in 2006. Established in 1899, Manganese Bronze primarily engaged in the manufacturing and sales of London classic black taxis. In 2006, Geely acquired a 19.97% stake in the company, wishing to expand into the global market taking advantage of the wide influence of the company's iconic vehicle models. In 2007, Geely and the acquired company therefore invested 54.3 million dollars to establish Shanghai Englon Automobile joint venture company to capitalize on taxi design and production. However, Englon did not meet the expectations and only one year after its establishment, the sales of its flagship TX4 taxi model was proven to be unsuccessful. Subsequently, Manganese Bronze faced bankruptcy crisis in 2012 due to sustained financial pressures. In early 2013, Geely proposed acquiring the remaining 80% equity for 1.1 million pounds to rescue Manganese Bronze from bankruptcy, rebranding it as London Taxi Corporation. Currently, with Geely's strategic shift to EVs and clean energies, the company is renamed again as the London EV Company from 2017.

Acquisition of Australian DSI in 2009. Geely recognized that the Australian Drivetrain Systems International (DSI)'s advanced transmission technology could enhance its automotive R&D capabilities, and in the meantime DSI's overseas manufacturing plants could contribute to larger production scale and better quality. In 2008, DSI suffered severe setbacks when its major client SsangYong Motor collapsed during the global financial crisis, leading to DSI's bankruptcy declaration in 2009. Seizing the opportunity, Geely announced a

full acquisition of DSI on March 27, 2009. After the acquisition, Geely integrated DSI's transmissions into its new vehicle models, significantly boosting product competitiveness. This deal not only enabled Geely to satisfy its own production needs but also let Geely be able to supply and distribute DSI's transmissions to other domestic automakers, thereby accelerating revenue growth.

Acquisition of Volvo Cars in 2010. Founded in Sweden in 1927, Volvo earned global recognition for manufacturing premium vehicles and components, particularly for pioneering auto safety innovations in the 1990s. During its prime, Volvo Cars became a brand under Ford Motor Company through merger. However, as Ford struggled heavily during the financial crisis and sought to sell Volvo to others, Geely was undergoing strategic transformation toward safer and greener vehicle technology after its *Ningbo Declaration* in 2007. Therefore, at that time Volvo's brand image and its advanced production technologies were quite suitable for Geely that sought to abandon its previous brand image of a cheap vehicle manufacturer, and through multiple rounds of negotiation, Geely completed its landmark full acquisition of Volvo Cars for 1.8 billion dollars in 2010.

Acquisition of Malaysia's Proton Holdings and Lotus Cars in 2017. Proton is the largest automaker in Southeast Asia under the DRB-HICOM corporation, and it has also acquired the British sports car icon Lotus Cars in 1996. However, the lack of proper managerial capabilities caused Proton's market share to decline year after year. By 2016, while Proton received government's financial help, Proton was urgently seeking international investments to get through business struggles. Geely, aiming to penetrate Southeast Asian markets, outbid other competitors to have successfully acquired 49.9% of Proton and 51% of Lotus in 2017, becoming Proton's exclusive foreign partner.

Acquisition of Daimler in 2018. In 2018, Geely invested 7.3 billion euros to acquire a 9.69% stake in Daimler AG, becoming the largest shareholder of the Mercedes-Benz's parent company. This strategic partnership aimed to revitalize Mercedes' Smart brand as a full electric vehicle series, where Geely leads R&D and manufacturing using its expertise in EVs and intellectual features, while Mercedes handles design and marketing. Even though at the

time of the acquisition, such partnership between Geely and Daimler was not guaranteed a success and faced with doubts, but years after, amid explosive growth in China's EV market, Geely has become a crucial supplier for Mercedes, providing EV chassis and battery management systems. This collaboration not only has generated stable revenue for Geely but also further recognizes Geely's EV technologies globally.

3.4.2 Geely Auto's Financial and Market Performance

As one of the earliest privately-owned automotive manufacturers in China, Geely's reputation soared globally following a series of high-profile overseas acquisitions, particularly after its takeover of British Company Manganese Bronze Holdings.

In recent years, Geely has continuously expanded its business operations. An analysis of its annual reports reveals a rather steady growth in revenues and net profits. As shown in Table 3-2, the company's main revenue streams have maintained a generally robust upward trajectory. While experiencing a slight dip in 2014, revenues rebounded strongly after 2015, achieving remarkable growth rates of 78% and 73% in 2016 and 2017 respectively. Even with a moderate growth rate of 15% in 2018 and then fluctuated during 2019 and 2020, the momentum remained strong. However, regarding Geely's declining net profit it can be reflected that the investments in the EV sector and domestic competition with its main competitors have led to lower and compressed margins than that of traditional fuel vehicles. Even though profit growth resumed in recent years, profit margins remain constrained, highlighting the trade-off between short-term profitability and long-term R&D struggle in the EV sector.

Table 3-2 Geely Auto's Partial Financial Metrics from 2014 to 2023

Year	Revenue (in thousand Chinese yuan)	Revenue Growth Rate	Net Profit (in thousand Chinese yuan)	Net Profit Growth Rate
2014	21,738,358	-24.3%	1,449,228	-45.9%
2015	30,138,256	38.6%	2,288,662	57.9%
2016	53,721,576	78.3%	5,170,188	125.9%
2017	92,760,718	72.7%	10,735,389	107.6%
2018	106,595,133	14.9%	12,674,398	18.1%
2019	97,401,248	-8.6%	8,261,358	-34.8%
2020	92,113,878	-5.4%	5,574,630	-32.5%

2021	101,611,056	10.3%	4,353,008	-21.9%
2022	147,964,647	45.6%	4,649,663	6.8%
2023	179,203,592	21.1%	4,935,018	6.1%

Meanwhile, Geely's diverse vehicle models have set successive records in the domestic market. According to statistics from the China Association of Automobile Manufacturers (CAAM), Geely's share of China's automotive market surged from 1.8% in 2014 to 5.6% in 2023, driven by consistently record-breaking sales as illustrated in Table 3-3. For a privately-owned enterprise, this growth trajectory is nothing short of extraordinary, and the unique developmental path specifically regarding its M&A integration is worthy of an in-depth study.

Table 3-3 Geely Auto's Sales and Market Share from 2014 to 2023

Year	Geely's Sales (in thousand units)	Total Annual Sales (in thousand units)	Market Share
2014	417.9	23,490	1.8%
2015	538.5	24,598	2.2%
2016	767.2	28,028	2.7%
2017	1,247.0	28,879	4.3%
2018	1,500.0	28,081	5.3%
2019	1,361.6	25,769	5.3%
2020	1,320.2	25,311	5.2%
2021	1,328.0	26,275	5.1%
2022	1,432.9	26,864	5.3%
2023	1,687.0	30,094	5.6%

4. Presentation and Discussion of Results

4.1 Asymmetric Complementarity in Cross-border M&As

4.1.1 Light-Touch Approach: Where Every Splendor Finds Its Stage

Governance Philosophy. There's a well-known saying in cross-border M&As that 70% of M&As fail to achieve the anticipated value while among these failures, 70% of them are due to cultural clashes (Christensen et al., 2011; Deloitte, 2022; Teerikangas and Very, 2006). Consistent with this say and also with prior literature research, the interview data exemplifies a light-touch approach in the post-merger integration of Geely's acquisitions, the uniqueness of Geely's governance approach lies in its 3-tiered governance structure of shareholders, board of directors and executive managers.

Taking Geely's first high-profile acquisition of Volvo Cars[4] as an example, it can be found that, on one hand, Geely refrained from sending its senior management team to oversee Volvo's operations. Established in 1927, Volvo had accumulated over 80 years of automotive expertise, whereas Geely did not enter the automotive industry until 1996. Given this asymmetry, Geely recognized that superficial intervention would fail to secure genuine organizational alignment. On the other, the 3-tiered governance structure has its characteristics in that Geely established a Shareholders' Assembly specifically to appoint a globalized board of directors to provide strategic guidance to Volvo's executive management. These directors, predominantly drawn from Fortune 500 CEOs, took a non-interventionist stance toward Volvo's daily operations while maintaining the ability to deliver their expertise whenever needed, which not only strengthened the board's authority but also redefined the power dynamics within the organization. Such 3-tiered governance structure directly cut off the hierarchical control of Geely on Volvo and effectively mitigated the integration resistance from Volvo's management team.

What's more, unlike Ford's centralized management of Volvo, Geely granted the Swedish automaker enough autonomy and freedom to revitalize the brand, making sure that

[4]In 2006, Geely acquired 19.97% of the shares of British Manganese Bronze Holdings, which had limited impact on the company since it involved only partial equity participation. However, it ultimately laid a solid foundation for Geely's subsequent acquisition of Volvo Cars.

the decision-making power remains in Gothenburg rather than Hangzhou China. In this way, Volvo's organizational heritage and unique characteristics are preserved.

Resource Exchanges. As a latecomer in the global market, Geely was initially lacking in advanced technology and management expertise which is quite similar among emerging-market companies. However, Geely also has certain unique resources that are potentially valuable for the acquired company, which paved way for Geely's GVC upgrading through resource exchanges.

No matter if it is about the acquisition of Volvo Cars or successive ones of Proton Holdings and Lotus Cars, the brand effects that the acquired companies can bring to Geely are the most sought-after resources. Then there are sales networks, intellectual property rights, manufacturing plants and technology R&D centers. Specifically, the interview data emphasized the vital role of Volvo's technology in helping Geely to gradually transform itself into a high-end positioned international brand. At that time of acquisition, Geely not only gained access to Volvo's styling and design techniques but also obtained Volvo's manufacturing plant in Gothenburg as well as its R&D center and shared the advanced SPA (Scalable Product Architecture) Platform with Volvo.

Geely also has certain complementary resources to provide for Volvo. First of all, Geely helped Volvo reduce costs by securing high-quality suppliers since one major reason for Volvo's persistent losses was its inefficient cost structure with excessive procurement expenses. Geely, therefore, leveraged its comprehensive supplier network and strong negotiation capabilities to source cost-effective yet reliable components from Japanese and Korean suppliers. Moreover, Geely helped Volvo to develop their business in China and other emerging markets. Prior to the acquisition, Volvo, as a luxury brand, focused especially on European and American markets while neglecting emerging economies, while Geely provided actionable insights into the local consumer preferences which has contributed to a successful market entry into the Chinese market for Volvo.

Learning Mechanism. It is possible for companies from emerging market economies obtain a competitive edge in the global market by learning advanced technology from

acquired firms in developed countries (Thite et al., 2016). Before the acquisition of Volvo, Geely had no technology input from foreign companies. Initially, Geely innovated through mere imitation, but this was clearly far from enough. What Geely gained most from its cooperation with Volvo was the knowledge sharing of management, quality control and vehicle development process.

Geely's learning from Volvo was primarily achieved in 2 ways: shared platforms and talent exchanges. In February 2013, Geely established its European R&D Center called China-Euro Vehicle Technology (CEVT) in Gothenburg, integrating resources from both Geely and Volvo to develop next-generation modular architectures and critical components. A landmark achievement was the Compact Modular Architecture (CMA). Talent exchanges further accelerated Geely's learning. Since enhancing R&D capabilities relied on collaboration between technical and managerial talent, particularly in transferring proprietary technologies and tacit knowledge, Geely dispatched teams to Volvo for training while also recruiting Volvo experts to join Geely's product development.

Through these formal and informal exchanges, Geely gained invaluable insights into Volvo's global standards and innovation processes. This bidirectional flow of knowledge and resources exemplifies how strategic partnerships can transcend traditional buyer-supplier dynamics, fostering mutual growth in technology and market reach.

4.1.2 Synergies from Integration: Where All Beauties Thrive Together

Financial Integration. The successful synergies between Geely and the acquired companies did not happen overnight but evolved gradually in three stages: financial integration, technological integration and strategic integration. The acquisition of Geely and Volvo serves as the primary example for the rest of Geely's acquisitions. At the time of acquisition, Volvo was facing enormous financial struggles for its subsequent development and factory investments and the same situation can be found in Lotus Cars and Proton Holdings in Malaysia. Even with a light-touch approach, Geely's way of post-merger integration starts from financial statements. Although this approach may have devastating effects on Geely's financial performance, considering that the liabilities are expected to

increase significantly with higher asset-liability ratio, it is worth the risk for Geely to profit continuously from the acquired company's R&D development and this has also demonstrated Geely's role as a supportive shareholder that actively contributed to overall growth.

Technological Integration. Through technological integration, automotive firms have the possibility of producing vehicles at a lower cost because of economies of scale. However, problem arises that the technological gap between most Chinese automakers and the foreign acquired ones is so huge that it almost seems like there is no need of technological integration at all. Under such circumstances, foreign firms only perceive Geely as merely a financial investor instead of a technological partner where their products can be manufactured together. This clearly goes against Geely's wish to become a strategic partner, and this was precisely the same cognitive bias that Volvo had with Geely. In retrospect, when asked about how Geely coped with this dilemma, interviewees attributed this problem to the fact that even Geely gave Volvo enough autonomy and freedom, Volvo had little knowledge about Geely's business network, emphasizing the importance of mutual recognition between both parties in cross-border M&As. It is only after Volvo's visit to Geely's headquarter and manufacturing plants that Volvo started to consider integrating Geely's supplier network and push forward the technological integration.

The tangible outcome is the CMA (Compact Modular Architecture) platform. Under this shared framework, Geely developed its Lynk & Co brand vehicles, while Volvo produced models like the XC40. This modular architecture enabled both parties to leverage common core technologies and components, optimizing costs and accelerating development cycles while maintaining their distinct identities.

Strategic Integration. The establishment of the Lynk & Co joint venture company by Geely and Volvo marked a milestone in their strategic collaboration. This partnership not only demonstrated Volvo's growing recognition of Geely but also highlighted that their strategic collaboration has entered a new phase. This joint venture aimed to synergize resources, accelerate technological innovation, and strengthen both brands' global competitiveness while maintaining their independent identities.

Summary. Facing the asymmetry between the two parties, Geely prioritized maintaining Volvo's development independence. Needless to say, for this kind of M&As where there are significant gaps in almost all corporate aspects, the post-merger integration is inherently challenging. Therefore, the primary goal is to ensure the stability of the acquired company. Establishing effective governance structures is critical to safeguarding the acquired firm's value and avoiding any devaluation of a well-established brand as the reputation is built over time and difficult to restore once damaged. In the meantime, effective governance also reduces internal resistance within the acquired company and incentivizes growth.

Furthermore, while differences in corporate culture, history, and management practices may persist, successful integration hinges on recognizing and leveraging complementary strengths. Firms from developed economies can bring advanced technology, brand prestige, and management expertise, while players from emerging markets may offer unique advantages such as cost-efficient procurement and local market insights, and only by identifying these potential synergies can deeper collaboration flourish. For the acquiring company, a humble learning mindset is key to achieving expected growth. Geely did not simply adopt a copy & paste approach in dealing with M&A relationships. Instead, Geely's M&A relationship is more similar to a teacher/student apprenticeship that provides psychological cushion for the acquired company.

Complementarity is the foundation of synergy, and achieving synergy is the ultimate goal of cross-border M&As. Geely's wisdom lays in slowing the pace of integration, granting Volvo enough autonomy while steering its strategic direction. The collaboration between Geely and Volvo was a gradual, trust-building process rooted in mutual respect and credibility. Throughout this journey, Geely balanced empowerment with strategic oversight, envisioning a sustainable development direction for Volvo, which not only preserved Volvo's identity but also spurred synergies.

4.2 Global Collaboration Network in GVC Upgrading

4.2.1 From Local Value Chains to Global Value Chains

Local Value Chains and Cluster Proximity. Rooted in Zhejiang Province, Geely has

achieved rapid growth within the Chinese automotive manufacturing landscape, because initially this specific province is positioned as a crucial pillar in the Chinese automobile industry by having cultivated extensive automotive component manufacturers that have actively participate in global production networks.

A prime exemplar is Wanxiang Group, a leading Chinese auto parts manufacturer that has been a major supplier to domestic companies including SAIC, FAW, GAC, while maintaining OEM partnerships with international automakers like General Motors and Volkswagen. Other prominent examples, like Joyson Electronics and Ningbo Huaxiang, specialize in the development of vehicle safety systems and auto trim parts respectively.

Through vertical and horizontal integration across industrial and value chains, Zhejiang Province has developed a comprehensive automotive cluster characterized by robust production capabilities. This localized supply chain ecosystem provides Geely with distinct competitive advantages in building their own supplier networks. The proximity facilitates synergistic collaborations between the automaker and domestic suppliers, enabling reciprocal knowledge transfer and cooperative growth in industrial clustering. This symbiotic relationship enhances supply chain resilience while fostering technological upgrading within the regional automotive value chain.

In 2003, Geely started its first attempt of corporate internationalization. However, a localized value chain structure was not strong enough for Geely's vehicles to be recognized and remain competitive in the world. In fact, limited brand recognition and underdeveloped distribution channels confined its presence largely to less developed regions. While this setback may have laid the groundwork for future overseas operations, it highlighted the challenges of competing in mature markets without established brand equity or localized infrastructure.

Global Value Chain Upgrading. International expansion is no easy task, particularly in developed countries. Having learned its lessons, Geely found that M&As could provide a shortcut to integrate into the global value chains. Therefore, a series of cross-border M&As took place since 2006 when the British Manganese Bronze Holdings was acquired. The

acquired company was once the renowned manufacturer and owner of London's iconic black cabs. However, the company failed to sustain product advantage amid the decline of the British automotive industry since the 1990s. During post-acquisition, Geely modernized their classic taxi product lines with lightweight technology and established an electrification R&D center in Coventry, renaming it as London EV Company Limited.

During the financial crisis, Geely acquired Australia's automatic transmission company DSI (Drivetrain Systems International). With over 80 years of history, DSI has been a key supplier to famous automotive manufacturers and possessed significant R&D capabilities in advanced transmission technologies. Thanks to financial struggles of DSI, Geely immediately spotted the opportunity and acquired their core technology to bridge Geely's gap in the relevant sector.

Having completed the landmark acquisition of Volvo Cars, Geely and Volvo continued to establish the CEVT (China-Euro Vehicle Technology) platform and develop joint venture brands Lynk & Co where the two parties share R&D and conduct joint procurement. Geely utilized its high scale annual production volume of over 2 million vehicles to gain bargaining advantages, achieving optimal unit pricing for component procurement.

In Southeast Asian market expansion, the strategic M&A in Proton and Lotus Cars prioritized both the market access and supplementing the Malaysian auto infrastructure and technological base. On one hand, having achieved significant synergies with Volvo, Geely has had the ability to export its technology and managerial abilities by adjusting supplier relations and dealership renovation, all of which resulted in a quick profitability turnaround within only one year. On the other, Proton means for Geely a strategic foothold in Southeast Asia that has an annual volume nearing 6 million units. While Proton's presence in Malaysia is currently relatively limited, it is expected to expand its reach across other countries in the region.

It can be seen that through historical M&As, Geely did achieve remarkable resources and technology to be able to upgrade itself along the global value chain and it is actually a process of leveraging strategic business and spatial layouts to drive coordinated development

and ascend the value chain through synergies. By seizing opportunities and deepening its global footprint, Geely has not only revitalized and upgraded the Volvo brand but also achieved cultural integration, talent synergy, and technological convergence across its portfolio including Geely, Volvo Cars, London EV Company, Proton, and Lotus.

4.2.2 From Global Value Chains to Global Value Networks

Geely did not stop at GVC involvement through cross-border M&As. The development of international enterprises encompasses global procurement, production, and R&D, enabling companies to have the ability to leverage quality resources worldwide. Geely's journey reflects an important shift from the initial phase of mere product exports to a deeper locally embedded regional industrialization that is emphasized on localized production, sales, and R&D while prioritizing a comprehensive integration of culture, technology and global talents.

Supply Chain Upgrading and Global Procurement. Geely's supply chain evolution has undergone multiple phases, which has empowered Geely to adapt to changing demands and improve managerial capabilities.

In the first stage the supply chain and procurement revolved solely around cost. Each and every Geely's manufacturing plant was perceived as a profit center where a general procurement director was appointed, and then all of these procurement directors competed against each other on prices and cost which were the basic metrics of their performance evaluation. Then Geely, after the co-development of CMA (Compact Modular Architecture) platform with Volvo, started to introduce platform-based managers that can embed early cost management in the new product development process, which is also aimed at enhancement of cross-functional collaboration between the product side and the R&D team.

Since now Geely's vehicle portfolio spans across already numerous brands, Geely then restructured its supply chain management with brand directors to clarify product positioning and coordinate resources between brands for co-development and co-procurement. Nowadays, Geely established global regional directors to oversee worldwide procurement networks and build a resilient global supplier ecosystem in order to align with global procurement trends.

Guided by its cross-brand supply chain management and global procurement, Geely has

achieved deep integration of its supply chain, collaborating with Volvo, Proton with enhanced synergies across its global portfolio. In collaboration with Volvo, the two parties facilitated joint procurement discussions and introduced their suppliers to bid competitively under the CMA platform. The approach incentivized leading suppliers to deliver platform-based, differentiated, and scalable solutions with both quality and cost efficiency. In collaboration with Proton, Geely introduced its SUV series' design and technology into Proton's vehicles and strengthened Proton's existing supplier networks with quality control and cost improvement, which is further complemented by incorporating Malaysian suppliers into Geely's Southeast Asian projects.

Supply chain and cost management have long been Geely's strengths. Prior to the acquisition of Volvo, Geely relied heavily on suppliers from China and other Asian economies. However, after the acquisition of Volvo, Proton and Daimler, Geely's expanded production scale, driven by surging demand in China, attracted top-tier global suppliers. The prior cross-border M&As in this context are pivotal in securing partnerships with industry leaders, significantly boosting Geely's bargaining power.

The Volvo acquisition, in particular, created a win-win value chain synergy, expanding Geely's global presence. Today, Geely collaborates with over 200 international suppliers, with 70 of them ranked among the world's top 100 automotive component manufacturers. By harmonizing the Geely brand with the acquired brands, the company aims to increase collaboration with top-tier suppliers to further solidify its supply chain leadership. Through joint ventures and strategic alliances, Geely continues to pioneer cutting-edge technologies and products in the EV sector. Focusing on four core pathways, battery electric vehicles, hybrids, alternative fuels, and hydrogen fuel cells, the company is also reshaping the EV supply chains.

Enhanced Production Capabilities. Geely has established solid vehicle and engine plants manufacturing in Asia, Europe, and North America, including factories in the United States, United Kingdom, Europe, and India. Following the acquisition of Proton, Geely adapted its own Boyue SUV model from left-hand drive to right-hand drive for the Malaysian

market, incorporating local vehicle characteristics and developing a virtual assistance system tailored to Malaysian users. In December 2018, Geely and Proton jointly launched their first collaborative model, the Proton X70, in Kuala Lumpur, featuring the Proton version Geely's intelligent driving ecosystem targeted for the local market. By December 2019, localized production of the Proton X70 commenced at Proton's Tanjung Malim plant in Malaysia, marking a significant milestone for the development of the Malaysian automotive industry.

Beyond overseas factory construction, the globalization of supply chains and value chains along with comprehensive capability enhancement are all crucial elements in the development of firm's production capabilities. Automotive enterprises from developed countries typically possess their own core supplier networks. However, Chinese automakers have yet to establish high quality supply chain networks. According to past China's automotive industrial policy, Chinese companies must maintain at least 50% equity in all joint venture investments. This policy aims to both protect domestic automakers from foreign competition and trade market access for technology to enhance global competitiveness. Nevertheless, most Chinese automakers still lack core technology development capabilities and component development capacities in joint venture collaborations.

As China further opens its manufacturing sector, the automotive industry will gradually phase out such foreign equity limitations across different segments, with all previous restrictions to be removed after a five-year transition period[5]. This means that domestic automakers will face direct competition with foreign counterparts in their home market, presenting substantial challenges to indigenous brands. To address future market competition, Chinese automakers need to establish global supply chain networks, fully leverage worldwide resources, enhance competitiveness, and participate in the value chain, aware that the development of supply chains and global value chains constitute fundamental requirements for industrial development.

Global R&D Network. The globalization of research and development is a pivotal

[5] The five-year timeline is as follows: in 2018 the removal of foreign equity restriction of max 50% for EVs and special purpose motor vehicles; in 2020 the removal of such restriction for commercial vehicles; in 2022 the removal of such restriction for passenger vehicles.

strategy for companies aiming to strengthen their technological expertise and secure a competitive edge. Beyond merely sharing and applying knowledge internationally, global R&D initiatives also drive the creation of novel insights and amplify a firm's capacity for innovation. By decentralizing R&D operations across diverse regions, businesses can harness local skills and technologies while cultivating a worldwide knowledge network. This network not only facilitates access to global intellectual resources but also enhances their exploration and application, fostering sustained innovation and market leadership.

Geely exemplifies this approach through its commitment to R&D investment. Table 4-1 shows Geely's R&D spending from 2010 to 2023 and Table 4-2 compares its total R&D investments with other strong rivals in recent years. It can be seen that sustained high R&D spending forms the foundation of Geely's innovation driven growth, while cutting-edge technologies remain pivotal to maintaining the competitiveness of its products and the company itself in global markets. This strategy underscores how integrating global knowledge networks with robust R&D investment enables enterprises to thrive among intense international competition.

Table 4-1 Geely's R&D Spending (Non-capitalized)[6] from 2010 to 2023

Year	R&D Spending (Chinese Yuan)	R&D Spending (Equivalent to Euro)[7]
2010	97,637,000	11,812,309
2011	105,847,000	12,805,571
2012	206,343,000	24,963,768
2013	276,857,000	33,494,685
2014	211,553,000	25,594,083
2015	258,769,000	31,306,365
2016	211,531,000	25,591,422
2017	331,241,000	40,074,165
2018	548,653,000	66,377,082
2019	850,468,000	102,891,234
2020	588,100,000	71,149,455
2021	1,292,171,000	155,563,562
2022	1,965,596,000	236,636,726

[6] The table includes R&D costs that are immediately expensed. It does not include those capitalized costs that are deferred and gradually expensed over time through amortization once the related product or technology generates revenue.
[7] Approximate Figures

2023	3,360,785,000	404,602,553
2024	5,323,349,000	649,947,676

Table 4-2 Comparison of Geely's Total R&D Expenses from 2022 to 2024

	2024 (in million Euro)			2023 (in million Euro)			2022 (in million Euro)		
	Total Revenue	R&D Expenses	%	Total Revenue	R&D Expenses	%	Total Revenue	R&D Expenses	%
Geely	29,326	1,272	4.3%	21,879	954	4.4%	18,065	826	4.6%
SAIC	76,623	2,155	2.8%	90,922	2,242	2.5%	90,844	2,201	2.4%
BYD	94,877	6,495	6.8%	73,537	4,832	6.6%	51,774	2,278	4.4%
Chang'an	19,502	794	4.1%	18,472	730	4.0%	14,804	527	3.6%
Stellantis	156,878	5,784	3.7%	189,544	5,619	3.0%	179,592	5,200	2.9%
Volkswagen	265,887	20,999	7.9%	268,156	21,779	8.1%	232,385	18,908	8.1%

Geely currently maintains a global network of five engineering R&D centers and five design studios, staffed by more than 20,000 professionals in research, development, and design. These R&D hubs include the Geely Auto Research Institute, Geely Hangzhou R&D Center, CEVT, Geely Coventry R&D Center and Geely Germany R&D Center. Established in 2003, the Geely Auto Research Institute acts as the company's central innovation hub, employing roughly 8,000 engineers. Equipped with state-of-the-art facilities such as advanced technology labs, vehicle and powertrain testing zones, and prototyping workshops, the institute leads automotive product development and technological innovation for Geely's core brands while offering technical expertise across the group.

The Hangzhou R&D Center specializes in electric and sustainable energy solutions for commercial vehicles, prioritizing technologies like pure electric drivetrains, methanol-based systems, and hydrogen fuel cells, supported by a team of approximately 1,600 researchers. In the UK, the Coventry R&D Center hosts a team of hundreds of engineering and manufacturing experts focused on pioneering lightweight materials and energy-efficient technologies. Meanwhile, the Germany R&D Center, launched in 2019, drives the evolution of Geely's next-generation electric vehicle platforms, underscoring the company's global push toward electrification and innovation leadership.

The Geely and Volvo's CEVT was established in Gothenburg in 2013. CEVT combines together the advantageous resources of Geely and Volvo, primarily focusing on the joint development of a new compact car modular architecture and related components to meet the future market demands of both Volvo and Geely. To date, CEVT has successfully developed the Compact Modular Architecture (CMA), featuring adjustable track width and wheelbase

that enables production of sedans, SUVs, and MPVs compatible with fuel and electric power systems. The Volvo XC40, built on this platform, has maintained strong market demand in Europe and America since its launch. Geely's first CMA-based model that later on became a joint venture brand Lynk & Co, debuted in 2017. Targeted for young consumers, Lynk & Co embodies cutting-edge technological aesthetics while reflecting Geely's commitment to safety, environmental protection, and energy efficiency.

Geely has placed significant emphasis on automotive design, operating five design studios strategically located in Shanghai, Europe, the UK and the USA. The Shanghai Design Center acts as the company's flagship hub, driving the evolution of Geely's future design philosophy and cutting-edge aesthetic concepts. The remaining studios focus on integrating global design talent and leveraging inspiration from diverse cultural, architectural, and urban influences worldwide. Designers at these centers collaborate to infuse Geely's global design ecosystem with innovative, forward-looking ideas.

As Geely's international presence and influence grow, the company has become a magnet for top-tier R&D professionals, including global experts seeking opportunities in China's dynamic market. The acquisition of Volvo has further streamlined cross-border collaboration and talent mobility within Geely's operations. Today, the company boasts a workforce of nearly 50,000 international employees from over 40 countries, supported by hundreds of globally recognized foreign experts. Together, Geely's five R&D centers and five design studios form a strategically dispersed innovation network, functioning as interconnected hubs that propel the company's technological and creative advancement on a global scale.

Summary. Generally speaking, Geely's internationalization journey is in fact how Geely managed to upgrade itself along the global value chains through cross-border M&As. The M&A activities did not only bring Geely advanced technology and tangible assets but also complemented Geely's business portfolio. From a market-oriented perspective, the partnership with Volvo represents alignment between 2 auto brands at different tiers aiming for global presence, while the alliance with Proton enables Geely's technological and product

expansion into Southeast Asian markets that were once dominated by Japanese automakers. Regarding business scope, Geely has evolved from only producing economic vehicles to diversifying into other business areas including the taxi driving through Manganese Bronze Holdings, vehicle transmission development through Australian DSI, luxury sports car with Lotus and collaboration with Daimler.

A series of cross-border M&As demonstrates that enterprises from emerging markets aspiring for a larger share on the global market must not only deepen industry expertise and prioritize R&D, but also proactively seek complementary partnerships for mutual growth. Geely's internationalization journey resonates with this philosophy, strategically leveraging synergies to transcend conventional growth patterns.

What's more, another lesson that Geely has learned is that success is built not only on the increase of their own value along the GVC but also on the continuous generation of new values which is achieved through global value networks. Business relations constitute commercial networks with suppliers, customers, strategic partnerships, creating value through restructuring relationships and roles. Ever since the 1990s, the China's market economy reform and opening up for investments has encouraged many domestic companies to enter overseas markets to acquire strategic resources, such as advanced technologies and managerial expertise, thereby boosting brand recognition and competitiveness. Consequently, cross-border M&As conducted by emerging market enterprises are often viewed as springboards for upward transformation, typically targeting high-tech firms. In recent years, Chinese companies have increasingly ventured into markets in less-developed regions. As a pioneer of Chinese multinational company, Geely's case reveals that it has not only achieved upward transformation through its Volvo acquisition, but it has also begun laying the groundwork to export its own technologies and products globally.

4.3 Global Talents as Growth Engine

4.3.1 Platforms as Opportunities

Through the lens of Geely's cross-border M&As it is evident that the company has long positioned itself as a globalized auto enterprise for its long term development. However, even

though in previous sections we have argued how Geely utilizes the M&A synergies to successfully increase its value and enlarge its business portfolio, we have yet to touch upon how Geely managed to attract international talents to work for a little-known Chinese company.

Motivation and Opportunities Matter. As we go through the interview data, one respondent, by referring to the CEVT platform shared by Geely and Volvo, explained that for engineers, the project itself is what matters most. Benefits are one aspect, but they don't care too much about those, or rather, those who do care wouldn't come. The people who join are here to do what they truly want to do. In fact, among the top-tier talent that CEVT recruited, roughly 1/3 came from Volvo, another 1/3 from other well-known international automakers and the remaining third were Chinese engineers. Positioned as a high-end luxury brand, Volvo employees enjoyed much more welfare and benefits compared to those at CEVT. But compared to Volvo, Geely had far more new projects to develop. For Volvo engineers, redefining the Volvo brand was unfeasible, but CEVT allowed them to shed past constraints and start fresh, tackling entirely new challenges, which was not only exciting but also seemed promising enough to add another significant milestone to their careers if successful.

Without the best benefits or working conditions, Geely attracted a cohort of motivated professionals drawn to its expansive development platforms. As the cooperation deepens, the efforts of these aggregated international talents move on to contribute to the Lynk & Co joint venture brand built on the CMA architecture. These engineering talents not only contributed to the success of Lynk & Co but also shared in the glory brought by the brand's achievements.

4.3.2 Open and Embracing Mindset

With the acceleration of Geely's internationalization, its operational scope has expanded from domestic to global markets, leading to a shift in talent requirements for advanced professionals with international experience. Geely therefore has progressively turned its attention overseas for talent acquisition and through M&As Geely has absorbed a large pool of world-class international talents.

One interviewee explained Geely's thoughts on global talent recruitment by pointing out that no enterprise can thrive independently of its home country's characteristics, meaning that detachment from this foundation risks losing the brand's intrinsic values. Therefore, Geely has pursued a principle of "operating locally while thinking globally" with an international vision. Whether acquiring overseas companies or managing talent, cultural integration has thus been prioritized to effectively manage employees from diverse countries, regions, and cultural backgrounds. This approach ensures harmonious collaboration while preserving the unique value embedded in each brand's heritage.

Taking Volvo as an example, Geely gradually integrated its corporate culture while respecting Volvo's original corporate ethos, management team, and employees. By establishing mutual trust mechanisms and minimizing emotional conflicts that could undermine team's harmony, both parties were able to maximize their strengths, contributing robust momentum to corporate development. At the CEVT platform, more than a thousand international professionals including Geely's dispatched employees, former Volvo staff, and globally recruited engineers collaborated on platform projects jointly developed by Geely and Volvo.

Unlike many companies that directly assign Chinese executives to oversee operations or hire foreign talents, Geely entrusted CEVT's management to Volvo executives upon its establishment. Chinese engineers participated in project development with a learning-oriented mindset. Through gradual cultural integration during collaboration, Geely identified a balanced approach to incorporate its values while fully respecting Volvo's legacy. This strategy not only honored Volvo employees but also enabled Geely to gain deeper insights into Volvo's operations, fostering resource synergies and cultural integration of the west and the orient.

On one hand, CEVT has proven to be an effective opportunity for talented automotive engineers to unleash their passion to innovate and achieve values through international career progression. On the other, it combined top-tier experts in automotive innovation, enabling effective collaboration that endowed Geely with a collective think tank and a unique

engineer-driven culture, which not only advanced technological breakthroughs but also solidified Geely's commitment to automotive innovation.

4.3.3 Organizational Empowerment

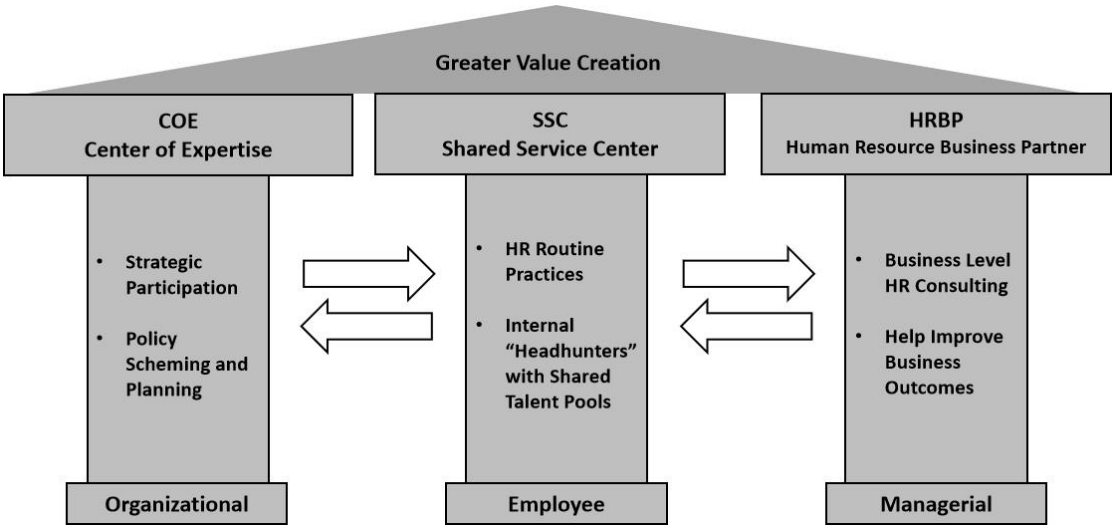
Geely's growing corporate influence and rapidly expanding business platforms have created vast opportunities for diverse talents to thrive, attracting top professionals from both domestic and international automotive industries. At stages of fast business expansion, Geely recruited a lot of technical experts and managerial talents across various fields, yet many joined only to leave shortly afterwards. On one hand, despite urgent talent acquisition efforts, the company failed to establish effective internal communication procedures, leaving many employees unable to fully utilize their skills after onboarding. On the other hand, Geely lacked standardized welfare management for employee welfare and benefits, exacerbating workplace dissatisfaction. Ultimately, the root issue lay in the absence of an efficient HRM framework tailored to align with talent development needs.

In the meantime, to enhance operational efficiency across subsidiaries, Geely initially adopted a practice of assigning job positions based on individual capabilities. However, this leads to problems as the HQ's HR department devoted significant time to administrative tasks like performance evaluation and employee onboarding, while critical functions such as salary pays and recruitment were delegated to each manufacturing plant (subsidiaries). This decentralized approach insulated headquarter HRs from sensing market competition pressures and consequently, the central management struggled to understand subsidiary needs, deliver targeted support, and provide customized solutions aligned with business demands.

What's more, as Geely expanded its business, this HRM model led by individual subsidiaries caused uneven workloads. Since every subsidiary creates job needs based on employees' capabilities, some employees faced intense pressure at times, while others experienced periods of underutilization. This imbalance intensified the demand for cross-subsidiary collaboration and talent sharing among manufacturing plants, necessitating stronger centralized coordination from Geely's headquarter. Therefore, the growing complexity of operations highlighted the urgency for Geely to transition from fragmented,

subsidiary-driven practices to an integrated, strategically aligned HRM system.

Figure 4-1 Geely's Three-Pillar HRM Model



To address such problems, Geely empowered its HRM using a three-pillar model originally put forward by Dave Ulrich (Figure 4-1), putting forward three roles that are Center of Expertise (COE), Human Resource and Business Partner (HRBP), and Shared Service Center (SSC). The COE is primarily responsible for formulating HR plans, policies, and processes in alignment with the Geely's global strategies, business development needs, and external talent competition dynamics.

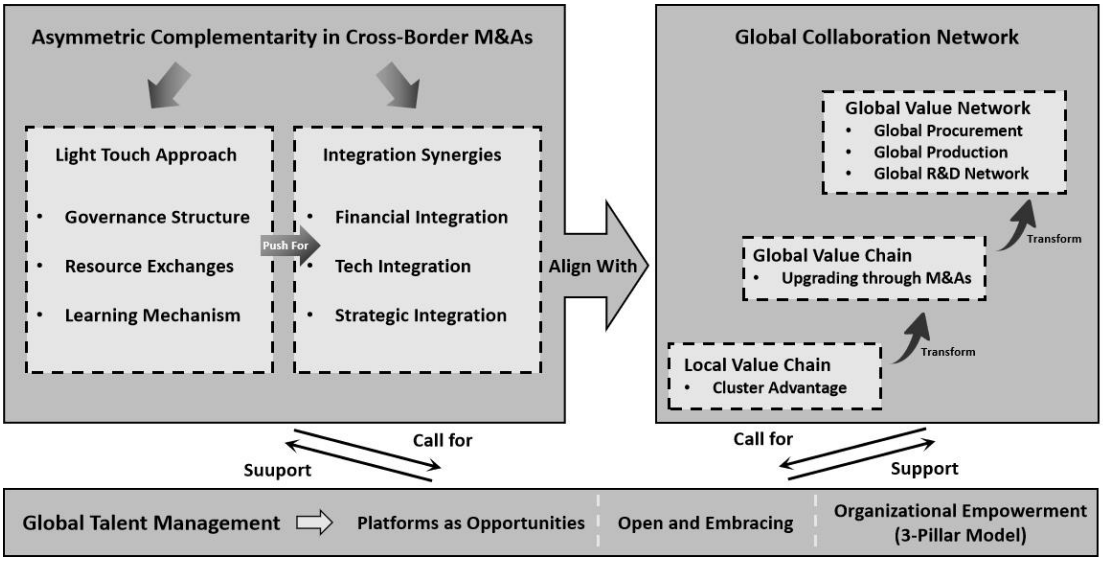
HRBP, on the other hand, works closely with business departments to deliver tailored HR solutions to enhance team collaboration and foster a positive team environment, which is the main driver of the achievement and continuous improvement of organizational performance.

The SSC functions as Geely's in-house recruitment arm, managing talent recruitment channels, cultivating a centralized talent pool, and overseeing hiring processes. By establishing a shared talent database, the SSC improves the efficiency of assigning and hiring skilled personnel to various business units and minimizes the company's dependence on third-party recruitment agencies. This centralized model optimizes talent acquisition, promotes interdepartmental synergy, and bolsters Geely's capacity to adapt dynamically to evolving workforce demands.

4.4 Theoretical Integration Path Model

Based on the empirical data structure and a systematic elaboration of the coded categories, Figure 4-2 is created as theoretical that summarizes the successful M&A integration that Geely has provided. The model differs from the data structure (Figure 3-1) in that it not only treasures the findings of the coding process but also visually encapsulates the logical linkages between each category.

Figure 4-2 Theoretical Integration Path Model



The model excels in pointing out both the asymmetry in business positions and the reciprocal complementary characteristics that Geely's case has manifested in its cross-border M&As. Unlike traditional M&A management theories that emphasize gaining sustained competitive advantage based on resource attainment through M&As where there is only unidirectional control of the acquiring firm over the acquired (Jemison and Haspeslagh, 1991; Prahalad and Hamel, 2006), both the model and the empirical results reveal the importance of mutually cultural adaptation and collaborative synergies that go beyond resource exploitation.

Specifically, the model provides hints into how to facilitate intra-firm level integration after cross-border M&As. First of all, for Chinese domestic enterprises wishing for corporate upgrading, the asymmetry should be well recognized in that companies from emerging market economies are lacking in proper managerial skills and absorptive capacities in utilizing both the tangible and intangible resources from cross-border M&As of companies in developed economies. From the perspective of knowledge transfer, empirical evidence from

Ai and Tan (2018) has indicated that despite the efforts of learning both tacit and explicit knowledge, Chinese companies mainly focused on the latter for everything can be codified and documented, making the learning process smooth and easy, which will not sufficient enough to compete on the global marketplace. Therefore, the asymmetry stands for not only differences in business positioning but also remarkable gaps in firm's capabilities.

While being able to understand the differences, companies need to identify complementary resources to boost integration and synergies. While it may seem contradictory that any kind of complementary assets is difficult to find in face of obvious business asymmetries, but it is not necessarily true. Exactly like the Geely's case, it is crucial for firms from emerging economies to have adequate business sensitivity to leverage resources like home market access and cluster advantages that can bring scale effects, local or even regional supply chain networks etc. For Chinese automotive enterprises in particular, as we have thoroughly analyzed the current automotive landscape in China, the EV technology and the related supply chains including battery suppliers like CATL and other components suppliers are developing fast and many of them are strategically expanding into the global market as the domestic competition is also getting more intense. Therefore, under such context, the complementary assets for Chinese automakers are more than merely market resources compared to the past, which in the meantime gives potentially more bargaining power in the actual M&A process.

At the core of cross-border M&As, the problem of governance and integration is also accentuated in this asymmetric complementary situation. For Chinese automakers, not only do they need to be fully aware of the challenges of the asymmetric complementarity aforementioned but also the PMI process needs careful planning. As has been analyzed the Geely's acquisition of Volvo Cars, during the PMI process a light touch approach is highlighted, giving both respect and autonomy to the acquired firm. On one hand, the light touch approach suggests that the traditional unidirectional control of the acquiring firm over the acquired may give rise to further resistance from the acquired company that actually calls for higher degree of freedom. On the other, the approach must pave way for integration

synergies to be successful. Therefore, the essence of light touch mainly stands for a separation of the acquiring company's management team from the acquired to maintain its governance structure which, in the opinion of the author, actually embodies a large portion of unique tacit knowledge while in the meantime taking advantage of possible resource exchanges with proper learning mechanism.

However, the PMI process, as previously argued, should not focus only on the resources but it needs to push for integration synergies to start with financial integration. On one hand, the financial commitment is important as it concerns future business readiness while on the other, it is by no means to say that for Chines companies the PMI process can only focus on the financial aspect. In fact, it is obvious that in order to gain more return on investments, the PMI should also concentrate on organizational, strategic level. As the model suggests, after the financial integration, the two parties in M&As can move on to collaborate on technology R&D and strategy alignment, though this may not be quite smooth as we have reviewed Geely's acquisition on Volvo Cars that usually for acquiring companies from developing economies, the technological R&D gap, managerial talents and knowledge transfer are all obstacles that deters deeper integration, which is precisely the reason why we emphasized in the first place the importance of leveraging a light touch approach that serves as a cushion for complementing resources by leveraging advantages, accumulating sufficient R&D experience with a learning oriented mindset.

To put the cross-border M&As and PMI process in a wider environment which relates to value chains, we have argued that cross-border M&As are often regarded as a useful tool to upgrade and internationalize companies from emerging economies and for the M&As to succeed we introduced the concept of asymmetric complementarity. The model indicates a classic upgrading pattern along the value chains. To begin with there is domestic cluster advantages that Chinese automakers can seize to accumulate and gain competitive advantages while keeping an eye on industrial megatrends such as electrification, connectivity and artificial intelligence. In the phase of internationalization, as the Geely's journey shows, the prior acquisitions of Manganese Bronze Holdings and Australian DSI are mainly resource

and technology based that do not guarantee a complete integration and tacit knowledge transfer. However, these acquisitions do pave way for the subsequent success of Volvo Cars and to a certain degree they have helped Geely to build home market advantages and accumulate basic R&D capacity and M&A experience. The successive acquisitions, especially the successful integration with Volvo Cars, have embedded Geely in not only global value chains but a global network, which means that Geely's business production is not only built on coordinating value chain activities like production in different manufacturing plants with international suppliers, assembling and distribution across various countries, but also on a global collaboration network where globally operational facilities including plants, R&D centers and platforms combine and interact with each other, weaving a dynamic flow of knowledge and intangible assets.

Finally, all of this cannot function flawlessly without global talent management. In fact, as domestic firms begin becoming more involved in the global market, an effective HR management practice becomes quite inevitable. At the early stages of internationalization, attractiveness and retainment of global talents is crucial and even with a light touch approach, the two parties in the M&A cannot achieve synergies without talent interactions. However, faced with obvious gaps in social development and welfare, Geely's case suggests that apart from monetary compensations, platforms and opportunities are also vital drivers for absorbing and integrating global engineers. Coherent with previous literature review, the corporate culture is also a key issue to deal with in managing employees from diverse culture backgrounds and with platforms as both a focal R&D center and a meeting point of cultural convergence, people in day-to-day communication and interactions, have shaped and integrated the organizational cultures to be open and inclusive. With regard to efficiency and growing requirements for alignment with actual business needs, it is recommended that domestic companies wishing to enlarge their business globally start revolutionizing early on HR management practices and the three-pillar model can be consulted as a point of reference, though it should be acknowledged that there is no best fit in HRM design and companies need to refine their practices accordingly, based on their business scope.

4.4 Discussion

4.4.1 Generalizability of the Model

So far, we have thoroughly examined the integration path of a successful Chinese automotive company in terms of its cross-border M&A completion and transformation along global value chains. While some may argue that in the model developed there do exist various Chinese characteristics that might constrain the model's explanatory power, for example China's particular economic system and market-oriented institutional factors that would not be easily transferrable to other companies in other countries, the author contends that the core elements and findings of the model reflect a blend of universal M&A findings coherent with academic literature.

To begin with, similar evidence has been found in the collection of cross-border M&A studies. Liou and Rao-Nicholson (2019) analyzed South African firms' acquisitions between 1994 and 2012 in an attempt to uncover the linkage between the contingency of economic distance and economic freedom and emerging market firms cross-border M&A performance. Even though the study mainly included financial metrics and did not touch on a comprehensive integration strategy, their hypothesis was tested true that a larger economic distance, defined as "the economic status difference between the host and home markets" (Liou and Rao-Nicholson, 2019, p. 361), does affect the post-acquisition operating performance and older South African firms, compared to younger ones are more at ease and agile dealing with differences. Likewise, Li et al. (2016) and Lu et al. (2017) have all noticed the importance of managerial experience and capabilities needed to handle cross-border M&A issues in larger economic distance scenarios, which is also consistent with the model of this thesis that takes such asymmetric position as a starting point.

Zhou et al. (2016) continued to explore the M&A dynamics in emerging economies by studying time series data from four emerging economies including Brazil, Russia, India and China to better understand how different country environments and acquirers from developing/developed economies affect M&A completion. The research resonates with prior literature in that it not only brings up host country's economic situation but also highlights the

need to check for legal and regulatory issues and firm-level competencies. Their analysis has shown that it is easier and more feasible for companies from emerging economies to conduct and complete M&As rather than those from advanced economies expanding into emerging markets due to the fact that in developed economies the legal and regulatory frameworks are relatively more stable and transparent compared to developing economies where most businesses are done through individual networks and personal connections with government officials, and firm-level competencies such as past M&A experience do pave way for future M&A completion.

Thus far the extant literature on M&A activities from emerging markets has revealed certain characteristics that emerging markets share in common which are lower market freedom, relatively higher economic distance, lack of sufficient legal and regulatory frameworks and firm-level insufficiencies related to managerial capabilities and M&A experience. In the opinion of the author, even though the emerging economies differ in their economic development and institutional forces, the core element stays the same which is business asymmetry, and firm-level accumulation of M&A capabilities through learning experience, which is exemplified by Geely's case where the early two M&A deals of Manganese Bronze Holdings and Australian DSI were more of pure resource and technology exploitation and it was not until the acquisition of Volvo Cars did Geely start deepen its integration with acquired companies.

Regarding post-merger integration, Panibratov (2017) investigated into the integration process of four M&A deals in both Chinese and Russian contexts. More specifically, in each country there are two cases covering both the high technology and finance sector, including Taiwan BenQ acquiring German Siemens, HSBC bank taking over UK Midland, Russian Sistema JSFC and Indian Shyam Group, Sberbank and Denizbank in Turkey. Findings of these four case studies indicate that the national culture, employee motivation and top management changes play an important role in guaranteeing smooth and successful integration. Similarly, Weber and Tarba (2011) and Weber et al. (2009) also emphasized both national and corporate cultures when studying the acquisition of FAST Germany by Israel's

Aladdin company. They pointed out that when cultural differences are high between two firms, cultural clashes may prevent the synergies from happening and therefore, a thorough examination or cultural due diligence is needed when taking over the acquired company. They also proposed a symbiosis integration strategy that advocates for an adaptive, gradual integration process, with adjustments informed by real-time developments. In the early phases, maintaining the acquired company's core identity and values is critical, permitting only indispensable modifications. Additionally, the analysis reveals that failing to adopt the recommended integration strategy can lead to the departure of vital senior leadership figures, undermining organizational stability.

Therefore from a retrospective point of view, it can be said for the model that for emerging markets, the cross-border M&A situation, influencing factors and strategies during the post-merger integration process do show a relatively high degree of resemblance, in particular we notice that the symbiosis integration strategy aforementioned shares certain characteristics in common with Geely's light touch approach integration model in that both approaches emphasized the necessity to give high degree of autonomy to the acquired company when the risks of cultural clashes and employee resistance are worth attention. However, one should also be aware that some other features in the model are subject to contextual sensitivity that is dissected below.

Scalability across Company Sizes. The model assumes a baseline of organizational resources and financial resources, making it most viable for large multinational corporations. Elements such as the three-pillar HR management model, global talent pool and nurturing platforms for integration growth require substantial investment in human capital and infrastructure, and establishing global collaboration networks from supply chains upgrading or maintaining a global presence across subsidiaries demands cross-border coordination teams and cross-cultural skills that are resources often beyond the reach of small and medium enterprises (SMEs). Smaller firms may also lack the financial resilience to absorb risks associated with cross-border M&As, such as regulatory and legal hurdles. That said, the

model's principles of authorizing autonomy and resource exchanges could still be scaled down for SMEs.

Institutional and Developmental Constraints. A critical limitation to the model's generalizability lies in its embedded state aligned strategies, which reflect China's state capitalist system. Policies regarding foreign equity restriction and its five-year plans of national economic and social development blueprints that outline strategic priorities, set growth targets, and guide policy implementation over five-year periods implicitly assume active government involvement in facilitating cross-border deals, subsidizing R&D, or shielding firms from geopolitical risks. In liberal market economies where state intervention in corporate strategy is minimal, these elements would require reconfiguration. For example, instead of relying on state backing, firms might need to emphasize private sector alliances or leverage multilateral trade agreements. Similarly, the model's focus on local value chains and cluster advantages presupposes the existence of robust domestic ecosystems, which may not exist in regions with fragmented industries or underdeveloped infrastructure.

In conclusion, the model's generalizability is neither universal nor narrowly confined to Chinese contexts. It holds significant promise for large, hi-tech firms in emerging markets pursuing global expansion, provided they adapt its state-aligned strategies to local institutional realities. Ultimately, its adaptability will depend on how effectively firms can balance the core principles with the demands of their unique operational, cultural, and geopolitical landscapes.

4.4.2 Looming Threats

Recently, the Trump administration. has started another round of trade war against the world. Regarding China specifically, the reciprocal tariffs introduced on April 2 imposed an additional 34% tariff on products from China, and on April 8 and 9, the administration continued to raise tariffs of 50% and 41% on the basis of fentanyl tariff of 20%[8], section 301 tariffs and section 232 tariffs that has also been implemented before. As of April 10, the

[8] In February and March 2025, Trump administration imposed a sum of 20% tariffs on Chinese imports demanding Beijing curb the flow of fentanyl, of which the drug use in the US has affected severely the lives of the American people.

tariffs imposed on China increased to 145%, causing a significant impact on Chinese companies exporting to the US market.

On May 12, the joint statement of US and China's economic trade meeting in Geneva marked a turnaround for the worsening trade situation, which canceled the 50% and 41% tariffs and suspended 24% percentage points in the 34% additional tariff for 90 days leaving it to only 10%. However, the 20% fentanyl tariff, section 301 and section 232 tariffs are still in vigor and for the Chinese automotive industry, section 232 of the Trade Expansion Act of 1962 imposes a 25% tariff on imported automobiles and certain auto parts. All imported passenger vehicles and light trucks are subject to a 25% tariff, effective April 3. Critical components such as engines, transmissions, powertrain parts, and electrical components will face the 25% tariff starting May 3. Under the USMCA (United States-Mexico-Canada Agreement), auto importers will have the opportunity to certify their US manufactured components. This mechanism ensures the 25% tariff applies only to non-US manufactured parts. Section 301 of the Trade Act of 1974 Imposes tariffs of 25-100% on $18 billion worth of Chinese goods, including EVs, semiconductors, and medical products where tariffs on Chinese lithium batteries for EVs will increase from 7.5% to 25% while those on EVs will rise from 25% to 100%. These measures under section 301 have already taken effect in September 2024.

It can be seen that the current adjustments in US China tariff policies are fundamentally an institutional gaming contest during the restructuring of the global automotive industry landscape. While the 90-day tariff suspension provides a strategic cushion for the industry in the short term, the core barriers of section 301/232 measures remain intact. In the long run, the challenges of tariff policies reshaping global industrial layout will continue to intensify. In response, it is crucial for Chinese automakers and parts suppliers to transform tariff pressures into drivers of strategic repositioning and value chain reconfiguration. The model's viability in such volatile context depends on its capacity to adapt to ever-changing protectionist even isolationist policies. Its emphasis on global collaboration networks aligned with integration synergies, particularly global procurement and production networks, renders it vulnerable to

tariff wars, export controls, or supply chain decoupling, which delineates the importance of geographic positioning. Companies could learn from the model by looking into more politically neutral geographies to bypass tariffs. Additionally, the emphasis on strategic alliances aligns with the growing trend of friendshoring, where firms prioritize partnerships with geopolitical allies to secure supply chains. However, this requires firms to navigate complex regulatory environments and invest in political risk assessment capabilities which represent a new layer of complexity not explicitly addressed in the current model.

According to statistics from Chinese customs, the Chinese vehicle exports to the US remain low and in 2024, these exports only account for 1.8% of Chinese vehicle total exports, which can be seen from Table 4-2. However, for parts suppliers, the United States has long been the largest export market for China's automotive parts. During Trump's first presidential term, the imposition of a 25% tariff has already compelled domestic parts manufacturers to implement various measures to mitigate the impact, leading to a decline in exports to the US Now, even overseas production plants of Chinese parts suppliers in regions like ASEAN countries risk facing substantial tariffs in the near future, directly affecting their US-bound exports from these facilities. According to customs data in 2024, China's automotive parts exports to the US reached 17.15 billion dollars accounting for 15.6% of the total exports. In addition, exports of lithium-ion batteries reached $15.32 billion, marking a 13% increase and accounting for 25.1% of China's total lithium battery exports for that year.

Table 4-3 Chinese Vehicle Exports to the US 2022-2024

	2022	2023	2024
Export Volume (in 1,000 units)	70	75	116
Percentage of Total Exports	2.1	1.4	1.8
Percentage of Total Sales	0.3	0.2	0.4

The author argues that the Trump administration's core objectives of bringing manufacturing back to the US and significantly expanding industrial capacity face significant challenges. This is due to the fact that automotive supply chains have long been structured around global division of labor based on efficiency and cost optimization. Furthermore, the

US lacks competitive advantages in its industrial chain, labor costs, and investment requirements, making the revitalization of domestic auto manufacturing highly difficult. Trump's policy volatility and the four-year presidential term further undermine the industry's ability to meet such expectations. Today, the US economy is dominated by high-tech and service industries, replacing its former manufacturing-led structure. Historical experience shows that every major industrial restructuring in the US has been accompanied by leaps in productivity and enhanced economic hegemony.

The primary driver behind the offshoring and globalization of US auto manufacturing is globalization itself. By leveraging comparative advantages across nations, globalization has enabled automakers and suppliers to adopt globalized production, procurement, and sales strategies, fueling the prosperity of the automotive industry. Decades of globalization have consolidated the global automotive supply chain into three major clusters: North America, Europe, and East Asia (China-Japan-South Korea). The global automotive epicenter shifted first from Europe to the US, then to Japan, and now to China. Globalization has driven structural adjustments in the US economy, characterized by financialization and deindustrialization, with the auto sector unfortunately serving as a prime example.

Initiatives like the USMCA (United States-Mexico-Canada Agreement), friendshoring, and nearshoring have further accelerated the relocation of vehicle manufacturing and supply chains away from the US The underlying force here is business and capital dynamics where globalization compels companies to relocate production to regions with higher efficiency, lower costs, and proximity to markets. Decades of offshoring have fragmented the US automotive supply chain, forcing reliance on foreign suppliers for critical components and raw materials, turning it into the world's largest auto parts trade deficit nation. While the US retains technological leadership in certain areas and hosts powerful automotive firms, its domestic supply capacity remains fragile insufficient.

However, it is important to note that the US, as a mature market economy, still possesses advantages such as its vast market size, innovation ecosystem, financial system, talent pool, and its monetary hegemonic status. Despite high automotive tariffs and compliance

challenges, targeted investments in specific regions and sectors, particularly for Chinese companies heavily reliant on the US market, can still yield strategic opportunities.

4.5 Summary of Findings

Table 4-4 Summary of Findings

Key Dimensions	Description	Implications/Examples
Asymmetric Complementarity	Cross-border M&As by emerging markets often come with high business asymmetries where autonomy is preferred to give both parties time to learn and merge. Locating complementary resources is crucial for generating synergies and pushing forward post-merger integration.	Geely: marketing and sales channels in China; bargaining capabilities of supply chains; China's EV technology Volvo Cars: premium brand image; strong R&D capabilities; sales channels in advanced economies
Global Collaboration Network	Cross-border M&As are inherently linked to value chains, from localized, clustered supply chains to gaining more competitiveness on the global market, finally upgrading into high added value segments. Firms continue to pursue a globalized business layout, reconfiguring its production, procurement and R&D activities worldwide, allowing for boundaryless interaction and collaboration.	Supply chains: Geely and Volvo Cars shared supply chains to lower prodcution cost and increase buyer's bargaining capability. Global value chains: Joint R&D (CEVT platform); Compact modular architecture (CMA) for vehicle design and production; Geely and Volvo's joint venture brand "Lynk & Co" Global collaboration network: Decentralizing procurement, production and R&D activities across the globe while allowing for worldwide cooperation and knowledge flow
Global Talent Management	As business expands, a globalized HR management and corporate culture are essential. Firms need to take on responsibilities to attract global talents with international career progression opportunities, to be inclusive and improve efficiency to fit increasing business needs.	Mindset: Operating globally while thinking locally. A 3-pillar HRM model helps to better aligh human resources with actual business needs. Creating opportunities such as the CEVT platform to retain talents while in the meantime contributing to the development of an inclusive corporate culture.
Geopolitical Risks (China-US Relations)	Increasing volatility in the international landscape calls for more prudence and close scrutiny in cross-border M&As. To hedge risks, friendshoring, nearshoring and regionalization are important factors to consider when managing firm's global collaboration networks.	Reciprocal and additional tariffs (the 24% suspended tariff remains in doubt); Section 301 and 232 tarifs; Fentanyl-related tariffs The local content requirements could potentially bring risks to the Chinese firms that use the United States-Mexico-Canada Agreementto avoid tariff shocks. Indirect exports from other countries are also risky in the long tem. Supplier networks, especially for auto parts suppliers, in this case require reconfiguration but this is no easy task. If production plants relocate, the prices are expected to rise.

Geely's cross-border M&As, exemplified by its acquisition of Volvo Cars, present an inspiring framework for post-merger integration in emerging markets. The thesis develops a theoretical model centered on asymmetric complementarity, global collaboration networks and global talent management, challenging traditional M&A theories that prioritize unidirectional control and resource exploitation. As can be seen from Table 4-3 which summarizes the key findings, Geely's model emphasizes mutual cultural adaptation and collaborative synergies, recognizing asymmetries in business positioning such as gaps in managerial expertise, absorptive capacity, and technological R&D capabilities, while leveraging complementary resources like China's EV supply chain dominance and regional market access. Early acquisitions, such as Manganese Bronze Holdings and Australian DSI, focused on resource extraction, but the integration with Volvo Cars marked a shift toward

knowledge transfer and strategic alignment, highlighting the importance of balancing autonomy with integration.

A critical insight is the concept of asymmetric complementarity, where emerging market firms like Geely navigate inherent disparities when acquiring firms from developed economies. These asymmetries, when strategically managed, enable firms to negotiate favorable terms and foster long-term synergies. For instance, Geely's access to cost-efficient production clusters and China's rapidly evolving EV ecosystem complemented Volvo's advanced R&D and global brand equity. The study underscores the necessity of a light-touch governance approach during PMI, which prioritizes autonomy for acquired firms to mitigate cultural resistance. This approach involves financial integration as a trust-building foundation, organizational separation to preserve tacit knowledge, and collaborative R&D to bridge technological gaps. Volvo Car's governance structure and joint innovation initiatives with Geely illustrate how this model facilitates synergy without eroding the acquired firm's identity.

The integration process also highlights the role of cross-border M&As in global value chain upgrading. By embedding itself in global production and R&D networks through Volvo, Geely gained access to advanced technologies and distribution channels. Success in GVC integration hinges on leveraging domestic cluster advantages, establishing global collaboration networks, and aligning acquisitions with industrial megatrends like AI and connectivity. Talent and cultural integration emerged as equally critical, with Geely addressing gaps through international career progression opportunities, renovating corporate culture, revolutionizing HR management model and R&D hubs that served as convergence points for knowledge exchange.

The model's generalizability, however, is constrained by contextual factors. While applicable to large firms with resources for global HR systems and supply chain coordination, SMEs face challenges due to financial and institutional limitations. State-aligned strategies, such as China's industrial policies, may not be easily transferable to liberal economies, requiring adaptation to local institutional realities. Geopolitical risks, particularly the

China-US trade war, further complicate the actual implementation. Section 232 tariffs and section 301 tariffs disrupt access to the US market, compelling firms to diversify production to geopolitically neutral regions and invest in localized supply chains. Despite these threats, it is also true to admit that the US market remains strategically vital due to its financial ecosystem and consumer base.

In a nutshell, the case study demonstrates that cross-border M&As can drive corporate upgrading in emerging markets by balancing autonomy with integration, prioritizing asymmetric complementarity over short-term gains, and adapting to institutional and geopolitical realities. The study underscores the need for firms to navigate asymmetries through collaborative strategies while remaining agile in the face of evolving global trade dynamics.

5. Conclusion

The purpose of this research thesis is to analyze qualitatively the nuanced integration path of an automotive company from an emerging market economy, offering insights into how emerging market firms navigate cross-border M&As and PMI process to achieve global value chain upgrading. The M&A governance and issues relating to integration is studied through a single case study of Geely and three-stage coding of the interviews of Geely's personnel, revealing the multi-layer complexity of M&A integration that concerns not only resources but also knowledge transfer and talent management. The research reveals that Geely's success stems from a light-touch PMI strategy that prioritizes asymmetric complementarity, staged integration, and global talent empowerment. By granting autonomy to acquired firms like Volvo, Geely preserved brand value while enabling knowledge transfer through platforms such as CEVT. Financial integration stabilized operations, technological collaboration bridged capability gaps, and strategic alignment unlocked synergies, propelling Geely from imitator to innovator in the GVC.

This case study suggests that by avoiding hierarchical control and prioritizing mutual learning, it is possible for emerging market firms to mitigate cultural resistance and push for successful integration which challenges traditional views of emerging market companies as passive exploiters of acquired assets. This approach underscores the importance of balancing autonomy with strategic vision, particularly in asymmetric M&As where the acquiring firm lacks proper expertise. For managerial practices, several lessons can be learnt. First, Chinese automotive brands are expanding through M&As, enabling them to acquire established brands, managerial expertise, production processes, and advanced technologies developed by Western automakers. Second, Geely has adopted a cautious and respectful approach to the cultural integration of acquired firms, prioritizing minimal but essential interference to mitigate cultural clashes that are usually considered as a primary contributor to the failure of cross-border M&A operations. Third, China contributes a robust network of efficient suppliers capable of large scale and low cost production. By infusing elements of its

cost-efficient industrial model, Chinese firms enhance the competitiveness of Western automakers grappling with cost pressures. Furthermore, Chinese automakers provide access to a flourishing domestic market, particularly in the EV sector. Crucially, this case illustrates that tariffs and non-tariff barriers serve only as partial and temporary impediments to the global advancement of China's automotive industry. It is plausible that we will soon witness accelerated consolidation, driven by the integration of Chinese automakers and their expansion into global markets. In the near future, growing demand for Asian market penetration and advancements in electric and autonomous driving technologies are likely to prompt initial forms of strategic collaboration, and ultimately M&As, between Western and Chinese automotive enterprises.

For theoretical implications, it enriches the cross-border M&A literature with firm level value chain upgrading strategies by demonstrating how emerging market firms leverage cross-border M&As to transition from low value manufacturing to global leadership. The integration path model extends traditional resource-oriented M&A theories by emphasizing reciprocal synergies. Practically, Geely's case provides a theoretical prototype for those seeking global competitiveness. The staged M&A and PMI process that are backed by efficient talent management, beginning with light touch governance to financial integration, progressing to technological collaboration, and culminating in strategic alignment, demonstrates the necessity of longitudinal, carefully design integration strategy. For policymakers, the study highlights the need for contextual adaptation. Chinese automakers may better leverage their M&A decisions according to China's industrial trends while the integration path model can serve as actual implementation guide. Geely's reliance on specific timing opportunities like 2008 financial crisis and related government regulations on joint ventures may not be transferable to other industries and enterprises.

Limitations of this study include its single case design, which lacks universal validation, and the interview data did not cover enough Geely's personnel from C-level to front line business and manufacturing employees. Moreover, during the research process, limitations in time and resources may have prevented comprehensive coverage of all relevant factors and

concepts, potentially introducing constraints to the study's conclusions.

In the context of exploring corporate integration paths under global value chains, this research remains insufficiently in-depth in that with the China's rising socioeconomic landscape, Chinese enterprises face ever changing overseas environments, particularly external factors such as geopolitical shifts, regulatory changes, and market volatility that could impact their GVC participation and PMI outcomes. Therefore, future studies require deeper analysis to dissect these dynamics, offering actionable insights to support cross-border M&As.

Appendix I - Topic Guide[9]

Introduction:

Thank you for participating in this interview. The primary aim of this study is to investigate Geely's M&As and its PMI practices. Please note that all the information you provide will remain strictly confidential and used exclusively for academic research. Your identity will be anonymized to ensure privacy, and no personal details will be linked to your responses. Additionally, we request permission to audio record the session to accurately capture your insights. Participation is entirely voluntary, and you may skip questions or withdraw from the interview at any time without consequence. Are there any questions or concerns you'd like to address before we proceed?

If there are no further questions, tell me when we can proceed with the recording.

Please note that some prompts that may also be utilized are not included in this guide, and based on each interviewee's actual functioning roles the focus of some questions and aswers may vary.

(1) Establishing rapport:

After the interview, if you have any further ideas or observations, please don't hesitate to share them with us.

1.1 Can you tell me a bit about yourself? How long have you been working in Geely?

Prompts: Before joining Geely are you familiar with the company?

1.2 Can you tell me a little bit about your job, for example, what's your job position in the company and what is your job mainly about?

1.3 During work have you paid attention to Geely's business portfolio?

Prompts: If so, do you know Geely's cross-border M&As? Can you tell me a little bit?

(2) Cross-border M&As:

2.1 What were the primary strategic objectives behind Geely's cross-border M&As?

Prompts: How did these acquisitions align with Geely's long-term vision for GVC

[9] The original topic guide is formulated in Chinese but for the uniformity of this research thesis, the topic guide is translated in English for reference.

upgrading?

2.2 How did Geely identify and evaluate potential target companies?

Prompts: What criteria were prioritized?

(3) PMI Strategies:

3.1 Can you tell, or how you feel like Geely's governance approach on acquired firms?

Prompts: Why the light-touch approach?

3.2 Was it hard communicating and collaborating with acquired firms?

Prompts: How Geely addresses cultural clashes and differences?

3.3 What aspects are integrated into Geely? Is it a one time transaction thing or you're still integrating?

Prompts: Was the integration process very smooth or challenging?

3.4 Did Geely cut off foreign employees or recruited global talents in these years?

Prompts: How did Geely attract and retain global talent? Are there any incentives?

3.5 Would you say that culture is important in PMI?

Prompts: Can you provide any examples?

(4) GVC Upgrading:

4.1 How have Geely's cross-border M&As contributed to its repositioning in the GVC?

Prompts: In what ways did acquisitions enhance Geely's technological capabilities or brand recognition?

4.2 What challenges emerged in aligning Geely's operations with global market demands?

Prompts: How did external factors impact integration?

End of interview:

Should you wish to offer further insights or share feedback on the interview process or study, your input would be greatly appreciated. Please rest assured that all data collected will remain strictly confidential, anonymized, and used exclusively for the completion of this thesis. Thank you sincerely for your time and thoughtful contributions to this research. Have a pleasant day, bye!

Appendix II - Transcripts[10]

Interviewee 1:

Hello! I'm very glad to participate in this interview. I've been deeply involved in this field for quite some time. Even before joining Geely, I was already quite familiar with its acquisition history. For instance, Geely's most successful acquisition case is undoubtedly Volvo Cars.

During my time at Geely, the projects I oversaw primarily focused on the acquisitions of Malaysia's Proton and Lotus Cars. As you're researching this for your thesis, I'm sure you've noticed that Geely's globalization strategy heavily relies on cross-border mergers and acquisitions. Every Geely acquisition carries strategic significance.

To give you some context—since I'm much older than you—Geely initially started as a budget brand. Its turning point, however, was the acquisition of Volvo. Early acquisitions aimed to acquire advanced automotive technologies from Western countries. Post-Volvo, Geely began prioritizing strategic planning to build core competitiveness. Subsequent acquisitions, like Proton and Lotus, marked Geely's transition from a passive to an active acquirer, aligning with its long-term sustainable development goals. These mergers have played a crucial role in Geely's brand transformation and upgrading.

Take Lotus, for example—a brand I personally helped acquire. Chairman Li Shufu is a visionary global strategist. Even during Geely's early days, when annual production was under 100,000 units, he had already set Toyota and Volkswagen as benchmarks. Lotus, a British luxury brand once on par with Ferrari and Porsche, became essential to Geely's global portfolio. Ferrari joined Fiat, Porsche became part of Volkswagen, and both thrived. Geely needed a similar marquee brand.

My first interaction with Lotus began in early 2016 when Malaysia's former Prime Minister approached us, seeking a technical partnership for Proton, Lotus'parent company, to license an advanced chassis platform. At the time, I was part of the Geely-Volvo joint development team, so I accompanied them to Geely's European R&D Center. Later, I naturally led the Proton acquisition negotiations.

[10] The transcripts are originally in Chinese but translated in English for reference.

While “going global” is a hot topic today—targeting Southeast Asia, the Middle East, and Europe—Geely started exploring Southeast Asia 20 years ago and established overseas bases during the U.S. financial crisis. The 2010 Volvo acquisition and the 2017 Proton-Lotus deals were landmark events. Today, Geely is China’s most international automaker, and Chairman Li’s strategic foresight has been pivotal. Lotus marked China’s first acquisition of a world-class luxury automotive brand, symbolizing China’s transition from an automotive powerhouse to a global leader.

The integration process post-acquisition was arduous. For Proton and Lotus alone, we prepared a 70-page proposal highlighting our strengths: cultural affinity (Malaysia and China share similarities), geographical proximity (no time zones, easy communication), and a detailed 5 to 10 year revival plan with product roadmaps, investments, and sales targets. This professionalism reassured the Malaysian government. Behind this, however, lay exhaustive research—our sales VP Lin Jie dispatched a team to Malaysia for three months to study local market needs, which shaped our proposal.

Proton, once Malaysia’s largest state-owned automaker and a national pride, was emotionally difficult to sell to foreign entities. Thus, we avoided heavy-handed control. Instead, we focused on reviving profitability. By 2023, Proton’s sales hit a post-2012 high, jumping from 60,000 pre-acquisition units to over 160,000. This turnaround built trust before deeper technical or strategic collaborations.

Cultural alignment was critical. We intentionally targeted Proton due to Malaysia-China similarities. As for global talent recruitment and incentives, I’d defer to HR teams, but Geely’s growth undeniably relies on its global talent pool. Each acquisition—from Volvo to Lotus—has elevated Geely’s technical capabilities, brand recognition, and international standing. Like Fiat or General Motors, Geely now boasts a portfolio of prestigious brands, granting it global influence.

Challenges? Domestically, competition is fierce. New players—tech giants and traditional OEMs—are disrupting the industry with electrification and smart technologies. Going global is now imperative. Yet geopolitical turbulence demands political sensitivity. Still,

electrification and smart tech remain key investment areas, with AI offering infinite growth potential. Risks coexist with opportunities.

Every acquisition was fraught with twists. For Proton, negotiations shifted from joint ventures to full acquisitions, testing our negotiation skills and patience. Prior deals like Volvo and London Taxi Company (formerly Manganese Bronze) provided experience, but each negotiation cycle was lengthy, requiring constant communication to bridge information gaps.

Integration is never instant. Even after leaving Geely, I believe the Geely-Lotus partnership requires sustained effort. Financially, Proton and Lotus were loss-making pre-acquisition. We prioritized profitability, enabling their 2023 rebound. Only then could we advance technical and strategic synergies. Culturally, mutual respect was key. For Lotus, we secured 51% ownership to ensure control while preserving its heritage.

I'd say that Geely's journey—from a budget domestic brand to a global player—has been fueled by strategic acquisitions, technical integration, and cultural adaptability. Chairman Li's vision and the relentless pursuit of excellence position Geely uniquely in the evolving automotive landscape.

Interviewee 2:

Hello, I've worked at Geely for over a decade. You could say I've grown alongside the company, and my focus has always been on human resources initiatives. While Geely's mergers and acquisitions history is well-documented, what I want to highlight is that our globalization journey has been far from smooth. We faced immense challenges in resource integration and cross-cultural management, with almost no industry precedents to guide us. Navigating a complex global environment, integrating talent from diverse backgrounds, fostering collaboration, and achieving mutual growth—these were critical challenges for Geely's HR. Ultimately, success hinges on people.

Post-merger HR integration is pivotal. Our chairman demonstrated foresight during the early "Go Global" phase, particularly with the Volvo acquisition. He insisted on localized management in Sweden, respecting Volvo's culture, leadership, and employees. This strategic decision laid the foundation for future collaboration and synergies. Building on this

experience, in recent expansions like our investment in Malaysia's Proton, we leveraged Geely's strengths while respecting existing teams, infusing fresh talent and growth momentum.

The role of a holding group isn't about control—it's about empowerment. Selecting the right people, granting trust and support, staying steadfast on strategy, and addressing underperformance define effective governance. Talent has always been Geely's cornerstone. Given the automotive industry's capital, talent, and technology-intensive nature, Geely prioritized education early on. While building cars, we established schools like Beijing Geely University and Zhejiang Automotive Engineering Institute, spanning vocational training to postgraduate education. Later, Geely Corporate University pioneered an industry-education model to cultivate talent for both the company and society.

Our HR approach has evolved significantly. HR's role is to serve the business, operating as a "service department" alongside finance and legal teams. This mirrors global HR trends: transitioning from transactional tasks like payroll to strategic talent management. We've navigated four stages: Administrative HR (paperwork and payroll), HR Development & Innovation (systematizing recruitment, training, and retention), Strategic HR (adopting the Three Pillars model—SSC, COE, BP—in 2014), and now Talent Ecosystem, where we break silos, empower through digitalization, and transition to a dynamic "N-pillar" model.

For talent acquisition, we built a global network with teams in hubs like Hangzhou, Shanghai, and Sweden, and campus clubs worldwide to nurture young talent. Internally, we prioritize career paths spanning management, technical expertise, and skilled roles, combining training with real-world challenges. Key positions often go to internal hires, fostering organic growth.

Our culture seeks "fellow partners" who embrace four values: Striver Culture (relentless effort), Problem-Solving Culture (embracing challenges), Benchmarking Culture (learning from the best), and Compliance Culture (ethical rigor). Today, Geely's "talent forest" thrives—homegrown leaders drive innovation across R&D, manufacturing, and more, embodying our culture.

We respect employees by fostering fairness, transparency, and inclusivity. Our

philosophy—"everyone can be a teacher, student, and talent"—is backed by policies that honor diversity. Empowering talent means matching capability to opportunity through meritocracy. Even underperformers receive support via programs like the Strivers' Catch-Up Plan, ensuring growth for those with passion.

In essence, I think Geely's foundation is its people. Respecting, developing, and ensuring their well-being transforms their aspirations into the company's competitive edge.

Interviewee 3:

Hi, thank you for having me. I've joined Geely since graduation and I've worked at here for already a dozen of years and I've worked in many positions here at Geely so basically all the acquisitions I have witnessed kinda left quite impressions on me. So for me personally, I think first, the visionary foresight and entrepreneurial spirit of leadership have been the primary factors in Geely's success. The birth, development, and transformation of Geely owe much to the perspective and foresight of its founder, Chairman Li Shufu. Twenty years ago, Chairman Li recognized that the automotive industry forms the foundation of a nation's manufacturing sector. With China's reform and opening-up policy and the continuous improvement of Chinese consumers' purchasing power, he foresaw that China's automotive industry would inevitably enjoy vast growth prospects. The ability to anticipate, follow, and capture major trends has been key to Geely's achievements today.

Second, Geely has consistently adhered to an internationalized and globalized development philosophy to guide its business transformation and growth. Considering that internationalization and globalization are defining traits of world-class automakers—whether traditional giants like Toyota and Volkswagen or new players like Tesla—Geely understood from the outset that global expansion was essential to thrive in this industry. This clarity in strategic positioning enabled the company to define its developmental goals with precision.

In pursuing globalization, Geely focused on two approaches: Strengthening existing competencies through internal efforts. Accelerating competitiveness through overseas collaborations and strategic acquisitions. Globalization was implemented step by step. Initial experiments, such as the acquisition of Manganese Bronze Holdings (London Taxi), allowed

Geely to accumulate international management experience. Subsequent milestones including the acquisition of Australia's DSI (automatic transmission specialist), the landmark purchase of Volvo, and investment in Daimler—served dual purposes: enhancing Geely's product quality, technological capabilities, and managerial competitiveness, while advancing its globalization strategy. Geely's human-centric corporate culture, characterized by openness and innovation, has been critical. Openness permeates every aspect of Geely—from organizational structure and talent recruitment to business scope. The company places particular emphasis on talent acquisition and development, building platforms to attract and nurture professionals while maintaining an open mindset to drive growth. Innovation is the cornerstone of sustaining competitive advantage. As I see it, the success of companies like Apple, Geely, Huawei, or Alibaba cannot be replicated. To become a globally competitive automaker, innovation is indispensable. Merely copying others' paths—such as Toyota's century-long journey—would be impractical. Innovation allows Geely to bridge gaps, shorten timelines, and achieve breakthroughs more efficiently.

Moreover, innovation is vital for adapting to market shifts. Future mobility and lifestyles will undergo profound changes. For instance, Western consumers once prioritized car ownership but now favor leasing models, while Chinese consumers transitioned from viewing cars as luxury items to daily necessities—and may eventually embrace non-ownership models. Continuously innovating to align with evolving consumer habits and technological trends is imperative.

Geely's benchmarking culture and problem-solving ethos have driven sustained progress. By studying industry leaders, Geely identifies gaps, devises solutions, and implements improvements. For eight years, comprehensive benchmarking has been applied across R&D, cost control, logistics, and more. Benchmarking targets evolve with the times—from Hyundai initially, to Japanese and American automakers, and now Huawei. The goal is not merely to match benchmarks but to eventually set industry standards. While benchmarking is common in the industry, Geely's decade-long commitment, coupled with innovative approaches to

closing gaps, sets it apart. Yet we acknowledge there is still ground to cover before becoming a true benchmark.

I believe future competition between enterprises will fundamentally revolve around corporate culture. Toyota's dominance stems from its deeply ingrained culture of lean management, while Apple thrives on innovation as its lifeblood. For Geely, its entrepreneurial spirit, open and innovative culture, and benchmarking practices will be pivotal in becoming a technology-driven global automotive group.

Successful integration after acquisitions hinges on cultural alignment. Both acquirer and acquiree share the goal of mutual growth, but fostering open-mindedness and creating platforms for cultural and operational synergy are critical. A decade ago, Chairman Li proposed building a global corporate culture, which has since guided Geely's integration strategies.

The merger between Geely and Volvo exemplifies this journey. Initial clashes gave way to communication and eventual collaboration. The "release the tiger back to the mountain" strategy—granting Volvo autonomy—helped bridge early capability gaps. Trust grew through joint initiatives like the 2013 Geely Europe R&D Center and the co-developed Lynk & Co brand in 2017. Today, the two are advancing strategic integration, aiming for synergies where 1+1 > 2, or even 3 or 4.

The automotive industry stands at an inflection point. The Four Modernizations (electrification,intelligence, connectivity, and sharing) are reshaping value chains. Future vehicles will evolve into interactive mobile terminals, with OEMs likely controlling 90% of core technologies (vs. 50% today). Collaboration—not isolation—will determine survival.

Geely's strategy balances short-, medium-, and long-term horizons. For powertrains, HEV/PHEV investments address near-term markets, while BEV development focuses on the future. As Chairman Li noted, pacing is critical: Leading by half a step makes you advanced; leading by three steps makes you a martyr.

Brand elevation, product competitiveness, customer satisfaction, and profitability form Geely's closed-loop priorities. Cost advantages are pursued through open technical

collaborations like shared platform R&D and innovative models like multi-brand future factories that maximize scale efficiencies.

While 80-90% of companies struggle to survive today, Geely prepares for tomorrow. Our vision—to transform into a tech-centric mobility leader—demands persistent innovation, cultural resilience, and strategic discipline. Success lies not in replicating others, but in forging our own path as a global benchmark.

Interviewee 4:

Hello, I joined Geely many years ago and have been climbing the ranks step by step. Currently, I work in overseas sales, primarily focusing on the European market. Regarding your question about whether I am familiar with Geely's business strategy and its main operations, I believe this is an essential requirement for someone in overseas sales. If you don't understand the entire automotive industry or car products, or even the company's background story, it would be impossible to clearly convey our specific values to clients.

In my view, Geely's entire background story is essentially about the struggle of a multinational acquisition when we talk to overseas clients. From around 2008 or 2009, they started gradually expanding their overseas presence through acquisitions. However, at that time, it was not yet possible to speak of genuine synergies. Their main goal in these acquisitions was to acquire overseas factories or advanced automotive technologies from other countries. If we consider the European market, the primary focus of their acquisitions has been on continuous cooperation with Volvo.

Sure. One of Geely's main strategic goals in acquiring it, and how these strategic goals align with Geely's global vision, is primarily about the core objectives of acquiring Volvo, which are technological upgrades and brand endorsement. Since 2010, Geely was still seen as a low-cost brand domestically. However, as our chairman has always been thinking, from the very beginning of the Geely brand, there was a desire to transform it into an international first-tier brand like Volkswagen or Mercedes-Benz. This is also reflected in the Ningbo Declaration issued in the early 2000s.

For Geely, it was the first step in its transformation, Volvo's safety technology and its

high-end image. At that time, it seemed to align well with Geely's future development vision. After the acquisition, Volvo indeed helped Geely achieve such a technological upgrade. For example, some of Volvo's advanced vehicle structures directly led to upgrades in design and technology for Geely's models. Furthermore, we are now jointly investing in a new brand with Volvo, which you may be familiar with—Lingke. Currently, Lingke is positioned as a high-quality entry-level luxury car in Europe.

Then, this actually relies entirely on Volvo's technology, including the platform we collaborate with them, and some of what they produce, because strategically speaking, we are not just buying products or brands. Instead, we aim to achieve a transformation and upgrade across the entire automotive value chain through joint research and development with advanced foreign automakers. In the past, whether it was cross-border acquisitions like those with Volvo or other brands, we were mostly at lower-value positions in the value chain, simply producing goods, with core technologies owned by others. However, what we are doing now is working with other companies like Proton and Volvo.

In the joint collaborative R&D process, we leverage our core technologies, and we have been steadily climbing up the global value chain. Regarding what you mentioned, I think that as employees on the front lines of sales, we are not very familiar with the overall management knowledge. However, I believe you can see from online sources that we do not particularly interfere with Volvo's operations. This is also the principle that Chairman Dong has always emphasized.

Then, actually, when we communicate with Volvo and Proton, some of their employees may indeed face certain difficulties to a certain extent. However, our overseas sales team generally has experience studying abroad, and their language communication skills are quite good. So, in this regard, there isn't really much difficulty. However, when we are advancing certain projects or dealing with overseas clients, it is necessary to take into account the cultural characteristics of local customers.

Well, we should communicate with them in a way that suits the local conditions to avoid any subsequent conflicts and friction. In my view, the integration process between us and other

acquired brands will definitely be a long-term and ongoing one. We have long-term project collaborations with Volvo, Proton, and Lotus, among others. We are also jointly developing these markets in Europe, including the brand promotion strategies for Lynk & Co, which are matters that both sides' employees have been considering over the long term.

Of course, it didn't happen overnight. This is how it stands. Regarding the aspect of global talent, we firmly believe that talent is a very important factor for our continuous development. Our international department is also a young and dynamic multilingual think tank. Therefore, we warmly welcome more talents with excellent language skills and an international perspective to join our team. I think this is crucial for the development of our international business.

For example, to give you something I'm familiar with, our business in Europe, apart from overseas sales, we also have a China-Europe Automotive and Technology Development Center, or cevt. This is a very important platform in our overall layout across the entire European region. The platform is primarily developed by Volvo engineers, while our dedicated team focuses on cost optimization. Throughout our development process, we have had a significant advantage in negotiating with suppliers.

But for example, 10 years ago it might have been good for Geely, but it was just a very low-end contract manufacturer in the global value chain. Now, through Volvo and Lynk & Co, we aim to deliver value to our customers that goes beyond just car production. Our R&D capabilities are also outstanding, and we have reached a stage where our research and brand add significant value. In this way, when we convey value to our customers, they may form an impression of Geely as not being merely a low-end brand.

Your brand has collaborated with some of the world's most advanced automotive companies and is at the forefront of technology globally. In this context, when we deliver value to our customers, it is essential to successfully convey Geely's brand and core competitiveness. This is what I currently understand, and I hope it helps you. Moreover, looking back on the changes in the automotive industry over the past few decades, we have always insisted on originality. If we do not adhere to originality, we believe we would be failing the

development of China's automotive industry. We firmly believe that only through originality can we enter the global market, earn respect from the international community, and truly make Chinese manufacturing.

Facing the world, and because it took us Chinese automakers, including Geely, over a decade to achieve this, we managed to break free from the shadow of low-end or knockoff vehicles. Therefore, at our current stage of development, Geely is benchmarking against the forefront of the new generation of design industry. We approach this with the mindset of benchmarking against top-tier global automakers, then designing our own products, and subsequently developing our marketing strategies. I believe that this trend is essential for the future development of Geely Auto and the company itself.

Interviewee 5:

Hi, I think we can just get started, so as you can see I've joined Geely for only as couple of years and I mainly focused on the Southeast Asian market, so probably the Proton stuff is more familiar to me, but yeah I've heard about other M&As as well.

Acquiring Proton was about unlocking Southeast Asia's right-hand-drive markets while exporting our smart mobility solutions. When we entered Malaysia in 2017, Japanese brands dominated 70% of the market. Proton's local distribution network gave us instant access, but we didn't just rebadge cars. For example, we adapted the Geely Boyue into the Proton X70, adding Malay-language voice recognition and integrating Grab ride-hailing services. This 'glocalization' strategy boosted Proton's market share from 12% to 21% in three years. Geely's vision isn't just about selling cars—it's about building ASEAN into a regional EV hub. Our battery assembly plant in Malaysia sources nickel from Indonesia and uses R&D support from Hangzhou, creating a resilient supply chain less vulnerable to U.S.-China trade tensions. Malaysian teams initially resisted our 'China speed' workflows. To bridge this, we launched joint workshops where Proton engineers optimized production lines with Geely's AI scheduling tools. The result? Proton's factory output jumped 30%, and delivery cycles shortened from 45 to 28 days. We also respected local norms—like adding a prayer-time reminder feature for Muslim users, which later inspired similar adaptations for Middle

Eastern exports. Trust wasn't built overnight, but showing tangible efficiency gains won over skeptics. Proton transformed Geely from a 'China exporter' to a regional value chain architect. In 2023, ASEAN accounted for 34% of Geely's overseas revenue, up from 5% pre-acquisition. More importantly, Proton's feedback loop improved our domestic models—the Malay-language voice system was reverse-engineered into Geely's Chinese models, boosting their appeal in multilingual markets. This bidirectional innovation is redefining 'South-South cooperation' in the automotive GVC.

Geely's acquisition of Proton has unlocked significant opportunities for expanding into Southeast Asian markets. By integrating Proton, Geely gains access to three high-potential automotive markets: the ASEAN region, Muslim-majority countries (a bloc of 53 nations with 2 billion people, where Malaysia serves as a moderate Muslim role model), and India. This strategic move strengthens Geely's global footprint, allowing its portfolio—now comprising Geely Auto, Lynk & Co, Volvo, London Taxi, Proton, and Lotus—to span entry-level, luxury, and ultra-luxury sports car segments. The company's operational reach now extends from China and Europe to ASEAN countries, positioning it as a truly global automaker.

A key advantage lies in Proton's established supply chain infrastructure. After over two decades of development in Malaysia, Proton boasts a mature local ecosystem with a complete network of parts suppliers. This enables Geely to leverage Proton's robust component supply system when introducing its own models, such as the Borui and Boyue, into Malaysian production lines. Furthermore, Malaysia's membership in the ASEAN Free Trade Area grants Geely tariff-free access to ASEAN markets, bypassing up to 30% import duties. Proton's existing procurement, manufacturing, and distribution networks also allow Geely to rapidly deploy its Southeast Asian market strategy without building new infrastructure from scratch.

Proton's Malaysian plant, with an annual production capacity of 600,000 vehicles, provides immediate scalability for Geely's localization plans. While specific models and pricing strategies remain undisclosed, this facility could fast-track the production of Geely's popular models tailored to regional demands. Additionally, Proton's expertise in right-hand-drive

(RHD) vehicles opens doors to markets like Southeast Asia, South Asia, and Australia, collectively representing an annual RHD market of 8 million units—a segment Geely previously lacked the capability to serve.

The acquisition also aligns with China's Belt and Road Initiative (BRI), serving as a benchmark for industrial collaboration under the strategy. Wang Ruixiang, President of the China Machinery Industry Federation, has emphasized the automotive sector's role in leveraging BRI opportunities for transformation. Geely's move not only exemplifies this vision but also sets a precedent for future cross-border industrial partnerships.

Technologically, Geely has pioneered a "technology-for-market" approach by sharing its Compact Modular Architecture (CMA) platform and models like the Emgrand and Boyue with Proton. This strategy not only reduces R&D costs through economies of scale but also establishes Geely as the first Chinese automaker to export core automotive technology overseas.

Finally, the acquisition elevates Geely's brand profile globally. By associating with Proton's strong reputation in ASEAN and Lotus's iconic sports car legacy, Geely enhances its credibility in both domestic and international markets. This synergy reinforces its position as a rising global automotive leader, blending innovation, strategic expansion, and cross-cultural collaboration.

Interviewee 6:

Hello, I've been part of Geely for a long time, primarily involved in management related to CEVT. This has given me a relatively deep understanding of Geely's merger and acquisition history. I believe Geely has always been learning and growing. Back in the early days, the British would mock Geely behind our backs because there was indeed a gap in our products. In 2006, when I first met Chairman Li Shufu in a taxi, he told me: "I can foresee the risks of the upcoming financial crisis. Legacy automakers might face major issues in the next few years. If Ford stumbles, Volvo—my dream company—is one I must acquire." At the time, everyone laughed it off, as Li Shufu was seen as the "auto fanatic." But after interacting with him, you'd recognize his entrepreneurial spirit of "living to build a legacy." Many Geely

people share this relentless dedication to ideals and industrial focus, working tirelessly in a way that's hard for a century-old British company to comprehend.

In 2009, several British colleagues, including myself, joined Geely's team to acquire Volvo. During negotiations, Volvo's representatives questioned: "Mr. Li, as a Chinese entrepreneur with no international collaboration experience, how will you manage a global company like ours?" His answer was simple: "Ask my British friends here." Later, Volvo's unions visited Coventry to investigate Geely's credibility. We explained Geely's partnership with Manganese Bronze (London Taxi Company). While that collaboration didn't yield significant profits due to niche markets, it laid critical groundwork for international experience and cultural integration. By 2011, Geely fully acquired Manganese Bronze, establishing LEVC (London Electric Vehicle Company) with a new Coventry factory.

Post-Volvo's acquisition in 2010, the group sought strategic collaboration. Initially planning a European R&D center in the UK, we eventually chose Gothenburg, leveraging Volvo's existing systems and talent—this became CEVT. When asked to relocate to Gothenburg, I eagerly accepted. CEVT's mission was clear: synergize Geely's cost efficiency in compact cars with Volvo's luxury technology to create a new platform. From day one, CEVT focused on three goals: developing products, building systems, and nurturing talent. Deliverables like the CMA architecture, Lynk & Co models, and the NPDS system stand as proof.

The biggest challenge was balancing Geely's cost advantages with Volvo's quality standards. CEVT later collaborated with Geely's Chinese R&D team on Lynk & Co 01/02/03, evolving into a cross-continental hub covering R&D, product planning, quality systems, and factory engineering. As Geely's first overseas subsidiary in a developed market, CEVT faced cultural hurdles. Mutual respect and understanding were key. Swedish employees knew Geely as Volvo's parent but were astonished to learn about its nine vocational schools training 150,000+ professionals. Conversely, Geely staff lacked insight into Sweden. We studied global peers, noting differences: while some Chinese firms rely on expat-led management, CEVT empowered local Swedish leads with Chinese support.

What sets us apart, I believe, are soft strengths—cultural integration, employee values, CSR, and environmental responsibility. Chairman Li emphasized "respect, adapt, embrace, and integrate," aligning with Western priorities like family, social, and environmental duties. These intangible forces subtly shape outcomes beyond products and sales. For instance, Lynk & Co's designers thrived on the freedom to create a new brand identity—a rare "blank canvas" opportunity that ignited passion.

I'm grateful to Swedish colleagues who, despite Sweden's generous welfare system, worked as hard as their Chinese peers—sleeping on factory floors during crunch times, enduring long business trips. This reflects the power of cultural alignment. When CEVT's "dream team" (veteran experts with 20-30 years' experience) first met young Chinese engineers at Geely's R&D center, clashes emerged between entrenched practices and China's fast-paced market realities. To bridge this, I showed them Geely's journey: from the hammer-forged "Merrie" sedan to the 3.0-era Borui. Their photos of these milestones revealed Geely's spirit—not replicating the past, but creating something soul-stirringly new.

Once, Volvo invited me to brief Swedish dealers about Geely. Many had never visited China and knew little beyond Volvo. Realizing these were multi-generational family businesses, I framed Geely's story around entrepreneurial legacy—Chairman Li's perseverance, Geely's cultural respect, and its idealism. The emotional resonance far outweighed sales pitches. Stories like these, I believe, are the intangible glue binding Geely's global aspirations.

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